

OTHERS SUBSCRIPTION OF 2,500 SHARES OF RM1.00 EACH IN HUBWIRE SDN BHD (“HSB”) FOR A PURCHASE CONSIDERATION OF RM500,000.00

PRIVASIA TECHNOLOGY BERHAD

Type	Announcement
Subject	OTHERS
Description	SUBSCRIPTION OF 2,500 SHARES OF RM1.00 EACH IN HUBWIRE SDN BHD (“HSB”) FOR A PURCHASE CONSIDERATION OF RM500,000.00

1. INTRODUCTION

The Board of Directors (“the Board”) of Privasia Technology Berhad (“PTB or the Company”) wishes to announce that the Company had on 2nd April 2014 entered into an Investment Agreement (“IA”) with HSB (“the Vendor”) as set out in Section 2.2 for the subscription of 2,500 ordinary shares of RM1.00 each (“the Subscribed Shares”) for a purchase consideration of RM500,000.00 (“the Investment”) which is to be satisfied fully in cash from internally-generated funds.

2. INFORMATION ON HSB

HSB was incorporated in Malaysia on 14 November 2013 as a private limited company under the Companies Act 1965. As at to-date, the authorised share capital of HSB is RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each, of which the issued and paid-up share capital is RM10,000.00 divided into 10,000 ordinary shares of RM1.00 each.

HSB is involved in the developing, running and operating multichannel eCommerce platform for inventory management, eCart system, warehousing and point of sale systems amongst others under the product name HUBWIRE.

As at to-date, HSB does not have any subsidiary and associated company.

3. DIRECTORS AND SHAREHOLDERS OF HSB

The directors and shareholders of HSB are as follows:-

Directors		
1. Asgari Bin Mohd Fuad Stephens		
2. Yeo Hock Choon@ Mark Yeo		
Shareholders	Shareholding	
	No. of shares	%
1. Chan Ka Fung	1,000	2.50%
2. Chan Ka Ho	200	10.00%
3. Epoc Lab SdnBhd	8,100	80.50%
4. Intelligent Capital SdnBhd	700	7.00%
TOTAL	10,000	100.00%

4. FINANCIAL INFORMATION ON HSB

HSB was just incorporated on 14 November 2013. Till to-date, no audited account has been prepared.

5. PURCHASE CONSIDERATION

The purchase consideration of RM500,000.00 was arrived at on a willing buyer willing seller basis after taking into consideration the future earnings potential and the future prospects of HSB.

6. SALIENT TERMS OF THE IA

The purchase consideration of RM500,000.00 shall be paid into HSB within 7 days from the date of IA.

HSB shall utilise the investment sum for the sole purpose of enhancing the HUBWIRE platform and other related services including activities related with marketing and development of the business of portal.

7. LIABILITIES TO BE ASSUMED BY PTB

Save for the Investment and the salient terms of the IA as set out in Section 6 of this announcement, there are no other obligations and liabilities in and arising from, pursuant to or in connection with the IA to be assumed by PTB pursuant to the Investment.

8. RATIONALE FOR THE INVESTMENT

This investment into HSB is well within PTB's strategy of venturing into the e-commerce industry in Malaysia. The e-commerce services provided by HSB are complementary to our existing ICT services, and effectively expands our range of services to help our clients grow their businesses by creating and managing an impactful e-commerce presence.

This investment would be an additional earnings stream from the growing e-commerce market in Malaysia and potentially the South East Asian region.

9. PROSPECTS AND RISK FACTORS

The Investment is expected to create additional opportunity for PTB Group to expand its existing business.

Total retail sales in Malaysia is approximately RM182.44 billion (US\$51.79 billion) with SMEs making up almost 98.5% of the 78,000 companies in Malaysia, the SME industry is poised to increase their retail sales further in physical and online retail. Almost 54% of Malaysians who have access to the Internet have visited an online retail site before (comScore Media Matrix March 2013). This trend is seen throughout Asia where the regions retail sales in 2011 totaled US\$3.8 trillion (41% of the total). On a global scale, online retail sales have increased 40% in 4 years to \$193 billion in 2011 in the US.

Hubwire's mission is to enable brand owners and retailers to integrate their customer touch points and sales seamlessly across physical and online channels.

Other than the normal market risks, PTB Group do not envisage any other major risk factors which may have any impact on the Investment.

10. EFFECTS OF THE INVESTMENT

The Investment will not result in any change to the issued and paid-up share capital and the substantial shareholders' shareholdings in PTB as the investment does not involve any issuance of shares.

The Investment is not expected to have any material impact on the consolidated earnings and earnings per share of PTB for the financial year ending 31 December 2014.

The Investment is not expected to have any material effect on the consolidated net assets per share and gearing of PTB for the financial year ending 31 December 2014.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Mr. Asgari Bin Mohd Fuad Stephens is common director in PTB and HSB, and an indirect shareholder of HSB.

Save for the above, none of the Directors and/or major shareholders of the Company or any person connected to them have any interest, whether direct or indirect, in the Investment. Accordingly, Mr. Asgari Bin Mohd Fuad Stephens, being the common directors in PTB and HSB has abstained from any deliberations and voting at the Board meeting of PTB pertaining to the Investment.

12. APPROVAL REQUIRED

The Investment is a related party transaction under Paragraph 10.08 of Chapter 10 of ACE Market Listing Requirement of Bursa Malaysia Securities Berhad. However, where PTB is concerned, the Investment does not require the approval of the shareholders of PTB pursuant to paragraph 10.02(g) of the ACE Market Listing Requirement as the highest percentage ratio applicable to the Investment is 0.70% based on the purchase consideration of RM500,000.00 compared with the audited net assets of PTB as at 31 December 2012 of RM70,971,720.

13. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

Save for this Investment, there were no other transactions entered into between PTB Group and Mr. Asgari Bin Mohd Fuad Stephens for preceding 12 months prior to the date of this announcement.

14. AUDIT COMMITTEE'S STATEMENT

Having considered the relevant aspects of the Investment, including the rationale, basis of arriving at the purchase consideration, salient terms of the IA, prospects and risk factors and effects of the Investment, the Audit Committee of the Company is of the view that the transaction is in the best interest of the Company, is fair, reasonable and on normal commercial terms, and is not detrimental to the interest of the non-interested shareholders of the Company.

15. DIRECTORS' RECOMMENDATION

Save for Mr. Asgari Bin Mohd Fuad Stephens, the Board having considered the relevant aspects of the Investment, including the rationale, basis of arriving at the purchase consideration, salient terms of the IA, prospect and risk factors and effects of the Investment, is of the opinion that the Investment is fair, reasonable and on normal commercial terms and is in the best interest of the Company and is not detriment to the interest of the non-interested shareholders of the Company.

16. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances and subject to the approval of all relevant parties, the Board envisages that the Investment will be completed within 30 days from the date of the IA.

17. DOCUMENTS FOR INSPECTION

A copy of the IA will be made available for inspection at the Registered Office of PTB at No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of the announcement.

This announcement is dated 2nd April 2014.