

Company **PENSONIC HOLDINGS BERHAD (300426-P)**
Stock Name : PENSONI
Stock Code : 9997
Type : General Announcement
Subject : Transactions (Chapter 10 of Listing Requirements) Related Party Transaction
Description : Proposed acquisition by Pensonic Sales & Service Sdn. Bhd. of all that piece of land known as Lot No.1022, Seksyen 10, Bandar George Town, Daerah Timur Laut, Negeri Pulau Pinang and held under No. Geran No. Hakmilik 80397 together with the premises erected thereon bearing assessment address no. 141, 143 & 145, Jalan Perak, 11600 Penang ("the Property") for total cash consideration of Ringgit Malaysia Four Million (RM4,000,000.00) only

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 Purchaser") had, on 28 November 2019, entered into a Sale and Purchase Agreement ("SPA" or the "Agreement") with Dato' Seri Chew Weng Khak @ Chew Weng Kiak ("Dato' Seri Chew" or "the Vendor") for the purchase of all that land known as Lot No.1022, Seksyen 10, Bandar George Town, Daerah Timur Laut, Negeri Pulau Pinang and held under No. Geran No. Hakmilik 80397 together with the premises erected thereon bearing assessment address no. 141, 143 & 145, Jalan Perak, 11600 Penang ("the Property") for total cash consideration of Ringgit Malaysia Four Million (RM4,000,000.00) only ("Purchase Price") subject always to the terms and conditions as stipulated in the SPA ("Proposed Acquisition").

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 represented by 129,668,000 ordinary shares.

The Directors of PHB are Dato' Seri Chew, Chew Chuon Ghee, Chew Chuon Jin, Chew Chuon Fang, Ong Huey Min, Dato' Lela Pahlawan Dato' Paduka 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, Chew Chuon Ghee, Chew Chuon Jin and Chew Chuon Fang.

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2.3 Information on Dato’ Seri Chew

Dato’ Seri Chew is the Group Executive Chairman of PHB and its subsidiaries (collectively “PHB Group” or “the Group”).

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.	GRN 80397
Lot No.	1022
Tenure of Land	Freehold
Town Area	Georgetown
District	Timor Laut
State	Penang
Category of Land Use	Nil
Postal Address	No. 141, 143 & 145, Jalan Perak, 11600 Goergetown, Penang
Existing use	Owner-occupied
Area of Land (approximate)	454 square metre (“sqm”) (4,887 square feet (“sf”))
Description of Building	Three (3) units of double-storey intermediate terraced shop-house
Restriction in interest	Nil

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Item	Description												
Express Condition	<p>FIRST GRADE</p> <p>The land comprised in this title:</p> <p>(a) Shall not be affected by any provision of the National Land Code limiting the compensation payable on the exercise by the State Authority of the right of access or use conferred by Chapter 3 of Part Three of the Code or on the creation of a Land Administrator's right of way; and</p> <p>(b) Subject to the implied condition that land is liable to be reentered if it is abandoned for more than three years, shall revert to the State only if the proprietor for the time being dies without heirs;</p> <p>(c) And the title shall confer the absolute right to all forest produce and to all oil, mineral and other natural deposits on or below the surface of the land (including the right to work or extract any such produce or deposit and remove it beyond the boundaries of the land).</p>												
Registered Owner	Chew Weng Khak @ Chew Weng Kiak												
Encumbrances	Charged to Malayan Banking Berhad vide Presentation No. 0799SC2011010063 on 5 April 2011												
Other Endorsement(s)	Nil												
Built-up floor area ("BFA") (approximate)	<table border="1"> <thead> <tr> <th>Area</th> <th>sqm</th> <th>sf</th> </tr> </thead> <tbody> <tr> <td>Main Floor Area</td> <td>438.4</td> <td>4,719</td> </tr> <tr> <td>Ancillary Floor Area</td> <td>108.7</td> <td>1,170</td> </tr> <tr> <td>Gross Floor Area</td> <td>547.1</td> <td>5,889</td> </tr> </tbody> </table>	Area	sqm	sf	Main Floor Area	438.4	4,719	Ancillary Floor Area	108.7	1,170	Gross Floor Area	547.1	5,889
Area	sqm	sf											
Main Floor Area	438.4	4,719											
Ancillary Floor Area	108.7	1,170											
Gross Floor Area	547.1	5,889											
Market value ⁽¹⁾	RM4,000,000												
Purchase Price	RM4,000,000												

Note:

(1) The market value of the Property was assessed by an independent firm of registered valuers, One Asia Property Consultants (Pg) Sdn. Bhd. ("Valuer"), on 24 December 2018 with the report marked for internal use only.

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The Property shall be acquired 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.

3. BASIS AND JUSTIFICATION ON ARRIVING AT THE PURCHASE PRICE AND SOURCES OF FUNDING

3.1 Basis and justification on arriving at the Purchase Price

The Purchase Price was arrived at after taking into consideration the indicative market valuation by an independent firm of registered valuers, One Asia Property Consultants (Pg) Sdn. Bhd. ("Valuer"), on 24 December 2018, for RM4,000,000.00.

3.2 Manner of payment

The Purchase Price shall be settled by PSS to the Vendor in the following manner:

No.	Description	(RM)
(a)	Upon execution of the SPA, deposited with the Purchaser's Solicitors as the RPGT Retention Sum	120,000
(b)	Upon execution of the SPA, deposited with the Purchaser's Solicitors	280,000
(c)	The balance Purchase Price ("Balance Purchase Price") payable within 90 days from the date of the SPA ("the Completion Period")	3,600,000
Total Purchase Price		4,000,000

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

3.3 Sources of funding

The Purchase Price of RM4,000,000.00 will be satisfied by internally generated funds and/or bank borrowings. The management will choose the most optimum mix taking into consideration the gearing level, interest charge and cash position and liquidity requirements of PHB Group for its businesses.

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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 and Purchaser are inter-changeable with Dato' Seri Chew and PSS respectively.

Manner of Payment

- (1) The balance purchase price of the sum ("**the Balance Purchase Price**") shall be paid in full by the Purchaser to the Purchaser's Solicitors as stakeholders within 90 days from the date of the SPA (hereinafter called "**the Completion Period**")
- (2) 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 or the Purchaser's Solicitors shall hereinafter referred to as "**the 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 the SPA to the Vendor.

Default by Purchaser

- (3) In the event that the Purchaser shall fail to pay the Balance Purchase Price for reasons not due to the Vendor's fault, the Purchaser shall be deemed to have repudiated the SPA and the Vendor shall be entitled to summarily forfeit the Deposit paid by the Purchaser to the Vendor (hereinafter called "**the Forfeit Sum**") as agreed liquidated damages. In such event, the Vendor shall forthwith refund to the Purchaser all moneys (save and except for the Forfeit Sum) paid by the Purchaser or the Financier pursuant to any provisions of the SPA free from all interest whatsoever Provided where vacant possession of the Property has been delivered to the Purchaser by the Vendor, the Purchaser shall simultaneously redeliver vacant possession of the Property to the Vendor and all the documents if already delivered pursuant to the SPA shall simultaneously be returned to the Vendor with the Vendor's interest intact and the Purchaser shall also forthwith withdraw the private caveat if the Purchaser and/or the Financier has lodged a private caveat over the Property and thereafter the SPA shall terminate and cease to be of any further effect but without prejudice to any right which either Party may be entitled against the other Party in respect of any antecedent breach of the SPA.

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Default by the Vendor

- (4) In the event that the Vendor fails to perform its obligations under or complete the sale of the Property pursuant to the terms of the SPA otherwise than by reason of default by the Purchaser, or the transfer of title is not or cannot be registered due to any default, neglect or omission on the part of the Vendor, then it is hereby agreed between the Parties hereto that the Purchaser shall at its absolute discretion be entitled to either:-
- (a) terminate the SPA and the Vendor shall forthwith refund free of interest to the Purchaser all moneys paid by the Purchaser or the Financier towards the account of the Purchase Price pursuant to the provisions of the SPA (including but not limited to the amount of the Deposit) and together with such refund, the Vendor shall pay to the Purchaser the sum as stated in **Section 10** of the **First Schedule** of the SPA (hereinafter called "**the Agreed Liquidated Damages**") as agreed liquidated damages Provided where vacant possession of the Property has been delivered to the Purchaser by the Vendor, the Purchaser shall simultaneously redeliver vacant possession of the Property to the Vendor and all the documents if already delivered pursuant to the SPA shall simultaneously be returned to the Vendor with the Vendor's interest intact and the Purchaser shall also forthwith withdraw the private caveat if the Purchaser and/or the Financier has lodged a private caveat over the Property and thereafter the SPA shall terminate and cease to be of any further effect but without prejudice to any right which either Party may be entitled to against the other Party in respect of any antecedent breach by the other Party of the SPA; or
 - (b) alternatively, the Purchaser may take such action as may be available to the Purchaser at law to enforce Specific Performance of the SPA against the Vendor and to all reliefs flowing therefrom without prejudice to any other rights or remedies that may be available to the Purchaser in respect of any other default by the Vendor of its obligations herein, and that all costs and expenses incurred by the Purchaser in connection therewith (including the Purchaser's Solicitors costs on a solicitor and client basis) shall be borne and paid by the Vendor.

Delivery of Vacant Possession

- (5) Vacant possession the Property shall be delivered to the Purchaser within five (5) working days from the date of full settlement of the Balance Purchase Price in full and the late payment interest, if any.

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5. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

- 5.1 The Proposed Acquisition will increase the Group's assets and for long term investment purposes which will enable the Group to benefit from any future capital appreciation of the Property.
- 5.2 The Group's present business operations is currently situated therein. Following the acquisition, the Board is of the view that business operations will have savings in rental and efficiency in business flow.

6. LIABILITIES TO BE ASSUMED

- 6.1 Save for any liabilities that may accrue to the Purchaser under the SPA, the Purchaser will not assume any other liability, contingent liabilities or guarantees pursuant to the Proposed Acquisition. PHB will not also not assume any other liability, contingent liabilities or guarantees arising from the Proposed Acquisition.

7. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital and substantial shareholders' shareholding

The Proposed Acquisition 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 Acquisition will be wholly satisfied in cash and no new ordinary shares will be issued pursuant to the Proposed Acquisition.

7.2 Earnings, net assets and gearing

The Proposed Acquisition is not expected to have any material effect on the earnings, net assets and gearing of the Group for the financial year ending 31 May 2020.

7.3 Highest Percentage Ratio

The highest percentage ratio applicable to the Proposed Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") is 3.5% based on PHB Group's latest audited consolidated financial statements for the financial year ended 31 May 2019.

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8. RISK FACTORS

- 8.1 The Board does not foresee any material risks pursuant to the Proposed Acquisition except for the political and economic risks and inherent business risk factors associated with property development industry.

9. ESTIMATED TIME FRAME FOR COMPLETION

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

10. APPROVALS REQUIRED

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

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

- 11.1 Save for Dato' Seri Chew, Chew Chuon Jin, Chew Chuon Ghee and Chew Chuo Fang (collectively the "Related Parties"), 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 Acquisition.
- 11.2 Dato' Seri Chew, the Vendor is the Executive Chairman and major shareholder in PHB. He is also a Director of PSS. As at 31 October 2019 ("LPD"), Dato' Seri Chew holds 25.51% equity interest in PHB.
- 11.3 Chew Chuon Ghee, Chew Chuon Jin and Chew Chuon Fang, all sons of Dato' Seri Chew, are the Group Managing Director, Group CEO and Group Executive Director of PHB respectively. As at LPD, Chew Chuon Ghee, Chew Chuon Ghee and Chew Chuon Jin hold 6.71%, 6.09% and 4.77% equity interest respectively in PHB.
- 11.4 Accordingly, the Related Parties have abstained and will continue to abstain from all deliberations and voting in relation to the Proposed Acquisition.

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12. STATEMENT BY THE AUDIT COMMITTEE AND BOARD OF DIRECTORS

- 12.1 Premised upon the rationale as described under item 5 above and due consideration of all pertinent aspects of the Proposed Acquisition, the Audit Committee and the Board (save and except for the Related Parties) are of the opinion that the Proposed Acquisition is in the best interest of PHB Group and is fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders given the potential of the Property.

13. DOCUMENTS FOR INSPECTION

- 13.1 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 28 November 2019.