

HAP SENG CONSOLIDATED BERHAD (“HSCB” OR THE “COMPANY”)

- (I) PROPOSED PLACEMENT;
- (II) PROPOSED BONUS ISSUE;
- (III) PROPOSED RIGHTS ISSUE WITH WARRANTS;
- (IV) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
- (V) PROPOSED M&A AMENDMENTS

(COLLECTIVELY, (I) TO (V) ABOVE ARE REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of HSCB (“**Board**”), CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that HSCB proposes to undertake the following proposals:

- (i) proposed private placement of up to 124,532,000 new ordinary shares of RM1.00 each in HSCB (“**HSCB Shares**”) (“**Placement Shares**”), representing up to 20% of the issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later (“**Proposed Placement**”);
- (ii) proposed bonus issue of up to 1,494,384,000 new HSCB Shares (“**Bonus Shares**”), to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every one (1) existing HSCB Share held by the entitled shareholders of the Company on the entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Proposed Bonus Issue**”);
- (iii) proposed renounceable rights issue of up to 448,315,200 new HSCB Shares (“**Rights Shares**”) together with up to 448,315,200 new free detachable warrants (“**Warrants**”) on the basis of one (1) Rights Share together with one (1) Warrant for every five (5) HSCB Shares held by the entitled shareholders of the Company after the Proposed Bonus Issue on the Entitlement Date (“**Proposed Rights Issue with Warrants**”);
- (iv) proposed increase in the authorised share capital of HSCB from RM1,000,000,000 comprising 1,000,000,000 HSCB Shares to RM5,000,000,000 comprising 5,000,000,000 HSCB Shares (“**Proposed Increase in Authorised Share Capital**”); and
- (v) proposed amendments to the Memorandum and Articles of Association (“**M&A**”) of HSCB to facilitate the implementation of the Proposed Bonus Issue and Proposed Rights Issue with Warrants (“**Proposed M&A Amendments**”).

(collectively, (i) to (v) above are referred to as the “**Proposals**”)

For implementation purposes, the Proposed Placement is expected to be completed before the implementation of the Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments. Further details on the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Placement

2.1.1 Number of the Placement Shares

The Proposed Placement entails the issuance of new HSCB Shares representing up to 20% of the existing issued and paid-up share capital of the Company, to investor(s) to be identified at an issue price to be determined and announced later.

Based on the issued and paid-up share capital of HSCB as at 6 January 2011 of RM622,660,000 comprising 622,660,000 HSCB Shares (including 59,136,500 treasury shares held by the Company), a total of up to 124,532,000 Placement Shares may be issued pursuant to the Proposed Placement.

For implementation purposes, the Proposed Placement is expected to be completed before the implementation of the Proposed Bonus Issue and Proposed Rights Issue with Warrants.

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

The issue price of the Placement Shares shall be determined and announced by the Board at a later date following the receipt of all requisite approvals for the Proposed Placement ("**Price-Fixing Date**"). The issue price of the Placement Shares shall be determined by way of book-building process and shall be priced at a discount of not more than 10% to the five (5)-day volume-weighted average market price ("**VWAP**") of HSCB Shares immediately prior to the Price-Fixing Date in accordance with Paragraph 6.04(a) of the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") provided that issue price of the Placement Shares shall not in any event be less than the par value of HSCB Shares of RM1.00 each.

For illustrative purposes, assuming that the Placement Shares are issued at a discount of approximately 10% to the five (5)-day VWAP of HSCB Shares up to and including 6 January 2011, being the latest practicable date prior to this announcement, of RM7.21 per HSCB Share, the issue price of the Placement Shares is assumed at RM6.49 per HSCB Share.

2.1.3 Ranking of the Placement Shares

The Placement Shares shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up HSCB Shares, save and except that the Placement Shares shall not entitle their holders to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date of allotment of the Placement Shares.

2.1.4 Allocation of the Placement Shares

HSCB intends to place out the Placement Shares by way of bookbuilding exercise to third party investor(s) to be identified at a later date. CIMB and UBS AG have been appointed by HSCB as the Joint Global Coordinators for the Proposed Placement.

In accordance with Section 6.04(c) of the Listing Requirements of Bursa Securities, the Placement Shares will not be placed out to the following parties:

- (a) the interested directors, interested major shareholders, interested chief executive or interested person connected with a director, major shareholder or chief executive; and
- (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

2.1.5 Listing of and quotation for the Placement Shares

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

2.1.6 Mandate for the issuance of the Placement Shares

During the Annual General Meeting (“**AGM**”) of the Company held on 27 May 2010, the Board has been authorised pursuant to Section 132D of the Companies Act, 1965 (“**Act**”) to issue shares in the Company up to 62,266,000 HSCB Shares representing 10% of the HSCB’s issued and paid-up share capital (“**Existing S132D Mandate**”). The Existing S132D Mandate shall continue to be in force until the conclusion of the next AGM of the Company, which is expected to be after the completion of the Proposed Placement.

Accordingly, the Company shall be seeking shareholders’ approval to allot and issue up to 62,266,000 HSCB Shares representing 10% of the issued and paid-up share capital of the Company as part of the Proposed Placement (“**Additional Shareholders’ Mandate**”).

The Board may exercise both the Existing S132D Mandate and the Additional Shareholders’ Mandate to allot and issue up to a total of 124,532,000 new HSCB Shares for the Proposed Placement before the completion of the Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments.

2.1.7 Utilisation of proceeds from the Proposed Placement

For illustration purposes, based on the proposed placement size of 124,532,000 Placement Shares at an issue price of RM6.49 per Placement Share (representing a 10% discount to the five (5)-day VWAP of HSCB Shares up to and including 6 January 2011 of RM7.21), the Proposed Placement is expected to raise gross proceeds of approximately RM808.21 million.

The proceeds are expected to be utilised by HSCB and its subsidiaries (“HSCB Group”) in the following manner:

Details of utilisation of proceeds from the Proposed Placement	Amount of proceeds
	RM million
Capital expenditure for expansion of the existing business operations of HSCB Group ⁽¹⁾	240.00
Repayment of borrowings	300.00
General working capital, corporate purposes and estimated expenses ⁽²⁾	268.21
Total gross proceeds	808.21

Notes:

- (1) *Capital expenditure may include the acquisitions of property, plant and equipment and the expansion of the Company's existing business operations with regards to property investment and development, credit financing, trading of fertilizers and automobiles, manufacturing and trading of bricks and asphalts as well as building materials and operation of stone quarries.*
- (2) *HSCB Group intends to utilise part of the proceeds from the Proposed Placement to meet HSCB Group's working capital requirements, corporate purposes and for the estimated expenses relating to the Proposed Placement.*

The actual proceeds to be raised from the Proposed Placement would depend on the issue price and actual number of Placement Shares to be issued. These proceeds are expected to be utilised over a period of three (3) years.

Pending utilisation of the proceeds from the Proposed Placement for the above purposes, the proceeds would be placed in deposits with financial institutions or short-term money market instrument(s).

2.2 Proposed Bonus Issue

2.2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails an issuance of up to 1,494,384,000 new HSCB Shares, to be credited as fully paid-up, on the basis of two (2) Bonus Shares for every one (1) existing HSCB Share held by the entitled shareholders whose names appear in the Record of Depositors and/or Register of Members of the Company on the Entitlement Date.

The Proposed Bonus Issue may be implemented after completion of the Proposed Placement. However, the Proposed Bonus Issue shall be implemented concurrently with the Proposed Rights Issue with Warrants but may complete earlier than the Proposed Rights Issue with Warrants.

As at 6 January 2011, the issued and paid-up share capital of HSCB is RM622,660,000 comprising 622,660,000 HSCB Shares (including 59,136,500 treasury shares held by the Company). Upon completion of the Proposed Placement, the issued and paid-up share capital of HSCB may increase up to RM747,192,000 comprising 747,192,000 HSCB Shares (including 59,136,500 treasury shares held by the Company).

The actual number of Bonus Shares to be issued pursuant to the Proposed Bonus Issue would depend on the issued and paid-up share capital of HSCB as at the Entitlement Date, after taking into consideration the following:

- (i) issued and paid-up share capital of the Company as at 6 January 2011 of 622,660,000 HSCB Shares (including 59,136,500 treasury shares held by the Company);
- (ii) the number of Placement Shares to be issued pursuant to the Proposed Placement; and
- (iii) the treatment of the 59,136,500 treasury shares held by the Company as at 6 January 2011, prior to the Entitlement Date, i.e. whether the treasury shares are cancelled, distributed as share dividends, resold on Bursa Securities or continued to be retained as treasury shares.

For illustrative purposes, upon completion of the Proposed Bonus Issue and assuming all the treasury shares will be cancelled before the Entitlement Date, the resultant issued and paid-up share capital of HSCB may be up to RM2,064,166,500 comprising 2,064,166,500 HSCB Shares ("**Minimum Scenario**").

Alternatively, upon completion of the Proposed Bonus Issue and assuming all the treasury shares will be resold on Bursa Securities before the Entitlement Date at the five (5)-day VWAP of HSCB Shares immediately prior to the resale of the treasury shares, the resultant issue and paid-up share capital of HSCB may be up to RM2,241,576,000 comprising 2,241,576,000 HSCB Shares ("**Maximum Scenario**").

No suspension will be imposed on the trading of HSCB Shares on Bursa Securities for the purpose of implementing the Proposed Bonus Issue.

2.2.2 Capitalisation of reserves

Based on the Company's latest audited financial statements for the financial year ended 31 December 2009, the retained profits of HSCB at group level and company level stood at RM1,814.63 million and RM2,136.82 million respectively. Based on the latest unaudited results for the nine (9)-month period ended 30 September 2010, the retained profits of HSCB at group level stood at RM1,963.86 million. As such, HSCB has sufficient retained profits to be capitalised for the Proposed Bonus Issue.

Notwithstanding the above, the Company intends to capitalise the entire share premium arising from the Proposed Placement before utilising the retained profits as set out above. Based on the issue price of RM6.49 per Placement Share, representing a 10% discount to the five (5)-day VWAP of HSCB Shares up to and including 6 January 2011 of RM7.21, HSCB would have a share premium of RM683.68 million arising from the Proposed Placement. Premised on the above, HSCB has sufficient share premium and retained profits to be capitalised for the Proposed Bonus Issue.

Set out below are the movements in the share premium and retained profits of HSCB at both group level and company level:

Group level

	Minimum Scenario			Maximum Scenario		
	Share premium	Retained profits	Total	Share premium	Retained profits	Total
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Audited as at 31 December 2009 ⁽¹⁾	-	1,814,633	1,814,633	-	1,814,633	1,814,633
Less:						
Non-distributable profits (treasury shares) ⁽¹⁾	-	(154,459)	(154,459)	-	(154,459)	(154,459)
Distributable profits	-	1,660,174	1,660,174	-	1,660,174	1,660,174
Add:						
Pursuant to the Proposed Placement ⁽²⁾	683,681	-	683,681	683,681	-	683,681
	<u>683,681</u>	<u>1,660,174</u>	<u>2,343,855</u>	<u>683,681</u>	<u>1,660,174</u>	<u>2,343,855</u>
Less:						
Capitalisation for the Bonus Shares ⁽³⁾	(683,681)	(692,430)	(1,376,111)	(683,681)	(810,703)	(1,494,384)
Balance after the Proposed Bonus Issue⁽⁴⁾	-	967,744	967,744	-	849,471	849,471

Notes:

- (1) Based on the latest audited financial statements for the financial year ended 31 December 2009.
- (2) Based on 124,532,000 Placement Shares to be issued at an issue price of RM6.49 per Placement Share.
- (3) Based on 1,376,111,000 and 1,494,384,000 Bonus Shares to be issued under Minimum Scenario and Maximum Scenario respectively.
- (4) This does not take into consideration the effect from any cancellation, resale or distribution of the treasury shares.

Group level

	Minimum Scenario			Maximum Scenario		
	Share premium RM 000	Retained profits RM 000	Total RM 000	Share premium RM 000	Retained profits RM 000	Total RM 000
Unaudited as at 30 September 2010 ⁽¹⁾	-	1,963,863	1,963,863	-	1,963,863	1,963,863
Less: Non-distributable profits (treasury shares) ⁽¹⁾	-	(154,462)	(154,462)	-	(154,462)	(154,462)
Distributable profits	-	1,809,401	1,809,401	-	1,809,401	1,809,401
Add: Pursuant to the Proposed Placement ⁽²⁾	683,681	-	683,681	683,681	-	683,681
	683,681	1,809,401	2,493,082	683,681	1,809,401	2,493,082
Less: Capitalisation for the Bonus Shares ⁽³⁾	(683,681)	(692,430)	(1,376,111)	(683,681)	(810,703)	(1,494,384)
Balance after the Proposed Bonus Issue⁽⁴⁾	-	1,116,971	1,116,971	-	998,698	998,698

Notes:

- (1) Based on the latest unaudited results for the nine (9)-month period ended 30 September 2010.
- (2) Based on 124,532,000 Placement Shares to be issued at an issue price of RM6.49 per Placement Share.
- (3) Based on 1,376,111,000 and 1,494,384,000 Bonus Shares to be issued under Minimum Scenario and Maximum Scenario respectively.
- (4) This does not take into consideration the effect from any cancellation, resale or distribution of the treasury shares.

Company level

	Minimum Scenario			Maximum Scenario		
	Share premium RM 000	Retained profits RM 000	Total RM 000	Share premium RM 000	Retained profits RM 000	Total RM 000
Audited as at 31 December 2009 ⁽¹⁾	-	2,136,824	2,136,824	-	2,136,824	2,136,824
Less: Non-distributable profits (treasury shares) ⁽¹⁾	-	(154,459)	(154,459)	-	(154,459)	(154,459)
Distributable profits	-	1,982,365	1,982,365	-	1,982,365	1,982,365
Add: Pursuant to the Proposed Placement ⁽²⁾	683,681	-	683,681	683,681	-	683,681
	683,681	1,982,365	2,666,046	683,681	1,982,365	2,666,046
Less: Capitalisation for the Bonus Shares ⁽³⁾	(683,681)	(692,430)	(1,376,111)	(683,681)	(810,703)	(1,494,384)
Balance after the Proposed Bonus Issue⁽⁴⁾	-	1,289,935	1,289,935	-	1,171,662	1,171,662

Notes:

- (1) Based on the latest audited financial statements for the financial year ended 31 December 2009.
- (2) Based on 124,532,000 Placement Shares to be issued at an issue price of RM6.49 per Placement Share.
- (3) Based on 1,376,111,000 and 1,494,384,000 Bonus Shares to be issued under Minimum Scenario and Maximum Scenario respectively.
- (4) This does not take into consideration the effect from any cancellation, resale or distribution of the treasury shares.

The Board has also confirmed that the reserves required for capitalisation of the Bonus Shares based on the latest audited financial statements for the financial year ended 31 December 2009 and the latest unaudited results for the nine (9)-month period ended 30 September 2010 of HSCB Group are unimpaired by losses on a consolidated basis in accordance with Paragraph 6.30(1) of the Listing Requirements of Bursa Securities and the Company will have adequate reserves to cover the capitalisation required for the Proposed Bonus Issue.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issue, rank pari passu in all respects with the existing HSCB Shares, save and except that the Bonus Shares shall not entitle their holders to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date of allotment of the Bonus Shares.

Fractional entitlements of the Bonus Shares, if any, shall be dealt with in such manner as the Board shall in their absolute discretion think expedient and in the best interest of the Company.

2.2.4 Listing of and quotation for the Bonus Shares

An application will be made to Bursa Securities for the listing of and quotation for the Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

2.3 Proposed Rights Issue with Warrants

2.3.1 Details of the Proposed Rights Issue with Warrants

The Proposed Rights Issue with Warrants entails the issuance of up to 448,315,200 Rights Shares together with up to 448,315,200 new Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every five (5) HSCB Shares held by the entitled shareholders of the Company after the Proposed Placement and Proposed Bonus Issue on the Entitlement Date.

The actual number of Rights Shares and Warrants to be issued pursuant to the Proposed Rights Issue with Warrants would depend on the issued and paid-up share capital of the Company after the Proposed Placement and Proposed Bonus Issue as at the Entitlement Date. For illustrative purposes, based on the resultant issued and paid-up share capital of HSCB under the Maximum Scenario and after the Proposed Bonus Issue of RM2,241,576,000 comprising 2,241,576,000 HSCB Shares (as computed in Section 2.2.1 above), a total of up to 448,315,200 Rights Shares together with 448,315,200 Warrants may be issued pursuant to the Proposed Rights Issue with Warrants.

The Proposed Rights Issue with Warrants shall be implemented concurrently with the Proposed Bonus Issue but may complete after the completion of the Proposed Bonus Issue.

2.3.2 Basis of arriving at the issue price of the Rights Shares and the exercise price of Warrants

2.3.2.1 Rights Shares

The issue price of the Rights Shares shall be determined by the Board at a later date after all approvals for the Proposed Rights Issue with Warrants have been obtained but prior to the Entitlement Date at an attractive discount of approximately 35% after taking into consideration, amongst others, the theoretical ex-all price (“**TEAP**”) of HSCB Shares based on the then prevailing market prices of HSCB Shares. In any case, the issue price of the Rights Shares will not be lower than the par value of HSCB Shares of RM1.00 each.

For illustrative purposes, the TEAP as at the date of this announcement is RM2.25, calculated based on the five (5)-days VWAP of HSCB Shares up to and including 6 January 2011 (being the last market day prior to the date of this announcement) of RM7.21. Based on the above, the indicative issue price of RM1.46 per Rights Share represents an attractive discount of approximately RM0.79 or 35.11% over the TEAP of HSCB Shares.

2.3.2.2 Warrants

The exercise price of the Warrants will be determined at a date to be determined and announced later by the Board, after taking into consideration the TEAP of HSCB Shares and the prevailing market conditions.

For avoidance of doubt, the Warrants will be issued at no cost to each entitled shareholder of HSCB based on the respective entitled shareholders' entitlement to the Proposed Rights Issue with Warrants and on the exercise of his/her rights entitlements. Should an entitled shareholder renounce all or any part of his/her entitlement to the rights issue of new HSCB Shares, he/she will not be entitled to such Warrants which are attached to the new Rights Shares so renounced.

2.3.3 Renunciation of the Rights Shares and the Warrants

The Proposed Rights Issue with Warrants is renounceable in full or in part. Accordingly, entitled shareholders can subscribe for and/or renounce their entitlements to the Rights Shares in full or in part. Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Proposed Rights Issue with Warrants will simultaneously relinquish any accompanying entitlement to the Warrants. For avoidance of doubt, the Rights Shares and the Warrants are not separately renounceable.

The Rights Shares which are not taken up or not validly taken up shall be made available for excess applications by the entitled shareholders and/or their renounee(s). It is the intention of the Board to allocate the excess Rights Shares in a fair and equitable manner on a basis to be determined by the Board and announced later.

The Rights Shares will be provisionally allotted to the entitled shareholders. Fractional entitlements under the Proposed Rights Issue with Warrants, if any, will be dealt with in such a manner as the Board in its absolute discretion deems fit and in the best interest of HSCB.

2.3.4 Ranking of the Rights Shares and new HSCB Shares to be issued pursuant to the exercise of the Warrants

The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the HSCB Shares, save and except that the Rights Shares shall not entitle their holders to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date of allotment of the Rights Shares.

The new HSCB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the existing HSCB Shares except that the new HSCB Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividend, right, allotment and/or other distribution, that may be declared, made or paid prior to the date of allotment of the new HSCB Shares to be issued arising from the exercise of the Warrants.

2.3.5 Indicative principal terms of the Warrants

The Warrants will be immediately detached from the Rights Shares upon issuance and separately traded on Bursa Securities. The Warrants are to be issued in registered form and constituted by a Deed Poll to be executed by HSCB.

The subscribers of the Rights Shares will be entitled to the Warrants on the basis of one (1) Warrant for every one (1) Rights Share subscribed for under the Proposed Rights Issue with Warrants.

The indicative salient terms of the Warrants are set out below:

Issue Size	: Up to 448,315,200 new Warrants
Form	: The Warrants, which are issued with the Rights Shares will be immediately detached upon issue and separately traded. The Warrants will be issued in registered form and constituted by the Deed Poll to be executed by HSCB.
Tenure	: Five (5) years from and inclusive of the date of issue of the Warrants
Exercise Rights	: Each Warrant entitles the holder to subscribe for one (1) new HSCB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll
Exercise Price	: The exercise price of the Warrants will be determined at a date to be determined and announced later by the Board, after taking into consideration the TEAP of HSCB Shares and the prevailing market conditions
Exercise Period	: The Warrants shall be exercisable into new HSCB Shares on any market day within a period from the date of issue of the Warrants up to and including the close of the market day on the date falling five (5) years from the date of issue of the Warrants. Any Warrants not exercised during the aforesaid exercise period will thereafter lapse and become void
Status of new HSCB Shares arising from the exercise of the Warrants	: The new HSCB Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issue, rank equal in all respects with the existing HSCB Shares save and except that they shall not be entitled to any dividend, right, allotment and/or other distribution, on the entitlement date of which is prior to the date of allotment of the new HSCB Shares
Listing	: Application will be made to Bursa Securities for the listing of and quotation for the Warrants and the new HSCB Shares to be issued upon exercise of the Warrants
Board Lot	: The Warrants shall be tradable upon listing in board lots of 100 Warrants, or such denomination as may be determined by Bursa Securities
Constitution	: The Warrants will be constituted by the Deed Poll to be executed by HSCB
Governing Law	: Laws and regulations of Malaysia

2.3.6 Listing of and quotation for the Rights Shares and the Warrants

An application will be made to Bursa Securities for the listing of and quotation for the Rights Shares and the Warrants to be issued under the Proposed Rights Issue with Warrants and the new HSCB Shares to be issued arising from the exercise of the Warrants. Upon issuance, the Warrants will be detached from the Rights Shares immediately and traded separately on Bursa Securities.

2.3.7 Utilisation of proceeds from the Proposed Rights Issue with Warrants

For illustration purposes, based on the Proposed Rights Issue with Warrants of up to 448,315,200 Rights Shares together with up to 448,315,200 new Warrants at an issue price of RM1.46 per Rights Share (representing a discount of approximately RM0.79 or 35.11% over the TEAP of HSCB Shares of RM2.25), the Proposed Rights Issue with Warrants is expected to raise gross proceeds of up to approximately RM654.54 million (excluding any proceeds from any exercise of Warrants).

The proceeds are expected to be utilised by HSCB Group in the following manner:

Details of utilisation of proceeds from the Proposed Rights Issue with Warrants	Amount of proceeds
	RM million
Capital expenditure for expansion of the existing business operations of HSCB Group ⁽¹⁾ and acquisition of potential land for development ⁽²⁾	220.00
Repayment of borrowings	200.00
General working capital, corporate purposes and estimated expenses ⁽³⁾	234.54
Total gross proceeds	654.54

Notes:

- (1) *Capital expenditure may include the acquisitions of property, plant and equipment and the expansion of the Company's existing business operations with regards to property investment and development, credit financing, trading of fertilizers and automobiles, manufacturing and trading of bricks and asphalts as well as building materials and operation of stone quarries.*
- (2) *The acquisition of potential land held for development is part of the Company's ordinary course of business. As of the date of this announcement, the Board has yet to identify any specific new land to be acquired for development.*
- (3) *HSCB Group intends to utilise part of the proceeds from the Proposed Rights Issue with Warrants to meet HSCB Group's working capital requirements, corporate purposes and for the estimated expenses relating to the Proposals.*

The proceeds from the Proposed Rights Issue with Warrants (excluding any proceeds from any exercise of Warrants) are expected to be utilised over a period of three (3) years.

The proceeds to be raised from the exercise of Warrants would depend on the total number of Warrants exercised during the tenure of the Warrants as well as the exercise price of the Warrants, which will be determined at a later date. Such proceeds will be used for working capital purposes.

2.4 Proposed Increase in Authorised Share Capital

As at 6 January 2011, the authorised share capital of HSCB is RM1,000,000,000 comprising 1,000,000,000 HSCB Shares, of which RM622,660,000 comprising 622,660,000 HSCB Shares have been issued and are fully paid-up.

In order to accommodate the issuance of Bonus Shares to be issued pursuant to the Proposed Bonus Issue, Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants as well as to cater for any future increase in the share capital of the Company arising from the exercise of Warrants to be issued pursuant to the Proposed Rights Issue with Warrants, HSCB also proposes to increase its authorised share capital from RM1,000,000,000 comprising 1,000,000,000 HSCB Shares to RM5,000,000,000 comprising 5,000,000,000 HSCB Shares by the creation of an additional 4,000,000,000 new HSCB Shares in the Company.

2.5 Proposed M&A Amendments

To facilitate and to reflect the consequence of the Proposed Bonus Issue, Proposed Rights Issue with Warrants and Proposed Increase in Authorised Share Capital, the M&A of HSCB shall be amended accordingly.

2.6 Inter-conditionality

The Proposed Placement is not conditional upon the Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital or Proposed M&A Amendments and vice versa.

The Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments are inter-conditional upon each other.

2.7 Treatment of treasury shares currently held by HSCB

As at 6 January 2011, HSCB holds 59,136,500 treasury shares. Pursuant to Section 67A (3A) and (3B) of the Act, HSCB may cancel, distribute as share dividends, resell on Bursa Securities or continue to retain these treasury shares. As set out in Section 4.1 herein, the actual number of HSCB Shares to be issued pursuant to the Proposals would be affected depending on the Company's treatment of the treasury shares.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Placement

The rationale for the Proposed Placement are as follows:

- (i) to enable HSCB to raise funds to meet its funding requirements without relying entirely on the equity funding from the existing shareholders of HSCB;
- (ii) to raise funds to pare down the existing borrowings of the HSCB Group; and
- (iii) to raise funds for capital expenditure requirements, corporate purposes and additional working capital purposes for the HSCB Group.

3.2 Proposed Bonus Issue

The rationale for the Proposed Bonus Issue are as follows:

- (i) to reward the existing shareholders of HSCB for their continuing support by enabling them to have a greater participation in the equity of the Company in terms of the increased number of shares held;
- (ii) to increase the capital base of HSCB to a level, which will better reflect the current scale of the HSCB Group's operations and the assets employed; and
- (iii) with a larger capital base, the Proposed Bonus Issue is also expected to increase the liquidity and marketability of HSCB Shares.

3.3 Proposed Rights Issue with Warrants

The rationale for the Proposed Rights Issue with Warrants are as follows:

- (i) to raise equity capital for HSCB without incurring interest cost as compared to borrowings and strengthen its eventual capital base;
- (ii) to provide the shareholders of HSCB with an opportunity to increase their equity participation in the Company at an attractive discount to the prevailing market price for the HSCB Shares from the subscription of Rights Shares and exercise of Warrants;
- (iii) to raise funds to pare down the existing borrowings of the HSCB Group;
- (iv) to optimise the capital structure of the HSCB Group as the exercise of the Warrants will increase the shareholders' funds / capital base of HSCB and hence improve its gearing levels; and
- (v) to raise funds for capital expenditure requirements, corporate purposes and additional working capital purposes for the HSCB Group.

3.4 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital is required to facilitate the issuance of new HSCB Shares arising from the Bonus Shares to be issued pursuant to the Proposed Bonus Issue, Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants as well as to cater for any future increase in the share capital of the Company arising from the exercise of Warrants to be issued pursuant to the Proposed Rights Issue with Warrants.

3.5 Proposed M&A Amendments

The Proposed M&A Amendments are required to facilitate the consequential increase in the number of HSCB Shares pursuant to Proposed Bonus Issue, Proposed Rights Issue with Warrants and the exercise of Warrants to be issued pursuant to the Proposed Rights Issue with Warrants, as well as the alteration of the authorised share capital of HSCB pursuant to the Proposed Increase in Authorised Share Capital.

After due consideration of various methods of fund raising, the Board is of the opinion that raising funds by way of the Proposed Placement and Proposed Rights Issue with Warrants are most suitable for the following reasons:

- (a) the Proposed Placement will allow the Company to raise the requisite funding without having to incur interest expense or service principal repayment. This would allow the Company to preserve cash flow for reinvestment and/or operational purpose; and
- (b) the Proposed Rights Issue with Warrants provides the shareholders of HSCB with an opportunity to increase their equity participation in the Company in terms of an increase in the number of HSCB Shares, at an attractive discount to market price.

4. EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have any effect on the issued and paid-up share capital of HSCB or its substantial shareholders' shareholdings. Save for the expenses to be incurred in relation thereto, the Proposed Increase in Authorised Share Capital and Proposed M&A Amendments will not have any effect on the net assets ("NA"), gearing and earnings per share ("EPS") of HSCB Group.

For illustrative purposes, the proforma effects of the Proposals on HSCB's issued and paid-up share capital, consolidated NA and gearing, EPS and substantial shareholders' shareholdings are based on two (2) scenarios as follows:

Minimum Scenario: Assuming all of the treasury shares will be cancelled before the Entitlement Date

Maximum Scenario: Assuming all of the treasury shares will be resold on Bursa Securities before the Entitlement Date at the five (5)-day VWAP of HSCB Shares immediately prior to the resale

For implementation purposes, the Proposed Placement is expected to be completed before the implementation of the Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments.

4.1 Share capital

The proforma effects of the Proposed Placement, Proposed Bonus Issue and Proposed Rights Issue with Warrants on the issued and paid-up share capital of HSCB as at 6 January 2011 are set out below:

	Par Value	Minimum Scenario		Maximum Scenario	
	RM	No of shares	RM	No of shares	RM
Existing issued and paid-up share capital as at 6 January 2011 ⁽¹⁾	1.00	622,660,000	622,660,000	622,660,000	622,660,000
Add: To be issued pursuant to the Proposed Placement	1.00	<u>124,532,000</u>	<u>124,532,000</u>	<u>124,532,000</u>	<u>124,532,000</u>
After the Proposed Placement	1.00	747,192,000	747,192,000	747,192,000	747,192,000
Less: Cancellation of treasury shares		<u>(59,136,500)</u>	<u>(59,136,500)</u>	<u>#</u>	<u>#</u>
Resultant issued and paid-up share capital after the cancellation of treasury shares	1.00	688,055,500	688,055,500	747,192,000	747,192,000
Add: To be issued pursuant to the Proposed Bonus Issue	1.00	<u>1,376,111,000</u>	<u>1,376,111,000</u>	<u>1,494,384,000</u>	<u>1,494,384,000</u>
After the Proposed Bonus Issue	1.00	2,064,166,500	2,064,166,500	2,241,576,000	2,241,576,000
Add: To be issued pursuant to the Proposed Rights Issue with Warrants	1.00	<u>412,833,300</u>	<u>412,833,300</u>	<u>448,315,200</u>	<u>448,315,200</u>
After the Proposed Rights Issue with Warrants	1.00	2,476,999,800	2,476,999,800	2,689,891,200	2,689,891,200
Add: To be issued upon full exercise of the Warrants	1.00	<u>412,833,300</u>	<u>412,833,300</u>	<u>448,315,200</u>	<u>448,315,200</u>
Enlarged issued and paid-up share capital with voting rights after the Proposals	1.00	<u>2,889,833,100</u>	<u>2,889,833,100</u>	<u>3,138,206,400</u>	<u>3,138,206,400</u>

Notes:

All the treasury shares are assumed to be sold in the market prior to the Entitlement Date.

(1) Including 59,136,500 treasury shares held by the Company as at 6 January 2011.

4.2 NA and gearing

Based on the audited consolidated financial statements of HSCB as at 31 December 2009, and on the assumption that the Proposals had been effected as at that date, the proforma effects of the Proposals on the consolidated NA and gearing of HSCB are as follows:

Minimum Scenario

	Audited as at 31 December 2009 RM 000	(I) After the adjustment made pursuant to further shares buy- back RM 000	(II) After (I) and the Proposed Placement ⁽³⁾ RM 000	(III) After (II) and the Proposed Bonus Issue ⁽⁵⁾ RM 000	(IV) After (III) and the Proposed Rights Issue with Warrants ⁽⁷⁾ RM 000	After (IV) and the full exercise of Warrants ⁽¹⁰⁾ RM 000
Share Capital	622,660	622,660	747,192	2,064,167	2,477,000	2,889,833
Capital reserve in respect of associate	641	641	641	641	641	641
Foreign exchange reserve	7,962	7,962	7,962	7,962	7,962	7,962
Revaluation reserve	36,564	36,564	36,564	36,564	36,564	36,564
Capital redemption reserve	7,128	7,128	7,128	66,265	66,265	66,265
Warrant reserve	-	-	-	-	144,492 ⁽⁸⁾	-
Share premium	-	-	683,681	-	45,412	705,945 ⁽¹¹⁾
Treasury shares	(154,459)	(154,467) ⁽²⁾	(154,467)	- ⁽⁶⁾	-	-
Retained profits	1,814,633	1,814,633	1,814,633	967,736	967,736	967,736
Shareholders' fund / NA attributable to ordinary shareholders	2,335,129	2,335,121	3,143,334	3,143,335	3,746,072	4,674,946
Par value (RM)	1.00	1.00	1.00	1.00	1.00	1.00
Number of shares ⁽¹⁾	563,525,500	563,523,500	688,055,500	2,064,166,500	2,476,999,800	2,889,833,100
Number of treasury shares	59,134,500	59,136,500	59,136,500	-	-	-
NA per share ⁽¹⁾ (RM)	4.14	4.14	4.57	1.52	1.51	1.62
Total borrowings (RM 000)	1,811,578	1,811,578	1,511,578 ⁽⁴⁾	1,511,578	1,311,578 ⁽⁹⁾	1,311,578
Gearing ratio (times)	0.78	0.78	0.48	0.48	0.35	0.28

Notes:

- (1) *Excluding treasury shares held by the Company.*
- (2) *Adjustment made pursuant to further shares buy-back of 2,000 treasury shares amounting to RM7,860.34 from 1 January 2010 up to 6 January 2011.*
- (3) *Based on 124,532,000 Placement Shares to be issued at an issue price of RM6.49 per Placement Share.*
- (4) *Assuming a total of RM300.00 million borrowings has been repaid by the proceeds raised from the Proposed Placement.*
- (5) *Based on 1,376,111,000 Bonus Shares to be issued.*
- (6) *Assuming the 59,136,500 treasury shares are cancelled prior to the Entitlement Date for the Proposed Bonus Issue.*
- (7) *Based on 412,833,300 Rights Shares to be issued at an issue price of RM1.46 per Rights Share together with 412,833,300 free Warrants.*
- (8) *The warrant reserve arises from the issue of 412,833,300 Warrants to shareholders of HSCB pursuant to the Proposed Rights Issue with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.35 each.*
- (9) *Assuming a total of RM200.00 million borrowings has been repaid by the proceeds raised from the Proposed Rights Issue with Warrants.*
- (10) *Assuming 412,833,300 Warrants are to be exercised at an illustrative exercise price of RM2.25 per HSCB Share, being the TEAP of the five (5)-day VWAP of HSCB Shares up to and including 6 January 2011 (being the last market day prior to the date of this announcement) of RM7.21.*
- (11) *Excluding the estimated expenses for the Proposals.*

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Maximum Scenario

	(I) After the adjustment made pursuant to further shares buy- back	(II) After (I) and the Proposed Placement ⁽³⁾	(III) After (II) and the Proposed Bonus Issue ⁽⁵⁾	(IV) After (III) and the Proposed Rights Issue with Warrants ⁽⁷⁾	After (IV) and the full exercise of Warrants ⁽¹⁰⁾	
Audited as at 31 December 2009	RM 000	RM 000	RM 000	RM 000	RM 000	
Share Capital	622,660	622,660	747,192	2,241,576	2,689,891	3,138,206
Capital reserve in respect of associate	641	641	641	641	641	641
Foreign exchange reserve	7,962	7,962	7,962	7,962	7,962	7,962
Revaluation reserve	36,564	36,564	36,564	36,564	36,564	36,564
Capital redemption reserve	7,128	7,128	7,128	7,128	7,128	7,128
Warrant reserve	-	-	-	-	156,910 ⁽⁸⁾	-
Share premium	-	-	683,681	-	49,315	766,619 ⁽¹¹⁾
Treasury shares	(154,459)	(154,467) ⁽²⁾	(154,467)	- ⁽⁶⁾	-	-
Retained profits	1,814,633	1,814,633	1,814,633	1,275,837	1,275,837	1,275,837
Shareholders' fund / NA attributable to ordinary shareholders	2,335,129	2,335,121	3,143,334	3,569,708	4,224,248	5,232,957
Par value (RM)	1.00	1.00	1.00	1.00	1.00	1.00
Number of shares ⁽¹⁾	563,525,500	563,523,500	688,055,500	2,241,576,000	2,689,891,200	3,138,206,400
Number of treasury shares	59,134,500	59,136,500	59,136,500	-	-	-
NA per share ⁽¹⁾ (RM)	4.14	4.14	4.57	1.59	1.57	1.67
Total borrowings (RM 000)	1,811,578	1,811,578	1,511,578 ⁽⁴⁾	1,511,578	1,311,578 ⁽⁹⁾	1,311,578
Gearing ratio (times)	0.78	0.78	0.48	0.42	0.31	0.25

Notes:

(1) Excluding treasury shares held by the Company.

(2) Adjustment made pursuant to further shares buy-back of 2,000 treasury shares amounting to RM7,860.34 from 1 January 2010 up to 6 January 2011.

- (3) Based on 124,532,000 Placement Shares to be issued at an issue price of RM6.49 per Placement Share.
- (4) Assuming a total of RM300.00 million borrowings has been repaid by the proceeds raised from the Proposed Placement.
- (5) Based on 1,494,384,000 Bonus Shares to be issued.
- (6) Assuming the 59,136,500 treasury shares are sold in the market at a price based on the five (5)-day VWAP of HSCB Shares immediately prior to the resale on or prior to the Entitlement Date for the Proposed Bonus Issue. For illustrative purposes, the resale price of the said treasury shares is assumed to be RM7.21 per share. Based on the average purchase price of RM2.61 per share, the gain on the resale of treasury shares is RM4.60 per share.
- (7) Based on 448,315,200 Rights Shares to be issued at an issue price of RM1.46 per Rights Share together with 448,315,200 free Warrants.
- (8) The warrant reserve arises from the issue of 448,315,200 Warrants to shareholders of HSCB pursuant to the Proposed Rights Issue with Warrants. For illustration purposes, the Warrants are assumed to have a fair value of RM0.35 each.
- (9) Assuming a total of RM200.00 million borrowings has been repaid by the proceeds raised from the Proposed Rights Issue with Warrants.
- (10) Assuming 448,315,200 Warrants are to be exercised at an illustrative exercise price of RM2.25 per HSCB Share, being the TEAP of the five (5)-day VWAP of HSCB Shares up to and including 6 January 2011 (being the last market day prior to the date of this announcement) of RM7.21.
- (11) Excluding the estimated expenses for the Proposals.

4.3 Substantial shareholders' shareholding

The proforma effects of the Proposals on the substantial shareholders' shareholding (holding 5% or more) based on the Register of Substantial Shareholders of HSCB as at 31 December 2010 are as follows:

Minimum Scenario

	(I)				(II)				(III)			
	As at 31 December 2010				After (I) and the Proposed Placement ⁽²⁾				After (II) and the Proposed Bonus Issue ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held	No of shares	% held	
Gek Poh Holdings Sdn Bhd (" Gek Poh ")	322,975,886	57.31	25,851,700 ⁽⁶⁾	4.59	322,975,886	46.94	25,851,700 ⁽⁶⁾	3.76	968,927,658	46.94	77,555,100 ⁽⁶⁾	3.76
Lei Shing Hong Investment Ltd (" Lei Shing Hong ")	57,049,800	10.12	-	-	57,049,800	8.29	-	-	171,149,400	8.29	-	-
Tan Sri Datuk Sri Panglima Lau Cho Kun @ Lau Yu Chak (" Tan Sri Lau ")	-	-	405,877,386 ⁽⁷⁾	72.02	-	-	405,877,386 ⁽⁷⁾	58.99	-	-	1,217,632,158 ⁽⁷⁾	58.99

	(IV) After (III) and the Proposed Rights Issue with Warrants ⁽⁴⁾				After (IV) and full exercise of the Warrants ⁽⁵⁾			
	Direct		Indirect		Direct		Indirect	
	No of shares	% held	No of shares	% held	No of shares	% held	No of shares	% held
Gek Poh	1,162,713,190	46.94	93,066,120 ⁽⁶⁾	3.76	1,356,498,721	46.94	108,577,140 ⁽⁶⁾	3.76
Lei Shing Hong	205,379,280	8.29	-	-	239,609,160	8.29	-	-
Tan Sri Lau	-	-	1,461,158,590 ⁽⁷⁾	58.99	-	-	1,704,685,021 ⁽⁷⁾	58.99

Notes:

- (1) For purpose of computing the percentage of shareholding above, the number of shares used was arrived at by excluding the treasury shares held by HSCB.
- (2) Based on issued and paid-up share capital of 688,055,500 (excluding 59,136,500 treasury shares) upon issuance of 124,532,000 Placement Shares.
- (3) Based on issued and paid-up share capital of 2,064,166,500 upon issuance of 1,376,111,000 Bonus Shares.
- (4) Based on issued and paid-up share capital of 2,476,999,800 upon issuance of 412,833,300 Rights Shares.
- (5) Based on issued and paid-up share capital of 2,889,833,100 upon full exercise of 412,833,300 Warrants.
- (6) Deemed interests through its wholly-owned subsidiary, Pembangunan Melati Sdn Bhd ("**Melati**"), pursuant to Section 6A(4) of the Act.
- (7) Deemed interests by virtue of his substantial interests in Gek Poh and Lei Shing Hong pursuant to Section 6A(4) of the Act.

Maximum Scenario

	(I) As at 31 December 2010				(II) After (I) and the Proposed Placement ⁽²⁾				(III) After (II) and the Proposed Bonus Issue ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held ⁽¹⁾	No of shares	% held	No of shares	% held
Gek Poh	322,975,886	57.31	25,851,700 ⁽⁶⁾	4.59	322,975,886	46.94	25,851,700 ⁽⁶⁾	3.76	968,927,658	43.23	77,555,100 ⁽⁶⁾	3.46
Lei Shing Hong	57,049,800	10.12	-	-	57,049,800	8.29	-	-	171,149,400	7.64	-	-
Tan Sri Lau	-	-	405,877,386 ⁽⁷⁾	72.02	-	-	405,877,386 ⁽⁷⁾	58.99	-	-	1,217,632,158 ⁽⁷⁾	54.32
	(IV) After (III) and the Proposed Rights Issue with Warrants ⁽⁴⁾				After (IV) and full exercise of the Warrants ⁽⁵⁾							
	Direct		Indirect		Direct		Indirect					
	No of shares	% held	No of shares	% held	No of shares	% held	No of shares	% held				
Gek Poh	1,162,713,190	43.23	93,066,120 ⁽⁶⁾	3.46	1,356,498,721	43.23	108,577,140 ⁽⁶⁾	3.46				
Lei Shing Hong	205,379,280	7.64	-	-	239,609,160	7.64	-	-				
Tan Sri Lau	-	-	1,461,158,590 ⁽⁷⁾	54.32	-	-	1,704,685,021 ⁽⁷⁾	54.32				

Notes:

- (1) For purpose of computing the percentage of shareholding above, the number of shares used was arrived at by excluding the treasury shares held by HSCB.
- (2) Based on issued and paid-up share capital of 688,055,500 (excluding 59,136,500 treasury shares) upon issuance of 124,532,000 Placement Shares.
- (3) Based on issued and paid-up share capital of 2,241,576,000 upon issuance of 1,494,384,000 Bonus Shares.
- (4) Based on issued and paid-up share capital of 2,689,891,200 upon issuance of 448,315,200 Rights Shares.
- (5) Based on issued and paid-up share capital of 3,138,206,400 upon full exercise of 448,315,200 Warrants.
- (6) Deemed interests through its wholly-owned subsidiary, Melati, pursuant to Section 6A(4) of the Act.
- (7) Deemed interests by virtue of his substantial interests in Gek Poh and Lei Shing Hong pursuant to Section 6A(4) of the Act.

4.4 EPS

The Proposals are not expected to have any material effect on HSCB's consolidated earnings for the financial year ending 31 December 2011 as the utilisation of proceeds may take some time before they can create impact on the HSCB Group's earnings. However, there will be a corresponding dilution in HSCB's consolidated EPS as a result of the increase in the number of shares arising from the Proposed Placement, Proposed Bonus Issue and Proposed Rights Issue with Warrants.

There may be a further dilutive effect on HSCB's consolidated EPS resulting from the future increase in the number of new HSCB Shares in issue as and when the Warrants are exercised into new HSCB Shares pursuant to the Proposed Rights Issue with Warrants.

Nevertheless, the effect of any exercise of Warrants on HSCB's consolidated EPS would be dependent on the returns generated by HSCB from the utilisation of proceeds arising from the exercise of the Warrants.

5. APPROVALS REQUIRED

The Proposals are subject to and conditional upon approvals being obtained from the following:

- (a) Bursa Securities for the following:
 - (i) listing of and quotation for the new HSCB Shares to be issued pursuant to the Proposed Placement;
 - (ii) listing of and quotation for the new HSCB Shares to be issued pursuant to the Proposed Bonus Issue and Proposed Rights Issue with Warrants and the new HSCB Shares to be issued arising from the exercise of Warrants, on the Main Market of Bursa Securities; and
 - (iii) admission, listing of and quotation for the Warrants to be issued pursuant to the Proposed Rights Issue with Warrants on the Official List of the Main Market of Bursa Securities;
- (b) the approval of Bank Negara Malaysia for the issuance of the Warrants to non-residents pursuant to the Proposed Rights Issue with Warrants;
- (c) Ministry of International Trade and Industry, for the new HSCB Shares to be issued pursuant to the Proposed Placement (if required);
- (d) the shareholders of the Company at the forthcoming Extraordinary General Meeting to be convened, for the following:
 - (i) Additional Shareholders' Mandate; and
 - (ii) Proposed Bonus Issue, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed M&A Amendments; and
- (e) any other relevant authorities and/or parties, if required.

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

None of the Directors and major shareholders of HSCB and/or persons connected to them has any interest, direct or indirect, in the Proposals, save for their respective entitlement as shareholders, if any, which is the same as all other shareholders of the Company.

7. DIRECTORS' STATEMENT

The Board, after having considered all aspects of the Proposals and upon the advice of the Adviser, is of the opinion that the Proposals are in the best interest of the Company.

8. ADVISER

CIMB has been appointed as the Adviser for the Proposals.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring unforeseen circumstances, all the relevant applications to the authorities in relation to the Proposals will be made within three (3) months from the date of this Announcement.

Barring unforeseen circumstances, the Proposals are expected to be completed by mid 2011.

This Announcement is dated 7 January 2011.