

General Announcement

Initiated by MB_CIMB5 on 09/02/2010 05:29:08 PM
Submitted by MB_CIMB5 on 09/02/2010 06:26:34 PM
Reference No MM-100209-62948
Form Version V3.0

Submitted

Company Information

Main Market Company	
New Announcement	
Submitting Investment Bank/Advisor (if applicable)	CIMB INVESTMENT BANK BERHAD
Submitting Secretarial Firm (if applicable)	
* Company name	TASEK CORPORATION BERHAD
* Stock name	TASEK
* Stock code	4448
* Contact person	LAU CHOI HAR
* Designation	EXECUTIVE
* Contact number	03-20846587
E-mail address	choihar.lau@cimb.com

Type * **Announcement**
Subject *: TASEK CORPORATION BERHAD ("TASEK")

(I) PROPOSED CASH DISTRIBUTION BY WAY OF THE FOLLOWING:
(A) PROPOSED FINAL DIVIDEND;
(B) PROPOSED SPECIAL DIVIDEND; AND
(C) PROPOSED CAPITAL REPAYMENT; AND
(II) PROPOSED CONSOLIDATION
(COLLECTIVELY, REFERRED TO AS THE "PROPOSALS")

Note: If the announcement is a long announcement, please summarize the announcement in the contents and enter the details of the announcement in the Announcement Details or attached the full details of the announcement as attachment.

Contents *:-

(This field is to be used for the summary of the announcement)

On behalf of the Board of Directors ("Board") of Tasek, CIMB Investment Bank Berhad wishes to announce that Tasek's Board had, at a meeting held today, deliberated on the Proposals and has agreed to table the Proposals to Tasek's shareholders for their consideration.

Please refer to the attachment for the full text of the announcement on the Proposals.

This announcement is dated 9 February 2010.

Announcement Details :-

(This field is for the details of the announcement, if applicable)

Attachment(s):- (please attach the attachments here)

[Attachment \(9 Feb 10\).pdf](#)

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

TASEK CORPORATION BERHAD (“TASEK”)

- (I) PROPOSED CASH DISTRIBUTION OF APPROXIMATELY UP TO RM102.97 MILLION OR EQUIVALENT TO RM0.63 PER ORDINARY SHARE OF RM1.00 EACH IN TASEK (“TASEK ORDINARY SHARE”) OR PER 6% CUMULATIVE PARTICIPATING PREFERENCE SHARE OF RM1.00 EACH IN TASEK (“TASEK PREFERENCE SHARE”) (COLLECTIVELY REFERRED TO AS THE “TASEK SHARES”) TO THE ORDINARY SHAREHOLDERS AND PREFERENCE SHAREHOLDERS OF TASEK BY WAY OF THE FOLLOWING:
 - (A) PROPOSED FINAL GROSS DIVIDEND OF RM0.10 PER TASEK SHARE (“PROPOSED FINAL DIVIDEND”);
 - (B) PROPOSED SPECIAL GROSS DIVIDEND OF RM0.20 PER TASEK SHARE (“PROPOSED SPECIAL DIVIDEND”); AND
 - (C) PROPOSED CAPITAL REPAYMENT OF APPROXIMATELY UP TO RM61.18 MILLION ON THE BASIS OF RM0.33 PER TASEK SHARE (“PROPOSED CAPITAL REPAYMENT”); AND
- (II) PROPOSED SHARE CONSOLIDATION OF APPROXIMATELY UP TO 185,407,200 TASEK SHARES OF RM0.67 EACH IN TASEK (AFTER THE PROPOSED CAPITAL REPAYMENT) INTO APPROXIMATELY UP TO 124,222,824 TASEK SHARES, ON THE BASIS OF 1.49 TASEK SHARES OF RM0.67 EACH IN TASEK INTO ONE (1) TASEK SHARE OF RM1.00 EACH IN TASEK (“PROPOSED CONSOLIDATION”)

(COLLECTIVELY, REFERRED TO AS THE “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors (“**Board**”) of Tasek, CIMB Investment Bank Berhad (“**CIMB**”) wishes to announce that Tasek is proposing to distribute RM0.63 cash for every one (1) existing Tasek Share held by the ordinary shareholders and preference shareholders of Tasek by way of the following:

- (i) declaration of a final gross dividend of ten (10) sen cash for every one (1) existing Tasek Share held;
- (ii) declaration of a special gross dividend of twenty (20) sen cash for every one (1) existing Tasek Share held; and
- (iii) proposed capital repayment to the ordinary shareholders and preference shareholders of Tasek of approximately up to RM61.18 million on the basis of RM0.33 cash for every one (1) existing Tasek Share held.

Pursuant to the Proposed Capital Repayment, the par value of the ordinary shares and preference shares in Tasek will reduce from RM1.00 to RM0.67 per share in Tasek. Subsequent to the Proposed Capital Repayment, the resultant shares in Tasek of RM0.67 each will be consolidated into RM1.00 per Tasek Share on the basis of 1.49 shares of RM0.67 each in Tasek into one (1) share of RM1.00 each in Tasek.

2. DETAILS OF THE PROPOSALS

2.1 PROPOSED FINAL DIVIDEND

Tasek proposes to declare a final gross dividend of RM0.10 per Tasek Share or to distribute net cash of approximately up to RM13.95 million to Tasek's shareholders in the following manner:

- (i) final dividend of RM0.10 per Tasek Ordinary Share less income tax of 25% or totaling approximately up to RM13.87 million to Tasek's ordinary shareholders; and
- (ii) final dividend of RM0.16 per Tasek Preference Share or totaling approximately up to RM0.08 million to Tasek's preference shareholders.

The entitlement date and payment date of the final dividend are 20 May 2010 and 18 June 2010 respectively. A separate announcement on the same has also been released to Bursa Malaysia Securities Berhad ("**Bursa Securities**").

2.2 PROPOSED SPECIAL DIVIDEND

Tasek is also proposing to declare a special gross dividend of RM0.20 per Tasek Share or to distribute net cash of approximately up to RM27.84 million to Tasek's shareholders in the following manner:

- (i) special dividend of RM0.20 per Tasek Ordinary Share less income tax of 25% or totaling approximately RM27.74 million to Tasek's ordinary shareholders; and
- (ii) special dividend of RM0.20 per Tasek Preference Share or totaling approximately up to RM0.10 million to Tasek's preference shareholders.

The entitlement date and payment date of the special dividend are 20 May 2010 and 18 June 2010 respectively. A separate announcement on the same has also been released to Bursa Securities.

2.3 PROPOSED CAPITAL REPAYMENT

The Proposed Capital Repayment involves a capital repayment by Tasek by way of cash distribution on the basis of RM0.33 for every one (1) existing Tasek Share held by the shareholders whose names appear on the Record of Depositors of Tasek at an entitlement date to be determined and announced later ("**Entitled Shareholders**"). The Proposed Capital Repayment is to be implemented via reduction of the share capital of Tasek in accordance with Section 64 of the Companies Act, 1965.

The maximum amount of cash to be distributed to the Entitled Shareholders under the Proposed Capital Repayment will amount up to RM61.18 million which was arrived at based on the number of issued and paid-up share capital of Tasek as at 31 December 2009 and assuming all the treasury shares are resold prior to the entitlement date.

The actual amount of cash to be distributed to the Entitled Shareholders will be determined based on the number of Tasek Shares in issue on the entitlement date. The Proposed Capital Repayment is expected to be funded entirely by cash reserves of Tasek and its subsidiaries ("**Tasek Group**").

Based on the issued and paid-up share capital of Tasek of RM185,407,200 comprising 184,907,200 Tasek Ordinary Shares and 500,000 Tasek Preference Shares as at 31 December 2009 and assuming all the treasury shares are resold on or prior to the entitlement date, the Proposed Capital Repayment would result in a credit of RM61,184,376. The Proposed Capital Repayment would entail a reduction in the issued and paid-up share capital of Tasek to RM124,222,824 comprising 184,907,200 ordinary shares and 500,000 6% cumulative participating preference shares of RM0.67 each in Tasek. Following the Proposed Capital Repayment, the share capital account will be reduced by approximately up to RM61.18 million.

As the Proposed Capital Repayment involves reduction of the Tasek's share capital, the reduction of share capital account will be subject to confirmation by the High Court of Malaya.

2.4 PROPOSED CONSOLIDATION

Subsequent to the Proposed Capital Repayment, the resultant 185,407,200 shares of RM0.67 each in Tasek will be consolidated into approximately up to 124,222,824 shares of RM1.00 each in Tasek, on the basis of 1.49 shares of RM0.67 each into one (1) share of RM1.00 each ("**Consolidated Tasek Shares**"). Upon completion of the Proposed Consolidation, the share capital of Tasek will comprise up to RM124,222,824 comprising 123,887,824 Tasek Ordinary Shares and 335,000 Tasek Preference Shares.

The consolidated Tasek Ordinary Shares shall rank pari passu in all respects amongst themselves whilst the consolidated Tasek Preference Shares shall rank pari passu in all respects amongst themselves.

Fractions of the Consolidated Tasek Shares will be dealt with in such manner as the Board in its discretion think expedient and in the interest of Tasek.

With the introduction of SPEEDS by Bursa Securities, there will not be any suspension in the trading of Tasek Shares for the implementation of the Proposed Consolidation.

2.5 INTER-CONDITIONALITY OF THE PROPOSALS

The Proposed Final Dividend, the Proposed Special Dividend and the Proposed Capital Repayment are not inter-conditional.

The Proposed Consolidation is conditional upon the Proposed Capital Repayment but not vice versa.

3. RATIONALE FOR THE PROPOSALS

The Proposals are consistent with the objectives of Tasek's capital management framework which includes returning cash in excess of Tasek's requirement to shareholders to reflect the continuous effort of Tasek to achieve an efficient capital structure and to reward its shareholders for their continuous support of Tasek, after taking into consideration Tasek's level of cash, business prospects, projected levels of capital expenditure and other investment plans and current and expected obligations. Tasek believes that this is an opportune time to implement the Proposals in tandem with its increased balance sheet strength and operational improvements.

The Proposals are expected to enhance the consolidated return to equity of Tasek Group which in turn is expected to have a positive impact on shareholders' value. Tasek's shareholders are expected to benefit from the near term value enhancement and improvement to Tasek's long term rates of return arising from the Proposals.

4. EFFECTS OF THE PROPOSALS

The effects of the Proposals are set out in the ensuing sections based on Minimum Scenario and Maximum Scenario as follows:

Minimum Scenario: Assuming none of the 56,400 treasury shares in Tasek as at 31 December 2009 are resold, on or prior to the entitlement date.

Maximum Scenario: Assuming all of the 56,400 treasury shares in Tasek as at 31 December 2009 are resold, on or prior to the entitlement date.

4.1 Share Capital

The Proposed Final Dividend and the Proposed Special Dividend will not have any effect on the share capital of Tasek Group.

For illustrative purposes, the proforma effects of the Proposals on the share capital of Tasek are set out below:

Minimum Scenario

	←-----No of shares-----→			Par Value RM	←-----Share capital-----→		
	Tasek Ordinary Shares	Tasek Preference Shares	Total		Tasek Ordinary Shares	Tasek Preference Shares	Total RM
Existing issued and paid-up share capital as at 31 December 2009	184,907,200	500,000	185,407,200	1.00	184,907,200	500,000	185,407,200
Less: Treasury share	(56,400)	-	(56,400)	1.00	(56,400)	-	(56,400)
Assumed number of Tasek Shares on entitlement date	184,850,800	500,000	185,350,800	1.00	184,850,800	500,000	185,350,800
Less: Reduction pursuant to the Proposed Capital Repayment	-	-	-	(0.33)	(61,000,764)	(165,000)	(61,165,764)
Share capital after the Proposed Capital Repayment	184,850,800	500,000	185,350,800	0.67	123,850,036	335,000	124,185,036
Share capital after the Proposed Consolidation	123,850,036	335,000	124,185,036	1.00	123,850,036	335,000	124,185,036

Maximum Scenario

	←-----No of shares----->			Par Value RM	←-----Share capital----->		
	Tasek Ordinary Shares	Tasek Preference Shares	Total		Tasek Ordinary Shares RM	Tasek Preference Shares RM	Total RM
Existing issued and paid-up share capital as at 31 December 2009	184,907,200	500,000	185,407,200	1.00	184,907,200	500,000	185,407,200
Less: Reduction pursuant to the Proposed Capital Repayment	-	-	-	(0.33)	(61,019,376)	(165,000)	(61,184,376)
Share capital after the Proposed Capital Repayment	184,907,200	500,000	185,407,200	0.67	123,887,824	335,000	124,222,824
Share capital after the Proposed Consolidation	123,887,824	335,000	124,222,824	1.00	123,887,824	335,000	124,222,824

[This rest of this page is left blank intentionally]

4.2 Net Assets (“NA”) and gearing

For illustrative purposes, based on Tasek’s audited consolidated financial statements as at 31 December 2008, the proforma effect of the Proposals on the consolidated NA and gearing of the Tasek Group based on the assumption that the Proposals were completed on 31 December 2008 are set out below:

Minimum Scenario

	As at 31 December 2008	I After exercise of Executive Share Options Scheme (“ESOS”) and adjustment for the shares buy-back during the period^	II After I and the Proposed Final Dividend	III After II and the Proposed Special Dividend	IV After III and the Proposed Capital Repayment	After IV and the Proposed Consolidation
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Share capital	185,088	185,407	185,407	185,407	124,241	124,241
Non-distributable:						
Share premium	135,117	135,784	135,784	135,784	135,784	135,784
Share options reserves	72	-	-	-	-	-
Treasury shares	-	(223)	(223)	(223)	(223)	(223)
Revaluation reserves	11,199	11,199	11,199	11,199	11,199	11,199
	146,388	146,760	146,760	146,760	146,760	146,760
Distributable:						
General reserve	115,347	115,347	115,347	115,347	115,347	115,347
Retained profits	407,388	407,388	393,444	365,617	365,617	365,117 [#]
	522,735	522,735	508,791	480,964	480,964	480,464
Shareholders’ fund / NA	854,211	854,902	840,958	813,131	751,965	751,465
No of ordinary shares	184,587,800	184,907,200	184,907,200	184,907,200	184,907,200	123,850,036
No of preference shares	500,000	500,000	500,000	500,000	500,000	335,000
No of treasury shares	-	56,400	56,400	56,400	56,400	56,400
NA per share* (RM)	4.63	4.62	4.55	4.40	4.07	6.07
Total borrowings (RM 000)	4,587	4,587	4,587	4,587	4,587	4,587
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01

Notes:

* Excluding treasury shares.

^ Adjustment made pursuant to the exercise of 180,000 and 139,400 ESOS options at the exercise price of RM2.97 and RM2.72 respectively and the implementation of the shares buy-back of 56,400 treasury shares amounting to RM223,305.31 from 1 January 2009 to 31 December 2009.

After deducting estimated expenses of approximately RM500,000 in respect of the Proposals.

Maximum Scenario

	I	II	III	IV	V	
	After exercise of ESOS options and adjustment for the shares buy-back during the period^	After I and assumed full resale of the treasury shares	After II and the Proposed Final Dividend	After III and the Proposed Special Dividend	After IV and the Proposed Capital Repayment	After V and the Proposed Consolidation
	As at 31 December 2008					
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
Share capital	185,088	185,407	185,407	185,407	185,407	124,223
Non-distributable:						
Share premium	135,117	135,784	135,784	135,784	135,784	135,784
Share options reserves	72	-	-	-	-	-
Treasury shares	-	(223)	-	-	-	-
Revaluation reserves	11,199	11,199	11,199	11,199	11,199	11,199
	146,388	146,760	146,983	146,983	146,983	146,983
Distributable:						
General reserve	115,347	115,347	115,347	115,347	115,347	115,347
Retained profits	407,388	407,388	407,388	393,440	365,604	365,104 [#]
	522,735	522,735	522,735	508,787	480,951	480,451
Shareholders' fund / NA	854,211	854,902	855,125	841,177	813,341	751,657
No of ordinary shares	184,587,800	184,907,200	184,907,200	184,907,200	184,907,200	123,887,824
No of preference shares	500,000	500,000	500,000	500,000	500,000	335,000
No of treasury shares	-	56,400	-	-	-	-
NA per share* (RM)	4.63	4.62	4.62	4.55	4.40	6.07
Total borrowings (RM 000)	4,587	4,587	4,587	4,587	4,587	4,587
Gearing (times)	0.01	0.01	0.01	0.01	0.01	0.01

Notes:

- * *Excluding treasury shares.*
- ^ *Adjustment made pursuant to the exercise of 180,000 and 139,400 ESOS options at the exercise price of RM2.97 and RM2.72 respectively and the implementation of the shares buy-back of 56,400 treasury shares amounting to RM223,305.31 from 1 January 2009 to 31 December 2009.*
- # *After deducting estimated expenses of approximately RM500,000 in respect of the Proposals.*

[This rest of this page is left blank intentionally]

4.3 Earnings

The Proposals are expected to be completed by second half of 2010 and will not have any material effect on the earnings of the Tasek Group for the financial year ending 31 December 2010.

However, the Proposals will result in a reduction in interest income that may be generated from RM102.97 million, being the amount proposed to be distributed. Based on the average gross return on short term deposits of 2.0% per annum, the Proposals are expected to result in a decrease of interest income by approximately up to RM2.06 million per annum.

Nevertheless, the consolidated earnings per share of Tasek will improve as a result of the reduced number of issued and paid-up share capital of Tasek after the Proposed Consolidation.

4.4 Substantial shareholders' shareholdings

The Proposals will not have any effect on the shareholdings of the substantial shareholders of Tasek as the reduction of Tasek's share capital will be effected via a proportionate reduction of the par value of all ordinary shares and preference shares of Tasek from RM1.00 each to RM0.67 each and subsequently proportionate consolidation of the shares from RM0.67 each to RM1.00 each.

5. APPROVALS REQUIRED

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

- (i) the ordinary shareholders and preference shareholders of Tasek at a general meeting to be convened;
- (ii) the order of the High Court of Malaya confirming the Proposed Capital Reduction;
- (iii) Bursa Securities, for the approval-in-principle for the listing of and quotation of the Consolidated Tasek Shares;
- (iv) Tasek's lenders and creditors, if necessary; and
- (v) approvals / consents of other relevant authorities, if required.

The application to the Bursa Securities is expected to be made within six (6) months from the date of this announcement and the application to the High Court of Malaya will be made thereafter.

6. EXPECTED IMPLEMENTATION / COMPLETION DATE

Barring any unforeseen circumstances, the Proposals are expected to be completed by the second half of 2010.

7. DIRECTORS AND MAJOR SHAREHOLDERS' INTERESTS

None of Tasek's Directors and/or major shareholders nor person connected to them (as defined under the relevant provisions of the Main Market Listing Requirements of Bursa Securities) has any interest, direct and/or indirect, in the Proposals, save for their respective entitlements as shareholders of Tasek under the Proposals which is also available to other shareholders of Tasek.

8. DIRECTORS' STATEMENT

The Board of Tasek, having considered all aspects of the Proposals, is of the view that the Proposals are in the best interest of Tasek.

9. ADVISER

CIMB has been appointed as the adviser to Tasek for the Proposals.

This announcement is dated 9 February 2010.