

IGB to buy remaining 50% stake in Great Union Properties for RM277.5m

Tags: [Chong Kim Weng](#) , [Great Union Properties Sdn Bhd](#) , [GUP](#) , [Hong Kong Stock Exchange](#) , [IGB Corporation Bhd](#) , [New World Development Co Ltd](#) , [Renaissance Kuala Lumpur Hotel](#) , [Stapleton Developments Ltd](#)



By Joseph Chin of theedgeproperty.com

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KUALA LUMPUR (Dec 19): IGB Corporation Bhd has made a RM277.50 million offer to acquire the remaining 50% stake in Great Union Properties Sdn Bhd (GUP), which owns the Renaissance Kuala Lumpur Hotel, from Stapleton Developments Ltd and Chong Kim Weng.

IGB, which currently owns 50% of GUP, would pay RM101.348 million and also settle the shareholder's advance of RM176.15 million in GUP, for cash consideration of RM277.50 million.

Based on GUP's audited financial statements for the financial year ended (FYE) Dec 31, 2010, GUP recorded earnings before interest, depreciation and tax (Ebitda) of RM24.0 million while its net assets was RM116.6 million.

IGB said SDL was a subsidiary of New World Development Co Ltd, which was listed on the Hong Kong Stock Exchange. Chong is a senior partner of Jeyaratnam & Chong, a legal firm in Malaysia where IGB Group procures legal advisory services from time to time.

"The total consideration is based on 8.5 times the hotel's 2010 Ebitda which is equivalent to valuation of the hotel at RM710 million net of bank borrowings and shareholders loan. The total consideration will be satisfied wholly in cash from internally generated funds," it said.

IGB had invested RM226.0 million in GUP, comprising of subscription of 50 million RM1 shares between 1988 and 1992 and 100 million preference shares of 10 sen each (between 1993 and 1996) and shareholder's advance of RM76.0 million.

"The total cost of investment in GUP post-proposed acquisition will be RM503.0 million," it said. IGB said upon completion of the proposed acquisition, GUP would be a unit of IGB.

"As the controlling shareholder of GUP, IGB will have full management control and hence will be able to execute its business plans and strategies more effectively," it said.

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