

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“**Bursa Malaysia Securities**”) did not peruse Part A in respect of the Proposed Renewal of Share Buy-Back Authority and Part B in respect of the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature prior to its issuance as it is an exempted document pursuant to Practice Note No. 18 of Bursa Malaysia Securities Main Market Listing Requirements.

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**PRESTAR RESOURCES BERHAD**

[Registration No. 198401010527 (123066-A)]

(Incorporated in Malaysia)

**PART A**

**SHARE BUY-BACK STATEMENT  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

**PART B**

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO THE  
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT  
RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**(COLLECTIVELY KNOWN AS “THE PROPOSALS”)**

The Proposals will be tabled as special businesses at the Company’s Thirty-Seventh Annual General Meeting (“**37th AGM**”). Notice of the 37th AGM of the Company to be held on a virtual basis via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 15 June 2022 at 10:00 a.m. together with the form of proxy are set out in the Annual Report 2021 of the Company.

If you are unable to attend and vote in person at the 37th AGM of the Company, you are requested to complete and deposit the form of proxy at the registered office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on or before the time and date indicated below. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshb.net.my/>. The lodging of the form of proxy will not preclude you from attending and voting in person at the 37th AGM of the Company should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the Company’s registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 37th AGM of the Company or any adjournment thereof

Should you wish to personally participate at the 37th AGM of the Company remotely, please register electronically via Securities Services e-Portal at <https://sshb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Virtual General Meeting for further details.

The Administrative Guide on the Conduct of a Virtual General Meeting is available for download at [http://www.prestar.com.my/investorRelations/InvestorRelations\\_mainpage.asp](http://www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp).

**IMPORTANT DATES:**

Last date and time for lodging the form of proxy : Monday, 13 June 2022 at 10:00 a.m.  
Date and time of the 37th AGM : Wednesday, 15 June 2022 at 10:00 a.m.

This document is dated 28 April 2022

**PART A**

**PROPOSED RENEWAL OF SHARE BUY-BACK  
AUTHORITY**

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## DEFINITIONS

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In this statement and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:-

- "Act" : Companies Act 2016, including any amendment made from time to time and any re-enactment thereof
- "AGM" : Annual general meeting
- "Board" or "Board of Directors" : Board of directors of Prestar
- "Bursa Malaysia Securities" : Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
- "Code" : Malaysian Code on Take-Overs and Mergers, 2016, including any amendment thereto that may be made from time to time
- "Director(s)" : Director(s) of Prestar and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007
- "EPS" : Earnings per share
- "Listing Requirements" : Bursa Malaysia Securities Main Market Listing Requirements, including any amendments, modifications and additions that may be made from time to time and any practice notes issued in relation thereto
- "Major Shareholder(s) " : A person who has an interest or interests in one (1) or more voting shares in the Company and the aggregate number of those shares, is:-
- (a) 10% or more of the total number of voting shares in the Company; or
  - (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purposes of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act.
- "Market Day" : A day on which the stock market of Bursa Malaysia Securities is open for trading in securities
- "NA" : Net assets
- "Person Connected" : In relation to any person (referred to as "**said Person**") means such person who falls under any one (1) of the following categories:-
- (a) a family member of the said Person;
  - (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary;
  - (c) a partner of the said Person;
  - (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an

obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person;

- (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act;
- (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or
- (g) a body corporate which is a related corporation of the said Person.

"Prestar" or "the Company"	:	Prestar Resources Berhad [Registration No. 198401010527 (123066-A)]
"Prestar Group" or "Group"	:	Prestar and its subsidiary companies as defined in Section 4 of the Act, collectively
"Prestar Share(s)" or "Share(s)"	:	Ordinary share(s) in Prestar
"Proposed Renewal of Share Buy-Back Authority"	:	Proposed renewal of authority for Prestar to purchase and/or hold up to 10% of its total number of issued Shares pursuant to Section 127 of the Act
"RM" and "sen"	:	Ringgit Malaysia and sen respectively
"Substantial Shareholder(s)"	:	Shall have the meaning given in Section 136 of the Act

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall, where applicable include the feminine gender and vice versa. Reference to persons shall include corporations.

Any reference in this statement to any enactment is a reference to that enactment for the time being amended or re-enacted. All references to the time of the day in this statement are reference to Malaysian time.

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## **PRESTAR RESOURCES BERHAD**

[Registration No. 198401010527 (123066-A)]

(Incorporated in Malaysia)

### **STATEMENT IN RELATION TO PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

#### **1. INTRODUCTION**

On 23 February 2022, the Board announced the Company's intention to seek the shareholders' approval for the Proposed Renewal of Share Buy-Back Authority. The existing authority for share buy-back which was approved by the shareholders at the AGM of the Company held on 21 July 2021, shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM of the Company, unless renewal is obtained from the shareholders at the said AGM of the Company.

The purpose of this statement is to provide you with the relevant information in relation to the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM of the Company.

#### **2. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

##### **2.1 Details of the Proposed Renewal of Share Buy-Back Authority**

The Board of Directors seeks the approval of the shareholders for the renewal of the authority to purchase or hold from time to time and at any time of up to ten per centum (10%) of the total number of issued Shares. In compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, Prestar is allowed to purchase its own shares on Bursa Malaysia Securities.

As at 31 March 2022, the total number of issued Shares is 360,589,156. As such, the maximum number of Prestar Shares which may be purchased and/or held by the Company will not be more than 36,058,915 Prestar Shares based on the total number of issued Shares as at 31 March 2022, the amount of which includes 17,529,680 treasury shares.

The authority from shareholders, if renewed, shall be effective upon the passing of the ordinary resolution for the Proposed Renewal of Share Buy-Back Authority until:-

- (a) the conclusion of the next AGM of the Company following the general meeting, at which such resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first ("**Proposed Authorised Period**").

## **2.2 Sources of funds**

The Proposed Renewal of Share Buy-Back Authority will allow the Board of Directors to exercise the power of the Company to purchase and/or hold its own shares at any time within the Proposed Authorised Period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds, the repayment capabilities, the actual number of Prestar Shares to be purchased and other relevant cost factors. Based on the audited financial statements of Prestar Group for the financial year ended 31 December 2021, the Group has a net cash and cash equivalent of RM47,260,152.

The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company based on the latest audited and unaudited financial statements. Based on the latest audited financial statements of Prestar for the financial year ended 31 December 2021, the retained profits were RM20,263,377. In accordance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities, the number of Shares to be purchased and the timing of the purchase will depend on the market conditions, amount of funds and financial resources available to the Group.

## **2.3 Public shareholding spread**

As at 31 March 2022, the public shareholding spread of the Company was 45.12%. The public shareholding spread is expected to be reduced to 42.87% assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the Prestar Shares so purchased are cancelled. The Company will not undertake any share buy-back if that will result in the Company being in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total number of listed Shares (excluding treasury shares) or such lower percentage of shareholding spread as may be allowed by Bursa Malaysia Securities in the hands of public shareholders.

## **2.4 Treatment of purchased Shares**

Section 127(4) of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both. Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

If such purchased Shares are held as treasury shares, the Board may:-

- (a) distribute the Shares as share dividends to shareholders;
- (b) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Malaysia Securities;
- (c) transfer the Shares, or any of the Shares for the purposes of or under an employees' share scheme or such other purpose as allowed under the Act;
- (d) transfer the Shares, or any of the Shares as purchase consideration; or
- (e) cancel the Shares or any of the Shares.

If such purchased Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distributions and otherwise are suspended. In addition, the treasury shares shall not be taken into account in calculating the number or percentage of

Shares or of a class of shares in the Company for any purpose including, without limiting the generality of the provisions in the Act or the Listing Requirements on substantial and major shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at a meeting of the shareholders.

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

The Prestar Shares purchased and retained by Prestar as treasury shares can only be resold at a price which is:

- (i) not less than the weighted average market price for the Prestar Shares for the five (5) Market Days immediately before the resale or transfer; or
- (ii) at a discount of not more than 5% to the weighted average market price for the Prestar Shares for the five (5) Market Days immediately before the resale or transfer provided that:-
  - (a) the resale or transfer takes place not earlier than thirty (30) days from the date of purchase; and
  - (b) the resale or transfer price is not less than the cost of purchase of the Prestar Shares being resold or transferred.

In accordance with Paragraph 12.26 of the Listing Requirements, Prestar may purchase its own shares in odd lots i.e., any number of its own shares which is less than the number of shares prescribed by Bursa Malaysia Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Malaysia Securities in accordance with such requirements as may be prescribed or imposed by Bursa Malaysia Securities.

## **2.5 Rationale for the Proposed Renewal of Share Buy-Back Authority**

The Proposed Renewal of Share Buy-Back Authority is expected to potentially benefit the Company and its shareholders in the following manners:-

- It will provide the Company the option to return its surplus financial resources to its shareholders.
- The Company is expected to stabilise the supply and demand of the Shares in the open market and thereby supporting its fundamental values.
- If the purchased Shares are cancelled, it would enhance the EPS of the Company and thereby, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.
- As permitted under Section 127(4) of the Act, the Shares bought back may be held as treasury shares and resold on Bursa Malaysia Securities with potential gain without affecting the total number of issued Shares. Alternatively, the Shares so purchased can be distributed as share dividends to reward the shareholders of the Company, or be utilised as purchase consideration by the Company in corporate transactions such as acquisition of lands/properties/assets, thereby, reducing the financial outflow and/or preserve the working capital of the Company.



## 2.6 Potential advantages and disadvantages of the Proposed Renewal of Share Buy-Back Authority

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- allows the Company to take preventive measures against speculation particularly when Prestar Shares are undervalued;
- it will reduce the effects of the volatile fluctuation of the prices of Shares in the share market as well as to protect investors' confidence in Prestar; and
- allows the Company flexibility in attaining its desired capital structure.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to the Company and its shareholders are as follows:-

- it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities that may emerge in future; and
- as the Proposed Renewal of Share Buy-Back Authority can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Board of Directors will be mindful of the interests of Prestar and its shareholders in implementing the Proposed Renewal of Share Buy-Back Authority.

## 2.7 Effects of the Proposed Renewal of Share Buy-Back Authority

On the assumption that the Proposed Renewal of Share Buy-Back Authority is implemented in full by Prestar, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, NA, working capital and earnings of Prestar are set out below:-

### 2.7.1 Share capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the share capital of Prestar will depend on whether the Shares purchased are cancelled or retained as treasury shares.

In the event that all the Prestar Shares purchased are to be cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the total number of issued Shares would be as follows:-

	No. of Prestar Shares	%
Total number of issued Shares as at 31 March 2022	<sup>(*)</sup> 360,589,156	100.00
Less: Cancellation of all purchased Shares	<sup>(#)</sup> (31,029,680)	8.61
Total number of issued Shares upon completion of the Proposed Renewal of Share Buy-Back Authority	329,559,476	91.39

Notes:-

\* The total number of issued Shares is inclusive of the treasury shares held by the Company. As at 31 March 2022, the number of Prestar Shares held as treasury shares are 17,529,680. None of them are cancelled.

# Estimated maximum number of Prestar Shares can be purchased in compliance with Paragraph 12.10(1) of the Listing Requirements and the Code. The number of Prestar Shares computed is based on retained profits of the Company as at 31 December 2021 net off existing costs of treasury shares held of RM8,419,989 and taking into account of the five (5)-day weighted average market price of Prestar Shares for the period immediately before 31 March 2022 of RM0.63 per Prestar Share.

However, the Proposed Renewal of Share Buy-Back Authority will not have effect on the total number of issued Shares if all the Prestar Shares purchased are to be retained as treasury shares but the rights attaching to them as to voting, dividends and participation in other distributions and otherwise are suspended.

#### **2.7.2 NA**

The Proposed Renewal of Share Buy-Back Authority is likely to reduce the consolidated NA per share of the Group if the purchase price exceeds the NA per share of the Group at the time of purchase, and conversely will increase the NA per share of the Group if the purchase price is less than the NA per share of the Group at the time of purchase.

If all the Prestar Shares purchased were cancelled, the Proposed Renewal of Share Buy-Back Authority would reduce the NA per share of the Group when the purchase price exceeds the NA per share of the Group at the relevant point in time, and vice-versa.

For Shares so purchased which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decrease if a loss is realised. If the treasury shares are distributed as share dividends, the NA of the Group would decrease by the cost of the treasury shares.

#### **2.7.3 Working capital**

The Proposed Renewal of Share Buy-Back Authority is likely to reduce the funds available for working capital purposes of the Group, the quantum of which will depend on the purchase price of the Shares and the actual number of Shares purchased and any associated costs incurred in the purchase.

#### **2.7.4 Earnings**

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of the Group would depend on the number of Shares purchased and purchase price of the Shares. The effective reduction in the total number of issued Shares pursuant to the Proposed Renewal of Share Buy-Back Authority may generally, all else being equal, have a positive impact on the EPS of the Group.

### **2.8 Implication of the Code**

Under the Code, a Director and any person acting in concert with him or a relevant shareholder will be required to make a mandatory general offer for the remaining Shares not already owned by him/them if his/their stake in the Company is increased to beyond 33% or if his/their existing shareholding is between 33% and 50% and exceeds by another 2% in any six (6) months' period.

It is the intention of Prestar to implement the Proposed Renewal of Share Buy-Back Authority in a manner that will not result in any of the shareholders of Prestar having to undertake a mandatory offer pursuant to the Code.

### **2.9 Purchases, resales, transfers or cancellation of treasury shares made in the preceding twelve (12) months**

As at 31 March 2022, the Company held a total of 17,529,680 treasury shares, none of the treasury shares held were resold, transferred or cancelled in the preceding twelve (12) months up to 31 March 2022.

The details of the Shares purchased by the Company in the preceding twelve (12) months up to 31 March 2022 are as follows:-

Date of Purchase	Total No. of Prestar Shares Purchased	Lowest Purchase Price (RM)	Highest Purchase Price (RM)	Average Purchase Price (RM)	Total Purchase Consideration (RM)
01/12/2021	110,000	0.560	0.560	0.560	61,745.78
<b>Total</b>	<b>110,000</b>				<b>61,745.78</b>

## 2.10 Historical Share prices

The monthly highest and lowest prices of Prestar Shares as traded on Bursa Malaysia Securities for the last twelve (12) months from April 2021 to March 2022 are as follows:-

Month and Year	Highest RM	Lowest RM
<b>2021</b>		
April	0.894	0.609
May	0.956	0.603
June	0.813	0.631
July	0.706	0.619
August	0.750	0.644
September	0.795	0.600
October	0.745	0.600
November	0.645	0.530
December	0.620	0.545
<b>2022</b>		
January	0.675	0.605
February	0.715	0.620
March	0.740	0.585

The last transacted price of Prestar Shares on 31 March 2022, being the latest practicable date prior to the date of printing of this statement is RM0.625.

## 2.11 Directors' and Substantial Shareholders' shareholdings

Based on the Registers of Directors' and Substantial Shareholders' shareholdings as at 31 March 2022 and assuming that the Company acquires the maximum number of the Shares authorised under the Proposed Renewal of Share Buy-Back Authority from shareholders other than the Directors and Substantial Shareholders of the Company and that all the Shares so purchased and are fully cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors and Substantial Shareholders of the Company are as follows:-

Director/ Substantial Shareholder	As at 31 March 2022				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Shamsudin @ Samad Bin Kassim	828,000	0.24	-	-	828,000	0.25	-	-
Dato' Toh Yew Peng	15,500,000	4.52	117,426,240 <sup>(2)</sup>	34.23	15,500,000	4.70	117,426,240 <sup>(2)</sup>	35.63
Toh Yew Kar	4,675,641	1.37	-	-	4,675,641	1.42	-	-
Toh Yew Seng	5,370,003	1.57	-	-	5,370,003	1.63	-	-
Toh Yew Chin	4,315,641	1.26	-	-	4,315,641	1.31	-	-
Md. Nahar Bin Noordin	2,000,000	0.58	-	-	2,000,000	0.61	-	-
Tuan Haji Fadzlullah Shuhaimi Bin Salleh	176,000	0.05	-	-	176,000	0.05	-	-

Director/ Substantial Shareholder	As at 31 March 2022				After the Proposed Renewal of Share Buy-Back Authority			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Lou Swee You	302,400	0.09	-	-	302,400	0.09	-	-
Dato' Lim Cheang Nyok	310,400	0.09	-	-	310,400	0.09	-	-
Kenny Toh Jin Tat	160,000	0.05	-	-	160,000	0.05	-	-

Substantial Shareholders								
Fabulous Essence Sdn. Bhd.	84,147,520	24.53	-	-	84,147,520	25.53	-	-
Y. K. Toh Property Sdn. Bhd.	32,958,720	9.61	-	-	32,958,720	10.00	-	-
Toh Yew Keat	7,018,747	2.05	117,106,240 <sup>(1)</sup>	34.14	7,018,747	2.13	117,106,240 <sup>(1)</sup>	35.53
Dato' Toh Yew Peng	15,500,000	4.52	117,106,240 <sup>(1)</sup>	34.14	15,500,000	4.70	117,106,240 <sup>(1)</sup>	35.53
Soh Tik Siew	17,252,320	5.03	-	-	17,252,320	5.23	-	-

Notes:

- (1) Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Act.
- (2) Deemed interested in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Act and the shareholdings of his son, Alan Toh Jin Joo in Prestar pursuant to Section 59(11) of the Act.

## 2.12 Directors' and Major Shareholders' interests

Save for the inadvertent increase in the percentage of shareholdings and/or voting rights of the shareholders as a consequence of the implementation of the Proposed Renewal of Share Buy-Back Authority, none of the Directors, Major Shareholders of Prestar and/or Person Connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority.

## 3. DIRECTORS' RECOMMENDATION

The Board having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of the Company. Accordingly, your Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming AGM of the Company.

## 4. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendix I for further information.

## **PART B**

**PROPOSED RENEWAL OF SHAREHOLDERS'  
MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING  
NATURE**

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## DEFINITIONS

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In this circular and the accompanying appendix, the following abbreviations shall have the following meanings unless otherwise stated:

- "Act" : Companies Act 2016, including any amendment made from time to time and any re-enactment thereof
- "AGM" : Annual General Meeting
- "Board" or "Board of Directors" : Board of Directors of Prestar
- "Bursa Malaysia Securities" : Bursa Malaysia Securities Berhad  
[Registration No. 200301033577 (635998-W)]
- "DDS" : Dai Dong Steel Sdn. Bhd.  
[Registration No. 199401002168 (287846-W)], a wholly-owned subsidiary of Prestar
- "Director(s)" : Shall have the meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposed Renewal of Shareholders' Mandate include any person who is or was within the preceding six (6) months from the date on which the terms of the transactions were agreed upon, a Director or a chief executive of Prestar, its subsidiary or holding company
- "EPS" : Earnings per share
- "Listing Requirements" : Bursa Malaysia Securities Main Market Listing Requirements
- "Major Shareholder(s)" : A person who has (which includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the Company or any other corporation which is its subsidiary or holding company) an interest or interests in one (1) or more voting shares in the Company and the aggregate number of those shares, is:
- (c) 10% or more of the total number of voting shares in the Company; or
  - (d) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company.
- For the purposes of this definition, "interest in shares" shall have the meaning given in Section 8 of the Act
- "NA" : Net assets
- "Person Connected" : In relation to a Director or a Major Shareholder, means such person who falls under any one (1) of the categories as defined in Paragraph 1.01 Chapter One of the Listing Requirements
- "Prestar" or "the Company" : Prestar Resources Berhad  
[Registration No. 198401010527 (123066-A)]

“Prestar Group” or “the Group”	: Prestar and its subsidiary companies as defined in Section 4 of the Act, collectively
"Proposed Renewal of Shareholders’ Mandate"	: Proposed renewal of shareholders’ mandate as set out in Section 2.3.1 of this circular
"PESB"	: Prestar Engineering Sdn. Bhd. [Registration No. 199401021499 (307178-A)], a wholly-owned subsidiary of Prestar
"PGSB"	: Prestar Galvanising Sdn. Bhd. [Registration No. 199401029444 (315125-T)], a wholly-owned subsidiary of Prestar
"PMfg"	: Prestar Manufacturing Sdn. Bhd. [Registration No. 198801002984 (170341-A)], a wholly-owned subsidiary of Prestar
"PMktg"	: Prestar Marketing Sdn. Bhd. [Registration No. 198101010711 (76838-X)], a wholly-owned subsidiary of Prestar
"PPT"	: Prestar Precision Tube Sdn. Bhd. [Registration No. 200401004690 (643193-X)], a wholly-owned subsidiary of Prestar
"PSSSB"	: Prestar Storage System Sdn. Bhd. [Registration No. 200101002764 (538520-A)], a wholly-owned subsidiary of Prestar
“THB”	: Tashin Holdings Berhad [Registration No. 201701028709 (1242878-H)], a 34%-owned associate company of Prestar
“THB Group”	: THB and its subsidiary companies as defined in Section 4 of the Act, collectively
“THSB”	: Tashin Hardware Sdn. Bhd. [Registration No. 200401004046 (642549-V)], a wholly-owned subsidiary of THB
“TSSB”	: Tashin Steel Sdn. Bhd. [Registration No. 199801014965 (471094-P)], a wholly-owned subsidiary of THB
"Recurrent Related Party Transaction(s)"	: Related party transaction which is recurrent, of a revenue or trading nature which is necessary for the Group’s day-to-day operations and is entered into by the Group in the ordinary course of business which involves the interest, direct or indirect, of a Related Party
"Related Party(ies)"	: A Director, Major Shareholder or Person Connected with such Director or Major Shareholder as defined under Chapters 1 and 10 of the Listing Requirements
"RM" and "sen"	: Ringgit Malaysia and sen respectively

"Shareholders' Mandate" : Shareholders' mandate obtained on 21 July 2021 for Prestar Group to enter into Recurrent Related Party Transactions based on the terms set out in the circular to shareholders dated 28 April 2021

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall, where applicable include the feminine gender and vice versa. Reference to persons shall include corporations.

Any reference in this circular to any enactment is a reference to that enactment for the time being amended or re-enacted. All references to the time of the day in this circular are references to Malaysian time.



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## **PRESTAR RESOURCES BERHAD**

[Registration No. 198401010527 (123066-A)]  
(Incorporated in Malaysia)

### **Registered Office:**

Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur,  
Wilayah Persekutuan

28 April 2022

### **Board of Directors:**

Shamsudin @ Samad Bin Kassim (*Independent Non-Executive Chairman*)  
Dato' Toh Yew Peng (*Group Managing Director*)  
Toh Yew Kar (*Group Executive Director*)  
Toh Yew Seng (*Group Executive Director*)  
Toh Yew Chin (*Executive Director*)  
Kenny Toh Jin Tat (*Executive Director*)  
Tuan Haji Fadzlullah Shuhaimi Bin Salleh (*Independent Non-Executive Director*)  
Md. Nahar Bin Noordin (*Independent Non-Executive Director*)  
Dato' Lim Cheang Nyok (*Independent Non-Executive Director*)  
Lou Swee You (*Independent Non-Executive Director*)

To: The Shareholders of Prestar

Dear Sir/Madam,

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

#### **1. INTRODUCTION**

On 23 February 2022, the Board announced the Company's intention to seek the shareholders' approval for the Proposed Renewal of Shareholders' Mandate. The existing authority for Shareholders' Mandate which was approved by the shareholders at the AGM of the Company held on 21 July 2021, shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming Thirty-Seventh ("37th") AGM of the Company, unless renewal is obtained from the shareholders of Prestar at the said AGM of the Company.

The purpose of this circular is to provide you with the relevant information in relation to the Proposed Renewal of Shareholders' Mandate and to seek your approval for the ordinary resolution to be tabled at the forthcoming AGM of the Company.

## **2. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE**

### **2.1 Details of the Proposed Renewal of Shareholders' Mandate**

At the Company's AGM held on 21 July 2021, the Company had obtained its Shareholders' Mandate. This approval shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM of the Company which has been scheduled to be held on 15 June 2022 unless the approval is renewed.

Prestar is seeking approval from the shareholders for the Proposed Renewal of Shareholders' Mandate which will allow Prestar Group, in their normal course of business, to enter into the categories of Recurrent Related Party Transactions referred to in the ensuing sections provided that such transactions, are made at arms' length basis and based on Prestar Group's normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders.

Pursuant to Paragraph 10.09(2) of the Listing Requirements, the Company may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (iii) the Company's circular to shareholders for the shareholders' mandate includes the information as may be prescribed by Bursa Malaysia Securities. The draft circular must be submitted to Bursa Malaysia Securities together with a checklist showing compliance with such information;
- (iv) in a meeting to obtain shareholders' mandate, the relevant Related Party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (v) the Company immediately announces to Bursa Malaysia Securities when the actual value of a Recurrent Related Party Transactions entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia Securities in its announcement.

### **2.2 Principal activities**

Prestar is principally an investment holding company and also engaged in rental of properties and indent activity. The subsidiaries of Prestar are primarily involved in the steel related sector encompassing downstream processing of various types of steel coils, sheets and plates, manufacture and sales of carbon steel pipes, material handling equipment and highway guardrails, galvanising activities and renting of building and office premises.

The principal activities of the subsidiaries and associated companies of Prestar which are involved in the Recurrent Related Party Transactions are as follows:

Name	Effective equity interest (%)	Principal activities
<b>1) Subsidiary companies of Prestar</b>		
DDS	100	Importing and trading of steel materials and general hardware products.
PESB	100	Manufacture, supply and install guardrails and related products.
PGSB	100	General hot-dip galvanising and coating of metal products and threaded items, fabrication of moulds and dies and maintenance and installation of machinery.
PMktg	100	Importer and distributor of general hardware, tools, material handling equipment and forklifts.
PPT	100	Manufacture and supply of precision steel pipes and tubes.
PSSSB	100	<ol style="list-style-type: none"> <li>1. Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking systems.</li> <li>2. Manufacturing and exporting of material handling equipment such as wheelbarrows, hand trucks, industrial castors, wheels and pallet meshes.</li> </ol>
<b>2) Associated companies of Prestar</b>		
THB	34	Investment holding company.
TSSB	34	Processing of steel coils into slit coils and steel sheets and manufacture and trading of steel products.
THSB	34	Manufacture and trading of steel material and products.

Due to diversity and size of the businesses of the Group, it is anticipated that the companies within the Group would, in the ordinary course of business, enter into Recurrent Related Party Transactions which are detailed in Section 2.3.2. It is likely that such transactions will occur with some degree of frequency and could arise at any time.

In view of the time sensitive, confidential and frequent nature of such Recurrent Related Party Transactions, the Board of Directors is seeking shareholders' approval for the Group to enter into Recurrent Related Party Transactions in the normal course of business within the classes of Related Parties as set out in Section 2.3.1, provided that such transactions are entered into at arm's length basis on transaction price and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and which will not be to the detriment of the minority shareholders. The Recurrent Related Party Transactions will also be subject to the review procedures as set out in Section 2.8.

The Proposed Renewal of Shareholders' Mandate is subject to annual renewal. The Proposed Renewal of Shareholders' Mandate, if approved, will take effect from the date of the passing of the ordinary resolution proposed at the forthcoming AGM of the Company and shall apply until:

- (a) the conclusion of the first AGM of Prestar following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of Prestar in general meeting,

whichever is the earlier.

The Proposed Renewal of Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions entered as stipulated in the ensuing sections. Thereafter, if the Board of Directors decides that the Proposed Renewal of Shareholders' Mandate sought herein is desirable, shareholders' approval for such renewal will be sought at each subsequent AGM of the Company.

## 2.3 Classes and nature of Recurrent Related Party Transactions

### 2.3.1 Classes of Recurrent Related Party Transactions

Relevant details of the transactions with the Related Parties with whom the Recurrent Related Party Transactions are carried out are tabulated as follows:

#### Proposed Renewal of Shareholders' Mandate

The details of the Recurrent Related Party Transactions covered under the Proposed Renewal of Shareholders' Mandate are as follows:

Nature of transactions (*)	Names of companies	Related Parties	Interested Directors and/or interested Major Shareholders and/or Persons Connected with them	Shareholders' Mandate		Estimated aggregate value of transactions from the date of the 37th AGM up to the date of the next AGM <sup>(2)</sup>
				Estimated value as disclosed in the circular to shareholders dated 28/04/2021	Actual value transacted since last AGM up to 31/03/2022 <sup>(1)</sup>	
				RM	RM	RM
<b>(A) Purchase of goods and services by Prestar Group</b>						
Purchase of hardware products	PMktg and PSSSB	Chiho Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Kenny Toh Jin Tat	100,000	20,838	100,000

Nature of transactions (*)	Names of companies	Related Parties	Interested Directors and/or interested Major Shareholders and/or Persons Connected with them	Shareholders' Mandate		Estimated aggregate value of transactions from the date of the 37th AGM up to the date of the next AGM <sup>(2)</sup>
				Estimated value as disclosed in the circular to shareholders dated 28/04/2021	Actual value transacted since last AGM up to 31/03/2022 <sup>(1)</sup>	
				RM	RM	
Purchase of hardware products and material handling equipment	PMktg and PSSSB	Y.K. Toh Marketing (S) Pte. Ltd.	Toh Yew Keong and Toh Yew Chin	4,500,000	1,051,214	4,500,000
Purchase of hardware products and material handling equipment	PMktg	Syarikat Kwong Nam Hing Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng and Kenny Toh Jin Tat	5,000	0 <sup>(4)</sup>	5,000
Purchase of steel coils, slit coils and steel sheets	PPT, DDS, PESB and PSSSB	TSSB and THSB	Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd., Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Seng, Koay Kah Ee and Kenny Toh Jin Tat	4,500,000	491,942	4,500,000

**(B) Sales of goods and services by Prestar Group**

Sales of hardware products, material handling equipment and racking systems	PMktg and PSSSB	Chiho Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Kenny Toh Jin Tat	900,000	622,010	1,000,000
Sales of hardware products, material handling equipment and racking systems	PMktg and PSSSB	Y.K. Toh Marketing (S) Pte. Ltd.	Toh Yew Keong and Toh Yew Chin	6,000,000	3,996,988	8,000,000
Sales of hardware products, material handling equipment and racking systems	PMktg	Syarikat Kwong Nam Hing Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng and Kenny Toh Jin Tat	80,000	23,429	80,000

Nature of transactions (*)	Names of companies	Related Parties	Interested Directors and/or interested Major Shareholders and/or Persons Connected with them	Shareholders' Mandate		Estimated aggregate value of transactions from the date of the 37th AGM up to the date of the next AGM <sup>(2)</sup>
				Estimated value as disclosed in the circular to shareholders dated 28/04/2021	Actual value transacted since last AGM up to 31/03/2022 <sup>(1)</sup>	
				RM	RM	
Sales of guardrails, factory consumables, MHE and steel products	DDS, PESB, PGSB, PMktg and PSSSB	TSSB and THSB	Fabulous Essence Sdn. Bhd., Y.K. Toh Property Sdn. Bhd., Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Seng, Koay Kah Ee and Kenny Toh Jin Tat	1,000,000	27,977	1,000,000
<b>(C) Renting of office/warehouse space by Prestar Group</b>						
Rental expenses	PMktg	Y.K. Toh (M) Sdn. Bhd. <sup>(3)</sup>	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng and Kenny Toh Jin Tat	45,000	20,806	45,000
			Total purchase of goods	9,105,000	1,563,994	9,105,000
			Total sales of goods	7,980,000	4,670,404	10,080,000
			Total rental expenses	45,000	20,806	45,000

Notes:

(\*) Kindly refer to Section 2.3.2 of this circular for further details.

(1) The actual value transacted since last AGM up to 31/03/2022, being latest practicable date prior to the printing of this circular.

(2) The figures shown are estimated value from the date of 37<sup>th</sup> AGM to the next AGM after taking into consideration the transactions which will be entered into in the foreseeable future. The estimated value may be subjected to changes.

(3) Rentals are payable on monthly basis.

(4) There was no transaction as the price was not competitive.

The interested Directors and/or interested Major Shareholders and the interested Persons Connected with them and their respective shareholdings in the Related Parties as at 31 March 2022 are as follows:

	Chiho Hardware Sdn. Bhd.			
	<---- Direct ---->		<---- Indirect ---->	
	No. of ordinary shares	%	No. of ordinary shares	%
Toh Yew Keat	572,000	12.43	<sup>(1)</sup> 1,025,950	22.30
Dato' Toh Yew Peng	536,250	11.66	<sup>(1)</sup> 1,025,950	22.30
Toh Yew Kar	429,000	9.32	<sup>(1)</sup> 1,025,950	22.30
Toh Yew Seng	393,250	8.55	<sup>(1)</sup> 1,025,950	22.30
Toh Poh Khuan	357,500	7.77	<sup>(1)</sup> 1,025,950	22.30
Toh Yew Keong	464,750	10.10	<sup>(1)</sup> 1,025,950	22.30
Toh Yew Chin	429,000	9.32	<sup>(1)</sup> 1,025,950	22.30

	<b>Y. K. Toh Marketing (S) Pte. Ltd.</b>			
	<--- Direct --->		<-- Indirect-->	
	No. of ordinary shares	%	No. of ordinary shares	%
Toh Yew Keong	2,600,000	52.00	-	-
Toh Yew Chin	2,400,000	48.00	-	-

	<b>Y. K. Toh (M) Sdn. Bhd.</b>			
	<--- Direct --->		<--- Indirect -->	
	No. of ordinary shares	%	No. of ordinary shares	%
Toh Yew Keat	160,000	16.00	-	-
Dato' Toh Yew Peng	150,000	15.00	-	-
Toh Yew Kar	120,000	12.00	-	-
Toh Yew Seng	110,000	11.00	-	-
Toh Poh Khuan	100,000	10.00	-	-
Toh Yew Keong	130,000	13.00	-	-
Toh Yew Chin	120,000	12.00	-	-

	<b>Syarikat Kwong Nam Hing Sdn. Bhd.</b>			
	<--- Direct --->		<---- Indirect ---->	
	No. of ordinary shares	%	No. of ordinary shares	%
Toh Yew Keat	144,122	4.43	-	-
Dato' Toh Yew Peng	75,572	2.32	-	-

	<b>TSSB</b>			
	<---- Direct ---->		<---- Indirect ---->	
	No. of ordinary shares	%	No. of ordinary shares	%
Fabulous Essence Sdn. Bhd.	-	-	<sup>(2)</sup> 6,800,000	34.00
Y.K. Toh Property Sdn. Bhd.	-	-	<sup>(2)</sup> 6,800,000	34.00
Toh Yew Keat	-	-	<sup>(2)</sup> 6,800,000	34.00
Dato' Toh Yew Peng	-	-	<sup>(2)</sup> 6,800,000	34.00
Toh Yew Seng	-	-	-	-
Koay Kah Ee	-	-	-	-

	<b>THSB</b>			
	<---- Direct ---->		<---- Indirect ---->	
	No. of ordinary shares	%	No. of ordinary shares	%
Fabulous Essence Sdn. Bhd.	-	-	<sup>(2)</sup> 850,000	34.00
Y.K. Toh Property Sdn. Bhd.	-	-	<sup>(2)</sup> 850,000	34.00
Toh Yew Keat	-	-	<sup>(2)</sup> 850,000	34.00
Dato' Toh Yew Peng	-	-	<sup>(2)</sup> 850,000	34.00
Toh Yew Seng	-	-	-	-
Koay Kah Ee	-	-	-	-

Notes:

- (1) Deemed interested by virtue of their direct shareholding in Y. K. Toh (M) Sdn. Bhd.
- (2) Deemed interested by virtue of their direct and indirect shareholding in Prestar, who hold more than 20% shareholding in THB.



The interested Directors and/or Major Shareholders and the interested Persons Connected with them and their directorships in the Related Parties as at 31 March 2022 are as follows:

	Chiho Hardware Sdn. Bhd.	Y. K. Toh Marketing (S) Pte. Ltd.	Y. K. Toh (M) Sdn. Bhd.	Syarikat Kwong Nam Hing Sdn. Bhd.	THB	TSSB and THSB
Dato' Toh Yew Peng			✓	✓	✓	✓
Toh Yew Kar			✓			
Toh Yew Seng					✓	✓
Toh Poh Khuan	✓		✓			
Toh Yew Keong	✓	✓	✓			
Toh Yew Chin	✓	✓				
Toh Yew Keat			✓			
Koay Kah Ee					✓	

*Note:*

(✓) indicate directorships in the Related Parties.

The interested Directors and/or Major Shareholders in the Proposed Renewal of Shareholders' Mandate are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng, Toh Yew Chin, Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd. and the interested Persons Connected to the Directors and/or Major Shareholders are Toh Poh Khuan and Toh Yew Keong.

Koay Kah Ee, being the Director of DDS, PESB and THB, is also regarded as the interested Director in the Proposed Renewal of Shareholders' Mandate.

Kenny Toh Jin Tat, being the Director of Prestar and also the son of Toh Yew Keat is regarded as the interested Director in the Proposed Renewal of Shareholders' Mandate.

Details of their direct and indirect interests in Prestar as at 31 March 2022 are set out in section 2.10 of this circular.

### 2.3.2 Nature of Recurrent Related Party Transactions

All the Recurrent Related Party Transactions involved are in the ordinary course of business. However, the value of these transactions may be subject to changes in the next financial year.

#### (a) Purchase of goods

Chiho Hardware Sdn. Bhd. sells hardware products such as bolt cutters, pliers, nippers, trowels, packing clips, screw drivers and off clear tapes to PMktg and PSSSB.

Y.K. Toh Marketing (S) Pte. Ltd. sells hardware products and material handling equipment such as hand tools, sockets, calipers, hoes, pallet trucks, forklifts and related products to PMktg and PSSSB.

Syarikat Kwong Nam Hing Sdn. Bhd. sells hardware products and material handling equipment such as padlocks, pliers, hinges, bolt cutters and piston ring fittings to PMktg.

TSSB and THSB sell steel coils, slit coils, steel sheets and general steel products to PPT, DDS, PESB and PSSSB.

PMktg, PESB, DDS, PPT and PSSSB buy hardware products and material handling equipment for own consumption from Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Syarikat Kwong Nam Hing Sdn. Bhd., TSSB and THSB.

The transactions with the Related Parties are based on Prestar Group's normal commercial terms and at arms' length basis and on terms not more favourable to the Related Parties than those generally available to the public. The transactions with the Related Parties were only entered into after comparisons had been made between quotations obtained from third party suppliers and the Related Parties whereby the Related Parties' quotations were found to be the lowest.

**(b) Sale of goods**

Chiho Hardware Sdn. Bhd. buys hardware products and material handling equipment such as tool boxes, steel shelving, aluminium step ladders, hand trucks, hedge shears with wooden handles, stainless steel hoses and flexible tubes, claw hammers, silicone sealant, choke chains, brass hinges and brass barrel bolts from PMktg and PSSSB.

Y.K. Toh Marketing (S) Pte. Ltd. buys hardware products and material handling equipment such as pallet trucks, pallet mesh, work trainers, roll containers, spray guns, crayons, hand trucks, manual stackers and wall plugs from PMktg and hand trucks, wheelbarrows, industrial castors, pallet mesh and wheels from PSSSB. Y.K. Toh Marketing (S) Pte. Ltd. also buys gondolas and racking systems that are used for warehouse storage from PSSSB.

Syarikat Kwong Nam Hing Sdn. Bhd. buys hardware products and material handling equipment such as manila ropes, safety shoes, galvanised iron, hand trucks, carpenter pencils, drill equipment and wire brushes from PMktg. Syarikat Kwong Nam Hing Sdn. Bhd. also buys racking systems from PMktg.

TSSB and THSB buy guardrails, factory consumables, MHE and steel products from DDS, PESB, PGSB, PMktg and PSSSB.

PMktg and PSSSB sell hardware products and material handling equipment to Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., and Syarikat Kwong Nam Hing Sdn. Bhd.

PSSSB sells gondolas and racking systems to Y.K. Toh Marketing (S) Pte. Ltd. and Chiho Hardware Sdn. Bhd.

DDS, PESB, PGSB, PMktg and PSSSB sell guardrails, factory consumables, MHE and steel products to TSSB and THSB.

The transactions are entered at arms' length basis and on normal commercial terms. The terms are not more favourable to these Related Parties than those generally available to other customers of DDS, PESB, PMktg, PGSB, PSSSB and PPT.

**(c) Rental expenses**

PMktg rents from Y.K. Toh (M) Sdn. Bhd., a warehouse space approximately 2,678 square feet located at 12 C & D, Pahang Road, 10400 Penang. The rental rate paid to Y.K. Toh (M) Sdn. Bhd. is based on negotiated rate after taking into consideration of the prevailing market rates and demand then and which are not more favourable to the Related Party than those generally available to the public.

Details of the tenancy agreement are as follows:

<b>Date of tenancy agreement</b>	<b>Tenant</b>	<b>Property owner</b>	<b>Location / address</b>	<b>Tenure of tenancy agreement</b>	<b>Amount of rental (RM per month)</b>	<b>Rent area (square feet)</b>	<b>Built-up area of the building (square feet)</b>
05.05.2021	PMktg	Y.K. Toh (M) Sdn. Bhd.	12 C & D, Pahang Road, 10400 Penang	From 01.07.2021 to 30.06.2022 <sup>@</sup>	2,500.00	2,678	4,134

*Note:*

<sup>@</sup> There is an option to renew the tenancy agreement for a further period of one (1) year from the expiry date.

**2.4 Outstanding Recurrent Related Party Transactions receivables**

There is no amount due and owing to the Group by its Related Parties pursuant to the Recurrent Related Party Transactions, as such the disclosure as required under Paragraphs 16A and 16B in the Annexure PN12-A of the Listing Requirements are not applicable.

**2.5 Rationale for and benefit to Prestar of the Proposed Renewal of Shareholders' Mandate**

The Recurrent Related Party Transactions entered or to be entered into by the Group with respect to which the Proposed Renewal of Shareholders' Mandate is sought for, are those which will be carried out in the ordinary course of business and are mainly for the support of the Group in its day-to-day operations. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and which may arise at any time and from time to time.

These transactions may be constrained by the time-sensitive, frequent nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case-by-case basis before entering into the Recurrent Related Party Transactions. As such, the Board of Directors is seeking a shareholders' mandate pursuant to Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions described in Section 2.3 above to allow the Group to enter into such Recurrent Related Party Transactions which will be made or made at an arm's length basis on transaction price and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company and which are not prejudicial to the interest of the shareholders.

The sale to the Related Parties benefits Prestar Group as they contribute to the Prestar Group's revenue and profitability.

The rental of warehouse from Related Party benefits Prestar Group due to its proximity location to the current office.

The acquisition from Related Parties benefits Prestar Group as it allows the Group to be more competitive in terms of product pricing and response time in the steel related sector and creates an extensive network of marketing, distribution and manufacturing operations for the Group. These upstream and downstream linkages will help to reduce inventory costs, increase availability and fulfil customer demands, improve asset allocation, reduce inventory lead time and better utilisation of resources.

By obtaining the shareholders' approval on the Proposed Renewal of Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to make announcements to Bursa Malaysia Securities and to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. The Proposed Renewal of Shareholders' Mandate, if approved, would result in substantial savings of administrative time, inconvenience, costs and expenses for the Company in that it would dispense with the need for the Company to convene shareholders' meetings to approve the Recurrent Related Party Transactions which are of a recurring nature. It would also enable the Group to meet its corporate objectives and realise business opportunities, as and when they become available to the Group, in a more timely and effective way.

## **2.6 Effects of the Proposed Renewal of Shareholders' Mandate**

The Proposed Renewal of Shareholders' Mandate will not have any impact on the share capital, NA or EPS of the Prestar Group.

## **2.7 Condition of the Proposed Renewal of Shareholders' Mandate**

The Proposed Renewal of Shareholders' Mandate is conditional upon the approval of the shareholders of Prestar to be obtained at the forthcoming AGM of the Company.

## **2.8 Disclosure and review procedures**

In order to ensure that such Recurrent Related Party Transactions are conducted at an arm's length basis and on the Group's normal commercial terms consistent with the Group's usual business practices and policies, which are generally not more favourable to the Related Parties than those extended to unrelated third parties and are not to the detriment of the minority shareholders, the Audit Committee and Management will ensure that the transactions with the Related Parties will only be entered into after taking into account the pricing, level of service, quality of product and other related factors.

The Board will implement the following review procedures prior to the entering of any Recurrent Related Party Transactions which are supplemented to the existing internal procedures for general transactions:

- (i) An updated list of Related Parties will be circulated to Management of the subsidiaries of Prestar to notify that all Recurrent Related Party Transactions are required to be undertaken at an arm's length basis and on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.
- (ii) The Board of Directors and the Audit Committee have reviewed the procedures and shall continue to review the procedures as and when required.
- (iii) At least two (2) other contemporaneous transactions with unrelated third parties for similar products and/or quantities will be used as comparison, wherever possible for determining the price and terms offered by/to the Related Parties are fair and reasonable as compared with those offered by unrelated third parties. In the event that

quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be based on prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with unrelated third parties, business practices and policies and on terms which are generally in line with industrial norms and is not detrimental to the Group and the minority shareholders. Other factors taken into considerations for evaluation purposes will be reliability to supply and delivery and quality of materials or goods and services.

- (iv) Prestar's subsidiaries will obtain quotations from third parties in order to compare quotations from Related Parties and will make purchases from the parties (whether they are third parties or Related Parties) which offer the lowest quotations. Although the Group also sources similar products and services from third parties, the Board of Directors is of the view that these close business relationships with the Related Parties allow the Group to be more competitive in terms of product pricing and response time in the steel related sector and creates an extensive network of marketing, distribution and manufacturing operations for the Group. These upstream and downstream linkages will help to reduce inventory costs, increase availability and fulfil customer demands, improve asset allocation, reduce inventory lead time and better utilisation of resources.
- (v) There is no specific threshold for approval of Recurrent Related Party Transactions. All Recurrent Related Party Transactions are reviewed and authorised by personnel of at least managerial level, provided always that such personnel have no interest in the transactions and the said transactions have been approved pursuant to the shareholders' mandate obtained at an AGM for Recurrent Related Party Transactions.

The Audit Committee has the overall responsibility of determining whether the procedures for reviewing all Recurrent Related Party Transactions are appropriate. The Audit Committee will review and ascertain whether the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with at least once a year.

Approval for the shareholders' mandate will be sought for renewal at each subsequent AGM of the Company subject to a satisfactory review by the Audit Committee of its continued application to the Recurrent Related Party Transactions.

In addition, where any Director has an interest (direct or indirect) in any related party transactions, such Director (or his alternate, where applicable) shall abstain from voting on the matter and deliberating at Board meetings in respect of related party transactions in which he is interested.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Listing Requirements, disclosure has been made in the Annual Report 2021 of the Company of the actual breakdown of the aggregate value of the Recurrent Related Party Transactions undertaken pursuant to the Shareholders' Mandate during the financial year ended 31 December 2021. Disclosure will also be made in the annual reports for subsequent financial years during which such mandates remain in force.

## **2.9 Statement by the Audit Committee**

The Audit Committee has reviewed the procedures and terms of the Proposed Renewal of Shareholders' Mandate and is satisfied that the review procedures for Recurrent Related Party Transactions, as well as the annual review to be made by the Audit Committee in relation thereto, are sufficient to ensure that Recurrent Related Party Transactions will be made at arms' length and in accordance with the Group's normal commercial terms, which is not more favourable to the Related Parties than those generally available to the public and hence, will not be detrimental to the minority shareholders or disadvantageous to the Group.

In addition, the Audit Committee is of the opinion that the Group has in place adequate procedures and processes to monitor, track and identify the Recurrent Related Party Transactions in a timely and orderly manner, and the frequency of review of these procedures and processes are carried out annually.

## 2.10 Directors' and Major Shareholders' interests

Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng, Toh Yew Chin, Kenny Toh Jin Tat, Fabulous Essence Sdn. Bhd and Y.K. Toh Property Sdn. Bhd., being Major Shareholders and/or Directors of Prestar; Toh Poh Khuan and Toh Yew Keong, being the Persons Connected to the Major Shareholders and/or Directors of Prestar; and Koay Kah Ee, being the Director of DDS, PESB and THB, are deemed interested in the Proposed Renewal of Shareholders' Mandate.

Accordingly, the interested Directors of Prestar have and will continue to abstain from the Board's deliberations and voting pertaining to the Proposed Renewal of Shareholders' Mandate. In addition, the interested Directors, interested Major Shareholders and interested Persons Connected to the Major Shareholders and/or Directors, will also be abstained from voting in respect of their direct and indirect shareholdings in Prestar on the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM of the Company. The interested Directors, interested Major Shareholders and interested Persons Connected to the Major Shareholders and/or Directors, will also ensure that the Persons Connected with them be abstained from voting on the ordinary resolution, deliberating or approving the Proposed Renewal of Shareholders' Mandate.

Save as aforesaid, none of the Directors or Major Shareholders of Prestar or Persons Connected with them has any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate.

Details of the direct and/or indirect interests of the interested Directors and/or Major Shareholders and/or interested Persons Connected to the interested Directors and/or Major Shareholders in Prestar as at 31 March 2022 are set out as follows:

Interested Directors and/or interested Major Shareholders and/or interested Persons Connected to the interested Directors and/or interested Major Shareholders	Direct <sup>@</sup>		Indirect <sup>@</sup>	
	No. of shares	% #	No. of shares	% #
Toh Yew Keat <sup>M</sup>	7,018,747	2.05	117,106,240 <sup>(a)</sup>	34.14
Dato' Toh Yew Peng <sup>D, M</sup>	15,500,000	4.52	117,426,240 <sup>(b)</sup>	34.23
Toh Yew Kar <sup>D</sup>	4,675,641	1.37	-	-
Toh Yew Seng <sup>D</sup>	5,370,003	1.57	-	-
Toh Yew Chin <sup>D</sup>	4,315,641	1.26	-	-
Kenny Toh Jin Tat <sup>D</sup>	160,000	0.05	-	-
Toh Poh Khuan <sup>P</sup>	3,856,368	1.12	-	-
Toh Yew Keong <sup>P</sup>	4,432,318	1.29	-	-
Fabulous Essence Sdn. Bhd. <sup>M</sup>	84,147,520	24.53	-	-
Y. K. Toh Property Sdn. Bhd. <sup>M</sup>	32,958,720	9.61	-	-
Koay Kah Ee <sup>DS</sup>	579,200	0.17	-	-

Interested Directors and/or interested Major Shareholders and/or interested Persons Connected to the interested Directors and/or interested Major Shareholders	Direct <sup>@</sup>		Indirect <sup>@</sup>	
	No. of shares	% #	No. of shares	% #

- D Interested Director  
M Interested Major Shareholder  
P Interested Person Connected to the interested Directors and/or interested Major Shareholders.  
DS Interested Director by virtue of him being a Director of subsidiaries of Prestar namely, DDS, PESB and associate company of Prestar namely, THB.  
<sup>@</sup> Extracted from the register of Directors' shareholdings and/or register of substantial shareholders and/or record of depositors accordingly.  
# The % of shareholdings in the Company is calculated based on the total number of issued shares in the Company, net of treasury shares.  
(a) Deemed interested in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Act.  
(b) Deemed interested in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd. by virtue of Section 8(4) of the Act, and his son, Alan Toh Jin Joo's shares in Prestar pursuant to Section 59(11) of the Act.

### 3. DIRECTORS' RECOMMENDATION

The Board (save and except for Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng, Toh Yew Chin and Kenny Toh Jin Tat, who are deemed interested in the Proposed Renewal of Shareholders' Mandate and have abstained and will continue to abstain from expressing an opinion on the Proposed Renewal of Shareholders' Mandate) having considered all aspects of the Proposed Renewal of Shareholders' Mandate, is of the opinion that the Proposed Renewal of Shareholders' Mandate is in the best interests of the shareholders and Prestar Group.

Accordingly, the Directors (save and except for Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng, Toh Yew Chin and Kenny Toh Jin Tat, who are deemed interested in the Proposed Renewal of Shareholders' Mandate and have abstained and will continue to abstain from making recommendations on the Proposed Renewal of Shareholders' Mandate), recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate to be tabled at the forthcoming AGM of the Company.

### 4. AGM

The ordinary resolution pertaining to the Proposed Renewal of Shareholders' Mandate is set out as special business in the notice of AGM contained in the Annual Report 2021 of the Company, which is sent to you together with this circular. The 37th AGM of the Company will be held on a virtual basis via Remote Participation and Voting Facilities at the broadcast venue at Meeting Room of Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 15 June 2022 at 10:00 a.m.

If you are unable to attend and vote in person at the 37th AGM of the Company, you are requested to complete, sign and return the Form of Proxy set out in the Annual Report 2021 of the Company, in accordance with the instructions printed thereon, as soon as possible, so as to arrive at the registered office of Prestar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time and date fixed for the forthcoming 37th AGM of the Company or any adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming 37th AGM of the Company should you subsequently wish to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at

the Company's registered office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 37th AGM of the Company or any adjournment thereof.

Should you wish to personally participate at the 37th AGM of the Company remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please refer to the administrative guide on the conduct of a virtual general meeting ("**Administrative Guide**") for further details.

The Administrative Guide is available for download at:  
[http://www.prestar.com.my/investorRelations/InvestorRelations\\_mainpage.asp](http://www.prestar.com.my/investorRelations/InvestorRelations_mainpage.asp).

## **5. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

Yours faithfully,

For and on behalf of the Board of Directors of  
**PRESTAR RESOURCES BERHAD**

**SHAMSUDIN @ SAMAD BIN KASSIM**  
Independent Non-Executive Chairman



**FURTHER INFORMATION**

**1. RESPONSIBILITY STATEMENT**

The statement and circular have been seen and approved by the Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given in the statement and circular in so far as it relates to the Prestar Group and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the statement and circular false or misleading.

**2. MATERIAL LITIGATION**

As at the date of the statement and circular, neither Prestar nor its subsidiaries are engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration pending or threatened against Prestar and/or its subsidiaries, or an appropriate negative statement which has a material effect on the financial position of the Group.

**3. MATERIAL CONTRACTS**

There are no other contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by Prestar or its subsidiary companies within the past two (2) years immediately preceding the date of the statement and circular.

**4. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of Prestar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan during normal business hours on any working day from the date of the statement and circular up to and including the date of the forthcoming 37th AGM of the Company:

- (i) Constitution of the Company; and
- (ii) Audited financial statements of Prestar Group for the past two (2) financial years ended 31 December 2020 and 31 December 2021.