

## MALAYSIA AICA BERHAD ("MAICA" OR THE "COMPANY")

- PROPOSED RIGHTS ISSUE WITH WARRANTS
  - PROPOSED PRIVATE PLACEMENT
  - PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
  - PROPOSED AMENDMENTS
- 

### 1. INTRODUCTION

On behalf of the Board of Directors of MAICA ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**"), AmInvestment Bank Berhad ("**AmInvestment Bank**") and Astramina Advisory Sdn Bhd ("**Astramina**") (RHB Investment Bank, AmInvestment Bank and Astramina are collectively referred to as the "**Joint Advisers**") wish to announce that the Company proposes to undertake the following:-

- (a) Proposed renounceable rights issue of up to 475,084,416 new ordinary shares of RM0.50 each in MAICA ("**MAICA Shares**") ("**Rights Share**") on the basis of three (3) Rights Shares for every one (1) existing MAICA Share held on an entitlement date to be determined and announced later ("**Entitlement Date**"), together with up to 158,361,472 free detachable Warrants ("**Warrants**") on the basis of one (1) free Warrant for every three (3) Rights Shares subscribed ("**Proposed Rights Issue With Warrants**");
- (b) Proposed private placement of up to 63,344,588 MAICA Shares ("**Placement Shares**") representing approximately 10% of the enlarged issued and paid up share capital of MAICA after the Proposed Rights Issue With Warrants at an issue price to be determined later ("**Proposed Private Placement**"); and
- (c) Proposed increase in authorised share capital of MAICA from RM100,000,000 comprising 200,000,000 MAICA Shares to RM750,000,000 comprising 1,500,000,000 MAICA Shares ("**Proposed Increase In Authorised Share Capital**"), and in consequence thereof, the Company's Memorandum of Association be amended accordingly ("**Proposed Amendments**").

(Collectively to be referred to as the "**Proposals**").

### 2. DETAILS OF THE PROPOSALS

#### 2.1 Proposed Rights Issue With Warrants

The Proposed Rights Issue With Warrants entails an issuance of up to 475,084,416 Rights Shares on a renounceable basis of three (3) Rights Shares for every one (1) existing MAICA Share held on the Entitlement Date, together with up to 158,361,472 free Warrants on the basis of one (1) free Warrant for every three (3) Rights Shares subscribed.

The Rights Shares will be offered to the shareholders of MAICA ("**Shareholders**") whose names appear in the Record of Depositors of the Company as at the close of business at 5.00 p.m. on the Entitlement Date ("**Entitled Shareholders**").

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be in registered form and constituted by a deed poll to be executed by the Company ("**Deed Poll**").

The Entitled Shareholders can fully or partially renounce their entitlements for the Rights Shares together with the Warrants. Accordingly, the Entitled Shareholders can subscribe for and/or renounce their entitlements to the Proposed Rights Issue With Warrants in full or in part. Should the Entitled Shareholders renounce all of their Rights Shares entitlements under the Proposed Rights Issue With Warrants, they shall be deemed to have renounced the accompanying entitlement to the Warrants to be issued together with the Rights Shares. However, if the Entitled Shareholders accept only part of their Rights Shares entitlement under the Proposed Rights Issue With Warrants, they shall be entitled to the Warrants in the proportion of their acceptance of the Rights Shares entitlement.

Any Rights Shares which are not taken up or validly taken up shall be made available for excess Rights Shares applications by the remaining Entitled Shareholders and/or their renounees. It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner and on such basis as the Board may deem fit or expedient and in the best interest of our Company, to be determined by the Board and announced later by the Company.

Any fractional entitlements under the Proposed Rights Issue With Warrants, if any, will be disregarded and dealt with in such manner as the Board in its absolute discretion deems fit or expedient or in the best interests of the Company.

#### **2.1.1 Basis of determining the issue price of the Rights Shares and exercise price of the Warrants**

The issue price of the Rights Shares and the exercise price of the Warrants will be determined and announced by the Board before the Entitlement Date, after taking into consideration the intended gross proceeds to be raised, prevailing market conditions and market price of MAICA Shares, as well as the resultant theoretical ex-rights price of the MAICA Shares ("**TERP**") immediately preceding the price-fixing date ("**Price Fixing Date**"). The issue price of the Rights Shares shall also be determined after taking into consideration, amongst others, the current and future prospects of MAICA and its subsidiaries ("**MAICA Group**") or the "**Group**") as well as the historical share price movement of the MAICA Shares vis-a-vis the funding requirements of MAICA.

The exercise price of the Warrants shall also be determined after taking into consideration amongst others, the future prospects of MAICA Group, the funding requirements and the expected timing of such requirements over the next five (5) years.

In any event, the issue price of the Rights Shares and the exercise price of the Warrants will not be lower than RM0.50, being the par value of MAICA Shares.

The Board has yet to decide on the issue price of the Rights Shares and the exercise price of the Warrants as at the date of this announcement.

For illustrative purposes only, assuming an indicative issue price of RM0.65 per Rights Share and an indicative exercise price of RM1.80 per Warrant, the indicative issue price of the Rights Shares and the indicative exercise price of the Warrants would represent a discount of approximately 22.96% and a premium of approximately 113.35% from/to the TERP of RM0.8437, computed based on the five (5)-day volume weighted average price ("**VWAP**") of the MAICA Shares up to and including 27 March 2014, being the last market day prior to the date of this announcement of RM1.4246.

## 2.1.2 Substantial shareholders' undertakings and underwriting arrangement

It is the intention of the Board to undertake the Proposed Rights Issue With Warrants on a minimum subscription basis, after taking into consideration the minimum level of funds to meet the funding requirements of MAICA Group that will be channelled towards the proposed utilisation as set out in Section 2.4 of this announcement ("**Minimum Subscription Level**"). Notwithstanding the Proposed Rights Issue With Warrants is undertaken on a minimum subscription basis, the Company may procure underwriting arrangements for the remaining portion of the Rights Shares, for which no undertaking to subscribe has been obtained ("**Underwritten Portion**"). The underwriting arrangements for the Underwritten Portion will be finalised at a later date subject to any underwriting agreements to be entered into.

The Company has procured the written irrevocable and unconditional undertakings from its substantial shareholders as set out in the table below to subscribe in full for their respective entitlements under the Proposed Rights Issue With Warrants ("**Undertakings**") based on their shareholdings as at the Entitlement Date to meet the Minimum Subscription Level. The total number of Rights Shares to be subscribed and Warrants to be issued pursuant to the Undertakings based on the substantial shareholders' shareholdings as at 24 March 2014, being the latest practicable date prior to the announcement ("**LPD**") are as below:-

Substantial Shareholders	Shareholdings as at LPD		Subscription for Rights Shares Entitlement		Warrants to be issued pursuant to Rights Shares subscribed
	No. of MAICA Shares	%	No. of Rights Shares	%	No. of Warrants
Datuk Ter Leong Yap (" <b>Datuk Ter</b> ")	33,728,000	21.30	101,184,000	21.30	33,728,000
Ter Equity Sdn Bhd (" <b>Ter Equity</b> ")	45,639,344	28.82	136,918,032	28.82	45,639,344

(Datuk Ter and Ter Equity are collectively referred to as "**Undertaking Shareholders**")

The Undertaking Shareholders may nominate nominee(s) to subscribe for a portion of their respective entitlements ("**Nominated Investor**"), if required pursuant to the Proposed Rights Issue With Warrants. Pursuant thereto, the Undertaking Shareholders have confirmed that they will not trigger an obligation to extend a mandatory general offer ("**MGO**") under the Malaysian Code on Take-Overs and Mergers 2010 ("**Code**"). As the collective shareholding of Datuk Ter and Ter Equity are above 50%, there are no other implications under the Code arising from the subscription of the Rights Shares pursuant to the Proposed Rights Issue With Warrants.

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Pursuant to the Undertakings and assuming no underwriting arrangements and assuming no other shareholders of MAICA subscribe for their entitlements under the Proposed Rights Issue With Warrants, the public shareholding spread of MAICA would reduce to below 25% thereby resulting in MAICA being in non-compliance with Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") ("**Non-Compliance With Public Shareholding Spread**"). In the event of Non-Compliance With Public Shareholding Spread, the Undertaking Shareholders shall undertake measures including procuring MAICA to carry out a subsequent corporate exercise (including amongst others, the Proposed Private Placement) in order to rectify the Non-Compliance With Public Shareholding Spread after completion of the Proposed Rights Issue With Warrants.

There will not be any immediate implication under the Code arising from the issuance and allotment of the Warrants to the Undertaking Shareholders as the Warrants are not voting shares until and unless they are exercised.

Depending on the number of Warrants exercised and the timing of the exercise of Warrants, in the event that any Undertaking Shareholder triggers a MGO arising from the exercise of his/its Warrants in the future, a separate announcement will be made and an application to the Securities Commission of Malaysia may be made by the aforesaid Undertaking Shareholder and the persons acting in concert with the Undertaking Shareholder for an exemption from the obligation to undertake the MGO under paragraph 16.1 of Practice Note 9 of the Code.

The above Undertakings will give rise to the following scenarios:

**Minimum Scenario:** whereby the Undertaking Shareholders will nominate Nominated Investors to subscribe for a portion of their respective Rights Shares entitlements and that the individual shareholdings of the Undertaking Shareholders in MAICA will increase up to 32% and that no other shareholders of MAICA subscribe for their entitlements under the Proposed Rights Issue With Warrants.

**Maximum Scenario:** whereby all Entitled Shareholders subscribe for their respective entitlements.

### **2.1.3 Ranking of the Rights Shares and new MAICA Shares to be issued pursuant to the exercise of Warrants**

The Rights Shares and new MAICA Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the said securities.

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#### 2.1.4 Indicative salient terms of the Warrants

Number of Warrants	:	Up to 158,361,472 new Warrants to be issued in conjunction with the Proposed Rights Issue With Warrants to the Entitled Shareholders on the basis of one (1) free Warrant for every three (3) Rights Shares successfully subscribed.
Form and detachability	:	The Warrants will be issued in registered form and will immediately be detached from the Rights Shares upon allotment and issuance and separately traded on Bursa Securities. The Warrants will be issued in registered form and constituted by the Deed Poll.
Issue price of Warrants	:	The Warrants are to be issued free to the Entitled Shareholders and/or renounees who subscribe to the Rights Shares on the basis of one (1) free Warrant for every three (3) Rights Shares.
Board Lot	:	For the purposes of trading on Bursa Securities, a board lot of Warrants will be in 100 units, or such denomination as determined by Bursa Securities.
Listing	:	An application will be made to Bursa Securities for the admission of, the listing of and quotation for the Warrants and the listing of and quotation for the new MAICA Shares to be issued pursuant to the exercise of the Warrants on the Official List of the Bursa Securities.
Tenure of Warrants	:	Five (5) years from the date of issuance of the Warrants.
Exercise Price	:	A price to be determined later by the Company, payable in full in respect of each MAICA Share upon exercise of the Warrants. The exercise price and/or the number of Warrants in issue during the Exercise Period may also be adjusted in accordance with the terms and conditions set out in the Deed Poll governing the Warrants.
Exercise Period	:	<p>The Warrants may be exercised at any time on and including the date of issue of the Warrants and ending at 5.00 p.m. on the business day immediately preceding the date which is the fifth (5<sup>th</sup>) anniversary from the date of issue. If such date is not a Market Day, then on the preceding Market Day.</p> <p>Any Warrants not exercised during the Exercise Period will thereafter lapse and cease to be valid.</p>
Mode of Exercise	:	The registered holder of the Warrants shall pay by way of banker's draft or cashier's order or money order or postal order drawn on a bank or post office in Malaysia for the aggregate Exercise Price payable when exercising the Warrants and subscribing for new MAICA Shares.
Exercise Rights	:	Each Warrant carries the entitlement, at any time during the Exercise Period, to subscribe for one (1) new MAICA Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.
Voting Rights	:	The Warrants do not entitle the registered holders thereof to any voting rights in any general meeting of the Company until and unless such holders of the Warrants exercise their Warrants for new MAICA Shares.

Status of new MAICA Shares to be issued pursuant to the exercise of the Warrants	: The new MAICA Shares to be issued pursuant to the exercise of the Warrants shall, upon allotment and issue, rank <i>pari passu</i> in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new MAICA Shares to be issued arising from the exercise of the Warrants.
Adjustments to the final Exercise Price and/or the number of the Warrants	: The Exercise Price and/or the number of unexercised Warrants in issue may be subject to adjustments in the event of any alteration in the share capital of the Company, capital distribution or issue of shares or any other events in accordance with the provisions of the Deed Poll.
Rights in the event of winding up, liquidation, compromise and/or arrangement	: Where a resolution has been passed for a members' voluntary winding up of the Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of the Company or the amalgamation of the company with one or more companies, then every Warrant holder shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding up of the Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of this Warrants to the Company, elect to be treated as if he had immediately prior to the commencement of such winding up, compromise or arrangement exercised the Exercise Rights represented by his Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of the Company which would be available in liquidation as if he had on such date been the holder of the new MAICA Shares to which he would have been entitled to pursuant to such exercise
Transferability	: The Warrants shall be transferable in the manner provided under the Securities Industry (Central Depositories) Act, 1991 of Malaysia and the Rules of Bursa Malaysia Depository Sdn Bhd.
Deed Poll	: The Warrants will be constituted under a deed poll to be executed by the Company.
Governing Law	: Laws and regulations of Malaysia.

## 2.2 Proposed Private Placement

### 2.2.1 Placement size

The Proposed Private Placement will be undertaken after the implementation of the Proposed Rights Issue With Warrants. As the Proposed Private Placement involves the issuance of up to 10% of the enlarged issued and paid up share capital of MAICA after the Proposed Rights Issue With Warrants, therefore, the actual quantum of the Placement Shares to be issued can only be determined at a later date depending on the final subscription level of the Proposed Rights Issue With Warrants.

Assuming no Warrants are exercised, the enlarged issued and paid-up share capital of the Company after the Proposed Rights Issue With Warrants will be RM198,231,752 comprising 396,463,504 MAICA Shares under the Minimum Scenario, and RM316,722,944 comprising 633,445,888 MAICA Shares under the Maximum Scenario.

For illustrative purposes, we have set out the effects of the Proposed Private Placement based on the issuance of 39,646,350 MAICA Shares and 63,344,588 MAICA Shares under the Minimum Scenario and Maximum Scenario respectively, representing up to approximately 10% of the enlarged issued and paid-up share capital of the Company after the Proposed Rights Issue With Warrants under the respective scenarios.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement would depend on, amongst others, the issued share capital of the Company on a date to be determined later after the Proposed Rights Issue With Warrants and the amount to be taken up by the placees to be determined later.

### **2.2.2 Placement arrangement**

The Placement Shares shall be placed to third party investor(s) to be identified later in accordance with Paragraph 6.04(c) of the MMLR. Placee(s) shall be person(s) or party(ies) who/which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007 ("**Placee**").

The Placement Shares are not intended to be placed to the following persons:-

- (i) a director, major shareholder, chief executive of MAICA ("**Interested Person**");
- (ii) a person connected with the Interested Person; or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to prevailing market conditions and timing of identification of placee(s), the Proposed Private Placement may be implemented in one (1) or more tranches. As such, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation.

### **2.2.3 Basis and justification of the issue price of the Placement Shares**

The issue price of each tranche of the Placement Shares, where applicable, shall be determined separately and fixed by the Company after receiving the relevant approvals for the Proposed Private Placement. The issue price will be determined after taking into consideration the prevailing market conditions and the five (5)-day VWAP of the MAICA Shares immediately preceding the price-fixing date to be determined by the Board and applying no more than 10% discount to the said VWAP, but in any event no less than the par value of the Placement Shares.

For illustrative purposes, the indicative issue price of the Placement Shares based on a 10% discount to the TERP of MAICA Shares of RM0.8437, would be RM0.75.

#### 2.2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing issued and fully paid-up MAICA Shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the date of allotment and issuance of the Placement Shares.

#### 2.2.5 Listing and quotation of the Placement Shares

An application will be made to Bursa Securities for the listing and quotation of the Placement Shares on the Main Market of Bursa Securities within one (1) month from the date of this announcement.

### 2.3 Proposed Increase In Authorised Share Capital and Proposed Amendment

As at the LPD, the authorised share capital of MAICA is RM100,000,000 comprising 200,000,000 MAICA Shares, of which RM79,180,736 comprising 158,361,472 MAICA Shares have been issued and fully paid up.

In order to accommodate the issuance of new MAICA Shares pursuant to Proposed Rights Issue With Warrants and the Proposed Private Placement as well as to cater for any future increase in share capital of the Company arising from the exercise of Warrants to be issued pursuant to the Proposed Rights Issue With Warrants, MAICA proposes to increase the authorised share capital of MAICA from RM100,000,000 comprising 200,000,000 Shares to RM750,000,000 comprising 1,500,000,000 MAICA Shares.

The Proposed Increase In Authorised Share Capital is also undertaken to facilitate any other corporate exercise which may be undertaken by MAICA in the future.

To facilitate and to reflect the consequence of the Proposed Rights Issue With Warrants, Proposed Private Placement and Proposed Increase In Authorised Share Capital, the Memorandum and Articles of Association of MAICA shall be amended accordingly.

### 2.4 Utilisation of proceeds from the Proposed Rights Issue With Warrants and Proposed Private Placement

Based on the indicative issue price of RM0.65 per Rights Share and RM0.75 per Placement Share, the Proposed Rights Issue with Warrants and Proposed Private Placement will raise gross proceeds of RM184.50 million under the Minimum Scenario and RM356.31 million under the Maximum Scenario. The expected utilisation of proceeds are as follows:

Proposed utilisation of proceeds	Notes	Minimum Scenario (RM'000)	Maximum Scenario (RM'000)	Expected timeframe for utilisation (from the date of listing of Rights Shares and Placement Shares, whichever applicable)
Property development expenses and future land acquisition	(a)	176,501	346,313	Within 24 months
Working capital	(b)	5,000	5,000	Within 12 months
Estimated expenses	(c)	3,000	5,000	Within 6 months
<b>Total</b>		<b>184,501</b>	<b>356,313</b>	



Notes:-

(a) *The proceeds are intended to be utilised to support the Group's expansion in its property development business which includes, amongst others, to acquire additional viable land banks and/or property development projects from third parties and/or from related parties. MAICA may also acquire other investments relating to its existing property development business (i.e. companies undertaking property development or holding land banks). Upon finalization of these future acquisitions, MAICA would make the necessary announcements and/or seek Shareholders' approval, where required in accordance with the MMLR.*

*Any difference between the indicative proceeds mentioned above and the actual proceeds raised from the Proposed Rights Issue With Warrants and Proposed Private Placement (depending on the issue price of the Rights Shares, the number of Placement Shares and the issue price of the Placement Shares) shall be adjusted to/from the property development expenses and future land acquisition. Any unutilized amount allocated for property development expenses and future land acquisition would be used for working capital of MAICA Group.*

(b) *The proceeds to be utilised for the Group's working capital purposes, such as payment to suppliers, contractors and other creditors for on-going development projects and its manufacturing operations, as well as for day-to-day operations. The proceeds will be utilised progressively over the next twelve (12) months.*

(c) *To defray expenses which include, amongst others, professional fees and fees payable to the relevant authorities, underwriting fee, printing cost of circular and abridged prospectus, advertising and miscellaneous expenses. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the Group's working capital requirements.*

Pending utilisation of the proceeds from the Proposed Rights Issue With Warrants and Proposed Private Placement, the said proceeds will be placed in an interest bearing deposit account or investments in money markets as the Board may deem fit.

The proceeds to be raised from the exercise of Warrants depend on the actual number of Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants, which will be determined and announced at a later date. The proceeds raised from the exercise of the Warrants will be utilised for the working capital requirements of the MAICA Group.

### 3. RATIONALE FOR THE PROPOSALS

The Company had in October 2013 embarked on a diversification of its core businesses to include property development ("**Diversification**") pursuant to the injection into MAICA of the development rights and interests to a development project known as "Trivo, Suria Jelutong" and a parcel of freehold commercial land, both located in Bukit Jelutong, whereby the purchase consideration was satisfied via cash and the issuance of MAICA Shares to Datuk Ter. The purpose of the Diversification was to enhance the Group's future prospects and diversify into other revenue-generating businesses as part of a longer term plan to move the Group forward instead of depending solely on its existing core business which has seen limited revenue growth for the past five (5) financial years, and reduce the Group's reliance on its former core business and potentially provide the Group with another stream of income.

Hence, the Proposed Rights Issue With Warrants and Proposed Private Placement is intended to raise funds to further grow and expand the property development business of MAICA post-Diversification, which is expected to contribute positively to the future profitability of the MAICA Group. Such expansion activities for the new core business of the Group may include potential acquisition of additional viable land banks and/or property investment and property development projects, which are in line with MAICA's immediate strategic plan to augment its new property development business. The utilization of proceeds are detailed in Section 2.4 of this Announcement.

Given that MAICA has recently entered into the property development business, it is important that MAICA is able to build up its land bank for continuous long-term growth. The issuance of Rights Shares and Placement Shares will increase the shareholders' funds of the MAICA Group and strengthen its balance sheet.

### **3.1 Proposed Rights Issue With Warrants**

The Board is of the view that in tandem with the Proposed Private Placement, the Proposed Rights Issue With Warrants is currently the most appropriate avenue of fund raising after taking into consideration, amongst others, the following factors:

- (i) the Proposed Rights Issue With Warrants provides an opportunity for the Entitled Shareholders to increase their equity participation in MAICA through the subscription of Rights Shares which is expected to be priced at a discount to the market price, and correspondingly in the prospects and future growth of the MAICA Group;
- (ii) the issuance of Rights Shares will increase the MAICA Group's shareholders funds and strengthen its balance sheet;
- (iii) the enlarged share base is also expected to enhance the liquidity of MAICA Shares on the Main Market of Bursa Securities;
- (iv) to raise immediate funds for MAICA without incurring interest costs as compared to other means of financing such as through bank borrowings or the issuance of debt instruments; and
- (v) the Warrants, which are attached to the Rights Shares are intended to provide an added incentive to the Entitled Shareholders to subscribe for their Rights Shares. They would also enable the Entitled Shareholders to benefit from the future growth of the Company and any potential capital appreciation arising from the exercise of the Warrants, depending on the future performance of MAICA Shares.

### **3.2 Proposed Private Placement**

The Board is of the view that in tandem with the Proposed Rights Issue With Warrants, the Proposed Private Placement is currently the most appropriate avenue of fund raising after taking into consideration, amongst others, the following factors:

- (i) will enable the MAICA Group to raise funds without incurring interest costs as compared to bank borrowings or issuance of debt instruments; and
- (ii) to enable the Company to expediently raise additional funds to fuel its future growth and expansion in the property development business without relying entirely on the equity funding from the existing shareholders of MAICA.

### **3.3 Proposed Increase In Authorised Share Capital and Proposed Amendment**

The Proposed Increase In Authorised Share Capital is required to facilitate the issuance of new MAICA Shares pursuant to the Proposed Rights Issue With Warrants and the Proposed Private Placement as well as to cater for any future increase in share capital of the Company arising from the exercise of Warrants.

The Proposed Amendment is required to facilitate the consequential increase in the number of MAICA Shares pursuant to the Proposed Rights Issue With Warrants, Proposed Private Placement and the exercise of the Warrants to be issued as well as the alteration of the authorized share capital of MAICA pursuant to the Proposed Increase In Authorised Share Capital.

#### 4. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Increase In Authorised Share Capital and Proposed Amendment will not have any effects on the issued and paid-up share capital, earnings and earnings per share (“EPS”), Net Assets (“NA”) and gearing, substantial shareholders’ shareholdings and convertible securities of MAICA.

For illustrative purposes, the proforma effects of the Proposed Rights Issue With Warrants and Proposed Private Placement on the issued and paid-up share capital, earnings and EPS, NA and gearing, substantial shareholders’ shareholdings and convertible securities of the MAICA are based on the following:-

**Minimum Scenario** : whereby the Undertaking Shareholders will nominate Nominated Investors to subscribe for a portion of their respective Rights Shares entitlements and that the individual shareholdings of the Undertaking Shareholders in MAICA will increase up to 32% and that no other shareholders of MAICA subscribe for their entitlements under the Proposed Rights Issue With Warrants.

**Maximum Scenario** : all Entitled Shareholders subscribe for their respective entitlements under the Proposed Rights Issue With Warrants.

##### 4.1 Share capital

The proforma effects of the Proposed Rights Issue With Warrants and Proposed Private Placement on the issued and paid-up share capital of the Company are as follows:-

	Minimum Scenario		Maximum Scenario	
	No. of MAICA Shares	RM	No. of MAICA Shares	RM
<b><u>Issued and paid-up share capital</u></b>				
Issued and paid-up share capital as at the LPD	158,361,472	79,180,736	158,361,472	79,180,736
To be issued pursuant to the Proposed Rights Issue With Warrants	238,102,032	119,051,016	475,084,416	237,542,208
	396,463,504	198,231,752	633,445,888	316,722,944
To be issued pursuant to the Proposed Private Placement	39,646,350	19,823,175	63,344,588	31,672,294
	436,109,854	218,054,927	696,790,476	348,395,238
To be issued assuming full exercise of the Warrants	79,367,344	39,683,672	158,361,472	79,180,736
<b>Enlarged issued and paid-up share capital</b>	<b>515,477,198</b>	<b>257,738,599</b>	<b>855,151,948</b>	<b>427,575,974</b>

## 4.2 Substantial shareholders' shareholdings

The substantial Shareholders of MAICA as at the LPD and the effects of the Proposed Rights Issue With Warrants and Proposed Private Placement on their shareholdings in MAICA, for illustrative purposes, are as follows:-

### Minimum Scenario

Name	As at the LPD				(I) After the Proposed Rights Issue With Warrants				(II) After (I) and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%
Datuk Ter	33,728,000	21.30	45,639,344 <sup>(1)</sup>	28.82	126,868,321	32.00	190,601,055 <sup>(1)</sup>	48.08	126,868,321	29.09	190,601,055 <sup>(1)</sup>	43.70
Ter Equity	45,639,344	28.82	-	-	126,868,321	32.00	63,732,734 <sup>(2)</sup>	16.08	126,868,321	29.09	63,732,734 <sup>(2)</sup>	14.61
Nominated Investor <sup>(3)</sup>	-	-	-	-	63,732,734	16.08	-	-	63,732,734	14.61	-	-
Placee	-	-	-	-	-	-	-	-	39,646,350	9.09	-	-

Name	(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of MAICA Shares	%	No. of MAICA Shares	%
Datuk Ter	157,915,095	30.63	238,921,625 <sup>(1)</sup>	46.34
Ter Equity	153,944,647	29.86	84,976,978 <sup>(2)</sup>	16.48
Nominated Investor <sup>(3)</sup>	84,976,978	16.48	-	-
Placee	39,646,350	7.69	-	-

Notes:-

(1) Deemed interest through Ter Equity, his Nominated Investors and Ter Equity's Nominated Investors pursuant to Section 6A of the Companies Act, 1965.

(2) Deemed interest through its Nominated Investor pursuant to Section 6A of the Companies Act, 1965.

(3) As set out in Section 2.1.2, Datuk Ter and Ter Equity may procure / nominate other party(ies) to subscribe for a portion of their respective Rights Shares entitlements, if required and that they will not trigger any MGO while at the same time ensuring that at least the Minimum Subscription Level is achieved.

**Maximum Scenario**

Name	As at the LPD				(I) After the Proposed Rights Issue With Warrants				(II) After (I) and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%	No. of MAICA Shares	%
	Datuk Ter	33,728,000	21.30	45,639,344 <sup>(1)</sup>	28.82	134,912,000	21.30	182,557,376 <sup>(1)</sup>	28.82	134,912,000	19.36	182,557,376 <sup>(1)</sup>
Ter Equity	45,639,344	28.82	-	-	182,557,376	28.82	-	-	182,557,376	26.20	-	-
Placee	-	-	-	-	-	-	-	-	63,344,589	9.09	-	-

Name	(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of MAICA Shares	%	No. of MAICA Shares	%
Datuk Ter	168,640,000	19.72	228,196,720 <sup>(1)</sup>	26.68
Ter Equity	228,196,720	26.68	-	-
Placee	63,344,588	7.41	-	-

**Note:-**

(1) Deemed interest through Ter Equity pursuant to Section 6A of the Companies Act, 1965.

### **4.3 Earnings and EPS**

The Proposals are not expected to have an immediate material effect on the earnings of MAICA for the financial year ending 31 March 2014 as the Proposals are expected to be completed by the third (3<sup>rd</sup>) quarter of calendar year 2014.

There will be a corresponding dilution in MAICA's consolidated EPS as a result of the enlarged issued and paid-up share capital of MAICA arising from the issuance of new MAICA Shares pursuant to the Proposed Rights Issue With Warrants and Proposed Private Placement as well as the issuance of new MAICA Shares due to the exercise of the Warrants.

Nevertheless, the Proposed Rights Issue With Warrants and Proposed Private Placement are expected to contribute positively to the future earnings of MAICA Group arising from the proposed utilisation of proceeds from the Proposed Rights Issue With Warrants and Proposed Private Placement to further develop its property development operations.

The potential effects of the exercise of the Warrants on the future earnings and EPS of the Group will depend upon, amongst others, the number of Warrants exercised at any point in time and the returns generated by the Group from the utilisation of proceeds arising from the exercise of the Warrants.

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#### 4.4 NA and gearing

Based on the latest audited consolidated financial statements of MAICA Group for the FYE 31 March 2013, the proforma effects of the Proposed Rights Issue With Warrants and Proposed Private Placement on the consolidated NA per share and gearing of the Group are as follows:-

##### Minimum Scenario

	Audited as at 31 March 2013	After asset injections <sup>(1)</sup>	(I) After the Proposed Rights Issue With Warrants <sup>(2)</sup>	(II) After (I) and the Proposed Private Placement <sup>(5)</sup>	(III) After (II) and assuming full exercise of the Warrants <sup>(6)</sup>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	65,180	79,180	198,231	218,054	257,738
Share premium	13,296	13,296	18,771 <sup>(3)</sup>	28,683	159,100
Warrant reserve	-	-	27,240 <sup>(4)</sup>	27,240 <sup>(4)</sup>	-
Capital Reserve	815	815	815	815	815
Accumulated losses	(8,565)	(9,065)	(9,065)	(9,065)	(9,065)
<b>Shareholders equity / NA</b>	<b>70,726</b>	<b>84,226</b>	<b>235,992</b>	<b>265,727</b>	<b>408,588</b>
Number of ordinary shares ('000)	130,361	158,361	396,464	436,110	515,477
NA per share (RM)	0.54	0.53	0.60	0.61	0.79
Total borrowings	-	-	-	-	-
Gearing (times)	-	-	-	-	-

##### Notes:-

- (1) For illustrative purposes, the proforma effects is adjusted for the acquisition by MAICA of the rights and interest of Cangkat Nusantara Sdn Bhd ("CNSB"), including the development rights to a commercial development project and a parcel of development land from CNSB, for a total purchase consideration of RM56 million to be settled via cash and 28,000,000 MAICA Shares, which are completed on 22 January 2014.
- (2) Computed based on the indicative issue price of RM0.65 per Rights Share.
- (3) After deducting estimated expenses to be incurred for the Proposed Rights Issue With Warrants of approximately RM2.5 million (of which the balance RM0.5 million is deducted from the Warrant Reserve account) and after accounting for the warrants reserve based on the issuance of 79,367,344 Warrants with an indicative fair value of RM0.35 per Warrant.
- (4) Based on the issuance of 79,367,344 Warrants with an indicative fair value of RM0.35 per Warrant and after deducting RM0.5 million of estimated expenses to be incurred for the Proposed Rights Issue With Warrants.
- (5) Computed based on the indicative issue price of the Placement Share of RM0.75 per Placement Share
- (6) Computed based on the indicative exercise price of the Warrants of RM1.80 per MAICA Share.

## Maximum Scenario

			(I)	(II)	(III)
	Audited as at 31 March 2013	After asset injections <sup>(1)</sup>	After the Proposed Rights Issue With Warrants <sup>(2)</sup>	After (I) and the Proposed Private Placement <sup>(5)</sup>	After (II) and assuming full exercise of the Warrants <sup>(6)</sup>
	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share capital	65,180	79,180	316,722	348,394	427,575
Share premium	13,296	13,296	25,030 <sup>(3)</sup>	40,866	301,265
Warrant reserve	-	-	54,529 <sup>(4)</sup>	54,529	-
Capital Reserve	815	815	815	815	815
Accumulated losses	(8,565)	(9,065)	(9,065)	(9,065)	(9,065)
<b>Shareholders equity / NA</b>	<b>70,726</b>	<b>84,226</b>	<b>388,031</b>	<b>435,539</b>	<b>720,590</b>
Number of ordinary shares ('000)	130,361	158,361	633,445	696,790	855,152
NA per share (RM)	0.54	0.53	0.61	0.63	0.84
Total borrowings	-	-	-	-	-
Gearing (times)	-	-	-	-	-

### Notes:-

- (1) For illustrative purposes, the proforma effects is adjusted for the acquisition by MAICA of the rights and interest of Cangkat Nusantara Sdn Bhd ("CNSB"), including the development rights to a commercial development project and a parcel of development land from CNSB, for a total purchase consideration of RM56 million to be settled via cash and 28,000,000 MAICA Shares, which are completed on 22 January 2014.
- (2) Computed based on the indicative issue price of RM0.65 per Rights Share.
- (3) After deducting estimated expenses to be incurred for the Proposed Rights Issue With Warrants of approximately RM4.1 million (of which the balance RM0.9 million is deducted from the Warrant Reserve account) and after accounting for the warrants reserve based on the issuance of 158,361,472 Warrants with an indicative fair value of RM0.35 per Warrant.
- (4) Based on the issuance of 158,361,472 Warrants with an indicative fair value of RM0.35 per Warrant and after deducting RM0.9 million of estimated expenses to be incurred for the Proposed Rights Issue With Warrants.
- (5) Computed based on the indicative issue price of the Placement Share of RM0.75 per Placement Share
- (6) Computed based on the indicative exercise price of the Warrants of RM1.80 per MAICA Share.



#### **4.5 Convertible securities**

As at the date of this announcement, the Company does not have any existing convertible securities.

#### **5. APPROVALS REQUIRED**

The Proposals are subject to the following approvals being obtained:-

- (i) the approval of Bursa Securities for:-
  - (a) the admission, the listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue With Warrants on the Official List of Main Market of Bursa Securities;
  - (b) the listing of and quotation for the Rights Shares to be issued pursuant to the Proposed Rights Issue With Warrants as well as the new MAICA Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities; and
  - (c) the listing and quotation for the Placement Shares on the Main Market of Bursa Securities;
- (ii) the approval of the Shareholders at an Extraordinary General Meeting (“EGM”) to be convened for the Proposals; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Rights Issue With Warrants and Proposed Private Placement are conditional upon the Proposed Increase In Authorised Share Capital and Proposed Amendment. The Proposed Increase In Authorised Share Capital is inter-conditional upon the Proposed Amendment. The Proposed Private Placement is not conditional upon the Proposed Rights Issue With Warrants and vice versa, but will be implemented after the Proposed Rights Issue With Warrants.

The Proposals are not conditional or inter-conditional upon any other corporate exercises being or proposed to be undertaken by the Company.

#### **6. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST**

None of the Directors and/or major shareholders of MAICA and/or persons connected with them have any interest, either direct or indirect, in the Proposals apart from their respective entitlements under the Proposed Rights Issue With Warrants, to which all shareholders of MAICA are similarly entitled to, including the right to apply for excess Rights Shares.

#### **7. BOARD OF DIRECTORS’ STATEMENT**

The Board, having considered the current and prospective financial position and capacity of the Group and after taking into consideration the rationale and effects of the Proposals, is of the opinion that the Proposals are in the best interests of the Group.

#### **8. APPLICATION TO THE RELEVANT AUTHORITIES**

Application(s) to the relevant authorities are expected to be submitted within one (1) month from the date of this announcement.

**9. ADVISERS**

RHB Investment Bank, AmInvestment Bank and Astramina have been appointed as the Joint Advisers to MAICA for the Proposals.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstance, the Board expects the Proposals to be completed by the third (3<sup>rd</sup>) quarter of calendar year 2014.

This announcement is dated 28 March 2014.