

General Announcement

Reference No **GG-110422-996D2**

Company Name : **GUOCOLAND (MALAYSIA) BERHAD**
Stock Name : **GUOCO**
Date Announced : **22/04/2011**

Type : **Announcement**
Subject : **TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
NON RELATED PARTY TRANSACTIONS**

Description : **DISPOSAL OF LAND BY AN ASSOCIATED COMPANY**

Announcement Details/Table Section :

GuocoLand (Malaysia) Berhad ("GLM") wishes to announce that:

- (i) Yayasan Melaka had, on 22 April 2011, accepted an offer from Continental Estates Sdn Bhd ("CESB"), a 50% associated company of GLM, for the sale of 3 parcels of land located in Mukim and District of Jasin, Melaka measuring approximately 1,045.26 acres in total to Yayasan Melaka for a cash consideration of RM94,073,400 ("Proposed Disposal of 1,045.26 Acres Land"); and
- (ii) CESB had, on 30 March 2011, entered into a sale and purchase agreement ("SPA") with Yayasan Melaka for the sale of a parcel of land located in Mukim and District of Jasin measuring approximately 100 acres ("100 Acres Land") to Yayasan Melaka for a cash consideration of RM9,000,000 ("Proposed Disposal of 100 Acres Land").

(The above proposals shall collectively be referred to as the "Proposed Disposals" and all the lands to be sold pursuant to the Proposed Disposals shall collectively be referred to as the "Said Lands").

CESB is principally a property development company and engaged in operation of an oil palm estate.

Yayasan Melaka is a State government agency that was established under the Melaka Foundation Enactment 1984.

In relation to the Proposed Disposal of 1,045.26 Acres Land, the consideration of RM94,073,400 ("Consideration 1") is payable as follows:

- (a) payment of 1% of Consideration 1 ("Earnest Deposit") upon Yayasan Melaka's acceptance of the offer ("Acceptance Date");
- (b) payment of 9% of Consideration 1 upon execution of a sale and purchase agreement; and
- (c) payment of the balance 90% of Consideration 1 within 9 months from the date of the sale and purchase agreement ("Due Date 1") with an extension of 3 months from Due Date 1 at Yayasan Melaka's written request and subject to CESB's absolute discretion. Any such extension will be subject to an interest of 8% per annum on the unpaid balance sum calculated on daily basis from Due Date 1 till the date of full payment of Consideration 1.

The Earnest Deposit shall be forfeited in favour of CESB if Yayasan Melaka fails, refuses and/or neglects to execute a sale and purchase agreement within 30 days from the Acceptance Date.

In relation to the Proposed Disposal of 100 Acres Land, the consideration of RM9,000,000

("Consideration 2") is payable as follows:

- (a) 2% of Consideration 2 was paid to CESB on 10 February 2011;
- (b) 8% of Consideration 2 was paid to CESB upon execution of the SPA; and
- (c) payment of the balance 90% of Consideration 2 within 9 months from the date of the SPA ("Due Date 2") with an extension of 3 months from Due Date 2 at Yayasan Melaka's written request and subject to CESB's absolute discretion. Any such extension will be subject to an interest of 8% per annum on the unpaid balance sum calculated on daily basis from Due Date 2 till the date of full payment of Consideration 2.

The Said Lands are sold on an as-is, where-is basis.

The considerations for the Proposed Disposals were arrived at based on a willing-buyer willing-seller basis after taking into consideration the prevailing market values for the Said Lands. No independent valuation was carried out on the Said Lands. The prevailing market values of the Said Lands were based on the view of the joint-venture partners of CESB, most of whom are involved in the Malaysian property sector. For information, the joint-venture partners of CESB are GLM (50%), IOI Properties Berhad (24.19%), Bolton Berhad (15.81%) and Errigal Investment Holdings Limited (10%).

The net book value of the Said Lands, based on the audited financial statements of CESB as at 30 June 2010, was approximately RM68.5 million; and CESB's original cost of investment on the Said Lands, made in year 1996, was approximately RM69.8 million.

The Said Lands are freehold agricultural lands held under Geran Hakmilik 46415 Lot No. 7047 and part of Geran Hakmilik 46411 Lot No. 7043, Mukim and District of Jasin, Melaka. They are currently used as oil palm estates and planted with oil palm trees with ages ranging from 12 to 21 years. The average yearly fresh fruit bunches harvested from the Said Lands for the past 3 years was approximately 15,300 metric tonnes.

The Proposed Disposals will enable CESB to realise its investment in the Said Lands. The proceeds from the Proposed Disposals are expected to be utilised to repay CESB's borrowings, for working capital and distribution to shareholders of CESB. The exact breakdown for the utilisation of proceeds will be finalised by the Board of Directors of CESB at a later stage.

The Proposed Disposals will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of GLM, nor is it expected to have any material effect on the gearing of the GLM Group. The Proposed Disposals are expected to result in a gain of approximately RM25.9 million to CESB and approximately RM12.9 million to the GLM Group, contributing to an increase in the net earnings per share and net asset per share of GLM Group of approximately 1.93 sen.

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 11.54%. The approval of the shareholders of GLM is not required for the Proposed Disposals. However, the Proposed Disposals are subject to written consent from the Melaka Estate Land Board pursuant to the National Land Code, 1965.

None of the directors and major shareholders of GLM and/or any persons connected with them have any interest, direct or indirect, in the Proposed Disposals.

The Directors of GLM are of the opinion that the Proposed Disposals are in the best interest of the GLM Group.

This announcement is dated 22 April 2011.

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