

ANALABS RESOURCES BERHAD (“ANALABS” OR THE “COMPANY”)

PROPOSED BONUS ISSUE

1. INTRODUCTION

On behalf of the Board of Directors of Analabs (“**Board**”), RHB Investment Bank Berhad (“**RHB Investment Bank**”) wishes to announce that the Company proposes to undertake a proposed bonus issue of 60,024,000 new ordinary shares in Analabs (“**Analabs Shares**” or “**Shares**”) (“**Bonus Shares**”) on the basis of 1 Bonus Share for every 1 existing Analabs Share held on an entitlement date to be determined and announced later (“**Entitlement Date**”) (“**Proposed Bonus Issue**”).

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue entails the issuance of 60,024,000 Bonus Shares on the basis of 1 Bonus Share for every 1 existing Analabs Share held by the entitled shareholders of Analabs whose names appear in the Record of Depositors of Analabs at the close of business on the Entitlement Date (“**Entitled Shareholders**”).

The basis of the Proposed Bonus Issue of 1 Bonus Share for every 1 existing Analabs Share was arrived at after taking into consideration the potential adjustments to the share price of Analabs Shares arising from the Proposed Bonus Issue.

As at 20 July 2018, being the latest practicable date prior to this announcement (“**LPD**”):

- (i) the issued share capital of Analabs is RM66,272,517 comprising 60,024,000 Analabs Shares; and
- (ii) there are 4,299,600 treasury shares held by the Company (“**Treasury Shares**”).

The actual number of Bonus Shares to be issued will depend on the number of Analabs Shares in issue on the Entitlement Date.

For the avoidance of doubt, the Treasury Shares would be entitled to the Bonus Shares pursuant to Section 127(11) of the Companies Act 2016 (“**Act**”) which came into effect on 31 January 2017 and replaced the Companies Act 1965. Such Bonus Shares will be treated as Treasury Shares at the time the Bonus Shares are allotted.

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be disregarded and dealt with in such manner as the Board shall in its absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

For illustration purposes, based on the 5-day volume weighted average market price (“**VWAP**”) of Analabs Shares up to and including LPD of RM2.4774, the theoretical ex-bonus share price of Analabs Shares is RM1.2387. Further, the Board confirms that the share price adjusted for the Proposed Bonus Issue is not less than RM0.50 based on the daily VWAP during the past 3-month period up to LPD in accordance with Paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

2.2 No capitalisation of reserves

The Bonus Shares in respect of the Proposed Bonus Issue will be issued as fully paid, at nil consideration and without capitalisation of the Company's reserves.

For the avoidance of doubt, the Proposed Bonus Issue will increase the number of Analabs Shares but will not increase the value of share capital of Analabs.

2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank equally in all respects with the existing Analabs Shares at the date of allotment of the Bonus Shares, save and except that the Bonus Shares will not be entitled to participate in any rights, allotments, dividends, and/or other distributions that may be declared, made or paid where the entitlement date of which is before the allotment date of the Bonus Shares.

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 on the Main Market of Bursa Securities.

3. RATIONALE AND JUSTIFICATION FOR THE PROPOSED BONUS ISSUE

The Proposed Bonus Issue would enable the Company to achieve the following:

- (i) Provide the shareholders of Analabs with greater participation in the equity of the Company in terms of number of Shares held and maintaining their percentage equity interests;
- (ii) Increase the Company's issued share capital to a level which would be more reflective of its current scale of operations and assets employed by Analabs and its subsidiaries ("**Group**");
- (iii) Enhance the marketability and trading liquidity of Analabs Shares on Bursa Securities by way of a larger capital base; and
- (iv) Attract participation by investors given the potential broadening of the shareholder base of the Company.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

The effects of the Proposed Bonus Issue are illustrated based on the following scenarios:

Minimum Scenario : All 4,299,600 Treasury Shares are retained by the Company prior to the implementation of the Proposed Bonus Issue.

Maximum Scenario : All 4,299,600 Treasury Shares are resold at their respective acquisition prices prior to the implementation of the Proposed Bonus Issue.

4.1 Issued share capital

For illustration purposes, the proforma effects of the Proposed Bonus Issue on the share capital of Analabs are as follows:

	Minimum Scenario/ Maximum Scenario	
	No. of Shares '000	RM'000
Share capital as at LPD (including Treasury Shares)	60,024	66,272
To be issued pursuant to the Proposed Bonus Issue	⁽¹⁾ 60,024	-
Enlarged share capital (including Treasury Shares)	⁽²⁾120,048	66,272

Notes:

- (1) *Including the Bonus Shares to be issued pursuant to the Treasury Shares' entitlement under the Proposed Bonus Issue.*
- (2) *The enlarged share capital under the Minimum Scenario consists of 111,448,800 Analabs Shares (being 120,048,000 Analabs Shares in issue less 8,599,200 Treasury Shares).*

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

For illustration purposes, based on the latest audited consolidated financial statements of Analabs as at 30 April 2017, the proforma effects of the Proposed Bonus Issue on the NA per Share and gearing of the Group are as follows:

Group level	Audited as at 30 April 2017 RM'000	⁽¹⁾ After adjustment for subsequent events RM'000	Minimum Scenario	Maximum Scenario	
			^(I) After completion of the Proposed Bonus Issue RM'000	^(I) Assuming that the Treasury Shares are resold RM'000	^(II) After (I) and the Proposed Bonus Issue RM'000
Share capital	66,272	66,272	66,272	66,272	66,272
Treasury Shares	(5,888)	⁽²⁾ (6,719)	(6,719)	⁽⁶⁾ -	-
Foreign exchange translation reserve	5,503	4,309	4,309	4,309	4,309
Revaluation reserve	47,194	47,194	47,194	47,194	47,194
Fair value reserve	2,076	7,818	7,818	7,818	7,818
Retained profits	122,382	131,526	⁽⁵⁾ 131,386	131,526	⁽⁵⁾ 131,386
Shareholders' equity / NA	237,539	250,400	250,260	257,119	256,979
No. of Shares in issue ('000)	⁽³⁾ 56,105	⁽⁴⁾ 55,724	111,449	60,024	120,048
NA per Share (RM)	4.23	4.49	2.25	4.28	2.14
Total borrowings (RM'000)	17,453	22,805	22,805	22,805	22,805
Gearing (times)	0.07	0.09	0.09	0.09	0.09

Notes:

- (1) *Based on the unaudited results for the financial year ended 30 April 2018 and taking into consideration the adjustment as set out in Note (2) below.*
- (2) *After taking into consideration the additional purchase of Treasury Shares from 1 May 2017 to LPD.*
- (3) *Being 60,024,000 Analabs Shares in issue after excluding 3,919,400 Treasury Shares.*
- (4) *Being 60,024,000 Analabs Shares in issue after excluding 4,299,600 Treasury Shares.*
- (5) *After deducting the estimated expenses in relation to the Proposed Bonus Issue amounting to RM140,000.*
- (6) *Assuming that all 4,299,600 Treasury Shares are resold in the open market at their respective acquisition prices before the Entitlement Date and there are no transaction costs relating to the disposal of the Treasury Shares. Hence there is no gain or loss from the disposal of all the Treasury Shares.*

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4.3 Earnings and earnings per share (“EPS”)

The Proposed Bonus Issue is not expected to have any material effect on the earnings of the Group for the financial year ended 30 April 2018, save for the dilution in the EPS of the Group as a result of the increase in the number of Analabs Shares in issue pursuant to the Proposed Bonus Issue.

4.4 Substantial shareholder’s shareholding

The Proposed Bonus Issue will not have any effect on the percentage shareholding of the substantial shareholder as the Bonus Shares will be allotted on a pro-rata basis to all the shareholders of the Company. However, the number of Analabs Shares held by the substantial shareholder will increase proportionately pursuant to the Proposed Bonus Issue.

4.5 Convertible securities

As at LPD, the Company does not have any existing convertible securities.

5. APPROVALS REQUIRED

The Proposed Bonus Issue is conditional upon the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- (ii) the shareholders of Analabs at an extraordinary general meeting of the Company to be convened; and
- (iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue is not conditional upon any other corporate exercise undertaken or to be undertaken by the Company.

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

None of the Directors, major shareholders of the Company and/or persons connected with them has any interest, either direct or indirect, in the Proposed Bonus Issue, apart from their respective entitlements as shareholders of the Company under the Proposed Bonus Issue, which are also available to all other Entitled Shareholders.

7. DIRECTORS’ STATEMENT

The Board, having considered all aspects of the Proposed Bonus Issue, including but not limited to the rationale as well as the effects of the Proposed Bonus Issue, is of the opinion that the Proposed Bonus Issue is in the best interest of the Company and its shareholders.

8. ADVISER

RHB Investment Bank has been appointed as the Principal Adviser to the Company for the Proposed Bonus Issue.

9. APPLICATION TO THE RELEVANT AUTHORITIES

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

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposed Bonus Issue is expected to be completed in the fourth quarter of 2018.

This announcement is dated 30 July 2018.