

NOTION VTEC BERHAD (“NVB” or “Company”)

Proposed private placement of up to ten percent (10%) of the issued and paid-up share capital of the Company (“Proposed Private Placement”)

1. INTRODUCTION

On behalf of the Board of Directors of NVB (“Board”), HwangDBS Investment Bank Berhad (“HwangDBS”) wishes to announce that the Company proposes to issue new ordinary shares of RM0.50 each in NVB (“NVB Shares” or “Shares”), not exceeding ten percent (10%) of the issued and paid-up share capital of the Company through a private placement exercise.

2. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

As at 19 October 2009, the Company has an issued and paid-up share capital of RM70,358,342 comprising 703,583,424 ordinary shares of RM0.10 each in NVB. As at 19 October 2009, 9,348,700 ordinary shares of RM0.10 each in NVB were held as treasury shares by the Company. On 18 August 2009, NVB announced that the Company proposes to implement the consolidation of every five (5) ordinary shares of RM0.10 each in NVB into one (1) NVB Share (“Share Consolidation”). On 16 October 2009, NVB announced that the entitlement date for the Share Consolidation would be on 5 November 2009. Upon completion of the Share Consolidation, the issued and paid-up share capital of NVB of RM70,358,342 will be consolidated into 140,716,684 NVB Shares.

The Proposed Private Placement entails the issuance of up to 14,071,668 new NVB Shares (“Placement Shares”) representing up to ten percent (10%) of the existing issued and paid-up share capital of NVB. The actual number of NVB Shares to be issued pursuant to the Proposed Private Placement will be determined at a later date.

Subject to prevailing market conditions, the Proposed Private Placement may be implemented in multiple tranches within six (6) months from the date of Bursa Malaysia Securities Berhad’s (“Bursa Securities”) approval or such other time as may be approved by Bursa Securities.

The Placement Shares are intended to be placed with institutional or strategic corporate investors to be identified at a later stage. Placees shall be “persons” who qualify under Schedule 7 of the Capital Markets and Services Act 2007 and shall not include related parties and/or any persons connected to them.

An application will be made to Bursa Securities for the listing of and quotation for the Placement Shares at a later date.

Ranking of the Placement Shares

The Placement Shares shall, upon issue and allotment, rank pari passu in all respects with the NVB shares in issue upon completion of the Share Consolidation, except that the holders of the Placement Shares will not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared by the Company on entitlement dates which are prior to the date of allotment of each tranche of the Placement Shares, as the case may be.

Pricing of the Placement Shares

The issue price of each tranche of the Placement Shares shall be determined and fixed by the Board after receiving the relevant approvals for the Proposed Private Placement and after taking into consideration, *inter alia*, prevailing market conditions and the provisions on pricing under Chapter 6 of the Main Market Listing Requirements, in the following manner:

- (i) at a discount of not more than 10% (the actual quantum of which is to be determined by the Board) based on the five (5)-day weighted average market price of NVB Shares immediately preceding the price fixing date(s); or
- (ii) the par value of NVB Shares of RM0.50 each, upon completion of the Share Consolidation,

whichever is higher.

For illustration:

The five (5)-day weighted average market price of the ordinary shares of RM0.10 each in NVB up to 21 October 2009 is RM0.50. All else being equal, the theoretical price per NVB Share after the Share Consolidation will be RM2.50. Assuming the Placement Shares are issued at an illustrative issue price of RM2.38 per Placement Share representing a discount of approximately 5% to the theoretical price of RM2.50, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM33.49 million. The utilisation of proceeds raised from the Proposed Private Placement is as set out below.

The following scenarios are applicable below:

Minimum Scenario : Assuming no resale and cancellation of the treasury shares prior to the Proposed Private Placement

Maximum Scenario : Assuming all of the treasury shares have been resold on Bursa Securities prior to the Proposed Private Placement

	Minimum Scenario*	Maximum Scenario*	Timeframe for the utilisation of proceeds
	RM	RM	
Capital expenditure for the new operations in Thailand	32,845,572	33,290,570	Within twelve (12) months from the receipt of the proceeds
Defraying of expenses incidental to the Proposed Private Placement**	200,000	200,000	Within one (1) month from the completion of the Proposed Private Placement
	<u>33,045,572</u>	<u>33,490,570</u>	

Notes:

* Any difference between the indicative proceeds above and the actual proceeds raised from the Proposed Private Placement (depending on the number of Placement Shares and the issue price of the Placement Share) shall be adjusted for the capital expenditure for the new operations in Thailand.

** Any variation to the estimated expenses will be adjusted to/from the capital expenditure for the new operations in Thailand.

3. RATIONALE

NVB announced on 2 October 2009 that its wholly-owned subsidiary, Notion (Thailand) Co. Ltd has entered into an agreement to acquire a parcel of land with a factory located thereon. The proceeds from the Proposed Private Placement will be utilised for the extension of the existing factory, purchase of machinery and to defray expenses incidental to the Proposed Private Placement. The plant in Thailand is expected to commence operations during the 1st quarter of 2010.

After due consideration of the various methods of fund raising, the Board is of the view that the Proposed Private Placement is currently the most appropriate method of fund-raising as it would enable the Company to raise the funds required which would otherwise have to be financed through bank borrowings thereby resulting in interest savings to NVB and its subsidiaries (“Group”).

4. FINANCIAL EFFECTS

The financial effects of the Proposed Private Placement are as follows:

4.1 Share capital

For illustrative purposes, the proforma effects of the Proposed Private Placement on the issued and paid-up share capital of the Company as at 19 October 2009 are shown below.

	Minimum Scenario			Maximum Scenario		
	No. of shares	Total RM	Par value RM	No. of shares	Total RM	
Issued and paid-up share capital as at 19 October 2009	703,583,424	70,358,342	0.10	703,583,424	70,358,342	
Pursuant to the Share Consolidation	140,716,684	70,358,342	0.50	140,716,684	70,358,342	
To be issued pursuant to the Proposed Private Placement	13,884,694 [#]	6,942,347	0.50	14,071,668	7,035,834	
Enlarged share capital	154,601,378	77,300,689		154,788,352	77,394,176	

Note:

Based on 10% of NVB’s issued and paid-up share capital less 9,348,700 ordinary shares of RM0.10 each in NVB held as treasury shares as at 19 October 2009.

4.2 Shareholdings of substantial shareholders

The effects of the Proposed Private Placement on the shareholding structure of the substantial shareholders of NVB based on the Company's Register of Substantial Shareholders as at 19 October 2009 are set out below.

Minimum Scenario

Name	As at 19 October 2009				(I) After the Share Consolidation				(II) After (I) and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of shares	%*	No. of shares	%	No. of shares	%*	No. of shares	%	No. of shares	%*	No. of shares	%
Thoo Chow Fah	54,508,895	7.85	-	-	10,901,779	7.85	-	-	10,901,779	7.14	-	-
Choo Wing Hong	101,185,244	14.58	-	-	20,237,048	14.58	-	-	20,237,048	13.25	-	-
Choo Wing Onn	74,808,895	10.78	-	-	14,961,779	10.78	-	-	14,961,779	9.80	-	-
Koperasi Permodalan Felda Berhad	71,496,380	10.30	-	-	14,299,276	10.30	-	-	14,299,276	9.36	-	-

Maximum Scenario

Name	As at 19 October 2009				(I) After resale of treasury shares at cost				(II) After (I) and the Share Consolidation				(III) After (II) and the Proposed Private Placement			
	Direct		Indirect		Direct		Indirect		No. of shares		No. of shares		No. of shares		No. of shares	
	No. of shares	%*	No. of shares	%	No. of shares	%	No. of shares	%	shares	%	shares	%	shares	%	shares	%
Thoo Chow Fah	54,508,895	7.85	-	-	54,508,895	7.75	-	-	10,901,779	7.75	-	-	10,901,779	7.04	-	-
Choo Wing Hong	101,185,244	14.58	-	-	101,185,244	14.38	-	-	20,237,048	14.38	-	-	20,237,048	13.07	-	-
Choo Wing Onn	74,808,895	10.78	-	-	74,808,895	10.63	-	-	14,961,779	10.63	-	-	14,961,779	9.67	-	-
Koperasi Permodalan Felda Berhad	71,496,380	10.30	-	-	71,496,380	10.16	-	-	14,299,276	10.16	-	-	14,299,276	9.24	-	-

Note:

* Based on issued and paid-up share capital of NVB less 9,348,700 ordinary shares of RM0.10 each in NVB held as treasury shares as at 19 October 2009.

4.3 Earnings

The Proposed Private Placement is not expected to have a material impact on the earnings per share of the Group for the year ending 30 September 2010 but the new operations in Thailand is expected to contribute positively to the Group's earnings in the future.

4.4 Net assets (“NA”) and gearing

For illustrative purposes, the proforma effects of the Proposed Private Placement on the audited consolidated NA and gearing of NVB based on its audited consolidated financial statements as at 30 September 2008 are set out below.

Minimum Scenario

	Audited as at 30 September 2008 RM'000	(I) After adjustment for share buyback undertaken from 1 October 2008 to 19 October 2009 RM'000	(II) After (I) and the Share Consolidation RM'000	(III) After (II) and the Proposed Private Placement RM'000
Share capital	70,358	70,358	70,358	77,301
Share premium	-	-	-	25,903 ¹
Treasury shares	-	(3,203)	(3,203)	(3,203)
Retained profits	66,420	66,420	66,420	66,420
Currency translation reserve	(4)	(4)	(4)	(4)
Shareholders' funds	<u>136,774</u>	<u>133,571</u>	<u>133,571</u>	<u>166,417</u>
No. of shares in issue (‘000)	703,583	694,235	138,847	152,732
NA per share (RM)	0.19	0.19	0.96	1.09
Total borrowings (RM'000)	50,680	50,680	50,680	50,680
Gearing ratio (times)	0.37	0.38	0.38	0.30

Maximum Scenario

	Audited as at 30 September 2008 RM'000	(I) After the Share Consolidation RM'000	(II) After (I) and the Proposed Private Placement RM'000
Share capital	70,358	70,358	77,394
Share premium	-	-	26,255 ¹
Retained profits	66,420	66,420	66,420
Currency translation reserve	(4)	(4)	(4)
Shareholders' funds	<u>136,774</u>	<u>136,774</u>	<u>170,065</u>

	Audited as at 30 September 2008 RM'000	(I) After the Share Consolidation RM'000	(II) After (I) and the Proposed Private Placement RM'000
No. of shares in issue ('000)	703,583	140,717	154,788
NA per share (RM)	0.19	0.97	1.10
Total borrowings (RM'000)	50,680	50,680	50,680
Gearing ratio (times)	0.37	0.37	0.30

Note:

1 After deducting estimated expenses of RM200,000 in respect of the Proposed Private Placement.

5. CONDITIONS

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

- (i) Bursa Securities for the listing of and quotation for the new NVB Shares to be issued pursuant to the Proposed Private Placement; and
- (ii) any other relevant authorities/parties.

Approval was obtained at the 5th Annual General Meeting ("AGM") held on 19 February 2009 from the shareholders of NVB for the Directors to allot and issue new NVB Shares not exceeding 10% of the issued and paid-up share capital of NVB at the time of issue, until the conclusion of the next AGM, in accordance with Section 132D of the Companies Act, 1965. Therefore, the Proposed Private Placement does not require another specific approval from the shareholders of NVB.

The Proposed Private Placement is not conditional upon any other corporate exercise.

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

None of the Directors or major shareholders of the Company and/or persons connected to them has any interest, directly or indirectly, in the Proposed Private Placement.

7. ADVISER AND PLACEMENT AGENT

HwangDBS has been appointed by NVB to act as its Adviser and Placement Agent in relation to the Proposed Private Placement.

8. DIRECTORS' STATEMENT

The Board, after taking into consideration all aspects of the Proposed Private Placement, is of the opinion that the Proposed Private Placement is in the best interests of the Company.

9. SUBMISSION TO REGULATORY AUTHORITIES

The relevant applications to the regulatory authorities in relation to the Proposed Private Placement will be made within one (1) month from the date of this announcement.

10. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, and subject to the receipts of all the approvals of the relevant parties and authorities, the Proposed Private Placement is expected to be completed by end of 2009.

This announcement is dated 22 October 2009.