



SHL CONSOLIDATED BHD.

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PROPOSED DISPOSAL OF A 10-STOREY EDUCATION BUILDING FITTED WITH ICT EQUIPMENT AND SYSTEM, OFFICE EQUIPMENT AND SYSTEM, FURNITURE AND FITTINGS AND LIBRARY BOOKS HELD UNDER HSD 33460 PT 21144, MUKIM CHERAS, DISTRICT OF HULU LANGAT (THE "UTAR BUILDING") TOGETHER WITH A PIECE OF ADJOINING VACANT LAND HELD UNDER HSD 33461 PT 21145, MUKIM OF CHERAS, DISTRICT OF HULU LANGAT, SELANGOR ("PROPERTY 2") (COLLECTIVELY KNOWN AS "SAID PROPERTIES") BY SHL REALTY SDN BHD TO UTAR EDUCATION FOUNDATION ("UTAR") FOR A TOTAL CASH CONSIDERATION OF RM34,535,000.00 ("DISPOSAL")

1. INTRODUCTION

The Board of Directors of SHL Consolidated Bhd ("SHL") wishes to announce it has on even date deliberated and accepted an offer by UTAR Education Foundation ("UTAR") to purchase the UTAR Building together with Property 2 for a total cash consideration of RM34,535,000.00 (Purchase Price).

2. DETAILS OF THE DISPOSAL

On 24 March 2009, SHL Realty Sdn Bhd ("SHL Realty"), a wholly-owned subsidiary of SHL, has received a letter of offer from UTAR for the purchase of the UTAR Building and Property 2 ("LO"), subject to the following terms and condition:-

Salient Terms of the Offer

2.1 Purchase Price

2.1.1 UTAR Building at RM30,000,000/- (Ringgit Malaysia Thirty Million only); and

2.1.2 Property 2 at RM4,535,000/- (Ringgit Malaysia Four Million Five Hundred Thirty Five Thousand only).

Collectively referred to as the Purchase Price.

2.2 Preliminary Conditions Precedent to execution of sale and purchase agreements ("SPAs")

2.2.1 UTAR to obtain the consent of the Minister of Domestic Trade and Consumer Affairs Malaysia ("said Minister") pursuant to Section 19(2) of the Companies Act, 1965 within six (6) months from the date of acceptance of UTAR's offer to purchase by SHL Realty or such extended time as may be mutually agreed between SHL Realty and UTAR; UTAR shall forward a copy of their application to the said Minister to SHL Realty for SHL Realty's record within seven (7) days of the submission of same by UTAR.

2.2.2 If the consent of the said Minister is not obtained due to the said Minister's refusal for whatsoever the reason, UTAR shall forward a copy of the said Minister's letter to SHL Realty for SHL Realty's information and thereafter the Earnest Sum as defined in the LO shall be refunded free of interest to UTAR and the contract as provided herein between SHL Realty and UTAR shall be rendered null and void and shall have no further legal effect whatsoever.

2.3 Execution of SPAs

2.3.1 Two (2) SPAs (SPA for the UTAR Building and Property 2 being co-dependent to each other, shall be completed simultaneously and if one of the SPA fails the other SPA shall automatically fail) shall be executed within fourteen (14) working days or such agreed extended time mutually agreed by the parties hereto, from date of receipt of the written consent of the said Minister by UTAR, subject always that all terms and conditions in the SPAs shall have been agreed between SHL Realty and UTAR.

2.4 Payment of Purchase Price

2.4.1 UTAR shall pay as follows:-

- (i) Upon the execution of the SPAs, the sum of RM3,453,400/- which together with the Earnest Sum equivalent to 10% of the Purchase Price ("Deposit"), to SHL Realty's Solicitors, Messrs Norendra & Yap ("SHL Realty's Solicitors) as stakeholders;
- (ii) Subject to the fulfillment of the Conditions Precedent as stated below, within 90 days from the Unconditional Date as defined in the LO ("Completion Date") or such extended date to be mutually agreed between SHL Realty and UTAR, the sum of RM31,081,500/- equivalent to the balance 90% of the Purchase Price, to SHL Realty's Solicitors as stakeholders.

2.4.2 In the event the two (2) memorandum of transfer (Form 14A) ("MOTs") which shall only be submitted to the Stamp Duty Office for adjudication not later than seven (7) days from the Unconditional Date, be adjudicated late, that is if the Stamp Duty Office's assessment notice is received by UTAR's solicitors, Messrs Iza Ng Yeoh & Kit ("UTAR's Solicitors") less than seven (7) working days before the Completion Date making it not feasible for UTAR's solicitors to stamp and to present the MOTs at the Selangor Land office/registry for registration by the Completion date, then SHL Realty agrees that no late interest payment on the Balance Purchase Price, if so paid after the Completion Date, shall be payable by UTAR. Provided however that in the event the delay in payment of the Balance Purchase by the Completion Date is not connected to the delay in the late adjudication of the MOTs by the Stamp Duty Office, then UTAR shall be subject to payment of interest to be calculated on a daily basis at the interest rate of eight (8%) per annum on the unpaid Balance Purchase Price, for the period after the Completion Date and which period of extension shall not exceed one (1) month from the expiry of the Completion Date.

2.5 Conditions Precedent

2.5.1 Approval of the:-

- i. Foreign Investment Committee ("FIC") to be obtained by UTAR within 3 months from the date of the SPAs; provided that UTAR's Solicitors, shall file in the FIC application within seven (7) working days from the date UTAR's Solicitors receiving all SHL Realty's information/particulars that are required by UTAR's application to the FIC for purchase of the said Properties;
- ii. Board and the members of SHL Realty to the sale of the said Properties pursuant to the SPAs; and
- iii. Board and the members of UTAR to the purchase of the said Properties pursuant to the SPAs.

2.5.2 Failure on the part of UTAR to apply to the FIC after having received the FIC proforma forms from SHL Realty's Solicitors or either SHL Realty or UTAR failing to convene the required board and/or members' meetings to seek the required approvals shall be deemed a breach and the non defaulting party shall be entitled to elect either specific performance or termination of the SPAs, and if termination is elected, then the pre-estimated liquidated damages which is forfeiture of the Earnest Sum in the case default is caused by UTAR and a sum equivalent to 2% of the Purchase Price, shall be applicable.

2.5.3 In the event the FIC does not revert to or grant their approval within the stipulated 3 months, then another 2 months shall be granted to UTAR for the sole purpose to obtain the approval of the FIC and there shall be no interest payable by UTAR for such extension of time on the Balance Purchase Price; provided always that UTAR or their agents shall provide evidence of follow-up with the FIC to enquire on the progress of the Purchaser's application to the FIC.

2.5.4 The date the approval of the last of the conditions precedent is received by UTAR's Solicitors shall be the "Unconditional Date" whereby the SPAs shall become unconditional.

2.6 Termination

Unless mutually agreed between SHL Realty and UTAR, termination of the LO or the SPAs will be triggered in the following circumstances:

2.6.1 By default of UTAR:

- (i) if the SPAs are not executed by UTAR within the stipulated fourteen (14) working days as stated in Item 2.3 aforesaid provided all the terms and conditions of the SPA having been agreed between SHL Realty and UTAR, then when such an event occurs, the following consequences shall ensue:-
 - (a) the Earnest Sum shall be forfeited by SHL Realty;
 - (b) in addition UTAR shall pay the sum equivalent to two percent (2%) of the Purchase Price to SHL Realty as pre-estimated liquidated damages; and
 - (c) thereafter neither party hereto shall be entitled to claim from the other any loss or damage.

- (ii) However if SHL Realty and UTAR do not agree to the terms of the SPAs not due to imposition of unreasonable terms by UTAR, then the Earnest Sum shall be refunded free of interest within seven (7) working days by SHL Realty's Solicitors upon their receipt of notification by the parties of the failure of agreement on the terms of SPAs. If the parties are unable to agree to the terms of the SPAs due to the unreasonable terms imposed by SHL Realty, then the following consequences shall ensue:-
 - (a) SHL Realty's Solicitors shall be authorized to refund free of interest all the monies paid by UTAR to UTAR's Solicitors;
 - (b) in addition SHL Realty shall pay to UTAR the sum equivalent to two percent (2%) of the Purchase Price as pre-estimated liquidated damages; and
 - (c) thereafter neither party hereto shall be entitled to claim from the other any loss or damage.

- (iii) If the SPAs have become unconditional and UTAR neglects or fails to complete the SPAs within the Completion Date or such extended date as mutually agreed, then in such a case SHL Realty is entitled to terminate the SPAs and the following consequences shall ensue:-
 - (a) the Deposit shall be forfeited absolutely by SHL Realty;
 - (b) UTAR's Solicitors shall return to SHL Realty's Solicitors the MOTs and if the MOTs have been adjudicated and stamped UTAR's Solicitors shall be entitled to retain the same for purpose to apply for refund of the stamp duty paid thereon;
 - (c) any private caveat so lodged by UTAR shall be withdrawn at UTAR's cost; and
 - (d) thereafter neither party hereto shall be entitled to claim from the other any loss or damages.

2.6.2 By default of SHL Realty:

- (i) if the SPAs are not executed by SHL Realty within the stipulated fourteen (14) working days as stated in Item 2.3 aforesaid after all the terms and conditions of the SPAs having been agreed between SHL Realty and UTAR, then when such an event occurs, the following consequences shall ensue:-
 - (a) the Earnest Sum shall be refunded free of interest by SHL Realty's Solicitors to UTAR;
 - (b) in addition SHL Realty shall pay to UTAR a sum equivalent to two percent (2%) of the Purchase Price as pre-estimated liquidated damages; and
 - (c) thereafter neither party shall be entitled to claim against the other.

- (ii) However if SHL Realty and UTAR do not agree to the terms of the SPAs not due to imposition of unreasonable terms by UTAR, then the Earnest Sum shall be refunded free of interest within seven (7) working days by SHL Realty's Solicitors upon their receipt of notification by the parties of the failure of agreement on the terms of the SPAs. If the parties are unable to agree to the terms of the SPAs due to the unreasonable terms imposed by UTAR, then the following consequences shall ensue:-

- (a) the Earnest Sum shall be forfeited by SHL Realty;
 - (b) in addition UTAR shall pay to SHL Realty the sum equivalent to two percent (2%) of the Purchase Price as pre-estimated liquidated damages; and
 - (c) thereafter neither party hereto shall be entitled to claim from the other any loss or damage.
- (iii) If the SPAs have become unconditional and SHL Realty neglects or fails to complete the SPAs within the Completion Date or such extended date as mutually agreed, then in such a case UTAR is entitled to either the remedy of specific performance or to terminate the SPAs and upon termination the following consequences shall ensue:-
- (a) SHL Realty's Solicitors shall be authorized to refund free of interest all the monies paid by UTAR to SHL Realty's Solicitors towards the Purchase Price;
 - (b) SHL Realty shall pay to UTAR the sum equivalent to ten percent (10%) of the Purchase Price as pre-estimated liquidation damages;
 - (c) UTAR's Solicitors shall return to SHL Realty's Solicitors the MOTs and if the MOTs have been adjudicated and stamped UTAR's Solicitors shall be entitled to retain the same for purpose to apply for the refund of the stamp duty paid thereon;
 - (d) any private caveat so lodged by UTAR shall be withdrawn at UTAR's cost; and
 - (e) neither party shall be entitled to claim from the other any loss or damages.

2.6.3 By election to terminate:

- (i) if the FIC shall impose such condition(s) that affect(s) the purpose and interest of UTAR in the purchase of the said properties, then UTAR shall decide whether to appeal against such condition(s) or decide not to proceed with the purchase. If UTAR shall decide to appeal, then after failure of appeal by UTAR to the FIC to waive such condition(s), UTAR shall be entitled to terminate and in such case upon receipt of written notice from UTAR to terminate, the provisions of Item 2.6.2(iii)(a),(c) to (e) shall apply mutanis mutandis. If UTAR shall decide not to appeal, but to terminate the provisions of Item 2.6.2(iii)(a),(c) to (e) shall apply mutanis mutandis;
- (ii) if the MOTs cannot be registered into the name of UTAR even after both SHL Realty and UTAR have done all that are required of them to effect transfer of the MOTs of the said properties to UTAR and due to no fault whatsoever of SHL Realty and UTAR, then either party hereto shall be entitled to terminate the SPA and upon termination, the provisions of Item 2.6.2(iii)(a),(c) to (e) shall apply mutanis mutandis;
- (iii) in the event of compulsory acquisition being notified to SHL Realty before or after the execution of the SPAs, but before completion of same, UTAR shall be entitled to terminate the contract as stated in the LO or the SPAs if so executed, which if so terminated the provisions of Item 2.6.2(iii)(a),(c) to (e) shall apply mutanis mutandis.

2.7 Completion of SPA

- 2.7.1 Completion shall be within the Completion Date or such time as mutually agreed, with the payment of the Balance Purchase Price to SHL Realty's Solicitors.
- 2.7.2 SHL Realty's Solicitors are authorized to hold the Deposit and the Balance Purchase Price paid to them as stakeholders and shall only release same with all interest accrued thereon to SHL Realty after seven (7) working days from date of presentation of the MOTs for registration at the relevant land office or within twenty (21) working days from the date of the delivery of the original documents of titles of the said Properties to UTAR's Solicitors, whichever is the earlier.

2.8 Assignment of Tenancy Agreement of Property 2

- 2.8.1 SHL Realty agrees to assign the tenancy agreement of Property 2 to UTAR the day following the completion of the SPAs.

3.0 INFORMATION ON THE COMPANIES / PROPERTIES INVOLVED

3.1 UTAR Building

The UTAR Building is a ten (10) storey purpose-built education building with basement car park, located on a piece of freehold land measuring approximately 81,938 square feet in Bandar Sungai Long, Cheras. The building is fitted with ICT infrastructure and systems, education equipment, furniture and fittings and knowledge center/library and support and administrative facilities catering for tertiary education activities.

The UTAR Building is currently rented to Universiti Tunku Abdul Rahman. The current monthly rental income for the UTAR Building is RM150,000/-.

The original cost of the UTAR Building is RM24,905,482/-. The UTAR Building was revalued at RM30,000,000/- on 31 March 2005.

As at 31 March 2009, the net book value of the UTAR Building is RM30,000,000/-.

The UTAR Building was valued at RM29,000,000/- by a firm of professional valuers in February 2009.

3.2 Property 2

Property 2 is a piece of commercial land measuring in total area of 82,465 square feet held under HSD 33461 PT 21145, Mukim of Cheras, District of Hulu Langat, Selangor. Property 2 is located next to the UTAR Building.

Property 2 is currently rented to a third party as parking facilities for Universiti Tunku Abdul Rahman. The current monthly rental income for Property 2 is RM4,000/-.

The original cost of Property 2 is RM1,088,275/-. Property 2 was revalued at RM4,535,000/- on 31 March 2005.

As at 31 March 2009, the net book value of the Property 2 is RM4,535,000/-.

The Property 2 was valued at RM4,120,000/- by a firm of professional valuers in February 2009.

4.0 RATIONALE OF THE DISPOSAL

The Disposal will enable UTAR to secure its ownership of the UTAR Building and Property 2 thus cementing Universiti Tunku Abdul Rahman presence in Bandar Sungai Long, SHL's flagship development project. This augurs well for the community in and future development prospects of Bandar Sungai Long.

The Disposal will also allow SHL to realise its investment in the said properties. The fund generated from the Disposal will enable the SHL Group to reduce its bank borrowings and to reinvest in the near future.

5.0 EFFECTS OF THE DISPOSAL

5.1 Share Capital and Substantial Shareholders' Shareholding

The Disposal will not have any effect on the issued and paid-up share capital or the shareholdings of the major shareholders of SHL.

5.2 Net Assets and Gearing

The Proforma effects of the Disposal on the net assets per share and gearing of the SHL Group based on the Audited Financial Statements as at 31 March 2008 are illustrated below:

	Audited Financial Statements as at 31 March 2008	Proforma after Disposal
	RM'000	RM'000
Share Capital	242,124	242,124
Reserve	264,523	264,523
Shareholders' Equity/ Net Assets	506,647	506,647
Borrowings	119,112	84,577
Gearing (times)	0.24	0.17

5.3 Earnings per Share

The Disposal will not have a material impact on the earnings of the Group for the financial year in which the Disposal is completed as the Disposal will not result in any gain or loss.

The loss of net earnings as a result of the Disposal is calculated at approximately RM1,507,407/- per annum or approximately 4.35% in term of yield against the proceed raised from the Disposal. The Disposal will not have a material effect on the earnings per share of SHL as the potential yield or net income that can be earned from the proceed raised from the Disposal is expected to exceed that 4.35% yield enjoyed from the said Properties.

6.0 APPROVAL REQUIRED

The Disposal is conditional upon the consent of the Minister of Domestic Trade and Consumer Affairs Malaysia (“said Minister”) being obtained by UTAR for the purchase of the said Properties prior to the execution of the relevant SPAs and thereafter the approval of the Foreign Investment Committee (“FIC”) for transfer of the said Properties under the Disposal.

7.0 DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTEREST

None of the directors, substantial shareholders of SHL and persons connected to them has any interest, direct or indirect, in the Disposal.

8.0 STATEMENT OF THE BOARD OF DIRECTORS

The Board, after taking into consideration all aspects of the Disposal, is of the opinion that the Disposal is in the best interest of the SHL Group.

9.0 ESTIMATED TIME FRAME FOR COMPLETION

Barring unforeseen circumstances, the Disposal is expected to be completed within 9 months from the date of this announcement.

10.0 DEPARTURE FROM SECURITIES COMMISSION’S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES (“SC GUIDELINES”)

To the best knowledge of the Board, the Disposal does not depart from the SC Guidelines.

11.0 DOCUMENTS AVAILABLE FOR INSPECTION

The LO will be made available for inspection at the registered office of SHL at 6th Floor, Wisma Sin Heap Lee, 346 Jalan Tun Razak, 50400 Kuala Lumpur during the normal office hours from Monday to Friday (except for public holidays) for a period of three (3) month from the date of the announcement.

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



DATO' IR. YAP CHONG LEE
Executive Director