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

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PRESTAR RESOURCES BERHAD

(Company No. 123066-A)

(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (I) **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PRESTAR RESOURCES BERHAD; AND**
- (II) **PROPOSED SPECIFIC ALLOCATION OF ESOS OPTIONS TO DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



AmInvestment Bank

AmInvestment Bank Berhad

(Company No. 23742-V)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of the Company to be held at Templer Hall, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 10.00 a.m. together with the Form of Proxy are enclosed herewith.

You are requested to complete the enclosed Form of Proxy and deposit it 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 if you are not able to attend the EGM. The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 15 December 2013 at 10.00 a.m.

Date and time of the EGM : Tuesday, 17 December 2013 at 10.00 a.m.

This Circular is dated 29 November 2013

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

Act	:	Companies Act, 1965 as amended from time to time including any re-enactment thereof
AmInvestment Bank or Adviser	:	AmInvestment Bank Berhad (23742-V)
Board	:	Board of Directors of Prestar
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W)
By-Laws	:	By-Laws governing the Proposed ESOS as may be amended, varied or supplemented from time to time, the draft of which is set out in Appendix I of this Circular
CDS Account	:	The account established by Bursa Depository for the recording of deposit and withdrawal of securities and for dealing in such securities by the depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991
Circular	:	This circular dated 29 November 2013 in relation to the Proposed ESOS
CMSA	:	Capital Markets & Services Act, 2007 as amended from time to time including any re-enactment thereof
Director	:	Has the meaning assigned to it in Section 2(1) of the CMSA and shall include any Non-Executive Director or any Executive Director
EGM	:	Extraordinary General Meeting
Eligible Person or Eligible Employee	:	A Malaysian (a citizen of Malaysia as described in Chapter 1 of Part III of the Federal Constitution) employee (including an Executive Director and a Non-Executive Director) of any corporation within the Prestar Group who meets the criteria of eligibility for participation in the ESOS as determined by the ESOS Committee
EPS	:	Earnings per Share
ESOS	:	Employees' share option scheme
ESOS Committee	:	The committee to be appointed by the Board to administer the Proposed ESOS in accordance with the By-Laws
ESOS Option(s) or Option(s)	:	The options awarded to Eligible Persons which may be exercised at a pre-determined price pursuant to the By-laws
ESOS Share(s)	:	Prestar Shares awarded to the Eligible Persons pursuant to the Proposed ESOS

DEFINITIONS (CONT'D)

Executive Director	: A director on the board of any corporation within the Prestar Group holding office in an executive capacity who is involved in the day to day management and on the payroll of the Prestar Group
FYE	: Financial year(s) ended/ending, as the case may be
Grantee(s)	: An Eligible Employee who has accepted an Offer in the manner as indicated in the By-Laws
LPD	: 18 November 2013, being the latest practicable date prior to the despatch of this Circular
Main Market LR	: Main Market Listing Requirements of Bursa Securities as amended from time to time
NA	: Net assets
Non-Executive Director	: A non-executive director on the board of any corporation within the Prestar Group
Offer	: Offer of ESOS Options made by the ESOS Committee
Option Period	: In respect of each ESOS Option, a period commencing on the date of offer relevant to such ESOS Option and expiring at the expiry of the Proposed ESOS as may be determined in the manner as indicated in the By-Laws, whichever is the earlier, during which an ESOS Option may be exercised
Option Price	: The price per share at which a Grantee shall be entitled to subscribe for new Shares as set out in the By-Laws
Proposed ESOS or Scheme	: The proposed establishment of an ESOS of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) at any point in time during the duration of the Proposed ESOS
Prestar or the Company	: Prestar Resources Berhad (123066-A)
Prestar Group or Group	: Prestar and its Subsidiaries, collectively.
Prestar Share(s) or Share(s)	: Ordinary shares of RM0.50 each in Prestar
RM and sen	: Ringgit Malaysia and sen, respectively
Record of Depositors	: A record of Depositors provided by Bursa Depository as issued pursuant to the Central Depositories Act
Rules of Bursa Depository	: The Rules of Bursa Depository as issued pursuant to the Central Depositories Act
Subsidiary(ies)	: A subsidiary of Prestar as defined in Section 5 of the Companies Act, 1965 which is not dormant
VWAMP	: Volume Weighted Average Market Price

DEFINITIONS (CONT'D)

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and/or neuter gender, and vice versa. References to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any enactment or guidelines is a reference to that enactment or guidelines as for the time being amended or re-enacted or guidelines. Any reference to a time of day in this Circular shall be a reference to Malaysian time, unless otherwise stated.

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PRESTAR RESOURCES BERHAD
(Company No. 123066-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

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

29 November 2013

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 Resources Berhad

Dear Sir/ Madam,

- I. **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF PRESTAR RESOURCES BERHAD; AND**
- II. **PROPOSED SPECIFIC ALLOCATION OF ESOS OPTIONS TO DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

1. INTRODUCTION

On 20 September 2013, AmlInvestment Bank had on behalf of the Board announced that the Company proposes to undertake the Proposed ESOS for the Directors and employees of the Prestar Group.

On 21 November 2013, AmlInvestment Bank had on behalf of the Board, announced that Bursa Securities had vide its letter dated 20 November 2013 approved the listing of such number of new Prestar Shares, representing up to fifteen percent (15)% of the issued and paid-up ordinary share capital of Prestar (excluding treasury shares), to be issued pursuant to the Proposed ESOS on the Main Market of Bursa Securities.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED ESOS AND THE PROPOSED SPECIFIC ALLOCATION OF ESOS OPTIONS TO DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED AND SEEK YOUR APPROVAL ON THE RESOLUTIONS IN RELATION TO THE PROPOSED ESOS AND THE PROPOSED SPECIFIC ALLOCATION OF ESOS OPTIONS TO DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO BE TABLED AT THE COMPANY'S FORTHCOMING EGM. THE NOTICE OF EGM AND THE FORM OF PROXY ARE ENCLOSED IN THIS CIRCULAR.

SHAREHOLDERS OF PRESTAR ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTIONS TO GIVE EFFECT TO THE PROPOSED ESOS AND THE PROPOSED SPECIFIC ALLOCATION OF ESOS OPTIONS TO DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED AT THE FORTHCOMING EGM.

2. THE PROPOSED ESOS

2.1 Details of the Proposed ESOS

The Company proposes to establish and implement the Proposed ESOS which will be valid for a duration of ten (10) years. The Proposed ESOS will involve the granting of ESOS Options to the Eligible Persons of Prestar Group to subscribe for new Prestar Shares at a pre-determined price ("**Exercise Price**"), in accordance with the By-Laws.

The Proposed ESOS will be administered by the ESOS Committee, the members of which shall be duly appointed and authorised by the Board. The ESOS Committee will have the absolute discretion in administering the Proposed ESOS including prescribing the financial and performance targets/criteria and such other conditions as it may deem fit. Any liberty, power or discretion which may be exercised or any decision or determination which may be made by the ESOS Committee (including any selection) pursuant to the By-Laws may be exercised in the ESOS Committee's sole and absolute discretion having regard to the terms of reference which the Board may establish to regulate and govern the ESOS Committee's functions and responsibilities under the By-Laws.

The Proposed ESOS is targeted at Malaysian Eligible Employees and Directors who are in the position to drive the future growth of the Group as the Company believes that the Proposed ESOS will motivate selected employees to work towards the Group's pre-determined performance conditions or performance targets.

2.2 Principal Features of the Proposed ESOS

The salient terms of the Proposed ESOS are set out below:-

2.2.1 Maximum number of new Shares available under the ESOS

The maximum number of the new Prestar Shares which may be issued and allotted under the Proposed ESOS shall not, at any point in time during the duration of the Proposed ESOS, exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company (excluding Treasury shares).

The Company shall ensure that there are sufficient unissued Prestar Shares in the capital of the Company to satisfy all the outstanding ESOS Options throughout the duration of the Proposed ESOS.

2.2.2 Basis of allotment and maximum entitlement

Subject to any adjustments which may be made under the By-Laws, the maximum number of new Prestar Shares that may be offered and allotted to an Eligible Person shall be determined at the discretion of the ESOS Committee after taking into consideration among others, the Eligible Person's performance and seniority subject to the following conditions:

- (i) the Company's directors and senior management do not participate in the deliberation or discussion in respect of their own allocation;
- (ii) not more than 75% of the total ESOS Shares and/or ESOS Options to be issued under the Proposed ESOS shall be allocated in aggregate to the Directors and/or senior management of the Prestar Group; and
- (ii) the allocation to any Eligible Person who, either singly or collectively through persons connected with him/her, holds twenty percent (20%) or more of the issued and paid-up capital of the Company, shall not exceed ten percent (10%) of the new Prestar Shares to be issued pursuant to the Proposed ESOS.

The ESOS Committee shall decide in relation to the ESOS Option, amongst others, the date of the ESOS Option, the condition(s) (if any) as may be stipulated by the ESOS Committee and the extent to which the ESOS Shares which are the subject of the ESOS Option shall be released on the condition(s) to be satisfied, as the case may be, at the end of the ESOS Option's vesting period. As at the LPD, the Company has yet to ascertain any performance target / assessment that must be achieved prior to the exercise of the ESOS Options or the vesting of the ESOS Options to the Eligible Persons. In any event, such performance target / assessment (if any) will be determined by the ESOS Committee.

2.2.3 Eligibility

An employee of the Group shall be able to participate in the Proposed ESOS, if, as at the date on which an Offer is made:-

- (i) the individual is a full time Malaysian employee whose employment with the Group has been confirmed and has attained eighteen (18) years of age; or
- (ii) he / she is a confirmed employee of a company which is acquired by the Group during the duration of the Proposed ESOS and becomes a subsidiary of the Company upon such acquisition, on the date of Offer;

and fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

Any Director of the Group shall be able to participate in the Proposed ESOS, if, as at the date of Offer:-

- (i) the individual is a Director of the Group;

- (ii) the specific allocation of the Prestar Shares to that individual under the Proposed ESOS has been approved by the shareholders of Prestar at a general meeting; and
- (iii) the individual fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

The ESOS Committee shall have the absolute discretion, at any time and from time to time, to extend the benefit of the Scheme to any former employee of the Prestar Group who has retired from permanent employment from the Prestar Group but who still provides services to the Prestar Group pursuant to a contract of services.

The Scheme does not extend to any non-Malaysian employee of the Prestar Group.

The eligibility does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an Offer to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.

2.2.4 Duration of the Proposed ESOS

The Proposed ESOS, when implemented, shall be in force for duration of ten (10) years from the effective date of the Scheme, being the date on which the last of the approvals and / or conditions stipulated in the Main Market LR have been obtained and / or complied with.

The Proposed ESOS will be offered to the Eligible Persons upfront in one tranche in order to motivate the respective Eligible Persons. However the Company will be able to ensure the loyalty of the Grantee by putting in place measures whereby, the exercise of the Options which are granted to them will be staggered over a period of two (2) to five (5) years depending on the number of Options granted to the Grantees.

2.2.5 Exercise price of the ESOS Options

The exercise price of the ESOS Options at which the Eligible Persons are entitled to subscribe for new Prestar Shares provided that the exercise price shall not be:

- (i) at a discount of more than ten percent (10%) from the five (5)-day VWAMP of Prestar Shares at the time of the Offer; and
- (ii) in any event less than the par value of Prestar Shares.

The exercise price of the ESOS Options shall be subject to adjustments in accordance with the By-Laws.

2.2.6 Ranking of the new Prestar Shares

The Grantees will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in Prestar until and unless such Grantees exercise their ESOS Options to subscribe for new Prestar Shares.

The new Prestar Shares to be allotted upon any exercise of any Options granted shall upon allotment and issue, rank pari passu in all respects with the existing Prestar Shares PROVIDED ALWAYS that the new Prestar Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions unless such new Prestar Shares shall have been credited to the CDS Account of the Grantees in the Record of Depositors by the date determined by the Board on which the names of the Grantees must appear in the Record of Depositors in order to be entitled to such dividends, rights, allotments, and/or other distributions.

2.2.7 Retention period

The ESOS Options granted to the Grantees shall be incapable of being disposed, transferred and/or assigned in any manner whatsoever save and except for as provided in the By-Laws, and are exercisable at any time or times during the duration of the Option Period.

Save for the allotment and issuance of Prestar Shares to the Non-Executive Directors of Prestar, the Prestar Shares allotted and issued pursuant to the Proposed ESOS will not be subject to any retention period or restriction on transfers.

Non-Executive Directors of the Prestar Group must not sell, transfer or assign their Prestar Shares obtained through the exercise of their ESOS Options for a period of one (1) year from the date of Offer or such period as may be prescribed by Bursa Securities.

2.2.8 Fees, Costs and Expenses

All fees, costs and expenses incurred in relation to the Proposed ESOS including but not limited to the costs and expenses in respect of the issue and allotment of the new Shares upon the exercise of any ESOS Option, shall be borne by the Company.

2.2.9 Alteration of Capital

In the event of any alteration in the capital structure of the Company during the scheme period, whether by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction of capital, subdivision or consolidation of capital or any other variations of capital, the Board shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding adjustment, if any, to be made in:-

- i) the Option Price; and
- ii) the number of Shares comprised in the ESOS Option or any portion thereof that is unexercised;

and shall be adjusted in accordance with the formulae as set out in the By-Laws, PROVIDED ALWAYS THAT:-

- i) no adjustment to the Option Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to the par value of the Shares, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new Shares;

- ii) upon any adjustment being made pursuant to the By-Laws, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option;
- iii) all Grantees or Eligible Persons are given the same proportion of the issued and paid-up share capital of the Company as they were previously entitled to, by ensuring the capital outlay to be incurred by them in exercising their Options remains unaffected; and
- iv) all adjustment (other than on a bonus issue) must be confirmed in writing by the external auditors of the Company or the Adviser (in each case, acting as experts and not as arbitrators), to be in his opinion fair and reasonable and such determination and certification shall be final and binding on the Grantees,

PROVIDED FURTHER THAT no adjustments shall be made to the Option Price or the number of new Shares in respect of Options which have already been exercised.

The provisions of this Clause shall not apply where the alteration in the capital structure of the Company arises from:-

- i) the issue of new Shares or other securities convertible into Shares or securities with rights to acquire or subscribe for new Shares, and in any such case, in consideration or part consideration for an acquisition of any other securities, assets or business;
- ii) as a special issue of Shares to Bumiputera parties approved by the relevant authorities to comply with Government policy on Bumiputera capital participation;
- iii) a private placement or restricted issue of new Shares by the Company;
- iv) a share buy-back arrangement by the Company;
- v) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into new Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares; or
- vi) an issue of new Shares pursuant to the Scheme.

In the event that a fraction of a share arising from adjustments referred to in this Clause would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest one (1) share. Where any adjustment to the Option Price shall result in a fraction of a sen, the new Option Price shall be rounded up to the nearest sen.

2.2.10 Amendments/Modifications to the Scheme

The Board shall have the power at any time and from time to time by resolution to amend and/or modify all or any of the provisions of the Scheme PROVIDED THAT:-

- i) no such amendment and/or modification shall be made which would materially prejudice the rights then accrued to any Grantee without the Grantee's prior consent or be to the advantage of any Grantee in respect of any provisions of the Scheme without the prior approval of the Company's shareholders in a general meeting; and
- ii) no amendments shall be made without the prior approval of the shareholders of the Company in a general meeting in respect of provisions under the By-Laws where the Main Market LR prescribed cannot be modified or amended to the advantage of any Grantee under the Scheme.

The Company shall submit a confirmation letter to Bursa Securities, each time an addition, amendment and/or modification is made that the said addition, amendment and/or modification does not contravene the applicable requirements governing share option schemes including without limitation to the Main Market LR and the Rules of Bursa Depository.

2.2.11 Acceptance Of The Offer

The Offer to participate in the Scheme shall be valid for acceptance for a period of fourteen (14) days from the Offer Date or such longer period as may be determined by the ESOS Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee within the prescribed period. In the event that the Eligible Person fails to accept the Offer within the prescribed period, the Offer shall automatically lapse PROVIDED THAT the ESOS Committee shall not be precluded from making a new Offer to the Eligible Person subsequently.

Acceptance of the Offer by an Eligible Person shall be accompanied by the payment of Ringgit Malaysia One (RM1.00) as non-refundable consideration for the grant of the Option.

An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever save and except for as provided in the By-Laws.

2.2.12 Termination of the Scheme

The Company has the right to terminate at any time during the duration of the Scheme provided the following approval(s)/consent(s) are obtained:-

- (i) approval of the shareholders of the Company at a general meeting wherein at least a majority of the shareholders present and voting voted in favour of the termination; and
- (ii) written consent of all Grantees who have yet to exercise their Options, either in part or in whole.

The circular sent to shareholders to obtain the approval of the shareholders must include the information prescribed in the Main Market LR and the Company shall also comply with all relevant provisions of the Main Market LR as are applicable to the termination of the Scheme.

Upon termination of the Scheme no further Offers shall be made by the ESOS Committee from the date on which the last of the conditions stipulated in By-Laws is fulfilled and all Offers outstanding but not accepted by the Grantee at the said date and the Options as yet unexercised shall lapse in accordance with the terms of such resolution and shall thereafter be null and void.

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2.3 Proposed Specific Allocation to Directors and Major Shareholders of Prestar and Persons Connected

The Board seeks the approval of the shareholders of Prestar, in accordance with the By-Laws, for the ESOS Committee to offer and grant the following specific allocation of ESOS Options to the Directors and major shareholders of Prestar and persons connected to them, subject always to such terms and conditions and / or adjustments which may be made in accordance with the By-Laws and the allocation of the ESOS Options as stated in Section 2.2.2 above:-

	Maximum of ESOS Options to be granted pursuant to the Proposed ESOS
Toh Yew Keat <i>(Group Executive Chairman)</i>	1,200,000
Dato' Toh Yew Peng <i>(Group Managing Director)</i>	1,200,000
Toh Yew Seng <i>(Group Executive Director)</i>	1,200,000
Toh Yew Kar <i>(Group Executive Director)</i>	450,000
Md. Nahar bin Noordin <i>(Independent Non-Executive Director)</i>	450,000
Tuan Haji Fadzlullah Suhaimi Bin Salleh <i>(Independent Non-Executive Director)</i>	450,000
Lim Cheang Nyok <i>(Independent Non-Executive Director)</i>	450,000
Lou Swee You <i>(Independent Non-Executive Director)</i>	450,000
Toh Yew Chin <i>(Non-Independent Non-Executive Director)</i>	450,000
Toh Poh Khuan	350,000 ⁽¹⁾
Kenny Toh Jin Tat	350,000 ⁽²⁾
Janice Toh Mei Ling	150,000 ⁽²⁾
Jason Toh Jin Hin	180,000 ⁽²⁾
Michelle Toh Mei Ching	100,000 ⁽²⁾
Alan Toh Jin Joo	180,000 ⁽³⁾
Doreen Toh Hung See	100,000 ⁽³⁾
Andy Toh Jin Hong	180,000 ⁽⁴⁾
Ian Toh Jin Hu	180,000 ⁽⁴⁾
Total	8,070,000

Notes:

- (1) Deemed a person connected to Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Chin and Toh Yew Seng
- (2) Deemed a person connected to Toh Yew Keat
- (3) Deemed a person connected to Dato' Toh Yew Peng
- (4) Deemed a major shareholder by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd

In accordance with Paragraph 6.06 of the Main Market LR, Prestar is required to seek the approval of its shareholders in a general meeting to allot new Shares to the respective persons mentioned above.

3. RATIONALE FOR THE PROPOSED ESOS

The Proposed ESOS is designed to:

- (i) motivate and encourage the employees of the Group towards a greater level of commitment, dedication, loyalty and to drive enhanced productivity;
- (ii) reward and retain employees whose services are vital to the businesses, continued growth and future expansion of the Group;
- (iii) allow the Eligible Persons to directly participate in the equity of the Company and motivate them to contribute to the future growth of Prestar Group via a greater sense of belonging to the Group;
- (iv) reward the selected employees by allowing them to participate in the Company's profitability and eventually realise capital gains arising from any appreciation in the value of the Shares; and
- (v) align the interest of the senior management and Non-Executive Directors of the Group to drive long term financial performance and shareholders' value enhancement via direct participation in the equity of the Company.

Further, any proceeds to be received by the Company pursuant to the exercise of the ESOS Options (which will depend on, amongst others, the number of ESOS Options granted and exercised at the relevant point in time and the Exercise Price) will be utilised for the Company's working capital purposes.

4. UTILISATION OF PROCEEDS

The proceeds arising from the exercise of the ESOS Options will depend on, amongst others, the number of ESOS Options granted and exercised at the relevant point in time as well as the Exercise Price. As such, the actual amount of proceeds arising from the exercise of the ESOS Options and the timeframe for utilisation of the proceeds cannot be determined at this juncture. Nevertheless, the Company intends to utilise the proceeds arising from the exercise of the ESOS Options, if any, as working capital for the Group, as and when received by the Company.

The estimated expenses for the Proposed ESOS amounts to approximately RM120,000.

5. FINANCIAL EFFECTS OF THE PROPOSED ESOS

5.1 Share capital

The Proposed ESOS will not have an immediate effect on the issued and paid-up share capital of Prestar until and unless new Shares are issued in connection with the exercise of ESOS Options granted and vested under the Proposed ESOS. The issued and paid-up share capital of Prestar will increase progressively depending on the number of new Shares which may need to be issued in connection with the exercise of ESOS Options.

For illustration purposes only, assuming the maximum number of ESOS Options amounting to 15% of the issued and paid-up share capital of Prestar (net of 6,919,900 treasury shares) are fully granted and vested, the proforma effects of the Proposed ESOS on the issued and paid-up share capital of the Company in the event that such ESOS Options are exercised are set out in the table below:-

	No. of Prestar Shares	RM
Ordinary share capital as at the LPD	180,980,900	90,490,450
Less: Treasury shares	(6,919,900)	(3,459,950)
Issued and paid-up share capital (excluding treasury shares)	174,061,000	87,030,500
To be issued assuming full exercise of the ESOS Options	26,109,150	13,054,575
Enlarged issued and paid-up ordinary share capital	200,170,150	100,085,075

5.2 NA per Share and gearing

The Proposed ESOS is not expected to have an immediate effect on the consolidated NA per Prestar Share and gearing of the Group until such a time when the ESOS Options are exercised. Any potential effect on the consolidated NA per Prestar Share and gearing of the Group will depend on the number of ESOS Options granted and exercised as well as the Exercise Price of the ESOS Options.

In any event, the consolidated NA per Share will increase if the Exercise Price of the ESOS Option exceeds the consolidated NA per Share at the point of exercise and conversely, will decrease if the Exercise Price of the ESOS Options is less than the consolidated NA per Share at the point of exercise.

5.3 EPS

The Proposed ESOS is not expected to have any immediate effect on the EPS of the Group until such time when the ESOS Options are granted. Any potential effect on the EPS of the Group in the future will depend upon, inter-alia, the number of ESOS Options granted and exercised, the Exercise Price of the ESOS Options and the expense arising from the granting of ESOS Options under Financial Reporting Standards 2 ("FRS 2").

Under the FRS 2, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is recognised in the statement of comprehensive income when granting the ESOS Options, thereby reducing the earnings of Prestar Group.

In addition, the issuance and allotment of new Prestar Shares pursuant to the exercise of ESOS Options under the Proposed ESOS will have a dilutive effect on our Group's EPS due to the increase in number of Prestar Shares.

The quantum of such impact could not be determined at this juncture as it is dependent on, the factors mentioned above. However, it should be noted that the expense arising from the granting of the ESOS Options does not represent a cash outflow of the Company as it is merely an accounting treatment. The Board has taken note of the potential impact of FRS 2 on the earnings of the Group and shall take proactive measures to manage the earnings impact in the allocation and granting of the ESOS Options to the Eligible Persons.

5.4 Substantial shareholders' shareholdings

The Proposed ESOS is not expected to have any immediate effect on the shareholdings of the substantial shareholders of the Company until and unless new Shares are issued in connection with the exercise of the ESOS Options granted and vested under the Proposed ESOS. Any potential effect on the substantial shareholders' shareholdings in Prestar would depend on the number of new Shares issued at the relevant point in time.

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For illustrative purposes, assuming the full exercise of the ESOS Options pursuant to the Proposed ESOS amounts to fifteen percent (15%) of the existing issued and paid-up capital (excluding treasury shares) of Prestar and all new ESOS Shares allotted are settled via new Shares, the effect of the Proposed ESOS on substantial shareholders' shareholdings of Prestar based on the Register of Substantial Shareholders as at the LPD is as shown below:-

	Existing as at LPD			After Proposed ESOS		
	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	25.28	-
Toh Yew Keat	3,296,717	1.89	63,153,000 ⁽¹⁾	4,496,717	2.25	63,153,000 ⁽¹⁾
Dato' Toh Yew Peng	5,417,896	3.11	63,153,000 ⁽¹⁾	6,617,896	3.31	63,153,000 ⁽¹⁾
Toh Yew Kar	2,472,276	1.42	63,153,000 ⁽¹⁾	2,922,276	1.46	63,153,000 ⁽¹⁾
Toh Yew Chin	2,472,276	1.42	63,153,000 ⁽¹⁾	2,922,276	1.46	63,153,000 ⁽¹⁾
Toh Yew Keong	2,678,299	1.54	63,153,000 ⁽¹⁾	2,678,299	1.34	63,153,000 ⁽¹⁾
Toh Yew Seng	2,266,252	1.30	63,153,000 ⁽¹⁾	3,466,252	1.73	63,153,000 ⁽¹⁾
Toh Poh Khuan	2,060,230	1.18	63,153,000 ⁽¹⁾	2,410,230	1.20	63,153,000 ⁽¹⁾
YK Toh Property Sdn. Bhd.	12,543,000	7.21	-	12,543,000	6.27	-
Andy Toh Jin Hong	-	-	63,153,000 ⁽¹⁾	180,000	0.09	63,153,000 ⁽¹⁾
Ian Toh Jin Hu	-	-	63,153,000 ⁽¹⁾	180,000	0.09	63,153,000 ⁽¹⁾

Notes:-

(1) Deemed interested by virtue of their respective substantial shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd

5.5 Convertible securities

As at the LPD, the Company does not have any convertible securities in issue.

6. HISTORICAL SHARE PRICES

The monthly high and low prices of Prestar Shares traded on Bursa Securities for the past twelve (12) months from September 2012 to October 2013 are as follows:-

Month	High (RM)	Low (RM)
2012		
September	0.315	0.295
October	0.335	0.295
November	0.325	0.29
December	0.29	0.28
2013		
January	0.32	0.275
February	0.30	0.26
March	0.30	0.275
April	0.32	0.285
May	0.435	0.28
June	0.425	0.39
July	0.46	0.39
August	0.45	0.385
September	0.40	0.37
October	0.435	0.435
The last transacted market price of Prestar Shares on 18 September 2013 (being the last market day immediately prior to the announcement of the Proposed ESOS)		0.40
The last transacted market price of Prestar Shares as at the LPD		0.52

(Source: Bloomberg)

7. INTERESTS OF THE DIRECTORS, MAJOR/SUBSTANTIAL SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

All the Directors of the Company (collectively referred to as the "Interested Directors") and major shareholders are deemed interested in the Proposed ESOS by virtue of their eligibility for the ESOS Options in their capacity as Directors and major shareholders of Prestar in respect of their specific allocation as well as specific allocations to persons connected to them.

As disclosed in Section 2.3, the Board is proposing to grant ESOS Options to the Interested Directors and major shareholders. Accordingly, the Interested Directors have abstained and will continue to abstain from all deliberations and voting in respect of any specific allocation of ESOS Options to themselves respectively as well as the specific allocations to any persons connected with them at the relevant Board meetings of the Company.

In addition, the Interested Directors and major shareholders will continue to abstain from voting in respect of their direct and/or indirect shareholdings in Prestar, on the resolutions pertaining to their respective specific allocations of ESOS Options as well as the specific allocations to any persons connected with them under the Proposed ESOS at the EGM to be convened.

Further, the Interested Directors and major shareholders have also undertaken that they shall ensure that persons connected with them will abstain from voting in respect of their direct and/or indirect shareholdings in Prestar on the resolutions pertaining to any specific allocations of ESOS Options to themselves respectively as well as the specific allocations to any persons connected with them under the Proposed ESOS at the EGM to be convened.

Save as disclosed above, none of the Directors, major/substantial shareholders or persons connected to them has any interest, direct or indirect, in the Proposed ESOS.

8. APPROVALS REQUIRED

The Proposed ESOS is subject to the following approvals being obtained:-

- (a) Bursa Securities for the listing of and quotation for new Prestar Shares arising from the exercise of ESOS Options to be granted under the Proposed ESOS on the Main Market of Bursa Securities which was obtained vide its letter dated 20 November 2013;
- (b) the shareholders of Prestar at an EGM to be convened; and
- (c) any other relevant authorities (where applicable).

The Proposed ESOS is not conditional or inter-conditional upon any other corporate exercise / scheme of the Company.

9. DIRECTORS' RECOMMENDATION

After having considered all aspects of the Proposed ESOS (including but not limited to the rationale and effects of the Proposed ESOS) on the Company, the Board is of the opinion that the Proposed ESOS is in the best interests of the Company. Accordingly, the Board recommends that you vote in favour of the resolutions pertaining to the Proposed ESOS at the forthcoming EGM.

However, the Board has abstained from giving any opinion on the respective specific allocation under the Proposed ESOS to each of them and/ or persons connected to them. In addition, the Board has also abstained from making any recommendation for voting in respect of the resolutions pertaining to specific allocations of ESOS Options to each of them and/ or persons connected to them, given that they are interested in the respective specific allocation to them and/ or persons connected to them under the Proposed ESOS.

10. OUTSTANDING PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed ESOS, there are no other corporate proposals which have been announced by Prestar but have yet to be completed as at the LPD.

11. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, Prestar expects to complete the Proposed ESOS by the fourth (4th) quarter of year 2013.

12. EGM

The EGM, the Notice of which is enclosed with this Circular, will be held at Templer Hall, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 10.00 a.m. for the purpose of considering and if thought fit, passing the resolution to give effect to the Proposed ESOS.

If you are unable to attend and vote in person at the EGM, you may complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Registered Office of the Company at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not more than forty-eight (48) hours before the time fixed for the holding of the EGM or at any adjournment thereof.

The lodging of the Form of Proxy shall not preclude you from attending and voting in person at the EGM should you subsequently wish to do so.

13. FURTHER INFORMATION

Shareholders are requested to refer to the enclosed appendices of this Circular for further information.

Yours faithfully
For and on behalf of the Board of
PRESTAR RESOURCES BERHAD

Toh Tew Keat
Group Executive Chairman

EMPLOYEES' SHARE OPTION SCHEME

THE BY-LAWS OF THE SCHEME

1. DEFINITIONS

Except where the context otherwise requires, the following expressions in these By-Laws shall have the following meanings:-

Adviser	:	The corporate finance adviser that may act as a principal Adviser under the Securities Commission Malaysia's Guidelines on Principal Advisers for Corporate Proposals
Authorised Nominee	:	A person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of the Bursa Depository
Board	:	Board of Directors of Prestar
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd. (165570-W) and shall include its successors-in-title and assigns
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W) and shall include its successors-in-title and assigns
Business Day	:	Any day on Monday to Friday from 8.30 a.m. to 5.30 p.m. excluding public holidays
By-Laws	:	The By-Laws governing the Scheme
CDS	:	Central Depository System governed under Central Depositories Act
CDS Account	:	the account established by Bursa Depository for the recording of the deposit and withdrawal of securities and for dealing in such securities by the depositor
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991
Deposited Security(ies)	:	A security standing to the credit of a CDS Account and includes a security in a CDS Account that is in suspense
Depositor	:	A holder of a CDS Account
Director	:	Has the meaning assigned to it in Section 2(1) of the Capital Markets & Services Act 2007, as amended from time to time and including any re-enactment thereof, and shall include any Non-Executive Director or any Executive Director
Duration of the Scheme	:	The duration of the Scheme shall be ten (10) years from the commencement of the Scheme as defined in By-Law 20.1 hereof or terminated by the ESOS Committee in accordance with By-Law 21.1 hereof
Eligible Employee or Eligible Person	:	A Malaysian (a citizen of Malaysia as described in Chapter 1 of Part III of the Federal Constitution) employee (including an Executive Director and a Non-Executive Director) of any corporation within the Prestar Group who meets the criteria of eligibility for participation in the Scheme as determined by the ESOS Committee
ESOS	:	Employees' share option scheme
ESOS Committee	:	The committee to be appointed by the Board to implement and administer the Scheme in accordance with the By-Laws

APPENDIX I - DRAFT BY-LAWS (CONT'D)

Executive Director	:	A director on the board of any corporation within the Prestar Group holding office in an executive capacity who is involved in the day to day management and on the payroll of the Prestar Group
Grantee	:	An Eligible Person who has accepted the Offer in the manner set out in By-Law 8 hereof
Main Market LR	:	Main Market Listing Requirements of Bursa Securities as amended from time to time
Market Day	:	A day on which Bursa Securities is open for trading in securities
Maximum Allowable Allotment	:	The maximum number of new Shares in respect of which Offers may be made to Eligible Persons, as provided in By-Law 6 hereof
Non-Executive Director	:	A non-executive director on the board of any corporation within the Prestar Group
Offer	:	Offer of ESOS Options made by the ESOS Committee
Offer Date	:	The date on which an Offer is made by the ESOS Committee to an Eligible Person to participate in the Scheme
Option or ESOS Option	:	The rights of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance by an Eligible Person, in the manner as set out in By-Law 8 hereof, of an Offer made to such Eligible Person pursuant to By-Law 5 hereof
Option Period	:	In respect of each ESOS Option, a period commencing from the Offer Date and expiring on a date which the ESOS Committee may in its discretion decide during which an Option may be exercised PROVIDED THAT no option period shall extend beyond the Duration of the Scheme
Option Price	:	The price per share at which a Grantee shall be entitled to subscribe for new Shares as set out in By-Law 7 hereof
Record of Depositors	:	A record of Depositors provided by Bursa Depository to an issuer pursuant to an application under Chapter 24 of the Rules of Bursa Depository
RM and sen	:	Ringgit Malaysia and sen respectively
Rules of Bursa Depository	:	The Rules of Bursa Depository as issued pursuant to the Central Depositories Act
Scheme	:	The Prestar Employees' Share Option Scheme for Eligible Persons to subscribe for new Shares on the terms as set out herein
Subsidiary	:	A subsidiary of Prestar as defined in Section 5 of the Companies Act, 1965 which is not dormant
Prestar or Company	:	Prestar Resources Bhd (123066-A)
Prestar Group or Group	:	Prestar and its Subsidiaries, collectively
Shares	:	Ordinary shares of RM0.50 each in Prestar

Unless the context otherwise requires, in these By-Laws, words importing gender include all genders and words importing the singular number shall include the plural number and vice versa.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- 1.3 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.4 Any liberty, power or discretion which may be exercised or any decision or determination which may be made hereunder by the ESOS Committee (including any selection) may be exercised in the ESOS Committee's sole and absolute discretion having regard only to the By-Laws (where applicable) and the ESOS Committee shall not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.5 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.

2. NAME OF SCHEME

This Scheme will be known as the "Prestar Resources Berhad Employees' Share Option Scheme".

3. MAXIMUM NUMBER OF SHARES ALLOWABLE UNDER THE SCHEME

- 3.1 Subject to By-Law 3.2, the maximum number of new Shares which may be available under the Scheme shall not, at any point in time during the duration of this Scheme, exceed fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company at any one time.
- 3.2 Notwithstanding the provision of By-Law 3.1 or any other provisions herein contained, in the event the aggregate number of new Shares comprised in the Options granted under the Scheme exceeds the aggregate fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own shares in accordance with the provisions of Section 67A of the Companies Act or undertaking any other corporate proposal and thereby reducing its issued and paid-up ordinary capital, then such Options granted prior to the adjustment of the issued and paid-up ordinary capital of the Company shall remain valid and exercisable in accordance with the provisions of this Scheme.

However, no further Offer shall be made to any Eligible Person if the aggregate number of Shares comprised in the Options granted exceeds fifteen percent (15%) of the issued and paid-up ordinary share capital of the Company as a result of the Company purchasing its own shares or undertaking any other corporate proposal and thereby reducing its issued and paid-up capital.

- 3.3 The Company will during the Option Period ensure that there are sufficient authorised and unissued Shares to satisfy all outstanding Options throughout the duration of the Option Period.

4. ELIGIBILITY

- 4.1 Subject to Clause 4.3, an employee of any company in the Group shall be able to participate in the Scheme, if, as at the date on which an Offer is made:
- (i) the individual is a full time employee whose employment with the Group has been confirmed and has attained eighteen (18) years of age; or
 - (ii) he/she is a confirmed employee of a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, on the date of Offer;

APPENDIX I - DRAFT BY-LAWS (CONT'D)

and fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.

- 4.2 Any Director of any company in the Group shall be able to participate in the Scheme, if, as at the date of Offer:
- (i) the individual is a Director (including non-executive and/or independent Director) of any company in the Group;
 - (ii) the specific allocation of the Shares to that individual under the Scheme has been approved by the shareholders of Prestar at a general meeting; and
 - (iii) the individual fulfills any other criteria and/or falls within such category as may be determined by the ESOS Committee from time to time.
- 4.3 The ESOS Committee shall have the absolute discretion, at any time and from time to time, to extend the benefit of the Scheme to any former employee of the Prestar Group who has retired from permanent employment from the Prestar Group but who still provides services to the Prestar Group pursuant to a contract of services.
- 4.4 This Scheme does not extend to any non-Malaysian employee of the Prestar Group.
- 4.5 Eligibility does not confer on an Eligible Person a claim or right to participate in the Scheme unless the ESOS Committee has made an Offer to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.

5. TERMS OF THE OFFER

- 5.1 The ESOS Committee may at its absolute discretion at any time and from time to time within the Duration of the Scheme as it shall deem fit make an Offer to any Eligible Person whom the ESOS Committee may in its discretion select based on the criteria of allotment set out in these By-Laws, to subscribe during the Option Period for new Shares in accordance with the terms of the Scheme. Options offered to each Eligible Person shall not exceed the maximum entitlement of the Eligible Person.

Notwithstanding the foregoing, the ESOS Committee may at its discretion at any time, not offer any Option to any Eligible Person even though such participant may meet the eligibility criteria.

- 5.2 Nothing herein shall prevent the ESOS Committee from making more than one Offer to any Eligible Person provided always that the total aggregate number of new Shares in respect of the Options granted shall not exceed the Maximum Allowable Allotment of such Eligible Person.
- 5.3 Each Offer shall be made in writing by the ESOS Committee and shall state:-
- (a) the number of new Shares which the Eligible Person shall be entitled to subscribe for under the Option;
 - (b) the Option Price;
 - (c) the Option Period;
 - (d) such other terms which the ESOS Committee deems necessary; and
 - (e) the closing date for acceptance of the Offer.
- 5.4 No Option shall be granted to any Director of the Company or the chief executive or major shareholder of the Company or any persons connected (all as defined in the Main Market LR) to any of the aforesaid persons unless the specific grant of Options to such person shall have previously been approved by the shareholders of the Company in a general meeting.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- 5.5 Subject to Clause 5.6 below, the Offer shall automatically lapse and be null and void in the event of the Eligible Person ceasing to be a Director or employee of the Prestar Group for any reason whatsoever prior to the acceptance of the Offer by the Eligible Person in the manner set out in By-Law 8 hereof.
- 5.6 Where an Eligible Person who is a Director of the Prestar Group has received an Offer made by the ESOS Committee but prior to the acceptance of the Offer the Eligible Person ceases to be a Director of the Prestar Group but continues to be employed as an employee of the Prestar Group, the Offer shall continue to subsist and be capable of being accepted in accordance with By-Law 8.1 even though he has ceased as a Director.
- 5.7 Any Offer made by the ESOS Committee that has not been accepted yet, shall become void, of no effect and incapable of acceptance upon any of the following events:-
- (a) the Eligible Person's death; or
 - (b) the Eligible Person being adjudicated a bankrupt; or
 - (c) the Eligible Person being declared insane; or
 - (d) any other circumstances prescribed by the ESOS Committee from time to time which would render the Eligible Person to be incapable of accepting the Offer.

6. MAXIMUM ALLOWABLE ALLOTMENT AND THE BASIS OF ALLOTMENT

- 6.1 Subject to any adjustments which may be made under By-Law 15 hereof, the maximum number of new Shares that may be offered and allotted to an Eligible Person shall be determined at the discretion of the ESOS Committee taking into consideration factors, amongst others, such as length of service, performance and seniority of the Eligible Person and such other factors that the ESOS Committee may deem relevant, subject however to the following:-
- (i) that subject to By-Law 3.2, the number of new Shares comprised in the Options granted under the Scheme shall not exceed the amount stipulated in By-Law 3.1;
 - (ii) not more than 75% of the total ESOS Shares and/or ESOS Options to be issued under the shall be allocated in aggregate to the Directors and/or senior management of the Prestar Group;
 - (iii) the Directors and senior management do not participate in the deliberation or discussion in respect of their own allocation; and
 - (iv) the allocation to any Eligible Person who, either singly or collectively through persons connected with him/her, holds twenty percent (20%) or more of the issued and paid-up capital of the Company, shall not exceed ten percent (10%) of the new Shares to be issued pursuant to the Scheme.

For the purpose of this paragraph, "persons connected with the Eligible Person" shall have the meaning given to the expression "persons connected with a director or major shareholder" as defined in Paragraph 1.01 of the Main Market LR .

- 6.2 In the circumstances where the maximum share allocation as provided in the Main Market LR on ESOS is amended by Bursa Securities from time to time, the ESOS Committee shall have the discretion to make the necessary adjustments so that the number of new Shares comprised in the Options that may be offered to any one of the Eligible Persons shall be in

APPENDIX I - DRAFT BY-LAWS (CONT'D)

accordance with the provisions of the Main Market LR on ESOS prevailing during the Option Period.

6.3 Notwithstanding any of the provisions in these By-Laws, the ESOS Committee shall be under no obligation to allocate the specified maximum number or any number of new Shares to the Eligible Persons.

6.4 The Company and/or ESOS Committee shall ensure that:-

- (a) the allocation of Shares to Eligible Persons is verified at the end of each financial year of the Company by the Company's audit committee, as being in compliance with the criteria referred to in By-Law 6.1; and
- (b) a statement by the audit committee, verifying such allocation, is included in the Company's annual report.

7. EXERCISE PRICE OF THE ESOS OPTIONS

7.1 The Board may at its discretion determine the exercise price of the ESOS Options at which the Eligible Persons are entitled to subscribe for new Shares provided that the exercise price shall not be:

- (i) at a discount as determined by the ESOS Committee of more than ten percent (10%) from the five (5)-day volume weighted average market price of Shares at the time of the Offer; and
- (ii) in any event less than the par value of Shares.

7.2 The exercise price of the ESOS Options shall be subject to adjustments in accordance with By-Law 15.

8. ACCEPTANCE OF THE OFFER

8.1 The Offer to participate in the Scheme shall be valid for acceptance for a period of fourteen (14) days from the Offer Date or such longer period as may be determined by the ESOS Committee on a case to case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Person to the ESOS Committee in the form prescribed by the ESOS Committee within the prescribed period. In the event that the Eligible Person fails to accept the Offer within the prescribed period, the Offer shall automatically lapse PROVIDED THAT the ESOS Committee shall not be precluded from making a new Offer to the Eligible Person subsequently.

8.2 Acceptance of the Offer by an Eligible Person shall be accompanied by the payment of Ringgit Malaysia One (RM1.00) as non-refundable consideration for the grant of the Option.

8.3 An Option shall be personal to the Grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever save and except for as provided in By-Law 10.3.

9. EXERCISE OF OPTIONS

9.1 Subject to By-Law 9.2 hereof, an Option may be exercised by the Grantee by notice in writing to the Company in the prescribed form on any Business Day during the Option Period in respect of all or any part of the new Shares comprised in the Option, provided that where an Option is exercised in respect of a part of the new Shares comprised therein, the number of new Shares of which such Option may be exercised shall not be less than one hundred (100) and shall be in multiples of one hundred (100) or such other denominations as determined by Bursa Securities.

9.2 Subject to By-Law 15 hereof, the ESOS Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of

APPENDIX I - DRAFT BY-LAWS (CONT'D)

new Shares and/or such percentage of the total new Shares comprised in the Option during such periods within the Option Period and impose any other terms and/or conditions deemed appropriate by the ESOS Committee in its discretion.

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new Shares comprised in the Option.

Any new Shares comprised in an Option not subscribed for in any year following the date on which the Option was granted, may be subscribed for in any subsequent year until and including the last day of the Option Period.

- 9.3 Every such written notice referred to in By-Law 9.1 hereof must be in the form prescribed by the ESOS Committee from time to time and accompanied by a remittance (calculated in accordance with the provisions of By-Law 7 hereof) for the full amount of the subscription monies for the new Shares in respect of which notice is given. Within eight (8) Market Days from the receipt by the Company of the aforesaid notice and remittance from the Grantee or such other period as may be permitted by Bursa Securities, the Company shall:-
- (i) allot and/or issue such new Shares to the Grantee accordingly, subject to and in accordance with the provisions of the Articles of Association of the Company, the Central Depositories Act and the Rules of the Bursa Depository;
 - (ii) despatch a notice of allotment in accordance with By-Law 9.4 hereof; and
 - (iii) apply to Bursa Securities for the quotation of such new Shares.
- 9.4 A Grantee who exercises his Option shall provide the ESOS Committee with his CDS Account number or the CDS Account number of his Authorised Nominee, as the case may be, in the notice referred to in By-Law 9.1. The new Shares to be issued pursuant to the exercise of an Option will be credited into the CDS Account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of new Shares credited into such CDS Account will be issued and despatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be. No physical share certificate(s) will be issued and delivered to the Grantee.
- 9.5 No Options shall be exercisable after the expiry of the Option Period. All Options to the extent that they have not been exercised upon the expiry of the Option Period shall lapse and have no further effect, unless extended at any time and from time to time by the ESOS Committee PROVIDED THAT the extended Option Period shall not in any event exceed the maximum period prescribed by the Main Market LR.
- 9.6 Notwithstanding the provisions of By-Laws 9.3 and 9.4, the Board, the ESOS Committee, the Company and/or any officer of the Company shall not under any circumstances be held liable for any cost, loss, expense and/or damages whatsoever or howsoever arising in any event relating to the delay on the part of the Company in allotting the new Shares within the stipulated deadline.
- 9.7 In the event that a Grantee is subject to disciplinary proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of service), the ESOS Committee may, in its discretion, suspend the right of the Grantee to exercise his Option pending the outcome of such disciplinary proceedings. The ESOS Committee may impose such terms and conditions as the ESOS Committee shall deem appropriate having regard to the nature of the charges made or brought against the Grantee and the outcome of such disciplinary proceedings PROVIDED ALWAYS THAT:-
- (a) if the Grantee is subsequently found not guilty of the charges which gave rise to such disciplinary proceedings, the ESOS Committee shall reinstate the rights of such

APPENDIX I - DRAFT BY-LAWS (CONT'D)

Grantee to exercise his Option PROVIDED THAT such reinstatement is within the Duration of the Scheme in accordance with By-Law 20 hereof; or

- (b) if the disciplinary proceedings results in the dismissal or termination of service of the Grantee, all unexercised Options shall immediately terminate and be null and void forthwith upon pronouncement of the dismissal or termination of the service of the Grantee (notwithstanding that such dismissal or termination may be challenged by the Grantee in any forum) without any requirement for notice to be given to the Grantee of the termination of the Options; or
- (c) if the Grantee is found guilty of misconduct but no dismissal or termination of service is recommended, the ESOS Committee shall have the right to determine at its absolute discretion whether or not the Grantee may continue to exercise his Options or any part thereof and if so, to impose such terms and conditions as it deems appropriate, on the exercise of such rights.

9.8 Subject to the discretion of the ESOS Committee, failure by the Grantee to comply with the procedures for an exercise of an Option as stipulated in By-Laws 9.1 to 9.5 herein will invalidate the purported exercise of such Option by a Grantee.

9.9 Every Option shall be subject to the condition that no new Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

10. TERMINATION OF THE OPTIONS

10.1 All remaining unexercised Options shall forthwith lapse and/or be deemed to be cancelled and cease to be exercisable in relation to any new Shares in respect of which such Options have not been exercised upon the occurrence of one or more of the following events:-

- (i) subject to By-Laws 10.2 and 10.3, the Grantee ceasing to be in employment with a member of the Prestar Group; or
- (ii) subject to By-Laws 5.6, 10.2 and 10.3, the Grantee vacating the office of a Director due to his resignation or non-re-election as a Director at a general meeting; or
- (iii) the contract of services of the Grantee under By-Law 4.3 being terminated; or
- (iv) the liquidation of Prestar; or
- (v) the bankruptcy of the Grantee.

10.2 Notwithstanding the provisions of By-Laws 10.1(i) and 10.1(ii), the ESOS Committee may at its discretion allow a Grantee to exercise his unexercised Option or Options within the relevant Option Period or Periods or such other shorter period as the ESOS Committee may at its discretion determine:-

- (a) when the Grantee ceases his employment with the Group by reason of:-
 - (i) retirement on attaining the retirement age under the Prestar Group's retirement policy;
 - (ii) retirement before attaining the normal retirement age but with the consent of the Company;
 - (iii) redundancy or retrenchment or acceptance by that Grantee of a voluntary separation scheme offered by the Prestar Group;

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- (iv) ill-health, injury, physical or mental disability; or
 - (v) any other circumstances which are acceptable to the ESOS Committee;
- (b) when a Grantee vacates office as a Director for any reason whatsoever.

The approval of the ESOS Committee shall be at its absolute discretion and may be given subject to such terms and conditions as it may determine.

- 10.3 In the event of the demise of a Grantee before the expiration of the Option Period, the ESOS Committee may at its discretion allow the next of kin or beneficiary of the deceased in question to exercise the deceased Grantee's unexercised Options within the relevant Option Period or Periods or such other shorter period as the ESOS Committee may at its discretion determine. In this regard, the ESOS Committee shall be entitled to require the said legal or personal representative to provide evidence satisfactory to the ESOS Committee of his status as such legal or personal representative in addition to requiring relevant CDS Account details be made available prior to allotment of the Shares.
- 10.4 In the event a corporation within the Group ceases to be a Subsidiary of Prestar, then all unexercised Options of a Grantee shall be exercisable on or before a date approved by the ESOS Committee which shall in no event be later than the last day of the Option Period.
- 10.5 In any of the circumstances specified in By-Laws 10.2, 10.3 and 10.4 hereof, all the unexercised Options therein mentioned shall lapse and be of no further effect upon a single exercise of such Option (whether in respect of all new Shares comprised therein or part thereof) or upon the expiration of the period specified therein, whichever is the earlier, and thereupon the unexercised Options shall be automatically terminated and thereafter no claim shall be made against the Company.

11. TRANSFER AND SECONDMENT OUTSIDE THE GROUP

If a Grantee is seconded or transferred on a temporary basis to an organisation which is not a member of the Prestar Group, the Grantee shall continue to enjoy his rights under any unexercised Options as though the Grantee is still in the employment of the Prestar Group, unless otherwise determined by the ESOS Committee.

12. TAKEOVER

Notwithstanding By-Law 9 hereof and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event of:-

- (i) a takeover offer being made for the Company through a general offer under the Malaysian Code on Take-Overs and Mergers, 2010 (or any replacement thereof) to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer ("Offeror") or any persons acting in concert with the Offeror) a Grantee will be entitled, within such period to be determined by the ESOS Committee, to exercise all or any part of his Options as yet unexercised; and
- (ii) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of Shares under the provisions of any applicable statutes, rules and/or regulations and gives notice to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his Options as yet unexercised from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised;

APPENDIX I - DRAFT BY-LAWS (CONT'D)

PROVIDED ALWAYS THAT any Option to the extent unexercised after the expiry of the periods stipulated in the aforesaid circumstances shall automatically lapse and shall become null and void.

13. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

Notwithstanding By-Law 9 hereof and subject to the discretion of the ESOS Committee, in the event of the court sanctioning a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of the Company under Section 176 of the Companies Act, 1965 or its amalgamation with any other company or companies under Section 178 of the Companies Act, 1965, a Grantee may be entitled to exercise all or any part of his Options at any time commencing from the date upon which the compromise or arrangement is sanctioned by the court and ending on the date upon which it becomes effective or any other date specified by the ESOS Committee within the Option Period PROVIDED ALWAYS THAT any Option which remains unexercised after the expiry of the period stipulated above shall automatically lapse.

14. RETENTION PERIOD

- 14.1 Subject to By-Law 14.2, the new Shares to be issued and allotted to a Grantee pursuant to the exercise of any Option or Options will not be subject to any retention period or restriction on transfers.
- 14.2 Non-Executive Directors of the Prestar Group must not sell, transfer or assign their Shares obtained through the exercise of their Options for a period of one (1) year from the date of Offer or such period as may be prescribed by Bursa Securities.

15. ALTERATION OF SHARE CAPITAL DURING THE OPTION PERIOD

- 15.1 In the event of any alteration in the capital structure of the Company during the Option Period, whether by way of capitalisation of profits or reserves, rights issues, bonus issue, reduction of capital, subdivisions of shares or consolidation of shares or any other variation of capital or otherwise howsoever taking place:-
- (i) the Option Price; and/ or
 - (ii) the number of new Shares comprised in the Option so far as unexercised

shall be adjusted in accordance with the provisions set out in the First Schedule, PROVIDED ALWAYS THAT:-

- (i) no adjustment to the Option Price shall be made which would result in the new Shares to be issued on the exercise of the Option being issued at a discount to the par value of the Shares, and if such an adjustment would but for this provision have so resulted, the Option Price payable shall be the par value of the new Shares;
- (ii) upon any adjustment being made pursuant to this By-Law hereof, the ESOS Committee shall within thirty (30) days of the effective date of the alteration in the capital structure of the Company notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Option Price thereafter in effect and/or the revised number of new Shares thereafter to be issued on the exercise of the Option;
- (iii) all Grantees or Eligible Persons are given the same proportion of the issued and paid-up share capital of the Company as they were previously entitled to, by ensuring

APPENDIX I - DRAFT BY-LAWS (CONT'D)

the capital outlay to be incurred by them in exercising their Options remains unaffected; and

- (iv) all adjustment (other than on a bonus issue) must be confirmed in writing by the external auditors of the Company or the Adviser (in each case, acting as experts and not as arbitrators), to be in his opinion fair and reasonable and such determination and certification shall be final and binding on the Grantees,

PROVIDED FURTHER THAT no adjustments shall be made to the Option Price or the number of new Shares in respect of Options which have already been exercised.

15.2 The provisions of By-Law 15.1 shall not apply where the alteration in the capital structure of the Company arises from:-

- (a) the issue of new Shares or other securities convertible into Shares or securities with rights to acquire or subscribe for new Shares, and in any such case, in consideration or part consideration for an acquisition of any other securities, assets or business;
- (b) as a special issue of Shares to Bumiputera parties approved by the relevant authorities to comply with Government policy on Bumiputera capital participation;
- (c) a private placement or restricted issue of new Shares by the Company;
- (d) a share buy-back arrangement by the Company;
- (e) any issue of warrants, convertible loan stocks or other instruments by the Company that gives a right of conversion into new Shares, and any issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares; or
- (f) an issue of new Shares pursuant to the Scheme.

15.3 (a) In the event that a fraction of a share arising from adjustments referred to in By-Law 15.1 would otherwise be required to be issued upon the exercise of an Option by the Grantee, the Grantee's entitlement shall be rounded down to the nearest one (1) share.

- (b) Where any adjustment to the Option Price shall result in a fraction of a sen, the new Option Price shall be rounded up to the nearest sen.

16. QUOTATION OF SHARES

The new Shares referred to in By-Law 3 above and the new Shares (if any) to be allotted and issued to the Grantee will not be listed or quoted on Bursa Securities until the Option is exercised in accordance with By-Law 9 above whereupon the Company shall make the necessary application to Bursa Securities for the quotation of such new Shares within the time period set out in By-Law 9.3 and use its best endeavours to obtain such approval unless a blanket approval for such quotation for the new Shares arising from the Scheme has been obtained.

17. RANKING OF NEW SHARES

The Grantees will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in Prestar until and unless such Grantees exercise their ESOS options to subscribe for new Shares.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

The new Shares to be allotted upon any exercise of any Options granted shall upon allotment and issue, rank pari passu in all respects with the existing Shares PROVIDED ALWAYS that the new Shares so allotted will not be entitled to any dividends, rights, allotments and/or other distributions unless such new Shares shall have been credited to the CDS Account of the Grantees in the Record of Depositors by the date determined by the Board on which the names of the Grantees must appear in the Record of Depositors in order to be entitled to such dividends, rights, allotments, and/or other distributions.

18. ADMINISTRATION

The Scheme shall be administered by the ESOS Committee on behalf of the Board. The ESOS Committee shall consist of such persons appointed by the Board. The ESOS Committee shall administer the Scheme in such manner as it shall in its discretion deem fit. For the purpose of administering the Scheme, the ESOS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESOS Committee may in its discretion deem fit necessary and/or expedient for the implementation of the Scheme. The Board shall have power from time to time to rescind the appointment of any person to the ESOS Committee as it deems fit.

The Board shall have power at any time and from time to time to assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to this By-Law.

19. AMENDMENT AND/OR MODIFICATION TO THE SCHEME

The Board shall have the power at any time and from time to time by resolution to amend and/or modify all or any of the provisions of the Scheme PROVIDED THAT:-

- (a) no such amendment and/or modification shall be made which would materially prejudice the rights then accrued to any Grantee without the Grantee's prior consent or be to the advantage of any Grantee in respect of any provisions of the Scheme without the prior approval of the Company's shareholders in a general meeting; and
- (b) no amendments shall be made without the prior approval of the shareholders of the Company in a general meeting in respect of provisions under these By-Laws where the Main Market LR prescribed cannot be modified or amended to the advantage of any Grantee under the Scheme.

The Company shall submit a confirmation letter to Bursa Securities each time an addition, amendment and/or modification is made that the said addition, amendment and/or modification does not contravene the applicable requirements governing share option schemes including without limitation to the Main Market LR and the Rules of Bursa Depository.

20. DURATION OF THE SCHEME

- 20.1 The Scheme shall be in force for a period of ten (10) years commencing from the effective date of the Scheme, being the date on which the last of the approvals and / or conditions stipulated in the Main Market LR have been obtained and / or complied with.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

21. TERMINATION OF THE SCHEME

- 21.1 Notwithstanding the provisions of By-Law 20, the Company has the right to terminate the Scheme at any time during the Duration of the Scheme provided the following approval(s)/consent(s) are obtained:-
- (i) approval of the shareholders of the Company at a general meeting wherein at least a majority of the shareholders present and voting voted in favour of the termination; and
 - (ii) written consent of all Grantees who have yet to exercise their Options, either in part or in whole.
- 21.2 For the purpose of By-Law 21.1, the circular sent to shareholders to obtain the approval of the shareholders must include the information prescribed in the Main Market LR and the Company shall also comply with all relevant provisions of the Main Market LR as are applicable to the termination of the Scheme.
- 21.3 Subject to compliance with By-Laws 21.1 and 21.2, upon termination of the Scheme no further Offers shall be made by the ESOS Committee from the date on which the last of the conditions stipulated in By-Law 21.1 is fulfilled and all Offers outstanding but not accepted by the Grantee at the said date and the Options as yet unexercised shall lapse in accordance with the terms of such resolution and shall thereafter be null and void.

22. SUBSEQUENT EMPLOYEES' SHARE OPTION SCHEME

The Company may establish a new employees' share option scheme after the expiry of the Scheme or upon termination of the Scheme subject to the compliance with the provisions of the Main Market LR and any other law, rules, regulations, guidelines and directives of any authorities relating to an employees' share option scheme.

23. DISPUTES

In the event of any dispute or difference between the ESOS Committee and an Eligible Person or Grantee, as to any matter or thing of any nature arising hereunder, the ESOS Committee shall determine such dispute or difference by a written decision given to the Eligible Person or Grantee, as the case may be. The said decision shall be final and binding on the parties.

24. COMPENSATION

- 24.1 An Eligible Person or Grantee who ceases to hold office or employment shall not be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme which he might otherwise have enjoyed whether such compensation is claimed by way of damages for wrongful dismissal or other breach of contract or by way of compensation for loss of office.
- 24.2 No Eligible Person or Grantee or legal or personal representatives shall bring any claim, action or proceeding against the Company or the ESOS Committee or any other party for compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Option or his Option ceasing to be valid pursuant to the provisions of these By-Laws, or as the same may be amended from time to time in accordance with By-Law 19 hereof.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

25. SUBSIDIARIES OF PRESTAR

In the event there is any new member to the Prestar Group as a result of any acquisition or incorporation of any Subsidiary during the tenure of this Scheme, the Scheme shall apply to such Eligible Employees of the new Subsidiaries falling within the expression of "Eligible Person" under By-Law 1 hereof and the provisions of these By-Laws shall apply.

26. DIVESTMENT FROM THE GROUP

If a Grantee who was in the employment of any of the Eligible Subsidiaries which subsequently ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover under By-Law 12 hereof) then such Grantee:-

- (i) may be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a particular time frame determined within the Option Period at the discretion of the ESOS Committee, failing which the right granted to such Grantee to subscribe for that number of new Shares or any part thereof granted under such unexercised Options shall automatically lapse and be null and void and of no further force and effect; and
- (ii) shall not be granted further Options under the Scheme.

27. COSTS AND EXPENSES

All costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses relating to the issue and allotment of the new Shares upon the exercise of any Option shall be borne by the Company.

28. NOT A TERM OF EMPLOYMENT

This Scheme does not form part nor shall it in any way be construed as part of the terms and conditions of employment of any employee of the Group or appointment of any Director.

29. ARTICLES OF ASSOCIATION

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between this Scheme and the Articles of Association of the Company, the provisions of the Articles of Association of the Company shall at all times prevail to the extent of such conflict.

30. TAXES

All taxes (including income tax), if any, arising from the grant or exercise of any Options under the Scheme shall be borne by the Grantee.

31. NOTICES

- 31.1 Any notice or request to be given by the Company or the ESOS Committee to an Eligible Person or a Grantee pursuant to the Scheme shall be in writing and be deemed to be sufficiently given or made:-

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- (a) if sent by ordinary post to (i) in the case of an Eligible Person, his last known address to the Company, or (ii) in the case of a Grantee, his last known address in the Register of Options maintained by the Company under Section 68A of the Companies Act, 1965, such notice or request shall be deemed to have been received by the addressee three (3) Market Days after posting;
- (b) if delivered by hand to the Eligible Person or a Grantee, such notice or request shall be deemed to have been received by the addressee on the date of delivery;
- (c) if delivered by electronic mail to the Eligible Person or a Grantee, such notice or request shall be accompanied by a read receipt request and be deemed to have been received by the addressee three (3) Market Days after receipt of the read receipt by the sender.

31.2 Any notice to be given by the Company or the ESOS Committee to all Eligible Persons or all Grantees, as the case may be, pursuant to the Scheme may be given by an announcement to all employees of the Prestar Group or all Eligible Persons or all Grantees, as appropriate, and be given in such manner as the ESOS Committee deems appropriate (including via electronic media). Upon making of such an announcement, notice to be made under By-Laws 31.1 shall be deemed sufficiently given, served or made affected to all Eligible Persons as the case maybe.

32. SEVERABILITY

If any provision in these By-Laws is illegal, invalid or unenforceable, such provision shall be ineffective to the extent of such illegality, invalidity or unenforceability, without affecting the remaining provisions herein.

33. GOVERNING LAW AND JURISDICTION

These By-Laws shall be governed by and construed in accordance with the laws of Malaysia. Each Eligible Person and each Grantee shall submit to the non-exclusive jurisdiction of the Courts of Malaysia in relation to any matters that arise from these By-Laws.

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FIRST SCHEDULE

**ADJUSTMENT TO THE OPTION PRICE
OR THE NUMBER OF SHARES
(By-Law 15.1)**

The Option Price and/or the number of Shares to be comprised in an Option in respect of the right to subscribe for new Shares so far as unexercised to which a Grantee may be entitled shall from time to time be adjusted, calculated or determined by the ESOS Committee and must (except in the case of a capitalisation of profits or reserves under paragraph (b) below) be confirmed in writing by the external auditors of the Company or Adviser (acting as experts and not as arbitrators) in accordance with the following relevant provisions:-

(a) Consolidation, Subdivision or Conversion

If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Option Price and the additional Shares comprised in the Options so far as unexercised ("Additional Shares Under Option") shall be adjusted, calculated or determined in the following manner:-

$$\begin{aligned} \text{New Option Price} &= S \times \left[\frac{\text{Revised par value for each Prestar Share}}{\text{Original par value for each Prestar Share}} \right] \\ \text{Additional Shares Under Option} &= T \times \left[\frac{\text{Original par value for each Prestar Share}}{\text{Revised par value for each Prestar Share}} \right] - T \end{aligned}$$

Where:-

S = Existing Option Price; and

T = Existing number of Shares comprised in the Option in respect of the right to subscribe for new Shares so far as unexercised

The par value shall be adjusted to the revised par value. Each such adjustment will be effective from the close of business of the Market Day following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities at the new par value) or such other date as may be prescribed by Bursa Securities.

(b) Capitalisation of Profits or Reserves

If and whenever the Company shall make any issue of new Shares credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Option Price and the Additional Shares Under Option shall be adjusted, calculated or determined in the following manner:-

$$\begin{aligned} \text{New Option Price} &= S \times \left[\frac{A}{A + B} \right] \\ \text{Additional Shares Under Option} &= T \times \left[\frac{A + B}{A} \right] - T \end{aligned}$$

APPENDIX I - DRAFT BY-LAWS (CONT'D)

Where:-

A = The aggregate number of issued and fully paid-up Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other distributions) immediately before such capitalisation issue;

B = The aggregate number of new Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = S in paragraph (a) above; and

T = T in paragraph (a) above

Each of such adjustments will be effective from the commencement of the Market Day following the entitlement date for such issue.

(c) **Capital Distribution or Rights Issue**

If and whenever Company shall make:-

(1) Capital Distribution

a Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets); or

(2) Rights Issue of Shares

any offer or invitation to ordinary shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

(3) Rights Issue of Convertible Securities

any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares,

then and in any such case, the Option Price shall be adjusted in the following manner:-

$$\text{New Option Price} = S \times \left[\frac{C - D}{C} \right]$$

Where:-

S = S in paragraph (a) above;

C = The Current Market Price (as defined in paragraph (h) below) of one (1) Share on the Market Day immediately preceding the date on which the Capital Distribution, or as the case may be, the offer or invitation is publicly announced to Bursa Securities or failing any such announcement, immediately preceding the entitlement date of the Capital Distribution or, as the case may be, of the offer or invitation; and

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- D = (aa) in the case of an offer or invitation to acquire or subscribe for Shares under paragraph (c)(2) above or for securities convertible into Shares or securities with rights to acquire or subscribe for Shares under paragraph (c)(3) above, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within this paragraph (c), the fair market value, as determined by the Company in consultation with the external auditors or the Adviser of the Company, of that portion of the Capital Distribution attributable to one (1) Share

For the purpose of definition (aa) of "D" above, the "value of rights attributable to one (1) Share" shall be calculated in accordance with the following formula:-

$$\left[\frac{C - E}{F + 1} \right]$$

Where:-

- C = C in this paragraph (c);
- E = The subscription consideration for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares, the conversion value paid for conversion into one (1) additional Share, or the exercise price paid in connection with the rights to acquire or subscribe for one (1) additional Share; and
- F = The number of Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into one (1) additional Share or right to acquire or subscribe for one (1) additional Share.

In the case of paragraph (c)(2), the Additional Shares Under Option shall be calculated as follows:-

$$\text{Additional Shares Under Option} = T \times \left[\frac{C}{C - D^*} \right] - T$$

Where:-

- T = T in paragraph (a) above;
- C = C in this paragraph (c); and
- D* = the "value of the rights attributable to one (1) Share" (as defined below).

For the purpose of D* above, the "value of the rights attributable to one (1) Share" shall be calculated in accordance with the following formula:-

$$\left[\frac{C - E^*}{F^* + 1} \right]$$

Where:-

- C = C in this paragraph (c);

APPENDIX I - DRAFT BY-LAWS (CONT'D)

E* = the subscription consideration for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purpose of this paragraph (c), "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie (other than dividends) or by way of issue of Shares or other securities (other than an issue falling within paragraph (b) above) credited as fully or partly paid up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund). Any dividend charged or provided for in the accounts of any period or made shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated profit and loss accounts of the Company.

Each of such adjustments will be effective from the commencement of the Market Day following the entitlement date for the above transaction.

(d) **Capitalisation of Profits/Reserves and Rights Issue of Shares or Convertible Securities**

If and whenever the Company makes any allotment to its ordinary shareholders as provided in paragraph (b) above and also makes any offer or invitation to its ordinary shareholders as provided in paragraph (c)(2) or paragraph (c)(3) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose for the offer or invitation, the Option Price shall be adjusted in the following manner:-

$$\text{New Option Price} = S \times \left[\frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

and in respect of each case referred to in paragraph (b) and paragraph (c)(2) above, the Additional Shares Under Option shall be calculated in the following manner:-

$$\text{Additional Shares Under Option} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:-

B = B in paragraph (b) above;

C = C in paragraph (c) above;

G = The aggregate number of issued and fully paid-up Shares on the entitlement date for such issue;

H = The aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares, as the case may be;

H* = The aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

I = The subscription consideration for one (1) additional Share under an offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be;

APPENDIX I - DRAFT BY-LAWS (CONT'D)

I* = The subscription consideration for one (1) additional Share under the offer or invitation to acquire or subscribe for Shares;

S = S in paragraph (a) above; and

T = T in paragraph (a) above,

and in respect of each case referred to in paragraph (b) and paragraph (c)(3) above, the additional Shares under Option shall be calculated in accordance with the formula for such adjustment in paragraph (b).

Such adjustments will be effective from the commencement of the Market Day following the entitlement date for such issues.

(e) **Rights Issue of Shares and Convertible Securities**

If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in paragraph (c)(2) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or securities with rights to acquire or subscribe for Shares as provided in paragraph (c)(3) above, the Option Price and the Additional Shares Under Option shall be adjusted in the following manner:-

$$\text{New Option Price} = S \times \left[\frac{(G \times C) + (H^* \times I^*) + (J \times K)}{(G + H^* + J) \times C} \right]$$

$$\text{Additional Shares Under Option} = T \times \left[\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:-

C = C as in paragraph (c) above;

G = G as in paragraph (d) above;

H* = H* as in paragraph (d) above;

I* = I* as in paragraph (d) above;

J = The aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such rights to acquire or subscribe for Shares by the shareholders;

K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share;

S = S in paragraph (a) above; and

T = T in paragraph (a) above.

Such adjustments will be effective from the commencement of the Market Day following the entitlement date for the above transaction.

APPENDIX I - DRAFT BY-LAWS (CONT'D)

(f) Capitalisation of Profits/Reserves, Rights Issue of Shares and Rights Issue of Convertible Securities

If and whenever the Company makes an allotment to its ordinary shareholders as provided in paragraph (b) above and also makes an offer or invitation to acquire or subscribe for Shares to its ordinary shareholders as provided in paragraph (c)(2) above together with rights to acquire or subscribe for securities convertible into Shares or with rights to acquire or subscribe for Shares as provided in paragraph (c)(3) above and the entitlement date for the purpose of the allotment is also the entitlement date for the purpose of offer or invitation, the Option Price and the Additional Shares Under Option shall be adjusted in the following manner:-

$$\text{New Option Price} = S \times \left[\frac{(G \times C) + (H^* \times I^*) + (J \times K)}{(G + H^* + J + B) \times C} \right]$$

$$\text{Additional Shares Under Option} = T \times \left[\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Where:-

B = B as in paragraph (b) above;

C = C as in paragraph (c) above;

G = G as in paragraph (d) above;

H* = H* as in paragraph (d) above;

I* = I* as in paragraph (d) above;

J = J as in paragraph (e) above;

K = K as in paragraph (e) above;

S = S in paragraph (a) above; and

T = T in paragraph (a) above.

Such adjustments will be effective from the commencement of the Market Day following the entitlement date for the above transaction.

(g) Others

If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders alike and requiring an adjustment under paragraphs (c)(2), (c)(3), (d), (e) or (f) above), the Company shall issue either any Shares or any securities convertible into Shares or with rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for a Share (as defined below) or, as the case may be, the price at which the Shares will be issued upon conversion of such securities or exercise of such rights is determined, then the Option Price shall be adjusted in the following manner:-

$$\text{New Option Price} = S \times \left[\frac{L + M}{L + N} \right]$$

APPENDIX I - DRAFT BY-LAWS (CONT'D)

Where:-

- L = The aggregate number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = The number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price of a Share (exclusive of expenses);
- N = The aggregate number of Shares so issued or in the case of securities convertible into Shares or with rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares which may be issued upon full conversion of such securities or the exercise in full of such rights; and
- S = S in paragraph (a) above.

For the purposes of this paragraph (g), the "Total Effective Consideration" shall be as determined by the Board in consultation with the external auditors of the Company or Adviser and shall be:-

- (i) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (ii) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights.

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of this paragraph (g), the "Average Price of a Share" shall be the average price of one (1) Share as derived from the last transacted price for one (1) or more board lots of Shares as quoted on the Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day following the date on which the issue is announced, or (failing any such announcement) on the Market Day following the date on which the Company determines the offering price of such Shares, securities or rights, as the case may be.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day following the day on which the relevant Shares, securities or rights were issued.

- (h) For the purpose of paragraphs (c), (d), (e) and (f), the "Current Market Price" in relation to one (1) Share for any relevant day shall be the weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by Bursa Securities.
- (i) The foregoing provisions on adjustment of the Option Price and the number of Shares comprised in the Option shall be subject to the following:-

APPENDIX I - DRAFT BY-LAWS (CONT'D)

- (i) on any such adjustment the resultant Option Price shall be rounded up to the nearest one (1) sen and in no event shall any adjustment (otherwise than upon the consolidation of Shares into Shares of larger par value) involve an increase in the Option Price or reduce the number of Shares comprised in the Option so far as unexercised to which the Grantee is already entitled to;
- (ii) no adjustment shall be made to the Option Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of "would be less than one (1) sen or the number of Shares comprised in the Option so far as unexercised is less than one (1) share and any adjustment that would otherwise be required then to be made will not be carried forward;
- (iii) if an event giving rise to any such adjustment shall be capable of falling within any two or more of paragraphs (a) to (g) in this "First Schedule" (both inclusive) or if such event is capable of giving rise to more than one adjustment, the adjustment shall be made in such manner as the Board and the external auditors of the Company or Adviser may agree;
- (iv) if for any reason an event giving rise to an adjustment to the Option Price and/or the number of Shares comprised in the Option so far as unexercised to which a Grantee may be entitled to is cancelled, revoked or not completed, the adjustment shall not be required to be made or shall be reversed with effect from such date and in such manner as the Board and the external auditors of the Company or Adviser may agree;
- (v) in any circumstances where the Board considers that adjustments to the Option Price and/or the number of new Shares comprised in the Options so far as unexercised as provided for hereunder should be made or should not be made or should be calculated on a different basis or different date, the Company may appoint the external auditors of the Company or Adviser to consider whether for any reasons whatsoever (to the extent permissible by the Main Market LR or any other relevant regulations) the adjustment calculation or determination to be made (or the absence of an adjustment calculation or determination) is appropriate or inappropriate as the case may be. If such external auditors or Adviser shall consider the adjustment calculation or determination to be inappropriate, the adjustment shall be modified or nullified (or an adjustment calculation or determination made even though not required to be made) in such manner as may be considered by such external auditors or Adviser to be appropriate;
- (vi) if the Board and the external auditors of the Company or Adviser are unable to agree upon any adjustment required under these provisions, the Board shall refer the adjustment to the decision of another external auditor or investment bank other than the Adviser acting as expert and not arbitrator and whose decision as to such adjustment shall be final and conclusive; and
- (vii) in making any adjustment hereunder, the other external auditor or investment bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on all persons having an interest in the Options.

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APPENDIX II - FURTHER INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given. The Board hereby confirms that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements contained in this Circular, or other facts the omission of which would make any information herein false or misleading.

2. CONSENT AND CONFLICT OF INTEREST

AmInvestment Bank has given and has not subsequently withdrawn its consent to the inclusion in this Circular of its name and all references thereto in the form and context in which it appears in this Circular.

AmInvestment Bank is not aware of any existing conflict of interest nor of any circumstances which would or is likely to give rise to a possible conflict of interest by virtue of its appointment as the Adviser to Prestar for the Proposed ESOS.

AmInvestment Bank and / or its related and associated companies ("**AmBank Group**") form a diversified financial group and are engaged in a wide range of transactions relating to amongst others, investment banking, commercial banking, private banking, brokerage, securities trading, asset and funds management and credit transaction services businesses. AmBank Group's securities business is primarily in the areas of securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trade.

In the ordinary course of their businesses, any member of AmBank Group may at any time extend services to any company as well as hold long or short positions, and trade or otherwise effect transactions, for its own account or the account of its other clients, in debt or equity securities or senior loans of any company. Accordingly, there may be situations where parts of the AmBank Group and / or its clients now have or in the future, may have interests or take actions that may conflict with the interests of Prestar Group.

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3. MATERIAL LITIGATION, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

3.1 Material Litigation

Save as disclosed below, as at the LPD, neither Prestar nor any of its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings, pending or threatened against Prestar, or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of Prestar Group.

- (a) Tashin Steel Sdn Bhd ("Tashin"), Formula Naga Sdn Bhd ("FN") and Ta Yang Hardware Sdn Bhd ("TY") v PDC Properties Sdn Bhd ("PDC")

On 25 October 2012, Tashin, a subsidiary of Prestar, together with FN and TY (collectively as plaintiffs) filed a civil suit against PDC (as defendant) at the Penang High Court on 25 October 2012 (Civil Suit No: 22NCVC – 741 – 10/2012).

The said suit is based on a Sale and Purchase Agreement dated 11 August 2011 where Tashin purchased a property located at Lot 2634 HS(D) 15736, Mukim 13 Daerah Timur Laut ("**the Property**") from PDC.

It is the contention of Tashin that the said Sale and Purchase Agreement was entered on the representation and assurance of PDC that the Property was an exclusive and premium sea front property with direct access to the beach located in front of the Lot.

Tashin further contends that PDC represented and gave assurances that there would be no future reclamation works to the area in front of the Property and the Property would not be affected by future development. After the execution of the said Sale & Purchase Agreement, Ivory Properties Group Berhad announced a joint development project together with Dijaya Corporation Bhd that would involve the area directly in front of the Property and affect its condition as a premium sea front property.

Tashin contended that there was a material breach of representations and assurances by PDC on the Property arising from an announcement made by Ivory Properties Group Berhad, another developer, of a development adjoining and in front of the Property which may affect the value of the Property.

Tashin is claiming for the rescission of the Sale and Purchase Agreement and special damages to be determined by the Court. PDC filed an application to strike out the suit on 13 May 2013 on the grounds that the cause of action is premature as the planning permission for the project has not been approved. The Plaintiffs then filed an application for amendment to include particulars of fraudulent misrepresentation.

The Penang High Court fixed the hearing on 12 September 2013. The matter was initially fixed for decision before Y.A. Dato' Varghese A/L George Varughese however the matter has now been transferred to be heard before the Learned Judicial Commissioner Tuan Wong Teck Meng and was fixed for case management on 11 November 2013. At the case management on 11 November 2013, the hearing of the applications was set for 19 November 2013. The hearing on 19 November 2013 was adjourned to 8 January 2014 for decision and clarification.

APPENDIX II - FURTHER INFORMATION (CONT'D)

The solicitors for the matter, Messrs. Teja Sing Penesar & Co (“TSP”), have opined that the prospect of success can only be determined if the application for amendment is allowed. In any event, the potential liability of Tashin would be limited to costs only. The quantum of costs cannot be determined at this juncture.

3.2 Contingent Liabilities

Save as disclosed below, the Board is not aware of any material contingent liabilities incurred or known to be incurred by the Group as at the LPD which upon becoming enforceable may have a material impact on the financial position or the business of the Prestar Group.

As at the LPD, the material contingent liabilities of our Company are as follows:-

	Company
	RM'000
Unsecured	
- Guarantees to financial institutions for credit facilities granted to subsidiaries	282,770

3.3 Material Commitments

As at the LPD, save as disclosed below, the Board is not aware of any material commitments incurred or known to be incurred as at the LPD, which upon becoming enforceable may have a material impact on the financial position or the business of the Prestar Group:-

	RM'000
Approved and contracted commitments for property, plant and equipment	6,614
Approved but not contracted commitments for property, plant and equipment	188
Total	6,802

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4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection from the date of this Circular up to and including the date of the EGM during normal business hours at the registered office of Prestar at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur:-

- (a) Memorandum and Articles of Association of Prestar;
- (b) Audited consolidated financial statements of Prestar for the past two (2) FYEs 31 December 2011 and 31 December 2012 and the unaudited consolidated interim financial statements for the six (6)-month period ended 30 June 2013;
- (c) The letter of consent referred to in Section 2 above;
- (d) The relevant cause papers pertaining to the material litigation referred to in Section 3.1 above; and
- (e) The draft By-Laws.

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PRESTAR RESOURCES BERHAD

(Company No. 123066-A)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Prestar Resources Berhad ("**Prestar**" or the "**Company**") will be held at Templer Hall, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 10.00 a.m for the purpose of considering and, if thought fit, passing the following resolutions with or without any modification:-

ORDINARY RESOLUTION NO. 1

- PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME OF UP TO FIFTEEN PERCENT (15%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED ESOS" OR "THE SCHEME")

"THAT, conditional upon obtaining the approvals from the relevant authorities, the Directors of the Company be and are hereby authorised and empowered:-

- (i) to establish and administer the Scheme for the benefit of employees and Directors of the Company and its subsidiaries which are not dormant who are eligible to participate in the Proposed ESOS, to subscribe for new ordinary shares of RM0.50 each in Prestar ("**Share(s)**") at a predetermined price ("**Exercise Price**") ("**Prestar Option**"), in accordance with the draft by-laws governing the Proposed ESOS ("**By-Laws**"), as set out in Appendix I of the Circular to Shareholders dated 29 November 2013, ("**Circular**"), the salient terms of which are set out in the Circular, and to give full effect to the Scheme with full power to assent to any condition, variation, modification and/or amendment as may be deemed fit or expedient and/or imposed/agreed to by the relevant authorities;
- (ii) to offer and grant Prestar Options under the Scheme and to allot and issue from time to time such number of new Shares as may be required to be issued pursuant to the exercise of the Prestar Options under the Scheme provided that the total number of new Shares to be issued under the Scheme shall not exceed 15% of the total issued and paid-up share capital of the Company at any point of time throughout the duration of the Scheme and that such new Shares will, upon allotment and issuance, rank pari passu in all respects with the existing Shares, except that these new Shares will not be entitled to any dividends, rights, allotments and/or other distributions declared, made or paid, prior to the date of allotment of the new Shares and will be subject to all the provisions of Articles of Association of the Company relating to the transfer, transmission and otherwise of the Shares;
- (iii) to do all things necessary and make the necessary application at the appropriate time or times to Bursa Malaysia Securities Berhad for the listing of and quotation for the new Shares which may from time to time be allotted and issued pursuant to the Scheme; and
- (iv) to modify and/or amend the By-Laws of the Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the By-Laws relating to modifications and/or amendments;

AND THAT to do all such acts and to enter into all transactions, arrangements, agreements, deeds or undertakings and to make rules or regulations, or impose such terms and conditions or delegate part or all of its powers as may be necessary or expedient in order to give full effect to the Scheme.”

ORDINARY RESOLUTION NO. 2

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TOH YEW KEAT

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TOH YEW KEAT**, being the Group Executive Chairman and major shareholder of the Company, the option to subscribe for up to 1,200,000 new ordinary shares of RM0.50 each (“**Shares**”) in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS provided that:-

- a) not more than 75% of the new Shares in the Company available under the Proposed ESOS are allocated in aggregate to the Directors and/or senior management of the Group; and
- b) not more than 10% of the new Shares in the Company available under the Proposed ESOS are allocated to an Eligible Person (as defined in the draft by-laws) who singly or collectively through persons connected with the Eligible Person (as defined in the draft by-laws) holds 20% or more of the issued and paid-up capital of the Company;

(collectively known as “**Provisos (a) and (b)**”)

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 3

- PROPOSED ALLOCATION OF ESOS OPTIONS TO DATO' TOH YEW PENG

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **DATO' TOH YEW PENG**, being the Group Managing Director and major shareholder of the Company, the option to subscribe for up to 1,200,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 4

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TOH YEW SENG

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TOH YEW SENG**, being the Group Executive Director and major shareholder of the Company, the option to subscribe for up to 1,200,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 5

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TOH YEW KAR

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TOH YEW KAR**, being the Group Executive Director and major shareholder of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 6

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TOH YEW CHIN

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TOH YEW CHIN**, being a Non-Independent Non-Executive Director and major shareholder of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 7

- PROPOSED ALLOCATION OF ESOS OPTIONS TO MD. NAHAR BIN NOORDIN

“**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **MD. NAHAR BIN NOORDIN**, being an Independent Non-Executive Director of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options.”

ORDINARY RESOLUTION NO. 8

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TUAN HAJI FADZLULLAH SHUHAIMI BIN SALLEH**, being an Independent Non-Executive Director of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 9

- PROPOSED ALLOCATION OF ESOS OPTIONS TO LIM CHEANG NYOK

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **LIM CHEANG NYOK**, being an Independent Non-Executive Director of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 10

- PROPOSED ALLOCATION OF ESOS OPTIONS TO LOU SWEE YOU

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **LOU SWEE YOU**, being an Independent Non-Executive Director of the Company, the option to subscribe for up to 450,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 11

- PROPOSED ALLOCATION OF ESOS OPTIONS TO TOH POH KHUAN

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **TOH POH KHUAN**, being a person connected to Toh Yew Keat, Dato' Toh Yew Peng, Toh Yew Kar, Toh Yew Chin and Toh Yew Seng, the Directors of the Company and the major shareholders of the Company, the option to subscribe for up to 350,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 12

- PROPOSED ALLOCATION OF ESOS OPTIONS TO KENNY TOH JIN TAT

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **KENNY TOH JIN TAT**, being a person connected to Toh Yew Keat, a Director and major shareholder of the Company, the option to subscribe for up to 350,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 13

- PROPOSED ALLOCATION OF ESOS OPTIONS TO JANICE TOH MEI LING

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **JANICE TOH MEI LING**, being a person connected to Toh Yew Keat, a Director and major shareholder of the Company, the option to subscribe for up to 150,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 14

- PROPOSED ALLOCATION OF ESOS OPTIONS TO JASON TOH JIN HIN

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **JASON TOH JIN HIN**, being a person connected to Toh Yew Keat, a Director and major shareholder of the Company, the option to subscribe for up to 180,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 15

- PROPOSED ALLOCATION OF ESOS OPTIONS TO MICHELLE TOH MEI CHING

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **MICHELLE TOH MEI CHING**, being a person connected to Toh Yew Keat, a Director and major shareholder of the Company, the option to subscribe for up to 100,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 16

- PROPOSED ALLOCATION OF ESOS OPTIONS TO ALAN TOH JIN JOO

"THAT, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **ALAN TOH JIN JOO**, being a person connected to Dato' Toh Yew Peng, a Director and major shareholder of the Company, the option to subscribe for up to 180,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 17

- PROPOSED ALLOCATION OF ESOS OPTIONS TO DOREEN TOH HUNG SEE

"**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **DOREEN TOH HUNG SEE**, being a person connected to Dato' Toh Yew Peng, a Director and major shareholder of the Company, the option to subscribe for up to 100,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 18

- PROPOSED ALLOCATION OF ESOS OPTIONS TO ANDY TOH JIN HONG

"**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **ANDY TOH JIN HONG**, being a major shareholder, the option to subscribe for up to 180,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

ORDINARY RESOLUTION NO. 19

- PROPOSED ALLOCATION OF ESOS OPTIONS TO IAN TOH JIN HU

"**THAT**, conditional upon passing of Ordinary Resolution No. 1, the Directors of the Company are hereby authorised at any time, and from time to time, to specifically grant to **IAN TOH JIN HU**, being a major shareholder, the option to subscribe for up to 180,000 new Shares in the Company or such number of new Shares in the Company to be allocated to him under the Proposed ESOS subject to Provisos (a) and (b).

AND subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the Proposed ESOS as set out in Appendix I of the Circular **AND THAT** the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of new Shares in the Company to him pursuant to the exercise of such options."

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
CHIN MUN YEE (MAICSA 7019243)
Company Secretaries

Kuala Lumpur
29 November 2013



PRESTAR RESOURCES BERHAD
(123066-A)
(Incorporated in Malaysia)

No. of Shares Held	CDS Account No.

FORM OF PROXY

I/We _____ NRIC No./Company No. _____
(FULL NAME IN BLOCKS CAPITALS)

of _____
(Full Address)

being a *member/members of **Prestar Resources Berhad**
hereby appoint _____

(Full Name in Capital Letters)

of _____
(Full Address)

or failing *him/her _____
(Full Name in Blocks Capitals)

of _____
(Full Address)

or failing *him/her, the Chairman of the Meeting as *my/our proxy to vote on *my/our behalf at the Extraordinary General Meeting of the Company to be held at Templer Hall, First Floor, Perangsang Templer Golf Club, No.1, Templer Park Resort, 48000 Rawang, Selangor Darul Ehsan on Tuesday, 17 December 2013 at 10.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	ORDINARY RESOLUTION	FOR	AGAINST
1.	Proposed ESOS		
2.	Proposed Allocation of ESOS Options to Toh Yew Keat		
3.	Proposed Allocation of ESOS Options to Dato' Toh Yew Peng		
4.	Proposed Allocation of ESOS Options to Toh Yew Seng		
5.	Proposed Allocation of ESOS Options to Toh Yew Kar		
6.	Proposed Allocation of ESOS Options to Toh Yew Chin		
7.	Proposed Allocation of ESOS Options to Md. Nahar Bin Noordin		
8.	Proposed Allocation of ESOS Options to Tuan Haji Fadziullah Shuhaimi Bin Salleh		
9.	Proposed Allocation of ESOS Options to Lim Cheang Nyok		
10.	Proposed Allocation of ESOS Options to Lou Swee You		
11.	Proposed Allocation of ESOS Options to Toh Poh Khuan		
12.	Proposed Allocation of ESOS Options to Kenny Toh Jin Tat		
13.	Proposed Allocation of ESOS Options to Janice Toh Mei Ling		
14.	Proposed Allocation of ESOS Options to Jason Toh Jin Hin		
15.	Proposed Allocation of ESOS Options to Michelle Toh Mei Ching		
16.	Proposed Allocation of ESOS Options to Alan Toh Jin Joo		
17.	Proposed Allocation of ESOS Options to Doreen Toh Hung See		
18.	Proposed Allocation of ESOS Options to Andy Toh Jin Hong		
19.	Proposed Allocation of ESOS Options to Ian Toh Jin Hu		

* Strike out whichever not applicable



Signed this..... day of, 2013

Signature of Shareholder or Common Seal

Notes:

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 December 2013 ("**General Meeting Record of Depositors**") shall be eligible to attend the Meeting.*
2. *A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead [subject always to a maximum of two (2) proxies of each Meeting]. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
3. *A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his proxy to attend and vote instead of the member at the Meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*
4. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting or any adjournment thereof*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

PRESTAR RESOURCES BERHAD

(Company No. 123066-A)

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

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