

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

### PROPOSED DISPOSALS BY GUOMAN HOTEL & RESORT HOLDINGS SDN BHD, A 70%-OWNED SUBSIDIARY OF GLM, OF ITS ENTIRE INTERESTS IN PD RESORT SDN BHD AND JB PARADE SDN BHD

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#### 1. INTRODUCTION

GLM wishes to announce that Guoman Hotel & Resort Holdings Sdn Bhd (“GHRH” or the “Vendor”), a 70%-owned subsidiary of the Company, has on 17 November 2017 entered into 2 conditional share sale agreements (“SSAs”) with GuocoLand Hotels Pte Ltd (“GLH” or the “Purchaser”) for the following:

- (i) proposed disposal of the entire issued share capital of PD Resort Sdn Bhd (“PDR”) comprising 100,016,800 ordinary shares in PDR (“PDR Sale Shares”) for an indicative cash consideration of RM116,010,640 (“Indicative PDR Purchase Price”), subject to adjustments (if any) pursuant to the terms and conditions of the SSA (“PDR SSA”) (“Proposed Disposal of PDR”); and
- (ii) proposed disposal of:
  - (a) 70% of the issued ordinary shares in JB Parade Sdn Bhd (“JBP”) comprising 28,000,000 ordinary shares in JBP (“JBP Ordinary Shares”); and
  - (b) such number of cumulative redeemable preference shares in JBP which are issued and fully paid-up but not yet redeemed as at the JBP Management Accounts Date (as defined in Section 2.3.2.1 below) (“JBP CRPS”),

collectively the “JBP Sale Securities”, for an aggregate indicative cash consideration of RM107,882,855 (“Indicative JBP Purchase Price”), subject to adjustments (if any) pursuant to the terms and conditions of the SSA (“JBP SSA”) (“Proposed Disposal of JBP Sale Securities”). As at the date hereof, 68,594,000 JBP CRPS are held by GHRH.

The Proposed Disposal of PDR and the Proposed Disposal of JBP Sale Securities 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 Background information on PDR

- (i) PDR was incorporated in Malaysia under the Companies Act, 1965 on 12 November 1982 under the name of Merchant Promotions Sdn Bhd as a private limited company and assumed its present name on 10 January 1994. As at the date hereof, the issued share capital of PDR comprises the PDR Sale Shares.

PDR is principally involved in property investment and development and hotel operations. It owns Thistle Port Dickson Resort (“Thistle PD”), a 5-star beach resort in Port Dickson, Malaysia. Based on the audited financial statements of PDR as at financial year ended (“FYE”) 30 June 2017, the net assets of PDR amounted to RM82.07 million and PDR posted a net profit of RM3.96 million.

- (ii) Thistle PD is sited on 8 contiguous parcels of land, the registered proprietors of which are as follows:

No.	Registered Proprietor	Lot no. of land
1.	PDR	7251, 7252, 7253, 7256* and 7257
2.	Pesuruhjaya Tanah Persekutuan (“PTP”)**	850, 1582 and 1836

**Notes:**

\* Lot 7256 is categorised as an industrial land expressly used to accommodate electrical substation(s) only. The independent market valuation conducted on Thistle PD (details of which are set out in the ensuing paragraphs of this section) for the Proposed Disposal of PDR does not include this parcel of land.

\*\* Pursuant to a land swap arrangement between the Ministry of Defence (“MOD”) and GLM, MOD and GLM agreed to simultaneously swap Lots 850, 1582 and 1836 (the “Pesuruhjaya Tanah Lands”) with a parcel of land registered in the name of PDR identified as Lot 7254 (“Land Swap Arrangement”). Lot 7254 adjoins and is adjacent to the Thistle PD lands.

*PDR and MOD have taken possession of the Pesuruhjaya Tanah Lands and of Lot 7254 respectively. However, the Land Swap Arrangement, to be effected either by way of surrender and alienation of titles or direct transfer, has yet to be effected as at the date of the PDR SSA.*

The market value of Thistle PD (excluding Lot 7256) is RM136.00 million as appraised by Knight Frank Malaysia Sdn Bhd (“Knight Frank”) via its valuation certificate dated 8 November 2017 (“Thistle PD Valuation Certificate”) based on the Income Approach by Discounted Cash Flow (“DCF”) method and the Comparison Approach.

Thistle PD is valued on a going concern basis as a fully operational hotel and the valuation comprises the value attributed to the real estate, goodwill and the furniture, fittings and equipment used in the operation of the hotel business. In carrying out the valuation of Thistle PD, Knight Frank has apportioned the subject property into 2 components as follows:

- (a) Beach resort hotel

The market value derived for the beach resort hotel is RM86.00 million. Taking into consideration that the beach resort hotel is a commercial and income generating property, Knight Frank has adopted the market value as derived from the Income Approach by DCF method as fair representation, supported by the Comparison Approach.

- (b) Lands designated for future development

The lands comprise 3 parcels of beach front land together with a 9-hole golf course, a parcel of commercial land intended to be used as a driving range and a parcel of vacant commercial land intended / designated for future development. The market value derived for the lands collectively is RM50.00 million. In arriving at the market value for the lands, Knight Frank has considered the Comparison Approach as the only preferred method of valuation.

Further information on the lands on which Thistle PD is sited is set out in Appendix I of this Announcement.

## 2.2 Background information on JBP

- (i) JBP was incorporated in Malaysia under the Companies Act, 1965 on 16 November 1989 under the name of Primisama Sdn Bhd as a private limited company and assumed its present name on 27 December 1989. As at the date hereof, the issued share capital of JBP comprises 40,000,000 ordinary shares and 68,594,000 JBP CRPS.

JBP is principally involved in property investment and hotel operations. It owns Thistle Johor Bahru ("**Thistle JB**"), a 5-star international class hotel in Johor Bahru, Malaysia. Based on the audited financial statements of JBP as at FYE 30 June 2017, the net assets of JBP amounted to RM103.85 million and JBP posted a net loss of RM0.64 million\*.

**Note:**

\* During the FYE 30 June 2017, JBP has disposed of its only subsidiary. As such, the aforesaid financial information of JBP is at company level only which reflects the financial position of the asset contemplated under the Proposed Disposal of JBP Sale Securities.

- (ii) The market value of Thistle JB is RM152.00 million as appraised by Knight Frank via its valuation certificate dated 8 November 2017 ("**Thistle JB Valuation Certificate**") based on the Income Approach by DCF method as fair representation, and the Comparison Approach.

Thistle JB is valued on a going concern basis as a fully operational hotel and the valuation comprises the value attributed to the real estate, goodwill and the furniture, fittings and equipment used in the operation of the hotel business.

Further information on the land which Thistle JB is sited is set out in Appendix II of this Announcement.

## 2.3 Salient terms of the SSAs

### 2.3.1 Salient terms of the PDR SSA

#### 2.3.1.1 Final Purchase Price for the PDR Sale Shares

The final purchase price for the PDR Sale Shares ("**PDR Purchase Price**") shall be a sum equivalent to the net asset value of PDR as shown in the PDR Management Accounts (as defined below) adjusted based on the fair value of PDR's non-current assets (which the parties have mutually agreed shall be the sum of RM136.00 million).

"**PDR Management Accounts**" means the financial statements of PDR as at the last day of the preceding month in which the PDR Unconditional Date occurs ("**PDR Management Accounts Date**"). "**PDR Unconditional Date**" is the date on which the last of the conditions precedent of the PDR SSA is fulfilled or waived, as the case may be.

#### 2.3.1.2 Consideration for the PDR Sale Shares

- (i) The PDR Purchase Price shall be satisfied in cash in the following manner:
- (a) a sum of RM11,601,064.00 equivalent to 10% of the Indicative PDR Purchase Price ("**Deposit for PDR**") shall be paid by the Purchaser to the Vendor within 3 business days from the date of the execution of the PDR SSA. A sum of RM3,480,319.20 ("**RPGT Sum**") equivalent to 3% of the Indicative PDR Purchase Price, shall be withheld from the Deposit for PDR and be paid to the Vendor's solicitors as stakeholders for the purpose of compliance with the Real Property Gains Tax Act 1976 upon the execution of the PDR SSA;

- (b) a sum of RM23,202,128.00 equivalent to 20% of the Indicative PDR Purchase Price shall be paid by the Purchaser to the Vendor within 3 business days from the date of receipt by the Purchaser of a copy of GLM's notice to convene an extraordinary general meeting ("**EGM**") of GLM for the purpose of obtaining the approval of the non-interested shareholders of GLM for the Proposed Disposal of PDR;
- (c) a sum of RM23,202,128.00 equivalent to 20% of the Indicative PDR Purchase Price shall be paid by the Purchaser to the Vendor within 3 business days upon the Vendor obtaining the approval of the non-interested shareholders of GLM at an EGM for the Proposed Disposal of PDR;
- (d) subject to all the conditions precedent of the PDR SSA being fulfilled or waived, as the case may be, the balance of the PDR Purchase Price (less the Retention Sum, as defined in Section 2.3.1.2(i)(e) below) shall be paid by the Purchaser to the Vendor on the PDR Completion Date (as defined below); and

**"PDR Completion Date"** means the date falling 15 business days following the date of the Purchaser's receipt of the PDR Management Accounts from the Vendor or such other date as may be agreed to in writing by the parties, on which the sale and purchase of the PDR Sale Shares will be completed.

- (e) a sum of RM6,600,000.00 ("**Retention Sum**") shall be withheld by the Purchaser on the PDR Completion Date until the Pesuruhjaya Tanah Lands (all and not part only) are registered in the name of PDR, and shall be dealt with in accordance with Sections 2.3.1.2 (iii) and (iv) below.
- (ii) The Vendor shall deliver a copy of the PDR Management Accounts to the Purchaser within 15 business days from the PDR Unconditional Date. The PDR Management Accounts (subject to such revisions as may be mutually agreed between the parties within the period of 15 business days from the date of the Purchaser's receipt of the PDR Management Accounts) shall be final and binding on the parties for all purpose save for manifest errors.

The balance of the PDR Purchase Price shall be calculated as follows:

- (a) in the event the PDR Purchase Price is higher than the Indicative PDR Purchase Price, the balance of the PDR Purchase Price shall be an amount equivalent to the difference between the PDR Purchase Price and the Indicative PDR Purchase Price ("**Difference**") AND the balance of the Indicative PDR Purchase Price;
- (b) in the event the PDR Purchase Price is the same as the Indicative PDR Purchase Price, the balance of the PDR Purchase Price shall be an amount equivalent to the balance of the Indicative PDR Purchase Price;
- (c) in the event the PDR Purchase Price is lower than the Indicative PDR Purchase Price, the balance of the PDR Purchase Price shall be an amount equivalent to the balance of the Indicative PDR Purchase Price LESS the Difference.
- (iii) The Purchaser shall be authorised to withhold the Retention Sum as security for the Vendor to promptly effect the surrender and alienation or the direct transfer, as the case may be, within 3 years from the PDR Completion Date or such other extended period as may be mutually agreed between the parties ("**Retention Period**").

- (iv) Subject to the Pesuruhjaya Tanah Lands being registered as freehold titles in the name of PDR within the Retention Period, the Purchaser shall pay the Retention Sum to the Vendor within 3 business days after having received documents evidencing that the Pesuruhjaya Tanah Lands (all and not part only) are registered in the name of PDR.
- (v) In the event the surrender and alienation or the direct transfer, as the case may be, is effected at any time on or prior to the PDR Completion Date, the balance of the PDR Purchase Price shall be paid on the PDR Completion Date by the Purchaser to the Vendor in full without any retention or deduction.

In the event any of the above payments are not paid within the stipulated period, the outstanding amount shall be subject to an interest rate of 8% calculated on a daily basis.

#### **2.3.1.3 Conditions precedent of the PDR SSA**

The sale and purchase of the PDR Sale Shares is conditional upon the fulfilment or the waiver of the following conditions precedent on or prior to the date falling 5 months from the date of the PDR SSA or such later date as may be agreed in writing between the parties (“**PDR Cut-Off Date**”):

- (a) the Vendor obtaining the approval of RHB Bank Berhad, the financier to PDR, for the change of shareholder of PDR; and
- (b) the Vendor obtaining the approval of the non-interested shareholders of GLM, the Vendor’s holding company, at an EGM for the Proposed Disposal of PDR.

#### **2.3.1.4 Conditional period**

In the event any of the conditions precedent of the PDR SSA has not been obtained, fulfilled and or waived, as the case may be, by the PDR Cut-Off Date, despite all reasonable efforts of the parties hereto, then the PDR SSA shall lapse and be of no further effect and thereafter the parties shall be released from all further obligations to each other save to the extent that a breach of any provision of the PDR SSA by either party shall have resulted in such approval or condition not being obtained or satisfied.

#### **2.3.1.5 Default of the PDR SSA**

- (i) Default by the Purchaser

In the event the Purchaser fail to pay the PDR Purchase Price (or any part thereof) or in the event of any breach by the Purchaser of any of the terms and conditions of the PDR SSA in a material respect which is not capable of being remedied or if remediable is not remedied by the Purchaser within 30 days after written notice is given to the Purchaser by the Vendor, the Vendor shall in its sole and absolute discretion be entitled to either of the following:

- (a) to require specific performance of the PDR SSA together with damages against the Purchaser and other ancillary remedies; or
- (b) to terminate the PDR SSA by written notice to the Purchaser and to forfeit the PDR Deposit as agreed liquidated damages; and

in the latter instance, the PDR SSA shall thereafter become null and void and be of no further effect.

(ii) Default by the Vendor

In the event of default by the Vendor to complete the sale and purchase in accordance with the terms and conditions of the PDR SSA or in the event of any breach by the Vendor of any of the terms and conditions of the PDR SSA in a material respect which is not capable of being remedied or if remediable is not remedied by the Vendor within 30 days after written notice is given to the Vendor by the Purchaser, the Purchaser shall in its sole and absolute discretion be entitled to either of the following:

- (a) to require specific performance of the PDR SSA together with damages against the Vendor and other ancillary remedies; or
- (b) to terminate the PDR SSA by written notice to the Vendor and to be paid a sum equivalent to the Deposit as agreed liquidated damages; and

in the latter instance, the PDR SSA shall become null and void and be of no further effect.

## 2.3.2 Salient terms of the JBP SSA

### 2.3.2.1 Final Purchase Price for the JBP Sale Securities

The final purchase price for the JBP Sale Securities ("**JBP Purchase Price**") shall be the aggregate sum of the following:

- (i) the consideration for the JBP Ordinary Shares, being a sum equivalent to 70% of the net asset value of JBP as shown in the JBP Management Accounts (as defined below) as at the JBP Management Accounts Date (as defined below) (i) adjusted based on the fair value of JBP's non-current assets (which the parties have mutually agreed shall be the sum of RM152.00 million), and (ii) after deduction of the consideration for the JBP CRPS; and
- (ii) the consideration for such number of JBP CRPS which are issued and fully paid up but not yet redeemed as at the JBP Management Accounts Date, calculated at RM1.00 only for each JBP CRPS.

"**JBP Management Accounts**" means the financial statements of JBP as at the last day of the preceding month in which the JBP Unconditional Date occurs ("**JBP Management Accounts Date**"). "**JBP Unconditional Date**" is the date on which the last of the conditions precedent of the JBP SSA is fulfilled or waived, as the case may be.

### 2.3.2.2 Consideration for the JBP Sale Securities

- (i) The JBP Purchase Price shall be satisfied in cash in the following manner:
  - (a) a sum of RM10,788,285.50 equivalent to 10% of the Indicative JBP Purchase Price ("**Deposit for JBP**") shall be paid by the Purchaser to the Vendor within 3 business days from the date of the execution of the JBP SSA. A sum of RM3,236,485.65 ("**RPGT Sum**") equivalent to 3% of the Indicative JBP Purchase Price, shall be withheld from the aforesaid Deposit for JBP and be paid to the Vendor's solicitors as stakeholders for the purpose of compliance with the Real Property Gains Tax Act 1976 upon the execution of the JBP SSA;

- (b) a sum of RM21,576,571.00 equivalent to 20% of the Indicative JBP Purchase Price shall be paid by the Purchaser to the Vendor within 3 business days from the date of receipt by the Purchaser of a copy of GLM's notice to convene an EGM of GLM for the purpose of obtaining the approval of the non-interested shareholders of GLM for the Proposed Disposal of JBP Sale Securities;
- (c) a sum of RM21,576,571.00 equivalent to 20% of the Indicative JBP Purchase Price shall be paid by the Purchaser to the Vendor within 3 business days upon the Vendor obtaining the approval of the non-interested shareholders of GLM at an EGM for the Proposed Disposal of JBP Sale Securities; and
- (d) subject to all the conditions precedent of the JBP SSA being fulfilled or waived, as the case may be, the balance of the JBP Purchase Price shall be paid by the Purchaser to the Vendor on the JBP Completion Date (as defined below).

**“JBP Completion Date”** means the date falling 15 business days following the date of the Purchaser's receipt of the JBP Management Accounts from the Vendor or such other date as may be agreed to in writing by the parties, on which the sale and purchase of the JBP Sale Securities will be completed.

In the event any of the above payments are not paid within the stipulated period, the outstanding amount shall be subject to an interest rate of 8% calculated on a daily basis.

- (ii) The Vendor shall deliver a copy of the JBP Management Accounts to the Purchaser within 15 business days from the JBP Unconditional Date. The JBP Management Accounts (subject to such revisions as may be mutually agreed between the parties within the period of 15 business days from the date of the Purchaser's receipt of the JBP Management Accounts) shall be final and binding on the parties for all purpose save for manifest errors.

The balance of the JBP Purchase Price shall be calculated as follows:

- (a) in the event the JBP Purchase Price is higher than the Indicative JBP Purchase Price, the balance of the JBP Purchase Price shall be an amount equivalent to the difference between the JBP Purchase Price and the Indicative JBP Purchase Price (**“Difference”**) AND the balance of the Indicative JBP Purchase Price;
- (b) in the event the JBP Purchase Price is the same as the Indicative JBP Purchase Price, the balance of the JBP Purchase Price shall be an amount equivalent to the balance of the Indicative JBP Purchase Price;
- (c) in the event the JBP Purchase Price is lower than the Indicative JBP Purchase Price, the balance of the JBP Purchase Price shall be an amount equivalent to the balance of the Indicative JBP Purchase Price LESS the Difference.

### **2.3.2.3 Conditions precedent of the JBP SSA**

The sale and purchase of the JBP Sale Securities is conditional upon the fulfilment or the waiver of the following conditions precedent on or prior to the date falling 5 months from the date of the JBP SSA or such later date as may be agreed in writing between the parties (**“JBP Cut-Off Date”**):

- (a) the Vendor obtaining the approval of Malayan Banking Berhad, the financier to JBP, for the change of shareholder of JBP; and

- (b) the Vendor obtaining the approval of the non-interested shareholders of GLM, the Vendor's holding company, at an EGM for the Proposed Disposal of JBP Sale Securities.

#### **2.3.2.4 Conditional period**

In the event any of the conditions precedent of the JBP SSA has not been obtained, fulfilled and or waived, as the case may be, by the Cut-Off Date, despite all reasonable efforts of the parties hereto, then the JBP SSA shall lapse and be of no further effect and thereafter the parties shall be released from all further obligations to each other save to the extent that a breach of any provision of the JBP SSA by either party shall have resulted in such approval or condition not being obtained or satisfied.

#### **2.3.2.5 Default of the JBP SSA**

- (i) Default by the Purchaser

In the event the Purchaser fail to pay the JBP Purchase Price (or any part thereof) or in the event of any breach by the Purchaser of any of the terms and conditions of the JBP SSA in a material respect which is not capable of being remedied or if remediable is not remedied by the Purchaser within 30 days after written notice is given to the Purchaser by the Vendor, the Vendor shall in its sole and absolute discretion be entitled to either of the following:

- (a) to require specific performance of the JBP SSA together with damages against the Purchaser and other ancillary remedies; or
- (b) to terminate the JBP SSA by written notice to the Purchaser and to forfeit the PDR Deposit as agreed liquidated damages; and

in the latter instance, the JBP SSA shall thereafter become null and void and be of no further effect.

- (ii) Default by the Vendor

In the event of default by the Vendor to complete the sale and purchase in accordance with the terms and conditions of the JBP SSA or in the event of any breach by the Vendor of any of the terms and conditions of the JBP SSA in a material respect which is not capable of being remedied or if remediable is not remedied by the Vendor within 30 days after written notice is given to the Vendor by the Purchaser, the Purchaser shall in its sole and absolute discretion be entitled to either of the following:

- (a) to require specific performance of the JBP SSA together with damages against the Vendor and other ancillary remedies; or
- (b) to terminate the JBP SSA by written notice to the Vendor and to be paid a sum equivalent to the Deposit as agreed liquidated damages; and

in the latter instance, the JBP SSA shall become null and void and be of no further effect.

## **2.4 Basis and justification of arriving at the indicative purchase prices**

- (i) The Indicative PDR Purchase Price of RM116.01 million was arrived at on a "willing-buyer willing-seller" basis after taking into consideration the following:
  - (a) the audited net assets ("**NA**") of PDR as at 30 June 2017 of RM82.07 million; and
  - (b) the market value of Thistle PD of RM136.00 million as appraised by an independent firm of valuers, Knight Frank.

For illustrative purposes, the Indicative PDR Purchase Price based on the above is as follows:

	<b>RM million</b>
Audited NA of PDR as at 30 June 2017	82.07
Add: Gain on fair value adjustment <sup>(1)</sup>	33.94
<b>Indicative PDR Purchase Price</b>	<b>116.01</b>

**Note:**

(1) The gain on fair value adjustment is computed as follows:

	<b>RM million</b>
Market value of Thistle PD	136.00
Less: Audited net book value of the property, plant and equipment (non-current asset) of PDR as at 30 June 2017	102.06
<b>Gain on fair value adjustment to Thistle PD</b>	<b>33.94</b>

(ii) The Indicative JBP Purchase Price of RM107.88 million was arrived at on a “willing-buyer willing-seller” basis after taking into consideration the following:

- (a) the audited NA of JBP attributable to the holders of JBP Ordinary Shares as at 30 June 2017 of RM35.25 million;
- (b) the audited book value of the 68.59 million JBP CRPS as at 30 June 2017 of RM68.59 million; and
- (c) the market value of Thistle JB of RM152.00 million as appraised by an independent firm of valuers, Knight Frank.

For illustrative purposes, the Indicative JBP Purchase Price based on the above is as follows:

	<b>RM million</b>
70% of the audited NA of JBP attributable to the holders of JBP Ordinary Shares as at 30 June 2017	24.68
Add: 70% of the gain on fair value adjustment <sup>(1)</sup>	14.61
Indicative purchase price for the JBP Ordinary Shares	39.29
Audited book value of the 68.59 million JBP CRPS as at 30 June 2017	68.59
<b>Indicative JBP Purchase Price</b>	<b>107.88</b>

**Note:**

(1) The gain on fair value adjustment is computed as follows:

	<b>RM million</b>
Market value of Thistle JB	152.00
Less: Audited net book value of the property, plant and equipment (non-current asset) of JBP as at 30 June 2017	131.13
<b>Gain on fair value adjustment to Thistle JB</b>	<b>20.87</b>

## 2.5 Original cost of investment

The total original cost of investment made by GHRH in the PDR Sale Shares and the JBP Sale Securities are as follows:

- (a) PDR Sale Shares : RM100.02 million from 25 October 1993 to 30 June 2014
- (b) JBP Ordinary Shares : RM23.92 million from 25 October 1993 to 3 December 2008
- (c) 68.59 million JBP CRPS : RM44.09 million from 22 November 1993 to 30 September 1999

## 2.6 Liabilities to be assumed

There are no liabilities to be assumed by GLH pursuant to its proposed acquisition of interests in PDR and JBP.

## 2.7 Information on GLH

GLH was incorporated in Singapore on 1 November 2012 as a private company limited by shares. The principal activity of GLH is owning hotel assets. Its subsidiary is principally involved in holding and operating a hotel and hotel related activities.

GLH is a wholly-owned subsidiary of GuocoLand Limited (“**GLL**”), a public company listed on the Main Board of Singapore Exchange. GLL is also the holding company of GLM and holds 30% interest in GHRH via its wholly-owned subsidiary.

## 3. RATIONALE

The Proposed Disposals will enable GLM Group to realise its investments in PDR and JBP.

## 4. RISK FACTOR

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

The Proposed Disposals are conditional upon the conditions precedent as set out in the SSAs being fulfilled or waived. There is no assurance that the Proposed Disposals can be completed within the timeframe stipulated under the SSAs. Any delay in the fulfilment of the conditions precedent may lead to a delay in the completion or termination of the Proposed Disposals.

Notwithstanding the above, GHRH will take reasonable steps to ensure that the conditions precedent that it is responsible for are fulfilled in a timely manner.

## 5. USE OF PROCEEDS

The estimated gross proceeds of approximately RM223.89 million arising from the Proposed Disposals are intended to be used in the following manner:

Details of utilisation	RM '000	Expected timeframe of utilisation of proceeds from the Completion Date
General working capital requirements <sup>(1)</sup>	220,156	Within 24 months
Defray estimated tax and expenses relating to the Proposed Disposals <sup>(2)</sup>	3,738	Within 6 months
	<b>223,894</b>	

**Notes:**

- (1) GLM, being the 70% shareholder of GHRH, is entitled to receive up to approximately RM154.11 million from the Proposed Disposals and intends to use the proceeds for working capital purposes.

*Working capital requirements of GLM 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.*

*The remaining 30% interest in GHRH is held by a wholly-owned subsidiary of GLL as mentioned in Section 2.7 above.*

- (2) *Includes professional fees, real property gains tax, and other incidental expenses in relation to the Proposed Disposals. Any variation to the amount of estimated expenses incurred in relation to the Proposed Disposals will be adjusted against the amount allocated for working capital.*

## **6. EFFECTS OF THE PROPOSED DISPOSALS**

### **6.1 Issued share capital and substantial shareholders' shareholdings**

The Proposed Disposals will not have any effect on the issued share capital and the shareholdings of the substantial shareholders of the Company as the Proposed Disposals do not involve any issuance of new GLM Shares.

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

Upon completion of the Proposed Disposals, GLM Group expects to realise an estimated net gain on disposals of approximately RM68.89 million, which is computed as follows:

	<b>RM '000</b>	<b>RM '000</b>
Indicative PDR Purchase Price	116,011	
Less: Carrying amount of the PDR Sale Shares as at 30 June 2017	<u>(58,613)</u>	
		57,398
Indicative JBP Purchase Price	107,883	
Less: Carrying amount of the JBP Sale Securities as at 30 June 2017	<u>(63,130)</u>	
		44,753
Less: Estimated tax and expenses relating to the Proposed Disposals		<u>(3,738)</u>
		98,413
Less: Non-controlling interests		<u>(29,524)</u>
<b>Estimated net gain on disposals</b>		<b><u>68,889</u></b>

For illustrative purposes only, based on the issued share capital of GLM of 700,458,518 ordinary shares as at 1 November 2017, being the latest practicable date prior to this Announcement ("LPD"), the consolidated EPS of GLM is expected to increase approximately by 9.83 sen after the completion of the Proposed Disposals.

### 6.3 NA and gearing

Based on the latest audited consolidated financial statements of GLM for the FYE 30 June 2017 and assuming that the Proposed Disposals had been effected on that date, the proforma effects of the Proposed Disposals on the consolidated NA and gearing of the GLM Group are set out below:

	Audited as at FYE 30 June 2017 (RM '000)	After the Proposed Disposals (RM '000)
Share capital	385,318	385,318
Exchange reserve	8	8
Fair value reserve	769	769
Merger reserve	(24,028)	(24,028)
Other reserve	27	27
Shares held by executive share scheme trust	(23,883)	(23,883)
Retained profits	993,830	1,062,719 <sup>(1)</sup>
<b>NA attributable to owners of the parent</b>	<b>1,332,041</b>	<b>1,400,930</b>
Number of GLM shares in issue ('000)	700,459	700,459
NA per share (RM)	1.90	2.00
Total borrowings (RM '000)	1,418,721	1,399,221 <sup>(2)</sup>
Gearing (times)	1.07	1.00

**Notes:**

- (1) After taking into consideration the estimated net gain on disposals of approximately RM68.89 million.
- (2) Total borrowings reduced by RM19.5 million (being bank borrowings of PDR) due to Proposed Disposal of PDR. There is no bank borrowing by JBP.

### 7. APPROVALS REQUIRED

The Proposed Disposals are subject to, amongst others, the approval of non-interested shareholders of GLM being obtained at an EGM to be convened.

The Proposed Disposal of PDR and the Proposed Disposal of JBP Sale Securities are not inter-conditional upon each other. The Proposed Disposals are not conditional upon any other corporate proposal undertaken by the Company.

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

Hong Leong Company (Malaysia) Berhad ("**HLCM**") is the ultimate holding company of GLM (through GLL (Malaysia) Pte Ltd ("**GLLM**")) and GLL.

YBhg Tan Sri Quek Leng Chan is a director and major shareholder (as defined in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") of GLM, GLL and HLCM. Mr Raymond Choong Yee How is a director of GLM and GLL.

Mr Kwek Leng Beng is a director of HLCM and a major shareholder of GLM, GLL and HLCM. Mr Kwek Leng Kee is a major shareholder of GLM, GLL and HLCM.

Mr Raymond Choong Yee How does not have any shareholding in GLM as at the LPD. The shareholdings of the interested director and major shareholders of GLM as at the LPD are as follows:

Name	Direct		Indirect	
	No. of GLM shares	%	No. of GLM shares	%
Tan Sri Quek Leng Chan	19,506,780	2.78	455,574,796	65.04 <sup>(1)</sup>
HLCM	-	-	455,574,796	65.04 <sup>(2)</sup>
HL Holdings Sdn Bhd	-	-	455,574,796	65.04 <sup>(1)</sup>
Kwek Leng Beng	-	-	456,074,796	65.11 <sup>(3)</sup>
Kwek Holdings Pte Ltd	-	-	456,074,796	65.11 <sup>(3)</sup>
Hong Realty (Private) Limited	-	-	456,074,796	65.11 <sup>(3)</sup>
Hong Leong Investment Holdings Pte Ltd	-	-	456,074,796	65.11 <sup>(3)</sup>
Kwek Leng Kee	-	-	456,074,796	65.11 <sup>(3)</sup>
Davos Investment Holdings Private Limited	-	-	456,074,796	65.11 <sup>(3)</sup>
GLLM	455,506,780	65.03	-	-
GLL	-	-	455,506,780	65.03 <sup>(4)</sup>
GuocoLand Assets Pte Ltd	-	-	455,506,780	65.03 <sup>(4)</sup>
Guoco Group Limited	-	-	455,506,780	65.03 <sup>(4)</sup>
GuoLine Overseas Limited	-	-	455,506,780	65.03 <sup>(4)</sup>
GuoLine Capital Assets Limited	-	-	455,506,780	65.03 <sup>(4)</sup>

**Notes:**

(1) Held through HLCM

(2) Held through subsidiaries

(3) Held through HLCM and a company in which the major shareholder has interest

(4) Held through GLLM

YBhg Tan Sri Quek Leng Chan and Mr Raymond Choong Yee How had abstained and will continue to abstain from deliberating and voting at the relevant meetings or on the relevant resolutions of the Board of Directors of GLM in respect of the Proposed Disposals.

GLLM, HLCM, YBhg Tan Sri Quek Leng Chan, Mr Kwek Leng Beng and Mr Kwek Leng Kee shall abstain from voting and will ensure that persons connected with them will also abstain from voting, in respect of their direct and/or indirect interests in GLM, on the proposed ordinary resolutions pertaining to the Proposed Disposals at the EGM to be convened.

Save as disclosed above, 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 Disposals.

## 9. RELATED PARTY TRANSACTIONS

In view of the interests disclosed in Section 8 of this Announcement, the Proposed Disposals are deemed as related party transactions pursuant to Paragraph 10.08 of the Listing Requirements.

There were no other related party transactions between GHRH and GLH for the 12 months preceding the date of this Announcement.

#### **10. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposed Disposals pursuant to Paragraph 10.02(g) of the Listing Requirements is 11.77%. In this regard, GLM is required to issue a circular to shareholders, convene an EGM to seek non-interested shareholders' approval for the Proposed Disposals and appoint an Independent Adviser.

#### **11. INDEPENDENT ADVISER**

Inter-Pacific Securities Sdn Bhd ("**IPS**") has been appointed by the Company to act as the Independent Adviser to advise the non-interested directors and non-interested shareholders as to whether the Proposed Disposals are fair and reasonable so far as the non-interested shareholders are concerned and whether the Proposed Disposals are to the detriment of the non-interested shareholders of the Company.

#### **12. BOARD AUDIT & RISK MANAGEMENT COMMITTEE'S STATEMENT**

The Board Audit & Risk Management Committee ("**BARMC**") of the Company is of the opinion that the Proposed Disposals are:

- (i) in the best interest of the Company;
- (ii) fair, reasonable and on normal commercial terms; and
- (iii) not detrimental to the interest of the non-interested shareholders of the Company.

In arriving at the above view, the BARMC had taken into consideration, among others, the following:

- (i) the preliminary evaluation advice of the Independent Adviser;
- (ii) the basis of arriving at the Indicative PDR Purchase Price and the Indicative JBP Purchase Price; and
- (iii) the Thistle PD Valuation Certificate and the Thistle JB Valuation Certificate.

#### **13. DIRECTORS' STATEMENT**

The Board of Directors of GLM (save for YBhg Tan Sri Quek Leng Chan and Mr Raymond Choong Yee How who have abstained from all deliberation and voting on the Proposed Disposals), having taken into consideration all aspects of the Proposed Disposals (including but not limited to the terms and rationale for the Proposed Disposals, as well as the preliminary evaluation advice of IPS) is of the opinion that the Proposed Disposals are in the best interest of the Company.

#### **14. ESTIMATED TIMEFRAME FOR COMPLETION**

Barring any unforeseen circumstances, the Proposed Disposals are expected to be completed by the first half of calendar year 2018.

#### **15. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SSAs, the Thistle PD Valuation Certificate and the Thistle JB 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 17 November 2017.

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**INFORMATION ON THISTLE PD**


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As stated in Section 2.1 of the Announcement, further information on Thistle PD is set out below.

- (1) Address: KM16 Jalan Pantai, Teluk Kemang, 71050 Si Rusa, Port Dickson, Negeri Sembilan, Malaysia
- (2) Information on lands on which Thistle PD is sited

(a)	<b>Lot no., Title no. and Mukim</b>	Lot 7251 Geran 84692, Mukim Pasir Panjang	Lot 7252 Geran 84693, Mukim Pasir Panjang	Lot 7253 Geran 84694, Mukim Pasir Panjang	Lot 7256 Geran 84696, Mukim Pasir Panjang*	Lot 7257 Geran 84697, Mukim Pasir Panjang	Lot 850 Geran 199817, Mukim Pasir Panjang**	Lot 1582 GM 2578, Mukim Pasir Panjang**	Lot 1836 GM 1176, Pekan Teluk Kemang**
(b)	<b>District and state</b>	Port Dickson, Negeri Sembilan in respect of all titles							
(c)	<b>Registered Proprietor</b>	PDR	PDR	PDR	PDR	PDR	PTP	PTP	PTP
(d)	<b>Category of land use</b>	Building	Building	Building	Industrial	Building	Nil	Nil	Nil
(e)	<b>Express condition of land use</b>	For commercial building only	For commercial building only	For golf course only	For electrical substation only	For golf course only	Nil	Nil	Nil
(f)	<b>Existing use of land</b>	Hotel main building	Vacant	9-hole golf course	Vacant	Vacant. Intended for a driving range	Beach front land forming part of Thistle PD's facilities	Beach front land forming part of Thistle PD's facilities	Beach front land forming part of Thistle PD's facilities
(g)	<b>Approximate land area</b>	44,600 sq m	16,458 sq m	187,690 sq m	183 sq m	10,530 sq m	1,509 sq m	9,385 sq m	16,188 sq m
(h)	<b>Encumbrances</b>	In respect of Lot 7251, charges are registered over the land in favour of RHB Bank Berhad. Save for the aforesaid, there is no encumbrance on the other lands.							
(i)	<b>Tenure</b>	Freehold in respect of all titles.							

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**INFORMATION ON THISTLE PD**

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**Notes:**

\* *The independent market valuation conducted on Thistle PD (details of which are set out in Section 2.1 of the announcement) for the Proposed Disposal of PDR does not include Lot 7256.*

\*\* *Pursuant to the Land Swap Arrangement, MOD and GLM agree to simultaneously swap the Pesuruhjaya Tanah Lands with a parcel of land registered in the name of PDR identified as Lot 7254.*

*Lot 7254 Geran 84695, Mukim Pasir Panjang, Port Dickson, Negeri Sembilan is a freehold land measuring 31,260 sq m in area. It adjoins and is adjacent to the lands on which Thistle PD is sited.*

*PDR and MOD have taken possession of the Pesuruhjaya Tanah Lands and of Lot 7254 respectively. However, the Land Swap Arrangement, to be effected either by way of surrender and alienation of titles or direct transfer, has yet to be effected as at the date of the PDR SSA.*

- (3) Approximate gross floor area of the resort's buildings : 48,232.20 sq m
- (4) Approximate age of the resort's buildings : 20 years
- (5) Audited net book value of the property, plant and equipment (non-current asset) of PDR : RM102.06 million (as at 30 June 2017)

**INFORMATION ON THISTLE JB**

As stated in Section 2.2 of the Announcement, further information on Thistle JB is set out below.

- (1) Address: Jalan Sungai Chat, 80100 Johor Bahru, Johor Darul Takzim, Malaysia
- (2) Information on lands on which Thistle JB is sited

(a)	<b>Identification of land</b>	Lot 24807 PN 11153, Johor Bahru, Johor Darul Takzim
(b)	<b>Registered Proprietor</b>	JBP
(c)	<b>Category of land use</b>	Building
(d)	<b>Express condition of land use</b>	For hotel building
(e)	<b>Existing use of land</b>	Hotel
(f)	<b>Approximate land area</b>	24,040 sq m
(g)	<b>Encumbrances</b>	Charges are registered over the land in favour of Malayan Banking Berhad
(h)	<b>Tenure</b>	Leasehold interest for a term of 99 years expiring on 10 October 2087

- (3) Approximate gross floor area of the hotel : 46,965 sq m
- (4) Approximate age of the hotel : 17 years
- (5) Audited net book value of the property, plant and equipment (non-current asset) of JBP : RM131.13 million (as at 30 June 2017)