

Type	Announcement
Subject	Memorandum of Agreement
Description	Memorandum of Agreement between Dato' Mohd Razaly Bin Maulud, Datin Rubaizah Binti Sakari and Ho Wah Genting Berhad

HO WAH GENTING BERHAD (272923-H)

MEMORANDUM OF AGREEMENT (“MOA”) BETWEEN DATO’ MOHD RAZALY BIN MAULUD, DATIN RUBAIZAH BINTI SAKARI AND HO WAH GENTING BERHAD

1) INTRODUCTION

The Board of Directors of Ho Wah Genting Berhad (Company Number: 272923-H) (“**HWGB**” or “**Company**”) wishes to announce that the Company had on 22 January 2019 entered into Memorandum of Agreement (“**MOA**”) with Dato’ Mohd Razaly Bin Maulud (NRIC No: 770329-01-6739) and Datin Rubaizah Binti Sakari (NRIC No: 771217-01-6130) (collectively the “**Vendors**”) to acquire from the Vendors 70% of the entire ordinary shares in VTI Marketing (M) Sdn Bhd for a cash consideration of RM3,000,000 (“**Proposed Acquisition**”).

The purpose of the Company and the Vendors (collectively the “**Parties**”) entering into the MOA is to record the Parties’ intentions with respect to the Proposed Acquisition and to capture the salient terms in the conditional sale and purchase agreement or such other agreement to be executed between the Vendors and HWGB (“**Definitive Agreement**”) which shall incorporate the salient terms set out in the MOA (as may be varied between the Parties) and the other terms and conditions in the Definitive Agreement to be mutually agreed between the Parties.

2) (a) BACKGROUND INFORMATION OF VTI MARKETING (M) SDN BHD

VTI MARKETING (M) SDN BHD (Company No. 1167871-A) (“**VTI Marketing**”) was incorporated in Malaysia on 02 December 2015 and having its registered address at No. 12-A, Jalan S2 D38, Magistrate Square, Seremban 2, Seremban, 70300 Negeri Sembilan, Malaysia. As at the date of this announcement, VTI Marketing has an issued share capital of RM500,000 comprising 500,000 ordinary shares. VTI Marketing is principally involved in the trading of tobacco, renovation and interior design and general trading.

Jabatan Kastam Diraja Malaysia (“**JKDM**”) had vide letter dated 13 March 2018 approved the application by VTI Marketing for licensing of duty free shop pursuant to the Customs Act 1967 subject to the conditions as set out therein (“**JKDM Letter**”).

The Vendors are the registered and beneficial owners of the entire issued share capital of VTI Marketing and are desirous in selling 350,000 ordinary shares (250,000 ordinary shares held by Dato’ Mohd Razaly Bin Maulud and 100,000 ordinary shares held by Datin Rubaizah Binti Sakari) in VTI Marketing representing 70% of the entire issued share capital of VTI Marketing (“**Sale Shares**”). The Vendors warrant that the Sale Shares are free from all encumbrances and rank equally with all existing issued ordinary shares in VTI Marketing.

(b) BACKGROUND INFORMATION OF HWGB

HWGB was incorporated in Malaysia on 12 August 1993, an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad. The total issued capital of the Company is RM63,427,959.50 comprising 324,611,840 ordinary shares.

3) SALIENT TERMS OF THE MOA

- 3.1 The Parties hereto agree to execute the Definitive Agreement within a period of six (6) months thereof or such extended period as may be agreed in writing by the Parties (“**Validity Period**”).
- 3.2 The Definitive Agreement shall be conditional upon the following conditions or such other conditions to be mutually agreed between the Parties:
- (a) the approval from the shareholders of HWGB at a general meeting to be convened in respect of the transaction and matters contemplated by or relating to the Definitive Agreement in accordance with the requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, if required;
 - (b) HWGB carrying out or causing to be carried out a due diligence review of VTI Marketing and its subsidiaries (“**VTI Group**”) the results of the legal and financial due diligence review carried out by or on behalf of HWGB on the assets and liabilities, business and prospects of VTI Group and in relation thereto, on the books, records, constitutional documents, contracts, accounting records, all licences, permits, approvals and conditions attached thereto for the business operations of VTI Group and other documents relating to VTI Marketing and/or subsidiaries and its respective business being satisfactory to HWGB;
 - (c) the Vendors procuring the fulfilment of all conditions as stated in JKDM Letter and all other relevant approvals, consents, authorisations or permits for the valid and legal operation of the duty free shop;
 - (d) approvals, consents, authorisations, permits or waivers of any other authority and any other third parties necessary or appropriate to carry out the sale and purchase of the Sale Shares pursuant to the terms of the Definitive Agreement having been obtained, if required; and
 - (e) The MOA shall automatically terminate upon expiry of the Validity Period, or the execution of the Definitive Agreement, or the receipt of a three (3) day written notice by either Party to terminate the MOA in the event a Party is not agreeable to any proposed term or condition of the Definitive Agreement to be executed, or on receipt by any Party of the notice to terminate from the other Party due to breach of any terms and conditions of the MOA and fails to take expeditious steps to remedy such breach within fourteen (14) days of receipt of notice from the non-defaulting Party(s), whichever is the earlier. For avoidance of doubt, the Parties agree that the execution of the Definitive Agreement shall be conditional upon the preparation, review and execution of relevant legal documentation reasonably acceptable to both HWGB and the Vendors.

4) RATIONALE FOR THE MOA

The venturing into duty free business in Malaysia is a lateral expansion to enable the HWGB and its subsidiaries (“**Group**”) to increase its revenue and profit in view that the government is aggressively promoting the tourism industry. Moreover, the Group's existing involvement in the travel and tourism services and travel retail sales business will be an added advantage.

5) FINANCIAL EFFECTS OF THE MOA

The MOA is not expected to have any material effect on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' shareholding of the Company for the financial year ending 31 December 2019. Should the Proposed Acquisition and the business materialize, it is expected to contribute positively to the future earnings of the Group.

6) STATEMENT BY DIRECTORS

The Board of Directors of the Company, having taken into consideration all aspects of the MOA, is of the opinion that the MOA is in the best interest of the Company and Group.

7) DIRECTORS', MAJOR SHAREHOLDERS' AND/OR PERSONS CONNECTED'S INTEREST

None of the directors and/or major shareholders of HWGB and the Group and/or persons connected to them have any interest, direct or indirect, in the MOA.

8) APPROVALS REQUIRED

The MOA is not subject to the approval of the shareholders of the Company.

9) MOA AVAILABLE FOR INSPECTION.

A copy of the MOA is available for inspection at the registered office of the Company at Wisma Ho Wah Genting, 1st Floor, No. 35, Jalan Maharajalela, 50150 Kuala Lumpur during normal office hours on Mondays to Fridays (except for public holidays) for a period of one (1) month from the date of this announcement

This announcement is dated 22 January 2019.