

OCR GROUP BERHAD

Type	Announcement
Subject	OTHERS
Description	Acquisition of 900,000 ordinary shares representing 100.00% of the issued and paid-up share capital of Fotopop (M) Sdn. Bhd. by Serba Simfoni Sdn. Bhd., a wholly owned subsidiary of OCR Group Berhad

1. INTRODUCTION

The Board of Directors of OCR Group Berhad ("OCR" and the "Company") wishes to announce that its wholly-owned subsidiary, Serba Simfoni Sdn. Bhd. ("SSSB" or the "Purchaser"), a wholly-owned subsidiary of Grand Superland Sdn. Bhd. ("GSSB"), which in term is the wholly-owned subsidiary of OCR, had on 6 May 2020, entered into a Shares Sale Agreement ("SSA") to acquire 900,000 ordinary shares representing 100.00% of the issued and paid-up share capital of Fotopop (M) Sdn. Bhd. ("Fotopop") from Ms. Low Hui Hun and Ms. Low Wei Eng ("Vendors") for a consideration of RM10,900,000.00 ("Purchase Price") (the "Acquisition").

Upon completion of the SSA, Fotopop will become a wholly-owned-subsiary of SSSB. Hence OCR has an effective interest of 100.00% in Fotopop by virtue of its 100% equity interest in GSSB which is the holding company of SSSB.

2. DETAILS OF THE ACQUISITION

2.1 Information on Fotopop

Fotopop was incorporated in Malaysia on 6 January 1990 as a private limited company under the Companies Act, 1965 with an issued and paid up share capital of RM900,000.00 comprising of 900,000 ordinary shares.

Fotopop is currently a dormant company and its intended principal activities will be in the business of property development.

Before the completion of the SSA:-

(1) The shareholders of Fotopop are as follows:-

	Name of Shareholders	No. of Ordinary Shares	Shareholding percentage
(a)	Low Hui Hun	500,000	55.56%
(b)	Low Wei Eng	400,000	44.44%
	Total	900,000	100.00%

(2) The directors of Fotopop are as follows:-

	Directors
(a)	Low See Meng
(b)	Low Hui Hun

After the completion of the SSA:-

(1) The shareholders of Fotopop are as follows:-

	Name of Shareholders	No. of Ordinary Shares	Shareholding percentage
(a)	Serba Simfoni Sdn. Bhd.	900,000	100.00%

(2) The directors of Fotopop are as follows:-

	Directors
(a)	Ong Kah Hoe
(b)	Ong Kah Wee

Summary of the financial information of Fotopop based on their latest management financial statements made up to 31 December 2018 were as follows:

	Management Accounts made up to 31.12.2018
Revenue	-
Loss before Tax	(13,124)
Loss after Tax	(13,124)
Net EPS	-
Shareholders' Fund	251,527

Fotopop has the following two (2) pieces of lands ("Lands") held under:-

- (a) Pajakan Negeri No. Hakmilik No.PM 5820 for Lot 53404, Seksyen 10 situated in Bandar Kajang, Hill Street Kajang, Daerah Hulu Langat, with a tenure expiring on 12 July 2059 comprising an area of approximately 6,152 square metre. The land is leasehold agriculture land zoned for that has been converted to residential use. It is currently a vacant land; and
- (b) Pajakan Negeri No. Hakmilik No.PM 5824 for Lot 53403, Seksyen 10 situated in Bandar Kajang, Hill Street Kajang, Daerah Hulu Langat, with a tenure expiring on 3 November 2054 comprising an area of approximately 8,894 square metre. The land is leasehold agriculture land. It is currently a vacant land.

2.2 Information on SSSB

SSSB was incorporated in Malaysia on 8 January 2018 as a private limited company under the Companies Act, 2016 with an issued and paid up share capital of RM1.00 comprising of 1 ordinary share. SSSB is currently a dormant company and has not commenced any business operation since the date of its incorporation. The intended principal activities of SSSB will be in the business of construction, property development, project management, real estate etc.

The detail of the shareholder of SSSB is as follows:-

	Name of Shareholder	Shareholding percentage
(a)	Grand Superland Sdn. Bhd.	100.00%

The directors of SSSB are as follows:-

	Directors
(a)	Ong Kah Hoe
(b)	Loke Wei Feng

2.3 Information on GSSB

GSSB was incorporated in Malaysia on 12 June 2015 as a private limited company under the Companies Act, 1965 with an issued and paid up share capital of RM2.00 comprising of 2 ordinary shares. GSSB is currently a dormant company and has not commenced any business operation since the date of its incorporation. The intended principal activities of GSSB will be in the business of construction of residential and commercial properties and property development etc.

The detail of the shareholder of GSSB is as follows:-

	Name of Shareholder	Shareholding percentage
(a)	OCR Group Berhad	100.00%

The directors of GSSB are as follows:-

	Directors
(a)	Ong Kah Hoe
(b)	Ong Kah Wee

2.4 Basis of Arriving at and Justification for the Purchase Price

The purchase consideration of RM10,900,000.00 was arrived at a willing-buyer and willing-seller basis after negotiating based on the market value of RM724 per square meter by reference to the certificate of valuation from an independent registered value Rahim & Co. International Sdn. Bhd., issued on 18 November 2019 ("Certificate of Valuation") at a value of RM11,500,000 or approximately RM764 per square meter. Valuation of which was carried out on the lands by the aforesaid independent valuer using market value basis on 5 November 2019.

2.5 Salient Terms of the SSA

2.5.1 Conditions Precedent

(a) Agreement Conditional

The Acquisition is conditional upon the following being fulfilled on or before the Cut-Off Date (3 months from the date of the Agreement) or the Extended Cut-Off Date as may be mutually agreed between the Parties or the times as more specifically stated herein below:-

- (i) SSSB being satisfied with the results of its due diligence investigation into the Vendors' title to the Sale Shares, the financial and legal due diligence on Fotopop and the legal due diligence shall completed by SSSB within 30 days from the date of SSA;
- (ii) The approval of the Board of Directors of SSSB to purchase the Sale Shares upon the terms and conditions set in the SSA;
- (iii) SSSB being satisfied with the contents of the Disclosure Letter.

(iv) Such other consents or approvals as may be required of a relevant third party of Fotopop for any of the following upon completion taking effect:-

- a. any sale, transfer or assignment of beneficial interests of the Sale Shares;
- b. any change of shareholders or partners of Fotopop; or
- c. any change in the control of Fotopop, whereby control includes power to appoint or cause to be appointed a majority of directors of Fotopop or the power to make or cause to be made decision in respect of the administration of Fotopop and to give effect to such decisions.

(b) Conditions not satisfied

If any of the Conditions Precedent are not satisfied by the Cut-Off Date or the Extended Cut-Off Date, as the case may be (not due to a default of any party) or if any of the Approvals are rejected or the Affected Party rejects any conditions or in any case after all appeals are exhausted, then any Party will be entitled to issue a Notice of Termination to the other Party whereupon such termination neither Party shall have any further right or obligation under the SSA.

(c) Rights to Waive

SSSB may (but shall not be obliged) waive or modify any written agreement by them, any of the Conditions Precedent whereupon such Condition Precedent shall be deemed (as applicable) waived or modified.

(d) Unconditional Date

The SSA shall become unconditional on the day upon which the last of the Conditions Precedent have been fulfilled in accordance with the provisions of the SSA.

2.5.2 Basic of Sale

The Sale Shares are sold:-

- (a) free from all liens, charges and encumbrances and with full legal and beneficial title;
- (b) with all rights attaching thereto (including all dividends and distributions (if any) declared in respect thereof) with effect from the Completion Date; and
- (c) on the basis of the Warranties.

2.5.3 Consideration

The sale and purchase consideration for the SSA is RM10,900,000.00 only ("Consideration").

The Consideration shall be paid in the following manner:-

- (a) Upon the execution of the SSA, SSSB shall pay the sum of RM1,090,000.00 only to its Solicitors as stakeholders as a refundable and part payment of the Consideration to the Vendors ("Deposit") and such Deposit to be released to the vendors upon execution of the SSA.

- (b) On the Unconditional Date, SSSB shall pay the balance of RM9,810,000.00 only (“Balance Consideration”) to its Solicitors as stakeholder and such Balance Consideration shall be released to the Vendors on the Completion Date.

(“Completion Date” means the Business Day falling 30 days from the Unconditional Date [as defined in Section 2.5.1(d) above], or such other date as may be agreed upon between the parties upon which Completion is to take place)

3. SOURCE OF FUNDING

The Acquisition will be funded by internally generated funds and/or bank borrowings. The exact mix of internally generated funds, fund raising exercise and/or bank borrowings has not been finalised at this juncture.

4. LIABILITIES TO BE ASSUMED

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

5. RATIONALE

The Acquisition is part of OCR Group’s strategy to seek opportunities to expand and increase its land bank and diversify its business operations to turn profitable with sustainable growth. OCR views the Acquisition as an opportunity to strengthen its financial earnings.

6. FINANCIAL EFFECTS OF THE ACQUISITION

6.1 Share Capital

The Acquisition is not expected to have any material effect on the issued and paid-up share capital of OCR.

6.2 Earnings and Net Assets

The Acquisition is not expected to have a material effect on the net assets per share and the earnings of the Company and of the OCR Group for the financial period ending 31 December 2019.

6.3 Gearing

The Acquisition will not have any material impact on the gearing of OCR.

7. ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Acquisition is expected to be completed on the date of signing of the SSA.

8. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Acquisition as per paragraph 10.02 (g) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad is approximately 9.87%. The computation of the ratios was based on after the audited financial statements for the financial year ended 31 December 2018.

9. APPROVALS REQUIRED

The Acquisition does not require the approval of the shareholders of OCR or any regulatory authorities.

10. INTEREST OF DIRECTORS, SUBSTANTIAL / MAJOR SHAREHOLDERS AND PERSONS CONNECTED

None of the Directors and/or substantial / major shareholders of OCR or persons connected to them have any interest, direct or indirect in the Acquisition.

11. STATEMENT BY DIRECTORS

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

The Acquisition is fair, reasonable and on normal commercial terms and are not detrimental to the interest of the minority shareholders.

12. DOCUMENTS FOR INSPECTION

The SSA is available for inspection at the registered office of OCR at 49-B Jalan Melaka Raya 8, Taman Melaka Raya, 75000 Melaka, Malaysia during normal business hours on Mondays to Fridays (except public holiday) for a period of three (3) months from the date of this announcement.

This announcement is dated 8 May 2020