

## **ATLAN HOLDINGS BHD (“AHB” OR “COMPANY”)**

- I. PROPOSED ACQUISITION OF 4,000,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING THE ENTIRE EQUITY INTEREST IN RADIANT RANCH SDN. BHD. (“RRSB”), FROM ORCHARD BOULEVARD SDN BHD (“OBSB”), A WHOLLY-OWNED SUBSIDIARY OF DFZ CAPITAL BERHAD (“DFZ”), FOR A CASH PURCHASE CONSIDERATION OF RM14,932,656 AND ASSUMPTION BY AHB OF INTER-COMPANY DEBT DUE AND OWING BY RRSB TO DFZ AND/OR ITS RELATED COMPANY(IES) AMOUNTING TO RM12,067,344 (“PROPOSED ACQUISITION”);**
- II. PROPOSED DISPOSAL OF 300,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING THE ENTIRE EQUITY INTEREST OF TENGGARA SENANDUNG SDN. BHD. (“TSSB”), A WHOLLY OWNED SUBSIDIARY OF AHB, TO DFZ FOR A CASH DISPOSAL CONSIDERATION OF RM22,000,000 (“PROPOSED DISPOSAL OF TSSB”); AND**
- III. PROPOSED DISPOSAL OF 2,050,000 ORDINARY SHARES OF RM1.00 EACH REPRESENTING THE ENTIRE EQUITY INTEREST OF BINAMOLD SDN. BHD. (“BMSB”), A WHOLLY OWNED SUBSIDIARY OF AHB, TO DFZ FOR A CASH DISPOSAL CONSIDERATION OF RM2,800,763 AND ASSUMPTION BY DFZ OF INTER-COMPANY DEBT DUE AND OWING BY BMSB TO AHB AMOUNTING TO RM5,199,237 (“PROPOSED DISPOSAL OF BMSB”)**

**(THE PROPOSED DISPOSAL OF TSSB AND PROPOSED DISPOSAL OF BMSB ARE COLLECTIVELY REFERRED TO AS “PROPOSED DISPOSALS”)**

**(THE PROPOSED ACQUISITION AND PROPOSED DISPOSALS ARE COLLECTIVELY REFERRED TO AS “PROPOSALS”)**

### **1. INTRODUCTION**

On behalf of the Board of Directors of AHB (“Board”), Affin Investment Bank Berhad (“AFFIN Investment”) is pleased to announce that AHB had on 16 October 2009 entered into:-

- (i) a conditional shares sale agreements with OBSB in relation to the Proposed Acquisition (“First SSA”); and
- (ii) another conditional shares sale agreements with DFZ in relation to the Proposed Disposals (“Second SSA”)

the particulars of which are set out in the ensuing sections below.

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

#### **2.1 Particulars**

Pursuant to First SSA, Atlan proposes to acquire from OBSB 4,000,000 ordinary shares of RM1.00 each in RRSB (“RRSB Shares”), representing the entire equity interest in RRSB for a total cash purchase consideration of RM14,932,656 and assumption by AHB of inter-company debt due and owing by RRSB to DFZ and/or its related company(ies) amounting to RM12,067,344 as at 31 August 2009.

Upon completion of the Proposed Acquisition, RRSB will become a wholly-owned subsidiary of AHB.

## 2.2 Background information of RRSB

RRSB was incorporated in Malaysia under the Companies Act, 1965 ("Act") on 28 February 1992 as a private limited company under its present name. As at 30 September 2009, RRSB has an authorised share capital of RM5,000,000 comprising 5,000,000 RRSB Shares, of which 4,000,000 RRSB Shares have been issued and are fully paid-up. As at 30 September 2009, RRSB does not have any subsidiary or associated company.

RRSB is principally engaged in resort development and is currently inactive. RRSB owns a vacant land which is located at Lot No. 439, Geran 23052 in Mukim 17, North-East District, Pulau Pinang which would be required for the purpose of the property development project(s) undertaken or to be undertaken by a wholly owned subsidiary of AHB. The details of the development in respect of the said land is not available at this juncture.

Further details of this land are as follows:

Location	Description	Tenure/ Expiry date	Existing use	Age of building (years)	Approx Areas (Sq Metre)	Audited net book value as at 28 February 2009 (RM' million)	Encumbrances
Lot No. 439, Geran 23052 Mukim 17 North-East District Pulau Pinang	Vacant land	Freehold	Vacant	Not applicabl e	69,125	11.51	None

## 2.3 Other salient terms of the First SSA for the Proposed Acquisition

The other salient terms of the First SSA for the Proposed Acquisition are as follows:

- The RRSB Shares are purchased:
  - (a) free from all security interest and with full legal and beneficial title;
  - (b) with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the date of the SSA; and
  - (c) on the basis that OBSB's warranties and representations pertaining to RRSB (as stated in the First SSA) are and shall be, up to and including completion of the sale and purchase of the RRSB Shares ("Completion"), true and accurate in all material respects, save as disclosed (in writing or otherwise) to AHB or its advisors prior to 16 October 2009, or save as disclosed in the First SSA.
- Save for the provisions relating to fulfillment of conditions precedent and to OBSB's obligations pending the Completion as stated in the First SSA, the obligations of OBSB and AHB under the First SSA are conditional upon the following condition precedent being fulfilled or waived by mutual consent of the parties in writing, on or before 6 months from 16 October 2009 or such other period(s) as the parties may agree:

- (a) OBSB obtaining the approval of its shareholders in respect of the disposal of the RRSB Shares;
  - (b) DFZ obtaining the approval of its shareholders in respect of OBSB's disposal of the RRSB Shares;
  - (c) such other consents or approvals as may be required (or deemed necessary by the parties); and
  - (d) a certified true copy (as certified by any director of AHB or OBSB, as the case may be) of each of the abovementioned approval(s) or consent(s) is furnished to OBSB or AHB, as the case may be.
- Subject to:
    - (a) the First SSA becoming unconditional in accordance with the terms therein ("Unconditional Date"); and
    - (b) OBSB's delivery of the relevant documents required for Completion as stated in the First SSA,

the sale and purchase of RRSB Shares shall be deemed completed provided always that Completion shall take place on or before a date falling 4 months from the Unconditional Date (or such other period(s) as the parties may agree).

- The purchase consideration of RM14,932,656 only shall be paid wholly in cash to OBSB, or DFZ or its related company(ies), as OBSB may notify and instruct AHB in writing within 3 business days from the Unconditional Date.
- AHB shall settle the inter-company debt of RM12,067,344 due and owing by RRSB to DFZ and/or its related company(ies) as at 31 August 2009, within 30 days after the Completion in such manner to be agreed upon by the parties.

#### **2.4 Basis of arriving at the purchase consideration**

The cash purchase consideration of RM14,932,656 of RRSB was determined on a willing buyer-willing seller basis after taking into consideration the following:-

- (a) Latest audited net assets of RRSB of RM402,794 for the 14 months financial period ended 28 February 2009. The purchase consideration represents a premium of approximately RM14,529,862 or 3,607.3% to the audited net assets of RRSB as at 28 February 2009;
- (b) Settlement by AHB of inter-company debt due and owing by RRSB to DFZ and/or its related company(ies) amounting to RM12,067,344 as at 31 August 2009; and
- (c) The indicative open market value of the land described in section 2.2 above.

The open market value of this land based on the valuation carried out by an independent professional firm of valuer is as follows:

Description	Name of valuer	Date of Valuation	Method of valuation	Open Market value (RM)
Batu Ferringhi	Rahim & Co	15 October 2009	Comparison	RM27,000,000

Land Lot No. 439, Geran 23052 in Mukim 17, North- East District, Pulau Pinang			method	
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## 2.5 Historical financial information

The summary of the financial performance of RRSB for the past three (3) years is as shown below:

	Audited		
	FYE 31 December 2006 RM'000	FYE 31 December 2007 RM'000	14-month period from 1 January 2008 to 28 February 2009 RM'000
Revenue	-	-	-
Operating loss	8	8	11
Loss before taxation	8	8	11
Taxation	-	-	-
Loss after taxation	8	8	11
No. of shares in issue ('000)	4,000	4,000	4,000
Net loss per share (sen)	0.2	0.2	0.3
Net assets	422	414	403
Total borrowings	-	-	-

### **Commentary:**

RRSB was inactive for the financial years/period as stated above.

## 2.6 Satisfaction of purchase consideration

The purchase consideration for the Proposed Acquisition will be funded by Proposed Disposals.

## 2.7 Background information of OBSB

OBSB was incorporated in Malaysia on 26 February 2009 as a private limited company under its present name.

The principal activities of OBSB and its subsidiaries are as follows:-

- OBSB - Investment holding and resort development
- Subsidiaries - Property and resort development, golf, country club operator, palm oil cultivation and operating of duty free complex and hotel.

OBSB is a wholly-owned subsidiary of DFZ.

The Directors of OBSB as at 30 September 2009 are as Dato' Chen Siak Chan and Dato' Mohamed Suhaimi bin Sulaiman.

## 2.8 OBSB's original cost and date of investment

OBSB's original cost of investment in RRSB is set out below:

	Original date of investment	Total cost of investment RM
RRSB	27 April 1992	2
RRSB	7 July 1992	999,998
RRSB	27 April 1992	3,000,000

## 2.9 Assumption of liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by AHB pursuant to the Proposed Acquisition save for the inter-company debt due and owing by RRSB to DFZ and/or its related company(ies) amounting to RM12,067,344 as at 31 August 2009, to be settled by AHB within 30 days after the Completion in such manner to be agreed upon by the parties.

## 3. DETAILS OF THE PROPOSED DISPOSALS

### 3.1 Proposed Disposal of TSSB

#### 3.1.1 Particulars

Pursuant to the Second SSA, AHB proposes to dispose of 300,000 ordinary shares of RM1.00 each in TSSB ("TSSB Shares") representing the entire equity interest in TSSB for a cash disposal consideration of RM22,000,000.

#### 3.1.2 Background information on TSSB

TSSB was incorporated in Malaysia under the Act on 21 August 2000 as a private limited company under its present name. As at 30 September 2009, TSSB has an authorised share capital of RM500,000 comprising 500,000 TSSB Shares, of which 300,000 TSSB Shares have been issued and are fully paid-up. As at 30 September 2009, TSSB does not have any subsidiary or associate company.

TSSB is principally engaged in the business of operating a ferry terminal, car parks and trading of high speed diesel at Johor Bahru Duty Free Zone and operations of car parks at the Bukit Kayu Hitam Duty Free Zone and at the Black Forest Golf & Country Club.

TSSB is a tenant on the land on which the car parks and ferry terminal are located and is responsible only for the management of their operations.

Further details of the ferry terminal and car park operations of TSSB are set out below.

#### (i) Ferry terminal

The international ferry terminal, which is known as "Johor Bahru International Ferry Terminal ("JB IFT")", is located within in Johor Bahru Duty Free Zone at the south-eastern coast of Johor Bahru, near the Johor Bahru-Singapore Causeway and Sultan Abu Bakar Custom Complex in Perling.

JB IFT houses a jetty, which is made up of 2 floating pontoons with 4 berthing slots. The terminal is capable of handling up to 8 ferries for both arrivals and departures every hour.

Facilities include a ticketing area, 2 departure halls, an arrival lane and a combination of relevant government offices, including Customs and Immigration.

JB IFT manages regional ferry services, which operates a fully computerised ferry ticketing system. Ferries at JB IFT offer daily return ferry plying routes from JB IFT to Batam Centre in Batam, and Tanjung Pinang, Indonesia. JB IFT also provides bunkering and supply of high speed diesel and related facilities to ferries plying to or from JB IFT.

TSSB manages and operates the JB IFT under subsisting agreements with Kelana Megah Sdn Bhd ("KMSB"), a wholly-owned subsidiary of DFZ, which expires on 31 October 2016. TSSB does not own or operate the ferries.

**(ii) Car Parks**

TSSB manages and operates the car parks at the location set out below:-

**(a) Johor Bahru Duty Free Zone**

The Johor Bahru Duty Free Zone comprises a 7-level podium block (accommodating a 4-level shopping complex with a basement floor, 3 levels of hotel facilities and an annexed 6 levels of car parks) and a 9-level hotel block known as "The Zon Regency Hotel" together with an adjoining 3 level Custom and Immigration cum office complex, a jetty, a Custom and Immigration checkpoint and surface car parks

There are over 1,000 parking bays for cars, stage buses, coaches and motorcycles at the Johor Bahru Duty Free Zone.

TSSB manages and operates the car parks at the Johor Bahru Duty Free Zone under subsisting agreements with KMSB, which expires on 31 October 2016.

**(b) Bukit Kayu Hitam Duty Free Zone and Black Forest Golf & Country Club**

The Bukit Kayu Hitam Duty Free Zone and Black Forest Golf & Country Club are located near to the Malaysian-Thailand border at Bukit Kayu Hitam, Kedah Darul Aman.

The Bukit Kayu Hitam Duty Free Zone comprises a double storey complex and 30 units of single storey shops, while the Black Forest Golf and Country Club is a public non-membership 18-hole par 72 golf course adjacent to the Bukit Kayu Hitam Duty Free Zone.

There are over 500 parking bays for cars, stage buses, coaches at the Bukit Kayu Hitam Duty Free Zone and Black Forest Golf and Country Club.

TSSB manages and operates the car parks at the Bukit Kayu Hitam Duty Free Zone and at Black Forest Golf and Country Club under subsisting agreements with Cergasjaya Sdn Bhd which will expire on 30 June 2016 and under subsisting agreements with Cergasjaya Properties Sdn Bhd on a month-to-month basis, respectively.

**3.1.3 Basis of arriving at the disposal consideration**

The disposal consideration of RM22,000,000 of TSSB was determined on a willing buyer-willing seller basis after taking into consideration the following:

- (a) The latest audited net assets of TSSB of RM2,946,200 for the 14 months financial period ended 28 February 2009. The disposal consideration represents a premium of approximately RM19,053,800 or 646.7% to the audited net assets of TSSB as at 28 February 2009;
- (b) The latest audited profit after taxation ("PAT") of TSSB of RM3,917,657 for the 14 months financial period ended 28 February 2009. The disposal consideration represents a price-earning multiple of 6.55 times over the abovementioned audited PAT on an annualised basis; and
- (c) The indicative fair market value of TSSB Shares of RM22,000,000 with a discount rate of 12% valued based on the discounted cashflow method. The value of TSSB Shares was derived by computing the net present value of the projected cash flows of TSSB over the remaining tenure of the tenancy/management contracts entered into by TSSB for its operating activities, discounted a rate that reflects the deemed riskiness of the cash flows.

### 3.1.4 Historical financial information

The summary of the financial performance of TSSB based on its financial statements for the past three (3) financial years ("FYE") is as shown below.

	Audited		
	FYE 31 December 2006	FYE 31 December 2007	14-month period from 1 January 2008 to 28 February 2009
	RM'000	RM'000	RM'000
Revenue	19,221	21,964	29,198
Operating profit	1,756	3,426	5,012
Profit before taxation	1,739	3,414	5,012
Taxation	(630)	(962)	(1,094)
PAT	1,109	2,452	3,918
No. of shares in issue ("000)	100	100	100
Net earnings per share (RM)	11.1	24.5	39.2
Net assets	1,777	2,404	2,946
Total borrowings	339	-	-

#### **Commentaries:**

Revenue increased by 14.3% from FYE 31 December 2006 to FYE 31 December 2007. The increase was mainly due to the increased passenger flow by 12.0% at the ferry terminal and the increased traffic flow by 10.0% at the Johor Bahru Duty Free Zone car park during FYE 31 December 2007. In addition, TSSB had only obtained the diesel-bunkering licence and thus commenced the trading of high-speed diesel in December 2006. This contributed to higher revenue of TSSB for the full FYE 31 December 2007.

PAT increased by 121.1% from FYE 31 December 2006 to FYE 31 December 2007. The increase in PAT is in line with the increase in revenue in FYE 31 December 2007 as stated above.

In the 14-months period from 1 January 2008 to 28 February 2009, revenue increased by 13.9% from FYE 31 December 2007 (on an annualised basis), which is mainly due to:-

- revenue of ferry terminal business increased by 29.0% due to 15.0% upward revision in ticket price;
- car park revenue at Johor Bahru Duty Free Zone increased by 50.0% due to a change in the car park system from manual collection to automated payment system and relocation of car park area. Car park charge rates were also revised according to different zones; and
- car park revenue at Bukit Kayu Hitam Duty Free Zone increased by 50.0% due to a 5.0% increase in traffic flow and also the increase in over-night parking charges.

In the 14-months period from 1 January 2008 to 28 February 2009, PAT increased by 37.0% from FYE 31 December 2007 (on an annualised basis) which is in line with the increase in revenue.

### 3.1.5 Expected gains or losses to AHB

AHB is not expected to record any gain from the Proposed Disposal of TSSB.

### 3.1.6 Utilisation of sale proceeds

The sale proceeds from the Proposed Disposal of TSSB shall be utilised for working capital requirements of Atlan and to defray related expenses of the Proposed Disposal of TSSB.

### 3.1.7 Assumptions of liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by DFZ pursuant to the Proposed Disposal of TSSB.

### 3.1.8 Original cost of investment

AHB's original cost of investment in TSSB is set out below:

	Original date of investment	Total cost of investment RM
TSSB	3 July 2008	4,142,126

## 3.2 Proposed Disposal of BMSB

### 3.2.1 Particulars

Pursuant to the Second SSA, AHB proposes to dispose of 2,050,000 ordinary shares of RM1.00 each in BMSB ("BMSB Shares") representing the entire equity interest in BMSB for a cash disposal consideration of RM2,800,763 and assumption by DFZ of inter-company debt due and owing by BMSB to AHB amounting to RM5,199,237 as at 31 August 2009.

### 3.2.2 Background information of BMSB

BMSB was incorporated in Malaysia under the Act on 5 March 1984 as a private limited company under its present name. As at 30 September 2009, BMSB has an authorised share capital of RM5,000,000 comprising 5,000,000 BMSB Shares, of which 2,050,000 BMSB Shares have been issued and are fully paid-up. As at 30 September 2009, BMSB does not have any subsidiary or associated company.

BMSB is currently a dormant company which owns the following properties:

Location	Description	Tenure/ Expiry date	Existing use	Age of building (years)	Size of area (Square metre)	Audited net book value as at 28 February 2009 (RM' million)	Encumbrances
Wisma Atlan 8 Persiaran Kg Jawa, 11900 Bayan Lepas, Penang, held under Pajakan Negeri 6711, Lot 9891, Mukim 12, Daerah Barat Daya, Pulau Pinang	Factory land and building	Leasehold (60 years expiring 2054)	Business and office premises	12	4,344.3	4.90	None
Pajakan Negeri No 3839, Lot no 11618, MK 12, Daerah Barat Daya, Pulau Pinang	Factory land	Leasehold (60 years expiring 2058)	Business and office premises	N/A	1,082.4	0.14	None

BMSB is currently earning a rental income of approximately RM406,800 per annum for the said property.

### 3.2.3 Basis of arriving at the disposal consideration

The cash disposal consideration of RM2,800,763 of BMSB was determined on a willing buyer-willing seller basis after taking into consideration the following:-

- (a) Latest audited net assets of BMSB of RM226,326 as at 28 February 2009. The disposal consideration represents a premium of approximately RM2,574,437 or 1,137.5% to the audited net assets of BMSB as at 28 February 2009;
- (b) Settlement by DFZ of the inter-company debt due and owing by BMSB to AHB amounting to RM5,199,237 as at 31 August 2009; and
- (c) The indicative open market values of the properties described in section 3.2.2 above.

The open market values of the said properties based on the valuation carried out by an independent professional firm of valuer are as follows:

Description	Name of valuer	Date of Valuation	Method of valuation	Open Market value (RM)
Wisma Atlan 8 Persiaran Kg Jawa, 11900 Bayan Lepas, Penang held under Pajakan Negeri 6711, Lot no 9891, Mukim 12, Daerah Barat Daya, Pulau Pinang and Pajakan Negeri No 3839, Lot no 11618, MK 12, Daerah Barat Daya, Pulau Pinang	Rahim & Co	15 October 2009	Comparison method	RM 8,000,000

### 3.2.4 Historical financial information

The summary of the financial performance of BMSB based on its financial statements for the past three (3) financial years ("FYE") is as shown below:

	Audited		
	FYE 28 February 2007 RM'000	FYE 28 February 2008 RM'000	FYE 28 February 2009 RM'000
Revenue	-	-	-
Operating profit/(loss)	(200)	233	(19)
Profit/(loss) before taxation	(209)	227	(22)
Taxation	-	(59)	(25)
Profit / (loss) after taxation	(209)	168	(47)
No. of shares in issue ("000)	2,050	2,050	2,050
Net earnings/loss per share (RM)	(0.10)	0.08	(0.02)
Net assets	105	273	226
Total borrowings	893	67	25

#### Commentary:

BMSB did not record any revenue during the past 3 FYEs 28 February 2007, 2008 and 2009. During the same period, BMSB recorded other income which mainly comprises of rental income and charge for the use of plant and machinery to a related company.

BMSB's operating expenses mainly comprises of depreciation charges. The profit after taxation recorded by BMSB during FYE 28 February 2008 was mainly due to a gain on disposal of property, plant and equipment and lower administrative expenses.

### 3.2.5 Expected gains or losses to AHB

AHB is not expected to record any gain from the Proposed Disposal of BMSB.

### 3.2.6 Utilisation of sale proceeds

The sale proceeds from the Proposed Disposal of BMSB shall be utilised for working capital requirements of Atlan and to defray related expenses of the Proposed Disposal of BMSB.

### 3.2.7 Assumption of liabilities

There are no liabilities, including contingent liabilities and guarantees, to be assumed by DFZ pursuant to the Proposed Disposal of BMSB save for the inter-company debt due and owing by BMSB to AHB amounting to RM5,199,237 as at 31 August 2009, to be settled by DFZ within 30 days after the Completion in such manner to be agreed upon by the parties.

### 3.2.8 Original cost of investment

AHB's original cost of investment in BMSB is set out below:

Original date of investment	Total cost of investment RM
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10 September 1993	294,678
16 September 1993	45,332
10 January 1994	2,000,000

### 3.3 Other salient terms of the Second SSA for the Proposed Disposals

The other salient terms of the Second SSA for the Proposed Disposals are as follows:

- The TSSB Shares and BMSB Shares are sold:
  - (a) free from all security interest and with full legal and beneficial title;
  - (b) with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the date of the SSA; and
  - (c) on the basis that AHB's warranties and representations pertaining to TSSB and BMSB (as stated in the Second SSA) are and shall be, up to and including completion of the sale and purchase of the TSSB Shares and the BMSB Shares ("Completion"), true and accurate in all material respects, save as disclosed (in writing or otherwise) to DFZ or its advisors prior to 16 October 2009, or save as disclosed in the Second SSA.
- Save for the provisions relation to fulfillment of the conditions precedent and to AHB's obligations pending the Completion as stated in the Second SSA, the obligations of DFZ and AHB under the SSA are conditional upon the following conditions precedent being fulfilled or waived by mutual consent of the parties in writing, on or before 6 months from 16 October 2009 or such other period(s) as the parties may agree:
  - (a) AHB obtaining the written approval or consent of Affin Investment Bank Berhad (acting upon the instructions of Affin Bank Berhad, Bank Islam Malaysia Berhad and/or Bank Kerjasama Rakyat Malaysia Berhad) in respect of their sale of the TSSB Shares and BMSB Shares to DFZ;
  - (b) DFZ obtaining the approval of its shareholders in respect of the acquisition of the TSSB Shares and BMSB Shares;
  - (c) DFZ obtaining the written approval or consent of MIDF Amanah Investment Bank Berhad in respect of DFZ's acquisition of the TSSB Shares and BMSB Shares;
  - (d) such other consents or approvals as may be required (or deemed necessary by the parties); and
  - (e) a certified true copy (as certified by any director of AHB or DFZ, as the case may be) of each of the abovementioned approval(s) or consent(s) is furnished to DFZ or AHB, as the case may be.
- Subject to:
  - (a) the Second SSA becoming unconditional in accordance with the terms therein ("Unconditional Date"); and

- (b) AHB's delivery of the relevant documents required for Completion as stated in the Second SSA,

the sale and purchase of TSSB Shares and BMSB Shares shall be deemed completed provided always that such Completion shall take place on or before a date falling 2 months from the Unconditional Date (or such other period(s) as the parties may agree).

- The purchase consideration is RM24,800,763 only, comprising:
  - (a) RM22,000,000, being the price payable for purchase of the TSSB Shares; and
  - (b) RM2,800,763, being the price payable for the purchase of the BSB Shares.
- The parties agree that the purchase consideration shall, at the election of AHB which will be notified by AHB to DFZ within 3 Business Days from the Unconditional Date, be paid:
  - (a) wholly in cash; or
  - (b) partly in cash and partly by way of set-off against any amount which may be owing or payable by AHB to DFZ and/or DFZ's related company(ies). The relevant amount(s) and description of items to be set-off shall be as mutually acceptable to the parties. DFZ shall pay the remainder of the purchase consideration after the said set-off in cash towards full settlement of the purchase consideration.
- DFZ shall settle the inter-company debt of RM5,199,237 due and owing by BMSB to AHB as at 31 August 2009, within 30 days after the Completion in such manner to be agreed upon by the parties.

#### **4. RATIONALE FOR THE PROPOSAL**

##### **4.1 Proposed Acquisition**

The Proposed Acquisition is undertaken to streamline the subsidiaries of DFZ and AHB. AHB will acquire RRSB which holds a property development land in Penang which forms part of the on-going Batu Ferringhi development project undertaken by AHB.

##### **4.2 Proposed Disposals**

The Proposed Disposals are undertaken to streamline the subsidiaries of DFZ and AHB.

TSSB is the operator of a ferry terminal and car parks. The land on which the ferry terminal and car park are located, are within the Johor Bahru Duty Free Zone which leases the operation of the ferry terminal from Kelana Megah Sdn Bhd, a wholly-owned subsidiary of DFZ. Kelana Megah Sdn Bhd, in turn, sub-leases the ferry terminal operation to TSSB.

The Proposed Disposal of TSSB will enable DFZ to streamline its business in the operation of the ferry terminal in order to realise synergistic benefits as a result of a sharing of the management team and other resources in the future.

The Proposed Disposal of BMSB will enable DFZ to own a corporate office and warehouse in Penang. The Proposed Disposal of BMSB is undertaken in view that DFZ's registered office and current principal place of operations is located at the land and building which are currently owned by BMSB. This provides an opportunity for AHB to dispose BMSB at a cash consideration.

## **5. PROSPECTS**

### **Prospects of RRSB**

RRSB owns a 17.081 acre land which forms part of the Batu Ferringhi development project.

The development at the Batu Ferringhi Land is a project that is being planned for development over the next few years, into a residential development comprising bungalows, semi-detached houses and condominiums by the hillside and luxury apartments and shop houses by the sea.

The Batu Ferringhi Land can be uniquely planned for quality and style, blending with the surrounding landscape and capitalizing on its "nature" setting. It will harmonise with the natural stream that passes through the land and maximize the greenery to create a peaceful low-density development and establish itself as an icon of the high-end property market. Further, there are opportunities for joint ventures particularly for land in the vicinity of Batu Ferringhi.

### **Housing industry**

During the Ninth Plan period, the development of the housing sector will continue to focus on the provision of adequate, affordable and quality houses for all Malaysians. Towards this end, the private sector will undertake the lead role while the public sector will provide the necessary support and regulatory measures to ensure efficiency. To improve the quality of life of the urban population, the provision of urban services will focus on expanding the scope of coverage of the local authorities, creating a safe living environment, increasing people participation as well as ensuring sustainable urban planning and development.

To further improve the provision of efficient and quality urban services, a National Urbanisation Policy will be formulated. This policy will provide strategies towards establishing safe, systematic, modern and attractive cities as well as townships.

Measures will be undertaken to ensure that the implementation of development projects at state, local authority and district levels is based on approved structure and local plans. These include the strict adherence by developers on the use of these plans which act as a tool for land utilization planning and distribution of resources.

*(Source: Ninth Malaysia Plan 2006-2010)*

## **6. RISK FACTORS**

### **6.1 Acquisition risk**

There is no assurance that the anticipated benefits from the Proposed Acquisition will be realised, or that AHB will be able to generate sufficient revenues from RRSB to offset the associated investment costs.

### **6.2 Business and operational risk**

The Proposed Acquisition will not result in AHB being exposed to any additional business and operational risks in property development industry since AHB is already principally involved in property development.

## **7. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable for the Proposals pursuant to Paragraph 10.02(g) of the MMLR and the principles of aggregation is 18.92% which is derived based on the total purchase and disposal consideration and assumption of inter-company amount owed amounting to a total of RM57.00 million compared with AHB's audited consolidated net assets of RM301.64 million as at 28 February 2009, whereby:

- (i) The highest percentage ratio applicable for the Proposed Acquisition pursuant to Paragraph 10.02(g) of the MMLR is 8.95%, which is derived based on the total purchase consideration and assumption by AHB of inter-company amount owned by RRSB to DFZ amounting to a total of RM27.00 million compared with AHB's audited consolidated net assets of RM301.64 million as at 28 February 2009;
- (ii) The highest percentage ratio applicable for the Proposed Disposal of TSSB pursuant to Paragraph 10.02(g) of the MMLR is 7.29%, which is derived based on the disposal consideration of RM22.00 million compared with AHB's audited consolidated net assets of RM301.64 million as at 28 February 2009; and
- (iii) The highest percentage ratio applicable for the Proposed Disposal of BMSB pursuant to Paragraph 10.02(g) of the MMLR is 2.65%, which is derived based on the total disposal consideration and assumption by DFZ of inter-company amount owned by BMSB to AHB amounting to a total of RM8.00 million compared with AHB's audited consolidated net assets of RM301.64 million as at 28 February 2009.

## **8. EFFECTS OF THE PROPOSALS**

The effects of the Proposals on the issued and paid-up share capital, earnings per share, net assets, gearing and substantial shareholders' shareholdings are as follows:

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

The Proposals will not have any effect on the issued and paid-up share capital of AHB as well as its substantial shareholders' shareholdings as the Proposals do not involve any issuance of shares.

### **8.2 Earnings**

The Proposed Acquisition is not expected to have a material effect on the consolidated results of AHB for the financial year ending 28 February 2010 as it is expected to be completed in the last quarter of the financial year ending 28 February 2010.

Barring unforeseen circumstances, the Proposed Acquisition are expected to have a positive effect on the future earnings and earnings per share of the AHB group.

Upon the completion of the Proposed Disposals, AHB is not expected to realise any gain for the year ending 28 February 2010.

### **8.3 Net assets and gearing**

The Proposals will not have any effect on the consolidated net assets and gearing of AHB based on the audited financial statements as at 28 February 2009.

## **9. APPROVALS REQUIRED**

The Proposals are subject to approvals being obtained from the following:

- (i) the shareholders of DFZ at an Extraordinary General Meeting (“EGM”) to be convened;
- (ii) AHB obtaining the written approval or consent of the chargee in respect of their sale of the TSSB Shares and BMSB Shares to DFZ as stated in Section 3.3 above;
- (iii) DFZ obtaining the written approval or consent of MIDF Amanah Investment Bank Berhad in respect of DFZ’s acquisition of the TSSB Shares and BMSB Shares as stated in Section 3.3 above; and

other relevant parties/authorities, if any.

Except for the approvals and/or consents as stated in sections 2.3 and 3.3 above, no approvals from the authorities and/or shareholders are required as the highest percentage ratio applicable for the Proposals pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities and principles of aggregation is only 18.90% as mentioned in Section 7 above. The Proposed Disposal of TSSB, Proposed Disposal of BMSB and the Proposed Acquisition are not inter-conditional to each other. The Proposed Disposal of TSSB, Proposed Disposal of BMSB and the Proposed Acquisition are also not conditional upon any other proposal.

#### **10. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS**

Save as disclosed below, none of the directors, major shareholders and/or any persons connected to them has any interest, direct or indirect, in the Proposals.

Encik Mohd Sharif bin Hj. Yusof is the Independent Non-Executive Director of AHB and DFZ. Thus, in view of his common directorship in AHB and DFZ, Encik Mohd Sharif bin Hj. Yusof is deemed as an interested director in the Proposals (“Interested Director”). Encik Mohd Sharif bin Hj. Yusof does not hold any security in AHB as at 30 September 2009. Notwithstanding the above, the Proposals are not deemed to be a related party transaction from the perspective of AHB pursuant to paragraph 10.08(11)(b) of the MMLR.

The Interested Director has abstained and will continue to abstain from all Board deliberations and voting in respect of the Proposals at the Company’s Board meetings.

#### **11. DIRECTORS’ STATEMENT**

The Board (save for the Interested Director), having considered all aspects of the Proposals is of the opinion that the Proposals are in the best interest of the Company.

#### **12. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring unforeseen circumstances, the Proposals are expected to be completed within the fourth quarter of 2010.

#### **13. DOCUMENTS AVAILABLE FOR INSPECTION**

The First SSA and the Second SSA and the valuation letters in respect of the Proposed Acquisition and Proposed Disposals are available for inspection at the registered office of AHB during office hours from Mondays to Fridays (except for public holidays) at Wisma Atlan, 8

Persiaran Kampung Jawa, 11900 Bayan Lepas, Penang, Malaysia for a period of 3 months from the date of this announcement.

This announcement is dated 16 October 2009.