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General Announcement

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Submitting Merchant Bank (if applicable)	:	
Submitting Secretarial Firm Name (if applicable)	:	
* Company name	:	GuocoLand (Malaysia) Berhad
* Stock name	:	GUOCO
* Stock code	:	1503
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* Designation	:	Company Secretary

* Type : ☒ Announcement ☐ Reply to query

* Subject :

PROPOSED ACQUISITION OF LAND OF APPROXIMATELY 3,029.985 SQUARE METER (32,624 SQUARE FEET) TOGETHER WITH TWO SEPARATE RESIDENTIAL BUILDINGS ERECTED THEREON, LOCATED AT CHANGKAT KIA PENG, KUALA LUMPUR.

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1. INTRODUCTION

GuocoLand (Malaysia) Berhad ("GLM" or the "Company") writes to inform that Sabna Development Sdn Bhd ("Sabna"), an indirect wholly-owned subsidiary of GLM, had, on 14 January 2008, entered into a conditional Sale and Purchase Agreement ("Agreement") with Lana Wong Yi (Yu Yi), Yew Sow Wah, Wong Yit Poh, Elizabeth Khiang Whee Fang and Wong Lin Chooi (collectively referred as "Vendors"), to acquire a piece of land measuring in area approximately 3,029.985 square meter (32,624 square feet) ("Land") together with two separate residential buildings erected thereon, all situated at Changkat Kia Peng, Kuala Lumpur, for a total cash consideration of RM55,460,800 ("Proposed Acquisition").

The Land and the two residential buildings shall be collectively referred to as the "Property".

2. INFORMATION ON SABNA

Sabna was incorporated in Malaysia on 19 March 1992. The authorised share capital of Sabna is RM50,000,000 divided into 50,000,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each. Sabna is principally engaged in property development.

3. DETAILS OF THE PROPOSED ACQUISITION

The Property to be acquired by Sabna is held under Geran 25964, Lot 241, Seksyen 0063, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan, measuring in area approximately 3,029.985 square meter (32,624 square feet) together with two separate residential buildings erected thereon, bearing the postal address of No. 7 and No. 7A, Changkat Kia Peng, 50450 Kuala Lumpur, Wilayah Persekutuan respectively. The tenure of the Land is freehold in nature. The residential buildings comprise two bungalows which are currently owner-occupied.

The consideration for the Proposed Acquisition of RM55,460,800 was arrived at on a willing buyer willing seller basis and after taking into consideration the current market value of the Property. No professional valuation was arranged by Sabna for the purpose of the Proposed Acquisition.

The purchase consideration will be paid in the following manner:-

- (a) a deposit of RM5,546,080 upon execution of the Agreement; and
- (b) the balance of the purchase consideration of RM49,914,720 shall be paid no later than two (2) months from the date on which all the conditions precedent shall have been fulfilled.

The purchase consideration will be financed from internally generated funds and bank borrowings.

There is no liability to be assumed by Sabna arising from the Proposed Acquisition.

The original cost of investment of the Property to the Vendors and the date of such investment are not available from the Vendors.

4. SALIENT TERMS OF THE AGREEMENT

- (i) The Property will be acquired on an "as-is-where-is" basis, free from all charges, liens, prohibitory orders, restraints, caveats and any encumbrances whatsoever and with vacant possession and subject to conditions expressed or implied in the document of title to the Land.
- (ii) Sabna shall agree and undertake to pay to the relevant authority any development charges in respect of the proposed development on the Land up to a maximum sum of RM1.3 million ("Maximum Sum"). Any sum exceeding the Maximum Sum shall be borne by the Vendors.

5. RATIONALE AND PROSPECTS OF THE PROPOSED ACQUISITION

The Proposed Acquisition will enable the GLM Group to continually increase its landbank for development and enhance its earnings base.

6. RISK FACTOR

GLM is not aware of any risk factor associated with the Proposed Acquisition, which could have a material effect on the business or financial position of GLM Group.

7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital and substantial shareholding

The Proposed Acquisition will not have any effect on the share capital and substantial shareholding of GLM as the consideration is wholly in cash.

7.2 Earnings and net assets

The Proposed Acquisition will not have any material effect on the earnings per share and the net assets per share of the GLM Group for the financial year ending 30 June 2008.

7.3 Gearing

Based on the audited financial statements of GLM Group as at 30 June 2007, the Proposed Acquisition is expected to increase the gearing of GLM Group from 7% to 13%.

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The Company is not aware of any of its Directors, substantial shareholders and persons connected to the Directors and substantial shareholders having any interest, direct or indirect, in the Proposed Acquisition.

9. CONDITIONS OF THE PROPOSED ACQUISITION

The Proposed Acquisition is subject to:-

- (i) the approval of the Foreign Investment Committee;
- (ii) issuance of a development order in respect of the proposed development on the Land pursuant to the approval letter already obtained by the Vendors' consultant from the relevant authority; and
- (iii) the due endorsement by the land registry of the change of name in the issue document of title to the Property of one of the Vendors' [i.e. Lana Wong Yi (Yu Yi)] previous name to her current name.

Approval of the shareholders of GLM is not required for the Proposed Acquisition.

The Proposed Acquisition is expected to be completed by May 2008.

10. DIRECTORS' OPINION

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

11. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the Registered Office of GLM at Level 10, Wisma Hong Leong, 18 Jalan Perak, 50450 Kuala Lumpur during normal office hours from Mondays to Fridays (except public holidays) within three (3) months from the date of this announcement.

This announcement is dated 14 January 2008.

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement: