

## 1. INTRODUCTION

The Board of Directors of GCB wishes to announce that GCB had on 30 June 2016 entered into a sale of shares agreement (“SSA”) with Ms Tay Lie Siang, Ms Tay Lee Goh, Ms Tay Lee Lin and Ms Tay Lee Shein (“collectively referred to the Purchasers”) to dispose of the entire equity interest held by GCB in GCB Marketing Sdn. Bhd. (“GCBM”), representing 3,000,000 ordinary shares of RM1.00 each (“Sale Shares”) for a total cash consideration of RM150,000.00 (“Disposal Consideration”) (“Disposal”). Upon completion of the Disposal, GCBM is no longer a subsidiary of GCB.

## 2. DETAILS OF PROPOSED DISPOSAL

### 2.1 Background Information on the Purchasers

- (a) Tay Lie Siang (NRIC No. 560816-01-5412) of 19, Jalan Rumbia 24, Taman Daya, 81100 Johor Bahru, Johor;
  - (b) Tay Lee Goh (NRIC No. 610521-01-6082) of 17, Jalan Rumbia 24, Taman Daya, 81100 Johor Bahru, Johor;
  - (c) Tay Lee Lin (NRIC No. 640924-01-5102) of 40, Jalan Melor, Taman Melor, Parit Jawa, 84150 Muar, Johor; and
  - (d) Tay Lee Shein (NRIC No. 710927-01-5168) of 37, Jalan Pesona 13, Pelangi Indah, 81800 Ulu Tiram, Johor,
- are the siblings of the Director of the Company and GCBM, namely Tay How Sik @ Tay How Sick and the Director of GCBM, namely Tay How Yeh.

### 2.2 Background Information on GCBM

GCBM (776543-V), a wholly-owned subsidiary company of GCB was incorporated in Malaysia on 11 June 2007. The present authorised capital of GCBM is RM5,000,000.00, comprising 5,000,000 ordinary shares of RM1.00 each (“Shares”) of which RM3,000,000.00, comprising 3,000,000 Shares have been issued and paid or credited as fully paid.

The principal activities of GCBM are sales of beverages and chocolates (“Business”).

As at the date of announcement, the Directors of GCB namely, Mr Tay Hoe Lian, Mr Tay How Sik @ Tay How Sick and Mr Hia Cheng are also the Directors of GCBM.

The key financial information of GCBM for the past three financial years ended 31 December (“FY”) 2013 to 2015 is enclosed in the Appendix 1.

### 2.3 Original Cost of Investment

Details of GCB’s investment in the issued and paid-up share capital of GCBM and the original cost of investment are as follows:

| <u>Date of investment</u> | <u>No. of shares invested</u> | <u>Cost of investment (RM)</u> |
|---------------------------|-------------------------------|--------------------------------|
| 20 July 2007              | 94,000                        | 94,000                         |
| 12 November 2007          | 376,000                       | 376,000                        |
| 03 July 2009              | 15,000                        | 1                              |
| 27 August 2009            | 15,000                        | 5,000                          |
| 31 December 2009          | <u>2,500,000</u>              | <u>2,500,000</u>               |
|                           | <b><u>3,000,000</u></b>       | <b><u>2,975,001</u></b>        |

Investment cost in GCBM has been fully impaired in GCB book.

## **2.4 Basis of Disposal Consideration**

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis between GCB and the Purchasers after taking into account the audited shareholders' deficit of GCBM of RM363,030.00 as at 31 December 2015.

## **2.5 Payment Terms**

The Disposal Consideration shall be satisfied fully via cash. Such payment shall be made upon transfer of Sale Shares.

## **2.6 Salient Terms of the SSA**

2.6.1 Provided that it has not been rescinded or terminated in accordance with the terms and conditions of SSA and subject to compliance of the provisions set out therein, the completion of the sale and purchase of the Sale Shares shall take place at the GCB's office on 30 June 2016 ("Completion Date") or such other date as the parties may agree in writing.

2.6.2 The effect of disposal to GCB shall be calculated based on latest available announcement results as at 31 March 2016. No adjustment shall be made upon the availability of 30 June 2016 results if the variance of the effect noted is less than RM50,000.00.

2.6.3 On Completion Date or such other date as the parties may agree in writing, GCB shall deliver or cause to deliver the following forms, documents or certificate to the Purchasers:-

- (i) the original share certificates of the Sale Shares;
- (ii) the duly executed valid and registrable Instruments of Transfer of Securities (Form 32A) in favour of the Purchasers or if the Purchasers so direct, in favour of the nominee or nominees of the Purchasers pertaining to the Sale Shares;
- (iii) the resignation letter of all the directors of GCB from the Board of Directors of GCBM confirming that they have no outstanding claims of any kind against GCBM;
- (iv) GCBM's Board of Directors' Resolution appointing the Purchasers and/or their nominee(s) (if any) to be on the Board of Directors of GCBM;
- (v) a copy certified as a true copy by the Secretary of GCBM of a directors' resolution of GCBM which is in full force and effect approving (subject to stamping) the transfer of the Sale Shares to the Purchasers and/or their nominee(s);
- (vi) written revocation by GCB of all authorities given to any individuals to operate the existing bank accounts and the giving by GCBM of such authorities to such individuals as the Purchasers may nominate;
- (vii) the current bank cheque books and current paying in books of GCBM together with all bank statements of GCBM;

(viii) all statutory and other books of accounts of GCBM duly written up to the Completion Date; and

(ix) common seals, certificate of incorporation and all available copies of its current Memorandum and Articles of Association of GCBM.

2.6.4 Subject to the terms therein, the handover of the Business, management and operation of GCBM is recorded as delivered to the Purchasers on 30 June 2016 and with effect from 30 June 2016.

### **3. LIABILITIES TO BE ASSUMED AND RISKS**

There were no liabilities, including contingent liabilities and guarantees, to be assumed by GCB arising from the Disposal.

There is no corporate guarantee extended by GCB to any creditor(s) or the financial institution(s) of GCBM as at the date of this announcement.

The Board of GCB does not foresee any risk factor arising from the Disposal.

### **4. UTILISATION OF PROCEEDS ARISING FROM THE DISPOSAL**

The Proceeds will be utilised for working capital purpose.

### **5. RATIONALE FOR THE DISPOSAL**

The Disposal represents an opportunity for GCB to unlock its investment in GCBM and to in line with the Group's internal rationalisation initiatives for better efficiency and relieving from incurring further losses from the investment.

### **6. FINANCIAL EFFECTS**

#### **6.1 Share Capital**

The Disposal has no effect on the share capital of GCB as it will be satisfied entirely by cash.

#### **6.2 Earnings, Net Assets ("NA") and Gearing**

The proforma effects of the Disposal on the NA and gearing of GCB Group, based on the latest announced consolidated financial statements of GCB Group for Q1 FY2016 are outlined in Appendix 2.

#### **6.3 Substantial Shareholders**

The Disposal has no effect on the shareholdings of the substantial shareholders of GCB.

**7. DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

Save and except for the Director, Tay How Sik @ Tay How Sick, none of the Directors and/or substantial shareholders of GCB, or persons connected to them, has any interest, direct or indirect, in the Disposal.

**8. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Disposal under Paragraph 10.02(g) Chapter 10 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements is 0.04%.

**9. DEPARTURE FROM THE SECURITIES COMMISSION'S ("SC") POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES**

The Board of Directors of GCB is not aware of any departures from the SC's Guidelines in relation to the Disposal.

**10. DIRECTORS' STATEMENT**

The Board of Directors of GCB (save and except for the interested Director mentioned herein), after having considered all aspects of the Disposal (including but not limited to the rationale and effects thereof) and SSA is of the opinion that the Disposal is in the best interest of the GCB Group.

**11. CORPORATE EXERCISE ANNOUNCED BUT PENDING COMPLETION**

Save for the Proposed Disposal of 70% equity interest in aggregate in GCB Specialty Chocolates Sdn. Bhd. with the minority shareholder to Fuji Oil Asia Pte. Ltd. on 30 May 2016, GCB Group does not have any other corporate exercise which has been announced to Bursa Securities but has yet to be completed prior to this announcement.

**12. APPROVALS REQUIRED**

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

**13. DATE OF COMPLETION**

The Disposal is deemed completed on 30 June 2016.

**14. DOCUMENTS FOR INSPECTION**

A copy of the SSA is available for inspection by the shareholders of GCB at the registered office of GCB at 7 (1st Floor) Jalan Pesta 1/1 Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor during normal office hours from Monday to Friday (except public holidays) for a period of 2 months commencing from the date of this announcement.

The announcement is dated 01 July 2016.