



General Announcement

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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

Type * Announcement Reply to query

Subject * TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)

NON RELATED PARTY TRANSACTIONS

Description :-*

(Note : Please enter the announcement description in this field and the announcement details in the Announcement Details/Table Section or attach the full announcement details as an attachment)

PRESTAR RESOURCES BHD ("PRESTAR" OR "COMPANY")
- PROPOSED DISPOSAL OF PROPERTY BY TASHIN STEEL SDN. BHD., A SUBSIDIARY OF
PRESTAR TO DORMATE SDN. BHD. FOR A TOTAL CONSIDERATION OF RM3,100,000.00

Announcement Details/Table Section :-

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

We act for and on behalf of Prestar.

1.0 INTRODUCTION

The Board of Directors of Prestar wishes to announce that Tashin Steel Sdn. Bhd. ("TSSB"), a subsidiary of Prestar, had on 30 December 2011 entered into a conditional Sale and Purchase Agreement ("SPA") with Dormate Sdn. Bhd. ("Dormate") to dispose of a property (details of the property is disclosed under item 2.1 below) at a total cash consideration of RM3,100,000.00 (Ringgit Malaysia: Three Million and One Hundred Thousand Only) ("Disposal Consideration") ("Proposed Disposal").

2.0 DETAILS OF THE PROPOSED DISPOSAL

2.1 Information of the Property

The property is an industrial land known as Lot No. LB 13, Taman Industri Subang in area measuring approximately 11,791 square feet, together with a 1 1/2 storey semi-detached factory erected or to be erected (hereinafter referred to as "the said Property") on a piece of a leasehold land held under HSD 273343, Lot No. 27731, Mukim Petaling, Daerah Petaling, Negeri Selangor (formerly known as H.S (D)

97263, No. PT 27731, Mukim Petaling, Daerah Petaling, Negeri Selangor Darul Ehsan) with a ninety-nine (99) years lease expiring on 14 November 2090.

2.2 Information on TSSB

TSSB, was incorporated in Malaysia under the Companies Act, 1965 ("the Act") on 30 October 1998 as a private limited company and its registered office is at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal activity of TSSB is manufacture and sale of steel products. It is a 51% owned subsidiary of Prestar.

The authorised share capital of TSSB is RM25,000,000.00 comprising 25,000,000 ordinary shares of RM1.00 each, of which 20,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.3 Information on Dormate

Dormate was incorporated in Malaysia under the Act as a private limited company and its registered office is at 1-11, Jalan SP 2 Taman Segar Perdana Cheras, 43200 Selangor Darul Ehsan. The principal activity of Dormate is trading of timber doors, frames and accessories.

The authorised share capital of Dormate is RM500,000.00 comprising 500,000 ordinary shares of RM1.00 each, of which 300,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

2.4 Basis and Justifications on Arriving at the Disposal Consideration

The Proposed Disposal is carried out on an arm's length basis and the consideration was based on the best price offered by the property agent.

2.5 Salient Terms of the SPA

The salient terms of the SPA include inter alia, the following:-

- 1) The Proposed Disposal is subject to and conditional upon the following conditions being fulfilled by TSSB at its own cost and expenses:-
 - i) The consent of Megaleap Sdn. Bhd., the Developer to the sale or transfer or disposal or assignment of the Property from TSSB to Dormate (including but not limited to the undertaking from the Developer to apply and procure the consent to transfer in favour of Dormate and charge in favour of Dormate's Financier upon the issuance of the Separate Title) having been applied for, approved and obtained or procured by TSSB or TSSB's Solicitors as the case may be;
 - ii) If applicable, the State Consent in favour of Dormate and the Dormate's Financier having been applied for, approved and obtained or procured by TSSB or TSSB's Solicitors as the case may be;
 - iii) Receipt by Dormate's Solicitors of the written confirmation that all outstanding sum due and payable by TSSB to the Developer under the Principal Agreement having been fully settled by TSSB;
 - iv) Receipt by Dormate's Solicitors a copy of a notice issued by the Developer to TSSB on the delivery of vacant possession of the Property in accordance with the terms and conditions of the Principal Agreement;
 - v) Receipt by Dormate's Solicitors a certified true copy of the certificate of fitness for occupation of the Property; and
 - vi) Receipt by Dormate's Solicitors a copy of a written confirmation issued by the Developer to TSSB on the fulfillment of any defects on/in the Property complaint of by TSSB during the defect liability period mention in the Principal Agreement.

- 2) The Conditions Precedent as stated above shall become unconditional upon TSSB having obtained all of the approvals within six (6) months from the date of the SPA or any other extended period TSSB and Dormate may mutually agree upon and deposit the original copies of the approvals with Dormate's Solicitors.
- 3) Upon the execution of the SPA, the sum of RM186,000.00 shall be deposited with TSSB's Solicitors as stakeholder towards the Disposal Consideration and the sum of RM62,000.00 ("Retention Sum") paid towards the Disposal Consideration shall be deposited with Dormate's Solicitors as stakeholder. The Retention Sum shall be forwarded by Dormate's Solicitors to the Director General of Inland Revenue within sixty (60) days from the date of SPA or the Effective Date whichever is later.
- 4) The balance of the Disposal Consideration of RM2,790,000.00 shall be paid by Dormate to TSSB's Solicitors as stakeholder on or before the Completion Date or the Extended Period as the case may be.

2.6 Liabilities to be Assumed by Dormate

There are no liabilities to be assumed by Dormate arising from the Proposed Disposal.

2.7 Gain on the Proposed Disposal

The Gain on the Proposed Disposal is approximately RM1,505,000.00 after deducting all expenses and Real Property Gains Tax related to the Proposed Disposal.

2.8 Proposed Utilisation of Proceeds

The total proceeds of the Proposed Disposal will be utilised as working capital of TSSB.

2.9 Net Profits Attributable to Assets and Net Assets or Net Book Value of the Assets

The net profit attributable to assets and net assets or net book value of the assets is approximately RM1,505,000.00.

2.10 Original Cost of Investment and the Date of such Investment

The date of investment in the Property by TSSB was on 23 February 2011 with an original cost of investment of RM1,430,000.00.

3.0 RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the Group's strategic review to divest the non-core and non income generating assets. Further, the price agreed upon is attractive as compared to its original cost of investment.

4.0 HIGHEST PERCENTAGE RATIO OF THE PROPOSED DISPOSAL

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02 (g) of Bursa Malaysia Securities Berhad Main Market Listing Requirements is 12.5% based on the latest Audited Financial Statements of Prestar for the financial year ended 31 December 2010.

5.0 ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed within nine (9) months from the date of the SPA.

6.0 EFFECTS OF THE PROPOSED DISPOSAL

The effects of the Proposed Disposal are as follows:-

6.1 Share Capital and Substantial Shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company.

6.2 Net Assets (NA)

The Proposed Disposal is not expected to have any material effect on the NA of Prestar Group for the financial year ending 31 December 2012.

6.3 Earnings Per Share (EPS)

The Proposed Disposal is not expected to have any material effect on the EPS of Prestar Group for the financial year ending 31 December 2012.

6.4 Gearing

The Proposed Disposal is not expected to have any material effect on the Gearing of Prestar Group for the financial year ending 31 December 2012.

7.0 APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of shareholders of Prestar or any other relevant authorities.

8.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of Prestar or persons connected to them has any interest, direct or indirect, in the Proposed Disposal.

9.0 DIRECTORS' RECOMMENDATION

The Board of Directors of Prestar, after taking into consideration all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of Prestar Group.

10.0 DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA will be made available for inspection at the registered office of Prestar during normal business hours from Mondays to Fridays (except public holidays) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan for a period of three (3) months from the date of this announcement.

This announcement is dated 4 January 2012.

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