

# TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS GUOCOLAND (MALAYSIA) BERHAD ("GLM" OR THE "COMPANY") - PROPOSED DISPOSAL OF LAND BY GLM EMERALD INDUSTRIAL PARK (JASIN) SDN BHD, A 68%-OWNED INDIRECT SUBSIDIARY OF GLM, TO PARKLAND AVENUE SDN BHD

## GUOCOLAND (MALAYSIA) BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	GUOCOLAND (MALAYSIA) BERHAD ("GLM" OR THE "COMPANY")  - PROPOSED DISPOSAL OF LAND BY GLM EMERALD INDUSTRIAL PARK (JASIN) SDN BHD, A 68%-OWNED INDIRECT SUBSIDIARY OF GLM, TO PARKLAND AVENUE SDN BHD

GLM wishes to announce that GLM Emerald Industrial Park (Jasin) Sdn Bhd ("**GLM EIPJ**"), a 68%-owned indirect subsidiary of the Company, has on 3 January 2020, entered into a conditional sale and purchase agreement with Parkland Avenue Sdn Bhd ("**PASB**") and IOI Corporation Berhad for the proposed disposal by GLM EIPJ to PASB of a parcel of land located in Mukim and District of Jasin, Melaka Darul Azim for a cash consideration of RM119,259,090.72 ("**Proposed Disposal**").

Please refer to the attached announcement for the details of the Proposed Disposal.

This announcement is dated 3 January 2020.

Please refer attachment below.

### Attachments



[GLM-Proposed Disposal of Land by GLM EIPJ.pdf](#)  
172.9 kB

### Announcement Info

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
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Category	General Announcement for PLC
Reference Number	GA1-03012020-00051

## GUOCOLAND (MALAYSIA) BERHAD (“GLM” OR THE “COMPANY”)

### PROPOSED DISPOSAL OF LAND BY GLM EMERALD INDUSTRIAL PARK (JASIN) SDN BHD, A 68%-OWNED INDIRECT SUBSIDIARY OF GLM, TO PARKLAND AVENUE SDN BHD

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#### 1. INTRODUCTION

GLM wishes to announce that GLM Emerald Industrial Park (Jasin) Sdn Bhd (“**GLM EIPJ**” or the “**Vendor**”), a 68%-owned indirect subsidiary of the Company, has on 3 January 2020 entered into a conditional sale and purchase agreement (“**SPA**”) with Parkland Avenue Sdn Bhd (“**PASB**” or the “**Purchaser**”) and IOI Corporation Berhad (“**IOIC**” or the “**Proprietor**”) for the proposed disposal by GLM EIPJ to PASB of a parcel of land located in the Mukim and District of Jasin, Melaka Darul Azim for a cash consideration of RM119,259,090.72 (“**Purchase Price**”) (“**Proposed Disposal**”).

#### 2. DETAILS OF THE PROPOSED DISPOSAL

##### 2.1 Background information on the land

GLM EIPJ is the beneficial owner of a parcel of freehold agricultural land held under GRN 58352, Lot No. 19290 (previously H.S.(D) 10221, PT6150), Mukim and District of Jasin, Melaka Darul Azim measuring approximately 263.8 hectares in total area (the “**Property**”).

IOIC is the registered owner of the Property. GLM EIPJ had, by a sale and purchase agreement dated 22 May 1996, acquired *inter alia* the Property from IOIC. IOIC had, on completion of the sale and purchase, granted a Power of Attorney dated 6 August 1997 in favour of GLM EIPJ which empowers GLM EIPJ to, *inter alia*, deal with the Property as if it is the registered proprietor of the same including the execution of a sale and purchase agreement and memorandum of transfer for a sale and transfer of the same.

GLM EIPJ has agreed to sell and PASB has agreed to purchase the Property free from encumbrances and with possession subject to all the existing conditions of title, restrictions in interest (if any) and category of land use, express or implied, relating to or affecting the Property and subject to the temple and all other buildings and structures erected thereon, and on an “as is where is” basis, at the Purchase Price, and on the terms and subject to the conditions contained in the SPA.

GLM EIPJ has obtained a valuation certificate dated 2 January 2020 (“**Valuation Certificate**”) from C H Williams Talhar & Wong Sdn Bhd (“**CBRE-WTW**”) which appraised the Property at RM99.4 million.

The salient terms of the SPA and further information on the Property are set out in **Appendices I and II** of this announcement respectively.

##### 2.2 Basis and justification of arriving at the Purchase Price

The Purchase Price was arrived at on a willing buyer-willing seller basis after arm’s length negotiation, taking into consideration the Valuation Certificate by CBRE-WTW.

##### 2.3 Liabilities to be assumed

There are no liabilities which will remain with GLM Group, including contingent liabilities, pursuant to the Proposed Disposal. There are no guarantees provided by GLM Group to the Purchaser pursuant to the Proposed Disposal.

## 2.4 Information on PASB

PASB is a private limited company incorporated in Malaysia involved in property development and investment holding. As at the date hereof, the Directors of PASB are Ching Ah Lai, Poh Seng Kian, Tan See Sen, Tee Kai Loon and Yap Kim Huat. The shareholders of PASB are Parkland Residence Sdn Bhd (90%) and Tee Kai Loon (10%).

## 3. RATIONALE

The Proposed Disposal will enable GLM Group to realise its investment in the Property and to focus on its core business of property development.

## 4. RISK FACTOR

The risk factor in relation to the Proposed Disposal is the delay or non-completion of the Proposed Disposal.

The Proposed Disposal is conditional upon the approval of the Estate Land Board. There is no assurance that the Proposed Disposal can be completed within the timeframe stipulated under the SPA. Any delay in the fulfilment of the condition precedent may lead to a delay in the completion of or termination of the Proposed Disposal.

Notwithstanding the above, GLM EIPJ will work closely with the Purchaser to take reasonable steps to ensure that the condition precedent is fulfilled in a timely manner.

## 5. USE OF PROCEEDS

The estimated gross proceeds of RM119.259 million arising from the Proposed Disposal are proposed to be used by GLM EIPJ in the following manner:

Details of utilisation	RM '000	Expected timeframe of utilisation of proceeds from completion of the Proposed Disposal
General working capital requirements and/or distribution to shareholders of GLM EIPJ <sup>(1)</sup>	98,067	Within 6 months
Defray estimated tax and expenses relating to the Proposed Disposal <sup>(2)</sup>	21,192	Within 6 months
	<b>119,259</b>	

### Notes:

- (1) *The exact breakdown of the amount to be allocated for working capital and/or distribution to shareholders has yet to be determined at this juncture, and will be finalised by the Board of Directors of GLM EIPJ at a later stage.*

*GLM Group, being the 68% shareholder of GLM EIPJ, is entitled to receive up to approximately RM66.7 million from the Proposed Disposal and intends to use the proceeds for working capital purposes.*

*Working capital requirements of GLM Group referred to include but are not limited to day-to-day operating and administrative expenses, and other operating expenses such as sales and marketing, advertising and promotional expenditure, and professional fees in relation to the property development business.*

- (2) *Includes professional fees, corporate tax and other incidental expenses in relation to the Proposed Disposal. Any variation to the amount of estimated expenses incurred in relation to the Proposed Disposal will be adjusted against the amount allocated for working capital and/or distribution to shareholders of GLM EIPJ.*

## 6. EFFECTS OF THE PROPOSED DISPOSAL

### 6.1 Issued share capital, substantial shareholders' shareholdings, net assets and gearing

The Proposed Disposal will not have any effect on the issued share capital and the shareholdings of the substantial shareholders of the Company as the Proposed Disposal does not involve any issuance of new ordinary shares in GLM.

The Proposed Disposal is not expected to have any material effect on the net assets and gearing of GLM Group.

### 6.2 Earnings and earnings per share ("EPS")

Upon completion of the Proposed Disposal, GLM Group expects to realise an estimated net gain on disposal of approximately RM35.35 million, which is computed as follows:

	<b>RM '000</b>
Purchase Price	119,259
Less: Net book value of the Property as at 30 June 2019	<u>(49,228)</u>
	70,031
Less: Estimated tax and expenses relating to the Proposed Disposal <sup>(1)</sup>	<u>(18,039)</u>
	51,992
Less: Non-controlling interests	<u>(16,637)</u>
<b>Estimated net gain on disposal attributable to GLM Group</b>	<b><u><u>35,355</u></u></b>

**Note:**

(1) The estimated tax and expenses relating to the Proposed Disposal to be incurred by GLM Group is RM18.039 million upon elimination of inter-group transaction.

For illustrative purposes only, based on 669,880,418 GLM shares in issue (after excluding 30,578,100 GLM shares held by executive share scheme trust) as at 31 December 2019, the consolidated EPS of GLM is expected to increase approximately by 5.27 sen after the completion of the Proposed Disposal.

## 7. APPROVALS REQUIRED

The Proposed Disposal is subject to the approval of the Estate Land Board for the transfer of the Property from the Proprietor to the Purchaser. The estimated time frame for submission to the authority is within 1 month from the date of the SPA.

The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Listing Requirements is approximately 6.27%. In this regard, the Proposed Disposal is not subject to the approval of the shareholders of GLM.

## 8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and major shareholders of the Company and/or any persons connected with them has any interest, direct or indirect, in the Proposed Disposal.

## 9. DIRECTORS' STATEMENT

The Board of Directors of GLM is of the opinion that the Proposed Disposal is in the best interest of the Company.

**10. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the first half of year 2020.

**11. DOCUMENT AVAILABLE FOR INSPECTION**

A copy of the SPA and the Valuation Certificate will be made available for inspection at the Company's registered office at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal business hours from Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 3 January 2020.

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**SALIENT TERMS OF THE SPA**


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As stated in section 2.1 of the announcement, the salient terms of the SPA are set out below.

**1. Condition Precedent**

- (a) The SPA is conditional upon the approval of the Estate Land Board for the transfer of the Property from the Proprietor to the Purchaser ("**ELB Approval**") being obtained by or before the expiry of the CP Period (as defined in section 1(b) below) ("**Condition Precedent**").

The Condition Precedent shall be fulfilled upon the Vendor's receipt of written confirmation of the ELB Approval.

- (b) The Condition Precedent shall be fulfilled within 6 months from the date of the SPA, with an automatic extension of a further period of 3 months, and thereafter for such further period(s) as may be mutually agreed upon between the parties in writing ("**CP Period**").
- (c) In the event the application for the ELB Approval is rejected, the Party receiving such rejection shall appeal to the Estate Land Board against such rejection ("**Rejection Appeal**").
- (d) In the event that the ELB Approval is not received or the Rejection Appeal is not approved by or before the expiry of the CP Period, or where applicable, if the New ELB Approval (as defined in section 1(f)(iii)(a) below) is not received by or before the expiry of the New ELB Approval Period (as defined in section 1(f)(iii)(a) below), then the Condition Precedent shall be deemed to be unfulfilled and each party shall be entitled to terminate the SPA by prior written notice to the other.

In the event of such termination, the Vendor shall within 10 business days after the Vendor's receipt of relevant documents pursuant to the SPA, refund and/or cause to be refunded the Deposit (as defined in section 2(b) below) together with 50% of any accumulated interest on the Balance Deposit (as defined in section 2(b) below) ("**50% BD Interest**"), failing which the Vendor shall pay to the Purchaser interest on the Deposit and the 50% BD Interest or such part which remains outstanding at a rate of 8% p.a. calculated on a daily basis. Thereafter, the SPA shall be null and void.

- (e) The SPA shall become unconditional on the date on which the Condition Precedent is fulfilled and a copy of the ELB Approval is received by the Purchaser or the Purchaser's solicitors ("**Unconditional Date**").
- (f) In the event that the ELB Approval is issued with a timeline imposed for the presentation of the Memorandum of Transfer for the transfer of the Property from the Proprietor to the Purchaser ("**Transfer Document**") at the relevant land registry for registration ("**Timeline**"):

- i. The Vendor shall, at the written request of the Purchaser received at least 15 business days prior to the expiry of the Timeline, work together with the Purchaser to apply for and endeavour to obtain an extended presentation timeline of up to 2 months from the expiry of the Timeline ("**Extended Timeline**").

If the Extended Timeline is granted by the Estate Land Board, the Purchaser will procure and ensure that the Transfer Document is presented for registration at the Land Registry within the Extended Timeline.

- ii. If the Purchaser's aforesaid written request is not received by the Vendor within the stipulated time, the Purchaser shall procure and ensure that the Transfer Document is presented for registration at the Land Registry within the Timeline.

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**SALIENT TERMS OF THE SPA**

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- iii. If the Purchaser's aforesaid written request is received by the Vendor within the stipulated time, but the Estate Land Board's reply to the application for the Extended Timeline (aa) is not received before the expiry of the Timeline, or (bb) is received before the expiry of the Timeline but the Extended Timeline is not granted by the Estate Land Board, then the Vendor shall be entitled to at its sole and absolute discretion:
  - a) at the written request of the Purchaser received within 5 business days from the expiry of the Timeline, either wait for such period of time as the Vendor may agree for the Estate Land Board's reply to the Extended Timeline application, or work together with the Purchaser to apply for and endeavour to secure a new ELB Approval ("**New ELB Approval**") within 3 months from the date of submission of the New ELB Approval application ("**New ELB Approval Period**"); or
  - b) terminate this Agreement by written notice to the Purchaser. In the event of such termination, the Vendor shall within 10 business days after the Vendor's receipt of relevant documents pursuant to the SPA refund and/or cause to be refunded to the Purchaser the Deposit free of interest failing which the Vendor shall pay to the Purchaser interest on the Deposit or such part thereof which remains outstanding at a rate of 8% p.a. calculated on a daily basis. Thereafter, this Agreement shall be null and void.
- iv. If a New ELB Approval application is made and the New ELB Approval is issued with a new timeline imposed for the presentation of the Transfer Document at the Land Registry for registration ("**New Timeline**"), the Purchaser will procure and ensure that the Transfer Document is presented for registration at the Land Registry within the New Timeline.
- v. If the Transfer Document is not presented by the Purchaser within the Timeline or Extended Timeline or New Timeline (as applicable), then the Vendor shall be entitled to at its sole and absolute discretion forthwith terminate this Agreement in which event the consequences, rights and remedies set out in the SPA, which include a right to demand for and forfeit the entire Deposit, shall apply.

**2. Payment of Purchase Price**

The Purchase Price shall be paid by the Purchaser to the Vendor in the following manner:

- (a) a sum of RM2,385,181.82 equivalent to 2% of the Purchase Price ("**Earnest Deposit**") has been paid to the Vendor prior to the date of the SPA;
- (b) a sum of RM9,540,727.25 equivalent to 8% of the Purchase Price ("**Balance Deposit**") has been paid to the Vendor upon execution of the SPA. The Earnest Deposit together with the Balance Deposit shall be referred to as the "**Deposit**"; and
- (c) the Purchaser shall pay or cause to be paid to the Vendor's solicitors a sum of RM107,333,181.65 equivalent to 90% of the Purchase Price ("**Balance Purchase Price**") by or before the Completion Date (as defined in section 3 below).

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**SALIENT TERMS OF THE SPA**

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**3. Completion of the sale and purchase**

Completion of the sale and purchase of the Property shall take place:

- (a) on a business day on or before the expiration of 90 days from the Unconditional Date, failing which completion shall be automatically extended by a period of 30 days only subject to the Purchaser paying to the Vendor interest at a rate of 8% p.a. calculated on a daily basis on the outstanding Balance Purchase Price as at the expiry of the aforesaid 90 days period; or
- (b) within 15 business days from the date the Transfer Document is presented for registration at the Land Registry or by such other earlier date as may be stipulated in the Purchaser's financier's undertaking (i.e. a written undertaking from the Purchaser's financier to the Vendor to release and pay to the Vendor a loan obtained by the Purchaser in accordance with the terms of the SPA and by or before the Completion Date) ("**Payment Date**"), failing which the Vendor may, subject to the Vendor's receipt at least 3 business days prior to the Payment Date of a written request from the Purchaser together with reasonable justification for the delay, at the Vendor's absolute discretion extend completion by up to 7 days only subject to the Purchaser paying the Vendor interest at a rate of 8% p.a. calculated on a daily basis on the outstanding Balance Purchase Price as at the expiry of the Payment Date,

whichever is earlier, or any other date as may be agreed between the Vendor and the Purchaser ("**Completion Date**").

**4. Delivery of possession**

Possession of the Property shall be deemed delivered to the Purchaser on the Completion Date subject to receipt by the Vendor of the entire Purchase Price and any and all other moneys payable by the Purchaser to the Vendor.

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**INFORMATION ON THE PROPERTY**

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As stated in section 2.1 of the announcement, further information on the Property is set out below.

Category of land use	:	Agriculture
Existing usage	:	Oil palm plantation, whereby: <ul style="list-style-type: none"><li>(i) the oil palm trees planted on the Property are aged approximately 9, 26 and 28 years; and</li><li>(ii) the average yearly fruit bunches harvested from the Property for the past 3 years was approximately 6,613.81 metric tonnes.</li></ul>
Original cost of investment in the Property and the date of investment	:	RM49.23 million made on 22 May 1996
Net book value of the Property	:	RM49.23 million as at 30 June 2019
Encumbrance	:	The Property is not subject to any encumbrance