

## DAYANG ENTERPRISE HOLDINGS BERHAD ("DAYANG" OR THE "COMPANY")

### PROPOSED PRIVATE PLACEMENT OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF DAYANG TO INVESTORS TO BE IDENTIFIED

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#### 1. INTRODUCTION

On behalf of the Board of Directors of Dayang ("**Board**"), RHB Investment Bank Berhad ("**RHB Investment Bank**") wishes to announce that the Company proposes to undertake a private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company to investors to be identified ("**Proposed Private Placement**").

The Proposed Private Placement will be undertaken in accordance with the general mandate pursuant to Section 132D of the Companies Act, 1965 ("**Act**"), obtained from the shareholders at its Annual General Meeting held on 12 June 2014.

Further details on the Proposed Private Placement are set out in the following sections.

#### 2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

##### 2.1 Placement size

The Proposed Private Placement entails the issuance of new ordinary shares of RM0.50 each in Dayang ("**Dayang Share(s)**" or "**Share(s)**") representing up to 10% of the issued and paid-up share capital of Dayang ("**Placement Share(s)**"), to third party investor(s) to be identified and at an issue price to be determined later.

As at 26 August 2014, the issued and paid-up share capital of the Company is RM412,499,967 comprising 824,999,935 Dayang Shares. Accordingly, the Proposed Private Placement will entail the issuance of up to 82,499,993 Placement Shares.

##### 2.2 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 later date, and shall be determined after obtaining the approval of the relevant authorities for the Proposed Private Placement.

Pursuant to Paragraph 6.04(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), the Placement Shares may be issued at a discount, if any, of not more than ten percent (10%) to the five (5)-day volume weighted average market price ("**VWAP**") of Dayang Shares immediately preceding the price-fixing date.

For illustrative purposes only, the indicative issue price of the Placement Shares is RM3.69, being the five (5)-day VWAP of Dayang Shares up to and including 26 August 2014.

##### 2.3 Ranking and listing of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank *pari passu* in all respects with the existing Shares of the Company, save and except that the Placement Shares will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid where the entitlement date precedes the date of allotment of the said Placement Shares.

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

## 2.4 Allocation to places

The Placement Shares will be placed out to third party investors to be identified at a later date. In accordance with Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed to the following parties:-

- (i) the interested director, interested major shareholder or interested chief executive officer of Dayang or a holding company of Dayang ("**Interested Person(s)**");
- (ii) a person connected with an Interested Person; and/or
- (iii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement may be implemented in tranches within six (6) months from the date of approval of Bursa Securities for the Proposed Private Placement depending on investors' interest at the point of implementation. In this regard, there could potentially be several price fixing dates depending on the number of tranches and timing of implementation.

RHB Investment Bank has been appointed as the placement agent for the Proposed Private Placement.

## 2.5 Utilisation of proceeds

The Proposed Private Placement is expected to raise estimated gross proceeds of up to RM304.4 million based on an indicative issue price of RM3.69 per Placement Share. The proceeds to be raised from the Proposed Private Placement are expected to be utilised by Dayang and its subsidiaries ("**Dayang Group**" or the "**Group**") in the following manner:-

|   | RM'000         | Timeframe for utilisation                         |
|---|----------------|---|
| Working capital and/or potential investment project(s) <sup>1</sup> | 299,525        | Within 24 months from receipt of funds            |
| Estimated expenses <sup>2</sup>                                     | 4,900          | Upon completion of the Proposed Private Placement |
| <b>Total</b>  | <b>304,425</b> |   |

### Notes:-

\*1 The Company intends to utilise up to RM299.5 million of the proceeds raised from the Proposed Private Placement to meet additional working capital requirements and/or to undertake potential investment project(s) which are synergistic to the Group's existing business. The working capital will be utilised to finance the day-to-day operating expenditure of the Group which has increased significantly as a result of the sizeable contracts secured over the past year.

As at the date of this announcement, the Company has yet to identify any potential investment project(s). In the event the size of the investment(s) is/are large enough to warrant shareholders' approval pursuant to Chapter 10 of the Listing Requirements, Dayang will seek shareholders' approval before undertaking such investment opportunity(ies).

The breakdown of proceeds to be allocated between working capital and/or investment project(s) has yet to be determined at this juncture and will be dependent on the quantum of funds raised from the Proposed Private Placement as well as the operating and funding requirements of Dayang Group at the relevant point in time. In the event no suitable investments are identified, the entire amount will be utilized for working capital purposes.

\*2 Comprises of professional fees, placement fees and other incidental expenses in connection with the Proposed Private Placement. Any shortfall or excess in funds allocated for estimated expense will be funded from or used for the working capital of Dayang Group.

Any variation in terms of the gross proceeds raised from the Proposed Private Placement will be adjusted against the amount allocated for working capital purposes.

The actual proceeds to be raised from the Proposed Private Placement are dependent on the issue price and actual number of Placement Shares to be issued. Pending utilisation of the proceeds from the Proposed Private Placement for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instrument(s).

### 3. RATIONALE FOR THE PROPOSED PRIVATE PLACEMENT

The Proposed Private Placement provides an opportunity for Dayang to tap into the equity capital market for funds and take advantage of the current robust demand from investors to participate in the growth prospects of the oil and gas sector in Malaysia.

The Proposed Private Placement will enable Dayang to raise funds without incurring interest cost compared to bank borrowings, and represents the most appropriate avenue of raising funds given the quick timeframe for completion of the exercise. The Proposed Private Placement will serve to increase the size and strength of the Company's shareholders' funds and potentially increases the liquidity of Dayang Shares arising from the increase in the number of Dayang Shares in issue.

### 4. FINANCIAL EFFECTS OF THE PROPOSED PRIVATE PLACEMENT

The effects of the Proposed Private Placement on the Company's issued and paid-up share capital, net assets ("**NA**") and gearing, earnings and substantial shareholders' shareholdings are set out below.

#### 4.1 Issued and paid-up share capital

The proforma effects of the Proposed Private Placement on the issued and paid-up share capital of Dayang are as follows:-

|   | No. of Shares      | RM                 |
|---|--------------------|--------------------|
| Existing as at 26 August 2014                           | 824,999,935        | 412,499,968        |
| To be issued pursuant to the Proposed Private Placement | 82,499,993         | 41,249,997         |
| <b>Enlarged issued and paid-up share capital</b>        | <b>907,499,928</b> | <b>453,749,965</b> |
|   |                    |                    |

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#### 4.2 NA and gearing

Based on the audited consolidated balance sheets of Dayang as at 31 December 2013, the proforma effects of the Proposed Private Placement on the NA and gearing of Dayang are as follows:-

|                                  | Audited as at<br>31 December<br>2013<br>RM | Proforma I<br>After the<br>subsequent<br>event <sup>(1)</sup><br>RM | Proforma II<br>After the<br>Proposed<br>Private<br>Placement <sup>(2)</sup><br>RM |
|----------------------------------|--|---|---|
| Share capital                    | 275,000,000                                | 412,499,968   | 453,749,964   |
| Share premium                    | 109,016,407                                | -   | <sup>(3)</sup> 258,274,978  |
| Reserves                         | 282,413,290                                | 253,929,729   | 253,929,729   |
| <b>Shareholders' equity / NA</b> | <b>666,429,697</b>                         | <b>666,429,697</b>  | <b>965,954,671</b>  |
| No. of Shares in issue           | 550,000,000                                | 824,999,935   | 907,499,928   |
| <b>NA per Share (RM)</b>         | <b>1.21</b>                                | <b>0.81</b>   | <b>1.06</b>   |
| Interest bearing borrowings (RM) | 122,303,669                                | 122,303,669   | 122,303,669   |
| <b>Gearing (times)</b>           | <b>0.18</b>                                | <b>0.18</b>   | <b>0.13</b>   |

**Notes:-**

- (1) For illustrative purposes, the audited consolidated statement of financial position of the Group as at 31 December 2013 has been adjusted for the bonus issue exercise of approximately 275 million new Dayang Shares ("**Bonus Share(s)**") on the basis of one (1) Bonus Share for every two (2) existing Dayang Shares, which was completed on 30 January 2014.
- (2) Based on the indicative issue price of RM3.69 per Placement Share.
- (3) After netting-off estimated expenses of RM4.9 million in relation to the Proposed Private Placement.

#### 4.3 Earnings and earnings per Share ("EPS")

The Proposed Private Placement is not expected to have any material effect on the earnings of Dayang Group for the FYE 31 December 2014. However, there may be a corresponding dilution in the EPS of the Company as a result of the increase in the number of shares issued pursuant to the Proposed Private Placement. Nevertheless, the Proposed Private Placement is expected to contribute positively to the future earnings of Dayang Group for the ensuing financial years when the benefits of the utilisation of proceeds are realised.

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#### 4.4 Substantial shareholders' shareholdings

The effect of the Proposed Private Placement on the shareholdings of the substantial shareholders of Dayang as at 26 August 2014 based on the Record of Depositors are as follows:-

| Substantial shareholders                         | Shareholdings as at 26 August 2014 |       |                            |       | Proforma I<br>After the Proposed Private Placement |       |                            |       |
|--|------------------------------------|-------|----------------------------|-------|--|-------|----------------------------|-------|
|  | Direct                             |       | Indirect                   |       | Direct   |       | Indirect                   |       |
|  | No. of Shares                      | %     | No. of Shares              | %     | No. of Shares                                      | %     | No. of Shares              | %     |
| Naim Holdings Bhd                                | 254,921,952                        | 30.90 | -                          | -     | 254,921,952  | 28.09 | -                          | -     |
| Ling Suk Kiong                                   | 76,779,130                         | 9.31  | <sup>(1)</sup> 61,218,187  | 7.42  | 76,779,130   | 8.46  | <sup>(1)</sup> 61,218,187  | 6.75  |
| Tengku Dato' Yusof Bin<br>Tengku Ahmad Shahrudin | 65,916,675                         | 7.99  | -                          | -     | 65,916,675   | 7.26  | -                          | -     |
| Vogue Empire Sdn Bhd                             | 61,218,187                         | 7.42  | -                          | -     | 61,218,187   | 6.75  | -                          | -     |
| Joe Ling Siew Loung @ Lin<br>Shou Long           | 41,463,825                         | 5.03  | <sup>(1)</sup> 61,218,187  | 7.42  | 41,463,825   | 4.57  | <sup>(1)</sup> 61,218,187  | 6.75  |
| Datuk Hasmi Bin Hasnan                           | 960,937                            | 0.12  | <sup>(2)</sup> 254,921,952 | 30.90 | 960,937  | 0.11  | <sup>(2)</sup> 254,921,952 | 28.09 |
| Datuk Abdul Hamed Bin<br>Sepawi                  | -                                  | -     | <sup>(2)</sup> 254,921,952 | 30.90 | -  | -     | <sup>(2)</sup> 254,921,952 | 28.09 |
| Wong Siew Hong                                   | -                                  | -     | <sup>(1)</sup> 61,218,187  | 7.42  | -  | -     | <sup>(1)</sup> 61,218,187  | 6.75  |
| Ling Mee Luong@ Lin Meilong                      | -                                  | -     | <sup>(1)</sup> 61,218,187  | 7.42  | -  | -     | <sup>(1)</sup> 61,218,187  | 6.75  |
| Ling Hee Luong                                   | -                                  | -     | <sup>(1)</sup> 61,218,187  | 7.42  | -  | -     | <sup>(1)</sup> 61,218,187  | 6.75  |

**Notes:-**

(1) Deemed interested by virtue of his/her interest in Vogue Empire Sdn Bhd.

(2) Deemed interested by virtue of his/her interest in Naim Holdings Berhad.

#### 4.5 Convertible securities

As at 26 August 2014, Dayang does not have any convertible securities.

**5. APPROVALS REQUIRED**

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

- (i) Bursa Securities, for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement; and
- (ii) Any other relevant authority, if required.

The Proposed Private Placement is not conditional upon any other corporate proposal undertaken or to be undertaken by Dayang.

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

None of the directors and/or major shareholders of Dayang, and/or persons connected to them have any interest, whether direct or indirect, in the Proposed Private Placement.

**7. DIRECTORS' RECOMMENDATION**

After considering all aspects of the Proposed Private Placement, the Board is of the opinion that the Proposed Private Placement is in the best interests of the Company.

**8. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Private Placement is expected to be completed within six (6) months from the date of Bursa Securities' approval on the Proposed Private Placement.

**9. APPLICATION TO THE AUTHORITIES**

The application to the relevant authorities on the Proposed Private Placement is expected to be made within a period of one (1) month from the date of this announcement.

**10. ADVISER**

RHB Investment Bank has been appointed by Dayang to act as the Adviser for the Proposed Private Placement.

**This announcement is dated 3 September 2014.**