

OTHERS AHB HOLDINGS BERHAD (“AHB” OR “THE COMPANY”) - DEBT SET OFF AND REPAYMENT AGREEMENT ENTERED WITH AHB TECHNOLOGY SDN BHD, AHB MARKETING SDN BHD AND DEXX TECHNOLOGIES SDN BHD

AHB HOLDINGS BERHAD

Type	Announcement
Subject	OTHERS
Description	AHB HOLDINGS BERHAD (“AHB” OR “THE COMPANY”) - DEBT SET OFF AND REPAYMENT AGREEMENT ENTERED WITH AHB TECHNOLOGY SDN BHD, AHB MARKETING SDN BHD AND DEXX TECHNOLOGIES SDN BHD

1. INTRODUCTION

AHB is pleased to announce that the Company had entered into a Debt Set Off and Repayment Agreement with the following parties on 20 June 2013 (“**the Agreement**”) :-

- (a) AHB Technology Sdn Bhd (Company No. 166474-X) (“**AHB Tech**”);
- (b) AHB Marketing Sdn Bhd (Company No. 166435-A) (“**AHB Marketing**”);
- and
- (c) DEXX Technologies Sdn Bhd (Company No. 733966-V) (“**Dexx**”).

Facts:

A. Pursuant to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad on 21 May 1996 and the subsequent revision of the profit guarantee agreement approved by the shareholders in an extraordinary general meeting on 29 September 1998, the guarantors, namely Yong Yoke Keong, Yong Chew Keat and Iskandar Holdings Sdn. Bhd. (collectively, referred to as the **Guarantors**), had provided a guarantee that the consolidated profits before tax of the Company of RM15,960,600 shall be achieved over a period of five (5) years commencing from the financial year ended 30 June 1998 to 2002. As at the date of this announcement, the shortfall in the profit guarantee amounted to RM15,960,000 (“**Aggregate Guarantee Amount**”).

Following the deduction of a sum equivalent to twenty eight percent (28%) of the Aggregate Guaranteed Amount (on account of the income tax payable in respect of the Aggregate Guaranteed Amount), the amount owing by the Guarantors to AHB in settlement of the Aggregate Guaranteed Amount is Ringgit Malaysia Eleven Million Four Hundred and Ninety Two Thousand (RM11,492,000) only (“**Profit Guarantee Amount**”).

In this connection, the Guarantors acknowledged their liabilities in

relation to the Profit Guarantee Amount have crystallised and intend to fully discharge their obligations.

B. AHB, AHB Tech and AHB Marketing (collectively “**AHB Entities**”) had on 29 April 2013 received a notice of assignment from Steelcase Inc, on behalf of itself, Steelcase Asia Pacific Holdings LLC and Steelcase Manufacturing (Malaysia) Sdn Bhd (collectively “**Steelcase Entities**”) informing the AHB Entities that the outstanding sum owing by the AHB Entities to the Steelcase Entities being trade debts accrued have been transferred and assigned to Dexe. The said outstanding sum has been confirmed to be Ringgit Malaysia Seventeen Million Eight Hundred and Seventy Seven Thousand Three Hundred Sixty Six and Sen One (RM17,877,366.01) only (“**Trade Debt**”) as at 27 May 2013.

Dexe, on behalf of the Guarantors, is desirous of settling the Profit Guarantee Amount and the AHB Entities are desirous of settling the Trade Debt and have entered into the Agreement to set-off the said Profit Guarantee Amount and Trade Debt in accordance with the terms and conditions contained therein.

2. INFORMATION ON AHB TECH

AHB Tech has an authorised share capital of RM10,000,000.00 comprising 10,000,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM10,000,000.00 comprising 10,000,000 ordinary shares of RM1.00 each. The principal activity of AHB Tech is trading of office furniture and specialised computer furniture. AHB Tech is a wholly-owned subsidiary of AHB.

3. INFORMATION ON AHB MARKETING

AHB Marketing has an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each. The principal activity of AHB Marketing is trading of officer interior products. AHB Marketing is a wholly-owned subsidiary of AHB.

4. INFORMATION ON DEXX

Dexe has an authorised share capital of RM100,000.00 comprising 100,000 ordinary shares of RM1.00 each and issued and paid-up capital of RM5,000.00 comprising 5,000 ordinary shares of RM1.00 each. The principal activity of Dexe is general trading and manufacturing.

5. DETAILS OF THE AGREEMENT

AHB, AHB Tech, AHB Marketing and Dexx (“**Parties**”) hereby agree that the Trade Debt owing by the AHB Entities to Dexx shall be set off against the Profit Guarantee Amount owing by the Guarantors to AHB (“**Set Off**”). The difference of Ringgit Malaysia Six Million Three Hundred and Eighty Five Thousand Three Hundred Sixty Six and Sen One (RM6,385,366.01) only following the Set Off shall be a sum due and owing by the AHB Entities to Dexx (“**Outstanding Sum**”).

The AHB Entities may settle the Outstanding Sum by issuing new shares to Dexx on terms to be mutually agreed between the AHB Entities and Dexx, or such other methods as may be mutually agreed between the AHB Entities and Dexx.

Upon the signing of the Agreement:

- (a) the Trade Debt shall be deemed to have been settled up to the amount of Ringgit Malaysia Eleven Million Four Hundred and Ninety Two Thousand (RM11,492,000) and Dexx shall have no further claims or rights against the AHB Entities in relation to the said amount (the Outstanding Sum excluded); and
- (b) the Profit Guarantee Amount shall be deemed to have been fully settled and AHB shall have no further claims or rights against the Guarantors in relation to the Profit Guarantee Amount.

6. RATIONALE FOR THE AGREEMENT

The Board has been working actively to ensure the settlement of the Profit Guarantee Amount and the Agreement will allow the settlement of the Profit Guarantee Amount to the satisfaction of the AHB and its subsidiaries (“**Group**”) and will help the Group to move forward to expand its business accordingly.

7. EFFECTS OF THE AGREEMENT

7.1 Share capital and substantial shareholders’ shareholdings

The Set-Off will have no impact on the issued and paid-up share capital and the substantial shareholders’ shareholdings of AHB for the financial year ending 30 June 2013. The settlement of the Outstanding Sum is subject to terms to be mutually agreed between the AHB Entities and Dexx.

7.2 Earnings and earnings per share (“EPS”)

The Group will benefit from the Agreement of RM11,492,000 and EPS will improve by 24 sen per share upon the completion of the Agreement.

7.3 Net assets per share and gearing

Upon completion of the Agreement, the net assets per share of the Group will improve from RM0.276 to RM0.510, and gearing will improve from 188% to 54%.

8. Approvals required

The Agreement is not subject to any regulatory or shareholders' approval.

9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS OR PERSONS CONNECTED

Mr Yong Yoke Keong, who is a Director and Substantial Shareholder of AHB who is also one of the Guarantors is deemed interested in the Agreement.

Mr Mirzan Mahathir, a Director and Substantial Shareholder of AHB by virtue of Section 6A(4)(c) of the Companies Act, 1965 in Iskandar Holdings Sdn Bhd, which is one of the Guarantors, is deemed interested in the Agreement.

Mr Yong Chew Keat, one of the Guarantors has resigned as a director of AHB on 28 May 2013.

Other than the above, none of the other directors of AHB or its substantial shareholders or persons connected with them has any interest, direct or indirect, in the Agreement.

10. DIRECTORS' STATEMENT

The Board, with the exception of Yong Yoke Keong and Mr Mirzan Mahathir, after having considered all aspects of the Agreement, is of the opinion that the Agreement is in the best interest of AHB and the Group.

11. ESTIMATED TIME FRAME TO COMPLETION

Barring any unforeseen circumstances, the Board expects the Agreement to be completed before 30 June 2013.

This announcement is dated 20 June 2013.

Announcement Info

Company Name	AHB HOLDINGS BERHAD
Stock Name	AHB
Date Announced	20 Jun 2013
Category	General Announcement

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