

CYPARK RESOURCES BERHAD (“CRB” OR “COMPANY”)

PROPOSED PRIVATE PLACEMENT OF UP TO 28,737,397 NEW ORDINARY SHARES IN CRB (“CRB SHARE(S)”) (“PLACEMENT SHARE(S)”), REPRESENTING UP TO 10% OF THE ISSUED SHARES OF CRB AT AN ISSUE PRICE TO BE DETERMINED AND ANNOUNCED LATER (“PROPOSED PRIVATE PLACEMENT”)

1. INTRODUCTION

On behalf of the Board of Directors of CRB (“**Board**”), Public Investment Bank Berhad (“**PIVB**”) wishes to announce that the Company proposes to undertake the Proposed Private Placement.

Further details of the Proposed Private Placement are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

2.1 Size of the placement

The Proposed Private Placement shall be up to 10% of the issued shares of CRB.

As at 30 April 2018 (being the latest practicable date prior to this announcement) (“**LPD**”), the total number of issued shares of the Company is 261,412,172 CRB Shares. In addition, as at the LPD, the Company has 19,426,500 outstanding share options which were granted on 28 April 2017 pursuant to CRB’s employee share option scheme (“**ESOS**”), where each ESOS option is exercisable into one CRB Share at an exercise price of RM2.12 (“**ESOS Option(s)**”) (“**Outstanding ESOS Options**”).

Further to the above, the Board had on 2 February 2018, proposed a final single-tier dividend of RM0.056 per CRB Share held in respect of the financial year ended 31 October 2017 (“**Final Dividend**”). The shareholders of CRB had, at the Thirteenth (13th) Annual General Meeting (“**AGM**”) held on 9 April 2018, approved the Final Dividend and the renewal of the authority to allot and issue new CRB Shares for the purpose of the dividend reinvestment scheme (“**DRS**”) which will provide the entitled shareholders of CRB with the option to elect to reinvest their Final Dividend in new CRB Shares.

On 16 April 2018, Public Investment Bank Berhad (“**PIVB**”) had on behalf of the Board, announced that Bursa Malaysia Securities Berhad (“**Bursa Securities**”) had vide its letter dated 13 April 2018, approved the listing of and quotation for up to 6,535,304 new CRB Shares to be issued pursuant to the DRS in respect of the Final Dividend on the Main Market of Bursa Securities.

Assuming the full exercise of all the Outstanding ESOS Options and the issuance of 6,535,300 new CRB Shares pursuant to the DRS (after disregarding fractional entitlement and odd lots of new CRB Shares which are insufficient for the issuance of one board lot (i.e. 100 CRB Shares) prior to the implementation of the Proposed Private Placement, the resultant total number of issued shares of the Company will be 287,373,972 CRB Shares. Accordingly, based on the 10% of the total number of issued shares of the Company, the issue size of the Proposed Private Placement will be up to 28,737,397 Placement Shares.

The actual number of Placement Shares to be issued pursuant to the Proposed Private Placement will depend on the total number of issued shares of the Company on a date to be determined and announced later, after receipt of all relevant approvals for the Proposed Private Placement.

For illustrative purposes, throughout this announcement, the effects of the Proposed Private Placement shall be based on the following two scenarios:

Minimum Scenario : Assuming that:

- (i) none of the Outstanding ESOS Options is exercised prior to the implementation of the Proposed Private Placement;
- (ii) none of the entitled shareholders of CRB elect to reinvest their Final Dividend in new CRB Shares pursuant to the DRS; and
- (iii) the Placement Shares are fully placed out.

Maximum Scenario : Assuming that:

- (i) all the Outstanding ESOS Options are exercised prior to the implementation of the Proposed Private Placement;
- (ii) all the entitled shareholders of CRB elect to reinvest their Final Dividend in new CRB Shares pursuant to the DRS; and
- (iii) the Placement Shares are fully placed out.

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 (“**Act**”), the approval of which had been obtained from shareholders of the Company at its last AGM convened on 9 April 2018 (“**General Mandate**”).

In any case, the Company will ensure compliance with Paragraph 6.03 of Bursa Securities (“**Listing Requirements**”) and the Board shall also ensure that the number of Placement Shares to be placed is within the authority granted by the shareholders at the last AGM.

2.2 Placement arrangement

The Placement Shares will be placed out to 3rd party investor(s) to be identified at a later date. Such placement shall fall within the criteria set out under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

In addition, pursuant to Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed out to the following parties:

- (i) a director, major shareholder or chief executive of CRB or a holding company of CRB (“**Interested Person(s)**”) or person(s) connected with the Interested Person(s); and
- (ii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

Subject to the prevailing market conditions and timing of identification of the place(s), the Proposed Private Placement may be implemented in one or more tranches within 6 months from the date of approval of Bursa Securities for the Proposed Private Placement or any extended period as may be approved by Bursa Securities, subject always to the expiry of the General Mandate or a new mandate being obtained from the shareholders of the Company, as the case may be.

2.3 Basis of arriving at the issue price of the Placement Shares

The issue price of the Placement Shares will be determined and fixed by the Board at a future date, after obtaining the approval from the relevant authorities for the Proposed Private Placement (“**Price-Fixing Date**”).

Pursuant to Paragraph 6.04(a) of the Listing Requirements, the Placement Shares may be issued at a discount, if any, of not more than 10% to the 5-day volume weighted average market price (“**VWAP**”) of the CRB Shares immediately preceding the Price-Fixing Date.

For illustrative purposes only, the illustrative issue price of the Placement Shares is RM2.24 per Placement Share, which represents a discount of approximately 9.60 % to the 5-day VWAP of CRB Shares up to and including the LPD of RM2.4779 per CRB Share.

2.4 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank equally in all respects with the existing CRB Shares, save and except that the holder of the Placement Shares will not be entitled to any dividends, rights, allotment and/or any 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 Placement Shares, as the case may be.

2.5 Listing of and quotation for the Placement Shares

An application will be made to Bursa Securities for the listing of and quotation for up to 28,737,397 Placement Shares on the Main Market of Bursa Securities.

2.6 Utilisation of proceeds

For illustration purposes, based on the Minimum Scenario and Maximum Scenario mentioned in Section 2.1 above, at the indicative issue price of RM2.24 per Placement Share, the Proposed Private Placement is expected to raise estimated gross proceeds of up to RM64.37 million, which is proposed to be utilised in the following manner:

	Minimum Scenario RM'000	Maximum Scenario RM'000	Expected timeframe for utilisation of proceeds from the date of listing of the Placement Shares
Working capital requirements for the engineering, procurement, construction and commissioning ("EPCC") of a large scale solar photovoltaic ("PV") plant ("LSSPV") ^(a)	57,856	63,672	Within eighteen (18) months
Estimated expenses ^(b)	700	700	Within six (6) months
Total	58,556	64,372	

Notes:

- (a) CRB had accepted the conditional letter of award dated 25 January 2018 from Cove Suria Sdn Bhd ("CSSB") in respect of the EPCC contract and operation and maintenance ("O&M") contract of the LSSPV of 30 Mega-Watt capacity at Empangan Kelinchi, Negeri Sembilan ("Empangan Kelinchi LSSPV").

Pursuant to the EPCC contract of the Empangan Kelinchi LSSPV, CRB will be involved in the design, engineering, supply, installation and erection, testing and commissioning of a fully functional LSSPV on a turnkey basis on a piece of land at Empangan Kelinchi which covers a total area of approximately 140 acres. Upon completion of the Empangan Kelinchi on a turnkey basis, CRB will also be involved in the long-term O&M of the LSSPV.

The total contract sum of the EPCC contract and the O&M contract is approximately RM260.51 million.

The contract period of the abovementioned contracts are as follows:

- (i) EPCC contract of the Empangan Kelinchi LSSPV is for a period of 24 months from the date of notice of commence of EPCC work issued by CSSB, which is expected to be in the second quarter of 2018 and is expected to be completed by the end of the second quarter of 2020.
- (ii) O&M contract of the Empangan Kelinchi LSSPV is for a period of 21 years from the commercial operation date confirmed by Tenaga Nasional Berhad which is expected to be in the fourth quarter of 2020.

The Empangan Kelinchi LSSPV, once completed and fully operational, is expected to contribute positively to the revenue and earnings of CRB as the earnings will be recurrent with the main revenue source being the O&M fee for a period of 21 years from the date of commercial operation of the LSSPV.

As such, CRB proposes to utilise a portion of the proceeds to be raised from the Proposed Private Placement to meet the working capital requirements for the Empangan Kelinchi LSSPV, mainly for design and preliminaries expenses, civil, structural and installation expenses, as well as the purchase of equipment for the LSSPV which includes amongst others, solar PV modules, solar structures, switchgears and transformers.

- (b) The estimated expenses for the Proposed Private Placement of RM700,000 includes the estimated professional fees, placement fees, fees payable to authorities and other miscellaneous expenses. Any surplus or shortfall of funds for the payment of expenses for the Proposed Private Placement will be adjusted in the portion of the proceeds to be utilised for working capital requirements for the EPCC contract relating to the Empangan Kelinchi LSSPV.

The actual utilisation for capital expenditure for the EPCC contract relating to the Empangan Kelinchi LSSPV may differ subject to the operational requirements and business dynamics at the time of utilisation. Hence, if there is any excess, unutilised or shortfall of these proposed utilisation of proceeds, the necessary adjustments will be made from/to the proposed allocation for working capital.

Pending the utilisation of proceeds from the Proposed Private Placement, the proceeds will be placed in interest-bearing deposits with financial institution(s) or short-term money market instruments. The interest derived from the deposits with the financial institution(s) or short-term money market instrument(s) will be used for CRB and its subsidiaries' ("**Group**") working capital requirements.

3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The proceeds raised from the Proposed Private Placement will be utilised for purposes as detailed in Section 2.6 of this announcement. After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is the most appropriate avenue of fund raising due to the following factors:

- (i) enable the Group to raise funds expeditiously without relying entirely on equity funding from the existing shareholders of the Company as compared to a proportionate issuance of new CRB Shares in a rights issue scenario, which would typically entail a longer implementation time;
- (ii) allow the Group to raise funds without incurring interest expenses as compared to bank borrowings; and
- (iii) the enlarged share base is expected to enhance the liquidity of the CRB Shares on the Main Market of Bursa Securities.

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4. EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

4.1 Issued share capital

The pro forma effect of the Proposed Private Placement on the total issued share capital of CRB is as follows:

	Minimum Scenario		Maximum Scenario	
	No. of CRB Shares	Amount RM	No. of CRB Shares	Amount RM
Issued share capital as at the LPD	261,412,172	289,711,018	261,412,172	289,711,018
To be issued pursuant to the DRS	-	-	^(a) 6,535,300	^(b) 14,639,072
To be issued assuming full exercise of the Outstanding ESOS Options	-	-	19,426,500	^(c) 45,566,799
To be issued pursuant to the Proposed Private Placement	26,141,217	^(d) 58,556,326	28,737,397	^(d) 64,371,769
Total enlarged issued share capital	287,553,389	348,267,344	316,111,369	414,288,658

Notes:

- (a) Shareholders of CRB who elect to reinvest the Final Dividend and receive new CRB Shares shall be allotted such new CRB Shares in multiples of and not less than 100 new CRB Shares. The amount of the Final Dividend relating to the entitlement of new CRB Shares of less than 100 new CRB Shares will be paid in cash to the shareholders of CRB in the usual manner.
- (b) Based on the illustrative issue price of RM2.24 per new CRB Shares to be issued pursuant to the DRS.
- (c) Assuming the Outstanding ESOS Options are exercised at the exercise price of RM2.12 per ESOS Option and after accounting for the reversal of the employee share option reserve.
- (d) Based on an illustrative issue price of RM2.24 per Placement Share.

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4.2 Net assets (“NA”) per CRB Share and gearing

Based on the latest audited consolidated statements of financial position of CRB as at 31 October 2017, the pro forma effects of the Proposed Private Placement on the NA per CRB Share and gearing of CRB are set out below:

Minimum Scenario:

Group level	Audited as at 31 October 2017 RM	After the subsequent event ^(a) RM	After payment of the Final Dividend ^(b) RM	After the Proposed Private Placement ^(c) RM
Share capital	288,728,212	289,711,018	289,711,018	348,267,344
Reverse acquisition reserve	(36,700,000)	(36,700,000)	(36,700,000)	(36,700,000)
Employee share option reserve	4,477,145	4,382,619	4,382,619	4,382,619
Retained earnings	250,729,352	250,729,352	236,090,270	^(d) 235,390,270
Total equity attributable to owners of the Company/NA	507,234,709	508,122,989	493,483,907	551,340,233
Number of CRB Shares in issue	260,993,172	261,412,172	261,412,172	287,553,389
NA per CRB Share (RM)	1.94	1.94	1.89	1.92
Total borrowings	567,670,558	567,670,558	567,670,558	567,670,558
Gearing (times)	1.12	1.12	1.15	1.03

Notes:

- (a) Being the adjustment arising from the issuance of 419,000 new CRB Shares pursuant to the exercise of ESOS Options.
- (b) Assuming none of the entitled shareholders of CRB elect to reinvest their Final Dividend in new CRB Shares pursuant to the DRS and the payment of approximately RM14.64 million in cash to the shareholders of CRB.
- (c) Assuming 26,141,217 Placement Shares are issued at an illustrative issue price of RM2.24 per CRB Share.
- (d) After deducting the estimated expenses of approximately RM700,000 in relation to the Proposed Private Placement.

Maximum Scenario:

Group level	Audited as at 31 October 2017 RM	After the subsequent event^(a) RM	After the DRS^(b) RM	Assuming full exercise of the Outstanding ESOS Options^(c) RM	After the Proposed Private Placement^(d) RM
Share capital	288,728,212	289,711,018	304,350,090	349,916,889	414,288,658
Reverse acquisition reserve	(36,700,000)	(36,700,000)	(36,700,000)	(36,700,000)	(36,700,000)
Employee share option reserve	4,477,145	4,382,619	4,382,619	-	-
Retained earnings	250,729,352	250,729,352	236,090,270	236,090,270	^(e) 235,390,270
Total equity attributable to owners of the Company/NA	507,234,709	508,122,989	508,122,979	549,307,159	612,978,928
Number of CRB Shares in issue	260,993,172	261,412,172	267,947,472	287,373,972	316,111,369
NA per CRB Share (RM)	1.94	1.94	1.90	1.91	1.94
Total borrowings	567,670,558	567,670,558	567,670,558	567,670,558	567,670,558
Gearing (times)	1.12	1.12	1.12	1.03	0.93

Notes:

- (a) *Being the adjustment arising from the issuance of 419,000 new CRB Shares pursuant to the exercise of ESOS Options.*
- (b) *Assuming all of the entitled shareholders of CRB elect to reinvest their Final Dividend in new CRB Shares pursuant to the DRS and the amount of Final Dividend relating to the entitlement of new CRB Shares of less than 100 new CRB Shares are paid in cash.*
- (c) *Assuming 6,535,300 new CRB Shares are issued pursuant to the DRS at an illustrative issue price of RM2.24 per CRB Share.*
- (d) *Assuming 19,426,500 new CRB Shares are issued pursuant to exercise of the Outstanding ESOS Options at an illustrative issue price of RM2.12 per CRB Share.*
- (e) *Assuming 28,737,397 Placement Shares are issued at an illustrative issue price of RM2.24 per CRB Share.*
- (f) *After deducting the estimated expenses of approximately RM700,000 in relation to the Proposed Private Placement.*

4.3 Earnings and earnings per CRB Share (“EPS”)

The Proposed Private Placement is not expected to have any material effect on the consolidated earnings of CRB for the financial year ending 31 October 2018. However, the Proposed Private Placement may dilute CRB’s consolidated EPS as a result of the increase in the number of CRB Shares issued pursuant to the Proposed Private Placement.

Nonetheless, the proceeds from the Proposed Private Placement are expected to contribute positively to the future earnings of CRB, as and when the benefits of the utilisation of proceeds are realised.

4.4 Substantial shareholders’ shareholdings

The pro forma effects of the Proposed Private Placement on the substantial shareholders’ shareholdings of the Company as at the LPD are set out below:

Minimum Scenario:

Substantial shareholders	As at the LPD				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of CRB Shares held	^(a) %	No. of CRB Shares held	^(a) %	No. of CRB Shares held	^(b) %	No. of CRB Shares held	^(b) %
Tan Sri Razali bin Ismail	46,507,900	17.79	-	-	46,507,900	16.17	-	-
Dato’ Daud bin Ahmad	41,480,956	15.87	-	-	41,480,956	14.43	-	-
Employees Provident Fund Board (“EPF”)	23,365,700	8.94	-	-	23,365,700	8.13	-	-

Notes:

(a) Computed based on 261,412,172 CRB Shares.

(b) Computed based on 287,553,389 CRB Shares.

Maximum Scenario:

	As at the LPD				After the DRS ^(e)			
	Direct		Indirect		Direct		Indirect	
	No. of CRB Shares held	^(a) %	No. of CRB Shares held	^(a) %	No. of CRB Shares held	^(b) %	No. of CRB Shares held	^(b) %
Substantial shareholders								
Tan Sri Razali bin Ismail	46,507,900	17.79	-	-	47,670,500	17.79	-	-
Dato' Daud bin Ahmad	41,480,956	15.87	-	-	42,517,956	15.87	-	-
EPF	23,365,700	8.94	-	-	23,949,800	8.94	-	-

	Assuming full exercise of the Outstanding ESOS Options ^(f)				After the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect	
	No. of CRB Shares held	^(c) %	No. of CRB Shares held	^(c) %	No. of CRB Shares held	^(d) %	No. of CRB Shares held	^(d) %
Substantial shareholders								
Tan Sri Razali bin Ismail	50,670,500	17.63	-	-	50,670,500	16.03	-	-
Dato' Daud bin Ahmad	51,517,956	17.93	-	-	51,517,956	16.30	-	-
EPF	23,949,800	8.33	-	-	23,949,800	7.58	-	-

Notes:

(a) Computed based on 261,412,172 CRB Shares.

(b) Computed based on 267,947,472 CRB Shares.

(c) Computed based on 287,373,972 CRB Shares.

(d) Computed based on 316,111,369 CRB Shares.

(e) Assuming Tan Sri Razali bin Ismail, Dato' Daud bin Ahmad and EPF are issued 1,162,600, 1,037,000 and 584,100 new CRB Shares pursuant to the DRS, respectively.

(f) Assuming Tan Sri Razali bin Ismail and Dato' Daud bin Ahmad exercises their outstanding ESOS Options of 3,000,000 and 9,000,000 ESOS Options, respectively.

4.5 Existing convertible securities

As at the LPD, CRB does not have any convertible securities save for 19,426,500 Outstanding ESOS Options granted to its eligible employees and directors. The Proposed Private Placement will not have any effect on the ESOS Options in CRB.

5. APPROVALS REQUIRED

The Proposed Private Placement is conditional upon approvals being obtained from the following:

- (i) Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities;
- (ii) any other relevant authorities and/or parties, if required.

The Board intends to allot and issue the Placement Shares under the General Mandate. As the Placement Shares will be issued under the General Mandate, the Proposed Private Placement does not require the approval by the shareholders of the Company. However, if the Placement Shares are not offered to 3rd party investors before the expiry of the General Mandate, the offering of such Placement Shares will be conditional upon the General Mandate being renewed at the next AGM of the Company. The Proposed Private Placement is not conditional upon any other proposal undertaken or to be undertaken by the Company.

6. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the Directors and/or major shareholders of CRB and/or persons connected with them have any interest, whether direct or indirect, in the Proposed Private Placement.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Private Placement is of the opinion that the Proposed Private Placement is in the best interest of the Group.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Private Placement is expected to be completed by the fourth quarter of 2018.

9. APPLICATION TO THE AUTHORITIES

Barring any unforeseen circumstances, the application to the relevant authorities in relation to the Proposed Private Placement is expected to be submitted within one month from the date of this announcement.

10. ADVISER

PIVB has been appointed as the Principal Adviser and Placement Agent for the Proposed Private Placement.

This announcement is dated 17 May 2018.