

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS PROPOSED DISPOSAL OF LAND BY GLM EMERALD INDUSTRIAL PARK (JASIN) SDN BHD, A 68%-OWNED INDIRECT SUBSIDIARY OF GUOCOLAND (MALAYSIA) BERHAD, TO SCIENTEX HEIGHTS SDN BHD

GUOCOLAND (MALAYSIA) BERHAD

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

GuocoLand (Malaysia) Berhad (“**Company**”) wishes to announce that GLM Emerald Industrial Park (Jasin) Sdn Bhd (“**GLM EIPJ**”), a 68%-owned indirect subsidiary of the Company, has on 13 August 2020 entered into a conditional sale and purchase agreement with Scientex Heights Sdn Bhd (“**SHSB**”) and IOI Corporation Berhad for the proposed disposal by GLM EIPJ to SHSB of 2 parcels of land located in the Mukim and District of Jasin, State of Melaka for a total cash consideration of RM260,174,594 (“**Proposed Disposal**”).

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

This announcement is dated 13 August 2020.

Please refer attachment below.

Attachments



[GLM-Proposed Disposal of Land by GLME IPJ to Scientex Heights.pdf](#)

159.6 kB

Announcement Info

Company Name	GUOCOLAND (MALAYSIA) BERHAD
Stock Name	GUOCO
Date Announced	13 Aug 2020
Category	General Announcement for PLC
Reference Number	GA1-13082020-00056

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 SCIENTEX HEIGHTS SDN BHD

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 13 August 2020 entered into a conditional sale and purchase agreement (“**SPA**”) with Scientex Heights Sdn Bhd (“**SHSB**” or the “**Purchaser**”) and IOI Corporation Berhad (“**IOIC**” or the “**Proprietor**”) for the proposed disposal by GLM EIPJ to SHSB of 2 parcels of land located in the Mukim and District of Jasin, State of Melaka for a total cash consideration of RM260,174,594 (“**Purchase Price**”) (“**Proposed Disposal**”).

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Background information on the parcels of land

GLM EIPJ is the beneficial owner of the parcels of freehold land held under GRN 60084, Lot 7561 and GRN 59205, Lot 7562, both in Mukim and District of Jasin, State of Melaka measuring approximately 549.3 hectares in total area (the “**Properties**”).

IOIC is the registered owner of the Properties. GLM EIPJ had, by a sale and purchase agreement dated 22 May 1996, acquired *inter alia* the Properties 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 Properties 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 SHSB has agreed to purchase the Properties free of encumbrances and with possession, subject to all existing conditions of title, restrictions in interest (if any) and category of land use, express or implied, relating to or affecting the Properties, 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 6 August 2020 (“**Valuation Certificate**”) from C H Williams Talhar & Wong Sdn Bhd (“**CBRE-WTW**”) which appraised the Properties at RM207.0 million.

The salient terms of the SPA and further information on the Properties 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 SHSB

SHSB is a private limited company incorporated in Malaysia involved in property development. It is an indirect wholly-owned subsidiary of Scientex Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). As at the date hereof, the Directors of SHSB are Mr Lim Peng Jin, Mr Phang Chi Ming, Mr Gan Kok Khye and Mr Khaw Giet Thye.

3. RATIONALE

The Proposed Disposal will enable GLM Group to realise its investment in the Properties 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 gross proceeds of RM260.174 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 ⁽¹⁾	215,426	Within 6 months
Defray estimated tax and expenses relating to the Proposed Disposal ⁽²⁾	44,748	Within 6 months
	260,174	

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 RM146.49 million from the Proposed Disposal and intends to use the proceeds for working capital purposes.

Working capital requirements of GLM Group include, but are not limited to, day-to-day operating and administrative expenses, project development 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 RM78.69 million, which is computed as follows:

	RM '000
Purchase Price	260,174
Less: Net book value of the Properties as at 30 June 2020	<u>(102,462)</u>
	157,712
Less: Estimated tax and expenses relating to the Proposed Disposal ⁽¹⁾	<u>(41,991)</u>
	115,721
Less: Non-controlling interests	<u>(37,030)</u>
Estimated net gain on disposal attributable to GLM Group	<u>78,691</u>

Note:

(1) *The estimated tax and expenses relating to the Proposed Disposal to be incurred by GLM Group is RM41.99 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 30 June 2020, the consolidated EPS of GLM is expected to increase approximately by 11.75 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 Properties 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 Main Market Listing Requirements of Bursa Securities is approximately 13.67%. 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 2021.

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 13 August 2020.

SALIENT TERMS OF THE SPA

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 Properties 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 3 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 notify the other party and the Vendor shall submit an 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, each party shall be entitled to terminate the SPA by prior written notice to the other party.

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 Deposit ("**50% Deposit Interest**"), failing which the Vendor shall pay to the Purchaser interest on the Deposit and the 50% Deposit 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**").

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 RM26,017,459.40 being 10% of the Purchase Price ("**Deposit**") has been paid to the Vendor upon execution of the SPA; and
- (b) the Purchaser shall pay or cause to be paid to the Vendor's solicitors a sum of RM234,157,134.60 being 90% of the Purchase Price ("**Balance Purchase Price**") by or before the Completion Date (as defined in section 3 below).

3. Completion of the sale and purchase

Completion of the sale and purchase of the Properties 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 30 days only subject to the Purchaser paying the Vendor interest at a rate of 8% p.a. calculated on a daily basis on the Balance Purchase Price or any part thereof which remains outstanding as at the expiry of the aforesaid 90 days period; or

SALIENT TERMS OF THE SPA

- (b) within 10 business days from the date the transfer document in respect of the Properties 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 to the Vendor to release and pay to the Vendor a loan obtained by the Purchaser) ("**Payment Date**"), failing which the Vendor may, subject to 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 Balance Purchase Price or any part thereof which remains outstanding as at the expiry of the Payment Date,

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

4. Delivery of possession

Possession of the Properties 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.

INFORMATION ON THE PROPERTIES

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

Category of land use	:	No category of land use or express condition
Existing usage	:	Oil palm plantation, whereby: <ul style="list-style-type: none">(i) the oil palm trees planted on the Properties are aged approximately 5, 9 and 24 years; and(ii) the average yearly fruit bunches harvested from the Properties for the past 3 years was approximately 10,608.17 metric tonnes.
Original cost of investment in the Properties and the date of investment	:	RM102.46 million made on 22 May 1996
Net book value of the Properties	:	RM102.46 million as at 30 June 2020
Encumbrance	:	The Properties are not subject to any encumbrance