

# TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : RELATED PARTY TRANSACTIONS INSAS BERHAD RELATED PARTY TRANSACTION - DISPOSAL OF LAND BY A SUBSIDIARY

## INSAS BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	INSAS BERHAD RELATED PARTY TRANSACTION - DISPOSAL OF LAND BY A SUBSIDIARY

The Board of Directors of Insas Berhad ("**Insas**") wishes to announce that Filmont Holdings Sdn Bhd ("**Filmont**" or "**Vendor**"), an indirect wholly-owned subsidiary of Insas, had on 7 December 2018 entered into a Sale and Purchase Agreement ("**SPA**") with Satin Magic Sdn Bhd ("**Satin Magic**" or "**Purchaser**") for the disposal of a parcel of vacant freehold residential land measuring approximately 24,380 square feet and held under Geran No.: 43962, Lot No.: 51979, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ("**Land**") for a total consideration of RM14,871,800 or RM610 per square foot ("**Disposal**").

Please see details of the announcement in the attached file.

Please refer attachment below.

### Attachments

Announcement - Filmont land disposal.pdf  
136.0 kB

### Announcement Info

Company Name	INSAS BERHAD
Stock Name	INSAS
Date Announced	07 Dec 2018
Category	General Announcement for PLC
Reference Number	GA1-07122018-00131

## **INSAS BERHAD RELATED PARTY TRANSACTION - DISPOSAL OF LAND BY A SUBSIDIARY**

### **1. INTRODUCTION**

The Board of Directors of Insas Berhad ("**Insas**") wishes to announce that Filmont Holdings Sdn Bhd ("**Filmont**" or "**Vendor**"), an indirect wholly-owned subsidiary of Insas, had on 7 December 2018 entered into a Sale and Purchase Agreement ("**SPA**") with Satin Magic Sdn Bhd ("**Satin Magic**" or "**Purchaser**") for the disposal of a parcel of vacant freehold residential land measuring approximately 24,380 square feet and held under Geran No.: 43962, Lot No.: 51979, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ("**Land**") for a total consideration of RM14,871,800 or RM610 per square foot ("**Disposal**").

### **2. DETAILS OF THE DISPOSAL**

#### **2.1 Details of the Land**

The Land is a freehold land located along Jalan Setiakasih, Bukit Damansara, Kuala Lumpur. The existing use of the Land is residential and the Land has been vacant since the date of acquisition.

The Land was acquired by Filmont in May 2004 and the original cost of acquisition is RM5,276,000 or RM216 per square foot.

The net book value of the Land based on the latest audited financial statement as at 30 June 2018 is RM14.3 million, and the land is currently free from encumbrances.

The market value as appraised by Khong & Jaafar Sdn Bhd, an independent professional valuer using the Comparison Approach to Value method of valuation based on its valuation report dated 9 November 2018 is RM14.3 million or RM586 per square foot.

#### **2.2 Information on Filmont**

Filmont is a private limited company incorporated in Malaysia on 7 November 1994 and its present issued and paid up share capital is RM5,150,002, comprising 2 ordinary shares and 5,150,000 redeemable convertible preference shares.

Filmont is an indirect wholly-owned subsidiary of Insas, and its principal business is investment holding and property investment.

#### **2.3 Information on Satin Magic**

Satin Magic is a private limited company incorporated in Malaysia on 27 February 2015 and its present issued and paid up share capital is RM1,750,000, comprising 1,750,000 ordinary shares.

The principal business of Satin Magic is property development, investment holding, land and property investment.

Filmont holds a direct 13.0% equity interest in Satin Magic.

Dato' Sri Thong Kok Khee ("**Dato' Sri Thong**"), the Executive Deputy Chairman/Chief Executive Officer and a major shareholder of Insas, is a Director of both Filmont and Satin Magic and is deemed to have a 32.0% indirect equity interest in Satin Magic by virtue of his deemed interest in Immobillaire Holdings Pte Ltd, Immobillaire Holdings Sdn Bhd and Windfields Development Pte Ltd.

Dato' Wong Gian Kui ("**Dato' Wong**"), an Executive Director of Insas, is also a Director of Satin Magic and has a direct 5.0% equity interest in Satin Magic.

Both Dato' Sri Thong and Dato' Wong declared their interest in the transaction by virtue of their deemed interest in Satin Magic and accordingly, they have abstained and will continue to abstain from all deliberations and voting at the board meetings of Insas Group in respect of the Disposal.

#### **2.4 Basis of arriving at the Sale Consideration**

The Sale Consideration of RM14,871,800 ("**Sale Consideration**") was arrived at on a "willing buyer and willing seller" basis through direct negotiation between the parties and after taking into consideration the market value of the Land of RM14,300,000 as determined by an independent professional valuer, Khong & Jaafar Sdn Bhd via its valuation report dated 9 November 2018.

The Board, excluding Dato' Sri Thong and Dato' Wong who have abstained at all deliberation and voting, is of the opinion that the Sale Consideration of RM14,871,800 is fair and reasonable.

#### **2.5 Salient terms of the SPA**

The salient terms of the SPA are :

- (i) The Purchaser is desirous of purchasing the Land and developing the same together with several of the adjoining lots into a condominium development subject to the approval of the relevant authorities ("**Development**").
- (ii) In consideration of the sum amounting to RM491,840 paid by the Purchaser to the Vendor by way of deposit and part payment of the Sale Consideration, the Vendor has agreed to sell and the Purchaser has agreed to purchase the Land, free from all encumbrances with the benefit of vacant possession but subject to all conditions whether express or implied in the title to the Land and subject to all terms and conditions contained in the SPA.
- (iii) The balance of the Sale Consideration amounting to RM14,379,960 shall be paid by the Purchaser to the Vendor via apartment units and the Vendor shall be allowed the right to choose and to purchase such number of units of apartments within the Development totalling a size of approximately 10,070 square feet (collectively "**the Apartment**") calculated at the rate of RM1,428 per square foot ("**Agreed Rate**"), upon the Advertising Permit and Developer's License having been issued to the Purchaser for the Development by the Ministry of Urban Wellbeing, Housing and Local Government; and the Purchaser shall not sell the apartments in the Development at a rate lower than the Agreed Rate to other purchasers in the Development and in the event that the Purchaser sells any apartment at a lower rate than the Agreed Rate, the Purchaser shall pay to the Vendor the difference thereof within 30 days from the date of issuance of the Certificate of Completion and Compliance by the relevant consultants for the Development.

### **3. RATIONALE**

The Disposal is part of the Group's asset rationalisation exercise to unlock and realise the increase in the value of its landed assets. The Sale Consideration of RM14,871,800 represents an appreciation of more than 180% in value since the Land was acquired in 2004.

The Disposal would also enable Filmont to participate in the future upside of the viable property development project in Bukit Damansara, Kuala Lumpur by virtue of its 13.0% equity interest in Satin Magic.

### **4. EXPECTED GAINS**

The Disposal is expected to give rise to a small gain of RM0.1 million only for the financial year ending 30 June 2019 after adjusting for relevant expenses and taxes, as all changes in the fair value of the Land since its acquisition in 2004 amounting to approximately RM9.0 million have been included in the statements of profit or loss in the previous financial years.

### **5. LIABILITIES TO BE ASSUMED BY SATIN MAGIC**

There are no liabilities to be assumed by the Purchaser in relation to the Land.

### **6. UTILISATION OF PROCEEDS**

The sale proceeds will be utilised as working capital.

### **7. EFFECTS OF THE LAND DISPOSAL**

#### **7.1 Share capital and substantial shareholders' shareholding**

The Disposal will not have any effect on the issued share capital of Insas and the substantial shareholders' shareholdings in Insas as no new ordinary shares will be issued pursuant to the Disposal.

#### **7.2 Earnings**

The Disposal is not expected to have any material effect on the earnings per share of Insas for the financial year ending 30 June 2019.

#### **7.3 Net assets and gearing**

The Disposal will not have any material effect on the net assets per share and gearing of Insas Group for the financial year ending 30 June 2019.

### **8. APPROVAL REQUIRED**

The Disposal is not subject to the approval of the shareholders of Insas or any other authorities.

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

Dato' Sri Thong, the Executive Deputy Chairman/Chief Executive Officer and a major shareholder of Insas, is a Director of both Filmont and Satin Magic and is deemed to have a 32.0% indirect equity interest in Satin Magic by virtue of his deemed interest

in Immobiliare Holdings Pte Ltd, Immobiliare Holdings Sdn Bhd and Windfields Development Pte Ltd.

Dato' Wong, an Executive Director of Insas, is also a Director of Satin Magic and has a direct 5.0% equity interest in Satin Magic.

Both Dato' Sri Thong and Dato' Wong declared their interest in the transaction by virtue of their deemed interest in Satin Magic and accordingly, they have abstained and will continue to abstain from all deliberation and voting at the board meetings of Insas in respect of the Disposal.

Other than disclosed above, none of the other Directors, major shareholders of Insas and/or persons connected to them have any interest, whether direct or indirect, in the Disposal.

#### **10. DIRECTORS STATEMENT**

The Board (save for Dato' Sri Thong and Dato' Wong), having considered all aspects of the Disposal, is of the opinion that the Disposal is in the best interest of Insas and its shareholders and not detrimental to the Group.

#### **11. AUDIT COMMITTEE STATEMENT**

The Audit Committee of Insas, having considered all aspects of the Disposal including the financial effects and rationale, is of the opinion that the Disposal:

- a) is in the best interest of Insas;
- b) is fair, reasonable and on normal commercial terms; and
- c) is not detrimental to the interest of the minority shareholders of Insas.

#### **12. TRANSACTIONS WITH RELATED PARTY FOR PAST 12 MONTHS**

Insas Group has not entered into any other transactions with the Purchaser for the 12 months preceding the date of this announcement.

#### **13. HIGHEST PERCENTAGE RATIOS**

The highest percentage ratio applicable to the Disposal pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 0.90% based on the latest audited financial statements of Insas for financial year ended 30 June 2018.

#### **14. DOCUMENTS AVAILABLE FOR INSPECTION**

The SPA and the valuation report dated 9 November 2018 are available for inspection for 3 months from the date of this announcement during normal business hours at the Registered Office of Insas located at No. 45-5, The Boulevard, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

This announcement is dated 7 December 2018.