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**STAR PUBLICATIONS (MALAYSIA) BERHAD**  
(COMPANY NO. 10894-D)  
(INCORPORATED IN MALAYSIA)

**STATEMENT TO SHAREHOLDERS**

**IN RELATION TO:**

**PROPOSED RENEWAL OF AUTHORITY FOR  
STAR PUBLICATIONS (MALAYSIA) BERHAD  
("STAR PUBLICATIONS" OR "THE COMPANY")  
TO PURCHASE ITS OWN SHARES**

The Ordinary Resolution in respect of the above proposal will be tabled as Special Business at the Fortieth Annual General Meeting ("40th AGM") of the Company. Notice of the 40th AGM, to be held at the Cyberhub, Level 2, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 23 May 2012 at 10.00 a.m. together with a Form of Proxy are enclosed together with the Annual Report of the Company for the financial year ended 31 December 2011.

If you are unable to attend and vote at the 40th AGM, please complete and return your Form of Proxy in accordance with the instructions thereon. The completed Form of Proxy must be deposited at the Registered Office of the Company at Level 15, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for holding the 40th AGM or any adjournment thereof. The lodging of the Proxy Form will not preclude you from attending and voting in person at the 40th AGM should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy: Monday, 21 May 2012 at 10.00 a.m.  
Date and time of the 40th AGM : Wednesday, 23 May 2012 at 10.00 a.m.

This Statement is dated 26 April 2012

## DEFINITIONS

Except where the context otherwise requires, the following definitions (in alphabetical order) shall apply throughout this Statement to Shareholders:

"Act"	:	Companies Act, 1965, as amended from time to time
"AGM"	:	Annual General Meeting
"Board"	:	Board of Directors of Star Publications (Malaysia) Berhad
"Bursa Securities"	:	Bursa Malaysia Securities Berhad
"Code"	:	The Malaysian Code on Take-Overs and Mergers, 2010 as amended from time to time
"Director"	:	Shall have the meaning given in Section 2 of the Capital Markets and Services Act 2007
"Direct Business Transaction"	:	Shall mean a transaction in securities entered into outside the Automated Trading System of Bursa Securities in accordance with the Rules of Bursa Securities
"EPS"	:	Earnings per share
"Listing Requirements"	:	The Main Market Listing Requirements of Bursa Securities as at the date of this share buy-back statement
"NA"	:	Net Assets
"Proposed Share Buy-Back"	:	Proposed renewal of authority for Star Publications to purchase up to ten per centum (10%) of its issued and paid-up share capital
"Proposal"	:	Proposed Share Buy-Back
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"Star Publications" or "Company"	:	Star Publications (Malaysia) Berhad (10894-D)
"Star Publications' Share(s)" or "Share(s)"	:	Ordinary share(s) of RM1.00 each fully paid-up in Star Publications
"Substantial shareholders"	:	Shall have the meaning given in Section 69D of the Act

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# **STAR PUBLICATIONS (MALAYSIA) BERHAD**

(Company No.: 10894-D)  
(Incorporated in Malaysia)

## **SHARE BUY-BACK STATEMENT**

### **1. INTRODUCTION**

The shareholders of the Company had at the Thirty-Ninth AGM of the Company held on 26 May 2011, granted approval for the Directors to purchase up to ten per centum (10%) of the issued and paid-up share capital of the Company. The said mandate shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM (i.e. the 40th AGM) unless a fresh mandate is obtained from its shareholders.

On 27 February 2012, the Company announced to Bursa Securities that the Board proposes to seek its shareholders' approval for the Proposed Share Buy-Back.

The proposal if approved by the shareholders would become valid immediately upon the passing of the Ordinary Resolution at the forthcoming 40th AGM and will expire at the conclusion of the next AGM i.e. the Forty-First ("41st") AGM of the Company unless the authority is further renewed by ordinary resolution passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting, whichever occurs first.

The Notice of 40th AGM and Form of Proxy are enclosed in the Annual Report 2011.

### **2. DETAILS OF THE PROPOSED SHARE BUY-BACK**

The Board proposes to seek a renewal of the authority from the Company's shareholders to purchase up to ten per centum (10%) of its issued and paid-up share capital. The issued and paid-up share capital of the Company as at 30 March 2012, is RM738,563,602 comprising 738,563,602 Star Publications' Shares inclusive of 70,200 Star Publications' Shares which have been bought back and retained as treasury shares as at 30 March 2012. For illustration purpose, 10% of the issued and paid-up share capital of the Company as at 30 March 2012 is 73,856,360 Star Publications' Shares of which includes treasury shares of 70,200 Star Publications' Shares currently held by the Company. Hence, the maximum number of Star Publications' Shares which may be purchased and/or held as treasury shares by the Company is 73,856,360 Star Publications' Shares inclusive of 70,200 Star Publications' Shares currently held by the Company as treasury shares.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming AGM and shall be valid until:

- (i) the conclusion of the next AGM of the Company (being the 41st AGM of the Company) following the forthcoming AGM, at which the Proposed Share Buy-Back was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the 41st AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

Pursuant to the provisions of the Listing Requirements, Star Publications may only purchase its own shares at a price which is not more than 15% above the weighted average market price of Star Publications' Share for the past five (5) market days immediately preceding the date of purchase(s).

In accordance with Paragraph 12.26 of the Listing Requirements, the Company may purchase its own shares in odd lots or any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through a Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

In the case of resale of treasury shares, Star Publications may only resell the Star Publications' Shares at:-

- (i) a price which is not less than the weighted average market price of Star Publications' Shares for the past five (5) market days immediately before the resale; or
- (ii) a discounted price of not more than 5% to the weighted average market price of the Star Publications' Shares for the past five (5) market days immediately before the resale provided that:-
  - a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
  - b) the resale price is not less than the cost of purchase of the Star Publications' Shares being resold.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Securities. Rather, the Proposed Share Buy-Back will allow the Board to exercise the powers of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings.

The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds and bank borrowings at the time of the purchase(s), actual number of Star Publications' Shares to be purchased and other relevant cost factors. Should the Proposed Share Buy-Back be financed through bank borrowings, the Company is expected to have sufficient funds to repay such borrowings. The Proposed Share Buy-Back is expected to reduce the cash flow of the Company. The actual number of Star Publications' Shares to be purchased will depend on, amongst others, the market conditions and sentiments of the stock market as well as the retained earnings, share premium account and financial resources available to the Company.

The Board proposed to allocate up to the amount available under the retained earnings and share premium account of the Company for the purchase of Star Publications' Shares subject to compliance with Section 67A of the Act, as amended from time to time, and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. Based on the audited financial statements for the financial year ended 31 December 2011, the retained earnings of the Company were RM273,904,624. The Company does not have any share premium account as at 31 December 2011.

The purchased shares may be cancelled or retained as treasury shares or a combination of both. An announcement will be made to Bursa Securities on whether the purchased shares will be cancelled or retained as treasury shares or a combination of both in due course. The purchased shares held as treasury shares, may either be cancelled, distributed as share dividends or resold by the Company on Bursa Securities, or a combination of the above, depending on the availability of, among others, the retained earnings and/or share premium of the Company.

If such purchased shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise would be suspended and the treasury shares would not be taken into account in calculating the number or percentage of shares or a class of shares in the Company for any purposes including the determination of substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at the meetings of the shareholders.

Where the Board decides to distribute the treasury shares as share dividends, the costs of the Shares on the original purchase may be applied in the reduction of the retained earnings and/or the share premium account of the Company.

In accordance with Paragraph 12.09 of the Listing Requirements, the Company must not purchase its own shares or hold any of its own shares as treasury shares if this results in the aggregate shares purchased or held to exceed 10% of the issued and paid-up share capital of the Company.

### **3. POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase Star Publications' Shares as and when the Board deems fit in the interest of its shareholders during the tenure the authority granted is in effect.

In addition, the purchased Shares may be held as treasury shares and resold on Bursa Securities with the intention of realising a potential capital gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve as a reward to the shareholders of the Company.

With the mandate, the Company will also be able to stabilise the supply and demand of Star Publications' Shares traded on Bursa Securities and thereby supports its fundamental value if required.

The Proposed Share Buy-Back will, however, reduce the working capital of the Company and may affect the Company's ability to undertake good investment opportunities that may emerge in future and may also reduce the amount of financial resources available for distribution in the form of dividend to the shareholders of Star Publications. It is also expected to reduce the cash flow of the Company, the quantum of which will depend on the actual number of Shares to be purchased and the purchase price thereof.

Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in undertaking the Proposed Share Buy-Back.

### **4. RATIONALE FOR THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back is likely to potentially benefit Company and its shareholders in the following manner:

- (i) The Company may be able to stabilise the market prices of the Shares and hence support its fundamental value by reducing the number of Shares in issue;
- (ii) if the Shares purchased by the Company are cancelled, shareholders may enjoy an increase in the value of their investment in the Company due to the increase in its EPS as a result of the reduction in its issued and paid-up share capital; and
- (iii) the Board will have an opportunity to distribute any Shares bought back and held as treasury shares as share dividends to reward shareholders and/or resell the treasury shares at a higher price, thereby making a capital gain for the Company.

## **5. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK**

The effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and substantial shareholders' and Directors' shareholdings of the Company are as set out below:

### **(a) Issued and paid-up share capital**

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of the Company as at 30 March 2012 will decrease from RM738,563,602 comprising 738,563,602 Star Publications' Shares inclusive of 70,200 Star Publications' Shares currently held by the Company as treasury shares to RM664,707,242 comprising 664,707,242 Star Publications' Shares. However, if all the shares of the Company purchased are retained as treasury shares, the shares repurchased would not have any effect on the share capital of the Company, although substantially all rights attached to the shares held as treasury shares would be suspended.

### **(b) NA**

The effect of the share repurchase on the NA per share of the Company is dependent on the number of the shares of the Company which the Company will buy-back, purchase price of the Company's shares at the time of buy-back, the treatment of the shares so purchased and the funding cost, if any.

If the maximum number of Star Publications' Shares are purchased and cancelled, the share repurchase would reduce the NA per share of the Company if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the Company would increase if the purchase price is less than the NA per share at the relevant point in time.

The audited NA per share of the Company based on the latest audited financial statements as at 31 December 2011 is approximately RM1.37.

The NA per Company's share will decrease if the purchased shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA by the cost of the treasury shares.

If the treasury shares are resold on the Bursa Securities, the NA per Company's shares will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per Company's share will decrease by the cost of the treasury shares.

### **(c) Working capital**

The share repurchase will result in an outflow of cash and thereby reduce the working capital of the Company, the quantum of which is dependent on the purchase prices of the Company's shares and the number of Company's shares repurchased and the funding cost, if any. Nevertheless, the Board will be mindful of the interests of the Company and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the Company prior to any repurchase of the Company's shares. In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings and to service the interest payment.

### **(d) Earnings**

The effect of the share repurchase on the EPS of the Company for the financial year ending 31 December 2012 is dependent on the purchase prices of the Company's shares and the effective funding cost and/or loss in income to the Company thereof. For instance, the share repurchase will increase the EPS of the Company if the effective funding cost and/or loss in income to the Company which is attributable to every repurchased share is lower than the EPS of the Company and vice versa.

## 6. PUBLIC SHAREHOLDING SPREAD

As at 30 March 2012, the public shareholding spread of the Company was approximately 47% of its issued and paid-up share capital (excluding treasury shares).

For the purpose of illustration, if the Company purchases up to the maximum number of Star Publications' Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of Star Publications' Shares currently held by the Directors, the substantial shareholders or associates of the Directors and/or substantial shareholders, the public shareholding spread of the Company as at 30 March 2012 is expected to be approximately 41% of its issued and paid-up share capital. The Board is mindful of the requirement that any purchase of Star Publications' Shares by the Company must not result in the public shareholding spread of Star Publications falling below 25% of its issued and paid-up share capital (excluding treasury shares).

## 7. SUBSTANTIAL SHAREHOLDERS' AND DIRECTORS' INTERESTS

The effects of the share repurchase on the shareholdings of Substantial Shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 30 March 2012 are as follows:-

### Substantial Shareholders as at 30 March 2012

	Before the Proposed Share Buy-Back				After the full implementation of the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%#	No. of Shares	%#
Employees Provident Fund Board	95,471,200 <sup>^</sup>	12.93	-	-	95,471,200 <sup>^</sup>	14.36	-	-
Amanah Raya Trustees Berhad - Skim Amanah Saham Bumiputera	73,020,200	9.89	-	-	73,020,200	10.99	-	-
AMSEC Nominees (Tempatan) Sdn Bhd - Malaysian Chinese Association	313,315,760	42.43	200,000**	0.03	313,315,760	47.14	200,000**	0.03
Overseas Chinese Banking Corporation Limited (OCBC)	-	-	38,610,800 <sup>^^</sup>	5.23	-	-	38,610,800 <sup>^^</sup>	5.81

#### Notes:

- \* Excluding a total of 70,200 Star Publications' Shares bought back and retained as treasury shares.
- # Excluding a total of 73,856,360 Star Publications' Shares assuming the entire 10% of the issued and paid-up share capital is bought back and retained as treasury shares.
- \*\* Held via Huaren Management Sdn Bhd.
- <sup>^</sup> Held via Citigroup Nominees (Tempatan) Sdn Bhd-Employees Provident Fund Board ("EPF"), EPF, Citigroup Nominees (Tempatan) Sdn Bhd-EPF Board (ABERDEEN), Citigroup Nominees (Tempatan) Sdn Bhd-EPF Board (MAYBAN) and Citigroup Nominees (Tempatan) Sdn Bhd-EPF Board (RHB INV).



Notes (continued):

^^ Deemed interest via Malaysia Nominees (Tempatan) Sdn Bhd for A/C Great Eastern Life Assurance (Malaysia) Bhd, Malaysia Nominees (Tempatan) Sdn Bhd for A/C Overseas Assurance (Malaysia) Bhd, Malaysian Trustees Berhad account for Electcoms Berhad, HSBC (Malaysia) Trustee Bhd account for HSBC Amanah Takaful Islamic Equity Portfolio, CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Trustee Berhad for account Pacific Dana Aman (3717 TRO1), HSBC (Malaysia) Trustee Bhd account for HSBC Amanah LifeSelect Equity Fund, CIMB Commerce Trustee Bhd account for Pacific Millennium Fund, Universal Trustee (Malaysia) Bhd account for Pacific Premier Fund, CIMB Commerce Trustee Bhd a/c for Pacific ELITE Emerging Markets Fund, AmTrustee Bhd account for Pacific SELECT Balance Fund, and AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for account Pacific Dividend Fund (UT-PM-DIV) pursuant to Section 6A(4)(c) of the Act.

**Directors' Shareholdings as at 30 March 2012**

	Before the Proposed Share Buy-Back				After the full implementation of the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%*	No. of Shares	%*	No. of Shares	%#	No. of Shares	%#
Tan Sri Datuk Seri Dr Fong Chan Onn	-	-	-	-	-	-	-	-
Datuk Lee Fook Long	228,300	0.031	-	-	-	-	-	-
Mr Ho Kay Tat	-	-	-	-	-	-	-	-
Tan Sri Datuk Seri Kamal Mohamed Hashim	100,000	0.014	900,000 ***	0.122	100,000	0.015	900,000***	0.135
Datin Linda Ngiam Pick Ngoh	679,000	0.092	287,000 **	0.039	679,000	0.102	287,000**	0.043
Datuk Seri Wong Chun Wai	10,000	0.001	-	-	10,000	0.002	-	-
Dato' Wira Syed Abdul Jabbar bin Syed Hassan	-	-	-	-	-	-	-	-
Dato' Dr Mohd Aminuddin bin Mohd Rouse	-	-	-	-	-	-	-	-
Mr Lee Siang Korn @ Lee Siang Chin	-	-	-	-	-	-	-	-
Dato' Yip Kum Fook	-	-	-	-	-	-	-	-
Mr Lew Weng Ho	-	-	-	-	-	-	-	-

Notes:

\* Excluding a total of 70,200 Star Publications' Shares bought back and retained as treasury shares.

# Excluding a total of 73,856,360 Star Publications' Shares assuming the entire 10% of the issued and paid-up share capital is bought back and retained as treasury shares.

\*\* Deemed interested in shares held by her spouse, siblings and child.

\*\*\* Deemed interested in shares held by his children.

Notes (continued):

None of the Directors, Substantial Shareholders and/or any persons connected with the Directors and/or Substantial Shareholders as defined in the Listing Requirements have any direct or indirect interest in the Proposed Share Buy-Back or resale of treasury shares (if any) at the forthcoming 40th AGM.

**8. PURCHASES, RESALE AND CANCELLATION OF STAR PUBLICATIONS' SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

There were no purchases made by the Company of its shares for the past 12 months. As at 30 March 2012, a total of 70,200 Star Publications' Shares was bought back and retained as treasury shares. None of the treasury shares held were resold or cancelled in the previous 12 months.

**9. IMPLICATIONS OF THE CODE**

The Code applies in a situation where a shareholder acquires more than 33% of the voting shares of a company or where a shareholder holding more than 33% but less than 50% of the voting shares of a company, acquires a further 2% of the voting shares within a period of six (6) months.

As at 30 March 2012, the equity interest of Malaysian Chinese Association ("MCA") amounted to 42.43% of the issued and paid-up share capital of the Company. In the event the Proposed Share Buy-Back is implemented in full within a period of six (6) months and the Star Publications' Shares are purchased from public shareholders, the equity interest of MCA will increase by approximately 4.71% to 47.14%, which represents an increase by more than 2%.

Accordingly, there is an obligation for MCA to undertake a mandatory general offer for the remaining Star Publications' Shares not held by MCA.

However, an exemption from a mandatory offer obligation may be granted by the Securities Commission under Practice Note 3.1.2 of the Code, subject to MCA complying with conditions stipulated in the said Practice Note.

In this regard, MCA may apply to Securities Commission for the said waiver if the obligation is expected to be triggered as a result of the Proposed Share Buy-Back.

**10. DIRECTORS' RECOMMENDATION**

The Board having considered all aspects of the Proposed Share Buy-Back is of the opinion that it is in the best interest of the Company. Accordingly, the Directors recommend that you vote in favour of the ordinary resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming 40th AGM.

**11. FURTHER INFORMATION**

Shareholders are advised to refer to the Financial Statements section of the Annual Report of the Company for the financial year ended 31 December 2011 for further details of the purchases made by the Company of its own shares during the financial year ended 31 December 2011.

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