

## **HUA YANG BERHAD (“HYB” or the “Company”)**

### **ACQUISITION OF 36,000,000 ORDINARY SHARES OF RM0.25 EACH IN MAGNA PRIMA BERHAD, REPRESENTING APPROXIMATELY 10.84% EQUITY INTEREST OF THE TOTAL ISSUED AND PAID-UP CAPITAL OF MAGNA PRIMA BERHAD AT A PURCHASE CONSIDERATION OF RM66,600,000 (“ACQUISITION”)**

#### **1. INTRODUCTION**

The Board of Directors of HYB wishes to announce that the wholly-owned subsidiary of the Company, Prisma Pelangi Sdn Bhd (“PPSB”) has on 25 January 2017 acquired 36,000,000 ordinary shares of RM0.25 each in Magna Prima Berhad (“MPB”) (“Purchase Shares(s)”), for a cash consideration of RM66,600,000 (“Purchase Consideration”) via an off-market Direct Business Transaction.

Further details of the Acquisition are set out in the following sections:

#### **2. DETAILS OF THE ACQUISITION**

##### **2.1 Details of the Vendors**

The Acquisition involves the purchase of 36,000,000 ordinary shares representing 10.84% of the issued and paid-up share capital of MPB for a total consideration of RM66,600,000 from the following parties via an off-market Direct Business Transaction.

	No. of MPB Shares	Considerations Paid
Chun Yee Ying	18,626,000	34,458,100.00
Chun Mei Ngor	17,374,000	32,141,900.00
<b>Total</b>	<b>36,000,000</b>	<b>66,600,000.00</b>

##### **2.2 Information on Magna Prima Berhad**

MPB is a company incorporated in Malaysia with its registered address at Lot 4.01, level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan. MPB was incorporated on 5 December 1995 and listed on the Main Market of Bursa Malaysia Securities Berhad on 16 January 1997. MPB is an investment holding company and through its subsidiaries, provides a diverse range of property development, building construction, trading and management services.

As at 23 January 2017, the authorized share capital of MPB is RM200.0 million comprising 800.0 million ordinary shares of RM0.25 each of which RM83.029 million comprising 332.116 million ordinary shares of RM0.25 each are fully paid.

Based on latest audited financial statements, MPB has net asset of RM545.375 million and profit after tax of RM208.66 million. For Q3 2016 unaudited results, MPB recorded a net asset RM610.376 million and profit after tax of RM53.119 million.

### **2.3 Basis of arriving at the Purchase Price**

The Purchase Consideration of RM1.85 per Purchase Share was arrived at on a willing buyer-willing seller basis after taking into consideration HYB's evaluation on MPB's landbank and development potentials on such land bank.

### **2.4 Source of funding and mode of satisfaction**

The Purchase Consideration of RM66,600,000 will be funded through internally generated funds. There are no liabilities, including contingent liabilities or guarantees to be assumed by HYB pursuant to the Acquisition.

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

The Acquisition is part of HUAYANG Group's objective to invest in strategic landbank or companies which holds such landbank which are located in areas which are easily accessible and surrounded by ready amenities. MPB land banks are predominantly located within Klang Valley and this represents a further opportunity for HYB to collaborate with MPB in order to strengthen its position, market presence in Klang Valley and gain a meaningful exposure to future upside potential of these landbank.

## **4. EFFECTS OF THE ACQUISITION**

### **4.1 Share capital and substantial shareholders' shareholdings**

The Acquisition will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company as the Acquisition does not involve any issuance of shares of HYB.

### **4.2 Net assets per share and earnings per share**

The Acquisition is not expected to have any material effect in the net assets per share of HYB Group. The Acquisition is expected to contribute positively to the future earnings of HYB Group.

### **4.3 Gearing**

As the Purchase Consideration is to be satisfied by internally generated funds, hence, the Acquisition is not expected to have material effect to the gearing of the Group.

**5. PROSPECT**

The Board believes that the future prospects of the HYB remains positive and this Acquisition presents an opportunity to the Group to invest in a corporation which is involved and/or potentially be involved in the development of a wider range of property products as well as potentially create an avenue for HYB to explore business opportunities with MPB to jointly acquire and/or develop properties.

**6. RISK FACTORS**

Investment risk

HYB Group's core business is in the property sector. As such, the Acquisition will not materially change the risks of the Company's business as the Group would still be exposed to the same business, operational, financial and investment risk inherent in the property sector. These risks are inherent risk due to timely commencement or completion of projects, obtaining required approvals, satisfactory performance of contractors and adverse economic events or recession.

HYB will seek for a board seat to represent HYB's interest in MPB and to stay abreast of the developments in the investee company.

**7. APPROVALS REQUIRED**

The Acquisition is not subject to the approval of the shareholders of HYB.

**8. ESTIMATED TIME FRAME FOR THE COMPLETION**

The Acquisition, effected via an off-market Direct Business, is deemed to be completed on event date.

**9. HIGHEST PERCENTAGE RATIO APPLICABLE**

The highest percentage ratio applicable to the transaction is 20.55%.

**10. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND / OR PERSONS CONNECTED TO THEM**

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

## **11. DIRECTORS' RECOMMENDATION**

The Board, having considered all aspects of the Acquisition, is of the opinion that the Acquisition are in the best interest of the HYB Group.

This announcement is dated 25 January 2017.