



**BURSA MALAYSIA**

## PDF Submission

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### Submitting Investment

Bank/Advisor

(if applicable)

Submitting Secretarial Firm

Securities Services (Holdings) Sdn. Bhd.

(if applicable)

Company name \*

PRESTAR RESOURCES BERHAD

Stock name \*

PRESTAR

Stock code \*

9873

Contact person \*

Chua Siew Chuan

Designation \*

Company Secretary

Document Type \*

Circular/Notice to Shareholders

Subject/Description \*

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE:-  
PART A - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY  
PART B- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECUR

### Remark

(Information entered into this field will not be disseminated together with the attached pdf)

Attachment (PDF format only)\*

(Only two attachments are allowed per submission and each attachment size should not exceed 1.5 MB)



Prestar Circular 2011.pdf

**THIS CIRCULAR 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 Securities) did not peruse Part A of this Circular in respect of the Proposed Renewal of Share Buy-Back Authority prior to its issuance as it is exempted circular pursuant to Practice Note No. 18 of Bursa Securities Main Market Listing Requirements.

Bursa Securities takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**PRESTAR RESOURCES BERHAD**

(Company No.: 123066-A)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS**

**IN RELATION TO THE**

**PART A**

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

**PART B**

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

The above Proposals will be tabled as Special Business at the Company's Twenty- Sixth (26<sup>th</sup>) Annual General Meeting (AGM). Notice of the 26<sup>th</sup> AGM of Prestar Resources Berhad (123066-A) to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10.00 a.m. together with the Form of Proxy are set out in the Annual Report 2010 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 on or before the time and date indicated below should you be unable to attend the Meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the Meeting should you subsequently wish to do so.

**IMPORTANT DATES:**

Last date and time for lodging the Form of Proxy : 18 June 2011 at 10.00 a.m.  
Date and time of the 26<sup>th</sup> AGM : 20 June 2011 at 10.00 a.m.

This Circular is dated 27 May 2011

**PART A**

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

## DEFINITIONS

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

"Act"	: Companies Act, 1965 as amended from time to time and any re-enactment thereof
"AGM"	: Annual General Meeting
"Board" or "Board of Directors"	: Board of Directors of Prestar
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"Code"	: Malaysian Code on Take-Overs and Mergers, 2010
"Director(s)"	: Director(s) of Prestar
"EPS"	: Earnings per share
"Listing Requirements"	: Bursa Securities Main Market Listing Requirements
"Market Day"	: A day on which the stock market of Bursa Securities is open for trading in securities
"NA"	: Net assets
"Prestar" or "Company"	: Prestar Resources Berhad
"Prestar Group" or "Group"	: Prestar and its subsidiaries
"Prestar Share(s)" or "Share(s)"	: Ordinary share(s) of RM0.50 each in Prestar
"Proposed Share Buy-Back"	: Proposed renewal of share buy-back authority to enable Prestar to purchase and/or holds up to 10% of its issued and paid-up share capital pursuant to Section 67A of the Act
"RM" and "sen"	: Ringgit Malaysia and sen respectively
"Substantial Shareholder(s)"	: Shall have the meaning given in Section 69D 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.

All references to the time of the day in this Circular are reference to Malaysian time.

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**PRESTAR RESOURCES BERHAD**

(Company No.: 123066-A)  
(Incorporated in Malaysia)

**Registered Office:-**

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

27 May 2011

**Board of Directors:-**

Toh Yew Keat (*Group Executive Chairman*)  
Dato' Toh Yew Peng (*Group Managing Director*)  
Toh Yew Kar (*Group Executive Director*)  
Toh Yew Seng (*Group Executive Director*)  
Toh Yew Chin (*Non-independent Non-executive Director*)  
Md. Nahar Bin Noordin (*Independent Non-executive Director*)  
Tuan Haji Fadzlullah Shuhaimi Bin Salleh (*Independent Non-executive Director*)  
Lou Swee You (*Independent Non-executive Director*)  
Lim Cheang Nyok (*Independent Non-executive Director*)

To: The Shareholders of Prestar

Dear Sir/Madam

**PROPOSED SHARE BUY-BACK**

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**1. INTRODUCTION**

On 25 April 2011, the Board announced the Company's intention to seek the shareholders' approval for the Proposed Share Buy-Back. The existing authority for Share Buy-Back which was approved by the shareholders at an AGM held on 22 June 2010, shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, unless renewal is obtained from the shareholders of Prestar at the said AGM.

The purpose of this Circular is to provide you with the details of the above Proposal and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming AGM.

**2. PROPOSED SHARE BUY-BACK**

**2.1 Details of the Proposed Share Buy-Back**

The Board of Directors seeks the approval of the shareholders for the renewal of the authority from the shareholders of the Company to purchase or hold from time to time and at any time up to ten per centum (10%) of the issued and paid-up share capital of the Company. In compliance with Section 67A 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 Securities.

The authority from shareholders, if renewed, shall be effective upon the passing of the Ordinary Resolution for the Proposed Share Buy-Back 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 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 general meeting,

whichever occurs first ("Proposed Authorised Period").

The Proposed Share Buy-Back 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 the Prestar Group for the financial year ended 31 December 2010, the Group has a net cash and cash equivalent of RM20,618,507.

The maximum amount of funds to be utilised for the Proposed Share Buy-Back shall not exceed the aggregate of the retained profits or the share premium account of the Company. Based on the latest audited financial statements of Prestar for the financial year ended 31 December 2010, the retained profits and share premium were RM14,126,025 and RM1,686,905 respectively. Based on the latest unaudited management accounts of Prestar for the three (3) months period ended 31 March 2011, the retained profits and share premium were RM13,343,430 and RM1,686,905 respectively. In accordance with Section 67A 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.

As at 29 April 2011, the public shareholding spread of the Company was 40.29%. The public shareholding spread is expected to be reduced to 36.47% assuming the Proposed Share Buy-Back is 6,900,000 Shares with the purchase from the market 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 Securities in the hands of public shareholders.

Section 67A of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both. The purchased Shares held as treasury shares may either be distributed to the shareholders of the Company as share dividends, resold on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancelled. The Board of Directors intends to retain the purchased Shares as treasury shares, or cancel the Shares purchased or a combination of both. If the treasury shares are distributed as share dividends, the cost of the original purchase of the Shares shall be deducted against the retained profits or the share premium account of the Company. If the purchased Shares are cancelled, the Company's issued and paid-up share capital shall be diminished by the cancellation of the Shares so purchased and the amount by which the Company's issued capital is diminished shall be transferred to a capital redemption reserve.

The treatment of the purchased Shares to be held as treasury shares, either distributed as share dividends or resold by the Company on Bursa Securities, or both, or subsequently cancelled will in turn depend on the availability of, amongst others, retained profits, share premium

account and tax credit (in relation to Section 108 of the Income Tax Act, 1967) of the Company.

In the event the Company purchases its own shares using external borrowings, the Board of Directors shall ensure that the Company has sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of the Company.

Prestar may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for Prestar Shares for the five (5) Market Days immediately before the purchase(s).

In the case of a resale of treasury shares, the Company may only resell the purchased Shares held as treasury shares on Bursa Securities at:-

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

The Proposed Share Buy-Back shall only be effected on the market of Bursa Securities via its Automated Trading System and shall exclude any direct business transactions as defined in the Rules of Bursa Securities. Consequently, the Proposed Share Buy-Back shall be transacted through a stock broker to be appointed.

While the purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions or otherwise are suspended and 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 purposes including substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

In the event that the Company decides to purchase its own Shares, the Company will announce on the day the purchase is made providing details of the description of the Shares purchased, the number of Shares purchased, the price of each Share or, where relevant, the highest and lowest price paid, the total consideration paid and the Shares purchased either held as treasury shares or proposed to be cancelled.

In the event that the Company decides to resell the Company's treasury shares, the Company will announce on the day the resale is made providing details of the description of the Shares resold, the number of Shares resold, the resale price of each Share resold or, where relevant, the highest and lowest resale price and the total consideration received.

In the event that the Company decides to cancel the Company's treasury shares, the Company will announce on the day the cancellation is made providing details of the number of treasury shares to be cancelled, the date of cancellation and the outstanding and paid-up capital of Company after the cancellation.

Based on the estimated purchase price of RM0.51 per Prestar Share, representing a fifteen per centum (15%) premium above the five-(5) day weighted average market price of Prestar Shares for the period up to 13 May 2011 (being the latest practicable date prior to the printing of this Circular) of RM0.44 per Prestar Share and if the Proposed Share Buy-Back is to be carried out in full at any time during the Proposed Authorised Period, the purchase of 6,900,000 Prestar Shares (being the maximum number of Prestar Shares that can be purchased based on the issued and paid-up share capital of Prestar as at 13 May 2011 comprising 180,980,900 Prestar Shares) would result in cash outflow of RM3.52 million.



## **2.2 Rationale of the Proposed Share Buy-Back**

The Proposed Share Buy-Back is expected to potentially benefit the Company and its shareholders in the following manner:-

- 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 67A of the Act, the Shares bought back may be held as treasury shares and resold on Bursa Securities with potential gain without affecting the total issued and paid-up share capital of the Company. Alternatively, the Shares so purchased can be distributed as share dividends to reward the shareholders of the Company.

## **2.3 Potential advantages and disadvantages of the Proposed Share Buy-Back**

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

- allows the Company to take preventive measures against speculation particularly when its 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 Share Buy-Back 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 Share Buy-Back can only be made out of retained profits and share premium of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Board of Directors will be mindful of the interest of Prestar and its shareholders in undertaking the Proposed Share Buy-Back and in the subsequent resale of treasury shares on Bursa Securities, if any.

## **2.4 Approval required**

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of Prestar at the forthcoming AGM to be convened.

## **2.5 Risk Factors of the Proposed Share Buy-Back**

The Board of Directors is not aware of any risk factors relating to the Proposed Share Buy-Back which could have a material adverse effect on the business or financial position of the Prestar Group.

## 2.6 Effects of the Proposed Share Buy-Back

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

### 2.6.1 Share Capital

The effect of the Proposed Share Buy-Back 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 Share Buy-Back on the issued and paid-up share capital of the Company would be as follows:-

	No. of Prestar Shares	%
Issued and paid-up share capital as at 13 May 2011	(*) 180,980,900	100.00
Less: No. of Shares to be cancelled pursuant to the Proposed Share Buy-Back	(#) ( 13,819,900 )	( 7.64)
Issued and paid-up share capital upon completion of the Proposed Share Buy-Back	167,161,000	92.36

However, the Proposed Share Buy-Back will have no effect on the issued and paid-up share capital 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.

*Note:-*

*\* The issued and paid-up share capital stated above is inclusive of the treasury shares held by the Company. As at 13 May 2011, the number of Prestar Shares held as treasury shares are 6,919,900. None of them are cancelled.*

*# Estimated maximum number of Prestar Shares can be purchased in complying with Paragraph 12.10 (1) of the Listing Requirements and the Code. The number of Prestar Shares computed is based on retained profit and share premium of the Company as at 31.12.2010 net off existing costs of treasury shares held of (RM5,853,697 ) and taking into account of the 5-day weighted average market price of Prestar Shares for the period up to 13 May 2011 of RM0.44 per Prestar Share.*

### 2.6.2 NA and Working Capital

- **NA**

The Proposed Share Buy-Back 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 Share Buy-Back would reduce the NA per share of the Group when the purchase price exceeds the NA per share 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.

- **Working Capital**

The Proposed Share Buy-Back 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.

## 2.6.3 EPS

The effect of the Proposed Share Buy-Back 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 issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back may generally, all else being equal, have a positive impact on the EPS of the Group.

## 2.6.4 Substantial Shareholders

The effect of the Proposed Share Buy-Back on the shareholding of the Substantial Shareholders of Prestar, based on the Register of Substantial Shareholders as at 29 April 2011 and assuming 13,819,900 Shares being the maximum number of Shares that are purchased and retained as treasury shares, is as follows:-

Substantial Shareholders	<- Before the Proposed Share Buy-Back -> Based on Issued Capital as at 29 April 2011 of 174,061,000 Shares (after excluding 6,919,900 treasury shares)				<- After the Proposed Share Buy-Back -> Based on Pro-forma Issued Capital as at 29 April 2011 of 167,161,000 Shares (after excluding 13,819,900 treasury shares) upon completion of Proposed Purchase			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Fabulous Essence Sdn. Bhd.	50,610,000	29.08	-	-	50,610,000	30.28	-	-
Toh Yew Keat	5,562,971	3.20	62,003,000 <sup>(1)</sup>	35.62	5,562,971	3.33	62,003,000 <sup>(1)</sup>	37.09
Dato' Toh Yew Peng	4,120,796	2.37	62,003,000 <sup>(2)</sup>	35.62	4,120,796	2.47	62,003,000 <sup>(2)</sup>	37.09
Toh Yew Kar	2,472,276	1.42	62,003,000 <sup>(3)</sup>	35.62	2,472,276	1.48	62,003,000 <sup>(3)</sup>	37.09
Toh Yew Chin	2,472,276	1.42	62,003,000 <sup>(4)</sup>	35.62	2,472,276	1.48	62,003,000 <sup>(4)</sup>	37.09
Toh Yew Keong	2,678,299	1.54	62,003,000 <sup>(5)</sup>	35.62	2,678,299	1.60	62,003,000 <sup>(5)</sup>	37.09
Toh Yew Seng	2,266,252	1.30	62,003,000 <sup>(6)</sup>	35.62	2,266,252	1.36	62,003,000 <sup>(6)</sup>	37.09
Toh Poh Khuan	2,060,230	1.18	62,003,000 <sup>(7)</sup>	35.62	2,060,230	1.23	62,003,000 <sup>(7)</sup>	37.09
Andy Toh Jin Hong	-	-	62,003,000 <sup>(8)</sup>	35.62	-	-	62,003,000 <sup>(8)</sup>	37.09
Ian Toh Jin Hu	-	-	62,003,000 <sup>(9)</sup>	35.62	-	-	62,003,000 <sup>(9)</sup>	37.09
Y.K. Toh Property Sdn. Bhd.	11,393,000	6.55	-	-	11,393,000	6.82	-	-
Soh Tik Siew	10,917,700	6.27	-	-	10,917,700	6.53	-	-

**Note:-**

- (1) Deemed interested by virtue of his shareholdings of 16% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (2) Deemed interested by virtue of his shareholdings of 15% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (3) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (4) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (5) Deemed interested by virtue of his shareholdings of 13% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (6) Deemed interested by virtue of his shareholdings of 11% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (7) Deemed interested by virtue of her shareholdings of 10% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (8) Deemed interested by virtue of his shareholdings of 5.5% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.
- (9) Deemed interested by virtue of his shareholdings of 5.5% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.

## 2.6.5 Directors

The effect of the Proposed Share Buy-Back on the shareholding of the Board of Directors based on the Register of Directors' Shareholdings as at 29 April 2011 and assuming 13,819,900 Shares being the maximum number of Shares that are purchased and retained as treasury shares, is as follows:-

Directors	<- Before the Proposed Share Buy-Back -> Based on Issued Capital as at 29 April 2011 of 174,061,000 Shares (after excluding 6,919,900 treasury shares)				<- After the Proposed Share Buy-Back -> Based on Pro-forma Issued Capital as at 29 April 2011 of 167,161,000 Shares (after excluding 13,819,900 treasury shares) upon completion of Proposed Purchase			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Toh Yew Keat	5,562,971	3.20	62,003,000 <sup>(1)</sup>	35.62	5,562,971	3.33	62,003,000 <sup>(1)</sup>	37.09
Dato' Toh Yew Peng	4,120,796	2.37	62,003,000 <sup>(2)</sup>	35.62	4,120,796	2.47	62,003,000 <sup>(2)</sup>	37.09
Toh Yew Kar	2,472,276	1.42	62,003,000 <sup>(3)</sup>	35.62	2,472,276	1.48	62,003,000 <sup>(3)</sup>	37.09
Toh Yew Seng	2,266,252	1.30	62,003,000 <sup>(4)</sup>	35.62	2,266,252	1.36	62,003,000 <sup>(4)</sup>	37.09
Toh Yew Chin	2,472,276	1.42	62,003,000 <sup>(5)</sup>	35.62	2,472,276	1.48	62,003,000 <sup>(5)</sup>	37.09
Md. Nahar bin Noordin	8,000,000	4.60	-	-	8,000,000	4.79	-	-
Tuan Haji Fadzullah Shuhaimi bin Salleh	-	-	-	-	-	-	-	-
Lou Swee You	-	-	-	-	-	-	-	-
Lim Cheang Nyok	-	-	-	-	-	-	-	-

The effect of the Proposed Share Buy-Back on the shareholding of the Board of Directors based on the Register of Directors' Shareholdings as at 29 April 2011 and assuming 13,819,900 Shares being the maximum number of Shares that are purchased and subsequently cancelled, is as follows:-

Directors	<- After the Proposed Share Buy-Back-> <----- Direct ----->				<----- Indirect ----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Toh Yew Keat	5,562,971	3.33	62,003,000 <sup>(1)</sup>	37.09	-	-
Dato' Toh Yew Peng	4,120,796	2.47	62,003,000 <sup>(2)</sup>	37.09	-	-
Toh Yew Kar	2,472,276	1.48	62,003,000 <sup>(3)</sup>	37.09	-	-
Toh Yew Seng	2,266,252	1.36	62,003,000 <sup>(4)</sup>	37.09	-	-
Toh Yew Chin	2,472,276	1.48	62,003,000 <sup>(5)</sup>	37.09	-	-
Md. Nahar bin Noordin	8,000,000	4.79	-	-	-	-
Tuan Haji Fadzullah Shuhaimi bin Salleh	-	-	-	-	-	-
Lou Swee You	-	-	-	-	-	-
Lim Cheang Nyok	-	-	-	-	-	-

*Notes:-*

- (1) Deemed interested by virtue of his shareholdings of 16% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.*
- (2) Deemed interested by virtue of his shareholdings of 15% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.*
- (3) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.*
- (4) Deemed interested by virtue of his shareholdings of 11% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.*
- (5) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and Y.K. Toh Property Sdn. Bhd.*

#### **2.6.6 Dividends**

In respect of financial year ended 31 December 2010, a final tax exempt dividend of 1.0 sen per share has been recommended, subject to the approval of the shareholders of the Company at the forthcoming AGM of the Company. Assuming the Proposed Share Buy-Back is implemented, dividends would be paid on the remaining issued and paid-up share capital of Prestar (excluding the Shares already purchased). The Proposed Share Buy-Back may have an impact on the Company's dividend policy as it would reduce the cash available which may otherwise be used for dividend payments.

Nonetheless, the treasury shares purchased may be distributed as share dividends to shareholders of the Company, if the Company so decides.

#### **2.7 Implication relating to 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.

Since the Company may only purchase up to approximately 7.64 % of the issued and paid-up share capital of the Company as at 13 May 2011 representing 13,819,900 Shares as set out in section 2.6.1 of this Circular as well as the existing shareholdings as disclosed in sections 2.6.4 and 2.6.5 above, the Proposed Share Buy-Back has no implications to any of the Directors, Substantial Shareholders and/or persons connected to the Directors and Substantial Shareholders under the Code.

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

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## 2.8 Purchases or resale of treasury shares made in the previous twelve (12) months

Prestar has not purchased, resold or cancelled any of its Shares in the twelve (12) months up to 13 May 2011, being the latest practicable date prior to the printing of this Circular. As at 13 May 2011, the Company held 6,919,900 treasury shares, none of the treasury shares held were resold or cancelled in the preceding twelve (12) months.

## 2.9 Share Prices

The monthly highest and lowest prices of Prestar Shares traded on Bursa Securities for the past twelve (12) months from May 2010 to April 2011 are as follows:-

	High RM	Low RM
Year 2010		
May	0.55	0.46
June	0.52	0.47
July	0.54	0.40
August	0.52	0.47
September	0.50	0.45
October	0.56	0.47
November	0.54	0.48
December	0.49	0.46
Year 2011		
January	0.54	0.47
February	0.56	0.45
March	0.50	0.41
April	0.52	0.44
The last transacted price of Prestar Shares on 22 April 2011, being the last practicable date prior to the announcement of the Proposed Renewal of Share Buy-Back Authority		0.47
The last transacted price of Prestar Shares on 13 May 2011, being the latest practicable date prior to the date of printing of this Circular		0.44

*(Source : The Star )*

## 2.10 Directors' and Substantial Shareholders' Interests

None of the Directors and Substantial Shareholders or persons connected with the Directors and Substantial Shareholders of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back.

## 3. DIRECTORS' RECOMMENDATION

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

**4. ANNUAL GENERAL MEETING**

The Ordinary Resolution pertaining to the Proposed Share Buy-Back is set out as Special Business in the Notice of AGM contained in the Annual Report 2010 of the Company, which was sent to you together with this Circular. The 26th AGM of the Company is to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10.00 a.m.

If you are unable to attend and vote in person at the 26th AGM, you are requested to complete, sign and return the enclosed Form of Proxy set out in the Annual Report 2010 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, not less than forty-eight (48) hours before the time and date fixed for the forthcoming 26th AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming 26th AGM should you subsequently wish to do so.

**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

Lou Swee You  
Independent Non-Executive Director

## **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 appendices, the following abbreviations shall have the following meanings unless otherwise stated:-

"Act"	: Companies Act, 1965 as amended from time to time and any re-enactment thereof
"AGM"	: Annual General Meeting
"Board" or "Board of Directors"	: Board of Directors of Prestar
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"DDS"	: Dai Dong Steel Sdn. Bhd., a 70% 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 Shareholders' Mandate includes 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 of Prestar, its subsidiary or holding company or a chief executive of Prestar, its subsidiary or holding company
"EPS"	: Earnings per share
"Listing Requirements"	: Bursa Securities Main Market Listing Requirements
"NA"	: Net assets
"Prestar" or "Company"	: Prestar Resources Berhad
"Prestar Group" or "Group"	: Prestar and its subsidiaries
"Proposed Shareholders' Mandate"	: Proposed renewal of Shareholders' Mandate as set out in Table 1 of paragraph 2.2.1 herein
"PESB"	: Prestar Engineering Sdn. Bhd., a 75% subsidiary of Prestar
"PGSB"	: Prestar Galvanising Sdn. Bhd., a 95% subsidiary of Prestar
"PMfg"	: Prestar Manufacturing Sdn. Bhd., a wholly-owned subsidiary of Prestar
"PMktg"	: Prestar Marketing Sdn. Bhd., a wholly-owned subsidiary of Prestar
"PPT"	: Prestar Precision Tube Sdn. Bhd., a wholly-owned subsidiary of Prestar
"PSP"	: Prestar Steel Pipes Sdn. Bhd., a wholly-owned subsidiary of Prestar
"PSSSB"	: Prestar Storage System Sdn. Bhd., a wholly-owned subsidiary of Prestar
"Recurrent Related Party Transactions"	: Related party transactions which is recurrent transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are 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 of Prestar or person connected with such Director or Major Shareholder
"RM" and "sen"	: Ringgit Malaysia and sen respectively

“Shareholders’ Mandate” : Shareholders’ mandate obtained on 22 June 2010 for Prestar Group to enter into Recurrent Related Party Transactions based on the terms set out in the Circular to Shareholders dated 31 May 2010

“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 or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-

- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or
- (b) 5% or more of the aggregate of the nominal amounts of all the 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 6A 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.

All references to the time of the day in this Circular are references to Malaysian time.

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**PRESTAR RESOURCES BERHAD**

(Company No.: 123066-A)  
(Incorporated in Malaysia)

**Registered Office:-**

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

27 May 2011

**Board of Directors:-**

Toh Yew Keat (*Group Executive Chairman*)  
Dato' Toh Yew Peng (*Group Managing Director*)  
Toh Yew Kar (*Group Executive Director*)  
Toh Yew Seng (*Group Executive Director*)  
Toh Yew Chin (*Non-Independent Non-executive Director*)  
Md. Nahar Bin Noordin (*Independent Non-executive Director*)  
Tuan Haji Fadzlullah Shuhaimi Bin Salleh (*Independent Non-executive Director*)  
Lou Swee You (*Independent Non-executive Director*)  
Lim Cheang Nyok (*Independent Non-executive Director*)

To : The Shareholders of Prestar

Dear Sir/Madam

**PROPOSED SHAREHOLDERS' MANDATE**

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**1. INTRODUCTION**

On 25 April 2011, the Board announced the Company's intention to seek the shareholders' approval for the Proposed Shareholders' Mandate. The existing authority for Shareholders' Mandate which was approved by the shareholders at an AGM held on 22 June 2010, shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, unless renewal is obtained from the shareholders of Prestar at the said AGM.

In accordance with Section 3.1.5 of Practice Note No. 12 of the Listing Requirements, disclosure has been made in the Annual Report 2010 of the Company of the actual breakdown of the aggregate value of the Recurrent Related Party Transactions undertaken pursuant to the existing Shareholders' Mandate during the financial year ended 31 December 2010.

The purpose of this Circular is to provide you with the details of the above Proposal and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming AGM.

## 2 PROPOSED SHAREHOLDERS' MANDATE

### 2.1 Details of the Proposed Shareholders' Mandate

At the Company's AGM held on 22 June 2010, your Board has obtained Shareholders' Mandate. This approval shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM which has been scheduled to be held on 20 June 2011 unless the approval is renewed.

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

Chapter 10, Paragraph 10.09(2) of the Listing Requirements allows a listed issuer to seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations subject to, inter-alia, 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 shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder 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) in a meeting to obtain the shareholder mandate, the interested director, interested major shareholder, or interested person connected with a director or major shareholder, and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder must not vote on the resolution to approve the recurrent related party transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the recurrent related party transactions; and
- (iv) the listed issuer immediately announces to Bursa Securities when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Securities in its announcement.

Prestar is principally an investment holding company and is 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 of Prestar which are involved in Recurrent Related Party Transactions are as follows:-

Name	Effective Equity interest (%)	Principal activities
PMktg	100	Importer and distributor of general hardware, tools and material handling equipment.
PESB	75	Manufacture and supply of guardrails and related products.
PGSB	95	General hot-dip galvanising and coating of metal products and threaded items.
DDS	70	Import and trading of steel materials and general hardware products.
PMfg	100	Manufacture and export of material handling equipment such as wheelbarrows and hand trucks.
PSSSB	100	Manufacture and installation of all kinds of material handling equipment, structural steel works and pallet racking system.
PSP	100	Dormant
PPT	100	Manufacture of precision steel pipes, tubes, carbon steel pipes and related products.

Due to the 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 related party transactions which are detailed in section 2.2.2 below. 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 set out in section 2.2.1 below, provided such transactions are entered into at arm's length basis and on normal commercial terms which are not more favourable to the related party 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 2.6 below.

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

- (a) the conclusion of the next 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 after that date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) 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 Shareholders' Mandate shall apply in respect of the Recurrent Related Party Transactions entered as stipulated in the ensuing section. Thereafter, if the Board of Directors decides that the Proposed Shareholders' Mandate sought herein is desirable, shareholders' approval for such renewal will be sought at each subsequent AGM of the Company.

## 2.2 Classes and Nature of Recurrent Related Party Transactions

### 2.2.1 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:-

**Table I- Details of the Recurrent Related Party Transactions covered under the Proposed Shareholders' Mandate**

Nature of transactions (*)	Name of Company	Related Party	Interested Directors and/or interested Major Shareholders	Shareholders' Mandate		Estimated aggregate value of transactions from the date of the 26 <sup>th</sup> AGM up to the date of the next AGM <sup>(2)</sup> RM
				Estimated value as disclosed in the Circular to Shareholders dated 31/5/2010 RM	Actual value transacted from 23/6/2010 up to 15/5/2011 <sup>(1)</sup> RM	
Purchase of goods	PMktg, PESB, DDS, PSP, PGSB, PMfg, PSSSB, and pPT <sup>(5)</sup>	Wei Giap Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	250,000	140,380	250,000
	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 and Toh Yew Seng	165,000	138,217	230,000
	PMktg, PSSSB, and PMfg	Y.K. Toh Marketing (S) Pte. Ltd.	Toh Yew Keong and Toh Yew Chin	2,000,000	1,953,952	3,200,000
	PMktg	Syarikat Kwong Nam Hing Sdn. Bhd.	Toh Yew Keat and Dato' Toh Yew Peng	5,000	0	5,000
	PMktg	Wei Sheng Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	5,000	60	5,000
	PMktg	Diager SG Pte. Ltd. <sup>(3)</sup>	Toh Yew Keong and Toh Yew Chin	190,000	102,753	190,000
Sales of goods	PMktg and PGSB	Wei Giap Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	190,000	98,218	190,000
	PMktg, PSSSB and PMfg	Chiho Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	800,000	630,591	1,030,000
	PMktg, PMfg, and PSSSB	Y.K. Toh Marketing (S) Pte. Ltd.	Toh Yew Keong and Toh Yew Chin	4,800,000	2,948,144	4,820,000
	PMktg	Wei Sheng Hardware Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	90,000	75,345	120,000

Nature of transactions (*)	Name of Company	Related Party	Interested Directors and/or interested Major Shareholders	Shareholders' Mandate		Estimated aggregate value of transactions from the date of the 26 <sup>th</sup> AGM up to the date of the next AGM <sup>(2)</sup>
				Estimated value as disclosed in the Circular to Shareholders dated 31/5/2010	Actual value transacted from 23/6/2010 up to 15/5/2011 <sup>(1)</sup>	
				RM	RM	RM
Sales of Goods	PMktg	Syarikat Kwong Nam Hing Sdn. Bhd.	Toh Yew Keat and Dato' Toh Yew Peng	100,000	62,471	100,000
	PMktg	Logam Indah Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	5,000	0	5,000
Commission expenses	PMktg	Y.K. Toh (M) Sdn. Bhd.	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	150,000	140,435	230,000
Rental Income	PMktg	Y.K. Toh (M) Sdn. Bhd. <sup>(4)</sup>	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	6,000	5,383	8,000
Rental Expense	PMktg	Y.K. Toh (M) Sdn. Bhd. <sup>(4)</sup>	Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin and Toh Yew Seng	12,000	10,766	15,000
			Total Purchase of goods	2,615,000	2,335,362	3,880,000
			Total Sales of goods	5,985,000	3,814,769	6,265,000
			Total Commission expenses	150,000	140,435	230,000
			Total Rental expenses	12,000	10,766	15,000
			Total Rental Income	6,000	5,383	8,000

*Notes :*

(\*) Kindly refer to section 2.2.2 of this Circular for further details.

(1) The actual value transacted from 23/6/2010 to 15/5/2011, being latest practicable date prior to the printing of Circular.

(2) The figures shown are estimated value from the date of 26<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 subject to changes.

(3) Deemed to be related party due to a joint venture company between Y.K. Toh Marketing (S) Pte. Ltd. and Diager S.A.. Y.K. Toh Marketing (S) Pte Ltd is an existing related party.

(4) All rentals are payable on monthly basis.

(5) The Proposed Shareholders' Mandate sought at the 26<sup>th</sup> AGM exclude PSP as PSP has been dormant since 1 September 2010 after implementation of internal restructuring.



The related parties do not have any shareholdings in Prestar as at 29 April 2011.

The interested Directors and/or interested Major Shareholders and their respective shareholdings in the related parties as at 29 April 2011 are as follows:-

	Wei Giap Hardware Sdn. Bhd.				Chiho Hardware Sdn. Bhd.			
	<--- Direct --->		<---- Indirect ---->		<---- Direct ---->		<---- Indirect ---->	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%
Dato' Toh Yew Peng	1	-	<sup>(1)</sup> 474,974	63.33	474,375	10.31	<sup>(4)</sup> 1,025,905	22.30
Toh Yew Kar	1	-	<sup>(1)</sup> 474,974	63.33	174,375	3.79	<sup>(4)</sup> 1,025,905	22.30
Toh Yew Seng	-	-	<sup>(1)</sup> 474,974	63.33	274,375	5.96	<sup>(4)</sup> 1,025,905	22.30
Toh Poh Khuan	-	-	<sup>(1)</sup> 474,974	63.33	474,375	10.31	<sup>(4)</sup> 1,025,905	22.30
Toh Yew Keong	-	-	<sup>(1)</sup> 474,974	63.33	174,375	3.79	<sup>(4)</sup> 1,025,950	22.30
Toh Yew Chin	-	-	<sup>(1)</sup> 474,974	63.33	174,375	3.79	<sup>(4)</sup> 1,025,950	22.30
Toh Yew Keat	-	-	<sup>(1)</sup> 474,974	63.33	174,377	3.79	<sup>(4)</sup> 1,025,905	22.30

	Y. K. Toh Marketing (S) Pte. Ltd.				Y.K. Toh (M) Sdn. Bhd.			
	<---- Direct ---->		<-- Indirect-->		<--- Direct --->		<--- Indirect -->	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%
Dato' Toh Yew Peng	-	-	-	-	230,000	23.00	-	-
Toh Yew Kar	-	-	-	-	100,000	10.00	-	-
Toh Yew Seng	-	-	-	-	75,000	7.50	-	-
Toh Poh Khuan	-	-	-	-	25,000	2.50	-	-
Toh Yew Keong	600,000	20.00	-	-	170,000	17.00	-	-
Toh Yew Chin	2,400,000	80.00	-	-	75,000	7.50	-	-
Toh Yew Keat	-	-	-	-	300,000	30.00	-	-

	Wei Sheng Hardware Sdn. Bhd.				Logam Indah Sdn. Bhd.			
	<--- Direct --->		<---- Indirect ---->		<--- Direct --->		<--- Indirect -->	
	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%	No. of ordinary shares	%
Dato' Toh Yew Peng	-	-	<sup>(2)</sup> 174,997	50.00	1	-	<sup>(4)</sup> 34,999	7.00
Toh Yew Kar	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00
Toh Yew Seng	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00
Toh Poh Khuan	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00
Toh Yew Keong	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00
Toh Yew Chin	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00
Toh Yew Keat	-	-	<sup>(2)</sup> 174,997	50.00	-	-	<sup>(4)</sup> 34,999	7.00

The interested Directors and/or interested Major Shareholders and their respective shareholdings in the related parties as at 29 April 2011 are as follows (cont'd):-

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

	Diager SG Pte. Ltd.			
	<--- Direct --->		<--- Indirect --->	
	No. of ordinary shares	%	No. of ordinary shares	%
Toh Yew Chin	-	-	<sup>(3)</sup> 20,000	25.00
Toh Yew Keong	-	-	<sup>(3)</sup> 20,000	25.00

**Notes:-**

- (1) Deemed interested by virtue of their direct shareholding in Y.K. Toh (M) Sdn. Bhd. and Chiho Hardware Sdn. Bhd.
- (2) Deemed interested by virtue of their direct shareholding in Wei Giap Hardware Sdn Bhd
- (3) Deemed interested by virtue of Y. K. Toh Marketing (S) Pte. Ltd. has 25% equity interest in Diager SG Pte. Ltd.
- (4) Deemed interested by virtue of their direct shareholding in Y.K. Toh (M) Sdn Bhd.

The interested Directors and/or Major Shareholders and their directorships in these related parties as at 29 April 2011 are as follows:

	Wei Giap Hardware Sdn. Bhd.	Chiho Hardware Sdn. Bhd.	Y.K. Toh Marketing (S) Pte. Ltd.	Y.K. Toh (M) Sdn. Bhd.	Wei Sheng Hardware Sdn. Bhd.	Logam Indah Sdn. Bhd.	Syarikat Kwong Nam Hing Sdn. Bhd.	Diager SG Pte. Ltd.
Dato' Toh Yew Peng	✓			✓		✓	✓	
Toh Yew Kar	✓			✓	✓			
Toh Yew Seng								
Toh Poh Khuan		✓		✓				
Toh Yew Keong		✓	✓	✓				
Toh Yew Chin		✓	✓					✓
Toh Yew Keat	✓			✓				

Note: (✓) indicate directorships in the related parties.

The interested Directors and Major Shareholders in Prestar are Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin and the interested Major Shareholders are Toh Poh Khuan and Toh Yew Keong. Details of their direct and indirect interests in Prestar as at 29 April 2011 are set out in section 2.8 of this Circular.

### 2.2.2 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

Wei Giap Hardware Sdn. Bhd. sells hardware products such as blind rivets, hexagon bolts and nuts, tapes, rafia string, packing clips, paint, sand paper and hammer drills to PMktg, PESB, DDS, PGSB, PMfg, PSSSB and PPT.

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

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

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

Diager SG Pte. Ltd. sells jobber drill and related products to PMktg.

PMktg, PESB, PGSB, DDS, PMfg, PPT and PSSSB buy hardware products and material handling equipment for own consumption from Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Syarikat Kwong Nam Hing Sdn. Bhd., Wei Sheng Hardware Sdn. Bhd. and Diager SG Pte. Ltd.. The transactions with the related parties are based on the Prestar Group's normal commercial terms and on 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

Wei Giap Hardware Sdn. Bhd. buys hardware products and material handling equipment such as impact sockets, tile cutting chisels, hole saws and hand tools, silicone sealant, industrial castors, wheelbarrows, sand paper, jobber and hammer drills and self tapping screws from PMktg and general hot-dip galvanising and coating of metal products from PGSB.

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 PMfg. Y.K. Toh Marketing (S) Pte. Ltd. also buys gondolas and racking systems that are used for warehouse storage from PSSSB.

Wei Sheng Hardware Sdn. Bhd. and Syarikat Kwong Nam Hing Sdn. Bhd. buy 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.

Logam Indah Sdn. Bhd. buys hardware products and material handling equipment such as carbon steel hand tap and hole saws from PMktg.

PMktg, PGSB and PMfg sell hardware products, material handling equipment to Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd. and Logam Indah Sdn. Bhd.. PSSSB sells gondolas and racking systems to Y.K. Toh Marketing (S) Pte. Ltd. and Chiho Hardware Sdn. Bhd. The transactions are entered on 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 PMktg, PGSB, PMfg and PSSSB.

(c) *Commission expenses*

Y.K. Toh (M) Sdn. Bhd. acts as the importing agent for PMktg which purchases certain types of products such as piano hinges, manual and semi auto stackers, chain blocks, plain trolleys, lever blocks, aluminium screen nettings, jobber drills, sandpaper, clinker tile cutting machines, hand tools, pallet trucks with single pull rollers and wheels and roofing felt on behalf of PMktg and charges a commission of 2% on the value of the goods purchased. Y.K. Toh (M) Sdn Bhd is the sole distributing agent for distributing the products and as such it is not possible for PMktg to seek other parties to import the products, as the products imported by other companies are not of the same brand.

Y.K. Toh (M) Sdn. Bhd. also charges a commission of 2% on the value of goods purchased by external parties.

(d) *Rental income*

Y.K. Toh (M) Sdn. Bhd. rents from PMktg office space approximately 250 square feet located at 65A, Jalan Perak, 10150 Penang.

The rental rate charged to the abovementioned related party by PMktg is based on the negotiated rate after taking into consideration 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:-

Date of Tenancy Agreement	Tenant	Property owner	Location / address	Tenure of agreement	Amount of rental (RM per month)	Rent Area (sq.ft.)	Built-up area of the building (sq.ft.)
8.12.2010	Y.K. Toh (M) Sdn. Bhd.	PMktg	65 A, Jalan Perak, 10150 Penang	* From 01.01.2011 to 31.12.2012	500.00	250	2,904

*Notes:-*

- \* 1) *There is an option to renew the tenancy agreement for a further period of 2 years from the expiry date.*
- 2) *The termination of the tenancy agreement is by either party giving two months' notice to the other party.*

(e) *Rental expense*

PMktg rents from Y.K. Toh (M) Sdn. Bhd. 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 consideration the prevailing market rates and demand then and which are not favourable to the related party than those generally available to the public.

Details of the tenancy agreement are as follows:-

Date of Tenancy Agreement	Tenant	Property owner	Location / address	Tenure of agreement	Amount of rental (RM per month)	Rent Area (sq.ft.)	Built-up area of the building (sq.ft.)
1.10.2010	PMktg	Y.K. Toh (M) Sdn Bhd	12 C & D, Pahang Road, 10400 Penang	@ From 01.11.2010 to 31.10.2011	1,000.00	2,678	4,134

@ *There is an option to renew the tenancy agreement for a further period of 1 year from the expiry date.*

### 2.3 Rationale for and Benefit to Prestar of the Proposed Shareholders' Mandate

The Recurrent Related Party Transactions entered or to be entered into by the Group with respect to which the Proposed 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 and 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 Chapter 10, Paragraph 10.09 of the Listing Requirements for the Recurrent Related Party Transactions described in section 2.2 above to allow the Group to enter into such Recurrent Related Party Transactions which will be made or made on an arm's length basis 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 commission expenses paid to related party benefit Prestar Group in respect of procurement of goods to fulfil customer demands and benefit the Prestar Group in terms of shorter delivery time and product range.

The sale to the related parties benefits Prestar Group as they contribute to the Prestar Group's revenue and profitability. The sale transactions were made by the Prestar Group at arms' length basis and on the Group's normal commercial terms and which are not detrimental to the interests of the minority shareholders.

The rental of premises to related party benefits Prestar Group as they provide an additional source of revenue.

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 mandate for the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to make announcements to Bursa 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 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.

#### **2.4 Effects of the Proposed Shareholders' Mandate**

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

#### **2.5 Condition of the Proposed Shareholders' Mandate**

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

#### **2.6 Disclosure and Review Procedures**

To ensure that such Recurrent Related Party Transactions are conducted on 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 no more favourable to Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y.K. Toh (M) Sdn. Bhd., Y.K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Diager SG Pte. Ltd. ("Related Parties") than those extended to unrelated third parties and are not to the detriment of the minority shareholders, the management and the Audit Committee 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 Group will implement the following procedures before the Recurrent Related Party Transactions are entered into to supplement existing internal procedures for general transactions to ensure that the Recurrent Related Party Transactions are undertaken on 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:-

- (i) A list of Related Parties will be circulated to the subsidiaries to notify that all Recurrent Related Party Transactions are required to be undertaken on 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 annual internal audit plan shall incorporate a review of the Recurrent Related Party Transactions entered into pursuant to the Shareholders' Mandate to ensure that the relevant approvals have been obtained and that the procedures in respect of the Recurrent Related Party Transactions have been adhered to. The Board of Directors and Audit Committee shall review annually the internal audit reports to ascertain that the review procedures established to monitor Recurrent Related Party Transactions have been complied with.

- (iii) The Board of Directors and the Audit Committee have reviewed the procedures and shall continue to review the procedures as and when required.
- (iv) 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, delivery, quality materials or goods and services.
- (v) 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.
- (vi) 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 has no interest in the transaction and the said transaction has 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.

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 a meeting to obtain the shareholders' approval for the Proposed Shareholders' Mandate, an interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder and where it involves the interest of an interested person connected with a Director or Major Shareholder, such Director, Major Shareholder or person connected to them shall abstain from voting on the resolutions approving the transactions.

Appropriate disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of related party transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year. Disclosure will also be made in the annual reports for subsequent financial years during which such mandates remain in force.

The Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate and Proposed New Shareholders' Mandate shall only continue to be in force until:-

- (a) the conclusion of the next 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 after that date it is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of Prestar in general meeting,

whichever is the earlier.

Thereafter, shareholders' approval will be sought for the renewal of such mandate at each subsequent AGM subject to a satisfactory review by the Audit Committee of its continued application to related party transactions.

## **2.7 Statement by the Audit Committee**

The Audit Committee of the Company has reviewed the procedures and terms of the Proposed Shareholders' Mandate and is satisfied that the review procedures for Recurrent Related Party Transactions, as well as the annual reviews 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 party 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 was of the opinion that the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner, and the frequency of review of these procedures and processes are carried out annually.

## **2.8 Directors' and Major Shareholders' Interests**

Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Poh Khuan, Toh Yew Keong, Toh Yew Chin, Toh Yew Seng, Andy Toh Jin Hong, Ian Toh Jin Hu and Fabulous Essence Sdn. Bhd., being Major Shareholders and/or Directors of Prestar are deemed interested in the Proposed Shareholders' Mandate and Proposed New Shareholders' Mandate. Accordingly, the interested Directors have and will continue to abstain from Board deliberations and voting pertaining to the Proposed Shareholders' Mandate. In addition, the interested Directors and interested Major Shareholders will also abstain from voting in respect of their direct and indirect shareholdings in Prestar on the ordinary resolution pertaining to the Proposed Shareholders' Mandate at the forthcoming AGM. The interested Directors and interested Major Shareholders will also ensure that person connected with them namely, Y.K. Toh Property Sdn. Bhd. abstain from voting on the resolution, deliberating or approving the Proposed Shareholders' Mandate. Save as aforesaid, none of the Directors or Major Shareholders of Prestar Group or persons connected with them have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

Details of the direct and/or indirect interests of the interested Directors and/or Major Shareholders and/or persons connected to the interested Directors and/or Major Shareholders of Prestar as at 29 April 2011 are set out as follows:



Interested Directors and/or Major Shareholders and/or persons connected to the interested Directors and/or Major Shareholders	Direct <sup>@</sup>		Indirect <sup>@</sup>	
	No. of Shares	% #	No. of Shares	% #
Toh Yew Keat <sup>D,M</sup>	5,562,971	3.20	62,003,000 (a)	35.62
Dato' Toh Yew Peng <sup>D,M</sup>	4,120,796	2.37	62,003,000 (b)	35.62
Toh Yew Kar <sup>D,M</sup>	2,472,276	1.42	62,003,000 (c)	35.62
Toh Yew Seng <sup>D,M</sup>	2,266,252	1.30	62,003,000 (d)	35.62
Toh Poh Khuan <sup>M</sup>	2,060,230	1.18	62,003,000 (e)	35.62
Toh Yew Chin <sup>D,M</sup>	2,472,276	1.42	62,003,000 (f)	35.62
Toh Yew Keong <sup>M</sup>	2,678,299	1.54	62,003,000 (g)	35.62
Andy Toh Jin Hong <sup>M</sup>	-	-	62,003,000 (h)	35.62
Ian Toh Jin Hu <sup>M</sup>	-	-	62,003,000 (i)	35.62
Fabulous Essence Sdn. Bhd. <sup>M</sup>	50,610,000	29.08	-	-
YK Toh Property Sdn. Bhd. <sup>P</sup>	11,393,000	6.55	-	-

Notes:

D Director

M Major Shareholder

P Person connected to the interested Directors and/or Major Shareholders

@ Extracted from the Register of Directors' Shareholdings and/or Register of Substantial Shareholders accordingly.

# The % of shareholdings in the Company is calculated based on the total number of shares in the Company, net of treasury shares

(a) Deemed interested by virtue of his shareholdings of 16% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(b) Deemed interested by virtue of his shareholdings of 15% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(c) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(d) Deemed interested by virtue of his shareholdings of 11% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(e) Deemed interested by virtue of her shareholdings of 10% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(f) Deemed interested by virtue of his shareholdings of 12% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(g) Deemed interested by virtue of his shareholdings of 13% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(h) Deemed interested by virtue of his shareholdings of 5.5% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

(i) Deemed interested by virtue of his shareholdings of 5.5% in Fabulous Essence Sdn. Bhd. and YK Toh Property Sdn. Bhd.

### 3. DIRECTORS' RECOMMENDATION

The Board (save and except for Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin, who are deemed interested in the Proposed Shareholders' Mandate and have abstained and will continue to abstain from expressing an opinion on the Proposed Shareholders' Mandate) having considered all aspects of the Proposed Shareholders' Mandate, is of the opinion that the Proposed Shareholders' Mandate is in the best interest of the shareholders and Prestar Group. Accordingly, your Directors (save and except for Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Seng and Toh Yew Chin who are deemed interested in the Proposed Shareholders' Mandate and have abstained and will continue to abstain from making recommendations on the Proposed Shareholders' Mandate), recommend that you vote in favour of the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

#### **4. ANNUAL GENERAL MEETING**

The Ordinary Resolution pertaining to the Proposed Shareholders' Mandate is set out as Special Business in the Notice of AGM contained in the Annual Report 2010 of the Company, which was sent to you together with this Circular. The 26<sup>th</sup> AGM of the Company is to be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Monday, 20 June 2011 at 10.00 a.m.

If you are unable to attend and vote in person at the 26<sup>th</sup> AGM, you are requested to complete, sign and return the enclosed Form of Proxy set out in the Annual Report 2010 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, not less than forty-eight (48) hours before the time and date fixed for the forthcoming 26<sup>th</sup> AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the forthcoming 26<sup>th</sup> AGM should you subsequently wish to do so.

#### **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

Lou Swee You  
Independent Non-Executive Director

## APPENDIX I

### FURTHER INFORMATION

#### 1. RESPONSIBILITY STATEMENT

This Circular has 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 this 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 this Circular false or misleading.

#### 2. MATERIAL LITIGATION

As at the date of this Circular, neither Prestar nor its subsidiaries are engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, and the Board is not aware of any material proceedings pending or threatened against Prestar and/or its subsidiaries or of any other facts likely to give rise to any proceedings which may materially or adversely affect the business or 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 2 years immediately preceding the date of this 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 during normal business hours on any working day from the date of this Circular up to and including the date of the forthcoming 26<sup>th</sup> AGM:-

- (i) The Memorandum and Articles of Association;
- (ii) Audited financial statements of the Prestar Group for the two financial years ended 31 December 2009 and 2010; and
- (iii) Unaudited financial statements of Prestar for the three (3) months financial period ended 31/3/2011.

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