

PENSONIC HOLDINGS BERHAD (300426-P)

Stock Name : PENSONI
Stock Code : 9997
Type : General Announcement
Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11 January 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected thereon and bearing postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

1. INTRODUCTION

The Board of Directors of Pensonic Holdings Berhad ("PHB" or the "Company") wishes to announce that its wholly-owned subsidiary, Pensonic Sales & Service Sdn. Bhd. (162419-M) (“PSS” or “the Vendor”) had, on 9 July 2019, entered into a Sale and Purchase Agreement ("SPA" or the “Agreement”) with Chua Trading Company Sdn. Berhad (“CTC” or “the Purchaser”) to dispose of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected thereon and bearing postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of RM19.5 million (“Disposal Price”) subject always to the terms and conditions as stipulated in the SPA [“Proposed Disposal”].

2. BACKGROUND INFORMATION

2.1 Information on PHB

PHB was incorporated in Malaysia on 16 May 1994 under the Companies Act, 1965 (the “CA 1965”) as a private limited company under the name of Pensonic Holdings Sdn. Bhd. and was converted into a public limited company under its present name on 18 July 1994. The principal activity of the Company is investment holding. The present issued share capital of PHB is 129,668,000 ordinary shares.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

The Directors of PHB are Dato’ Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Ghee, Chew Chuon Jin, Chew Chuon Fang, Ong Huey Min, Dato’ Lela Pahlawan Dato’ Wira Ku Nahar Bin Ku Ibrahim and Dato’ Tahir Jalaluddin Bin Hussain.

2.2 Information on PSS

PSS was incorporated in Malaysia on 4 July 1987 as a private limited company under CA1965 and is capitalized at 15,000,000 ordinary shares issued at RM1 each. The principal activity of PSS is distribution of electrical and electronic appliances. The Directors of PSS are Dato’ Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Ghee, Chew Chuon Jin and Chew Chuon Fang.

2.3 Information on CTC

CTC was incorporated in Malaysia on 5 June 1970 under CA1965 as a private limited company. Its issued share capital comprised of 500,000 ordinary shares. CTC is principally involved in marketing and distribution of industrial machinery and equipment and letting of real properties. The Directors and equity structure of CTC are based upon information as extracted from Suruhanjaya Syarikat Malaysia on 5 July 2019:

Name	Designation	Direct holding		Indirect holding	
		No. of shares	%	No. of shares	%
Chua Chop Min	Director/Shareholder	450,000	90	-	-
Chua Tze Zieh	Director/Shareholder	25,000	5	-	-
Chua Zi Chao	Director/Shareholder	25,000	5	-	-
Total		500,000	100	-	-

2.4 Information on the Property

The details of the Property, as extracted from the valuation undertaken in 2018 except where indicated specifically, are tabulated as follows:

Item	Description
Land Title No.	H.D.(D) 175809

PENSONIC HOLDINGS BERHAD (300426-P)

Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction

Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan ("the Property") for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only ("Proposed Disposal")

Item	Description
Lot/PT No.	PT 11B
Tenure of Land	99-year lease expiring on 11 January 2070
Town Area/Mukim	Petaling Jaya
District	Petaling
State	Selangor Darul Ehsan
Category of Land Use	Building
Postal Address	Lot 11B, Jalan 223 Sec 51A, 46100 Petaling Jaya Selangor Darul Ehsan
Existing use	Office, warehouse and service centre
Area of Land (approximate)	4,046.724 sq m (43,560 sq ft)
Description of Building	Four (4) storey office building with an annex three (3) storey building comprising of warehouse on lower two (2) levels and an office on the third level
Restriction in interest	Nil
Express Condition	Bangunan Perniagaan
Registered Owner	PSS
Encumbrances	Charged to HSBC Bank Malaysia Berhad vide Presentation No. 89228/2018 on 8 October 2018
Other Endorsement(s)	Nil
Built-up floor area ("BFA") (approximate)	6,227.76 sq m (67,035 sq ft)

PENSONIC HOLDINGS BERHAD (300426-P)

Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction

Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

Item	Description						
Age of Building (approximate)	The age of the various buildings is as tabulated: <table border="1"> <thead> <tr> <th>Types of building</th> <th>Age</th> </tr> </thead> <tbody> <tr> <td>Four (4) storey office</td> <td>40 years</td> </tr> <tr> <td>Three (3) storey building comprising of warehouse on lower two (2) levels and an office on the third level</td> <td>40 years</td> </tr> </tbody> </table>	Types of building	Age	Four (4) storey office	40 years	Three (3) storey building comprising of warehouse on lower two (2) levels and an office on the third level	40 years
Types of building	Age						
Four (4) storey office	40 years						
Three (3) storey building comprising of warehouse on lower two (2) levels and an office on the third level	40 years						
Total lettable space	6,227.76 sq m (67,035 sq ft)						
Total lettable space available for letting and the occupancy	own use						
Percentage of occupancy	N/A						
Net book value ⁽¹⁾	RM8,058,290						
Market value ⁽²⁾	RM18,800,000						
Disposal Price ⁽³⁾	RM19,500,000						

Note:

- (1) Audited as at financial year ended 31 May 2018
- (2) The market value of the Property was valued by an independent firm of registered valuers, Rahim & Co International Sdn. Bhd. (“Valuer”), on 6 August 2018 for internal use.
- (3) Also referred to as Purchase Price in the SPA

The Property shall be disposed on “as is where is” basis free from all caveats, liens, charges and encumbrances whatsoever and with vacant possession subject to the category of land use, conditions of title and restrictions-in-interest, express or implied now or hereafter from time to time imposed affecting or relating to the Property and upon the terms and conditions contained in the SPA.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

2.5 Original cost and date of investment

The original cost and date of investment in the Property are as follows:-

Date of investment	Original cost of investment (RM)
18 September 1997	11,325,600

3. CONSIDERATION

3.1 Basis and justification on arriving at the Disposal Price

The Disposal Price was arrived at on a “willing buyer and willing seller” basis through negotiation between the Vendor and the Purchaser and after considering prevailing market condition.

Notwithstanding the indicative market value of the Property of RM18,800,000 as stated in the valuation carried out in 2018, the current soft property market and cautious sentiment in market arising from lacklustre economy has resulted in low demand for the Property.

The latest audited net book value of the Property was RM8,058,290 as at 31 May 2018.

As such, the Management and the Board were of the view that the Disposal Price of RM19,500,000 is fair and reasonable.

The Disposal Price shall be satisfied in cash.

3.2 Manner of payment

The Disposal Price is also referred to as Purchase Price particularly under this subsection and item 4 below and shall be settled by the Purchaser in the following manner:

No.	Description	(RM)
(a)	Prior to the execution of the Agreement, the Purchaser has paid to the Vendor deposit, the receipt of which the Vendor acknowledged (“Deposit”)	585,000
(b)	Deposited with the Purchaser’s Solicitors which shall be remitted to the Director General of Inland Revenue	585,000
(c)	Upon execution of the SPA	780,000

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

No.	Description	(RM)
(d)	The balance Disposal Price (“Balance Disposal Price”) payable within 90 days from the date of the SPA (“the Completion Period”)	17,550,000
	Total Disposal Price	19,500,000

The Completion Date shall be the date of full and final payment of the Balance Disposal Price.

4. SALIENT TERMS OF THE SPA

- 4.1 The salient terms as extracted from the SPA are as set out below. All definitions in this section shall have the same meaning as in the SPA. The Vendor, Purchaser and Purchase Price are inter-changeable with PSS, CTC and Disposal Price respectively.

Consideration

- (1) The Vendor hereby agrees to sell and the Purchaser hereby agrees to purchase the said Property on an “as is where is” basis free from all encumbrances and with vacant possession but subject to the conditions and restrictions in interest (if any) affecting the Document of Title to the said Property at Purchase Price upon the Deposit paid as part payment towards the Purchase Price.
- (2) The Balance Purchase Price shall be paid by the Purchaser within the Completion Period.
- (3) In the event the Purchaser is unable to pay the Balance Purchase Price within the Completion Period, the Vendor shall grant to the Purchaser an automatic extension of two (2) months to pay the Balance Purchase Price (hereinafter referred to as “the Extended Completion Period”) provided always that the Purchaser shall pay to the Vendor interest at the rate of eight per centum (8%) per annum on the outstanding Balance Purchase Price to be calculated on a daily basis as liquidated damages for the actual number of days extended. If the Purchaser shall fail to settle the Balance Purchase Price within the Extended Completion Period, then clause on Purchaser’s Default as stipulated in the SPA shall come into effect.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

- (4) The “Settlement Date” refers to the date of the full and final payment of the Balance Purchase Price together with late payment interest, if any, and the relevant apportioned outgoings is paid by the Purchaser to the Vendor. The Settlement Date shall not exceed the period of the Completion Period or the Extended Completion Period, as the case maybe.

Purchaser’s default

- (5) The Vendor can terminate the SPA in the event the Purchaser fails to pay the Balance Purchase Price by the Extended Completion Period and provided always that the Vendor is in full compliance of SPA. The termination shall be by giving a written notice of termination to the Purchaser or the Purchaser’s Solicitors.
- (6) On termination:
- (a) the Vendor shall forfeit a sum equivalent to ten per centum (10%) of the Purchase Price from the monies paid by the Purchaser as agreed liquidated damages and refund the Purchaser any other monies paid toward the Purchase Price after such forfeiture without interest within fourteen (14) working days from date of the notice of termination;
 - (b) The Purchaser shall return to the Vendor or the Vendor’s Solicitors the said Transfer (save except if the Transfer has been stamped and is retained to seek refund of the stamp duty), the original Issue Documents of Title for the said Property with the Vendor’s interest intact and all other relevant documents forwarded earlier to the Purchaser, the Purchaser’s Lenders or their respective solicitors with the Vendor’s interest intact; and
 - (c) The Purchaser will redeliver vacant possession of the said Property if the same has been delivered to the Purchaser and withdraw the private caveat if this had been lodged earlier.

Vendor’s default

- (7) The Purchaser shall be entitled to the remedy at law for specific performance of the Agreement against the Vendor in the event of any material breach by the Vendor of any provisions of the Agreement and/or in the event the Vendor fails to complete the sale.
- (8) The Purchaser may terminate the Agreement by giving a written notice of termination to the Vendor and upon receipt of the termination notice:

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan ("the Property") for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only ("Proposed Disposal")
- (a) The Vendor is to refund all monies paid by the Purchaser toward the Purchase Price under the Agreement free of interest and pay an additional sum equivalent to ten per centum (10%) of the Purchase Price to the Purchaser as agreed liquidated damages within fourteen (14) working days of the date of receipt the aforesaid notice of termination;
 - (b) The Purchaser will, concurrently, return to the Vendor or the Vendor's Solicitors the said Transfer (save except if the Transfer has been stamped and is retained to seek refund of the stamp duty), the original Issue Documents of Title for the said Property with the Vendor's interest intact and all other relevant documents forwarded earlier to the Purchaser, the Purchaser's Lenders or their respective solicitors with the Vendor's interest intact; and
 - (c) The Purchaser will, concurrently, redeliver vacant possession of the said Property if the same has been delivered to the Purchaser and the Purchaser shall also forthwith withdraw the private caveat if the private had been lodged earlier.

Entry of private Caveat

- (9) The Purchaser can lodge a private caveat on the said Property upon the payment of the Deposit and that the Purchaser shall immediately withdraw such private caveat at his own cost and expense in the event the Agreement is lawfully terminated as mentioned earlier. The Purchaser undertakes to execute, prior to such caveat being lodged, a form for the withdrawal of the private caveat in escrow and deposit the same with the Purchaser's Solicitors who are instructed and authorized to present the same to the relevant Land Office for registration upon the lawful termination of the Agreement.

Delivery of vacant possession of the Property

- (10) The Vendor will only deliver vacant possession to the Purchaser on **1st January 2020** notwithstanding that the Purchaser has paid the full Purchase Price together with late payment interest (if any) and apportioned outgoings due and payable by the Purchaser (if any) to the Vendor's Solicitors. The parties had agreed that the Vendor shall be entitled to occupy the said Property until the 31st December 2019 free of rent.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

Additional terms

- (11) The Vendor is not required to forward the original Certificate of Fitness for Occupation (hereinafter referred to as “the Original CFO”) for the said office and warehouse buildings on the said Property upon the full payment of the Purchase Price.

5. RATIONALE AND BENEFITS FOR THE PROPOSED DISPOSAL

The Proposed Disposal is part of the Group’s asset rationalisation exercise to unlock and realise the increase in the value of its landed assets, including the Property, to improve the overall financial position of the entire Group. The Disposal Price of RM19,500,000 represents an appreciation in the value of the Property since its acquisition.

Further, the Disposal Price will contribute positively to the Group’s overall cash flow position and will help to reduce the Group’s overall borrowings accordingly as approximately RM10,000,000 would be utilised to repay borrowings from HSBC Bank Malaysia Berhad and consequently reduce exposure to higher interest expenses and improve gearing position.

PSS’s present business operations is currently situated therein. Following the disposal, PSS’s business operations will be consolidated and relocated to a smaller premise at a lower operational costs in the interim whilst awaiting the completion of construction of the warehouse cum office in Klang, Selangor.

The Board was of the view that the Proposed Disposal will improve the Group’s overall financial position, liquidity and reduce the Group’s exposure to external borrowings.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share capital and substantial shareholders’ shareholding

The Proposed Disposal will not have any effect on the issued and paid-up share capital of PHB and the direct and/or indirect shareholdings of substantial shareholders’ of PHB as the Proposed Disposal will be wholly satisfied in cash and no new ordinary shares will be issued pursuant to the Proposed Disposal.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

6.2 Earnings and earnings per share (“EPS”)

The Proposed Disposal is not expected to have any material effect on the earnings of PHB Group for the financial year ending 31 May 2020 save for a one-off gain on disposal of about RM10,012,355, which will be recognised upon completion of the Proposed Disposal.

The basis of arriving at the gain from the Proposed Disposal and the effect on the EPS is as illustrated below based on audited consolidated financial statement of PHB for financial year ended 31 May 2018 (“FYE 31 May 2018”):

		Amount (RM)
Disposal Price		19,500,000
less:	Carrying value of the Property and related expenditure	8,757,183
	Estimated provision for income tax / real property gains tax (net of deferred tax)	430,161
	Estimated expenses in relation to the Proposed Disposal ⁽¹⁾	300,300
Gain from Proposed Disposal		10,012,355
	Issued share capital	EPS (sen)
Share capital as to-date	129,668,000	7.72

Note:

- ⁽¹⁾ Inclusive of commission of RM292,500 upon successful completion of the Proposed Disposal, professional fees and incidental expenses in relation to the Proposed Disposal.

6.3 Net assets (“NA”) and gearing

The Proposed Disposal is not expected to have material effect on the net assets of PHB save for a gain on disposal as mentioned above.

The Group’s finance costs will be reduced due to the utilisation of the proceeds raised from the Proposed Disposal for the repayment of borrowings inclusive of interest costs. As such, the gearing ratio is expected to be improved accordingly.

PENSONIC HOLDINGS BERHAD (300426-P)

Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction

Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

For illustration purposes, the proforma effects of the Proposed Disposal on the consolidated net assets and gearing of PHB Group based on its audited consolidated financial statements for FYE 31 May 2020 are as set below:

	Audited FYE 31 May 2018	Adjusted for subsequent events	After Proposed Disposal
Share capital	67,670,893	-	67,670,893
Reserves	44,941,688	^(a) (455,642)	^(b) 54,498,402
Total equity attributable to owners of the Company	112,612,581	(455,642)	122,169,295
No. of ordinary shares in issue	129,668,000	129,668,000	129,668,000
NA per share (RM)	0.87		0.94
Total borrowings	103,357,259		^(c) 93,357,259
Gearing ratio (times)	0.71		0.57

Note:

- (a) Adjustment for depreciation for the property for FPE 31 May 2019 (fourth financial quarter of financial year ended 31 May 2019).
- (b) Recognition of gain on completion of Proposed Disposal.
- (c) The reduction in total borrowings assuming RM10,000,000 from the gross proceeds raised is used towards repayment of bank borrowings.

7. THE PERCENTAGE RATIO APPLICABLE TO THE TRANSACTION PURSUANT TO PARAGRAPH 10.02(g)

The highest percentage ratio applicable to the Proposed Disposal pursuant to paragraph 10.02(g) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) is 17.30% based on PHB Group’s latest audited consolidated financial statements for the financial year ended 31 May 2018.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

8. LIABILITIES TO BE ASSUMED

Save for any liabilities that may accrue to the Purchaser under the SPAs, the Purchaser will not assume any other liability, contingent liabilities or guarantees pursuant to the Proposed Disposal.

PHB will not also not assume any liability assume any other liability, contingent liabilities or guarantees arising from the Proposed Disposal.

9. CASH COMPANY OR PRACTICE NOTE 17 (“PN17”) COMPANY

The Proposed Disposal is not expected to result in the Company becoming a cash company or PN17 company as defined under the MMLR of Bursa Securities.

10. ESTIMATED TIME FRAME FOR COMPLETION

The Vendor and the Purchaser has agreed that the SPA shall be completed upon payment of Balance Disposal Price as per item 3.2 above.

11. PROPOSED UTILISATION OF PROCEEDS FROM THE PROPOSED DISPOSAL

The proceeds arising from the Proposed Disposal shall be utilised within twelve (12) months from the date of receipt of the full amount of Disposal Price in the following manner:

Item	RM
Repayment of bank borrowings ⁽¹⁾	10,000,000
Working capital of the Group ⁽²⁾	9,199,700
Defray estimated expenses in relation to the Proposed Disposal ⁽³⁾	300,300
Total estimated proceeds	19,500,000

Note:

⁽¹⁾ Retirement of entire outstanding borrowing from HSBC Bank Malaysia Berhad totaling approximately RM10,000,000.

⁽²⁾ Inclusive of estimated provision for income tax / real property gains tax (net of deferred tax)

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

⁽³⁾ Inclusive of commission of RM292,500 upon successful completion of the Proposed Disposal, professional fees and incidental expenses in relation to the Proposed Disposal. Any shortfall or excess in the funds allocated for estimated expenses will be funded from or used for working capital of the Group.

12. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of PHB or any other regulatory authorities.

13. INTEREST OF THE DIRECTORS AND MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM

None of the Directors, major shareholders or persons connected to Directors or persons connected to the major shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal.

14. STATEMENT BY THE BOARD OF DIRECTORS

Premised upon the rationale as described under item 5 above and due consideration of all pertinent aspects of the Proposed Disposal, the Board of Directors is of the opinion that the Proposed Disposal is established under normal commercial terms, fair and reasonable, is in the best interest of the Group and not detrimental to the Company and its shareholders.

15. RISK FACTORS

There are no foreseeable risk factors involved in the Proposed Disposal save as below and the Proposed Disposal is not expected to change the risk profile of PHB Group.

15.1 Failure and / or Delay in the Approval from the Authorities and / or Parties

The completion of the Proposed Disposal is conditional upon, inter-alia, the obligations and covenants of the SPA being satisfied and/or varied as the case maybe. There can be no assurance that the Proposed Disposal will not be exposed to risks such as the inability to fulfil the obligations and conditions.

PENSONIC HOLDINGS BERHAD (300426-P)

- Subject : Transactions (Chapter 10 of Listing Requirements)
Non Related Party Transaction
- Description : Proposed Disposal by Pensonic Sales & Service Sdn. Bhd. of all that piece of leasehold commercial land (lease expiring on 11th January, 2070) held under Title H.S.(D) 175809, PT 11B, Tempat Jalan 223, Section 20, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor Darul Ehsan measuring approximately 4,046.724 square metres in area together with 4 storey office building with an annex 3 storey building comprising of warehouse on lower 2 levels and an office on the third level erected and bearing a postal address of No. 11B, Jalan 223, 46100 Petaling Jaya, Selangor Darul Ehsan (“the Property”) for total cash consideration of Ringgit Malaysia Nineteen Million and Five Hundred Thousand (RM19,500,000.00) only (“Proposed Disposal”)

If any of the conditions precedent of the SPA is not fulfilled or not waived by the respective parties, including the failure to secure the approval from the shareholders of the Company within the period of time set out in the SPA, the Proposed Disposal may be delayed or terminated. Nevertheless, the management shall use its best endeavours to ensure every effort is made to satisfy the conditions precedent amongst others, to obtain the approval from the shareholders of the Company for the Proposed Disposal in a timely manner.

15.2 Contractual Risk

The Group may be subjected to certain contractual risks such as specific performance or payment of liquidated damages as a result of non-fulfilment of its obligations under the SPA. Nevertheless, the Group will endeavour to ensure full compliance in relation to its part of the obligations under the SPA.

16. DOCUMENTS FOR INSPECTION

The SPA will be made available for inspection at the Registered Office of the Company at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang during normal working hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 9 July 2019.