

# PENSONIC HOLDINGS BERHAD

Registration No. 199401014746 (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 Pensia Electronic Sdn. Bhd., a wholly owned subsidiary of all that piece of land known as Lot No. 5785 (formerly known as PT No. 2999) of Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang and held under PN 12056 [formerly held under H.S.(D) No. 3398] together with the factory premises erected thereon and bearing assessment address Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Perai, Pulau Pinang (" <b>Property</b> ") for total disposal price of Ringgit Malaysia Fifteen Million and Eight Hundred Thousand (RM15,800,000.00) only (" <b>Proposed Disposal</b> ")

## 1. INTRODUCTION

The Board of Directors of Pensonic Holdings Berhad ("**PHB**" or the "**Company**") wishes to announce that its wholly-owned subsidiary, Pensia Electronic Sdn. Bhd. [Registration No. 198601005806 (154966-M)] ("**PE**" or "**Vendor**") had, on 9 May 2022, entered into a Sale and Purchase Agreement ("**SPA**" or the "**Agreement**") with HZ Green Pulp Sdn. Bhd. ("**HZGP**" or "**Purchaser**") to dispose of all that piece of land known as Lot No. 5785 (formerly known as PT No. 2999) of Mukim 11, Daerah Seberang Perai Tengah, Negeri Pulau Pinang and held under PN 12056 [formerly held under H.S.(D) No. 3398] together with the factory premises erected thereon and bearing assessment address Plot 98, Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Perai, Pulau Pinang ("**Property**") for total disposal price of Ringgit Malaysia Fifteen Million and Eight Hundred Thousand (RM15,800,000.00) only ("**Disposal Price**") subject always to the terms and conditions as stipulated in the SPA [**Proposed Disposal**].

The entering into the SPA arose from option granted by the Vendor to the Purchaser through an Option Agreement and Supplemental Agreement to the Option Agreement dated 23 February 2021 and 9 May 2022 respectively whereupon the Purchaser was granted option to purchase the Property.

## 2. BACKGROUND INFORMATION

### 2.1 Information on PE

PE, a wholly-owned subsidiary of PHB, was incorporated in Malaysia on 31 July 1986 as a private limited company and is capitalized at RM200,000 represented by 200,000 ordinary shares issued at RM1 each. The principal activity of PE is manufacturing, assembly and sale of electrical products.

The Directors of PE are Dato' Seri Chew Weng Khak @ Chew Weng Kiak, Chew Chuon Jin and Chew Chuon Ghee.

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**2.2 Information on HZGP**

HZGP was incorporated in Malaysia on 24 February 2014 as a private limited company. Its issued share capital comprised of 10,000,000 ordinary shares. HZGP is principally involved in manufacturing of paper pulp products for industries protective packaging materials, medical, consumer disposable and other packaging related products.

The Directors and equity structure of HZGP are based upon information as extracted from Suruhanjaya Syarikat Malaysia on 6 May 2022:

Name	Designation	Direct holding		Indirect holding	
		No. of shares	%	No. of shares	%
Lee Ping Meng	Director	-	-	-	-
Ong Seng Hooi	Director/Shareholder	500,000	5	-	-
Dato' Yap Tatt Keat	Director/Shareholder	1,500,000	15	-	-
Yap Tatt Yuh	Director/Shareholder	500,000	5	-	-
Lim Siew Lee	Shareholder	500,000	5	-	-
Yap Tok Liang	Shareholder	500,000	5	-	-
Datin Lee Ping Meng	Shareholder	3,500,000	35	-	-
Yap Tok Joo	Shareholder	500,000	5	-	-
Heng Sheng Success Sdn. Bhd.	Shareholder	2,500,000	25	-	-
<b>Total</b>		<b>10,000,000</b>	<b>100</b>	<b>-</b>	<b>-</b>

**2.3 Information on the Property**

The details of the Property are tabulated as follows:

Item	Description
Land Title No.	HSD 29069
Lot/PT No.	Lot No. 5785 (formerly known as PT 2999), Mukim 11, District of Seberang Perai Tengah, State of Pulau Pinang
Tenure of Land	60-year lease expiring on 13 January 2054
Town Area/Mukim	Mukim 11
District	Seberang Perai Tengah
State	Pulau Pinang

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Item	Description								
Category of Land Use	Perusahaan/Perindustrian								
Postal Address	Factory Premises No. Plot 98, Lorong Perusahaan Maju 8, Bukit Tengah Industrial Park, 13600 Perai, Pulau Pinang								
Existing use	Vacant								
Area of Land (approximate)	<table border="0"> <tr> <td><b>As per Title Document</b></td> <td><b>As Per Certified Plan No. PA</b></td> </tr> <tr> <td>12,369 sq metres</td> <td><b>22333</b></td> </tr> <tr> <td>(1.2369 hectares)</td> <td>12,383 sq metres</td> </tr> <tr> <td></td> <td>(1.2383 hectares)</td> </tr> </table>	<b>As per Title Document</b>	<b>As Per Certified Plan No. PA</b>	12,369 sq metres	<b>22333</b>	(1.2369 hectares)	12,383 sq metres		(1.2383 hectares)
<b>As per Title Document</b>	<b>As Per Certified Plan No. PA</b>								
12,369 sq metres	<b>22333</b>								
(1.2369 hectares)	12,383 sq metres								
	(1.2383 hectares)								
Description of Building	An office block with a 2 storey warehouse "A"; a 2-storey Warehouse "B"; a guard house and other ancillary buildings								
Restriction in interest	<p>(a) Tanah yang diberimilik ini tidak boleh dipindah milik, cagar, pajak atau pajakan kecil atau dilupuskan tanpa kebenaran bertulis daripada Pihak Berkuasa Negeri.</p> <p>(b) Tanah yang diberimilik ini tidak boleh dipecah sempadan atau dipecah bahagian.</p>								
Express Condition	<p>Pemilik yang berdaftar selepas Perbadanan Pembangunan Pulau Pinang hendaklah:-</p> <p>(a) Dalam tempoh masa 2 tahun dari tarikh diberi milik atau dalam jangka masa yang ditetapkan yang diluluskan oleh Pihak Berkuasa Negeri, mendirikan bangunan kilang atau bangunan-bangunan kiiang di atas tanah yang diberi milik itu mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan dan hendaklah memelihara bangunan atau bangunan yang telah didirikan itu dengan memuaskan Pihak Berkuasa Tempatan.</p> <p>(b) Membersihkan, melupuskan atau mengambil tindakan pembersihan dan perlupusan 'effluents' perdagangan dalam bentuk atau cara yang memuaskan pihak-pihak berkuasa yang berkenaan.</p> <p>(c) Membayar dan menjelaskan semua cukai, kadar-kadar bayaran hasil dan lain-lain bayaran yang dinilai pada masa itu terhadap tanah yang diberi milik tersebut atau mana-mana bahagian yang berkenaan yang dikenakan oleh Majlis Perbandaran Seberang Perai.</p> <p>(d) Memastikan bahawa 30% daripada pekerja-pekerja yang diambil dalam perniagaan untuk tanah yang diberi milik ini hendaklah terdiri dari kaum Bumiputra.</p>								
Registered Owner	PE								

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Item	Description
Encumbrances	Nil
Other Endorsement(s)	Nil
Built-up floor area (“ <b>BFA</b> ”) of the Building (approximate)	Total built up area: 10,409.8 sq metres (about 112,050 sq feet)
Age of Building (approximate)	25 years
Total lettable space	10,409.8 sq metres (about 112,050 sq feet)
Total lettable space available for letting and the occupancy	10,409.8 sq metres (about 112,050 sq feet)
Percentage of occupancy	N/A
Net book value <sup>(1)</sup>	RM3,874,729
Disposal Price	RM15,800,000

Note:

<sup>(1)</sup> Audited as at financial year ended 31 May 2021 (“**FYE 31 May 2021**”)

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

No valuation was carried out on the Property.

**2.4 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)
1997	7,250,560

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**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, namely the current soft property market and cautious sentiment arising from lacklustre economy have affected interest in the Property.

The latest audited net book value of the Property was RM3,874,729 as at FYE 31 May 2021.

As such, the Management and the Board were of the view that the Disposal Price of RM15,800,000 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 under item 4 and shall be settled by the Purchaser in the following manner:

No.	Description	(RM)
(a)	Pursuant to the Option Agreement and prior to the execution of the Agreement, the Purchaser has paid to the Vendor deposit, the receipt of which the Vendor acknowledged (“ <b>1<sup>st</sup> Deposit</b> ”)	960,000
(b)	Upon execution of the SPA (“ <b>2<sup>nd</sup> Deposit</b> ”)	620,000
(c)	The balance Disposal Price (“ <b>Balance Disposal Price</b> ”) payable within three (3) months from the Unconditional Date with an automatic extension of one (1) month subject to an interest rate of 5% per annum, calculated on a daily basis till the date of actual payment of the balance sum (“ <b>Completion Period</b> ”)	14,220,000
Total Disposal Price		15,800,000

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

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#### 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 PE, HZGP and Disposal Price respectively.

##### **Agreement to sell and purchase and manner of payment**

- (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 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.
- (2) The Balance Purchase Price shall be paid in full by the Purchaser within the Completion Period.
- (3) 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 payable by the Purchaser to the Vendor ("**Settlement Date**") whereupon the Purchaser shall be deemed to have discharged in full the Purchaser's obligation to pay the Purchase Price and all monies payable under this Agreement to the Vendor.
- (4) The Balance Purchase Price shall first be applied towards payment of the redemption moneys due or owing by the Vendor in respect of any charge or encumbrance over the Property. Before payment over to the Vendor such redemption moneys may at the discretion of the Purchaser be paid directly to the financier of the Property, if any. Provided that if the Balance Purchase Price is insufficient to secure a full discharge of such charge or encumbrance, the Vendor shall furnish within seven (7) days upon receipt of request from the Purchaser's Solicitors forthwith such additional sum as is necessary to secure the full discharge of such charge or encumbrance failing which the Completion Period shall be extended for such number of days delayed in excess of the stipulated seven (7) days until full payment thereof free of interest.

##### **Conditions of Sale**

- (5) The sale and purchase of the Property shall be subject to:
  - (a) The Vendor deducing a good and registrable title to the Property.
  - (b) The Property being free from all encumbrances, trusts, caveat, liens, charges but otherwise subject to all conditions and restrictions whether express or implied contained in the document of title to the Property.

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- (c) The State Consent to Transfer and the State Consent to Charge being obtained by the Vendor and the Purchaser respectively as provided in the SPA.
- (d) The Property is sold with legal or vacant possession, as the case maybe, subject to the conditions in the SPA.
- (e) The Property is sold on "as is where is" basis and subject to the Vendor at its own cost and expense having installed the electrical power transformer and switch box (or make additional electrical connections and/or facilities) on and/or to the Property prior to the delivery of vacant possession of the Property by the Vendor to the Purchaser.
- (f) Any defect in the issue document of title to the Property shall be rectified and perfected by the Vendor at its own cost and expense and in the event such rectification cannot be rectified within fourteen (14) days from the date of the Purchaser's written notification to the Vendor, then the clause on Execution of Transfer and Non-Registration of Transfer in the SPA shall apply. The parties hereto agree that where required, an extension of time shall be granted of not more than Thirty (30) days or any such other period as may be agreed by the Purchaser to the Vendor commencing from the expiry of the said fourteen (14) days.
- (g) All matters registrable by any competent and/or relevant authorities and all requirements of any competent and/or relevant authorities.
- (h) Any guidelines, legislation, notices and zoning whatsoever disclosed or otherwise.

**Sale Conditional upon the State Consent and Charge to transfer being obtained**

- (6) The Vendor shall apply at the Vendor's own cost and expense to the State Authority for the State Consent to Transfer.

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(7) In the event that the State Consent to Transfer and the State Consent to Charge cannot be obtained for any reasons whatsoever by the Vendor and/or the Purchaser, as the case may be, within Four (4) months from the date of the SPA or any other further extended of time as may be mutually agreed upon by the parties ("**Conditional Period**"), either party may by service of a notice on the other party rescind the SPA and on the happening of such event, the Deposit paid by the Purchaser to the Vendor under the SPA shall be refunded to the Purchaser without interest within seven (7) working days and upon such refund being made to the SPA shall come to an end and become null and void and of no further effect and neither of the parties hereto shall have any claim against the other in respect of the SPA.

(8) The application for the Vendor's State Consent to Transfer and the Purchaser's State Consent to Charge shall be submitted simultaneously by the Vendor's solicitors. The Purchaser shall provide all the required particulars and documents for the application within twenty-one (21) days from the date of the SPA failing which the Vendor shall be at liberty to submit its own application without the Purchaser's application thereof.

**Purchaser's default**

(9) Provided Always that the Vendor has complied with all the terms and conditions of the SPA, it is hereby agreed that if the Purchaser fails to pay the Balance Purchase Price in accordance with the provisions of the SPA, the Vendor shall be entitled to give fourteen (14) days' notice in writing to the Purchaser of the Vendor's intention to terminate the SPA and in such an event:

(a) the Vendor shall forfeit the Deposit absolutely as agreed liquidated damages;

(b) any other sums paid by the Purchaser to the Vendor towards account of the Purchase Price shall, subject always to the clauses in the SPA be refunded by the Vendor to the Purchaser free of interest within fourteen (14) working days from the date of such termination;



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- (c) the Purchaser shall in exchange for the aforesaid refund, re-deliver or cause or direct the Purchaser's solicitors or the Purchaser's Financier's Solicitors within the aforesaid fourteen (14) working days, redeliver the Transfer and all other documents of the Vendor delivered pursuant to the SPA (if the same are in the possession of the Purchaser's solicitors) to the Vendor or the Vendor's solicitors (provided that if the Stamp Office requires the Transfer for cancellation for the purpose of applying for a refund of the stamp duty paid thereon, the Purchaser shall return the Transfer to the Vendor immediately after such cancellation) with the interest of the Vendor intact and where vacant possession of the Property has been delivered to the Purchaser by the Vendor, the Purchaser shall redeliver vacant possession of the Property on an "as is where is" basis to the Vendor within the aforesaid fourteen (14) working days; and
  - (d) the Purchaser shall at the Purchaser's costs and expense forthwith withdraw the private caveat (if any) lodged by the Purchaser or the Purchaser's Financier pursuant to the SPA against the Property.
- (10) Upon the performance by the Purchaser of the Purchaser's obligations under the SPA and by the Vendor of the Vendor's obligations the SPA, the SPA shall be terminated and become null and void and neither party shall have any claim hereunder against the other party except for any antecedent breach.

**Vendor's default**

- (11) In the event that the Vendor fails for any reason whatsoever to complete the sale of the Property and/or fails to comply with any of the terms and conditions of the SPA otherwise than by reason of default by the Purchaser, the Purchaser shall be entitled to elect at its sole discretion either to:-
- (i) the remedy at law for specific performance of the SPA against the Vendor; or
  - (ii) terminate the SPA by notice in writing served on the Vendor and in such an event the Vendor shall refund and pay to the Purchaser all sums paid by the Purchaser to the Vendor towards account of the Purchase Price free of interest and the Vendor shall further pay to the Purchaser the sum equivalent to the Deposit hereto as agreed liquidated damages within fourteen (14) working days from the date of such termination.
- (12) In exchange for the refund by the Vendor, the Purchaser shall:

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- (a) re-deliver or cause or direct the Purchaser's Solicitors or the Purchaser's Financier's Solicitors within the aforesaid fourteen (14) working days, redeliver the Transfer and all other documents of the Vendor delivered pursuant to the SPA (if the same are in the possession of the Purchaser's Solicitors) to the Vendor or the Vendor's Solicitors (provided that if the Stamp Office requires the Transfer for cancellation for the purpose of applying for a refund of the stamp duty paid thereon, the Purchaser shall return the Transfer to the Vendor immediately after such cancellation) with the interest of the Vendor intact and where vacant possession of the Property has been delivered to the Purchaser by the Vendor, the Purchaser shall redeliver vacant possession of the Property to the Vendor on an "as is where is" basis within the aforesaid fourteen (14) working days; and
  - (b) at the Purchaser's costs and expense, forthwith withdraw the private caveat (if any) lodged by the Purchaser or the Purchaser's Financier pursuant to the SPA against the Property.
- (13) Upon the performance by the Vendor of the Vendor's obligations and by the Purchaser of the Purchaser's obligations under the SPA, the SPA shall be terminated and become null and void and neither party shall have any claim hereunder against the other party except for any antecedent breach.

**Vacant/Legal Possession**

- (14) Legal or vacant possession, as the case may be on an "as is where is" basis shall be delivered with the electrical power transformer and switch box duly installed at the Vendor's own cost and expenses within three (3) working days from the date of payment of the Balance Purchase Price together with late payment interest (if any), failing which the Vendor shall pay to the Purchaser liquidated damages calculated from day to day at the rate of five per centum (5-00%) per annum on the Purchase Price from the date of payment of the Balance Purchase Price until the date of delivery of vacant possession with the electrical power transformer and switch box duly installed at the Property to the Purchaser.

**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 RM15,800,000 represents an appreciation in the value of the Property since its acquisition.

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Further, the Disposal Price will contribute positively to the Group’s overall cash flow position and would be used to pare down the Group’s overall borrowings accordingly as approximately RM5,500,000 would be utilised to repay bank borrowings and consequently reduce exposure to higher interest expenses and improve gearing position.

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.

### 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 2022. A one-off gain on disposal of about RM10,941,881, will only 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 FYE 31 May 2021:

		Amount (RM)
Disposal Price		15,800,000
less:	Carrying value of the Property and related expenditure	3,758,119
	Estimated provision for income tax / real property gains tax (net of deferred tax)	1,000,000
	Estimated expenses in relation to the Proposed Disposal	100,000
<b>Gain from Proposed Disposal</b>		<b>10,941,881</b>
	Issued share capital	EPS (sen)
Share capital as to-date	129,668,000	8.44

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

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 2021 are as set below:

	Audited FYE 31 May 2021	Adjusted for subsequent events	After Proposed Disposal
Share capital	67,670,893	-	67,670,893
Reserves	60,889,770	<sup>(a)</sup> (139,933)	<sup>(b)</sup> 71,971,584
<b>Total equity attributable to owners of the Company</b>	128,560,663	(455,642)	139,642,477
No. of ordinary shares in issue	129,668,000	129,668,000	129,668,000
NA per share (RM)	0.99		1.08
Total borrowings	81,596,406		<sup>(c)</sup> 76,096,406
Gearing ratio (times)	0.45		0.41

Note:

- (a) Adjustment for depreciation for the property as at FYE 31 May 2021.
- (b) Recognition of gain on completion of Proposed Disposal.
- (c) The reduction in total borrowings assuming RM5,500,000 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 of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) is 12.29% based on PHB Group’s latest audited consolidated financial statements for FYE 31 May 2021.

**PENSONIC HOLDINGS BERHAD**

Registration No. 199401014746 (300426-P)

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**8. LIABILITIES TO BE ASSUMED**

PHB will not 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.

**10. ESTIMATED TIME FRAME FOR COMPLETION**

The applications to the Penang State Authority are expected to be made within the expected time frame from the date of the announcement made to Bursa Securities. Barring any unforeseen circumstances and subject to receipt of State Consent from the Penang State Authority, the Board expects the Proposed Disposal to be completed by this year.

**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 <sup>(1)</sup>	5,500,000
Working capital of the Group <sup>(2)</sup>	10,200,000
Defray estimated expenses in relation to the Proposed Disposal	100,000
<b>Total estimated proceeds</b>	<b>15,800,000</b>

Note:

(1) Retirement of entire outstanding borrowing from Hong Leong Bank Berhad totaling approximately RM5,500,000.

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

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**12. APPROVALS REQUIRED**

The Proposed Disposal is not subject to the approval of the shareholders of PHB. However, the Proposed Disposal is subject to the approval of the Penang State Authority for the State Consent for the Vendor to transfer the Property to Purchaser. The application for said consent will be submitted by the Vendor in due course.

**13. CONDITIONALITY OF THE PROPOSED DISPOSAL**

The Proposed Disposal is not conditional upon any other corporate proposals undertaken or to be undertaken by the holding company.

**14. 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.

**15. 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 in the best interest of the Group and not detrimental to the Company and its shareholders.

**16. 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.

**16.1 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.

**16.2 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.

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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.

**17. 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 May 2022.