

SELANGOR PROPERTIES BERHAD ("SPB" OR THE "COMPANY")

- SALE AND PURCHASE AGREEMENT ENTERED INTO BETWEEN SPB AND CHONG KHOON LIN SDN BERHAD

1. INTRODUCTION

The Board of Directors of SPB ("**Board**") wishes to announce that the Company has on 3 February 2016 entered into a Sale and Purchase Agreement ("**Agreement**") with Chong Khoon Lin Sdn Berhad ("**Chong Khoon Lin**") to acquire four (4) adjoining parcels of freehold land identified as HS(D) 32527 PT No. 1325, HS(D) 32528 PT No. 1326, HS(D) 32529 PT No. 1327, and HS(D) 32530 PT No. 1328, in Mukim Kuala Lumpur, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan Kuala Lumpur (collectively referred to as the "**Land**") for a total cash consideration of Ringgit Malaysia Thirty Two Million and Two Hundred Thousand only (RM32,200,000.00) ("**Purchase Consideration**"), subject to the terms and conditions as stated in the Agreement ("**Proposed Acquisition**").

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on the Land

The Land comprise four (4) adjoining parcels of vacant freehold land held under title numbers HS(D) 32527 PT No. 1325, HS(D) 32528 PT No. 1326, HS(D) 32529 PT No. 1327, and HS(D) 32530 PT No. 1328, in Mukim Kuala Lumpur, Daerah Kuala Lumpur and Negeri Wilayah Persekutuan Kuala Lumpur, measuring in total 5,252.659 square metres.

The Land is adjoining and contiguous to the Company's existing land at Jalan Batai, Damansara Heights, Kuala Lumpur with land area of 4.91 acres which was acquired in year 1980 and had been earmarked for residential development.

Further details of the Land are set out below:-

Title number	HS(D)32527	HS(D) 32528	HS(D) 32529	HS(D) 32530
Lot number	PT No. 1325	PT No. 1326	PT No. 1327	PT No. 1328
Consideration (RM)	7,451,890	7,505,990	8,381,870	8,860,250
Land Area (Square metres)	1,215.597	1,224.422	1,367.302	1,445.338
Total Land Area	5,252.659 square metres			
Type of Land	Freehold			
Usage	Vacant			
Category of land use	Building			
Audited net book value as at the financial year ended 31 December 2014 in Chong Khoon Lin	RM516,059			
Original cost of Investment of the land by Chong Khoon Lin (acquired on 24 December 1965)	RM55,636			
Encumbrances	Nil			
Valuation	RM33,900,000 (As appraised by VPC Alliance (KL) Sdn. Bhd., an independent valuer registered with the Board of Valuers, Appraisals and Estate Agents Malaysia, vide its valuation report dated 10 December 2015 applied the Comparison Method of Valuation based on the latest transacted values of comparable properties			

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2.2 Proposed Development of the Land

Based on a preliminary plan, the proposed development on the Land together with the Company's existing land shall comprise 124 units of high-end stratified villas, with 446 units of basement car park, which will complement the Company's other development project in a high-end condominium across Jalan Batai, Damansara Heights, Kuala Lumpur.

Upon completion of the Proposed Acquisition, the Company will proceed with the amalgamation of all the land titles and thereafter, prepare all the requisite development plans for the proposed development to be submitted to relevant authorities for approval. Therefore, it is too preliminary at this stage to ascertain the commencement date, total development cost and the expected profits to be derived from the proposed development.

The development project is expected to be developed over a span of four (4) years.

2.3 Information on SPB

SPB was incorporated on 12 October 1963 and is listed on the Main Market of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The authorised share capital is RM1,000,000,000.00 divided into 1,000,000,000 Ordinary Shares of RM1.00 each and the issued and paid-up share capital is RM343,616,761.00 divided into 343,616,761 Ordinary Shares of RM1.00 each. SPB's principal activities are property investment and investment holding.

The Directors of SPB are Puan Sri Datin Chook Yew Chong Wen, Mr Wen Chiu Chi, Mr Michael Lim Hee Kiang, Dato' Zaibedah Binti Ahmad and Mr Ong Liang Win.

2.4 Information on Chong Khoon Lin

Chong Khoon Lin was incorporated on 30 December 1961. The authorised share capital is RM50,000,000 divided into 500,000 Ordinary Shares of RM100 each and the issued and paid-up share capital is RM3,300,000 divided into 33,000 Ordinary shares of RM100 each. Chong Khoon Lin is principally engaged in property and investment holding.

The shareholders and their shareholdings in Chong Khoon Lin are as follows:

- i) Puan Sri Datin Chook Yew Chong Wen – 32,990 Ordinary Shares
- ii) Mr. Wen Chiu Chi – 10 Ordinary Shares

The Directors of Chong Khoon Lin are Puan Sri Datin Chook Yew Chong Wen, Mr Wen Chiu Chi and Mr Wen Ming Kang.

2.5 Salient terms of the Agreement

- (i) Upon execution of the Agreement, the Company shall pay RM3,220,000.00 as deposit sum to Chong Khoon Lin in the following manner:-
 - (a) a sum of RM966,000.00 to SPB's solicitors as stakeholders for the purpose of Real Property Gains Tax pursuant to the Agreement; and
 - (b) a sum of RM2,254,000.00 to Chong Khoon Lin.

SELANGOR PROPERTIES BERHAD ("SPB" OR THE "COMPANY")

- SALE AND PURCHASE AGREEMENT ENTERED INTO BETWEEN SPB AND CHONG KHOON LIN SDN BERHAD

- (ii) The balance Purchase Consideration of RM28,980,000.00 ("**Balance Sum**") shall be paid to SPB's Solicitors or Chong Khoon Lin but held by SPB's Solicitors as stakeholders, within four (4) months from the date of the Agreement ("**Completion Date**")
- (iii) In the event SPB is unable to pay the Balance Sum on or before the Completion Date, it has been agreed between the parties that Chong Khoon Lin shall automatically grant to SPB an extension period of thirty (30) days commencing from the day following the Completion Date so as to assist and enable SPB to complete the purchase of the Land provided always that SPB shall pay interest to Chong Khoon Lin on the Balance Sum or any part thereof as may be outstanding at the rate of eight per centum (8%) per annum calculated on daily basis from the date after the Completion Date until the date of the full payment of the Balance Sum or such part thereof as may be outstanding.

2.6 Basis and justification of the Purchase Consideration

The Purchase Consideration was arrived at after taking into consideration the indicative market value of the Land of RM33,900,000, as appraised by VPC Alliance (KL) Sdn. Bhd., and was based on a lower value derived from average selling price per square foot of RM600 as compared to 3 identified transactions within the area with less strategic location but higher average selling prices per square foot ranging from RM638 to RM680.

3. SOURCE OF FUNDING FOR THE PROPOSED ACQUISITION

The Purchase Consideration will be funded by internally generated funds

4. ASSUMPTION OF LIABILITIES

There are no liabilities, including contingent liabilities and guarantees to be assumed by the Company arising from the Proposed Acquisition.

5. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition will enable the Company to have an amalgamated or enlarged parcel of land which affords better land utilisation and better planning development as the Land is contiguous with the Company's existing land held.

6. RISK FACTORS

The Proposed Acquisition is subject to risks inherent in the property development business of which SPB Group is already involved in. Such risks may include sensitivity to economic and political conditions, financing risk, delays in commencement and completion, competition from other property developers, dependence on key personnel and compulsory acquisition.

Any adverse change in these conditions may have a material adverse effect on SPB Group. These risks are addressed as part of SPB Group's ordinary course of business and are not expected to represent new risks to SPB Group's operations.

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7. EFFECTS OF THE PROPOSED ACQUISITION

7.1 Share capital

The Proposed Acquisition will not have any effect on the issued and paid-up share capital of the Company.

7.2 Substantial shareholders' shareholdings

The Proposed Acquisition will not have any effect on the substantial shareholders' shareholdings in the Company.

7.3 Earnings per share ("EPS")

The Proposed Acquisition will not have any material impact on the EPS of SPB Group for the financial year ending 31 October 2016 as the proposed development is expected to commence only in the period of year 2018 to year 2020.

7.4 Net assets ("NA") per share and gearing

The Proposed Acquisition will not have any material effect on the NA per Share and gearing of the Company for the financial year ending 31 October 2016 as the proposed development is expected to commence only in the period of year 2018 to year 2020.

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

Save as disclosed below, none of the Directors, major shareholders and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisition:

- Puan Sri Datin Chook Yew Chong Wen is a Director of SPB and Chong Khoon Lin. She is deemed interested in SPB by virtue of her indirect interest in Kayin Holdings Sdn. Berhad ("**Kayin Holdings**"), the holding company of SPB, via Kayin (M) Sdn Bhd ("**Kayin (M)**"), which holds 100% of the shares in Kayin Holdings. The entire paid up share capital of Kayin (M) shares are collectively controlled by trusts settled by Puan Sri Datin Chook Yew Chong Wen for herself being the primary beneficiary and for her family members. She is also the major shareholder of Chong Khoon Lin; and
- Mr Wen Chiu Chi is a Director of SPB and Chong Khoon Lin. He is also a shareholder of SPB and Chong Khoon Lin. He is the son of Puan Sri Datin Chook Yew Chong Wen.

9. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of SPB, having reviewed and considered the rationale for the Proposed Acquisition, is of the view that the Proposed Acquisition is in the best interest of SPB Group, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of SPB.

The Audit Committee did not seek an independent advice in forming its view in respect of the Proposed Acquisition.

10. DIRECTORS' STATEMENT

The Board of Directors (save for Puan Sri Datin Chook Yew Chong Wen and Mr Wen Chiu Chi) of SPB, having reviewed the terms of the Proposed Acquisition and taken into

SELANGOR PROPERTIES BERHAD ("SPB" OR THE "COMPANY")

- SALE AND PURCHASE AGREEMENT ENTERED INTO BETWEEN SPB AND CHONG KHOON LIN SDN BERHAD

consideration of all aspects of the Proposed Acquisition, is of the opinion that the Proposed Acquisition is in the best interest of SPB Group, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders of SPB.

The Board of Directors did not seek an independent advice in forming its view in respect of the Proposed Acquisition.

Puan Sri Datin Chook Yew Chong Wen and Mr Wen Chiu Chi had abstained from all the discussions and deliberations in relation to the Proposed Acquisition.

11. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 1.75% based on the latest audited financial statements of the Company as at 31 October 2014.

12. TOTAL AMOUNT TRANSACTED WITH THE SAME RELATED PARTY FOR THE PRECEDING 12 MONTHS

The Company has not entered into any transaction (not being a transaction which has been approved under the general mandate from its shareholders) with the interested party for the preceding 12 months.

13. APPROVALS REQUIRED

The Proposed Acquisition is neither subject to the approval of shareholders nor any relevant government authority.

14. ESTIMATED TIME FRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed by the second quarter of the financial year ending 31 October 2016.

15. DOCUMENTS FOR INSPECTION

The Sale and Purchase Agreement and Valuation Report are available for inspection at the registered office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor during normal business hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this Announcement.

This announcement is dated 3 February 2016