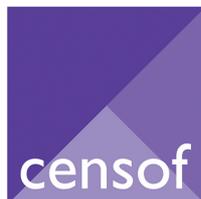


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this Circular.



CENSOF HOLDINGS BERHAD

(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE

PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES COMPRISING THE REDEEMABLE CONVERTIBLE COMMERCIAL PAPERS AND/OR REDEEMABLE CONVERTIBLE MEDIUM TERM NOTES WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM100.0 MILLION

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("**EGM**") of Censof Holdings Berhad to be convened at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 29 November 2013 at 10.00 a.m. or at any adjournment thereof, together with the Form of Proxy are enclosed with this Circular.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf. In such event, the Form of Proxy must be lodged with the Share Registrar of Censof Holdings Berhad, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time stipulated for holding the EGM, as indicated below. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM, should you subsequently wish to do so.

Last day, date and time for lodging the Form of Proxy : Wednesday, 27 November 2013 at 10.00 a.m.
Day, date and time of the EGM : Friday, 29 November 2013 at 10.00 a.m.

This Circular is dated 14 November 2013

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
BNM	:	Bank Negara Malaysia
Board	:	Board of Directors of Censof
Bursa Securities	:	Bursa Malaysia Securities Berhad
Censof or Company	:	Censof Holdings Berhad
Censof Group or Group	:	Collectively, Censof and its subsidiary companies
Censof Shares or Shares	:	Ordinary shares of RM0.10 each in Censof
Circular	:	This circular to the shareholders of Censof in relation to the Proposed RCN Issue dated 14 November 2013
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Conversion Date	:	The date on which the faxed completed notice of conversion in the short form as set out in the Subscription Agreement is received by the Company
Conversion Price	:	The Fixed Conversion Price and/or the Floating Conversion Price, as the case may be
Conversion Shares	:	The RCN which is converted at the option of the Subscriber into new Censof Shares
Deed Poll	:	Deed poll dated 28 June 2012 constituting the Warrants
Directors	:	The directors of Censof and shall have the meaning given in Section 4 of the Act
EGM	:	Extraordinary General Meeting of Censof
EPS	:	Earnings per share
Fixed Conversion Price	:	135% of the average of the daily traded VWAP per Censof Share for the forty-five (45) Market Days immediately prior to the date of the execution of the Subscription Agreement on 14 May 2013 in respect of Tranche 1 Notes, being RM0.6034, and forty-five (45) Market Days immediately prior to the closing date of the subscription of the first sub-tranche in respect of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes which is yet to be determined as at the date of this Circular
Floating Conversion Price	:	88% of the average of the closing prices per Censof Share on any three (3) consecutive Market Days during the forty-five (45) Market Days immediately preceding the relevant Conversion Date of the Notes
FPE	:	Financial period ended/ending, as the case may be
FYE	:	Financial year ended/ending, as the case may be

DEFINITIONS (Cont'd)

ICT	:	Information and communications technology
Issue Date	:	The date of the issuance of the RCN
KIBB	:	Kenanga Investment Bank Berhad
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities
LPD	:	31 October 2013, being the latest practicable date prior to the printing of this Circular
Market Days	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
Maturity Date	:	Thirty-six (36) months from the closing date of the first sub-tranche of Tranche 1 Notes
NA	:	Net assets
Notes	:	Up to RM100.0 million nominal value of RCN comprising two (2) tranches of a principal amount of RM25.0 million each for Tranche 1 and Tranche 2, RM30.0 million for Tranche 3 and RM20.0 million for Tranche 4
PAT	:	Profit after tax
PATMI	:	Profit after tax and minority interests
PBT	:	Profit before tax
PDS Guidelines	:	Guidelines on private debt securities issued by the SC
Proposed RCN Issue	:	Proposed issuance of RCN with an aggregate principal amount of up to RM100.0 million
RCN	:	Redeemable convertible notes comprising the redeemable convertible commercial papers and/or redeemable convertible medium term notes
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia
Subscriber	:	Advance Opportunities Fund
Subscription Agreement	:	Conditional subscription agreement dated 14 May 2013 entered into between Censof and the Subscriber for the Proposed RCN Issue and includes any amendment, modification, variation and/or supplemental thereto
USD	:	United States dollar
VWAP	:	Volume weighted average price
Warrants	:	Warrants issued by the Company on 19 July 2012 and due to expire on 18 July 2017 with an outstanding 29,495,325 Warrants as at the LPD

DEFINITIONS (Cont'd)

All references to “our Company” in this Circular are to Censof. References to “we”, “us”, “our” and “ourselves” are to our Company and where the context otherwise requires, shall include our subsidiaries.

All references to “you” in this Circular are to our shareholders.

Unless specifically referred to, words denoting the singular shall include the plural and vice versa and words denoting the masculine gender shall include the feminine and/or neuter genders, and vice versa. Reference to persons shall include corporations, unless otherwise specified.

Any reference in this Circular to any legislation is a reference to that legislation as for the time being amended or re-enacted. Any reference to time of day in this Circular is a reference to Malaysian time, unless otherwise specified.

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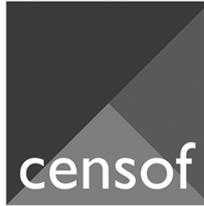
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NOTICE OF EGM **ENCLOSED**

FORM OF PROXY **ENCLOSED**



CENSOF HOLDINGS BERHAD

(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Level 15-2
Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

14 November 2013

Board of Directors

Tan Sri Dato' Mohd Ibrahim Bin Mohd Zain (*Independent Non-Executive Chairman*)
Datuk Samsul Bin Husin (*Group Managing Director*)
Tamil Selvan A/L M. Durairaj (*Executive Director*)
Ameer Bin Shaik Mydin (*Executive Director*)
Ang Hsin Hsien (*Executive Director*)
Tuan Haji Ab. Gani Bin Haron (*Senior Independent Non-Executive Director*)
Boey Tak Kong (*Independent Non-Executive Director*)

To: The Shareholders of Censof Holdings Berhad

Dear Sir/Madam,

PROPOSED RCN ISSUE

1. INTRODUCTION

On 14 May 2013, KIBB had, on behalf of the Board, announced that the Company proposed to undertake the issuance of RCN with an aggregate principal amount of up to RM100.0 million and on even date had entered into a conditional Subscription Agreement with the Subscriber for the Proposed RCN Issue.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION ON THE PROPOSED RCN ISSUE AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION PERTAINING TO THE PROPOSED RCN ISSUE TO BE TABLED AT THE FORTHCOMING EGM. THE NOTICE OF EGM TOGETHER WITH THE FORM OF PROXY IS ENCLOSED IN THIS CIRCULAR.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RCN ISSUE TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSED RCN ISSUE

The Proposed RCN Issue involves the issuance of an aggregate principal amount of up to RM100.0 million nominal value of RCN in four (4) tranches with multiple sub-tranches in each tranche, which will mature on the date falling thirty-six (36) months from the closing date of the first sub-tranche of the RCN's first tranche and is subject to the terms and conditions as set out in the Subscription Agreement.

The RCN is convertible at the option of the Subscriber into new Censof Shares and is redeemable at the election of Censof in cash subject to the terms and conditions as set out in the Subscription Agreement and/or such other transaction documents to be entered into pursuant to the Proposed RCN Issue.

2.1 Salient terms and conditions of the RCN

The salient terms and conditions of the RCN are as follows:

Description	Up to RM100.0 million redeemable convertible commercial papers ("CP") and/or redeemable convertible medium term notes ("MTN") under a CP/MTN Programme.
Issue Instrument	Redeemable convertible notes due in 2016.
Principal Size of the Proposed RCN Issue	Up to RM100.0 million comprising two (2) tranches of a principal amount of RM25.0 million each for Tranche 1 and Tranche 2, RM30.0 million for Tranche 3 and RM20.0 million for Tranche 4 (collectively, the RCN shall be referred to as the "Notes" and individually, the four (4) tranches of the Notes shall be referred to as "Tranche 1 Notes", "Tranche 2 Notes", "Tranche 3 Notes" and "Tranche 4 Notes" respectively). Each of Tranche 1 Notes and Tranche 2 Notes shall comprise twenty (20) equal sub-tranches of RM1.25 million each, Tranche 3 Notes shall comprise twenty (20) equal sub-tranches of RM1.5 million each and Tranche 4 Notes shall comprise ten (10) equal sub-tranches of RM2.0 million each.
Tenure	Thirty-six (36) months from the closing date of the first sub-tranche of Tranche 1 Notes.
Interest rate	The Notes shall bear interest from the respective dates on which they are issued and registered in accordance with the terms of the Subscription Agreement at the rate of 2.0% per annum, payable in arrears on 30 June and 31 December in each year up to the Maturity Date.
Method of Issue	The Notes will be privately placed to and purchased by the Subscriber. No offering circular or information memorandum will be issued by the Company for the proposed placement of the Notes.
Conversion terms	<p>The Notes will be converted into new Censof Shares at the Conversion Price (as defined below), and subject to the Redemption Option term (as set out below).</p> <p>The number of Censof Shares to which the Subscriber is entitled on conversion of each of the sub-tranche notes shall be determined by dividing the aggregate principal amount of the sub-tranche note held by the applicable Conversion Price.</p> <p>Subject as provided above, fractions of a Censof Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.</p>

Conversion period	Any time after the Issue Date and up to the day falling one (1) week prior to the Maturity Date.
Issue and subscription date(s) of the first sub-tranche of Tranche 1 Notes and the option to issue the remaining sub-tranches thereafter	<p>In respect of the first sub-tranche of Tranche 1 Notes, the date falling five (5) Market Days immediately after the fulfilment of the last conditions precedent as set out in the Subscription Agreement entered into by the Company and the Subscriber.</p> <p>The Company will have the sole discretion to call upon subsequent tranches of the Notes at any time from (and including) the completion of the conversion of the preceding tranche(s) subject to the terms and conditions of the RCN as set out in the Subscription Agreement.</p> <p>The issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes shall be at the option of the Company which option shall subsist during the option period as set out below:</p> <p>(a) in respect of the Tranche 2 Notes, the period commencing from and including the Conversion Date in relation to the last of the Notes comprised in the last sub-tranche of Tranche 1 Notes to and including the 10th Market Day thereafter;</p> <p>(b) in respect of the Tranche 3 Notes, the period commencing from and including the Conversion Date in relation to the last of the Notes comprised in the last sub-tranche of Tranche 2 Notes to and including the 10th Market Day thereafter; and</p> <p>(c) in respect of the Tranche 4, Notes, the period commencing from and including the Conversion Date in relation to the last of the Notes comprised in the last sub-tranche of Tranche 3 Notes to and including the 10th Market Day thereafter (collectively referred to as the “Option Period”).</p> <p>If the Subscriber does not receive the exercise notice from the Company exercising its option within the relevant Option Period, the options shall lapse and cease to have any force or effect whatsoever and the Subscriber shall have no further obligation to subscribe and pay for the subsequent tranches.</p> <p>For the avoidance of doubt, there should only be one (1) sub-tranche outstanding at any point in time, save as otherwise mutually agreed between the Company and the Subscriber.</p>
Issue Price	In relation to each sub-tranche of the Notes, the amount equivalent to 100% of the principal amount of the Notes for such sub-tranche.
Conversion Price	<p>The Conversion Price shall equal, at the discretion of the Subscriber, either:</p> <p>(a) the Fixed Conversion Price based on 135% of the average of the daily VWAP per Censof Share for the forty-five (45) Market Days immediately prior to the date of the execution of the Subscription Agreement on 14 May 2013 in respect of Tranche 1 Notes, being RM0.6034, and forty-five (45) Market Days immediately prior to the closing date of the subscription of the first sub-tranche in respect of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes which is yet to be determined as at the date of this Circular; or</p> <p>(b) the Floating Conversion Price based on 88% of the average of the closing prices per Censof Share on any three (3) consecutive Market Days during the forty-five (45) Market Days immediately preceding the relevant Conversion Date of the Notes.</p> <p>Provided always that the Conversion Price is not lower than the par value of the Company of RM0.10.</p>

<p>Conversion Price (Cont'd)</p>	<p>The basis of setting the Fixed Conversion Price and Floating Conversion Price is a commercial decision agreed between the Company and the Subscriber.</p> <p>The Subscriber may in its sole and absolute discretion decide on the Conversion Price for any of the tranches to be either the Fixed Conversion Price or the Floating Conversion Price. Given such discretion, it is expected that the Subscriber will choose the lower of the two.</p> <p>The Conversion Price merely serves as computation for the number of Conversion Shares to be issued. No funds will be raised upon conversion of the Notes into Censof Shares.</p> <p>In the event of alteration to the share capital of the Company, the Fixed Conversion Price shall be appropriately adjusted so the holder of the Notes shall be entitled to receive the number of Shares and/or other securities of the Company which it would have held or have been entitled to receive after the happening of any of the events described in accordance with the Subscription Agreement had such Notes been converted immediately prior to the happening of such event.</p> <p>Fractions of a Share will not be issued on conversion and no adjustment or cash payment will be made in respect thereof.</p>
<p>Option of the Company</p>	<p>Notwithstanding anything to the contrary above, save for Tranche 1 Notes, the Company has the discretion not to proceed with the issue of subsequent tranches of the Notes.</p>
<p>Conditions precedent</p>	<p>The conditions precedent shall be fulfilled on or before the fulfilment date, being a date falling three (3) calendar months from the date of the Subscription Agreement, or such other dates as the parties may agree in writing, failing which the Subscription Agreement shall ipso facto cease save for the antecedent breaches. The conditions precedent fulfilment date has been extended to 20 December 2013.</p>
<p>Events of default</p>	<p>If any of the following events occur:</p> <ul style="list-style-type: none"> (a) for so long as there are any Notes outstanding, any of the approvals required to be obtained by the Company under the Subscription Agreement are not obtained or are amended, withdrawn, revoked, rescinded or cancelled; (b) where any of the approvals required to be obtained by the Company under the Subscription Agreement were obtained subject to any conditions which were required to be fulfilled, such conditions were not fulfilled; (c) there is a default in any payment by the Company in relation to the RCN; (d) there is default by the Company in the payment of the principal and/or interest in respect of the Notes or any of them when due and such default is not remedied by the Company within seven (7) calendar days from the due date of such payment. For the avoidance of doubt, calendar day is defined as all days in a month, including weekends and public holidays; (e) the closing price per Censof Share is below its par value of RM0.10 for more than five (5) consecutive Market Days; (f) there is default by the Company in the performance or observance of any covenant, condition, provision or obligation (including the performance of its obligations to allot and issue Shares arising from the conversion of the Notes in accordance with the Subscription Agreement) contained in the Notes and on its part to be performed or observed (other than the covenant to pay the principal and interest in respect of any of the Notes) and such default continues for fourteen (14) calendar days next following the service by any noteholder on the Company of notice requiring the same to be remedied;

<p>Events of default (Cont'd)</p>	<p>(g) any other notes, debentures, bonds or other instruments of indebtedness or any other loan indebtedness having an aggregate outstanding amount of over RM5.0 million or the equivalent in any other currency or currencies ("Indebtedness") of the Company or any of its subsidiaries become or becomes prematurely repayable following a default in respect of any conditions which have not been remedied, or steps are taken to enforce any security, or the Company or any of its subsidiaries defaults in the repayment of any such Indebtedness at the maturity or at the expiration of any applicable grace period or any guarantee of or indemnity in respect of any Indebtedness of others having an aggregate outstanding amount of over RM5.0 million given by the Company or any of its subsidiaries shall not be honoured when due and called upon;</p> <p>(h) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved otherwise than for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation the terms of which have previously been approved in writing by noteholder(s) or which is approved by shareholders of the Company, as the case may be, and upon which the continuing corporation effectively assumes the entire obligations of the Company, as the case may be, under the Notes;</p> <p>(i) a resolution is passed or an order of a court of competent jurisdiction is made that any subsidiary be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (ii) below) the terms of which have previously been approved in writing by noteholder(s), (ii) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into the Company or another subsidiary of the Company, or (iii) by way of a voluntary winding up or dissolution where there are surplus assets in such subsidiary of the Company and such surplus assets attributable to the Company and/or any of its subsidiary are distributed to the Company and/or such subsidiary;</p> <p>(j) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Group;</p> <p>(k) (i) the Company or any of its subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy law) or is unable to pay its debts as and when they fall due or (ii) the Company or any of its subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in paragraph (c) or (d) above) ceases or through an official action of the board of directors of the Company or any of its subsidiary, as the case may be, threatens to cease to carry on its business, and such action has a material adverse effect on the Group;</p> <p>(l) proceedings shall have been initiated against the Company or any of its subsidiary under any applicable bankruptcy, reorganisation or insolvency law and such proceedings have not been discharged or stayed within a period of seven (7) calendar days;</p> <p>(m) the Company or any of its subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors, and such action has a material adverse effect on the Group;</p> <p>(n) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a part of the property of the Company or any of its subsidiaries, which is material in its effect upon the operations of either the Company or such subsidiary, as the case may be, and is not discharged within seven (7) calendar days thereof;</p>
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Events of default (Cont'd)	<p>(o) the delisting of the Shares on the Main Market of Bursa Securities or a suspension of trading of such Shares on Bursa Securities for a period of five (5) consecutive Market Days or more;</p> <p>(p) the Borrowings (as defined below) to net worth of the Company or any of its subsidiaries exceeds 100.0% at any time;</p> <p>"Borrowings" means, without duplication, at any time, as stated in the audited consolidated accounts of the Company for the year ended 31 December 2012 and thereafter the most recent unaudited interim accounts of the Company as delivered to the Bursa Securities ("Accounts") (i) all obligations of such Company or any of its subsidiaries for borrowed money, (ii) all obligations of such person evidenced by notes, the Notes, notes or other similar instruments, (iii) all obligations of such person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such person as lessee which are capitalised in accordance with the accounting principles under which the Accounts are prepared, (v) all obligations of such person to purchase securities or other property that arise out of or in connection with the sale of the same or substantially similar securities or property, (vi) all non-contingent obligations of such person to reimburse any bank or other person in respect of amounts paid under a letter of credit or similar instrument and (vii) all borrowings of others guaranteed by the Company or a subsidiary but (viii) excludes any financing taken or to be taken by the Company or any of its subsidiaries to finance acquisition bid(s) for strategic acquisition(s) to be undertaken by the Group;</p> <p>(q) the net worth of the Company or any of its subsidiaries is less than RM34.4 million at any time and from time to time;</p> <p>(r) for so long as there are any Notes outstanding, if the Company engages in any transaction with any hedge fund operating or originating from any part of the world; or</p> <p>(s) any credit facilities granted to the Company or any of its subsidiaries are withdrawn, terminated or suspended for any reason whatsoever, and such action has a material adverse effect on the Group,</p> <p>then, the Notes may, by notice in writing given to the Company, be declared immediately due and payable by the Company at 125.0% of its principal amount together with accrued interest subject to the terms of the Subscription Agreement.</p>
Form and Denomination	<p>The Notes, for the respective tranches, are issued in registered form in multiples of RM50,000.</p>
Transferability	<p>The Notes will not be tradable and not transferable.</p>
Rating	<p>The Notes will not be rated.</p>
Listing	<p>The Notes will not be listed on Bursa Securities.</p> <p>Bursa Securities has approved the listing of and quotation for the new Censof Shares on the Main Market of Bursa Securities vide its letter dated 24 October 2013 subject to the conditions as set out in Section 7 of this Circular.</p>

Redemption Option	<p>If the Conversion Price (as elected by the noteholder) is less than or equal to 65.0% of the average of the closing price per Share for the forty-five (45) consecutive Market Days prior to the relevant closing date in respect of each sub-tranche of the Notes, the Company may redeem such Notes presented by the noteholder to the Company at an amount calculated in accordance to the formula set out below:</p> $R = N \times \{P + [8\% \times P \times (D/365)] + I\}$ <p>Where,</p> <p>“R” = The Conversion Redemption Amount</p> <p>“D” = The number of days elapsed since the relevant closing date in respect of each sub-tranche of the Notes</p> <p>“N” = The number of Notes presented for conversion</p> <p>“P” = The face value of the Notes presented for conversion</p> <p>“I” = The remaining unpaid interest accrued on the Notes presented for conversion</p> <p>For the avoidance of doubt, “N” refers to the number of physical Notes presented for conversion where each physical Note carry a face value of RM50,000 and “P” represents the aggregate face value of the Notes (which are in multiples of RM50,000).</p>
Redemption Period	<p>Three (3) years from the Issue Date of the first sub-tranche of Tranche 1 Notes.</p>
Rights of the RCN holder to participate in any distributions and/or offers of further securities made by the Company	<p>The Company or any subsidiary may offer and sell any securities convertible into securities of the same class as the issued shares of the Company or securities substantially similar to the Notes (“Securities”) provided that, in respect of any proposed private placement of such Securities, the Company shall, and the Company shall procure that the relevant subsidiary shall, offer and, if subscribed, sell such Securities to the holder prior to offering such Securities to any other person (except for rights issues or any issues in respect of which the Company is restricted from so doing by law, the Listing Requirements, or any other applicable regulations). For the avoidance of doubt, the Securities shall exclude any Shares, warrants relating to the Shares, or convertible preference shares issued to shareholders of the Company without preference among the shareholders.</p>
Rights of the RCN holder to vote at general meetings and to receive dividends	<p>The RCN holder shall not be entitled to the right to receive dividends, bonuses and other distributions made by the Company, the right to receive notices of and to attend, speak and vote at any general meeting of the Company until the Notes held by the RCN holder are converted into Shares.</p>
Rights of the RCN holder on liquidation of the Company	<p>Upon the occurrence of an event of default which includes winding up and liquidation of the Company then any Note may, by notice in writing given to the Company by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at 125% of its principal amount together with accrued interest without further formality.</p>
Governing law	<p>The Notes shall be governed by the laws of Malaysia.</p>
Amendment to the terms	<p>No amendment or variation of the Subscription Agreement shall be effective unless in writing and signed by or on behalf of each of the Parties.</p>

The Proposed RCN Issue is expected to raise up to RM25.0 million through the issue of Tranche 1 Notes. Further amount for up to RM75.0 million may be raised depending on, inter-alia, market conditions such as high stock market volatility which may result in a lower Conversion Price than otherwise where the Subscriber will be more inclined to convert the Notes into new Censof Shares and for the remaining three (3) tranches, subject to the terms and conditions for issuance being met, at the discretion of the Company whether to issue the same.

The RCN is not constituted by a Trust Deed as provided for under item 4, Schedule 8 of the Capital Markets and Services Act 2007 and is not guaranteed or secured.

2.2 Ranking of the Conversion Shares

The new Censof Shares to be issued arising from the conversion of the Notes will, upon allotment and issuance, rank *pari passu* in all aspects with the then existing Censof Shares (including, without limitation, the right to receive any available distributions upon the liquidation and winding-up of the Company), save and except that the Conversion Shares will not be entitled to any dividends, rights, allotment and/or other forms of distribution that may be declared, made or paid where the entitlement date is prior to the date of allotment and issuance of the Conversion Shares.

2.3 Listing of and quotation for the Conversion Shares

Approval has been obtained from Bursa Securities vide its letter dated 24 October 2013 for the listing of and quotation for the Censof Shares to be issued pursuant to the conversion of the RCN on the Main Market of Bursa Securities.

For the purpose of computing the Conversion Price of the Notes and for illustrative purposes, the Fixed Conversion Price will be computed based on the date of the execution of the Subscription Agreement on 14 May 2013 in respect of Tranche 1 Notes. For the purpose of computing the Floating Conversion Price, any three (3) consecutive Market Days during the forty-five (45) Market Days immediately preceding the conversion, assuming the Notes were converted on the LPD, will be used.

As such, the illustrative Conversion Price shall be the lower of:

- (a) the Fixed Conversion Price of RM0.6034 based on 135% of the average of the daily traded VWAP per Censof Share for forty-five (45) Market Days immediately prior to 14 May 2013 of RM0.4470; or
- (b) the Floating Conversion Price of RM0.3344 based on 88% of the average of the closing prices of Censof Shares for the three (3) consecutive Market Days, from 27 August 2013 to 29 August 2013, being the lowest average closing prices during the forty-five (45) Market Days immediately prior to the LPD of RM0.3800.

Therefore, the illustrative number of new Censof Shares to be issued, based on the lower illustrative Conversion Price of RM0.3344 and assuming all four (4) tranches of the RCN are issued and subscribed for, pursuant to the Proposed RCN Issue, would be 299,043,062 Shares.

If any consideration is receivable in a currency other than RM in accordance to the terms and conditions of the Subscription Agreement, such consideration shall, in any case where there is a fixed rate of exchange between RM and the relevant currency provided for the purposes of the issue of such Shares or the conversion or exchange of such securities or the exercise of such rights or warrants, be translated into RM at such fixed rate of exchange and shall, in all other cases, be translated at the mean of the exchange rate quotations (being quotations for the cross rate through USD if no direct rate is quoted) by a major independent international investment bank in Malaysia for buying and selling spot units of the relevant currency by telegraphic transfer against RM on the date as at which such consideration is required to be calculated.

As at the LPD, the Fixed Conversion Price in respect of Tranche 1 Notes has been determined and fixed at RM0.6034. The Fixed Conversion Price in respect of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes will be determined on the closing date of the subscription of the first sub-tranche in respect of the respective tranches. The Floating Conversion Price for all four (4) tranches is yet to be determined.

2.4 Utilisation of proceeds

The proposed utilisation of the proceeds arising from the Proposed RCN Issue (assuming the maximum principal size of RM100.0 million is issued and subscribed for) is as follows:

Description	(RM)	Timeframe for the utilisation of proceeds
Future strategic acquisitions	100,000,000	Within thirty-six (36) months ^
Total Proceeds	100,000,000	

Note:

^ As the RCN will be issued in tranches and sub-tranches as set out in Section 2.1 of this Circular, the proceeds raised will be utilised within the stipulated timeframe as set out above from the date of subscription of the respective sub-tranches.

The entire proceeds from the Proposed RCN Issue are expected to be utilised to fund strategic acquisitions to be undertaken by Censof Group and/or repay any borrowings undertaken to fund such strategic acquisitions. The qualifying parameters of such acquisitions are as follows:

Parameters	Strategic acquisitions *
Estimated payback period	< 5 years
Internal rate of return (IRR)	> 20%

Note:

* The strategic acquisitions shall comprise synergistic acquisitions of companies and/or assets and/or businesses which operate in a similar or complementary business segment(s) as Censof and/or its subsidiaries and associated companies.

The Group is currently evaluating several potential acquisition opportunities within the same industry in which the Group operates in and will make the relevant announcements once details of such acquisitions are finalised. As at the LPD, no definite timeframe has been set in respect of the finalisation of the potential acquisitions. In line with the Group's strategy of growth via acquisitions in addition to organic growth, the identification and/or finalisation of such acquisitions by the Group would be an on-going exercise whereby the entire proceeds from the Proposed RCN Issue are to be fully utilised for no other purpose than to fund such acquisitions. If such acquisitions require the approval of the shareholders of the Company pursuant to the Listing Requirements, such approval will be sought prior to the utilisation of the proceeds.

Pending utilisation, the proceeds will be placed in interest-bearing instruments and/or accounts with financial institutions.

For the avoidance of doubt, no proceeds will arise from the conversion of the RCN.

We wish to highlight that the Proposed RCN Issue is divided into four (4) tranches as stated in Section 2.1 of this Circular. The Company will have the sole discretion to call upon subsequent tranches of the Notes at any time from (and including) the completion of the conversion of the preceding tranche(s) subject to the terms and conditions of the RCN as set out in the Subscription Agreement. The Company will only draw down upon the subsequent tranches of the Proposed RCN Issue if the Company is reasonably satisfied that a strategic acquisition will materialise.

2.5 The Subscriber

The Subscriber represents and warrants to the Company that:

- (a) it has full power, authority and capacity to enter into and perform the Subscription Agreement in accordance with the terms; and
- (b) it will not sell in aggregate more than fifteen percent (15%) of the issued and paid-up share capital of the Company arising from the conversion of the Notes to any single purchaser.

2.6 Background information on the Subscriber

The Subscriber is an open-ended fund with sub-funds incorporated in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Mr. Tan Choon Wee is the principal and sole director of the Subscriber. The Subscriber's investors are mainly based in Asia.

Advance Capital Partners Pte. Ltd. ("**ACP**") is a Singapore domiciled company incorporated on 5 May 2005 and its sole director and shareholder is Mr. Tan Choon Wee. ACP is the arranger for the Proposed RCN Issue. The Subscriber has authorised ACP to act for and on behalf of the Subscriber in respect of the Proposed RCN Issue.

2.7 Underwriting arrangement

There will be no underwriting arrangement for the Proposed RCN Issue as the Subscriber has been identified and the Subscription Agreement has been entered into on 14 May 2013.

3. RATIONALE FOR THE PROPOSED RCN ISSUE

The Proposed RCN Issue will enable the Company to raise funds expeditiously to fund strategic acquisitions to be undertaken by the Group and/or repay any borrowings undertaken to fund such strategic acquisitions as set out in Section 2.4 of this Circular.

Further, the Proposed RCN Issue will allow the Company to raise funds via the hybrid market between the debt market, where gearing and security or rating may be an issue and the equity market, where market conditions may not be conducive. Further, upon conversion of the Notes, the enlarged number of Censof Shares in issue will serve to strengthen the share base of the Company and improve the liquidity of Censof Shares on the Main Market of Bursa Securities.

The RCN will be issued to identified investor(s), thus the Company will be able to take advantage of cost savings associated with road shows and marketing in the case of non-identified investor(s).

Following from the above, the Board is of the view that the Proposed RCN Issue is in the best interest of the Company.

4. INDUSTRY OUTLOOK AND PROSPECTS OF THE CENSOF GROUP

Censof is principally engaged in the business of investment holding. Censof, through its subsidiary companies, designs, develops, implements, and markets financial and related software and services, provides services for software development, acting as a service provider for financial applications and electronic payments and provides computer training.

The Group's solutions mainly include a suite of financial management modules that act as source of information and adaptable to various platforms and a suite of financial management modules that focuses on the functionality of government financials.

In view of the above, the overview and outlook of the Malaysian economy and the overview and outlook of the ICT industry in Malaysia, as well as the prospects of the Censof Group have been set out in the ensuing subsections respectively.

4.1 Overview and outlook of Malaysian economy

The Malaysian economy recorded a stronger growth of 4.3% (Q1 2013: 4.1%) during the second quarter of 2013. Growth was driven by strong domestic economic activities amid a weakening external sector. On the supply side, growth in the services sector remained firm at 4.8% (Q1 2013: 5.9%), driven largely by the wholesale and retail trade, business services, and communication subsectors. The construction sector sustained a growth of 9.9% (Q1 2013: 14.2%) on account of strong residential activities. The agriculture sector grew 0.4% (Q1 2013: 6%) largely supported by the expansion in the non-plantation subsector. Meanwhile, the manufacturing sector recorded a higher growth of 3.3% (Q1 2013: 0.3%) following strong expansion in domestic-oriented industries. In the mining sector, growth rebounded 4.1% (Q1 2013: -1.9%) due to higher production of crude oil and natural gas.

On the demand side, growth was supported by strong private investment and consumption activities. Private consumption expanded 7.2% (Q1 2013: 7.5%) underpinned by a stable labour market, bullish stock market and low inflation. This was reflected by increased motorcycle sales (9.7%), imports of consumption goods (6.9%) and sales tax collection (12.2%) (Q1 2013: -8.8%; -0.6%; 4.8%). The Malaysian Institute of Economic Research Consumer Sentiments Index remained firm at 109.7 points above the 100-point threshold (Q1 2013: 122.9 points), indicating positive household sentiment. Meanwhile, public consumption expanded strongly by 11.1% (Q1 2013: 0.1%) attributed to higher spending on emoluments as well as supplies and services during the quarter.

(Source: Quarterly update on the Malaysian Economy – Second Quarter 2013, Ministry of Finance Malaysia)

The Malaysian economy remains resilient despite facing a more challenging external environment. While advanced economies, particularly in the United States (“**US**”) and Japan showed firmer signs of recovery, new challenges have emerged during the first half of 2013. The uncertainties over the strength of China’s economic growth and the possible tapering of the quantitative easing programme in the US have given rise to greater global economic and financial uncertainties. Emerging economies were particularly affected over concerns whether China’s economic strength was able to support intro-regional trade and commodity prices. Emerging markets were also hard hit by the US Federal Reserve’s (“**Fed**”) announcement of a third round of quantitative easing tapering which increased financial and currency volatility as a result of reversal in global capital flows.

Against this backdrop, Malaysia being a highly open economy was also affected, with gross exports recording a negative growth of 3.8% during the first half of 2013. Nevertheless, strong domestic demand was able to cushion the negative impact from the external sector. The economy registered real gross domestic product (“**GDP**”) growth of 4.2% during the first half of 2013. However, during the third quarter of 2013, key economic indicators signaled to better near-term prospects and firmer growth in the US, euro zone and Japan.

Meanwhile, fears of China experiencing a sharp downturn has somewhat faded as the Purchasing Managers’ Index in August 2013 rose to a five (5)-month high. The prospects of stronger recovery in advanced economies coupled with a moderate, but steady GDP growth in China, are expected to create a positive outlook for Malaysia’s exports. While the impact of the Fed tapering its quantitative easing remains a lingering concern, the Malaysian real GDP is expected to register a growth of 4.5% to 5% in 2013 (2012: 5.6%) supported by its resilient domestic economy and improving exports during the second half of 2013.

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

Malaysia's economy, nonetheless, stayed resilient amid slower global economic growth, recording GDP growth of 5.6% in 2012, surpassing the Asia Pacific growth consensus of 3.8%. This growth was buoyed by a robust investment pipeline and expansion in domestic consumption.

(Source: Annual Report 2012, Economic Transformation Programme, Jabatan Perdana Menteri Malaysia)

4.2 Outlook of the ICT industry

The rapid growth of ICT and e-commerce has raised concerns on the issue of data protection. In this regard, the Personal Data Protection Act 2010 was introduced to ensure individuals' personal data is handled properly and protected. Meanwhile, in efforts to bridge the digital gap between rural and urban areas, the Universal Service Provision projects are carried out through the implementation of Kampung Tanpa Wayar 1Malaysia ("KTW1M") and 1Malaysia Internet Centres ("PI1M"). These initiatives have enabled communities with limited communication facilities to enjoy the benefits of ICT. As at end-August 2013, a total of 4,374 KTW1M and 359 PI1M (end-August 2012: 3,827; 251) have been developed in rural and underserved areas throughout the country. The communication subsector is expected to grow 9.4% in 2013 (2012: 9.2%) supported by higher use of cellular and broadband services.

(Source: Economic Report 2013/2014, Ministry of Finance Malaysia)

The other factor that is poised to catalyse the growth of IT spending are the government's strategic programmes such as the Economic Transformation Programme (ETP), Government Transformation Programme (GTP), Digital Transformation Programme (DTP), Rural Transformation Programme (RTP) and Political Transformation Programme (PTP), which are very much ICT-driven or ICT-enabled. Specifically, of the total 131 Entry Point Projects (EPPs) under the ETP, 28 are ICT intensive and 57 are ICT enabled.

(Source: ICT Strategic Review 2012/2013 "Innovation for digital opportunities," Ministry of Science, Technology and Innovation (MOSTI), the National ICT Association of Malaysia (PIKOM))

It is a requirement under the Malaysian law to keep a proper set of accounts for every registered company and every government agency. This sets a foundation for future Financial Management Solution System ("FMSS") growth. In addition, as businesses and government agencies grow in size and complexity, as well as the increasing compliance to accounting standards, locally and internationally, the need for an FMSS system becomes more of a necessity, as any advantages derived from the increased efficiency and effectiveness of non-core divisions in an organization contributes to its competitiveness.

FMSS comprise finance and accounting modules such as general ledger, cashbook, payroll, accounts payable and accounts receivable; and sub-modules such as human resources, fixed asset management, business intelligence and planning, budgeting and forecasting. It is commonly included as a module in larger more complex business software solutions such as Enterprise Resource Planning, Customer Relationship Management and Supply Chain Management. Government initiatives and spending to improve productivity and the introduction of new technologies as well as legislative requirements to maintain proper accounting records are expected to drive the growth of the Malaysian FMSS industry.

The FMSS industry in the public sector is expected to have continued growth in line with the Government's initiative to automate its processes to improve the financial management system. This, along with the requirement by law to keep proper accounts contributes to the future growth of the FMSS industry. There are vast opportunities beyond local shores as more governments move into the digital age by investing in IT infrastructures. Local FMSS providers can capitalise on this opportunity to offer their services globally, especially during this time of economic uncertainty where many companies are finding ways to trim their expenditures.

The payment aggregation software market is vibrant and filled with exciting opportunities supported by the need for efficient payment processing and the Government's efforts to champion the nation's migration to e-payments as well as the growth of broadband and internet penetration.

The increased efficiency and cost savings derived is a compelling factor that continues to drive the adoption of payment aggregation software. The use of e-payments in Malaysia has been growing at a rapid pace in the past few years. Many organisations are capitalising on the efficiency and cost savings of e-payments as a means to enhance competitiveness. Payment aggregation software helps increase the speed of payment processing reduces costs associated with manual payment processing and is much more secure than the manual payment processing. It provides convenience to the user with a single format for entering payment instructions instead of entering multiple payment instructions in different formats required by the financial institutions.

The growth and sustainability of the payment aggregation software market is expected to be driven by the continuous need for efficient payment processing, Government efforts, growth in broadband and internet penetration and the increase in technology literacy.

The payment aggregation software market is a supporting industry to the overall financial sector. It is an efficient and cost saving toll for businesses to conduct internet banking transactions. Thus, the growth of internet banking in Malaysia will have a direct impact on the payment aggregation software market.

(Source: Prospectus, Century Software Holdings Berhad, 12 January 2011)

4.3 Prospects of the Censof Group

Based on the audited financial report of the Group for FYE 31 December 2012, the Group recorded revenue of RM44.77 million in FYE 31 December 2012, representing an increase of 3.30% over the revenue recorded in FYE 31 December 2011 of RM43.34 million. The Group's sources of revenue and their respective percentage contributions to the Group's total revenue for the past two (2) financial years are set out as follows:

	<u>FYE 31 December 2012</u>		<u>FYE 31 December 2011</u>	
	<u>RM'000</u>	<u>(%)</u>	<u>RM'000</u>	<u>(%)</u>
Software, training and implementation	27,293	60.97%	26,594	61.36%
Maintenance	14,819	33.10%	13,360	30.83%
Hardware	2,653	5.93%	3,386	7.81%
Total	44,765	100.00%	43,340	100.00%

The gross profit of the Group of RM22.04 million for FYE 31 December 2012 represents an increase of 12.91% over the gross profit of the Group recorded in FYE 31 December 2011, attributable to the higher maintenance revenue recorded for the current year in comparison to the preceding year.

The Group recorded an increase in PBT of RM9.81 million in FYE 31 December 2012, representing an increase of 6.28% over the PBT recorded in FYE 31 December 2011 of RM9.23 million, despite an increase in administrative expenses and other expenses attributable to the higher gross profit margin and the capitalisation of development expenditure during the year. The Group recorded a PAT of RM9.45 million in FYE 31 December 2012, representing an increase of 5.00% over the PAT recorded in FYE 31 December 2011 of RM9.00 million.

The Group endeavours to continue to grow its business organically and via mergers and acquisitions. The prospects of the Group after year 2013 is positive taking into consideration the expected implementation of a Goods and Services Tax (GST) system in Malaysia, expansion via the promotion of the Group's financial management systems into regional countries, new line of business being the Company's Outcome Based Budgeting ("OBB") project and ICT training for users of the OBB system which is expected to commence after the implementation phase of the OBB project.

The OBB system serves to ascertain expenditures efficiency and effectiveness by emphasizing on value-for-money programs or projects. Further, the Budget Online system within the OBB system captures data from various stages of the OBB program cycle and generates performance reports for the use of the relevant stakeholders in making informed decisions. The OBB project commenced on 20 June 2011 and is expected to be completed by the first quarter of year 2014 whereby its commercialisation will commence thereafter.

The Group's performance for FYE 31 December 2013 is expected to be positive, based on the secured and committed orders amounting to some RM41.86 million and recurring income amounting to RM13.46 million, secured by the Group's business divisions as follows:

Financial Management Solutions Division (FMS): on-going marketing exercises are focused on securing further upgrading and enhancements, involving the portfolio of current clients.

Payment Aggregate Solutions Division (PAS): continuous marketing activities are being planned to focus on e-transaction projects such as to establish a one-stop Payment and Collection portal for Statutory Payments, implement Mobile Payments using NFC (Near Field Communication) Technology and e-EA Forms submission for Income Tax.

Wealth Management Solutions Division (WMS): intense efforts are directed towards securing sales in the domestic and foreign markets for the SIAP and SIAR (as defined below) software products. Presentations are planned for the coming quarters for the selected clients to further strengthen their security and control features.

Sistem Informasi Administrasi Portfolio (Fund Administration and Fund Accounting System) ("**SIAP**") is a software application that manages the activities that are carried out in support of the actual process of running a collective investment scheme, whether the scheme is, amongst others, a traditional mutual fund, hedge fund, pension fund and/or unit trust. SIAP is part of a complete Investment Management System Suite.

Sistem Informasi Administrasi Reksadana (Unit Registry/Transfer Agency System) ("**SIAR**") is a software application that manages investor related activities for their unitised investment funds. It is part of a complete Investment Management System Suite.

Training Solutions (TS): a new business pillar acquired in November 2012 to enhance and grow talent within the Group using e-learning platform via the provision of training for the internal employees of the Group such as customer centricity and services excellence, top selling skills and project management trainings. TS will bring in revenue from corporate and government entities that have been part of the Group's client base since year 2001. The Group's training solutions are delivered via collaborations with SAP, Oracle and other leading ICT principals around the world.

For information only, Censof's major clients as at the LPD comprise the Social Security Organisation of Malaysia (Perkeso), Inland Revenue Board of Malaysia (LHDN) and the Ministry of Finance Malaysia. The principal market for Censof's products and services is the domestic market whereby the percentage of sales for the domestic market comprises 95.0% of total sales and the remaining 5.0% for the foreign market.

(Source: Management of Censof)

5. EFFECTS OF THE PROPOSED RCN ISSUE

The Proposed RCN Issue is expected to raise up to RM25.0 million through the issue of Tranche 1 Notes. Further amount for up to RM75.0 million may be raised depending on, inter-alia, market conditions and for the remaining sub-tranches of the four (4) tranches, at the discretion of the Company whether to issue the same subject to the terms and conditions of the RCN as set out in the Subscription Agreement.

No funds will be raised upon conversion of the Notes into Censof Shares. However upon conversion of the Notes into Censof Shares, the carrying amounts of the liability derived from the Proposed RCN Issue are eliminated with a corresponding recognition in shareholders' funds.

Shareholders should note that as at the LPD, the Fixed Conversion Price in respect of Tranche 1 Notes has been determined and fixed at RM0.6034. The Fixed Conversion Price in respect of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes will be determined on the closing date of the subscription of the first sub-tranche in respect of the respective tranches. The Floating Conversion Price for all four (4) tranches is yet to be determined. It is thus not possible as at the LPD to determine precisely the financial effects of the Proposed RCN Issue until the Notes have been issued, converted and/or otherwise redeemed.

However, for illustrative purposes, we have set out the proforma effects of the Proposed RCN Issue assuming full conversion of the Notes into Censof Shares based on the illustrative lower Conversion Price of RM0.3344 and 299,043,062 Conversion Shares to be issued as detailed in Section 2.3 of this Circular, as well as based on the following scenarios pertaining to the outstanding Warrants:

(a) Minimum Scenario

The minimum scenario assumes the following:

- (i) The private placement of up to ten percent (10%) of the issued and paid-up share capital of Censof to third party investor(s) announced by KIBB on 28 June 2013 ("**Private Placement**") is undertaken on the basis whereby 35,772,968 new Censof Shares are issued pursuant to the Private Placement (assuming none of the outstanding Warrants as at the LPD are exercised); and
- (ii) The issuance of RM100.0 million nominal value of RCN and its subsequent full conversion into new Censof Shares.

(b) Maximum Scenario

The maximum scenario assumes the following:

- (i) The Private Placement is undertaken on the basis whereby 38,722,500 new Censof Shares are issued pursuant to the Private Placement (assuming all outstanding Warrants as at the LPD are exercised); and
- (ii) The issuance of RM100.0 million nominal value of RCN and its subsequent full conversion into new Censof Shares.

For the avoidance of doubt, 20,000,000 new Censof Shares have been issued pursuant to the Private Placement as at the LPD. Therefore, the remaining number of new Censof Shares to be issued pursuant to the Private Placement is 15,772,968 and 18,772,500 under the minimum and maximum scenario respectively.

5.1 Share Capital

The proforma effects of the Proposed RCN Issue on the issued and paid-up share capital of Censof are as follows:

	<--Minimum Scenario-->		<--Maximum Scenario-->	
	Number of Shares ('000)	(RM'000)	Number of Shares ('000)	(RM'000)
Issued and paid-up share capital as at the LPD	377,730	37,773	377,730	37,773
Pursuant to the exercise of Warrants	-	-	29,495	2,950
Pursuant to the Private Placement	15,773	1,577	18,723	1,872
Proforma enlarged issued and paid-up share capital	393,503	39,350	425,948	42,595
Pursuant to the issuance of the RCN	-	-	-	-
Pursuant to the conversion of the RCN into Censof Shares	299,043	29,904	299,043	29,904
Issued and paid-up share capital after the Proposed RCN Issue	692,546	69,254	724,991	72,499

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5.2

Substantial shareholders' shareholdings

Based on Censof's Record of Depositors as at the LPD, the proforma effects of the Proposed RCN Issue on the shareholdings of the substantial shareholders of Censof (holding 5% or more equity interest) are set out below:

Minimum Scenario

	(I)				(II)				(III)			
	As at the LPD				After (I) and pursuant to the Private Placement				After (II) and upon full conversion of the RCN ⁽²⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders of Censof	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)
SAAS Global Sdn Bhd	178,938	47.37	-	-	178,938	45.47	-	-	178,938	25.84	-	-
Datuk Samsul bin Husin	-	-	(1) 178,938	47.37	-	-	(1) 178,938	45.47	-	-	(1) 178,938	25.84
Ameer Bin Shaik Mydin	-	-	(1) 178,938	47.37	-	-	(1) 178,938	45.47	-	-	(1) 178,938	25.84
The Subscriber	-	-	-	-	-	-	-	-	(3) 299,043	43.18	-	-

Maximum Scenario

	(I)				(II)				(III)				(IV)			
	As at the LPD				After (I) and pursuant to the exercise of Warrants				After (II) and pursuant to the Private Placement				After (III) and upon full conversion of the RCN ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect		Direct		Indirect	
Substantial shareholders of Censof	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)	Number of Shares ('000)	(%)
SAAS Global Sdn Bhd	178,938	47.37	-	-	(4) 178,938	43.94	-	-	178,938	42.01	-	-	178,938	24.68	-	-
Datuk Samsul bin Husin	-	-	(1) 178,938	47.37	-	-	(1) 178,938	43.94	-	-	(1) 178,938	42.01	-	-	(1) 178,938	24.68
Ameer Bin Shaik Mydin	-	-	(1) 178,938	47.37	-	-	(1) 178,938	43.94	-	-	(1) 178,938	42.01	-	-	(1) 178,938	24.68
The Subscriber	-	-	-	-	-	-	-	-	-	-	-	-	(3) 299,043	41.25	-	-

Notes:

- (1) Deemed interest pursuant to Section 6A of the Act though their interests in SAAS Global Sdn Bhd.
- (2) There will be no effect on the substantial shareholders' shareholdings in the Company upon the issuance of the RCN and therefore, columns relating to its illustration have been excluded.
- (3) Assuming the Subscriber converts the maximum number of Conversion Shares based on the illustration as set out in Section 2.3 of this Circular.
- (4) Assuming full exercise of 69 Warrants held by SAAS Global Sdn Bhd.

The Proposed RCN Issue has no effect on the shareholdings of the substantial shareholders of Censof and there will be no change in controlling shareholder of the Company pursuant to Chapter 1 of the Listing Requirements after full conversion of the RCN as the Subscriber is not expected to hold a controlling stake in the Company as such new Censof Shares derived from the conversion of the RCN are expected to be sold down via the open market on a progressive basis, in tandem with the progressive drawdown and conversion of the RCN.

Censof has the option to decide on the subsequent issuance of Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes. In this regard, the dilution to the shareholdings of the existing shareholders can be managed and Censof is able to monitor the shareholdings of the Subscriber in Censof to ensure that the Subscriber does not emerge as the single largest shareholder of Censof and the converted ordinary shares issued to the Subscriber are progressively sold down via the open market.

It is not the intention of the Company to allow the Subscriber to emerge as the single largest shareholder of Censof. The Company would therefore exercise its option to issue Tranche 2 Notes, Tranche 3 Notes and Tranche 4 Notes only after considering the number of Censof Shares held by the Subscriber at the relevant time. In this way, the Company has the option to issue the subsequent tranches of the RCN only if there has been sufficient sell-down by the Subscriber of the Censof Shares converted under the previous tranche(s).

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5.3

NA and gearing

The proforma effects of the Proposed RCN Issue on the net assets and gearing of the Company based on the latest audited consolidated statement of financial position of Censof as at 31 December 2012 as set out below:

Minimum Scenario

	(Audited)	(I)	(II)	(III)	(IV)
	As at 31 December 2012 (RM'000)	(2) Adjustments as at the LPD (RM'000)	After (I) and Private Placement (RM'000)	After (II) and pursuant to the issuance of the RCN (RM'000)	After (II) upon full conversion of the RCN (RM'000)
Share capital	34,420	37,773	39,350	39,350	69,254
Share premium	1,308	13,479	(3) 18,615	18,615	99,398
Estimated equity component arising from the Proposed RCN Issue	-	-	-	(6) 10,687	-
Merger deficit	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Retained earnings	41,212	41,212	41,212	(6) 39,655	28,968
Foreign exchange translation reserve	(130)	(130)	(130)	(130)	(130)
Shareholders' equity	64,510	80,034	86,747	95,877	185,190
Non-controlling interests	990	990	990	990	990
NA	65,500	81,024	87,737	96,867	186,180
Number of Shares ('000)	344,200	377,730	393,503	393,503	692,546
NA per Share (RM)	0.19	0.21	0.22	0.25	0.27
Total debt	7,635	7,635	(4) 4,435	(7) 90,186	4,435
Gearing ratio (times) (1)	0.12	0.10	0.05	0.94	0.02

Notes:

- (1) Gearing ratio is derived at total debt divided by shareholders' equity.
- (2) Adjustments for the effects of new Censof Shares issued pursuant to the exercise of Warrants and Private Placement.
- (3) Based on an indicative issue price for the new Censof Shares to be issued pursuant to the Private Placement of RM0.465 and after deducting the estimated expenses in relation to the Private Placement of RM0.62 million.
- (4) The proceeds from the Private Placement utilised for the repayment of borrowings amounting to RM3.20 million.
- (5) Being the estimated equity component of the RCN after deducting the fair value of the liability component of the RCN of RM85.75 million and the deferred tax adjustment on the equity component of the RCN of RM3.56 million respectively.
- (6) After deducting the estimated expenses in relation to the Proposed RCN Issue of RM1.56 million which is to be funded by internally generated funds of the Company.
- (7) Including the liability component of the RCN amounting to RM85.75 million.

Maximum Scenario

	(Audited)	(I)	(II)	(III)	(IV)	(V)
	As at 31 December 2012 (RM'000)	Adjustments as at the LPD (RM'000)	After (I) and pursuant to the exercise of Warrants (RM'000)	After (II) and pursuant to the Private Placement (RM'000)	After (III) and the issuance of the RCN (RM'000)	After (IV) and upon full conversion of the RCN (RM'000)
Share capital	34,420	37,773	40,723	42,595	42,595	72,499
Share premium	1,308	13,479	(3) 24,097	(4) 30,308	30,308	111,091
Estimated equity component arising from the Proposed RCN Issue	-	-	-	-	(6) 10,687	-
Merger deficit	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)	(12,300)
Retained earnings	41,212	41,212	41,212	41,212	(7) 39,655	28,968
Foreign exchange translation reserve	(130)	(130)	(130)	(130)	(130)	(130)
Shareholders' equity	64,510	80,034	93,602	101,685	110,815	200,128
Non-controlling interests	990	990	990	990	990	990
NA	65,500	81,024	94,592	102,675	111,805	201,118
Number of Shares ('000)	344,200	377,730	407,225	425,948	425,948	724,991
NA per Share (RM)	0.19	0.21	0.23	0.24	0.26	0.28
Total debt	7,635	7,635	7,635	(5) 4,435	(8) 90,186	4,435
Gearing ratio (times) ⁽¹⁾	0.12	0.10	0.08	0.04	0.81	0.02

Notes:

- (1) Gearing ratio is derived at total debt divided by shareholders' equity.
- (2) Adjustments for the effects of new Censof Shares issued pursuant to the exercise of Warrants and Private Placement.
- (3) Based on the exercise price of the Warrants of RM0.46.
- (4) Based on an indicative issue price for the new Censof Shares to be issued pursuant to the Private Placement of RM0.465 and after deducting the estimated expenses in relation to the Private Placement of RM0.62 million.
- (5) The proceeds from the Private Placement utilised for the repayment of borrowings amounting to RM3.20 million.
- (6) Being the estimated equity component of the RCN after deducting the fair value of the liability component of the RCN of RM85.75 million and the deferred tax adjustment on the equity component of the RCN of RM3.56 million respectively.
- (7) After deducting the estimated expenses in relation to the Proposed RCN Issue of RM1.56 million which is to be funded by internally generated funds of the Company.
- (8) Including the liability component of the RCN amounting to RM85.75 million.

5.4 Earnings and EPS

As the Proposed RCN Issue is expected to be completed in the second (2nd) half of 2013, it is not expected to have a material effect on the earnings of the Censof Group for FYE 31 December 2013. However, assuming that the net earnings of the Censof Group remains unchanged, the EPS of Censof will be diluted as a result of the increase in the number of Censof Shares upon the conversion of the Notes into new Censof Shares.

Notwithstanding the above, the proceeds from the Proposed RCN Issue are expected to contribute positively to the earnings of the Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised as set out in Section 2.4 of this Circular.

5.5 Convertible securities

The Company currently has 29,495,325 Warrants outstanding as at the LPD. The Warrants have an exercise price of RM0.46 each for each new Censof Share upon exercise of the Warrants.

The Deed Poll will govern any necessary adjustment arising from the Proposed RCN Issue during the Warrants' exercise period. In accordance with the Deed Poll and pursuant to the Proposed RCN Issue, the number, exercise price and subscription rights of the Warrants will not be adjusted.

Save for the Warrants, the Company does not have any other convertible securities issued or granted as at the LPD.

6. CORPORATE EXERCISES ANNOUNCED BUT PENDING COMPLETION

Save for the Proposed RCN Issue and as disclosed below, there are no other corporate exercises which have been announced by our Company but have yet to be completed as at LPD.

- (a) The proposed acquisition by Censof of 349,112,731 ordinary shares of RM0.20 each in Time Engineering Berhad ("**TEB**") ("**TEB Shares**"), representing 45.03% equity interest in TEB, from Khazanah Nasional Berhad ("**Khazanah**") for a cash consideration of approximately RM69.82 million ("**Proposed Acquisition**") and the proposed mandatory take-over offer by Censof to acquire all the remaining TEB Shares not already owned by Censof upon completion of the Proposed Acquisition ("**Proposed MGO**") announced by RHB Investment Bank Berhad on 12 September 2013.

Further information in relation to the Proposed Acquisition and Proposed MGO are set out in the announcements dated 12 September 2013, 4 October 2013, 9 October 2013, 11 October 2013 and 30 October 2013 by the Company on Bursa Securities.

- (b) The Private Placement. The proceeds arising from the Private Placement will be utilised for amongst others, working capital, future strategic acquisitions and loan repayments. Subsequently on 9 July 2013, Kenanga Investment Bank Berhad on behalf of the Board announced that Bursa Securities had, vide its letter dated 8 July 2013, approved the listing of and quotation for up to 38,722,500 new Censof Shares (excluding treasury shares) to be issued pursuant to the Private Placement. The Company had, on 25 September 2013 and 27 September 2013, issued an aggregate of 20,000,000 new Censof Shares at an issuance price of RM0.465 per Censof Share pursuant to the Private Placement.

Further information in relation to the Private Placement are set out in the announcements dated 28 June 2013, 1 July 2013, 3 July 2013, 9 July 2013, 20 September 2013, 25 September 2013 and 27 September 2013 by the Company on Bursa Securities.

The Proposed RCN Issue is not inter-conditional upon any other corporate exercise of our Company.

7. APPROVALS REQUIRED

The Proposed RCN Issue is subject to the following approvals being obtained:

- (a) approval from Bursa Securities for the listing of and quotation for the new Censof Shares on the Main Market of Bursa Securities, which was obtained vide its letter dated 24 October 2013, subject to the following conditions:

Condition(s)	Status of compliance
(i) Censof and KIBB must fully comply with the relevant provisions under Listing Requirements pertaining to the implementation of the Proposed RCN Issue;	To be complied
(ii) Censof and KIBB to inform Bursa Securities upon the completion of the Proposed RCN Issue;	To be complied
(iii) Censof to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed RCN Issue is completed	To be complied
(iv) A certified true copy of the resolution passed by shareholders at the extraordinary general meeting for the Proposed RCN Issue;	To be complied
(v) A letter from the Securities Commission Malaysia for the issuance of the RM100.0 million RCN under the Private Debt Securities Guidelines;	Complied
(vi) Censof is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed (pursuant to the conversion of the RCN) as at the end of each quarter together with a detailed computation of the listing fees payable;	To be complied
(vii) Censof is required to ensure full compliance with all the requirements as provided under the Listing Requirements at all times; and	Noted
(viii) To incorporate the comments of Bursa Securities in the circular to shareholders.	Complied

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- (b) authorisation from the SC for the issuance of the RCN under the PDS Guidelines, which was obtained vide its letter dated 31 October 2013, subject to the following conditions:

Condition(s)	Status of compliance
(i) Where any issue of RCN comprising the redeemable convertible commercial papers and/or redeemable convertible medium term notes include a term that prohibits the sale or transfer of the RCN, the RCN – <ul style="list-style-type: none"> • shall not be issued to a related corporation of Censof; and • shall not be issued solely to KIBB; and 	To be complied
(ii) KIBB and Censof, where applicable, shall comply with the standard conditions and continuing obligations as stipulated in the PDS Guidelines.	Noted

- (c) approval from BNM for the issuance of the RCN under the Joint Information Note on the Issuance and Subscription of Ringgit and Foreign Currency-Denominated Sukuk and Bonds in Malaysia issued by BNM and the SC, which was obtained vide its letter dated 3 September 2013;
- (d) approval from the shareholders of the Company at the forthcoming EGM; and
- (e) approval from any other relevant authorities and/or parties, if required.

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

None of the directors and/or major shareholders of Censof and/or persons connected to them have any interest, direct or indirect, in the Proposed RCN Issue.

9. DIRECTORS' RECOMMENDATION

Having considered the current and prospective financial position as well as the capacity of the Company and after careful deliberation and taking into consideration the rationale and financial effects of the Proposed RCN Issue, the Board is of the opinion that the Proposed RCN Issue is in the best interest of the Censof Group.

Accordingly, our Board recommends that you vote in favour of the resolution pertaining to the Proposed RCN Issue to be tabled at the forthcoming EGM.

10. ADVISER

KIBB has been appointed by Censof as the Adviser and Facility Agent for the Proposed RCN Issue.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed RCN Issue is expected to be completed in the second (2nd) half of 2013.

12. HISTORICAL SHARE PRICES

The monthly highest and lowest transacted market prices of Censof Shares for the past twelve (12) months preceding the date of the Circular from November 2012 up to October 2013 as follows:

	<u>Highest (RM)</u>	<u>Lowest (RM)</u>
Year 2012:		
November	0.38	0.31
December	0.35	0.30
Year 2013:		
January	0.41	0.34
February	0.47	0.38
March	0.47	0.41
April	0.47	0.43
May	0.64	0.42
June	0.65	0.52
July	0.62	0.51
August	0.56	0.34
September	0.54	0.39
October	0.61	0.47

The last transacted market price of Censof Shares on 13 May 2013 (being the last transacted price prior to the announcement of the Proposed RCN Issue) was RM0.51 per Share.

The last transacted market price of Censof Shares on 31 October 2013 (being the LPD prior to the printing of this Circular) was RM0.58 per Share.

(Source: Bloomberg)

13. EGM

Our EGM, the notice of which is enclosed with this Circular, is to be held at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 29 November 2013 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the ordinary resolution to give effect to the Proposed RCN Issue.

If you are unable to attend and vote in person at the forthcoming EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions therein stated as soon as possible, and in any event so as to arrive at the Share Registrar of Censof, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time set for the EGM or at any adjournment thereof. The completion and lodging of the Form of Proxy does not preclude you from attending and voting in person at the forthcoming EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I for further information.

Yours faithfully
For and on behalf of the Board of
CENSOF HOLDINGS BERHAD

DATUK SAMSUL BIN HUSIN
Group Managing Director

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given (save and except as set out below) and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other material facts the omission of which would make any information in this Circular false or misleading.

2. WRITTEN CONSENTS AND CONFLICT OF INTEREST**(a) KIBB**

KIBB, being the Adviser and Facility Agent to the Company for the Proposed RCN Issue based on the terms and conditions as set by the Board, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references to it in the form and context in which they so appear in the Circular.

Save as disclosed below, KIBB is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Adviser and Facility Agent to the Company in respect of the Proposed RCN Issue as at the LPD.

KIBB has approved a Standby Term Loan Facility of up to RM28.0 million (“**Facility**”) to be offered to Censof as a standby line to finance strategic acquisitions to be undertaken by the Censof Group prior to the completion of the Proposed RCN Issue. However, the Facility has not come into effect as it has not been accepted by Censof. In the event the Facility is accepted and utilised, the repayment source will be derived from the proceeds of the Proposed RCN Issue as the Facility constitutes borrowings undertaken to fund strategic acquisitions as set out in Section 2.4 of this Circular.

Notwithstanding the above, KIBB is of the view that the relationship as described above would not give rise to a situation of conflict of interest in KIBB’s role as the Adviser and Facility Agent for the Proposed RCN Issue as KIBB, as a licensed investment bank, believes in the maintenance of the highest standard of professional responsibility and will ensure that it discharges its professional duty accordingly. Further, our Board has confirmed that they have been informed and is aware of the situation as described above and is agreeable to the role of KIBB as the Adviser and Facility Agent to Censof in relation to the Proposed RCN Issue.

(b) Messrs. Cheang & Ariff

Messrs. Cheang & Ariff, being the Malaysian Legal Counsel to the Company for the Proposed RCN Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references to it in the form and context in which they so appear in the Circular.

Messrs. Cheang & Ariff is not aware of any possible conflict of interest which exists or is likely to exist in its capacity as the Malaysian Legal Counsel to the Company in respect of the Proposed RCN Issue as at the LPD.

3. MATERIAL CONTRACTS

Save as disclosed below, the Directors of Censof confirm that there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Censof Group within the past two (2) years preceding the date of this Circular:

- (a) The Company had, on 28 June 2012, executed a deed poll to constitute the issuance of 43,025,000 free warrants in the Company ("**Warrant(s)**") pursuant to the bonus issue of Warrants, which was approved by the shareholders of the Company at the extraordinary general meeting of the Company held on 26 June 2012. Each Warrant entitles the holder to subscribe for one (1) new share during the exercise period of five (5) years commencing on the date of issuance of the Warrants at the exercise price of RM0.46 per Warrant, which was fixed by the Board on 28 June 2012;
- (b) The Company had, on 10 October 2012, entered into a sale and purchase agreement with Zaghul Merican Bin Sultan Merican, Mohd Noor Zaimi Bin Zainol and Rubaneswaran A/L Thevasenabathy ("**SPA**") for the acquisition of 1,600,000 ordinary shares of RM1.00 each comprising 80% of the share capital in Knowledgecom Corporation Sdn Bhd ("**Knowledgecom**") for a purchase consideration of RM4.0 million to be satisfied entirely in cash. As all conditions precedent in the SPA had been satisfied, the acquisition of Knowledgecom was completed on 7 November 2012;
- (c) The Company had on, 10 October 2012, pursuant to the acquisition of Knowledgecom by the Company, entered into a shareholders' agreement with Rubaneswaran A/L Thevasenabathy where both parties had agreed to several mutual covenants for the purposes of regulating their respective capacities as shareholders of Knowledgecom;
- (d) Century Software (Malaysia) Sdn Bhd ("**CSSB**") had, on 31 January 2013, entered into a secondment agreement with PILOT Multimedia (M) Sdn Bhd ("**PMSB**") for:
 - (i) The secondment of PMSB employees to the CSSB in order to support the CSSB's Perkeso PINTAR project ("**Project**"); and
 - (ii) profit sharing of the net profit earned from Purchase Order No:001010-01 dated 20 April 2012 ("**PO**") valued at to RM8,650,000.00 to remunerate PMSB for the services provided by PMSB employees during their secondment until the mutual termination of the secondment on 13 March 2013; and
- (e) the Subscription Agreement; and
- (f) The Company had on, 12 September 2013, entered into a conditional share sale and purchase agreement with Khazanah to acquire 349,112,731 ordinary shares of nominal value RM0.20 each in TEB, representing approximately 45.03% of the total issued and paid-up share capital of TEB, from Khazanah for a total cash consideration of approximately RM69,822.546.20.

4. MATERIAL LITIGATION

As at the LPD, the Directors of Censof confirm that Censof Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors of Censof do not have any knowledge of proceedings pending or threatened against Censof Group, or any fact likely to give rise to any proceeding which might materially and adversely affect the financial position or business of Censof Group.

5. MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Company that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Company which, upon becoming enforceable, may have a material impact on the financial results/position of the Group:

	<u>(RM)</u>
(a) Corporate guarantee	
Corporate guarantee given to a licensed bank for credit facilities granted to a subsidiary	28,500,000
(b) Bank guarantee	
Fixed deposit pledged for a bank guarantee facility of a subsidiary	3,590,000
(c) Liquidated Ascertained Damages ("LAD")	

There is a potential contingent liability arising from LAD claims by Dewan Bandaraya Kuala Lumpur ("DBKL"), in relation to a project contract undertaken by Century Software (M) Sdn Bhd, a subsidiary the Company.

An extension of time had been granted to CSSB to complete the project by 30 June 2013 subject to an LAD per day of delay, payable at the rate of 1% of the value of the incomplete works until the completion date. The DBKL project undertaken by CSSB is expected to be completed by the end of year 2013.

However, the Directors are confident that the potential LAD claim is unlikely to be crystallised as they are confident that the project will be completed on time and the amount payable on this LAD claims, if any, will be waived or will be very minimal.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia during business hours from Mondays to Fridays (except public holidays) from the date of this Circular up to the time fixed for the holding of the EGM:

- (a) The Memorandum and Articles of Association of the Company;
- (b) The audited consolidated financial statements of the Company for the past two (2) FYE 31 December 2011 and 2012, and the latest unaudited consolidated financial statements of the Company for the FPE 30 June 2013;
- (c) The Subscription Agreement;
- (d) The letters of consent referred to in Section 2 of Appendix I; and
- (e) The material contracts referred to in Section 3 of Appendix I.



CENSOF HOLDINGS BERHAD

(Company No. 828269-A)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Censof Holdings Berhad (“**Censof**” or “**Company**”) will be held at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 29 November 2013 at 10.00 a.m. or at any adjournment thereof for the purpose of considering and if thought fit, passing the following resolution with or without modifications:

ORDINARY RESOLUTION 1

PROPOSED ISSUANCE OF REDEEMABLE CONVERTIBLE NOTES COMPRISING THE REDEEMABLE CONVERTIBLE COMMERCIAL PAPERS AND/OR REDEEMABLE CONVERTIBLE MEDIUM TERM NOTES (“RCN”) WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO RM100.0 MILLION (“PROPOSED RCN ISSUE”)

“**THAT**, subject to the approval of all relevant authorities, approval be and is hereby given to the Company to:-

- (i) issue up to RM100.0 million nominal value of RCN, convertible into new ordinary shares of RM0.10 each in Censof (“**Censof Share(s)**”) at a conversion price to be determined in accordance with the terms and conditions of the RCN; and
- (ii) allot and issue such number of new Censof Shares pursuant to the conversion of the RCN, from time to time during the tenure of the RCN, credited as fully paid-up, to or to the order of the noteholder of the RCN in accordance with the terms and conditions of the RCN;

THAT such new Censof Shares to be issued arising from the conversion of the RCN, shall, upon allotment and issue, be listed on the Main Market of Bursa Malaysia Securities Berhad and rank *pari passu* in all respects with the existing Censof Shares except that they will not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, made or paid prior to the relevant date of allotment of the new Censof Shares;

AND THAT the board of directors of the Company be and is hereby authorised to take all such steps and to enter into all such other agreements, deeds, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties and to do all acts and things, as the board of directors may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed RCN Issue with full powers to sign and execute all documents, make applications to authorities and regulatory bodies for any approvals and consents required and assent to any conditions, modifications, revaluations, variations and/or amendments as may be required by the relevant authorities and to do all such acts and things in any manner as they may deem necessary or expedient and/or appropriate to implement, finalise and give full effect to the Proposed RCN Issue.”

By Order of the Board

Lim Sek Wah (MAICSA 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031)
Company Secretaries

14 November 2013

Notes:

1. Only a member whose name appears on the Record of Depositors as at 25 November 2013 shall be entitled to attend, vote and/or speak at the meeting or appoint a proxy or proxies to attend, vote and/or speak on his/her behalf. A proxy need not be a member of the Company and a member may appoint any person to be his/her proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.
2. A member shall not be entitled to appoint more than two (2) proxies to attend, vote and/or speak at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**Omnibus Account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
5. The Form of Proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
6. The Form of Proxy must be deposited at the share registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.



CENSOF HOLDINGS BERHAD

(Company No. 828269-A)
(Incorporated in Malaysia under the Companies Act, 1965)

PROXY FORM

(Before completing this form, please refer to the notes below)

I/We _____
(Full name in Capital Letters)

NRIC No./Passport No./Company No. _____ CDS Account No. _____

of _____
(Full address)

being member/members of CENSOF HOLDINGS BERHAD, hereby appoint the following person(s):-

Name of proxy, NRIC No. & Address	No. of shares to be represented
1.	
2.	

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Extraordinary General Meeting of the Company to be held at A-8, Block A, Level 8, Sunway PJ 51A, Jalan SS9A/19, Seri Setia, 47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 29 November 2013 at 10.00 a.m. or at any adjournment thereof, in the manner indicated below:-

ORDINARY RESOLUTION	FIRST PROXY		SECOND PROXY	
	FOR	AGAINST	FOR	AGAINST
1. PROPOSED RCN ISSUE				

(Please indicate with a "✓" or "X" in the space provided on how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion). The first named proxy shall be entitled to vote on a show of hands on my/our behalf)

Signed this _____ day of _____ 2013

Signature of Shareholder(s)/Common Seal

Notes:

- Only a member whose name appears on the Record of Depositors as at 25 November 2013 shall be entitled to attend, vote and/or speak at the meeting or appoint a proxy or proxies to attend, vote and/or speak on his/her behalf. A proxy need not be a member of the Company and a member may appoint any person to be his/her proxy and the provisions of Section 149(1)(a) & (b) of the Companies Act, 1965 shall not apply.
- A member shall not be entitled to appoint more than two (2) proxies to attend, vote and/or speak at the same meeting. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- The Form of Proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if such appointor is a corporation, under its common seal or under the hand of the attorney.
- The Form of Proxy must be deposited at the share registrar of the Company at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

Fold this flap for sealing

Then fold here

Affix
stamp

THE SHARE REGISTRAR
CENSOF HOLDINGS BERHAD (828269-A)
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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