

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON
RELATED PARTY TRANSACTIONS GUOCOLAND (MALAYSIA)
BERHAD ("GLM" OR THE "COMPANY") PROPOSED DISPOSALS OF
COMMERCIAL OFFICE AND CAR PARK PARCELS IN BLOCKS C AND
D OF MENARA PANDAN BY THE COMPANY'S SUBSIDIARIES

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 DISPOSALS OF COMMERCIAL OFFICE AND CAR PARK PARCELS IN BLOCKS C AND D OF MENARA PANDAN BY THE COMPANY'S SUBSIDIARIES

GLM writes to inform the following:

- (i) BLV Fashions Sdn Bhd ("**BLV**"), an indirect wholly-owned subsidiary of the Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with Mayapada Capital Sdn Bhd ("**MCSB**") for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur for a cash consideration of RM33 million ("**Proposed Disposal by BLV**"); and
- (ii) Guobena Development Sdn Bhd ("**GDSB**"), an indirect wholly-owned subsidiary of the Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with MCSB for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur for a cash consideration of RM33 million ("**Proposed Disposal by GDSB**").

The Proposed Disposal by BLV and the Proposed Disposal by GDSB shall be collectively referred to as the "**Proposed Disposals**".

Kindly refer to the attached document for the details of the Proposed Disposals.

This announcement is dated 10 September 2015.

Please refer attachment below.

Attachments

Proposed Disposals (Menara Pandan).pdf
152.9 kB

GUOCOLAND (MALAYSIA) BERHAD ("GLM" OR THE "COMPANY")

PROPOSED DISPOSALS OF COMMERCIAL OFFICE AND CAR PARK PARCELS IN BLOCKS C AND D OF MENARA PANDAN BY THE COMPANY'S SUBSIDIARIES

1. INTRODUCTION

GLM writes to inform the following:

- (i) BLV Fashions Sdn Bhd ("**BLV**"), an indirect wholly-owned subsidiary of the Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with Mayapada Capital Sdn Bhd ("**MCSB**") ("**BLV SPA**") for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur ("**BLV's Properties**") for a cash consideration of RM33 million ("**Proposed Disposal by BLV**"); and
- (ii) Guobena Development Sdn Bhd ("**GDSB**"), an indirect wholly-owned subsidiary of the Company, had on 10 September 2015, entered into a conditional sale and purchase agreement with MCSB ("**GDSB SPA**") for the proposed disposal of certain commercial office and car park parcels in Blocks C and D of Menara Pandan, Pandan Indah, Kuala Lumpur ("**GDSB's Properties**") for a cash consideration of RM33 million ("**Proposed Disposal by GDSB**").

BLV's Properties and GDSB's Properties shall be collectively referred to as the "**Properties**", and the Proposed Disposal by BLV and the Proposed Disposal by GDSB shall be collectively referred to as the "**Proposed Disposals**". Further details of the Proposed Disposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED DISPOSALS

2.1 Information on the Properties

The Properties comprise certain office and car park parcels within 2 commercial tower blocks known as Blocks C and D Menara Pandan located at Persiaran MPAJ, Jalan Pandan Utama, Pandan Indah, Kuala Lumpur.

A summary of the salient information on the Properties is as follows:

	BLV's Properties	GDSB's Properties
Description	(i) Levels 9 to 18 of Block C of Menara Pandan, with an approximate area of 178,080 square feet (" sq ft "); and (ii) Level 8 of Blocks C and D of Menara Pandan (car park bays).	(i) Levels 9 to 18 of Block D of Menara Pandan, with an approximate area of 178,080 sq ft; and (ii) Level 7 of Blocks C and D of Menara Pandan (car park bays).
Category of land use	Building	
Age	Approximately 18 years	
Tenure	Leasehold, expiring on 24 March 2101	
Occupancy rate	Vacant as at 31 August 2015	12% by tenants as at 31 August 2015

	BLV's Properties	GDSB's Properties
Rental income received during the financial year ended 30 June 2015	-	RM453,185
Amount of lettable space available for letting	178,080 sq ft as at 31 August 2015	155,242 sq ft as at 31 August 2015
Cost and original date of investment	RM43.29 million made on 20 October 1994 and 3 June 1999	RM41.86 million made on 20 October 1994
Total net book value	RM48 million (as at 30 June 2015)	
Total market value	RM48 million as appraised by Savills (Malaysia) Sdn Bhd via its valuation update as at 30 June 2015	
Encumbrances	Free from encumbrances	Subject to tenancies, but otherwise free from encumbrances

2.2 Salient terms of the BLV SPA

2.2.1 Sale and purchase

BLV agrees to sell and MCSB agrees to purchase BLV's Properties free from encumbrances and with vacant possession, on an "as is where is" basis and upon the terms and conditions of the BLV SPA. The parties agree that the sale and purchase of BLV's Properties and the sale and purchase of GDSB's Properties shall be inter-conditional.

2.2.2 Payment of consideration

The consideration for BLV's Properties shall be RM33 million ("**BLV Consideration**") and shall be paid by MCSB in the following manner:

- (i) a deposit of RM3.3 million equivalent to 10% of the BLV Consideration has been paid upon the execution of the BLV SPA; and
- (ii) the balance RM29.7 million ("**Balance BLV Consideration**") equivalent to 90% of the BLV Consideration shall be paid within 90 days from the business day on which the last of the BLV Conditions Precedent (as defined in section 2.2.3 below) is fulfilled and/or waived (as the case may be) ("**BLV Completion Period**").

In the event the Balance BLV Consideration is not paid within the BLV Completion Period, BLV shall, at the written request of MCSB made prior to the expiry of the BLV Completion Period, grant an extension of 30 days from the day immediately following the last day of the BLV Completion Period to pay the Balance BLV Consideration, subject to interest at the rate of 8% per annum on the outstanding balance calculated on a daily basis.

The date of actual payment of the Balance BLV Consideration and the interest accrued (if any) shall be referred to as the "**BLV Completion Date**".

2.2.3 Conditions Precedent

The BLV SPA is subject to the fulfilment of all the following conditions ("**BLV Conditions Precedent**") within 90 days from the date of the BLV SPA or such extended period as the parties may agree upon in writing ("**BLV Conditional Period**");

- (i) Consent by the developer of BLV's Properties to the sale and assignment of BLV's Properties in favour of MCSB which shall be obtained by BLV;
- (ii) Confirmation by the developer that BLV is the beneficial owner of BLV's Properties which shall be obtained by MCSB; and
- (iii) Consent by the registered proprietor of the land on which BLV's Properties are situated on to the sale and assignment of BLV's Properties in favour of MCSB which shall be obtained by BLV.

In the event any of the BLV Conditions Precedent are not fulfilled or waived within the BLV Conditional Period, the BLV SPA shall lapse upon expiry of the BLV Conditional Period and be of no further effect (without prejudice to any right which either party may have against the other for any antecedent breach of the BLV SPA).

2.2.4 Possession

BLV shall deliver vacant possession of BLV's Properties to MCSB strictly on an "as is where is" basis within 5 business days after the BLV Completion Date, provided that MCSB's portion of the outgoings in relation to BLV's Properties apportioned in accordance with the provisions of the BLV SPA have been forwarded by MCSB to BLV.

2.3 Salient terms of the GDSB SPA

2.3.1 Sale and purchase

GDSB agrees to sell and MCSB agrees to purchase GDSB's Properties free from encumbrances and with vacant/legal possession, as the case may be, on an "as is where is" basis subject to the tenancies that GDSB's Properties are subject to from time to time ("**Tenancies**") and upon the terms and conditions of the GDSB SPA. The parties agree that the sale and purchase of GDSB's Properties and the sale and purchase of BLV's Properties shall be inter-conditional.

2.3.2 Payment of consideration

The consideration for GDSB's Properties shall be RM33 million ("**GDSB Consideration**"), and shall be paid by MCSB in the following manner:

- (i) a deposit of RM3.3 million equivalent to 10% of the GDSB Consideration has been paid upon the execution of the GDSB SPA; and
- (ii) the balance RM29.7 million ("**Balance GDSB Consideration**") equivalent to 90% of the GDSB Consideration shall be paid within 90 days from the business day on which the last of the GDSB Conditions Precedent (as defined in section 2.3.3 below) is fulfilled and/or waived (as the case may be) ("**GDSB Completion Period**").

In the event the Balance GDSB Consideration is not paid within the GDSB Completion Period, GDSB shall, at the written request of MCSB made prior to the expiry of the GDSB Completion Period, grant an extension of 30 days from the day immediately following the last day of the GDSB Completion Period to pay the Balance GDSB Consideration, subject to interest at the rate of 8% per annum on the outstanding balance calculated on a daily basis.

The date of actual payment of the Balance GDSB Consideration and the interest accrued (if any) shall be referred to as the "**GDSB Completion Date**".

2.3.3 Conditions Precedent

The GDSB SPA is subject to the fulfilment of all the following conditions ("**GDSB Conditions Precedent**") within 90 days from the date of the GDSB SPA or such extended period as the parties may agree upon in writing ("**GDSB Conditional Period**");

- (i) Consent by the developer of GDSB's Properties to the sale and assignment of GDSB's Properties in favour of MCSB which shall be obtained by GDSB;
- (ii) Confirmation by the developer that GDSB is the beneficial owner of GDSB's Properties which shall be obtained by MCSB; and
- (iii) Consent by the registered proprietor of the land on which GDSB's Properties are situated on to the sale and assignment of GDSB's Properties in favour of MCSB which shall be obtained by GDSB.

In the event any of the GDSB Conditions Precedent are not fulfilled or waived within the GDSB Conditional Period, the GDSB SPA shall lapse upon expiry of the GDSB Conditional Period and be of no further effect (without prejudice to any right which either party may have against the other for any antecedent breach of the GDSB SPA).

2.3.4 Possession

GDSB shall deliver vacant and/or legal possession, as the case may be, of GDSB's Properties to MCSB strictly on an "as is where is" basis within 5 business days after the GDSB Completion Date, provided that MCSB's portion of the outgoings in relation to GDSB's Properties apportioned in accordance with the provisions of the GDSB SPA have been forwarded by MCSB to GDSB.

2.4 Basis and justification in arriving at the considerations

The Proposed Disposals are for an aggregate cash consideration of RM66 million ("**Consideration**").

The Consideration was arrived at on a willing buyer-willing seller basis after taking into consideration the estimated market value of the Properties of RM48 million as appraised by an independent firm of valuers, Savills (Malaysia) Sdn Bhd. The valuation for the Properties had been carried out using the comparison approach and the investment method of valuation.

The comparison approach entails comparing the subject property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, building condition, occupancy rate, size, tenure of land, restrictions and other relevant characteristics.

The investment method adopts the gross income and outgoings (operating expenses exclusive of interest, tax, depreciation, amortisation and other extraordinary capital expenditure) of an income-generating asset. Generally, the resultant net income is capitalised into market value using a capitalisation rate based on the current market-derived yield rates which reflect the expected return on investments and commensurate with the risk exposure to the asset under consideration.

2.5 Utilisation of proceeds

The Consideration to be received is proposed to be used for working capital purposes and/or repayment of borrowings of GLM Group within 12 months from completion of the Proposed Disposals.

2.6 Liabilities to be assumed

Save for liabilities under the Tenancies which MCSB shall assume with effect from the GDSB Completion Date upon execution of the relevant tenancy deeds of assignment or novation agreements, there are no liabilities, including contingent liabilities and guarantees, to be assumed by MCSB pursuant to the Proposed Disposals.

2.7 Information on MCSB

MCSB was incorporated in Malaysia on 15 June 2015, and is principally an investment holding company.

3. RATIONALE

The Proposed Disposals are in the ordinary course of GLM Group's business and will enable GLM Group to realise its investments in the Properties.

4. EFFECTS OF THE PROPOSED DISPOSALS

The Proposed Disposals will not have any effect on the issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company.

The Proposed Disposals are not expected to have any material effect on the net assets per share and gearing of the Company.

Upon completion of the Proposed Disposals, GLM Group is expected to realise a total net gain on disposals of approximately RM16.59 million based on the Consideration, the net book value of the Properties, and after deducting estimated expenses in relation to the Proposed Disposals. The net gain attributable to owners of the Company represents an increase in earnings per share of approximately 2.48 sen.

5. APPROVALS REQUIRED

The Proposed Disposals are not subject to the approval of the shareholders of GLM or any regulatory authorities.

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

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

7. HIGHEST PERCENTAGE RATIO

Based on the audited consolidated financial statements of GLM for the financial year ended 30 June 2014, 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 6.93%.

8. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Disposals are expected to be completed by the first quarter of year 2016.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the BLV SPA and GDSB SPA 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 10 September 2015.