

D & O GREEN TECHNOLOGIES BERHAD (FORMERLY KNOWN AS D & O VENTURES BERHAD) (“D&O” OR “COMPANY”)

PROPOSED BONUS ISSUE OF UP TO 244,868,333 NEW ORDINARY SHARES OF RM0.10 EACH (“SHARES”) IN D&O (“BONUS SHARES”) TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY THREE (3) EXISTING SHARES HELD AT AN ENTITLEMENT DATE TO BE DETERMINED LATER (“PROPOSED BONUS ISSUE”)

1. INTRODUCTION

On behalf of the Board of Directors of D&O (“**Board**”), AmInvestment Bank Berhad (a member of AmInvestment Bank Group) (“**AmInvestment Bank**”) would like to announce that the Company is proposing to undertake a bonus issue of up to 244,868,333 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing Shares held at an entitlement date to be determined by the Board and announced later by the Company (“**Entitlement Date**”).

2. DETAILS OF THE PROPOSED BONUS ISSUE

2.1 Basis and Number of Bonus Shares to be Issued

The Company is proposing to implement a bonus issue of up to 244,868,333 Bonus Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every three (3) existing Shares held on the Entitlement Date.

The actual number of Bonus Shares to be issued will depend on the issued and paid-up share capital of the Company as at the Entitlement Date after taking into consideration any exercise of outstanding options pursuant to the Company’s Employees’ Share Option Scheme (“**ESOS**”) (“**ESOS Options**” or “**Options**”).

The maximum number of 244,868,333 Bonus Shares was arrived at after taking into account the following :-

- (a) issued and paid-up share capital of D&O as at 29 March 2010 of RM73,166,750 comprising 731,667,500 Shares; and
- (b) D&O’s outstanding ESOS Options of 2,937,500 as at 29 March 2010.

In determining shareholders’ entitlements to the Proposed Bonus Issue, fractional entitlements that may arise from the Proposed Bonus Issue 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.

The Entitlement Date will be determined and announced at a later date upon the receipt of all relevant approvals for the Proposed Bonus Issue. For information purposes, the Proposed Bonus Issue is not intended to be implemented in stages over a period of time.

2.2 Capitalisation of Reserves

The Proposed Bonus Issue will be implemented by capitalising up to RM24,586,833 from the Company’s share premium account (which includes estimated expenses of RM100,000 for the Proposed Bonus Issue).

The proforma effects of the Proposed Bonus Issue on the share premium reserves are as set out below :-

Scenario 1: Assuming none of the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

D&O	Audited <-As at 31 December 2008->		Unaudited <-As at 31 December 2009->	
	Group	Company	Group	Company
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share premium reserves	26,948	26,948	26,948	26,948
Add: Increase in share premium reserves pursuant to the exercise of 1,667,500 ESOS Options between 1.1.2010 to 18.3.2010	467	467	467	467
	27,415	27,415	27,415	27,415
Less: Amount to be capitalised for the Proposed Bonus Issue and estimated expenses of RM0.1 million	(24,489)	(24,489)	(24,489)	(24,489)
Total share premium reserves available after capitalisation	2,926	2,926	2,926	2,926
Retained earnings	78,773	2,595	90,035	(296)
Total reserves available after capitalisation	81,699	5,521	92,961	2,630

Scenario 2: Assuming all the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

D&O	Audited <-As at 31 December 2008->		Unaudited <-As at 31 December 2009->	
	Group	Company	Group	Company
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Share premium reserves	26,948	26,948	26,948	26,948
Add: Increase in share premium reserves pursuant to the exercise of 1,667,500 ESOS Options between 1.1.2010 to 18.3.2010	467	467	467	467
	27,415	27,415	27,415	27,415
Add: Increase in share premium reserves assuming that all 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date	823	823	823	823
	28,238	28,238	28,238	28,238
Less: Amount to be capitalised for the Proposed Bonus Issue and estimated expenses of RM0.1 million	(24,587)	(24,587)	(24,587)	(24,587)
Total share premium reserves available after capitalisation	3,651	3,651	3,651	3,651
Retained earnings	78,773	2,595	90,035	(296)
Total reserves available after capitalisation	82,424	6,246	93,686	3,355

As shown above, the required share premium reserves for capitalisation pursuant to paragraph 6.30(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") are unimpaired by losses on a consolidated basis based on the latest audited financial statements of D&O for the financial year ended ("**FYE**") 31 December 2008 as well as the latest unaudited financial statements of D&O for the FYE 31 December 2009.

2.3 Ranking of the Bonus Shares

The Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares except that they should not be entitled to any dividends, rights, allotments and/or other distributions which may be declared, made or paid to shareholders, the entitlement date of which is prior to the date of allotment of the Bonus Shares.

2.4 Listing and Quotation of 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 FOR THE PROPOSED BONUS ISSUE

The Board has decided not to declare any cash dividend for the FYE 31 December 2009 in order to conserve cash for the Group's future expansion plan. The Proposed Bonus Issue is to reward shareholders for their continuous support.

4. EFFECTS OF THE PROPOSED BONUS ISSUE

For illustration purposes, the effects of the Proposed Bonus Issue have been shown based on the following :-

- (a) issued and paid-up share capital of D&O as at 29 March 2010 of RM73,166,750 comprising 731,667,500 Shares; and
- (b) assuming all of the 2,937,500 D&O's outstanding ESOS Options with an option price of RM0.38 as at 29 March 2010 are exercised.

4.1 Share Capital

The effect of the Proposed Bonus Issue on the issued and paid-up share capital of D&O is set out below :-

Scenario 1: Assuming none of the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

	No. of Shares	Amount (RM)
As at 29 March 2010	731,667,500	73,166,750
To be issued pursuant to the Proposed Bonus Issue	243,889,167	24,388,917
Enlarged issued and paid-up share capital	975,556,667	97,555,667

Scenario 2: Assuming all the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

	No. of Shares	Amount (RM)
As at 29 March 2010	731,667,500	73,166,750
Assuming full exercise of the ESOS Options	2,937,500	293,750
	734,605,000	73,460,500
To be issued pursuant to the Proposed Bonus Issue	244,868,333	24,486,833
Enlarged issued and paid-up share capital	979,473,333	97,947,333

4.2 Substantial Shareholders' Shareholdings

The effects of the Proposed Bonus Issue on the shareholdings of the substantial shareholders of D&O are set out below :-

Scenario 1: Assuming none of the ESOS Options are exercised prior to the Entitlement Date

	As at 29 March 2010				Proforma I			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
PRT Capital Pte Ltd	121,143,900	16.56	-	-	161,525,200	16.56	-	-
ECML Nominees (Asing) Sdn Bhd								
DMG & Partners Securities Pte Ltd for Keen Capital Investments Ltd	102,466,000	14.00	-	-	136,621,333	14.00	-	-
Omega Riang Sdn Bhd	84,587,805	11.56	-	-	112,783,740	11.56	-	-
Pearl River Tyre (Holdings) Limited	-	-	121,143,900 ⁽¹⁾	16.56	-	-	161,525,200 ⁽¹⁾	16.56
Dato' Mohammed Azlan bin Hashim	80,609,477	11.02	36,103,512 ⁽²⁾	4.93	107,479,303	11.02	48,138,016 ⁽²⁾	4.93
Datin Nonadiah Binti Abdullah	32,665,585	4.46	84,047,404 ⁽³⁾	11.49	43,554,113	4.46	112,063,205 ⁽³⁾	11.49
Lim Thian Soo	23,740,232	3.24	49,656,470 ⁽⁴⁾	6.79	31,653,643	3.24	66,208,627 ⁽⁴⁾	6.79
Lim Thiam Cheok	23,640,232	3.23	49,656,470 ⁽⁴⁾	6.79	31,520,309	3.23	66,208,627 ⁽⁴⁾	6.79
Lim Yam Poh	2,200,601	0.30	49,656,470 ⁽⁴⁾	6.79	2,934,135	0.30	66,208,627 ⁽⁴⁾	6.79
Lim Yam Chiew	2,195,601	0.30	103,703,739 ⁽⁵⁾	14.17	2,927,468	0.30	138,271,652 ⁽⁵⁾	14.17
Goh Nan Yang	100,000	0.01	84,587,805 ⁽⁶⁾	11.56	133,333	0.01	112,783,740 ⁽⁶⁾	11.56

Notes :-

Proforma I : After the Proposed Bonus Issue

- (1) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965 ("Act") via its shareholding held through PRT Capital Pte Ltd
- (2) Deemed interest by virtue of Section 6A(4) of the Act via his shareholding held through his spouse, Datin Nonadiah Binti Abdullah and the latter's shareholding in Ruang Kirana Sdn Bhd
- (3) Deemed interest by virtue of Section 6A(4) of the Act via her shareholding held through Ruang Kirana Sdn Bhd and her spouse, Dato' Mohammed Azlan bin Hashim
- (4) Deemed interest by virtue of Section 6A(4) of the Act via his/her shareholding held through Kema Development Sdn Bhd, Chin Bee & Sons Sdn Bhd, Geo-Mobile Asia Sdn Bhd, Lanai Etika Sdn Bhd, Mega First Housing Development Sdn Bhd and RCI Ventures Sdn Bhd
- (5) Deemed interest by virtue of Section 6A(4) of the Act via her shareholding held through Omega Riang Sdn Bhd and Chin Bee & Sons Sdn Bhd
- (6) Deemed interest by virtue of Section 6A(4) of the Act via his shareholding held through Omega Riang Sdn Bhd

Scenario 2: Assuming all the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

	<----- As at 29 March 2010 ----->				<----- Proforma I ----->				<----- Proforma II ----->			
	<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->		<----- Direct ----->		<----- Indirect ----->	
	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
RPT Capital Pte Ltd	121,143,900	16.56	-	-	121,143,900	16.49	-	-	161,525,200	16.49	-	-
ECML Nominees (Asing) Sdn Bhd DMG & Partners Securities Pte Ltd for Keen Capital Investments Ltd	102,466,000	14.00	-	-	102,466,000	13.95	-	-	136,621,333	13.95	-	-
Omega Riang Sdn Bhd	84,587,805	11.56	-	-	84,587,805	11.51	-	-	112,783,740	11.51	-	-
Pearl River Tyre (Holdings) Limited	-	-	121,143,900 ⁽¹⁾	16.56	-	-	121,143,900 ⁽¹⁾	16.49	-	-	161,525,200 ⁽¹⁾	16.49
Dato' Mohammed Azlan bin Hashim	80,609,477	11.02	36,103,512 ⁽²⁾	4.93	80,609,477	10.97	36,103,512 ⁽²⁾	4.91	107,479,303	10.97	48,138,016 ⁽²⁾	4.91
Datin Nonadiah Binti Abdullah	32,665,585	4.46	84,047,404 ⁽³⁾	11.49	32,665,585	4.45	84,047,404 ⁽³⁾	11.44	43,554,113	4.45	112,063,205 ⁽³⁾	11.44
Lim Thian Soo	23,740,232	3.24	49,656,470 ⁽⁴⁾	6.79	23,740,232	3.23	49,656,470 ⁽⁴⁾	6.76	31,653,643	3.23	66,208,627 ⁽⁴⁾	6.76
Lim Thiam Cheok	23,640,232	3.23	49,656,470 ⁽⁴⁾	6.79	23,640,232	3.22	49,656,470 ⁽⁴⁾	6.76	31,520,309	3.22	66,208,627 ⁽⁴⁾	6.76
Lim Yam Poh	2,200,601	0.30	49,656,470 ⁽⁴⁾	6.79	2,200,601	0.30	49,656,470 ⁽⁴⁾	6.76	2,934,135	0.30	66,208,627 ⁽⁴⁾	6.76
Lim Yam Chiew	2,195,601	0.30	103,703,739 ⁽⁵⁾	14.17	2,195,601	0.30	103,703,739 ⁽⁵⁾	14.12	2,927,468	0.30	138,271,652 ⁽⁵⁾	14.12
Goh Nan Yang	100,000	0.01	84,587,805 ⁽⁶⁾	11.56	100,000	0.01	84,587,805 ⁽⁶⁾	11.51	133,333	0.01	112,783,740 ⁽⁶⁾	11.51

Notes :-

Proforma I : After assuming all the 2,937,500 outstanding ESOS Options are fully exercised prior to the Entitlement Date

Proforma II : After the Proposed Bonus Issue

(1) Deemed interest by virtue of Section 6A(4) of the Act via its shareholding held through PRT Capital Pte Ltd

(2) Deemed interest by virtue of Section 6A(4) of the Act via his shareholding held through his spouse, Datin Nonadiah Binti Abdullah and the latter's shareholding in Ruang Kirana Sdn Bhd

(3) Deemed interest by virtue of Section 6A(4) of the Act via her shareholding held through Ruang Kirana Sdn Bhd and her spouse, Dato' Mohammed Azlan bin Hashim

(4) Deemed interest by virtue of Section 6A(4) of the Act via his/her shareholding held through Kema Development Sdn Bhd, Chin Bee & Sons Sdn Bhd, Geo-Mobile Asia Sdn Bhd, Lanai Etika Sdn Bhd, Mega First Housing Development Sdn Bhd and RCI Ventures Sdn Bhd

(5) Deemed interest by virtue of Section 6A(4) of the Act via her shareholding held through Omega Riang Sdn Bhd and Chin Bee & Sons Sdn Bhd

(6) Deemed interest by virtue of Section 6A(4) of the Act via his shareholding held through Omega Riang Sdn Bhd

4.3 Net Assets and Gearing

Based on the audited consolidated balance sheet of D&O as at 31 December 2008 and on the assumption that the Proposed Bonus Issue had been effected on that date, the proforma effects of the Proposed Bonus Issue on the net assets and gearing of the D&O Group are as set out below :-

Scenario 1: Assuming none of the ESOS Options are exercised prior to the Entitlement Date

	Audited as at 31 December 2008 (RM'000)	After the exercise of 1,667,500 ESOS Options (RM'000)	After the Proposed Bonus Issue (RM'000)
Share capital	73,000	73,167	97,556
Share premium	26,948	27,415	*2,926
Retained earnings	78,773	78,773	78,773
Non-distributable reserves (translation)	(719)	(719)	(719)
Equity attributable to equity holders of the Company	178,002	178,636	178,536
No. of Shares ('000)	730,000	731,668	975,557
Net assets (RM'000)	178,002	178,636	178,536
Net assets per Share (RM)	0.244	0.244	0.183
Borrowings (RM'000)	46,987	46,987	46,987
Gearing (times)	0.264	0.263	0.263

Note :-

* After capitalisation of RM24,388,917 pursuant to the Proposed Bonus Issue and an estimated expenses of RM100,000

Scenario 2: Assuming all the 2,937,500 outstanding ESOS Options are exercised prior to the Entitlement Date

	Audited as at 31 December 2008 (RM'000)	After the exercise of 1,667,500 ESOS Options (RM'000)	After assuming all the outstanding ESOS Options are exercised (RM'000)	After the Proposed Bonus Issue (RM'000)
Share capital	73,000	73,167	73,461	97,947
Share premium	26,948	27,415	28,238	*3,651
Retained earnings	78,773	78,773	78,773	78,773
Non-distributable reserves (translation)	(719)	(719)	(719)	(719)
Equity attributable to equity holders of the Company	178,002	178,636	179,753	179,652
No. of Shares ('000)	730,000	731,668	734,605	979,473
Net assets (RM'000)	178,002	178,636	179,753	179,652
Net assets per Share (RM)	0.244	0.244	0.245	0.183
Borrowings (RM'000)	46,987	46,987	46,987	46,987
Gearing (times)	0.264	0.263	0.261	0.262

Note :-

* After capitalisation of RM24,486,833 pursuant to the Proposed Bonus Issue and an estimated expenses of RM100,000

4.4 Earnings per Share (“EPS”)

Save for the proportionate reduction in the EPS of D&O Group as a result of the increase in the number of Shares in issue, the Proposed Bonus Issue is not expected to have a material impact on the earnings of the D&O Group for the FYE 31 December 2010.

4.5 Adjustment to ESOS Options

The Proposed Bonus Issue will give rise to adjustments to the exercise price of the outstanding ESOS Options and / or the number of ESOS Options which an Option holder may be entitled pursuant to the bye-laws governing the ESOS.

Any adjustments arising from the Proposed Bonus Issue in relation to the outstanding ESOS Options will only be finalised on the Entitlement Date for the Proposed Bonus Issue.

5. CONDITIONS TO THE PROPOSED BONUS ISSUE

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

- (a) Bursa Securities for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- (b) shareholders of D&O at an Extraordinary General Meeting to be convened; and
- (c) any other relevant authorities and/or persons, if required.

6. DEPARTURE FROM THE EQUITY GUIDELINES OF THE SECURITIES COMMISSION (“SC GUIDELINES”)

To the best of the knowledge of the Board, the Proposed Bonus Issue does not depart from the SC Guidelines.

7. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS

None of the directors and major shareholders of the Company as well as persons connected with them have any interest, direct and/or indirect, in the Proposed Bonus Issue other than their respective entitlements under the Proposed Bonus Issue.

8. DIRECTORS’ STATEMENT

After having considered all aspects, the Board is of the opinion that the Proposed Bonus Issue is in the best interest of D&O.

10. ADVISERS

AmlInvestment Bank has been appointed as Main Adviser to D&O for the Proposed Bonus Issue.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Bonus Issue is expected to be completed in the third (3rd) quarter of 2010.

12. APPLICATIONS TO THE RELEVANT AUTHORITIES

Applications to the relevant authorities in respect of the Proposed Bonus Issue are expected to be submitted within three (3) months from the date of this Announcement.

This Announcement is dated 31 March 2010.