

## HIAP HUAT HOLDINGS BERHAD

Type	Announcement
Subject	Transactions (Chapter 10 of Listing Requirements) Non-Related Party Transactions
Description	HIAP HUAT HOLDINGS BERHAD (“HHH” OR “THE COMPANY”) - SHARE SALE AGREEMENT WITH KL PLATFORM SUPPORT SERVICES SDN BHD

### 1. INTRODUCTION

Pursuant to Rule 10.06 of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the Board of Directors of HHH wishes to announce that the Company had on 15 December 2023 entered into a Share Sale Agreement (“**SSA**”) with KL Platform Support Services Sdn Bhd (“**Vendor**” or “**KLPS**”) (collectively referred to as the “**Parties**” and individually as the “**Party**”) for the proposed acquisition of 60% of the entire equity interest in KL Bunkering (M) Sdn Bhd (“**KLB**”) (“**Sale Shares**”) at a purchase consideration of Ringgit Malaysia Two Million One Hundred Thousand (RM2,100,000.00) only (“**Purchase Consideration**”), subject to the terms and conditions contained in the SSA (“**Proposed Acquisition**”).

Upon completion of the Proposed Acquisition, KLB will become a 60% owned subsidiary of HHH.

### 2. DETAILS OF THE PROPOSED ACQUISITION

#### 2.1 Information of KLB

KLB was incorporated in Malaysia on 3 September 2012 as a private limited company and has an issued share capital of RM1,000,000.00 consisting of 1,000,000 ordinary shares. KLB is principally involved in trading and supply of petroleum products and providing energy logistics in marine logistics and terminal business related activities.

The directors and shareholders of KLB are as follows:

Name of Directors		
Logeswaran A/L Ramasamy		
Mohamed Reza Bin Mohd. Arif		
Sudhir A/L T.A. Vijayan		
Iqtiyani Binti Abd Rashid		

Name of Shareholder	No. of Shares	%
KL Platform Support Services Sdn Bhd	1,000,000	100

#### 2.2 Information of KLPS

KLPS was incorporated in Malaysia on 2 July 2013 as a private limited company and has an issued share capital of RM1,000,000.00 consisting of 1,000,000 ordinary shares. KLPS is principally involved in energy logistics in marine logistics and offshore support business.

Name of Directors		
Logeswaran A/L Ramasamy		
Mohamed Reza Bin Mohd. Arif		
Sudhir A/L T.A. Vijayan		
Iqtiyani Binti Abd Rashid		
Zul Hazmi Bin Mat Din		

<b>Name of Shareholder</b>	<b>No. of Shares</b>	<b>%</b>
Iqtiyani Binti Abd Rashid	300,000	30
Mohamed Reza Bin Mohd. Arif	300,000	30
Sudhir A/L T.A. Vijayan	200,000	20
Logeswaran A/L Ramasamy	200,000	20

### **3. BASIS OF ARRIVING AT THE PURCHASE CONSIDERATION**

The Purchase Consideration of RM2,100,000.00 was agreed by the Parties on a willing buyer willing seller basis, after taking into consideration, amongst others, the following:

- (a) the net tangible assets of KLB of RM 1,000,000 as per the financial due diligence report for the financial period ended 30 September 2023 conducted by the external auditors;
- (b) the rationale and benefits of the Proposed Acquisition as set out in Section 5 of this announcement; and
- (c) the prospect of KLB as set out in Section 7 of this announcement.

### **4. SALIENT TERMS OF THE SSA**

The salient terms of the SSA include, amongst others, the following:

#### **4.1 Agreement for Sale**

In consideration of their mutual promises set out in this Agreement and the Purchase Consideration provided hereinafter, the Vendor (as the registered holder and beneficial owner of the Sale Shares) agrees to sell and HHH agrees to purchase the Sale Shares from the Vendor (on a willing seller and willing buyer basis) at the Purchase Consideration on the terms and subject to the conditions set out in the SSA herein.

#### **4.2 Basis of Sale**

The Sale Shares are sold:-

- (a) free from all claims, liens, charges and Encumbrances and with full legal and beneficial title;
- (b) with all rights, privileges, obligations, benefits and advantages attaching thereto (including all dividends and distributions (if any) which may be declared, made or paid in respect thereof); and
- (c) on the basis of the Warranties.

#### **4.3 Conditions Precedent**

The obligations of the Parties that are set out in the SSA are conditional upon the following being fulfilled, obtained or waived (as the case may be) within ninety (90) Business Days from the date of the SSA or such other extended date as the Parties may mutually agree in writing ("Conditional Period").

- (a) HHH being satisfied in all respects with the results of the legal and financial due diligence reviews and other inquiries and investigations into the business, matters and affairs of KLB ("Due Diligence");

- (b) the Vendor having obtained a statement of account from the Inland Revenue Board Malaysia on a date not more than fourteen (14) Business Days prior to the Unconditional Date confirming that there is no outstanding tax liabilities or payables by KLB as of the date of the statement of account; and
- (c) the execution of a conditional shareholders' agreement to be made between the Vendor, HHH and KLB concurrently with the execution of the SSA in the agreed form, where the Shareholders' Agreement shall be effective from the Completion Date.

The SSA shall become unconditional on the date the last Condition Precedent is fulfilled, obtained or waived (as the case may be) within the Conditional Period and confirmed by the Parties in writing ("Unconditional Date").

#### 4.4 Method of Payment of Purchase Consideration

The Parties agree that the Purchase Consideration shall be fully satisfied by way of cash by HHH in the following manner:

- (a) RM210,000.00 being the earnest deposit, being ten per cent (10%) of the Purchase Consideration ("Earnest Deposit") shall be paid to Messrs. David Lai & Tan ("Stakeholder") upon the execution of the SSA and be released to the Vendor upon the Completion Date; and
- (b) RM1,890,000.00 being the balance of the Purchase Consideration shall be paid to the Vendor on the Completion Date.

- 4.5 Subject to the satisfaction or the waiver (as the case may be) of the Conditions Precedent and the fulfilment of the terms and conditions contained in the SSA, the completion of the sale and purchase of Sale Shares shall take place at such time and venue as may be agreed between the Parties, on the Completion Date.

#### 4.6 Waiver of Pre-emption Rights

The Vendor waives all rights of pre-emption or any other similar rights over any of the Sale Shares in favour of any third party, whether conferred by the Constitution or M&A of KLB or by virtue of any other document, covenant or undertaking.

#### 4.7 Vendor's right to terminate

In the event that HHH fails or shall fail to comply with Section 4.4 of this announcement and/or complete the sale and purchase herein for any reasons whatsoever, and if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so by the Vendor, the Vendor shall be entitled to specific performance in accordance to the Specific Relief Act 1950 ("the Specific Performance"), or in the alternative the Vendor may terminate this Agreement by way of issuance of a Notice of Termination, at any time prior to the Completion Date and while such default subsists, terminate the SSA by way of issuance of a Notice of Termination, whereupon the Vendor shall then be entitled to all documents held by HHH and/or the Stakeholder pursuant to the SSA in accordance with the terms and conditions contained in the SSA.

For the avoidance of doubt, the claim for Specific Performance or termination of this Agreement by the Vendor pursuant to Section 4.7 above shall be without prejudice to the Vendor's right to claim for damages.

#### 4.8 HHH's right to terminate

(a) In the event that the Vendor:-

- (i) shall fail to complete the sale and purchase herein for any reasons whatsoever;
- (ii) shall fail to comply with any of the terms and conditions of the SSA including but not limited to comply with the terms and conditions contained in the SSA; or
- (iii) if there is any material breach of any Warranties provided herein,

and if capable of remedy, is not remedied within fourteen (14) days of it being given notice to do so by HHH, HHH shall then be entitled to claim for specific performance in accordance to the Specific Relief Act 1950 ("Specific Performance"), or in the alternative, HHH may terminate this Agreement at any time prior to the Completion Date, whereupon HHH shall then be entitled to all documents held by the Vendor and/or the Stakeholder pursuant to this Agreement in accordance with Clause 11.6(b).

- (b) For the avoidance of doubt, the claim for Specific Performance or termination of this Agreement by HHH pursuant to Section 4.8 above shall be without prejudice to the HHH's right to claim for damages.

#### 4.9 Effect of Termination

If this Agreement is terminated in accordance with the terms and conditions contained in the SSA, the following terms also apply, namely:-

- (a) the Stakeholder to refund to HHH, the Earnest Deposit received from the Stakeholder or the Vendor to refund to HHH any monies paid by HHH to the Vendor (free of interest) within fourteen (14) days after the events referred to the SSA;
- (b) the HHH and/or the Stakeholder shall return all documents, if any, delivered to them by or on behalf of the Vendor to the Vendor within fourteen (14) days after the events referred the SSA with all the Vendor's rights and interest in the Target Company and the Sale Shares intact;
- (c) each Party will have no further obligations to the other Party;
- (d) its termination will be without prejudice to any rights and liabilities arising as a result of, or in connection with, any antecedent breaches of the SSA; and
- (e) the Vendor shall have the absolute right to re-sell the Sale Shares to any other third party in such manner at such price and on such terms as the Vendor may think fit.

### 5. **RATIONALE OF THE PROPOSED ACQUISITION**

The Proposed Acquisition is expected to provide the Group an opportunity to derive benefits and synergy with reduced lead time and to have immediate access via an existing 32 years long term sublease agreement entered into between Westports Malaysia Sdn Bhd and KLB to develop storage terminal for handling various petroleum and biofuel products on a designated area located at the Westports. This aligns with the Group's business expansion plan and endeavours, particularly in scaling up revenue stream and storage capacity at the port terminal.

## **6. SOURCE OF FUNDING**

The Proposed Acquisition will be funded via the Group's internally generated funds.

## **7. PROSPECTS**

The Proposed Acquisition is expected to contribute positively in enhancing the Group's overall growth prospect. Through the acquisition of KLB, the Group has the potential for a storage terminal capable of handling both import and export cargo of various petroleum and biofuel products at the port presents a strategic competitive advantage. This is expected to provide versatility and to facilitate as a hub for storing and handling diverse petroleum and biofuel products, contributing to enhance logistics and supply chain operation efficiently to meet the Group's future growth.

## **8. RISKS FACTORS**

The completion of the Proposed Acquisition is conditional upon the fulfilment of the conditions precedent in the SSA. If any of the condition precedent is not met or not waived, the SSA may be terminated, and the Parties will not be able to complete the Proposed Acquisition. However, the Parties shall use their best endeavour do all acts or things as may be necessary, to procure the fulfilment of the Conditions Precedent within the Conditional Period, to ensure the risk is addressed.

The completion of the Proposed Acquisition will result in the Group being expose to the following risks:

### **(a) Capital requirement**

Further funding may be required by the Group to support the development of the storage terminal and its operation. There can be no assurance that financing and funding will be available on satisfactory terms which will adversely affect the business and financial condition of the Group.

### **(b) Time consideration**

The time required to commission the storage terminal may extend beyond the planned gestation period. Such uncertainty may affect the Group's operational efficiency, production planning and accordingly its performance.

### **(c) Environmental risk**

The storage terminal development and subsequent activities will be subject to the inherent environmental risk. The Group will be subject to environmental laws and regulations in connection to the storage terminal operation. The Group may also face the possibility of accident or unforeseen circumstances that could lead to significant liability.

## **9. EFFECTS OF THE PROPOSED ACQUISITION**

### **9.1 Share Capital and Substantial Shareholders' Shareholding**

The Proposed Acquisition will not have any effect on the issued and paid-up capital of the Company and the substantial shareholders' shareholding of HHH as the Proposed Acquisition is to be fully satisfied in cash and does not involve any issuance of new ordinary shares of HHH.

### **9.2 Net Assets ("NA"), NA per share and gearing**

The Proposed Acquisition is not expected to have any immediate material effect on the NA, NA per share and gearing of HHH Group for the financial year ending 31 December 2023.

### **9.3 Earnings Per Share (“EPS”)**

The Proposed Acquisition is not expected to have significant impact to the earnings of the Group for the financial year ending 31 December 2023.

### **10. LIABILITIES TO BE ASSUMED**

There are no liabilities, including contingent liabilities and guarantees to be assumed by HHH arising from the Proposed Acquisition.

### **11. PERCENTAGE RATIOS**

The highest percentage ratio applicable to the Proposed Acquisition is approximately 17.56% pursuant to Rule 10.02(g) of the AMLR of Bursa Securities calculated based on the audited consolidated financial statements of HHH for the financial year ended 31 December 2022.

### **12. APPROVAL REQUIRED**

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

### **13. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSON CONNECTED TO THEM**

None of the Directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Acquisition.

### **14. DIRECTORS' STATEMENT**

The Board having considered all aspects of the Proposed Acquisition including the rationale for the Proposed Acquisition, prospect and the risk factors as set out in Section 5, 7 & 8 of this announcement, respectively is of the opinion that the Proposed Acquisition is in the best interest of the Group and the terms and conditions of the SSA are fair and reasonable.

### **15. ESTIMATION TIME FRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the first half of 2024.

### **16. DOCUMENTS FOR INSPECTION**

The SSA is available for inspection at the registered office of the Company at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur, W.P. Kuala Lumpur during normal working hours from Monday to Friday (except Saturday, Sunday and Public Holidays) for a period of three (3) months from the date of this announcement or upon the conclusion of the Proposed Acquisition, whichever is earlier.

This announcement is dated 15 December 2023.