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General Announcement

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**Submitting Investment Bank/Advisor
(if applicable)**

**Submitting Secretarial Firm
(if applicable)**

Securities Services (Holdings) Sdn. Bhd.

Company name *

PRESTAR RESOURCES BERHAD

Stock name *

PRESTAR

Stock code *

9873

Contact person *

Chua Siew Chuan
Chin Mun Yee

Designation *

Company Secretaries

Type *

Announcement Reply to query

Subject :*

PRESTAR RESOURCES BHD ("PRESTAR" OR "COMPANY")
- RELATED PARTY TRANSACTION - ALLOTMENT OF
263,000 ORDINARY SHARES OF RM1/- EACH IN THE
CAPITAL OF PRESTAR GALVANISING SDN BHD ("PGSB"),
WHOLLY-OWNED SUBSIDIARY OF PRESTAR,
REPRESENTING 5% OF THE EQUITY INTERESTS OF PGSB
TO MR. LIM FONG KAN, THE FORMER DIRECTOR AND
SHAREHOLDER OF PRESTAR TOOLING SDN. BHD.,
WHOLLY-OWNED SUB-SUBSIDIARY OF PRESTAR

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents :-*

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1. INTRODUCTION

Pursuant to Paragraph 10.08(1) of Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements, Prestar wishes to announce that Prestar Galvanising Sdn Bhd ("PGSB"), a wholly-owned subsidiary of Prestar had on 12 October 2009 allotted 263,000 ordinary shares of RM1/- each in the capital of PGSB, representing 5% of the equity interests of PGSB to a related party, Mr. Lim Fong Kan, the former director and shareholder of Prestar Tooling Sdn. Bhd. ("PTSB"), wholly-owned sub-subsidiary of Prestar at a total cash consideration of RM263,000/- (Ringgit Malaysia: Two Hundred and Sixty Three Thousand) only ("the Allotment").

Upon completion of the Allotment, PGSB will become a subsidiary of Prestar instead of wholly-owned subsidiary.

2. INFORMATION ON PGSB

PGSB was incorporated in Malaysia on 10 September 1994 as a private limited company under the Companies Act, 1965 and is principally involved in general hot dip galvanizing and coating on metal

products and threaded items.

The authorized and issued and paid-up share capital of PGSB is RM5,000,000/- comprising 5,000,000 ordinary shares of RM1/- each without taking into consideration the Allotment.

3. INFORMATION ON LIM FONG KAN

Mr. Lim Fong Kan is a Malaysian, aged 43. Mr. Lim Fong Kan has resigned as a director of PTSB on 31 July 2009 and also ceased to hold 5% equity interest of PTSB on the same date.

4. RATIONALE

The rationale for the Allotment is to enable PGSB to leverage on Mr. Lim Fong Kan's knowledge and expertise to enhance and grow PGSB's business.

The subscription price of RM1/- per share for the Allotment is determined after taking into account approximately 4.8% discount from the net tangible assets of PGSB as at 30 September 2009. The discount is negotiated based on "willing buyer willing seller" in order to attract and retain experienced talent as well as to forge a strategic alliance in this field of business.

5. UTILISATION OF PROCEEDS

The proceeds from the Allotment would be utilized mainly for the working capital of PGSB and it is expected to be utilized within three (3) months upon the completion of the Allotment.

6. PERCENTAGE RATIO OF THE RELATED PARTY TRANSACTION ("RPT")

Pursuant to Paragraphs 10.02(g) of Bursa Securities Main Market Listing Requirements, the highest percentage ratio of the RPT is 0.43% based on the latest audited financial statements of Prestar for the financial year ended 31 December 2008.

7. FINANCIAL EFFECT

The Allotment does not have any effect on the issued and paid-up share capital of Prestar nor the shareholdings of its substantial shareholders, and does not have any material effect on earnings per share, gearing and net assets per share of the Group.

8. APPROVALS REQUIRED

The Allotment is not subject to the approval of the shareholders of Prestar or any regulatory authorities.

9. EXPECTED COMPLETION DATE

The Allotment is completed on 12 October 2009 and full payment of the Allotment was received by PGSB on 12 October 2009 and no liability will be assumed from the RPT.

10. TOTAL AMOUNT TRANSACTED WITH LIM FONG KAN

The Group has not transacted with Mr. Lim Fong Kan for the preceding twelve (12) months.

11. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Mr. Lim Fong Kan does not sit on the Board of Prestar nor hold any shares in Prestar.

None of the Directors and/or major shareholders of Prestar and/or persons connected to them has any

interest, direct or indirect, in the Allotment.

12. STATEMENT BY BOARD OF DIRECTORS AND AUDIT COMMITTEE

The Audit Committee has considered all aspects of the RPT and is of the opinion that the Allotment is fair, reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders and that the Allotment is in the best interest of the Group.

The Board of Directors concurred with the Audit Committee's opinion and agreed that the Allotment is in the best interest of the Group.

The views of the Audit Committee and the Board of Directors were arrived at after taking into consideration the requirements of PGSB.

This announcement is dated 12 October 2009.

Announcement Details :-

(This field is for the details of the announcement, if applicable)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

Attachment(s):- (please attach the attachments here)