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**SHL CONSOLIDATED BHD.**

(Company No. 293565-W)

(Incorporated in Malaysia)

**CIRCULAR TO SHAREHOLDERS  
IN RELATION TO**

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

The above proposal will be tabled as Special Business at SHL Consolidated Bhd's 24th Annual General Meeting (“AGM”) to be held at Ballroom 1, Level 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 29 August 2018 at 11.00 a.m. Notice of the 24th AGM together with the Form of Proxy are set out in the Company's 2018 Annual Report dispatched together with this Circular.

The Form of Proxy must be deposited at the Registered Office of the Company at 6<sup>th</sup> 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.

The last day and time for lodging the Form of Proxy is on Monday, 27th day of August, 2018 at 11.00 a.m.

This Circular is dated 30 July 2018

## **DEFINITIONS**

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

- Act** - The Malaysian Companies Act, 2016 as amended from time to time and any re-enactment thereof
- AGM** - Annual General Meeting
- Audit Committee** - Audit Committee of SHL
- Board** - Board of Directors of SHL
- Bursa Securities** - Bursa Malaysia Securities Berhad
- FYE** - Financial year ended
- LPD** - 9 July 2018, being the latest practicable date prior to the printing of this Circular
- Main Market LR** - 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
- Major Shareholder** - Any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, 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 8 of the Act.
- Proposal or Proposed Shareholders’ Mandate** - Proposed shareholders’ mandate for the SHL Group to enter into Recurrent Related Party Transactions from the date of the forthcoming AGM up to the next AGM
- Recurrent RPTs** - A transaction entered into by the Company or its subsidiaries which involves the interest, direct or indirect, of a Related Party, which is recurrent, of a revenue or trading nature and which is necessary for the business and day to day operations of the Company or its subsidiaries
- Related Party (ies)** - Director(s), Major Shareholder(s) and/or person(s) connected with such Director(s) and/or Major Shareholder(s)
- RM and sen** - Ringgit Malaysia and sen respectively
- SHL Group** - SHL and its subsidiaries
- SHL or the Company** - SHL Consolidated Bhd (293565-W)
- SHL Shares or Shares** - Ordinary shares in SHL after the enforcement of the Companies Act 2016 on 31 January 2017 where SHL Shares are in a no par value regime since 31 January 2017

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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

30 July 2018

**Board of Directors:**

Y.A.M. Tengku Abdul Samad Shah Ibni  
Almarhum Sultan Salahuddin Abdul Aziz Shah (*Chairman*)  
Dato' Sri Yap Teiong Choon  
Dato' Sri Ir. Yap Chong Lee  
Wong Tiek Fong  
Souren Norendra  
Ng Chin Hoo  
Au Lai Koong

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

Dear Sir/Madam,

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

**1. INTRODUCTION**

At the AGM held on 24 August 2017, the Company obtained a general mandate from its shareholders for the Company and/or its subsidiaries to enter into Recurrent RPTs in the ordinary course of business based on commercial terms which are not more favourable to the Related Parties than those generally available to the public which are necessary for the SHL Group's day to day operation.

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 4 July 2018, the Board of SHL announced its intention to seek its shareholders' mandate for the Recurrent RPTs comprising shareholders' mandate which has been obtained on 24 August 2017 at the forthcoming AGM.

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

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

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

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

Pursuant to Paragraph 10.09(2) of the Main Market LR, a listed issuer may seek a mandate from its shareholders for recurrent related party transactions subject to the following–

- (a) 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;
- (b) 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 the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market LR;
- (c) the issuance of a circular to shareholders by the listed issuer for the shareholders' mandate, the contents of which shall include information as may be prescribed by the Bursa Securities;
- (d) in a meeting to obtain shareholders' mandate, the relevant related party must comply with the requirements set forth below:
  - (i) a related party with any interest, direct or indirect (“interested related party”), must not vote on the resolution in respect of the related party transaction;
  - (ii) an interested related party who is a director or major shareholder must ensure that persons connected with he/she abstain from voting on the resolution in respect of the related party transaction;
  - (iii) where the interested related party is a person connected with a director or major shareholder, such director or major shareholder, as the case may be, must not vote on the resolution in respect of the related party transaction; and
- (e) the listed issuer is required to immediately announce to Bursa Securities when the actual value of a recurrent related party transaction entered into by the listed issuer, exceeds the estimated value of the recurrent related party transaction disclosed in the circular by 10% or more.

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 has disclosed the aggregate value of the Recurrent RPTs conducted for the financial year ended 31 March 2018 by providing a breakdown of the aggregate value of the Recurrent RPTs based on the type of the transactions made and the names of the related parties involved in each type of the Recurrent RPTs made and their relationship with the Company in its 2018 Annual Report.

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

<b>Name of company</b>	<b>Effective equity interest</b>	<b>Principal activities</b>
Integrated Management Corporation Sdn Bhd	100%	Provision of professional management services in commercial, industrial studies and planning, project management, construction management and financial services
Goodstock Land Sdn Bhd	60%	Property investment
Goodstock (Tawau) Sdn Bhd	100%	Property development
Ho Sin & Son Enterprise Sdn Bhd	100%	Property development
Kajang Granite Quarry Sdn Bhd	100%	Granite quarrying and manufacturing of aggregates
Mayang Kiara Sdn Bhd	100%	Property development
Senick Sdn Bhd	100%	Granite quarrying and manufacturing of aggregates
SHL Corporate Services Sdn Bhd	100%	Corporate Services
SHL Infra Sdn Bhd (In Members' Voluntary Winding-Up)	100%	Earthworks & infrastructure works
SHL Realty Sdn Bhd	100%	Property investment
Sin Heap Lee Brickworks Sdn Bhd	100%	Manufacturing of clay-bricks and supply of finished brickworks of wall and other brick structures
Sin Heap Lee Company Sdn Berhad	100%	Marketing agent of bricks and building materials
Sin Heap Lee Construction Sdn Bhd	100%	Earthworks, infrastructure works and building construction works
Sin Heap Lee Development Sdn Bhd	100%	Property development
Soil-Mech Drillers Sdn Bhd (In Members' Voluntary Winding-Up)	100%	Provision of property maintenance services
Sukma Pesona Sdn Bhd	100%	Property development
Wilayah Builders Sdn Bhd	100%	Property development
<b><u>Subsidiaries of Sin Heap Lee Development Sdn Bhd:-</u></b>		
SHL-M Sdn Bhd	100%	Property development
SHL-M Ventures Sdn Bhd	67%	Property development
Sungai Long Golf Resort Berhad	100%	Golf resort operator
<b><u>Associates of Sin Heap Lee Development Sdn Bhd:-</u></b>		
OPT Ventures Sdn Bhd	30%	Property development and investment

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) 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.

**(c) Procurement of Project Delivery Services and Construction Management Services**

Transactions that may be entered into with Related Parties under this category in the ordinary course of business include the procurement of project delivery services and construction management services in relation to earthworks, infrastructure works, building construction works, construction supervision, conceptual design, procurement of architectural services, quantity surveying and certification of works, contract documentation and soil-investigation.

These transactions relate to the procurement of the necessary project delivery services and construction management services by the SHL Group in its property development, general construction and construction management 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 and associate	Transacting Companies	Names of the Related Parties for the Transactions	Estimated Value under the existing shareholders' mandate obtained on 24 August 2017 RM'000	Actual Value transacted from 24 August 2017 until the LPD RM'000	**Estimated Value from this AGM until the next AGM RM'000
Procurement of engineering consultancy services	SHL Group and associate	SSP Housing Sdn Bhd	Dato' Sri Ir. Yap Chong Lee	4,454	2,404	<b>#4,305</b>
		Sepakat Setia Perunding (Sendirian) Berhad	Dato' Sri Ir. Yap Chong Lee	1,347	129	<b>#1,109</b>
Rental of premises by SHL Group (i)	SHL Group	Goodstock Land Sdn Bhd (i)(a)	Dato' Sri Yap Teiong Choon; and Dato' Sri Ir. Yap Chong Lee	1,022	852	<b>#1,022</b>
	Sin Heap Lee Development Sdn Bhd (SHL Development), a wholly-owned subsidiary of SHL	Sin Heap Lee Properties Sdn Bhd (i) (b)	Dato' Sri Yap Teiong Choon	52	44	<b>#52</b>
	Sin Heap Lee Development Sdn Bhd (SHL Development), a wholly-owned subsidiary of SHL	Yap Chong Lee Holdings Sdn Bhd (i)(c)	Dato' Sri Ir. Yap Chong Lee	52	44	<b>#52</b>
	Goodstock Land Sdn Bhd, a 60% owned subsidiary of SHL	SSP Housing Sdn Bhd (i)(a)	Dato' Sri Ir. Yap Chong Lee	136	113	<b>#136</b>
Procurement of project delivery services and construction management services	SHL-M Ventures Sdn Bhd, a 67% owned subsidiary of SHL Development	Project Delivery Partner Sdn Bhd	Dato' Sri Ir. Yap Chong Lee	2,000	1,981	<b>#3,962</b>

### 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 of the location of the premises rented from/to the Related Parties are as follows:

- Wisma Sin Heap Lee, 346 Jalan Tun Razak, 50400 Kuala Lumpur
- Unit No 3-5-2, Jalan SR 8/1, Sin Heap Lee Business Centre, Off Jalan Serdang Raya, Seri Kembangan, Selangor Darul Ehsan
- 18-20-3, Jalan SR 8/3, Sin Heap Lee Business Centre, Off Jalan Serdang Raya, 43300 Seri Kembangan, Selangor Darul Ehsan

# Renewal RRPT for shareholders' mandate



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

There is no outstanding amount due and owing by Related Parties under the Recurrent RPTs which has exceeded the credit term as at the FYE 31 March 2018.

## 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' Sri Yap Teiong Choon</i></b> Director and major shareholder of SHL. Director of all the subsidiaries of SHL.	Goodstock Land Sdn Bhd	Yes	20%
	Sin Heap Lee Properties Sdn Bhd	Yes	71%
<b><i>Dato' Sri Ir. Yap Chong Lee</i></b> Director and major shareholder of SHL. Director of all the subsidiaries of SHL.	Goodstock Land Sdn Bhd	Yes	20%
	SSP Housing Sdn Bhd	Yes	100%
	Sepakat Setia Perunding (Sendirian) Berhad	Yes	30%
	Yap Chong Lee Holdings Sdn Bhd	Yes	100%
	Project Delivery Partner Sdn Bhd	No	50%

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

Name of company	Effective equity interest	Principal activities
Goodstock Land Sdn Bhd	60%	Property investment
SSP Housing Sdn Bhd	Nil	Engineering consultancy services
Sepakat Setia Perunding (Sendirian) Berhad	Nil	Engineering consultancy services
Project Delivery Partner Sdn Bhd	Nil	To engage in the business of project delivery services and construction management services
Yap Chong Lee Holdings Sdn Bhd	Nil	Investment holding
Sin Heap Lee Properties Sdn Bhd	Nil	Investment in shares, land and properties

## **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:-

### **(a) Limits of authority**

- (i) 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.
- (ii) 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.

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

- (i) 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.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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 will only be entered into after taking into account the pricing, level of service, quality of product and other relevant factors.
- (vi) 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.

## **2.7 Audit Committee Statement**

The Audit Committee has reviewed the procedures mentioned in Section 2.6 above and is of the view that:

- (a) 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; and
- (b) the SHL Group has in place adequate procedures and processes to monitor, track and identify Recurrent RPTs in a timely and orderly manner.

The Board of SHL and the Audit Committee will continue to review the procedures on yearly basis with the authority to sub-delegate such function to individuals or committees within the Company as they deem appropriate.

## **2.8 Validity period**

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

- (a) the conclusion of the next Annual General Meeting of the Company (AGM) at which time it will lapse, unless by a resolution passed at the AGM the mandate is again renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in a 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:

- (a) to facilitate transactions with Related Parties which are in the ordinary course of business of the SHL Group, and on terms which are not more favourable to the Related Parties than those generally available to the public;
- (b) 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;
- (c) 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

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

- (a) have abstained and will continue to abstain from deliberating and voting on the resolution in respect of the Proposed Shareholders' Mandate at the Board meetings; and
- (b) In addition, they 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' Sri Yap Teiong Choon	4,283,869	1.77	60,659,844 (a)	25.05
Dato' Sri Ir. Yap Chong Lee	3,235,519	1.34	91,955,143 (b)	37.98

**Notes:-**

- (a) Deemed interested by virtue of holding in Sin Heap Lee Holdings Sdn Bhd, Yap Teiong Choon Holdings Sdn Bhd, YTC Global Sdn Bhd and deemed interested by virtue of his relationship with Datin Sri Phan Foo Beam, his spouse, Yap Ai Leen, Yap Weng Yau and Yap Po Leen, his children.
- (b) Deemed interested by virtue of holding in Sin Heap Lee Capital Sdn Bhd and deemed interested by virtue of his relationship with Datin Sri Tan Moh Poh, his spouse.

- 4.3** The name of persons connected to the Interested Directors/ Major Shareholders 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' Sri 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	-	-
	Datin Sri Phan Foo Beam	2,000,000	0.83	-	-
	Yap Ai Leen	250,000	0.10	-	-
	Yap Weng Yau	500,000	0.21	-	-
	Yap Po Leen	250,000	0.10	-	-
Dato' Sri Ir. Yap Chong Lee	Sin Heap Lee Capital Sdn Bhd	91,340,143	37.72	-	-
	Datin Sri Tan Moh Poh	615,000	0.25	-	-

**Notes:-**

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

- 4.4** The Interested Directors/ Major Shareholders 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, Datin Sri Phan Foo Beam, Yap Ai Leen, Yap Weng Yau, Yap Po Leen, Sin Heap Lee Capital Sdn Bhd, and Datin Sri Tan Moh Poh will abstain from voting on the resolution in respect of the Proposed Shareholders' Mandate at the forthcoming AGM.

**5. APPROVAL REQUIRED**

The Proposal is subject to approval being obtained from the shareholders of the Company at the forthcoming AGM.

## **6. ANNUAL GENERAL MEETING**

The 24th AGM of the Company, the notice of which is enclosed in the 2018 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 Wednesday, 29 August, 2018 at 11.00 a.m. for the purpose of considering and if thought fit, passing, inter alia, the ordinary resolution on the Proposal 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 2018 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.

## **7. DIRECTORS' RECOMMENDATION**

Your Board (with the exception of Dato' Sri Yap Teiong Choon and Dato' Sri 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 proposal is in the best interest of the SHL Group and accordingly recommends that you vote in favour of the resolution in respect of the Proposal to be tabled at our forthcoming AGM.

## **8. FURTHER INFORMATION**

Shareholders are requested to refer to the attached Appendix I for further information.

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

**Souren Norendra**  
Senior Independent Non-Executive Director

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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 facts, the omission of which would make any statement herein misleading.

### **2. MATERIAL CONTRACTS**

Save as disclosed below, 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:-

- 2.1 SHL has on 3 May 2017 entered into a Joint Venture Agreement with Marubeni Corporation to carry on the business of undertaking the development of a land held under Geran 331496, Lot 27762 Seksyen 5, Bandar Cheras, Daerah Ulu Langat, Selangor Darul Ehsan comprising a land area of approximately 9.557 acres (“the Land”) and to engage in all such activities as may be incidental thereto.

Pursuant to the Joint Venture Agreement, Sin Heap Lee Development Sdn Bhd, a wholly-owned subsidiary of SHL and MC Chance Malaysia Sdn Bhd, a wholly-owned subsidiary of Marubeni Corporation will incorporate a new company as a joint venture company to carry out the joint venture activities of developing the Land.

- 2.2 SHL-M Sdn Bhd, a wholly-owned subsidiary of Sin Heap Lee Development Sdn Bhd (“SHL Development”) has on 11 May 2017, entered into a Sale and Purchase Agreement with SHL-M Ventures Sdn Bhd, a 67% owned subsidiary of SHL Development for the sale of all that piece of 38,680 square meter (9.557 acres) freehold land located at Bandar Sungai Long, held under Geran 331496 Lot 27762 Seksyen 5, Bandar Cheras, Daerah Ulu Langat, State of Selangor Darul Ehsan, for a total cash consideration of Ringgit Malaysia Fifty Million (RM50,000,000).

### **3. MATERIAL LITIGATION**

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.

### **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 (the Company’s Constitution) of SHL; and
- 4.2 Audited consolidated accounts of SHL for the financial years ended 31 March 2017 and 31 March 2018; and
- 4.3 The material contracts, referred to in paragraph 2 above.