

General AnnouncementReference No **GG-111205-69526**

Company Name : **GUOCOLAND (MALAYSIA) BERHAD**
Stock Name : **GUOCO**
Date Announced : **06/12/2011**

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

Description : **Proposed acquisition by Ace Acres Sdn Bhd, an indirect wholly-owned subsidiary of GuocoLand (Malaysia) Berhad, of 46.724 acres of lands from Bonds Corporation Sdn Bhd for a total purchase consideration of RM107,870,986.37 to be satisfied by cash**

Attachments : **[GLM - acquisition of land by AASB from BCSB.pdf](#)**

Announcement Details/Table Section :

GuocoLand (Malaysia) Berhad ("GLM") wishes to announce that Ace Acres Sdn Bhd ("AASB"), an indirect wholly-owned subsidiary of GLM, had on 5 December 2011, entered into a conditional sale and purchase agreement with Bonds Corporation Sdn Bhd ("BCSB") for the proposed acquisition by AASB from BCSB of 9 parcels of contiguous land in Mukim Petaling and District of Kuala Lumpur measuring in aggregate approximately 46.724 acres for a total purchase consideration of RM107,870,986.37 or RM53.00 per square foot to be satisfied by cash (the "Proposed Acquisition").

Please refer to the attachment for further details of the Proposed Acquisition.

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GuocoLand (Malaysia) Berhad (“GLM” or the “Company”)

Proposed acquisition by Ace Acres Sdn Bhd (“AASB”), an indirect wholly-owned subsidiary of GLM, of 46.724 acres of lands from Bonds Corporation Sdn Bhd (“BCSB”) for a total purchase consideration of RM107,870,986.37 to be satisfied by cash

1. INTRODUCTION

GLM wishes to announce that AASB, an indirect wholly-owned subsidiary of GLM, had on 5 December 2011, entered into a conditional sale and purchase agreement (“SPA”) with BCSB for the proposed acquisition by AASB from BCSB of 9 parcels of contiguous land in Mukim Petaling and District of Kuala Lumpur (collectively, the “Said Land”) measuring in aggregate approximately 46.724 acres for a total purchase consideration of RM107,870,986.37 or RM53.00 per square foot to be satisfied by cash (the “Proposed Acquisition”).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Said Land

The Said Land is held under the titles as set out in Appendix A.

The Said Land is freehold land and the category of land use is “building”. The Said Land is currently free from encumbrances except for the encroachment by some squatters on part of the Said Land (“Encroachment”).

The Said Land is located approximately 10 kilometers south of Kuala Lumpur city centre. It is sandwiched between 2 prominent townships in the Cheras locality, namely Alam Damai and Bandar Damai Perdana. Other residential neighbourhoods located in the vicinity of the Said Land are Taman Connaught, The Peak Cheras and Taman Len Sen.

Information on the net book value of the Said Land is not available.

2.2 First right to acquire another parcel of land

Simultaneously with the signing of the SPA, AASB and BCSB entered into an agreement (“First Right Agreement”) wherein for a period of 12 months from the date of the First Right Agreement (“First Right Period”), BCSB shall grant a first right to AASB to acquire a parcel of land adjacent to the Said Land, held under Geran 42152, Lot 7596 in the Mukim of Petaling and District of Kuala Lumpur (the “Said Lot”) with an area of approximately 5.156 acres, at the agreed price of RM 53.00 per sq foot and subject to the terms and conditions therein in the event that BCSB wishes to sell the Said Lot during the First Right Period.

2.3 Basis and justification in arriving at the purchase consideration

The purchase consideration for the Proposed Acquisition was arrived at on a willing buyer-willing seller basis, taking into consideration the current market value of properties surrounding the Said Land and the development potential of the Said Land. No independent valuation was arranged by AASB for the purpose of the Proposed Acquisition.

2.4 Source of funding

The purchase consideration for the Proposed Acquisition will be financed wholly from borrowings.

2.5 Salient terms of the Proposed Acquisition

The salient terms of the SPA are as follows:

(a) Purchase consideration

The purchase consideration for the Said Land shall be RM107,870,986.37 calculated at the rate of RM53.00 per square foot ("**Purchase Consideration**").

A deposit of 10% of the Purchase Consideration amounting to RM10,787,098.64 has been paid by AASB to BCSB's solicitors as stakeholders upon the execution of the SPA. The balance purchase consideration of RM97,083,887.73 ("**Balance Purchase Consideration**") shall be payable within 90 calendar days from the date of the SPA ("**Said Land Completion Period**").

In the event AASB is unable to pay the Balance Purchase Consideration or any part thereof on or before the expiry of the Said Land Completion Period, BCSB shall grant AASB an extension of 21 calendar days subject to a late payment interest of 8% per annum on daily basis on the amount remaining unpaid from the day next after the expiry of the Said Land Completion Period to the date of payment.

(b) Economic Planning Unit ("EPU") approval

The Proposed Acquisition is conditional upon the approval of the EPU of the Prime Ministers' Department pursuant to the Guidelines on the Acquisition of Properties being obtained on the terms set out in the SPA ("**EPU Approval**").

In the event the EPU Approval is not obtained within 60 calendar days of the date of the SPA or such other period as the parties may agree, AASB shall not be obliged to complete the Proposed Acquisition, and the SPA shall terminate.

(c) Adjustments to Purchase Consideration

The parties acknowledge that the area of the Said Land is only an approximate area and is subject to final measurement of actual land area taking into consideration the following:

- (i) The Encroachment remaining at the expiry of 60 days from the date of the SPA; and/or
- (ii) The road reserve for a public road and/or right of way acquired by the relevant authorities which may encroach upon part of the Said Land.

The parties shall jointly appoint an independent land surveyor to determine the area of the Said Land. In the event there is a variation in the area of the Said Land, the Purchase Consideration shall be adjusted accordingly at the rate of RM53.00 per square foot.

2.6 Liabilities to be assumed

There are no liabilities, which include contingent liabilities or guarantees, to be assumed by AASB arising from the Proposed Acquisition.

2.7 Proposed development of the Said Land

The proposed development on the Said Land is intended to comprise a mixture of bungalows, semi-detached houses, superlink houses, condominiums and shophouses.

The development proposal is currently at the initial stage of planning. Hence, further information in relation to the same, such as approvals for the development, development cost, expected profits to be derived, expected commencement and completion date of the development, are unavailable at this juncture.

2.8 Information on BCSB

BCSB was incorporated on 14 January 1974 in Malaysia. Based on the latest publicly available information on BCSB, BCSB has an authorised share capital of RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each. The total issued and paid-up share capital of BCSB is RM11,000,016 comprising 11,000,016 ordinary shares of RM1.00 each. BCSB is principally involved in property development and letting of property.

3. RATIONALE AND PROSPECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will enable GLM Group to increase its land banks in strategic locations for future developments.

Barring any unforeseen circumstances, the Proposed Acquisition with the proposed development on the Said Land, is expected to contribute to the future earnings of the GLM Group.

4. RISKS IN RELATION TO THE PROPOSED ACQUISITION

Save as disclosed below, the Board of Directors of GLM does not foresee any material risk pursuant to the Proposed Acquisition except for the inherent risk factors associated with the property development and investment industry, of which the GLM Group is already involved in, and will be addressed as part of the GLM's Group ordinary course of business.

(a) Risk of non-completion

There is no assurance that the Proposed Acquisition will be completed. Hence, AASB might not be able to achieve the objectives of the Proposed Acquisition. However, AASB will take reasonable steps within its control to ensure the completion of the Proposed Acquisition.

(b) Acquisition risk

There can be no assurance that the anticipated objectives and benefits of the Proposed Acquisition will be realised or that AASB will be able to generate sufficient future revenues from the Proposed Acquisition to offset the acquisition costs. AASB will however, seek to mitigate such risks by exercising due diligence in the development of the Said Land.

5. EFFECTS OF THE PROPOSED ACQUISITION

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the share capital and substantial shareholders' shareholdings of GLM as the total consideration will be satisfied wholly in cash.

5.2 Earnings and net assets per share

The Proposed Acquisition is not expected to have any material effect on the earnings and net assets per share of the GLM Group for the financial year ending 30 June 2012. However, the Proposed Acquisition is expected to contribute positively to the earnings and net assets of the GLM Group in future years.

5.3 Gearing

For illustrative purposes, the proforma effects of the Proposed Acquisition on the gearing of the GLM Group as at 30 June 2011, assuming the Proposed Acquisition has been completed on 30 June 2011, are set out as follows:

	Audited as at 30 June 2011	Proforma I After the proposed acquisition of PJ City Development Sdn Bhd and PJ Corporate Park Sdn Bhd ⁽¹⁾	Proforma II After Proforma I and the Proposed Acquisition
	RM'000	RM'000	RM'000
Shareholders' funds	777,747	780,795	780,795
Borrowings	881,952	938,996 ⁽²⁾	1,046,867 ⁽³⁾
Gearing ratio (times)	1.13	1.20	1.34

Notes:

(1) GLM had on 8 November 2011, announced that it entered into the following sale and purchase agreements on the same date:

- (a) with GuoLine Asset Sdn Bhd for the proposed acquisition of the entire equity interest in PJ City Development Sdn Bhd ("**PJ City**") for a cash consideration of RM29,785,000; and
- (b) with MPI Holdings Sdn Bhd for the proposed acquisition of the entire equity interest in PJ Corporate Park Sdn Bhd ("**PJ Corp**") for a cash consideration of RM258,000.

The above acquisitions are expected to be completed by the 1st quarter of year 2012.

(2) After taking into account that the proposed acquisitions of PJ City and PJ Corp will be financed wholly from borrowings and including the total borrowing of PJ City of RM27.001 million as at 31 October 2011.

(3) After taking into account that the Proposed Acquisition will be financed wholly from borrowings.

5.4 Convertible securities

As at to date, the Company does not have any outstanding convertible securities.

6. CONDITION OF THE PROPOSED ACQUISITION

The Proposed Acquisition is conditional upon the EPU Approval. Submission of the application to EPU by BCSB is expected to be made within 14 calendar days of the date of the SPA.

The approval of the shareholders of GLM is not required for the Proposed Acquisition.

7. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED WITH THEM

GLM is not aware of any of its Directors, major shareholders or any persons connected with the Directors and major shareholders having any interest, direct or indirect, in the Proposed Acquisition.

8. DIRECTORS' STATEMENT

The Board of Directors of GLM is of the opinion that the Proposed Acquisition is in the best interest of the GLM Group.

9. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITION

Based on the audited consolidated financial statements of GLM for the financial year ended 30 June 2011, the highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 13.87%.

10. EXPECTED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the 1st quarter of year 2012.

11. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA in relation to the Proposed Acquisition is available for inspection at the registered office of GLM during office hours from Mondays to Fridays (except for public holidays) at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur for a period of 3 months from the date of this announcement.

This announcement is dated 6 December 2011.

Information on the Said Land

The Said Land is held under the following titles in the Mukim Petaling and District of Kuala Lumpur:

No.	Title No.	Lot No.
1	Geran 18795	Lot 7585
2	Geran 18796	Lot 7586
3	Geran 18797	Lot 7587
4	Geran 18798	Lot 7588
5	Geran 18799	Lot 7589
6	Geran 18803	Lot 7597
7	Geran 18804	Lot 7598
8	Geran 18805	Lot 7599
9	Geran 18831	Lot 7600