

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt about the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused Part B of this Circular prior to its issuance as it is prescribed as an Exempt Circular pursuant to Practice Note No. 18 of the Main Market Listing Requirements of Bursa Securities.

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**SHL CONSOLIDATED BHD.**

(Company No. 293565-W)  
(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO:-**

**PART A**

**PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY  
TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**PART B**

**PROPOSED RENEWAL OF SHARE BUY-BACK BY SHL CONSOLIDATED BHD  
OF UP TO 10% OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL**

The above proposals will be tabled at SHL Consolidated Bhd’s 19th Annual General Meeting (“AGM”) to be held at Ballroom 1, Level 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 5 September 2013 at 11.30 a.m. Notice of the 19th AGM together with the Form of Proxy is set out in the Company’s 2013 Annual Report dispatched together with this circular.

The Form of Proxy must be deposited at the Registered Office of the Company at 6th Floor, Wisma Sin Heap Lee, 346 Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time set for the AGM or any adjournment thereof. The lodging of the Form of Proxy will not preclude you from attending the meeting and voting in person at the AGM should you subsequently wish to do so.

Last day and time for lodgment of proxy form : Tuesday, 3 September 2013 at 11.30 a.m.  
Date and time of the 19th AGM : Thursday, 5 September 2013 at 11.30 a.m.



## DEFINITIONS

For the purpose of this Circular, except where the context otherwise requires, the following definitions shall apply:-

<b>Act</b>	– The Malaysian Companies Act, 1965 as amended from time to time and any re-enactment thereof
<b>AGM</b>	– Annual General Meeting
<b>Audit Committee</b>	– Audit Committee of SHL
<b>Board</b>	– Board of Directors of SHL
<b>Bursa Securities</b>	– Bursa Malaysia Securities Berhad
<b>Code</b>	– The Malaysian Code on Take-Overs and Mergers, 2010 and any amendments made from time to time
<b>FYE</b>	– Financial year ended
<b>LPD</b>	– 29 July 2013, being the Latest Practicable Date prior to the issuance of this Circular
<b>Main Market LR</b>	– Main Market Listing Requirements of Bursa Securities including the relevant practice notes and any amendments to the Main Market LR that may be made from time to time
<b>Major Shareholder</b>	– A person who has an interest or interests in one or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is  (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.  For the purpose of this definition, “interest in shares” has the meaning given in Section 6A of the Act.
<b>Proposals</b>	– Collectively, the Proposed Shareholders’ Mandate and Proposed Share Buy-Back
<b>Proposed Share Buy-Back</b>	– Proposed for SHL to purchase its own ordinary shares of up to ten per centum (10%) of its issued and paid-up share capital
<b>Proposed Shareholders’ Mandate</b>	– Proposed shareholders’ mandate for the SHL Group to enter into Recurrent RPTs from the date of the forthcoming AGM up to the next AGM
<b>Recurrent RPTs</b>	– Recurrent related party transactions of a revenue or trading nature with Related Parties which are necessary for the SHL Group’s day-to-day operations and are in the ordinary course of business of the SHL Group, details of which are more particularly set out in section 2.2 of this Circular
<b>Related Party (ies)</b>	– A Director, Major Shareholder or person connected with such Director or Major Shareholder including any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a Director or a Major Shareholder of the Company and/or its subsidiaries
<b>RM and sen</b>	– Ringgit Malaysia and sen respectively
<b>SHL Group</b>	– SHL and its subsidiaries
<b>SHL or the Company</b>	– SHL Consolidated Bhd (293565-W)
<b>SHL Shares or Shares</b>	– Ordinary shares of RM1.00 each fully paid-up in the Company
<b>Transacting Companies</b>	– Companies which are related to the Related Parties or persons connected to them and having business relationship with SHL and/or its subsidiary, details of which are more specifically set out in Section 2.3 and Appendix I of this Circular

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## **SHL CONSOLIDATED BHD.**

(Company No. 293565-W)

(Incorporated in Malaysia)

### **Registered Office:**

6th Floor, Wisma Sin Heap Lee

346 Jalan Tun Razak

50400 Kuala Lumpur

13 August 2013

### **Board of Directors:**

Y.A.M. Tengku Abdul Samad Shah Ibni

Almarhum Sultan Salahuddin Abdul Aziz Shah (*Chairman*)

Dato' Yap Teiong Choon

Dato' Ir. Yap Chong Lee

Chin Yu Tow @ Cheng Yu Thou

Wong Tiek Fong

Souren Norendra

Wong Yew Mei (Alternate Director to Wong Tiek Fong)

To: **The Shareholders of SHL Consolidated Bhd.**

Dear Sir/Madam,

- **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
  - **PROPOSED RENEWAL OF SHARE BUY-BACK BY SHL CONSOLIDATED BHD OF UP TO 10% OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL**
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### **1. INTRODUCTION**

At the AGM held on 6 September 2012, shareholders of the Company had approved the following ordinary resolutions in respect of:

- A: Proposed Shareholders' Mandate to enter into Recurrent RPTs; and
- B: Proposed Share Buy-Back by the Company.

The said Mandate shall, in accordance with the Main Market LR, lapse at the conclusion of the forthcoming AGM unless approval for its renewal is obtained from the Shareholders of the Company at the forthcoming AGM.

In connection thereto, on 18 July 2013, the Board of SHL announced its intention to seek shareholder's approval for the Proposed Shareholders' Mandate to enter into Recurrent RPTs and the Proposed Renewal of Share Buy-Back at the forthcoming AGM.

This Circular serves to provide you with the relevant information on the Proposals and to seek your approval in relation to the Proposals to be tabled at the forthcoming AGM.

The Notice of the AGM is enclosed together with the Annual Report 2013.

***YOU ARE ADVISED TO READ AND CONSIDER THE CONTENTS OF THIS CIRCULAR CAREFULLY BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSALS AT OUR FORTHCOMING AGM***

## **PART A**

### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

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## **2. DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE**

### **2.1 The Main Market LR**

Pursuant to Part E, Paragraph 10.09 of the Main Market LR, a listed issuer may seek a mandate from its shareholders for Recurrent RPTs which are necessary for its day to day operations, subject to, inter alia, the following:-

- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (ii) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where:-
  - (a) the consideration, value of the assets, capital outlay or costs of the Recurrent RPTs is RM1 million or more; or
  - (b) the percentage ratio of such Recurrent RPTs is 1% or more,whichever is the higher;
- (iii) the listed issuer's circular to shareholders for the shareholders' mandate includes the information as specified in the Main Market LR;
- (iv) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (v) the listed issuer immediately announces to Bursa Securities when the actual value of a Recurrent RPT entered into by the listed issuer, exceeds the estimated value of the Recurrent RPT disclosed in the circular by 10% or more and must include the information as may be prescribed by the Bursa Securities in its announcement.

In compliance with Paragraph 10.09 of the Main Market LR and in view of the expiry of the mandate at the conclusion of the forthcoming AGM, SHL now proposes to seek a fresh mandate from its shareholders for the SHL Group to enter into Recurrent RPTs with Related Parties, details of which are more particularly set out in Sections 2.2 and 2.3 of this Circular.

The fresh shareholders' mandate will take effect from the passing of the ordinary resolution proposed at the forthcoming AGM and will continue to be in force (unless revoked or varied by the Company in a general meeting) until the conclusion of the next AGM of the Company. Thereafter, approval from the shareholders for subsequent renewals will be sought at each subsequent AGM of the Company.

SHL will disclose the aggregate value of the Recurrent RPTs conducted during a financial year in its annual report for the said financial year.

## **2.2 The Recurrent RPTs**

SHL is an investment holding company and is engaged in the provision of strategic, financial and corporate planning services. The principal activities of its subsidiaries include:-

- (i) commercial and residential property development;
- (ii) general building construction including earthworks and infrastructure works;
- (iii) provision of professional project management, construction management and geo-technical services;
- (iv) manufacture of clay bricks and the supply of finished brickworks of wall and other brick structures;
- (v) granite quarrying and manufacturing of aggregates;
- (vi) ownership and operation of a golf resort;
- (vii) marketing and distribution of building materials; and
- (viii) rental of properties.

It is anticipated that the SHL Group would, in the ordinary course of business, enter into the following categories of transactions with the Related Parties.

### **(a) Procurement of Engineering Consultancy Services**

Transactions that may be entered into with Related Parties under this category in the ordinary course of business include the procurement of professional engineering consultancy services relating to all stages of project development, which comprise feasibility study, design, contract documentation and construction supervision.

These transactions relate to the procurement of the necessary engineering consultancy services by the SHL Group in its property development, general construction and construction management activities.

### **(b) Procurement of Insurance**

Transactions that may be entered into with Related Parties under this category in the ordinary course of business include the procurement of insurance in relation to the protection of assets from losses due to thefts, fire, flood, wind storm, lightning strike, landslide, accident and injury or death to the workers of SHL Group.

These transactions relate to the procurement of insurance by the SHL Group in all its business activities.

### **(c) Rental of Premises**

Transactions that may be entered into with Related Parties under this category in the ordinary course of business include the renting of office space for the purpose of housing the offices of management, administration, sales and accounting departments, servicing of customers and display of housing models.

These transactions relate to the renting of office premises:

- (i) by the SHL Group in its property development and general construction activities; and
- (ii) by the Related Parties in its property investment activities.

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### 2.3 Parties to the Proposed Shareholders' Mandate

The categories of Recurrent RPTs contemplated and the parties to the Recurrent RPTs pursuant to the Proposed Shareholders' Mandate are as follows:-

Category of Transactions	SHL Group	Transacting Companies	Names of the Related Parties for the Transactions	Estimated Value under the existing shareholders' mandate obtained on 6 September 2012 RM'000	Actual Value transacted from 6 September 2012 until the LPD RM'000	**Estimated Value from this AGM until the next AGM RM'000
Procurement of engineering consultancy services	SHL Group	Integrated Perunding Sdn Bhd	Dato' Ir. Yap Chong Lee	3,111	2,486	3,857
		Sepakat Setia Perunding (Sendirian) Berhad	Dato' Ir. Yap Chong Lee	2,409	1,263	1,995
Procurement of insurance	SHL Group	Marusin Sdn Bhd	Dato' Yap Teiong Choon; and Dato' Ir. Yap Chong Lee	562	276	528
Rental of premises by SHL Group (i)	SHL Group	Goodstock Land Sdn Bhd (i)(a)	Dato' Yap Teiong Choon; and Dato' Ir. Yap Chong Lee	1,022	852	1,022
	Integrated Management Corporation Sdn Bhd, a wholly-owned subsidiary of SHL	Yap Chong Lee Holdings Sdn Bhd (i)(b)	Dato' Ir. Yap Chong Lee	52	44	52
Rental of premises by Related Parties (i)	Goodstock Land Sdn Bhd, a 60% owned subsidiary of SHL	Integrated Perunding Sdn Bhd (i)(a)	Dato' Ir. Yap Chong Lee	125	104	125

**Notes:-**

\*\* The "Estimated Value" is subject to changes.

i. The premises rented from/to the Related Parties are in compliance with Paragraph 3.2(c) of Practice Note 12 of the Main Market LR in which the leases do not exceed 3 years and do not involve payment on a lump sum basis. The details on the location of the premises rented from/to the Related Parties:

(a) Wisma Sin Heap Lee, 346 Jalan Tun Razak, 50400 Kuala Lumpur

(b) 18-20-3, Jalan SR 8/3, Sin Heap Lee Business Centre, Off Jalan Serdang Raya, 43300 Seri Kembangan, Selangor Darul Ehsan



## 2.4 Amount Due and Owing to the SHL Group under the Recurrent RPTs

There are no outstanding amount due and owing to the SHL Group by Related Parties under the Recurrent RPTs referred to in Section 2.3 of this Circular.

## 2.5 The Directors and/or Major Shareholders of SHL

The Directors and/or Major Shareholders of SHL who are parties to the Proposed Shareholders' Mandate are as follows:-

Director/Major Shareholder	Nature of Relationship of the Related Parties with the Transacting Companies		
	Transacting Companies	Directorship	% of direct and/or indirect interests
<b><i>Dato' Yap Teiong Choon</i></b> Director and major shareholder of SHL. Director of the all the subsidiaries of SHL as shown in Appendix I	Goodstock Land Sdn Bhd Marusin Sdn Bhd	Yes Yes	20% 50%
<b><i>Dato' Ir. Yap Chong Lee</i></b> Director and major shareholder of SHL. Director of the all the subsidiaries of SHL as shown in Appendix I	Goodstock Land Sdn Bhd Integrated Perunding Sdn Bhd Marusin Sdn Bhd Sepakat Setia Perunding (Sendirian) Berhad Yap Chong Lee Holdings Sdn Bhd	Yes Yes Yes Yes Yes	20% 100% 50% 30% 100%

Further details of the subsidiaries of SHL and Transacting Companies are attached in Appendix I.

## 2.6 Review Procedures for the Recurrent RPTs

There are procedures established by the SHL Group to ensure that Recurrent RPTs are undertaken on an arms' length basis and on normal commercial terms, consistent with the SHL Group's usual business practices and policies, where are generally not more favourable to the Related Parties than those generally available to the public and are not detrimental to the minority shareholders. The procedures are as follows:-

### (i) Limits of authority

- (a) Where the transaction is one with a value equal to or in excess of RM1,000,000.00, it will be reviewed by the Audit Committee which will, if thought fit, recommend to the Board for approval.
- (b) Where the transaction is one with the value below RM1,000,000.00, it need not be reviewed by the Audit Committee at the point contract is entered into but shall be tabled to the Audit Committee for review on a quarterly basis.

## **(ii) Monitoring of the General Transactions**

- (a) To enable the Audit Committee to review and monitor the Recurrent RPTs, a report on the Recurrent RPTs will be made by senior management based on at least two (2) other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities which will be used as comparison, wherever possible, to determine whether the price and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities provided under the Proposed Shareholders' Mandate for the Audit Committee's consideration.
- (b) For certain Recurrent RPTs where quotations from unrelated third parties are not available, the Audit Committee will review the type and nature of the transactions to satisfy themselves that the transactions with the Related Parties are entered in the best interest of SHL Group. The Audit Committee will take into account factors including pricing, quality, speed of delivery, priority service, good supply logistics and other factors which contribute to the operational and administrative efficiency of SHL Group and ensure that the overall terms are fair and reasonable.
- (c) The rental of premises shall be at prevailing market rates for the same or substantially similar properties and shall be on normal commercial terms and that the Recurrent RPTs are not detrimental to the SHL Group.
- (d) A register will be maintained by the Company to record all the Recurrent RPTs that are entered into pursuant to the Proposed Shareholders' Mandate and will be available to the Audit Committee for its quarterly review.
- (e) To ensure that such Recurrent RPTs are conducted at arm's length and on normal commercial terms consistent with the SHL Group's usual business practices and policies and that such Recurrent RPTs will not be prejudicial to shareholders, the management will ensure that the Recurrent RPTs with the Related Parties will only be entered into after taking into account the pricing, level of service, quality of product and other relevant factors.
- (f) The Audit Committee may, if it considers necessary, instruct the internal auditor to carry out a review of any or all of the Recurrent RPTs to ascertain that the guidelines and procedures established to monitor the Recurrent RPTs have been complied with.

The Board of SHL and the Audit Committee have reviewed the above procedures and will continue to review the procedures as and when required, with the authority to sub-delegate such function to individuals or committees within the Company as they deem appropriate. If a member of the Board of SHL or the Audit Committee has an interest in the transaction to be reviewed by the Board of SHL or the Audit Committee as the case may be, he will not participate in the deliberation of such transaction and will abstain from any decision making by the Board or the Audit Committee in respect of that transaction.

## **2.7 Audit Committee Statement**

The Audit Committee is satisfied that adequate procedures and processes are in place to monitor, track and identify Recurrent RPTs in a timely and orderly manner. The Audit Committee meets on a quarterly basis to review and approve Recurrent RPTs together with any changes pertaining to the procedures and processes.

The Audit Committee has seen and reviewed the procedures mentioned in Section 2.6 above and is of the view that the said procedures are sufficient to ensure that the Recurrent RPTs are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

## **2.8 Validity period**

The authority to be conferred pursuant to the Proposed Shareholders' Mandate, if approved at the forthcoming 19th AGM, will continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Shareholders' Mandate was approved, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (ii) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is earlier;

Thereafter, approval from the shareholders for subsequent shareholders' mandate will be sought at each subsequent AGM of the Company.

## **3. RATIONALE FOR THE PROPOSED SHAREHOLDERS' MANDATE**

The rationale for and benefit of the Proposed Shareholders' Mandate to the SHL Group is as follows:

- (i) to facilitate transactions with Related Parties which are in the ordinary course of business of the SHL Group are undertaken at arms' length, normal commercial terms and on terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interests of minority shareholders;
- (ii) to enable the SHL Group to transact with the Related Parties in an expeditious manner to meet business needs for the supply and/or provision of goods and services which are necessary for its day-to-day operations particularly business need which are time sensitive in nature;
- (iii) for transactions where it is vital that confidentiality be maintained, it will not be viable for prior shareholders' mandate to be obtained as this will entail the release of details of the transactions and may adversely affect the interests of the SHL Group and place the SHL Group at a disadvantage to its competitors who may not require shareholders' mandate to be obtained; and
- (iv) will eliminate the need to announce and convene separate general meeting to seek shareholders' mandate for each transaction and as such, substantially reduce expenses, time and other resources associated with the making of announcements and convening of general meetings on an ad hoc basis, improve administrative efficiency considerably and allow financial and manpower resources to be channeled to attain more productive objectives.

## **4. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED TO THEM**

**4.1** Save for the Directors and/or Major Shareholders who are parties to the Proposed Shareholders' Mandate, the details of which are more particularly set out in Section 2.5, none of the other Directors and/or Major Shareholders of SHL has any interest, direct or indirect, in the Proposed Shareholders' Mandate. Accordingly:-

Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee who are Directors and Major Shareholders of the Company:-

- (i) have abstained and will continue to abstain from deliberating and voting on the resolution in respect of the Proposed Shareholders' Mandate at the relevant Board meetings; and
- (ii) will abstain from voting in respect of their direct and/or indirect shareholdings in SHL on the resolution approving the Proposed Shareholders' Mandate at the forthcoming AGM.

4.2 The direct and indirect interest of the Related Parties as at LPD are as follows:-

Related Parties	No. of Ordinary Shares			
	Direct	%	Indirect	%
Dato' Yap Teiong Choon	5,283,869	2.18	57,659,844 (a)	23.81
Dato' Ir. Yap Chong Lee	3,235,519	1.34	91,185,143 (b)	37.66

**Notes:-**

- (a) Deemed interested by virtue of holding in Sin Heap Lee Holdings Sdn Bhd, Yap Teiong Choon Holdings Sdn Bhd and YTC Global Sdn Bhd.
- (b) Deemed interested by virtue of holding in Sin Heap Lee Capital Sdn Bhd, Yap Chong Lee Holdings Sdn Bhd, Yap Sin Yan & Sons Sdn Berhad, Unikburan Sdn Bhd and Steensted Enterprise Sdn Bhd.

4.3 The name of persons connected to the Related Parties and their respective direct and/or indirect interest in SHL as at LPD are as follows:-

Related Parties	Name of Persons Connected to the Related Parties	No. of Ordinary Shares			
		Direct	%	Indirect	%
Dato' Yap Teiong Choon	Yap Teiong Choon Holdings Sdn Bhd	3,411,944	1.41	54,247,900*	22.41
	Sin Heap Lee Holdings Sdn Bhd	51,519,703	21.28	–	–
	YTC Global Sdn Bhd	2,728,197	1.13	–	–
Dato' Ir. Yap Chong Lee	Yap Chong Lee Holdings Sdn Bhd	11,890,388	4.91	10,302,600#	4.26
	Steensted Enterprise Sdn Bhd	10,302,600	4.26	–	–
	Sin Heap Lee Capital Sdn Bhd	43,976,500	18.16	–	–
	Yap Sin Yan & Sons Sdn Berhad	8,403,939	3.47	–	–
	Unikburan Sdn Bhd	16,611,716	6.86	–	–

**Notes:-**

- \* Deemed interested by virtue of holding in Sin Heap Lee Holdings Sdn Bhd and YTC Global Sdn Bhd.
- # Deemed interested by virtue of holding in Steensted Enterprise Sdn Bhd.

4.4 The Related Parties will undertake to ensure that persons connected to them and having interests in SHL namely Yap Teiong Choon Holdings Sdn Bhd, Sin Heap Lee Holdings Sdn Bhd, YTC Global Sdn Bhd, Yap Chong Lee Holdings Sdn Bhd, Sin Heap Lee Capital Sdn Bhd, Yap Sin Yan & Sons Sdn Berhad, Unikburan Sdn Bhd and Steensted Enterprise Sdn Bhd will abstain from voting on the resolution in respect of the Proposed Shareholders' Mandate at the forthcoming AGM.

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**End of Part A**

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## PART B

### PROPOSED RENEWAL OF SHARE BUY-BACK BY SHL CONSOLIDATED BHD OF UP TO 10% OF ITS OWN ISSUED AND PAID-UP SHARE CAPITAL

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#### 5. DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek the Shareholders' approval for the authority to purchase the Company's own shares, the amount of which should be up to a maximum of ten percent (10%) of the issued and paid-up share capital of the Company subject to the Act, the Main Market LR and any prevailing laws, the Articles of Association of the Company and rules and regulations issued by the relevant authorities.

Based on the total issued and paid-up share capital of SHL of RM242,123,725.00 comprising 242,123,725 ordinary shares of RM1.00, the maximum number of shares which may be purchased by the Company is 24,212,300 shares. The maximum amount of funds to be allocated for the Proposed Share Buy-Back will be limited to the amount of retained profits and share premium account, if any, of the Company at the time of the purchase.

The Proposed Share Buy-Back will involve purchases on the Bursa Securities through stockbroker(s) to be appointed by the Company at a later date.

##### 5.1 Duration

The approval from the Shareholders, if granted, shall be effective upon passing of the ordinary resolution relating to the Proposed Share Buy-Back at the AGM and shall remain in force until:-

- (i) the conclusion of the next AGM of the Company following the general meeting at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time the said authority will lapse, unless the authority is renewed by a resolution passed at the next AGM, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

The shareholder's approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own Shares. Rather, it will allow the Board to exercise the power of the Company to purchase its own Shares at any time within the abovementioned time period.

##### 5.2. Source of Funds

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the retained profits and/or share premium of the Company. The Proposed Share Buy-Back will be funded from internally generated funds and/or bank borrowings.

Based on SHL latest audited Financial Statements as at 31 March 2013, the audited retained profits and the share premium accounts of SHL are as follows:

	<b>As at 31 March 2013 RM'000</b>
Retained Profit of SHL	155,740
Share Premium of SHL	1,225

### **5.3. Treatment of Shares Purchased**

Shares that are purchased pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in the following manner:-

- (i) to cancel the Shares so purchased;
- (ii) to retain the Shares so purchased as treasury shares;
- (iii) to distribute the treasury shares as dividend to shareholders;
- (iv) to resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
- (v) any combination of the above.

Where the Directors intend to retain the purchased Shares as treasury shares, cancel the purchased Shares, or both, an appropriate announcement will be made to Bursa Securities as and when the Proposed Share Buy-Back is exercised. If the Board decides to retain the purchased Shares as treasury shares, it may later distribute the treasury shares as dividend to the shareholders, cancel the treasury shares and/or resell the purchased Shares on Bursa Securities.

In the event the Company wishes to purchase its own shares, the Company is required to lodge a declaration of solvency to Bursa Securities and release an immediate announcement on any purchases of its own shares.

While the Shares are held as treasury shares, the rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended and the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purpose including major shareholding, takeovers, notice, the requisition of meetings, the quorum for a meeting and the result of a vote at a meeting.

### **5.4. Purchase Price**

The Company may purchase its own Shares at a price which is not more than fifteen percent (15%) above the weighted average market price of SHL Shares for the past five (5) market days immediately preceding the date of purchase.

The Company may only resell treasury shares on Bursa Securities at a price which is:-

- (i) not less than the weighted average market price for the Shares for the five (5) market days immediately prior to the resale; or
- (ii) not less than five percent (5%) below the weighted average market price for the Shares for the five (5) market days immediately prior to the resale provided that:-
  - (a) the resale takes place no earlier than thirty (30) days from the date of purchase; and
  - (b) the resale price is not less than the cost of purchase of Shares being resold.

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## **5.5. Public Shareholding Spread**

The Board undertakes that any proposed purchase of Shares would only be conducted in accordance with the laws prevailing at the time of the purchase including compliance with the 25% public shareholding spread as required under Paragraph 8.02(1) of the Main Market LR.

As at LPD, the Record of Depositors of SHL showed the public shareholding spread of the Company at 25.02% of its issued and paid-up share capital. The proforma public shareholding spread of the Company will be reduced from 25.02% to 16.69% in the event the Proposed Share Buy-Back is implemented in full and the shares purchased are from shareholders other than the Substantial Shareholders and Directors.

The Board is mindful of the above and will ensure that the Proposed Share Buy-Back will not breach Paragraph 12.14 of the Main Market LR, which states that a listed company must not purchase its own shares on Bursa Securities if the purchase(s) will result in the listed company being in breach of Paragraph 8.02(1) of the Main Market LR. Paragraph 8.02(1) of the Main Market LR states that a listed issuer must ensure at least 25% of its total listed shares are in the hands of the public shareholders holding.

## **6. RATIONALE OF THE PROPOSED SHARE BUY-BACK**

The Proposed Share Buy-Back has the following potential benefits for the Company and its shareholders:

- (i) The approval to purchase the Company's Shares is sought to enable the Company to utilise its surplus financial resources more efficiently.
- (ii) The purchase of Shares by the Company may also improve the earnings per share and the return on equity as a result of a reduced share capital base if the purchased Shares are cancelled. Consequently, long-term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company.
- (iii) Purchased Shares retained as treasury shares provide the Board with an option to resell the treasury shares at a higher price and generate capital gains for the Company without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of the Company.
- (iv) An adverse economic volatility may cause the market price for SHL Shares to fall below its intrinsic value. In such circumstances, the purchase of SHL Shares by the Company may result in raising its market price to reflect its intrinsic value.

The potential disadvantages of the Proposed Share Buy-Back are as follows:

- (i) The Proposed Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of the SHL Group. However, the financial resources of the Group may recover or even increase if the purchased SHL Shares are held as treasury shares and resold in the market at the same or higher prices.
- (ii) The Proposed Shares Buy-Back may also result in the SHL Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.

The Board will be mindful of the interests of SHL and its shareholders in undertaking the Proposed Share Buy-Back. The Proposed Share Buy-Back will be implemented only after careful consideration of the financial resources of the SHL Group and its resultant impact.

## 7. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

On the assumption that the Proposed Share Buy-Back is carried out in full, the financial effects of the Proposed Share Buy-Back are set out below:-

### 7.1 Share Capital

For illustration purposes only, the scenario below shows the movement of the share capital of the Company as at LPD upon the implementation of the Proposed Share Buy-Back, assuming that ten percent (10%) of the Company's issued and paid-up share capital are purchased and cancelled.

	As at LPD	
	No. of Shares	%
Authorised share capital	1,000,000,000	–
Issued and paid-up share capital	242,123,725	100
<b>Less:</b> Shares purchased amounting to ten percent (10%) of the issued and paid-up share capital pursuant to the Proposed Share Buy-Back	(24,212,300)	10
Reduced issued and paid-up capital in the event that the purchased Shares are cancelled	217,911,425	90

However, the Proposed Share Buy-Back will have no effect on the issued and paid-up share capital of SHL if all the purchased Shares are to be retained as treasury shares, resold or distributed to the shareholders.

### 7.2 Net Assets (“NA”)

When the Company purchases its own Shares, regardless of whether they are retained as treasury shares or subsequently cancelled, the NA per Share of the SHL Group will decrease if the cost per Share purchased exceeds the NA per Share of the SHL Group at the relevant point in time. However, if the cost per Share purchased is below the NA per Share of the SHL Group at the relevant point in time, the NA per Share of the SHL Group will increase.

In the case where the purchased Shares are treated as treasury shares and subsequently resold on Bursa Securities, the NA per Share of the SHL Group upon the resale will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA of the SHL Group will decrease by the cost of the treasury shares.

### 7.3 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital and cash flow of the SHL Group, the quantum of which depends on, amongst others, the number of Shares purchased and the purchase price(s) of the Shares.

For Shares so purchased which are kept as treasury shares, upon their resale, the working capital and the cash flow of the SHL Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.



#### **7.4 Earnings**

The Proposed Share Buy-Back may contribute positively to the earnings and EPS of the SHL Group. The actual effect is dependent on the purchase price(s) of the Shares, the number of Shares purchased, and the effective funding cost or loss in interest income to the Company, or the opportunity cost in relation to other investment opportunities.

#### **7.5 Gearing**

The effect of the Proposed Share Buy-Back on the gearing of the Company will depend on the proportion of borrowings utilised to fund any purchase of Shares. Any borrowing utilized to purchase Shares will serve to increase the gearing of the Company.

### **8. IMPLICATION RELATING TO THE CODE**

The code applies in the situation where a shareholder acquires more than 33% of the voting shares of a company or where a shareholder holding more than 33% but less than 50% of the voting shares of a company, acquires more than 2% of the voting shares of a company within a period of six (6) months.

As at LPD, the major shareholders of SHL, namely Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee, together with persons connected to them collectively, hold approximately 64.99% of the voting shares of SHL. In the event that the Proposed Share Buy-Back is implemented in full, the shareholding of the major shareholders, together with persons connected to them, will increase to 72.21%.

Based on the above, the Proposed Share Buy-Back shall not give rise to any implication relating to the Code.

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## 9. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The effects of the Proposed Share Buy-Back on the shareholdings of the Directors and the Substantial Shareholders of SHL, based on the Register of Directors' and Register of Substantial Shareholders' Shareholdings of the Company as at LPD assuming the Shares are purchased from shareholders other than the Directors and/or the Substantial Shareholders of SHL, are set out below:-

* Directors/ # Substantial Shareholders	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
*#Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	-	-	21,222,437 (a)	8.77	-	-	21,222,437 (a)	9.74
*#Dato' Yap Teiong Choon	5,283,869	2.18	57,659,844 (b)	23.81	5,283,869	2.42	57,659,844 (b)	26.46
*#Dato' Ir. Yap Chong Lee	3,235,519	1.34	91,185,143 (c)	37.66	3,235,519	1.48	91,185,143 (c)	41.85
* Chin Yu Tow @ Cheng Yu Thou	35,500	0.01	-	-	35,500	0.02	-	-
* Wong Tiek Fong	73,800	0.03	-	-	73,800	0.03	-	-
* Souren Norendra	-	-	-	-	-	-	-	-
* Wong Yew Mei	236,150	0.10	-	-	236,150	0.11	-	-
# Sin Heap Lee Holdings Sdn Bhd	51,519,703	21.28	-	-	51,519,703	23.64	-	-
# Sin Heap Lee Capital Sdn Bhd	43,976,500	18.16	-	-	43,976,500	20.18	-	-
# Taipan Equity Sdn Bhd	21,222,437	8.77	-	-	21,222,437	9.74	-	-
# Unikburan Sdn Bhd	16,611,716	6.86	-	-	16,611,716	7.62	-	-
# Lembaga Tabung Haji	12,167,700	5.03	-	-	12,167,700	5.58	-	-
# Yap Chong Lee Holdings Sdn Bhd	11,890,388	4.91	10,302,600 (d)	4.26	11,890,388	5.46	10,302,600 (d)	4.73
# Yap Teiong Choon Holdings Sdn Bhd	3,411,944	1.41	54,247,900 (e)	22.41	3,411,944	1.57	54,247,900 (e)	24.89

### Notes:-

- (a) Deemed interested by virtue of holding in Taipan Equity Sdn Bhd.
- (b) Deemed interested by virtue of holding in Sin Heap Lee Holdings Sdn Bhd, Yap Teiong Choon Holdings Sdn Bhd and YTC Global Sdn Bhd.
- (c) Deemed interested by virtue of holding in Sin Heap Lee Capital Sdn Bhd, Yap Chong Lee Holdings Sdn Bhd, Yap Sin Yan & Sons Sdn Berhad, Unikburan Sdn Bhd and Steensted Enterprise Sdn Bhd.
- (d) Deemed interested by virtue of holding in Steensted Enterprise Sdn Bhd.
- (e) Deemed interested by virtue of holding in Sin Heap Lee Holdings Sdn Bhd and YTC Global Sdn Bhd.

## 10. PURCHASES OR RESALE OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

SHL has not purchased, resold or cancelled any of its own shares during the 12 months preceding the date of this Circular. SHL does not hold any of its own shares as treasury shares.

## 11. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of SHL Shares traded on Bursa Securities for the 12 months from July 2012 to June 2013 are as follows:

Month and Year	High Price (RM)	Low Price (RM)
July 2012	1.28	1.23
August 2012	1.38	1.20
September 2012	1.32	1.15
October 2012	1.25	1.13
November 2012	1.25	1.15
December 2012	1.30	1.14
January 2013	1.35	1.15
February 2013	1.35	1.29
March 2013	1.39	1.26
April 2013	1.35	1.30
May 2013	1.73	1.33
June 2013	1.88	1.55

*(Source: The Star)*

### **Notes:-**

- (a) *The last transacted price of SHL Shares on the Bursa Securities is RM1.78 on 18 July 2013, being the date prior to the announcement of the Proposed Share Buy-Back.*
- (b) *The last transacted price of SHL Shares on the Bursa Securities is RM1.86 as at LPD.*

## 12. APPROVAL REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders of SHL at the forthcoming AGM which is scheduled on 5 September 2013.

## 13. INTERESTS OF THE DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in percentage of shareholdings and/or voting rights in the Company as a result of the Proposed Share Buy-Back, none of the Directors and Substantial Shareholders of the Company and/or persons connected with them have any interest, direct or indirect, in the Proposed Share Buy-Back or resale of treasury shares, if any.

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*End of Part B*

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#### **14. AGM**

The 19th AGM of the Company, the notice of which is enclosed in the 2013 Annual Report of SHL accompanying this Circular, will be held at Ballroom 1, Level 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur, on Thursday, 5 September, 2013 at 11.30 a.m. for the purpose of considering and if thought fit, passing, inter alia, the ordinary resolution on the Proposals under the agenda of Special Business as set out in the said Annual Report.

If you are unable to attend and vote in person at the AGM, you are requested to complete and return the Form of Proxy enclosed in the 2013 Annual Report of SHL in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 6th Floor, Wisma Sin Heap Lee, 346 Jalan Tun Razak, 50400 Kuala Lumpur not less than forty eight (48) hours before the time fixed for the AGM or any adjournment thereof. The lodging of the form of proxy does not preclude you from attending and voting in person should you subsequently decide to do so.

#### **15. DIRECTORS' RECOMMENDATION**

Your Board (with the exception of Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee, being the Directors interested in the Proposed Shareholders' Mandate), after taking into consideration the relevant factors and after careful deliberation, is of the opinion that the proposals are in the best interests of the SHL Group and its shareholders and accordingly recommends that you vote in favour of the resolutions in respect of the Proposals to be tabled at our forthcoming AGM.

#### **16. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I, Appendix II and Appendix III for further information.

Yours faithfully  
For and on behalf of the Board  
**SHL CONSOLIDATED BHD.**

**Chin Yu Tow @ Cheng Yu Thou**  
Senior Independent Non-Executive Director

## APPENDIX I

### DETAILS OF THE SUBSIDIARIES OF SHL

The details of the subsidiaries of SHL, all of which are incorporated in Malaysia, are as follows:-

Name of company	Date of incorporation	Issued and paid-up capital RM	Percentage equity interest	Principal activities
Integrated Management Corporation Sdn Bhd	27.05.82	1,000,000	100%	Provision of professional management services in commercial, industrial studies and planning, project management, construction management and financial services
Goodstock Land Sdn Bhd	24.02.82	1,500,000	60%	Property investment
Goodstock (Tawau) Sdn Bhd	01.09.82	2,000,002	100%	Property development
Ho Sin & Son Enterprise Sdn Bhd	07.02.77	1,000,000	100%	Property development
Kajang Granite Quarry Sdn Bhd	28.09.84	5,000,000	100%	Granite quarrying and manufacturing of aggregates
Mayang Kiara Sdn Bhd	11.03.93	50,000	100%	Property development
Senick Sdn Bhd	10.08.84	5	100%	Granite quarrying and manufacturing of aggregates
SHL Corporate Services Sdn Bhd	15.08.97	3,000,000	100%	Corporate Services
SHL Infra Sdn Bhd	10.03.93	4,000,000	100%	Earthworks & infrastructure works
SHL Realty Sdn Bhd	02.12.96	3,000,000	100%	Property investment
Sin Heap Lee Brickworks Sdn Bhd	22.06.77	30,000,000	100%	Manufacturing of clay-bricks and supply of finished brickworks of wall and other brick structures
Sin Heap Lee Company Sdn Berhad	02.01.54	3,900,000	100%	Rental of properties, marketing agent of bricks and building materials
Sin Heap Lee Construction Sdn Bhd	27.05.82	90,000,000	100%	Building construction works
Sin Heap Lee Development Sdn Bhd	06.10.78	90,000,000	100%	Property development

<b>Name of company</b>	<b>Date of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Percentage equity interest</b>	<b>Principal activities</b>
Soil-Mech Drillers Sdn Bhd	08.09.80	250,000	100%	Provision of property maintenance services
Sukma Pesona Sdn Bhd	26.06.92	500,000	100%	Property development
Wilayah Builders Sdn Bhd	11.06.82	9,000,000	100%	Property development
<b><i>Subsidiaries of Sin Heap Lee Development Sdn Bhd:-</i></b>				
SHL-M Sdn Bhd	08.07.85	45,000,000	100%	Property development
Sungai Long Golf Resort Berhad	18.08.90	5,000,000	100%	Golf resort operator
<b><i>Associate of Sin Heap Lee Development Sdn Bhd:-</i></b>				
OPT Ventures Sdn Bhd	13.08.96	2,500,000	30%	Property investment

#### **DETAILS OF THE TRANSACTING COMPANIES**

Details of the Transacting Companies, all of which are incorporated in Malaysia, are as follows:-

<b>Name of company</b>	<b>Date of incorporation</b>	<b>Issued and paid-up capital RM</b>	<b>Percentage equity interest</b>	<b>Principal activities</b>
Goodstock Land Sdn Bhd	24.02.82	1,500,000	60%	Property investment
Integrated Perunding Sdn Bhd	24.11.82	75,002	Nil	Engineering consultancy services
Marusin Sdn Bhd	24.11.84	500,000	Nil	Investment holding and insurance agency
Sepakat Setia Perunding (Sendirian) Berhad	01.04.73	15,387,503	Nil	Engineering consultancy services
Yap Chong Lee Holdings Sdn Bhd	21.10.85	1,000,000	Nil	Investment holding

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## GENERAL INFORMATION

## 1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board of SHL and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no other material facts, the omission of which would make any statement herein misleading.

## 2. MATERIAL CONTRACTS

There have been no contracts which are or may be material (not being contracts entered into in the ordinary course of business) which have been entered into by SHL or its subsidiary companies during the two (2) years immediately preceding the date of this Circular.

## 3. MATERIAL LITIGATION

Save as disclosed below, neither SHL nor any of its subsidiary companies are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors are unaware of any proceeding, pending or threatened against the SHL Group or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position or business of SHL or its subsidiary companies.

**3.1** On 12 April 2004, an indirect subsidiary of the Group, SHL-M Sdn. Bhd. has instituted legal proceedings against the Director of Lands and Mines Selangor (State Government) relating to the revision of quit rent rate. Both parties have different interpretations on the quit rent rate. SHL-M Sdn. Bhd. is seeking from the State Government the following:-

- declaring the invalidity of quit rent totalling RM583,680/- per year which the State Government has imposed retrospectively to 1 January 1994;
- recovering the sum of RM190,024/- per year from 1 January 1994 to 31 December 2004 on the grounds that the quit rent payable should be RM69,141/- per year only;
- recovering the sum of RM183,400/- per year from 1 January 2005 to 31 December 2007 on the grounds that the quit rent payable should be RM75,765/- per year only; and
- recovering the sum of RM183,227/- per year from 1 January 2008 to 31 December 2010 on the grounds that the quit rent payable should be RM75,938/- per year only.

On 10 February 2011, the case was decided in favour of SHL-M, the Court declared that quit rent payable was as follows:-

Year	Amount per annum RM'000	Total amount RM'000
1994 – 2004	69	761
2005 – 2007	76	227
2008 – 2010	76	228
		1,216

The Court further ordered the State Authority to refund the excess sum of RM3,190,148/- with interest at the rate of 8.00% per annum. However, the State Authority has since lodged an appeal on 14 March 2011 against the decision vide Court of Appeal CA No. B-01-196-2011.

On 21 June 2011, SHL-M Sdn. Bhd. filed the following Affidavits at the Shah Alam High Court:-

- (i) an Affidavit objecting the State Authority's Appeal against the Court Order dated 10 February 2011 on the grounds that it was filed out of time.
- (ii) an Affidavit objecting the State Authority's Application for Stay of Execution of the Court Order dated 10 February 2011.

The above Affidavits objecting the State Authority's Appeal were refused.

On 26 June 2013, the Court of Appeal struck out the State Authority's Appeal and as such the decision of the High Court stands valid.

- 3.2** Damai Service Hospital (HQ) Sdn. Bhd. ("Damai Service Hospital (HQ)"), DSH Management Sdn. Bhd. ("DSH Management") and its director, Dr Guna Sittampalam ("Dr. Guna") (collectively referred as "the Plaintiffs") have filed a legal suit under the Civil Suite No: 22NCVC-1098-11-2011 against SHL Realty Sdn. Bhd. and its director Dato' Ir Yap Chong Lee ("Dato' Yap") (collectively referred as "the Defendants") via the Plaintiffs' Statement of Claim ("SOC") dated 8 November 2011 and Amended SOC dated 30 January 2012.

The legal suit is in relation to the construction and establishment of a private hospital on a piece of freehold land held under Lot 21147, Mukim of Cheras, District of Hulu Langat, Selangor owned by SHL Realty ("the said private hospital").

The Plaintiffs alleged in their SOC and Amended SOC that the Defendants have made their representations fraudulently on the leasing and/or sale of the said private hospital to the Plaintiffs and that the Plaintiffs have spend a substantial amount of time, cost and effort in the said private hospital project.

The Defendants have filed its Defence and Counter-Claim ("DCC") dated 6 January 2012 and Amended DCC dated 28 February 2012, and vehemently denied the representations in the SOC and the Amended SOC and deny knowledge of the loss and/or damage as pleaded by the Plaintiffs.

On 7 September 2012, the Plaintiffs and Defendants have reached an amicable resolution and agreed to withdraw the Claim by the Plaintiffs and Counter Claim by the Defendants.

#### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekday (except on public holidays) at the Registered Office of the Company from the date of this Circular up to and including the date of the AGM:-

- 4.1 Memorandum and Articles of Association of SHL;
- 4.2 Audited consolidated accounts of SHL for the financial years ended 31 March 2012 and 31 March 2013;
- 4.3 The material contracts, referred to in paragraph 2 above; and
- 4.4 The legal files for the material litigation, referred to in paragraph 3 above.

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**EXTRACT OF RESOLUTIONS TO BE TABLED AT AGM**

**AS ORDINARY RESOLUTION**

**7. Proposed Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature (Proposed Shareholders' Mandate)**

“THAT subject always to Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, approval be and is hereby given to the Company and its subsidiaries (SHL Group) to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in Sections 2.2 and 2.3 of the Circular to Shareholders dated 13 August 2013, which are necessary for the SHL Group’s day-to-day operations subject further to the following:-

- (i) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report a breakdown of the aggregate value of the recurrent transactions conducted pursuant to the Proposed Shareholders’ Mandate during the financial year, where:-
  - (a) the consideration, value of the assets, capital outlay or costs of the recurrent transactions is RM1 million or more; or
  - (b) the percentage ratios of such recurrent transactions is 1% or more,

whichever is the higher.

And amongst others, based on the following information:-

- the type of the recurrent transactions made; and
- the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

AND THAT the authority conferred by the Proposed Shareholders’ Mandate shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM at which the Proposed Shareholders’ Mandate is approved, at which time it will lapse, unless by a resolution passed at the general meeting, the mandate is again renewed;
- (ii) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (Act) (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

**RESOLUTION 6**

9. **Proposed Renewal of Share Buy-Back by the Company of up to 10% of its own Issued and Paid-Up Share Capital (“Proposed Share Buy-Back”)**

“THAT subject to the Companies Act, 1965 (“Act”), provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each (“the Shares”) in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (i) The maximum aggregate number of ordinary shares which may be purchased by the Company shall not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at any point in time;
- (ii) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and share premium account of the Company;
- (iii) The authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-
  - (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Share Buy-Back is passed, at which time it will lapse, unless the authority is renewed by a resolution passed at the next AGM, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date is required by the Act to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;whichever occurs first;
- (iv) Upon completion of the purchase(s) of the Shares by the Company, the Shares shall be dealt with in the following manner:-
  - (a) cancel the Shares so purchased;
  - (b) retain the Shares so purchased as Treasury Shares;
  - (c) distribute the Treasury Shares as dividend to shareholders;
  - (d) resell the Treasury Shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and
  - (e) any combination of the above.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all acts and enter in all agreements, arrangements and guarantees with any party or parties for and on behalf of the Company as are necessary to implement, finalise and to give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments in any manner as may be required by any relevant authorities from time to time or otherwise as they deem fit in the best interests of the Company.”

**RESOLUTION 8**



