

Type	: General Announcement
Subject	: TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENT) : NON-RELATED PARTY TRANSACTIONS
Description	: HIAP HUAT HOLDINGS BERHAD (“HHH” OR “THE COMPANY”) PROPOSED ACQUISITION OF AN INDUSTRIAL LAND WITHIN AN ONGOING DEVELOPMENT PROJECT KNOWN AS “PULAU INDAH INDUSTRIAL PARK” HELD UNDER MASTER TITLE NO. P.N 112462, LOT NO. 159227, IN THE DISTRICT AND MUKIM OF KLANG, STATE OF SELANGOR DARUL EHSAN FOR A TOTAL CASH CONSIDERATION OF RM11,965,932.00 (“PROPOSED ACQUISITION”)

1. INTRODUCTION

The Board of Directors of Hiap Huat Holdings Berhad (“HHH” or “the Company”) wishes to announce that Hiap Huat Chemicals Sdn Bhd [Registration No. 199401040380 (326067-D)] (“HHCSB” or “the Purchaser”), a wholly-owned subsidiary of the Company, had on 30 December 2019 entered into a Sale and Purchase Agreement (“SPA” or “the Agreement”) with Central Spectrum (M) Sdn Bhd [Registration No. 198901005831 (183136-D)] (“CSSB” or “the Vendor”) for the acquisition of an industrial land located at Lot No. 61, Phase 3C, Pulau Indah Industrial Park measuring approximately 4.10 acres (178596 square feet) (hereinafter referred to as “Lot”) within an on-going development project known as “Pulau Indah Industrial Park” held under Master Title No. P.N 112462, Lot No. 159227, in the District and Mukim of Klang, State of Selangor Darul Ehsan (“Master Land”) for a total cash consideration of RM11,965,932.00 (“Purchase Consideration”) (“Proposed Acquisition”).

Further details of the Proposed Acquisition are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 INFORMATION OF PURCHASER

HHCSB is a wholly-owned subsidiary of HHH, incorporated in Malaysia on 6 December 1994 as a private company limited by shares and having its registered office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. As at the date of this announcement, the total issued share capital of HHCSB is RM3,649,912.00 divided into 3,649,912 ordinary shares. HHCSB is principally involved in the business of manufacturing, recycling and refining all kinds of industrial paints, oils and solvent chemicals products.

As at the date of this announcement, the Directors of HHCSB are Dato’ Chan Say Hwa, Datin Chow Pui Ling and Soo Kit Lin.

2.2 INFORMATION OF VENDOR

CSSB is a company incorporated in Malaysia on 14 June 1989 as a private company limited by shares and having its registered address at 24 Floor, Bangunan Darul Ehsan, No. 3, Jalan Indah, Seksyen 14, 40100 Shah Alam, Selangor Darul Ehsan. As at the date of this announcement, the total issued share capital of CSSB is RM84,114,912 divided into 84,114,912 ordinary shares. CSSB is principally involved in Property Development.

As at the date of this announcement, the Directors and Shareholders of CSSB are as follows:-

(i) Directors:

No.	Name of Director
1.	Dato’ Nor Azmie Bin Diron
2.	En. Adam Malik Bin Azlan
3.	En. Adam Shah Bin Azlan (Alternate to En. Adam Malik Azlan)
4.	En. Soffan Affendi Bin Aminudin
5.	Dato’ Noordin Bin Sulaiman

(ii) Shareholders:

No.	Name of Shareholder	No. of Shares
1.	Kumpulan Hartanah Selangor Berhad	64,490,722
2.	Detik Jalur Sdn Bhd	19,624,190
	Total	84,114,912

2.3 Details of the Lot

Identification (Lot No.)	Lot No. 61, Phase 3C, Pulau Indah Industrial Park measuring approximately 4.10 acres (178596 square feet)
Master title of the land	Master Title No. P.N 112462, Lot No. 159227, in the District and Mukim of Klang, State of Selangor Darul Ehsan
Tenure of the Land	Leasehold of 99 years expiring 30 March 2097
Master Land area	83.57 hectare
Category of land use	Perusahaan
Existing and proposed use of the Master Land	Building new scheduled waste treatment plant
Purchase Consideration (RM)	11,965,932.00

2.4 BASIS AND JUSTIFICATION FOR THE PURCHASE CONSIDERATION

The Purchase Consideration of the Lot was arrived at based on negotiation between the parties on a “willing buyer and willing seller basis” and after taking into consideration of prevailing market value of surrounding properties and land.

2.5 SOURCE OF FUNDING

The Proposed Acquisition will be satisfied entirely in cash, which will be financed through a combination of internally-generated fund and external bank borrowings. The Purchase Price is expected to be funded in the following manner: -

	Timing	Source of Funds	Purchase Consideration (RM)
Deposit and the progress payment (20%)	Paid upon execution of the SPA	Internally generated funds	2,393,186.40
Balance Purchase Consideration	Payable pursuant to the schedule of payment stipulated in the SPA	Bank's borrowings	9,572,745.60
Total Purchase Consideration			11,965,932.00

2.6 SALIENT TERMS OF THE SPA

The words and abbreviations used throughout this section of the Announcement shall have the same meaning as defined in the SPA unless the context otherwise requires or defined herein.

The salient terms of the SPA are, amongst, as follows:

No.	Item	Particulars
1.	Description of the charge or encumbrance	The Vendor hereby sells and the Purchaser hereby purchases the Lot free from all charges, liens, caveats, restraints and other encumbrances whatsoever.
2.	The amount of deposit and purchase price payable upon execution of the SPA (20%)	RM2,393,186.40
3.	Time and manner of payment of purchase price	The Purchase price shall be paid by the Purchaser to the Vendor by instalments and within fourteen (14) days from the date of notice from the Vendor requesting the payment subject to the terms and conditions stated in the SPA.
4.	Late payment interest	Ten (10%) per centum per annum on any monies due and payable by the Purchaser to the Vendor calculated on a daily basis from the due date of such payment until the actual date of payment.
5.	Completion of Sale and Purchase	The Sale and Purchase of the Lot shall be deemed to be completed on the date when the Purchaser has effected full payment of the Purchase Price and all monies due and payable to the Vendor in accordance with the provisions of the SPA.

3. LIABILITIES TO BE ASSUMED

Save for the bank borrowings to be procured for the Purchase Consideration, the HHH Group will not be assuming any additional liabilities, including contingent liabilities and guarantees arising from the Proposed Acquisition.

4. RATIONALE AND PROSPECTS OF THE PROPOSED ACQUISITION

The proposed acquisition is for the purpose of building a new scheduled waste treatment plant on the said piece of land which will enable the Group to tap into new market for schedule waste and the potential of renewal energy generation.

5. RISK FACTORS

The HHH Group intends to finance the Proposed Acquisition vide a combination of internally-generated funds and external bank borrowings. As such, the HHH Group may be exposed to fluctuations of interest rate movements as well as the risk in generating sufficient funds to meet its financial repayment commitments on time.

The Board takes cognisance of this and will take into consideration the gearing level, interest cost, as well as internal cash requirements for the business in determining the optimal funding combination of internally-generated funds and external bank borrowings. The Board will also continue to monitor closely the interest rate movements and hedge against interest rate exposure as it deems appropriate.

Apart from the risk highlighted above, the Board does not foresee any material risks associated with the Proposed Acquisition, except for the general business and global economics risk commonly associated with land and building acquisition, if any. However, the Board shall undertake various market studies, appropriate business strategies and measures to mitigate these risks.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

(i) Share Capital and shareholdings of substantial shareholders

The Proposed Acquisition will not have any effect on the issued share capital and substantial shareholders' shareholdings of HHH as the Proposed Acquisition does not involve any issuance of new ordinary shares or other securities convertible into ordinary shares in HHH.

(ii) Net assets ("NA"), NA per share and gearing

The Proposed Acquisition is not expected to have any material impact on the NA, NA per share and gearing of HH Group for the financial year ending 31 December 2019.

(iii) Earning per share ("EPS")

The Proposed Acquisition will not have material impact on the earnings and EPS of HHH Group for the financial year ending 31 December 2019.

7. HIGHEST PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION

The highest percentage ratio applicable to the Proposed Acquisition under Rule 10.02(g) of the Ace Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") is 20.73% based on the latest audited financial statements for the financial year ended 31 December 2018.

8. APPROVAL REQUIRED

The Proposed Acquisition is not subject to the approval of the shareholders of the Company and/or any other relevant authorities.

The Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by HHH.

9. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED

None of the directors and/or major shareholders of HHH and/or any person connected to them have any interest, direct or indirect in the Proposed Acquisition.

10. STATEMENT BY DIRECTORS

The Board, having taken into consideration all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is fair and reasonable, and is in the best interest of HHH Group.

11. EXPECTED TIME FRAME TO COMPLETE THE PROPOSED ACQUISITION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by 31 March 2020 from the date of the SPA.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the SPA is made available for inspection at the registered address of HHH at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, during normal business hours from Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this announcement.