

RCE CAPITAL BERHAD (“RCE”)
- PROPOSED DISPOSAL OF PROPERTY TO A RELATED PARTY

1. INTRODUCTION

The Board of Directors of RCE wishes to announce that its indirect wholly-owned subsidiary, RCE Equity Sdn Bhd (“**RCE Equity**”) had on 29 May 2015 entered into a sale and purchase agreement (“**SPA**”) with Living Development Sdn Bhd (“**Living Development**”), a wholly-owned subsidiary of Amcorp Properties Berhad (“**AMPROP**”), for the proposed disposal of an office unit bearing postal address Unit No. 1502, Level 15, Menara PJ, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan held under Strata Title No. PN21919/M1-A/16/334, Lot No. 19, Section 26, Town of Petaling Jaya, District of Petaling, State of Selangor (“**Property**”) for a total cash consideration of RM3.3 million (“**Disposal Consideration**”) (“**Proposed Disposal**”).

The Proposed Disposal is deemed to be a related party transaction pursuant to Chapter 10 of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“**Listing Requirements**”) due to the interests of certain Directors and major shareholders as set out in Section 6 of this announcement.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on Living Development

Living Development is a private limited company incorporated in Malaysia under the Companies Act, 1965 (“**Act**”) on 5 December 1978 and is principally involved in property investment.

The authorised share capital of Living Development is RM10,000,000.00 divided into 10,000,000 ordinary shares of RM1.00 each, of which 3,768,436 ordinary shares of RM1.00 each have been issued and fully paid-up.

Living Development is a wholly-owned subsidiary of AMPROP, which in turn is a 71% owned subsidiary of Amcorp Group Berhad (“**Amcorp**”).

2.2 Information on RCE Equity

RCE Equity is a private limited company incorporated in Malaysia under the Act on 16 July 1991 and is principally involved in property investment, provision of financial administrative and debt management services and trading of securities.

The authorised share capital of RCE Equity is RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each, of which 2,600,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

RCE Equity is a wholly-owned subsidiary of RCE Marketing Sdn Bhd, which in turn is a wholly-owned subsidiary RCE. RCE is a 57% owned subsidiary of Cempaka Empayar Sdn Bhd, which in turn is a wholly-owned subsidiary of Amcorp.

2.3 Salient terms of the SPA

The salient terms of the SPA include inter alia, the following:

- (a) The Disposal Consideration will be satisfied by Living Development in the following manner:
 - (i) 10% deposit amounting to RM330,000 to be paid to RCE Equity upon signing of the SPA; and
 - (ii) balance of the Disposal Consideration of RM2,970,000 will be paid on the completion date.
- (b) The property is sold free from all encumbrances, charges, claims, caveats, liens and equities whatsoever with vacant possession or legal possession (where applicable), subject to all conditions of title, restrictions-in-interest, whether express or implied affecting the same and upon terms and conditions in the SPA.
- (c) The completion of the sale and purchase of the Property shall be conditional upon the fulfilment of the following obligations within six (6) months from the date of the SPA or such extended period as may be agreed between RCE Equity and Living Development:
 - (i) RCE Equity procuring the state authority's consent to the transfer of the Property to Living Development; and
 - (ii) where applicable, RCE Equity procuring the consent of the existing tenant to the sale and purchase of the Property and/or the assignment of the tenancy agreement, as the case may be, by RCE Equity to Living Development.
- (d) If the abovementioned conditions precedent cannot be fulfilled within the stipulated time and in the absence of any extension of time agreed to by the parties, Living Development shall be entitled to terminate the SPA by giving notice to that effect to RCE Equity whereupon the SPA shall lapse and be of no further effect and the following shall apply:
 - (i) RCE Equity shall within seven (7) days of the date of such notice, refund to Living Development all monies which have been paid towards account of the purchase price without interest; and
 - (ii) subject to RCE Equity complying with clause 2.3(d)(i) above, Living Development shall return all documents delivered by RCE Equity in connection with this sale and purchase transaction to RCE Equity.

2.4 Basis of arriving at the Disposal Consideration

The Disposal Consideration was arrived at on a willing-buyer willing-seller basis after taking into consideration the market value of the Property based on the valuation carried out by Rahim & Co Chartered Surveyors Sdn Bhd (“**Rahim & Co**”), an independent firm of registered valuer appointed by RCE Equity to conduct annual valuation on the Property.

Rahim & Co had vide their valuation report dated 10 April 2015 (“**Valuation Report**”) assessed the market value of the Property at RM3.3 million using the comparison method of valuation.

2.5 Information on the Property

The Property is located within an integrated commercial complex known as Amcorp Trade Centre (“**Complex**”). The Complex comprises of a 5-storey retail mall sited on top of 2 basement levels of common car parks, 3 office towers known as PJ Tower, Amcorp Tower and Yayasan Selangor Tower and the service suites and business suites block identified as Menara Melawangi.

The Complex is located within approximately 15 kilometres by road to the south-west of Kuala Lumpur city centre and is accessible from Kuala Lumpur city centre vide the Federal Highway and the New Pantai Expressway. The Complex is also in close proximity to the Taman Jaya Station for LRT Kelana Jaya Line which is located around 200 metres away.

Certain pertinent information of the Property is as follows:

Postal Address	: Unit No. 1502, Level 15, Menara PJ, Pusat Perdagangan Amcorp, No. 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor Darul Ehsan
Strata title no.	: PN21919/M1-A/16/334
Approximate age of building	: 18 years
Tenure	: 99-year leasehold; expiring on 11 September 2088
Registered owner	: RCE Equity
Category use of the Property/ existing use/proposed use of the Property	: Office suite
Approximate area/ Lettable space	: 512 square metres (approximately 5,511 square feet)

Percentage of occupancy	: 100%
Details of the rental	: The Property is currently tenanted to Tenaga Nasional Berhad. The rental is RM23,146.20 per month with tenancy agreement expiring on 30 June 2016.
Encumbrances	: Nil
Restriction-In-Interest	: “Tanah yang diberi milik ini tidak boleh dipindah milik, dipajak atau digadai melainkan dengan kebenaran Pihak Berkuasa Negeri”

2.6 Original cost and date of investment in the Property

The Property was purchased by RCE Equity in December 2004 at a cost RM1.829 million.

Based on the latest audited consolidated financial statements of RCE for the financial year ended 31 March 2014, the net book value of the Property is RM1.479 million.

2.7 Expected gain and utilisation of proceeds

The Proposed Disposal is expected to result in an estimated gain of approximately RM1.821 million based on the net book value of the Property as at 31 March 2014. The proceeds from the sale of the Property will be utilised for working capital purposes within 3 months from receipt of the sale proceeds.

2.8 Liabilities to be assumed

There are no liabilities to be assumed by Living Development arising from the Proposed Disposal.

3. RATIONALE

The Proposed Disposal is part of the streamlining of RCE Group’s business operations, which allows it to focus on its core business of general loan financing and payroll collection management services. The Proposed Disposal will allow the redeployment of capital to its core business.

4. RISK FACTORS

The completion of the Proposed Disposal is conditional upon the conditions precedent as set out in Section 2.3(c) above being satisfied. The non-fulfilment of any conditions precedent may result in the SPA being terminated. However, RCE Equity will continue to take all reasonable steps to ensure that the conditions precedent is met to facilitate the completion of the Proposed Disposal.

5. EFFECTS OF THE PROPOSED DISPOSAL

5.1 Share capital and substantial shareholders' shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholding of RCE.

5.2 Net assets per share and earnings per share

The Proposed Disposal is not expected to have any material effect on the net assets per share and earnings per share of RCE Group for the financial year ending 31 March 2016.

5.3 Gearing

The Proposed Disposal is not expected to have any material effect on the gearing of RCE Group for the financial year ending 31 March 2016.

6. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, none of the directors or major shareholders of RCE or persons connected to them have any interests, direct or indirect, in the Proposed Disposal.

Interested Major Shareholders

Amcorp is the holding company of RCE via its interest in Cempaka Empayar Sdn Bhd ("**Cempaka**"), which holds 57% equity interest in RCE. Amcorp is also the immediate holding company of AMPROP, holding 71% equity interest in AMPROP. Amcorp is a wholly-owned subsidiary of Clear Goal Sdn Bhd ("**CGSB**").

Tan Sri Azman Hashim ("**TSAH**") is a major and controlling shareholder of CGSB. Therefore TSAH is deemed as a major shareholder of AMPROP, Amcorp and RCE through his direct shareholdings of 99.99% in CGSB. TSAH is also the Executive Chairman of Amcorp and director of CGSB.

Accordingly, TSAH, CGSB, Amcorp and Cempaka via their direct and/or indirect interest in AMPROP and RCE are deemed interested in the Proposed Disposal.

Interested Directors

Encik Shahman Azman, the Non-Independent Non-Executive Chairman of RCE is also a Director of Amcorp and Deputy Managing Director of AMPROP. He is the son of TSAH.

Puan Shalina Azman, a Non-Independent Non-Executive Director of RCE is also the Deputy Managing Director of Amcorp and Non-Independent Non-Executive Chairman of AMPROP. She is the daughter of TSAH.

Mr. Soo Kim Wai, a Non-Independent Non-Executive Director of RCE and AMPROP is also the Group Managing Director of Amcorp. He is deemed to be person who is accustomed to act in accordance with the directions and instructions of TSAH.

As such, Encik Shahman Azman, Puan Shalina Azman and Mr. Soo Kim Wai (“**Interested Directors**”) are deemed interested in the Proposed Disposal.

Accordingly, the Interested Directors have abstained from deliberating and voting at Board meeting on the Proposed Disposal.

Save as disclosed above, none of the Directors and/or major shareholders of RCE and/or persons connected to them, have any interest, direct or indirect, in the Proposed Disposal.

7. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposal pursuant to paragraph 10.02(g) of the Listing Requirements is 0.52% based on the latest audited financial statements of RCE for the financial year ended 31 March 2014.

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

Save for the Proposed Disposal and recurrent related party transactions for which the mandates have been sought or are not subject to disclose pursuant to paragraph 10.09 of the Listing Requirements, there were no transactions with the same related party and persons connected to them for the preceding 12 months.

9. AUDIT COMMITTEE’S STATEMENT

The Audit Committee of RCE (save for Mr. Soo Kim Wai), after having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal is:

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

10. STATEMENT BY DIRECTORS

Having considered all aspects of the Proposed Disposal, the Board of Directors of RCE (save for the Interested Directors) is of the opinion that the Proposed Disposal is in the best interest of RCE.

11. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of RCE.

The Proposed Disposal is conditional upon consent being obtained from the state authority.

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposed Disposal is expected to be made within 1 month from the date of the SPA.

12. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to the requisite approvals being obtained, the Proposed Disposal is expected to be completed by the 4th quarter of 2015.

13. DOCUMENTS AVAILABLE FOR INSPECTION

The SPA will be made available for shareholders' inspection at the registered office of RCE during normal office hours from Mondays to Fridays (except public holidays) at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor Darul Ehsan for a period of three (3) months from the date of this announcement.

This announcement is dated 29 May 2015.