

TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS  
DISPOSAL OF PROPERTY WHICH CONSIST OF 339,676  
SQUARE FEET DETACHED LEASEHOLD INDUSTRIAL LAND  
ERECTED UPON WITH A WAREHOUSE AND BUILDING  
BEARING POSTAL ADDRESS AT LOT 12, LENGKUNGAN  
SULTAN HISHAMUDDIN, NORTH KLANG STRAITS  
INDUSTRIAL AREA, KAWASAN 20, MUKIM KAPAR, 42000  
PORT KLANG, SELANGOR

**TASCO BERHAD**

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) NON RELATED PARTY TRANSACTIONS
Description	DISPOSAL OF PROPERTY WHICH CONSIST OF 339,676 SQUARE FEET DETACHED LEASEHOLD INDUSTRIAL LAND ERECTED UPON WITH A WAREHOUSE AND BUILDING BEARING POSTAL ADDRESS AT LOT 12, LENGKUNGAN SULTAN HISHAMUDDIN, NORTH KLANG STRAITS INDUSTRIAL AREA, KAWASAN 20, MUKIM KAPAR, 42000 PORT KLANG, SELANGOR

The Board of Directors of TASCO Berhad ("TASCO") is pleased to announce that Titian Pelangi Sdn Bhd, a wholly-owned subsidiary of TASCO, had on 12 January 2018 entered into a Sale and Purchase Agreement with Onostatic Sdn. Bhd. for the disposal of a property which consist of 339,676 square feet detached leasehold industrial land erected upon with a warehouse and building bearing postal address at Lot 12, Lengkuangan Sultan Hishamuddin, North Klang Straits Industrial Area, Kawasan 20, Mukim Kapar, 42000 Port Klang, Selangor, for a cash consideration of RM17,500,000.00 ("Disposal").

Details of the Disposal is set out in the annexure attached.

Please refer attachment below.

**Attachments**

Disposal of VDC\_Announcement -final.pdf  
227.4 kB

**Announcement Info**

Company Name	TASCO BERHAD
Stock Name	TASCO
Date Announced	15 Jan 2018
Category	General Announcement for PLC
Reference Number	GA1-12012018-00008

## TASCO BERHAD ("TASCO" or "COMPANY")

**DISPOSAL OF PROPERTY WHICH CONSIST OF 339,676 SQUARE FEET DETACHED LEASEHOLD INDUSTRIAL LAND ERECTED UPON WITH A WAREHOUSE AND BUILDING BEARING POSTAL ADDRESS AT LOT 12 LENGKUNGAN SULTAN HISHAMUDDIN, NORTH KLANG STRAITS INDUSTRIAL AREA, KAWASAN 20, MUKIM KAPAR, 42000 PORT KLANG, SELANGOR**

### 1. INTRODUCTION

The Board of Directors of the Company ("**Board**") wishes to announce that on 12 January 2018, Titian Pelangi Sdn. Bhd. ("**Vendor**"), a wholly-owned subsidiary of TASCO, had entered into a Sale and Purchase Agreement ("**Agreement**") with Onostatic Sdn. Bhd. ("**Purchaser**") for the disposal of property which consist of 339,676 square feet detached leasehold industrial land erected upon with a warehouse and office building bearing postal address at Lot 12, Lengkuangan Sultan Hishamuddin, North Klang Straits Industrial Area, Kawasan 20, Mukim Kapar, 42000 Port Klang, Selangor held under leasehold individual title H.S. (M) 6200, PT 4166, Mukim of Kapar, District of Klang and State of Selangor ("**Property**") for a total disposal consideration of RM17,500,000.00 ("**Disposal Price**") and upon the terms and conditions as stipulated in the Agreement ("**Disposal**").

### 2. BACKGROUND INFORMATION

#### 2.1 Information on Purchaser

The Purchaser was incorporated in Malaysia on 3<sup>rd</sup> April 1993 having its registered office at No. 23A-4, (Suite B), Setia Avenue, No. 2, Jalan Setia Prima S U13/S, Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor and its business address at No. Lot 5, Seksyen 1, Pulau Indah Industrial Park, Off Lebuah Sungai Chandong, Sungai Labuhan Gurap, Pulau Indah, 42920 Pelabuhan Klang, Selangor.

The present share capital of the Company is RM500,000.00.

The Directors of the Purchaser are Tan Chee Meng, Tan Chee How & Tan Chee Siang and the substantial shareholders of the Purchaser is Tan Chee Meng.

The Purchaser is principally engaged in Property Investment.

#### 2.2 Information on Vendor

The Vendor was incorporated in Malaysia on 11 March 1993 and its principal business is warehouse rental. The warehouse and office buildings are currently rented to TASCO for its warehousing business. After the Disposal, TASCO will terminate the tenancy agreement with the Vendor and move its warehousing business to its other warehouse.

#### 2.3 Information on the said Property

The summary of the details of the Property are set out below:-

The Vendor is the registered owner in the title and the title is free from all encumbrances.

The category of land use is "industrial". The restriction-in-interest is stated as "Tanah ini tidak boleh dipindahmilik, dipajak atau dijual dengan apa cara sekalipun melainkan dengan kebenaran Pihak Berkuasa Negeri.

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Lot No.	:	H.S. (M) 6200, PT 4166, Mukim Kapar, 42000 Port Klang, Selangor
Postal Address	:	Lot 12 Lengkungan Sultan Hishamuddin, North Klang Straits Industrial Area, Kawasan 20, Mukim Kapar, 42000 Port Klang, Selangor
Land Area	:	Approximately 3.1557 hectares (equivalent to 339,676 square feet)
Gross floor area	:	144,648 square feet ( 13,438 square metres)
Net floor area	:	144,648 square feet ( 13,438 square metres)
Amount of lettable space	:	144,648 square feet ( 13,438 square metres)
Amount of lettable space available for letting / occupy	:	144,648 square feet ( 13,438 square metres)
Tenure of the Land	:	99 years leasehold tenure expiring on 9 June 2086
Existing use of the Land	:	Warehouse and office building
Year of completion	:	14 years
Age of Building	:	14 years
Indicative Valuation	:	RM18,500,000
Original cost of Land and date of investment	:	RM7,104,327 (acquired on 6 November 2014)
Net book value of the Land	:	RM5,842,240
Net book value of the Building	:	RM5,522,318
Encumbrances	:	The Property is free from any encumbrances and is not charged to any financial institution.

### 3. SALIENT TERMS OF THE AGREEMENT

The salient terms of the Agreement are set out below:

- 3.1 The said Property with vacant possession is being disposed on an "as-is-where-is" basis together with fixtures and fittings free from all caveats, liens charges and encumbrances but subject to the restrictions in interest and all conditions of title whether expressed or implied in the documents of title to the said Property at the Disposal Price of RM17,500,000.00.

### 3.2 Payment of Disposal Price

The parties agree that the Disposal Price shall be paid by the Purchaser to Vendor as follows:

- i) Prior to the execution of the Agreement, the Purchaser had paid RM350,000.00 to TASCO as earnest deposit;
- ii) Upon the execution of the Agreement, a sum of RM1,400,000.00 ("**Balance Deposit**") shall be paid in the following manner:
  - A sum of RM525,000.00 only as the Real Property Gains Tax retention sum ("**Retention Sum**");
  - A sum of RM875,000.00 only to the Vendor.
- iii) The balance of the disposal price ("**Balance Disposal Price**") of RM15,750,000.00 shall be paid or cause to be paid by the Purchaser to the Vendor's solicitors as stakeholders on or before the expiration of a period of three (3) months from the Unconditional Date (as defined in item 3.3(a) below), failing which, an extension of time for a further period of one (1) month from the expiry of the Completion Period, i.e. three (3) months commencing from the Unconditional Date shall automatically be granted to the Purchaser on the expiration of the Completion Period subject to the Purchaser paying to the Vendor interest of 8% per annum calculated on daily basis from the commencement of the one (1) month from the expiration of the Completion Period ("**Extended Completion Period**") until full settlement thereof.
- iv) In the event that the Purchaser fails to settle the Balance Disposal Price within the stipulated time, the deposit paid by the Purchaser shall be forfeited absolutely to the Vendor by way of agreed liquidated damages and the Vendor shall refund all other monies paid by the Purchaser to the Vendor pursuant to the Agreement within 14 days of termination, failing which the Vendor shall pay to the Purchaser interest at the rate 8% per annum on all other monies paid by the Purchaser to the Vendor calculated on a day to day basis from the expiry of fourteen (14) days of termination to the date of actual refund whereupon the Agreement shall be terminated and rendered null and void and thereafter neither party shall have any claims against the other and the Vendor shall be entitled at its absolute discretion to resell the said Property at such time and place and subject to such conditions and in such manner as the Vendor shall think fit without the necessity of previously tendering or offering to make any sale to the Purchaser.
- v) For Goods and Services Tax purpose, the Purchaser shall pay a further sum of RM1,050,000.00 only (hereinafter referred to as "**GST Sum**") to the Vendor's Solicitors for their onward transmission, in the following manner:-
  - (i) upon execution of the Agreement, a sum of RM105,000.00 only, the sum shall be released by the Vendor's Solicitors to the Vendor provided that the Vendor have furnished a valid Tax Invoice to the Purchaser; and
  - (ii) upon settlement of differential sum or before Redemption Sum is payable (whichever is earlier), a sum of RM945,000.00 only, the sum shall be released by the Vendor PROVIDED that the Vendor has furnished a valid Tax Invoice to the Purchaser.
- vi) In the event the Purchaser has obtained the approval for the Purchaser' loan from the Purchaser's Financier to complete the purchase of the said Property, within Fourteen (14)

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days from the date of compliance by the Purchaser of the following, the Vendor shall execute and deliver to the Purchaser's solicitors a letter of undertaking in favour of the Purchaser's financier to refund the loan so released to them in the event the said Transfer cannot be registered for any reason whatsoever: -

- (a) that the difference between the Balance Disposal Price and the Purchaser's loan shall have been duly deposited with the Vendor's solicitors as stakeholders; and
- (b) that the Purchaser shall have procured or caused the Purchaser's financier to issue and deliver to the Vendor a letter from the Purchaser's financier that it undertakes to release the Loan to the Vendor's solicitors as stakeholders in payment, on behalf of the Purchaser, of the Balance Disposal Price.

### 3.3 Conditions Precedent

The SPA is conditional upon the fulfillment of the following conditions precedent ("**Conditions Precedent**"):-

- (a) both the Vendor and the Purchaser shall at its own costs and expenses obtain the relevant authority's consent or approval in respect of the disposal and/or acquisition of the said Property ("**State Authority Consent**") within six (6) months from the date of the Agreement with a further extension of three (3) months or such other longer period to be mutually agreed between the parties. The date of receipt of the original State Authority Consent shall be referred to as "**Unconditional Date**";
- (b) In the event the State Authority Consent is not obtained or the State Authority Consent is refused for any reason whatsoever within the relevant stipulated period or such extended period or periods as may be mutually agreed by the parties hereto, the Vendor shall forthwith within fourteen (14) days from the date of receipt of the refusal, at its own costs and expenses expeditiously appeal to the relevant authority and the Vendor shall take all necessary steps and to use her best endeavours to appeal for maximum of three (3) times.
- (c) In the event that the said Consent to Transfer from the relevant authority cannot be obtained within the time stipulated not due to the fault or omission of the Vendor and despite three (3) times appeal having been made, the Purchaser may grant a further time of sixty (60) days to the Vendor to comply with the Conditions Precedent, if the Vendor still fail to obtain the said Consent to Transfer within the extended time the Purchaser shall at its absolute option to determine whereupon the Vendor shall refund to the Purchaser all monies paid by the Purchaser to the Vendor under the Agreement towards the account of the Disposal Price free of interest within fourteen (14) days from the date of receipt by the Vendor of the Purchaser's notice of termination, failing which, the Vendor shall further be liable to pay the Purchaser interest at the rate of 8% per annum on the outstanding sum calculated on a day to day basis until the date of full payment of the outstanding sum to the Purchaser together with interest thereto.

## 4. BASIS OF ARRIVING AT DISPOSAL PRICE

The Disposal Price for the Disposal was arrived at on a willing buyer-willing seller basis and after taking into consideration of the following:-

- (i) The disposal consideration is arrived at on a mutual agreement basis after taking into consideration of the indicative valuation of RM18,500,000 based on the comparison method approach appraised by ITAC International (Kajang) Sdn Bhd ("**Valuer**"), an independent registered valuer appointed by the Vendor to conduct an independent valuation on the Property. The disposal consideration represents a discount of RM1,000,000 over the current market value of the Property. The rationale for the proposed Disposal is stipulated under item 6 of this announcement.

- (ii) The carrying cost the Property which was acquired on 7 August 2014 was RM7,280,000.

## 5. ASSUMPTION OF LIABILITIES

There are no liabilities to be assumed by the Purchaser arising from the Disposal.

## 6. UTILISATION OF PROCEEDS

The Disposal Price is proposed to be utilised as follows:-

Utilisation Purposes	Notes	RM'000	Expected time frame for the utilisation of Disposal Price (from the completion date)
			Within 3 months
1. Working Capital	(a)	16,800,000	
2. Expenses on disposal	(b)	650,000	Within 1 month
<b>Total estimated proceeds</b>		<u>17,500,000</u>	

### Notes:

(a) The proceeds will be utilised for additional working capital requirements in respect of TASCO Group's day-to-day operations to support its business operations which shall include, but not limited to the payment of trade and other payables, salaries and marketing expenses. The breakdown of proceed to be utilised for each component of the operating expenses has not been determined at this juncture. The actual utilisation for each component of working capital may differ at the time of utilisation.

(b) The estimated expenses consists of advisory fees, valuer fees, solicitors fees, fees payable to relevant authorities, real property gains tax and other related expenses for the Disposal. Any shortfall or excess in funds allocated for estimated expenses will be funded from or used for the working capital of TASCO Group.

## 7. EFFECTS ON THE DISPOSAL

### 7.1 Share capital and substantial shareholders' shareholdings

The Disposal does not involve any issuance of new shares in the Company and therefore will not have any effect on the share capital and substantial shareholders' shareholding of TASCO.

## 7.2 Earnings

The impact of the Disposal on TASCO Group's earnings per share ("EPS") for the financial year ending 31 March 2017 is show below:-

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Audited EPS for the financial year ended 31 March 2017	15.33
Increase in EPS due to the Disposal	0.03
Eps after the Disposal	15.36

The estimated one-of gain (after taxation) from Disposal is approximately RM5.48 million,

## 7.3 Net Assets ("NA") and NA per share

The effect of the Disposal on net asset and gearing is as follows:-

RM'000	Audited as at 31 March 2017	After Disposal
Share Capital	100,000	100,000
Share Premium	801	801
Revaluation Reserve	1,401	1,401
Hedge Reserve	(847)	(847)
Exchange translation reserve	(766)	(766)
Retained earnings	240,077	245,562
<b>Shareholders' Funds</b>	<b>340,666</b>	<b>346,151</b>
Non-controlling interest	1,059	1,059
<b>Net Assets / Total Equity</b>	<b>341,725</b>	<b>347,210</b>
Number of TASCO shares in issue ('000)	200,000	200,000
Net Assets per TASCO Share (RM)	1.70	1.74
Net borrowings	(33,292)	(16,442)
Gearing (Times) <sup>(1)</sup>	(0.1)	(0.05)

Note:

(1) Calculated based on the net borrowings divided by the shareholders' funds.

## 7.4 CASH COMPANY OR PRACTICE NOTE 17 ("PN 17") COMPANY

The Disposal will not result in TASCO becoming a Cash Company or a PN 17 Issuer as defined under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 8. RATIONALE

The Disposal will allow TASCO Group to unlock and realise the value and capital appreciation of the Property which will enable the Company to realise an estimated one-off gain (after taxation) of approximately RM5.48 million.

The proceeds arising from the Disposal is expected to further enhance the liquidity position of the Company to undertake the necessary investment and expansion strategies when available/required to grow the Group's revenue base and profitability.

## 9. RISK FACTOR

### Non-completion of the Disposal

The completion of the Disposal is conditional upon the Conditions Precedent as set out in item 3.3 above being fulfilled. There can be no assurance that all the Conditions Precedent will be fulfilled or obtained in a timely manner or at all. Should a delay or non-completion of the Disposal occur, TASCO Group may not realise all the benefits that may accrue to it from the proposed utilisation of proceeds as disclosed in item 6.0 above and the estimated one-off gain (after taxation) of approximately RM5.48 million arising from the Disposal.

Notwithstanding the above, TASCO shall endeavour to ensure that all the Conditions Precedent are met and that the Disposal is completed in a timely manner.

## 10. STATEMENT OF THE BOARD

The Board having considered all aspects of the Disposal (including but not limited to the basis of the Disposal Price, rationale, prospects and financial effects of the Disposal), is of the opinion that the Disposal is:

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

## 11. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Disposal as per Paragraph 10.02(g) Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.14% which is based on the Disposal Price compared to the consolidated net assets of TASCO based on its latest audited financial statements of TASCO group as at 31 March 2017.

## 12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders and/or persons connected with the Directors and/or the major shareholders of the Company has any interest, direct or indirect in the Disposal.



**13. APPROVALS OF SHAREHOLDERS AND THE RELEVANT GOVERNMENT AUTHORITIES**

The Disposal is not subject to the approval of the shareholders of the Company but is conditional upon approvals obtained from or any governmental authorities.

**14. ETIMATED TIME FRAME FOR COMPLETION**

Barring unforeseen circumstances, the Disposal is expected to be completed by 6 months from the date of the SPA.

**15. DOCUMENTS FOR INSPECTION**

The Agreement and the valuation report shall be made available for inspection at the Company's registered office at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan during normal office hours from Monday to Friday (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 15 January 2018.