

## AHB HOLDINGS BERHAD (“AHB” OR THE “COMPANY”)

### (I) PROPOSED PAR VALUE REDUCTION; AND (II) PROPOSED AMENDMENT

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#### 1. INTRODUCTION

On behalf of the Board of Directors of AHB (“**Board**”), TA Securities Holdings Berhad (“**TA Securities**”) wishes to announce that the Company proposes to undertake the following:

- (i) proposed reduction of the issued and paid-up share capital of AHB pursuant to Section 64 of the Companies Act, 1965 (“**Act**”) via the cancellation of RM0.80 of the existing par value of each ordinary share of RM1.00 each in AHB (“**Proposed Par Value Reduction**”); and
- (ii) proposed amendment to the Memorandum of Association of AHB (“**Proposed Amendment**”).

(Collectively referred to as the “**Proposals**”).

Further details of the Proposals are set out in the ensuing sections.

#### 2. DETAILS OF THE PROPOSALS

##### 2.1 Proposed Par Value Reduction

The Proposed Par Value Reduction entails a cancellation of RM0.80 from the existing par value of each ordinary share of AHB of RM1.00 each (“**AHB Share**” or “**Share**”), pursuant to Section 64 of the Act.

As at 18 May 2012, the issued and paid-up share capital of AHB stood at RM48,131,398 comprising 48,131,398 AHB Shares. In the event any of the existing 5,228,000 outstanding warrants 2004/2014 in issue in AHB (“**2004/2014 Warrants**”) are exercised into new AHB Shares and the corresponding new AHB Shares are credited into the securities accounts of the holders of 2004/2014 Warrants on or prior to the effective date of the Proposed Par Value Reduction, the new AHB Shares arising therefrom shall also be subject to the Proposed Par Value Reduction.

The total credit arising from the Proposed Par Value Reduction will be utilised to set-off against the accumulated losses of AHB. The excess after such set-off shall be transferred to a non-distributable capital reserve of the Company, as illustrated below and based on the following scenarios:

<b>Minimum Scenario</b>	:	Assuming none of the 2004/2014 Warrants is exercised into new AHB Shares on or prior to the effective date of the Proposed Par Value Reduction
<b>Maximum Scenario</b>	:	Assuming full exercise of the 2004/2014 Warrants into new AHB Shares on or prior to the effective date of the Proposed Par Value Reduction

	<b>(Audited)</b>		<b>(Unaudited)</b>	
	<b>As at 30 June 2011</b>		<b>As at 31 December 2011</b>	
	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>	<b>Minimum Scenario</b>	<b>Maximum Scenario</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>	<b>(RM'000)</b>
<b><u>Company level</u></b>				
Accumulated losses	(16,708)	(16,708)	(16,917)	(16,917)
Less: Credit arising from the Proposed Par Value Reduction	38,505	42,687	38,505	42,687
<b>Resultant capital reserve</b>	<b>21,797</b>	<b>25,979</b>	<b>21,588</b>	<b>25,770</b>

Upon the effective date of the Proposed Par Value Reduction, the par value of each AHB Share will be reduced from RM1.00 per Share to RM0.20 per Share.

## 2.2 Proposed Amendment

This entails amendment to the Memorandum of Association of AHB to reflect the change in the par value of each AHB Share, from RM1.00 each to RM0.20 each, as a result of the Proposed Par Value Reduction.

## 3. RATIONALE FOR THE PROPOSALS

### 3.1 Proposed Par Value Reduction

The Proposed Par Value Reduction is intended to strengthen the balance sheet of AHB by setting off its accumulated losses against the credit arising from the Proposed Par Value Reduction.

In addition, the AHB Shares have been trading below its existing par value of RM1.00 per Share, which has been a deterrent to the Company to raise fresh funds and/or to undertake acquisitions through issuance of new Shares in the future. Therefore, the lower par value of RM0.20 per Share would effectively allow the Company to issue new Shares closer to its market price, if needed to in the future. The closing market price of AHB Shares as at 18 May 2012 was RM0.22.

### 3.2 Proposed Amendment

The Proposed Amendment is intended to facilitate the change in the par value of AHB Shares, from RM1.00 each to RM0.20 each, resulting from the Proposed Par Value Reduction.

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#### 4. EFFECTS OF THE PROPOSALS

The Proposed Amendment will not have any impact on the share capital and substantial shareholders' shareholding of AHB, and the earnings, net assets ("NA") and gearing of AHB and its subsidiaries ("AHB Group").

The pro-forma effects of the Proposed Par Value Reduction on AHB and the AHB Group are as follows:

##### 4.1 Share capital and substantial shareholders' shareholdings

The pro-forma effects of the Proposed Par Value Reduction on the authorised and issued and paid-up share capital of AHB are set out as follows:

	Par value RM	Minimum Scenario		Maximum Scenario	
		No. of Shares ( '000)	RM'000	No. of Shares ( '000)	RM'000
<b><u>Authorised share capital</u></b>					
As at 18 May 2012	1.00	1,000,000	1,000,000	1,000,000	1,000,000
<b>After Proposed Par Value Reduction</b>	<b>0.20</b>	<b>1,000,000</b>	<b>200,000</b>	<b>1,000,000</b>	<b>200,000</b>
<b><u>Issued and paid-up share capital</u></b>					
As at 18 May 2012	1.00	48,131	48,131	48,131	48,131
To be issued pursuant to full exercise of 2004/2014 Warrants	1.00	-	-	5,228	5,228
To be cancelled pursuant to the Proposed Par Value Reduction	(0.80)	48,131	48,131 (38,505)	53,359	53,359 (42,687)
<b>Resultant issued and paid-up share capital</b>	<b>0.20</b>	<b>48,131</b>	<b>9,626</b>	<b>53,359</b>	<b>10,672</b>

The Proposed Par Value Reduction will not have any impact on the substantial shareholders' shareholdings in AHB as it does not involve issuance of new AHB Shares.

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## 4.2 NA and gearing

The pro-forma effects of the Proposed Par Value Reduction on the NA and gearing of the AHB Group are as follows:

<b>Minimum Scenario</b>	<b>(Audited) As at 30.6.2011 (RM'000)</b>	<b>After the Proposed Par Value Reduction (RM'000)</b>
Share capital	48,131	9,626
Share premium	3,665	3,665
Capital reserve	-	21,797
Accumulated losses	(35,671)	(19,113) <sup>(1)</sup>
<b>Shareholders' funds / NA</b>	<b>16,125</b>	<b>15,975</b>
No. of Shares in issue ('000)	48,131	48,131
<b>NA per Share (RM)</b>	<b>0.34</b>	<b>0.33</b>
Total borrowings	5,265	5,265
<b>Gearing (time)</b>	<b>0.33</b>	<b>0.33</b>

Note:

(1) After taking into account the estimated expenses for the Proposals of RM150,000.

<b>Maximum Scenario</b>	<b>(Audited) As at 30.6.2011 (RM'000)</b>	<b>(I) Full exercise of 2004/2014 Warrants (RM'000)</b>	<b>(II) After (I) and the Proposed Par Value Reduction (RM'000)</b>
Share capital	48,131	53,359 <sup>(1)</sup>	10,672
Share premium	3,665	3,665	3,665
Capital reserve	-	-	25,979
Accumulated losses	(35,671)	(35,671)	(19,113) <sup>(2)</sup>
<b>Shareholders' funds / NA</b>	<b>16,125</b>	<b>21,353</b>	<b>21,203</b>
No. of Shares in issue ('000)	48,131	53,359	53,359
<b>NA per Share (RM)</b>	<b>0.34</b>	<b>0.40</b>	<b>0.40</b>
Total borrowings	5,265	5,265	5,265
<b>Gearing (time)</b>	<b>0.33</b>	<b>0.25</b>	<b>0.25</b>

Notes:

(1) Assuming the exercise price of each 2004/2014 Warrants is RM1.00.

(2) After taking into account the estimated expenses for the Proposals of RM150,000.

## 4.3 Earnings

The Proposed Par Value Reduction will not have any effect on the earnings and earnings per Share of the AHB Group for the financial year ending 30 June 2012.

#### **4.4 Convertible securities**

As at 18 May 2012, AHB has 5,228,000 outstanding 2004/2014 Warrants which are convertible into 5,228,000 new AHB Shares.

Consequent to the Proposed Par Value Reduction, the exercise price of the 2004/2014 Warrants (which are not exercised on or prior to the effective date of the Proposed Par Value Reduction) may be adjusted in accordance with the deed poll dated 22 March 2004, the details of which will be finalised at a later date.

Save for the 2004/2014 Warrants, the Company does not have any convertible security.

#### **4.5 Market price**

Save for the reduction in its par value from RM1.00 each to RM0.20 each, all AHB Shares standing to the credit of the securities accounts of AHB shareholders shall be unaffected as a result of the Proposed Par Value Reduction. Hence, there will be no adjustment to the market price of the AHB Shares quoted on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

### **5. APPROVALS REQUIRED**

The Proposals are subject to and conditional upon approvals being obtained from the following:

- (a) the shareholders of AHB at an extraordinary general meeting ("**EGM**") to be convened for the Proposals;
- (b) the sanction of the High Court of Malaya for the Proposed Par Value Reduction; and
- (c) any other relevant authorities, if applicable.

The Proposed Par Value Reduction and the Proposed Amendment are inter-conditional upon each other.

The Proposals are not conditional upon any other corporate proposals undertaken or to be undertaken by AHB.

### **6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM**

None of the Directors and/or major shareholders of AHB and/or persons connected with them have any interest, direct and indirect, in the Proposals.

### **7. DIRECTORS' RECOMMENDATION**

The Board, after having considered all aspects of the Proposals, is of the opinion that the terms and conditions of the Proposals are fair and reasonable and are in the best interests of the Company and its shareholders.

**8. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances and subject to the approval of the relevant authorities being obtained, the Board expects the Proposals to be completed by the 4<sup>th</sup> quarter of 2012.

The Company targets to submit the circular to shareholders (which sets out the details of the Proposals together with the Notice to convene the EGM) to Bursa Securities within two (2) months from the date of this announcement.

**9. ADVISER**

TA Securities has been appointed as the Adviser of the Company for the Proposed Par Value Reduction.

This announcement is dated 21 May 2012.