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Acquisitions and Disposals :: Major Transaction :: PROPOSED PURCHASE OF THE SHOP-OFFICE LOCATED AT LOT 3A-5-1, 5TH FLOOR, BLOCK 3A, PLAZA SENTRAL, KUAL


* Asterisks denote mandatory information

Name of Announcer *	UNIFIED COMMUNICATIONS HLDGLTD
Company Registration No.	200211129W
Announcement submitted on behalf of	UNIFIED COMMUNICATIONS HLDGLTD
Announcement is submitted with respect to *	UNIFIED COMMUNICATIONS HLDGLTD
Announcement is submitted by *	Anton Syazi Ahmad Sebi
Designation *	Deputy Chief Executive Officer
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>> Announcement Details

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Announcement Title *	PROPOSED PURCHASE OF THE SHOP-OFFICE LOCATED AT LOT 3A-5-1, 5TH FLOOR, BLOCK 3A, PLAZA SENTRAL, KUAL
Description	Please see attached

Attachments
 UCHLAnnouncement28Jul2010.PDF
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UNIFIED COMMUNICATIONS HOLDINGS LIMITED

Company Registration No. 200211129W

PROPOSED PURCHASE OF THE SHOP-OFFICE LOCATED AT LOT 3A-5-1, 5TH FLOOR, BLOCK 3A, PLAZA SENTRAL, KUALA LUMPUR, MALAYSIA

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Unified Communications Holdings Limited (the “**Company**”) hereby announces that the Company has, via its wholly owned subsidiary, Unified Communications Sdn Bhd, paid an earnest deposit as part of the deposits required prior to enter into a sale and purchase agreement in respect of the proposed purchase of the shop-office located at Lot 3A-5-1, 5th Floor, Block 3A, Plaza Sentral, Kuala Lumpur, Malaysia (“**Property**”) for MYR7,657,000, approximately SGD3,272,222 (based on exchange rate of MYR2.34:SGD1.00) by Unified Communications Sdn Bhd and/or its nominees (“**Proposed Transaction**”).

2. INFORMATION ON THE PROPERTY

2.1. General Information on the Property

The Property is a freehold shop-office unit with a lettable area of 8,060 square feet within Plaza Sentral. Plaza Sentral is in turn located within the larger Kuala Lumpur Sentral commercial and residential development. Kuala Lumpur Sentral is spread over 72 acres of land bordered by Jalan Travers, Jalan Damansara and Jalan Tun Sambanthan, and is situated in the southwest of Kuala Lumpur City at a distance of 1.5km from the central business district of Kuala Lumpur, Malaysia.

In February 2006, Kuala Lumpur Sentral was awarded Malaysia’s Multimedia Super Corridor (“MSC”) Cybercentre status. This status allows Kuala Lumpur Sentral to house Information & Communications Technology (“ICT”) businesses and MSC-status companies. Other completed properties and facilities within the Kuala Lumpur Sentral development are:

- (a) Stesen Sentral, a transit hub that supports six rail networks, namely the KLIA Express Rail Link, KLIA Transit, RAPID KL (Putra), KTM Komuter, KTM Intercity and KL Monorail Services;
- (b) 1 Sentral, which is a purpose-built 30 storey corporate office tower located at the north-west corner of Kuala Lumpur Sentral;
- (c) Two international five-star hotels;
- (d) Sooka Sentral, which houses a fitness and spa centre, business centre, food court, restaurant and al fresco dining facilities;
- (e) Suasana Sentral Condominium, a 400-unit luxury condominium; and
- (f) Suasana Sentral Loft, the second phase of luxury condominiums comprising two towers with total 600 units.

(Source: official website of Kuala Lumpur Sentral development, www.klsentral.com.my, accessed on 16 July 2010)

2.2 Vendor of the Property

The registered owner of the Property is Mobile Distribution (M) Sdn Bhd (“Vendor”), a company registered in Malaysia. The Vendor is a wholly owned subsidiary of First Mobile Group Holdings Limited, which in turn is listed on the Hong Kong Exchange.

3. PURCHASE CONSIDERATION AND TERMS OF PAYMENT

3.1. Purchase Consideration

The purchase price of the Property payable by Unified Communications Sdn Bhd and/or its nominees (“Purchaser”) is MYR7,657,000 (approximately SGD3,272,222) excluding other related expenses (“Purchase Consideration”). Unified Communications Sdn Bhd is a wholly owned subsidiary of the Company.

3.2. Basis for Determining the Purchase Consideration

The Purchase Consideration was arrived on an arm’s length and willing buyer-willing seller basis after taking into account (i) the current gross rental yield of the Property, based on the current rental of MYR6.50 per square feet a month and (ii) indicative valuation provided by a professional property valuer of MYR950 per square feet. A formal valuation report will be procured for the purpose of the Proposed Transaction.

3.3. Terms of Payment

The Purchase Consideration will be satisfied in cash in the following manner:

- (a) a 2% of the Purchase Consideration (MYR153,140, approximately SGD65,444) has been paid to the real estate agent as non-refundable earnest money on 28 July 2010;
- (b) 6% of the Purchase Consideration (MYR459,420, approximately SGD196,333) will be deposited to the Vendor’s solicitor as stakeholder upon signing of the sale and purchase agreement in relation to the Proposed Transaction; and placed under interest bearing fixed deposit account. Interest on fixed deposit account will be accrued to the Vendor upon completion of the transaction or to the Purchaser in the event that the Sale and Purchase Agreement, to be signed, is terminated;
- (c) 2% of the Purchase Consideration (MYR153,140, approximately SGD65,444) to be deposited with the Purchaser’s solicitors with irrevocable instruction to deposit the same with Inland Revenue Board of Malaysia within sixty days from the date the agreement or official consents, whichever is later; and

(Collectively (a), (b) and (c) will be referred to as the “Deposits”)

- (d) the 90% balance of the Purchase Consideration (MYR6,891,300, approximately SGD2,945,000) shall be released to the Vendor within three (3) months from the date of fulfillment of the last Condition Precedent (as set out in Section 4 below) or three (3) months from the date of consent from transfer being granted from the developer and/or the relevant authority or any stakeholder(s) of the Vendor, whichever is later. An extension of one (1) month shall be granted should there be a delay with an interest chargeable at 8% per annum on the balance sum to be calculated on a day to day basis are mutually to be agreed upon.

3.4. **Funding for the Proposed Transaction**

The Proposed Transaction will be funded from internal sources.

3.5. **Sale and Purchase Agreement**

A sale and purchase agreement shall be entered into between the Purchaser and the Vendor in due course ("**Sale and Purchase Agreement**"). The Company intends to incorporate a wholly owned subsidiary for the purpose of completing the Proposed Transaction.

4. **MATERIAL AGREED TERMS AND CONDITIONS TO THE PROPOSED TRANSACTION THAT ARE ALSO TO BE REFLECTED IN THE SALE AND PURCHASE AGREEMENT**

4.1. **Conditions Precedent**

Completion of the Proposed Transaction is strictly subject to the completion of the following events:

- a) The assignment of the tenancy agreement dated 13 February 2008 between the Vendor and the existing tenant ("**Tenant**") of the Property to the Purchaser ("**Tenancy Agreement**") shall be signed in escrow but shall be perfected/expressed to take effect only upon completion/performance of assignment (by way of transfer)/payment of the Purchase Consideration; and
- b) The successful renewal of the said Tenancy Agreement for a further term of three (3) years at the same terms and conditions of the said Tenancy Agreement or at more favourable terms, to be evidenced by the written acceptance by the Tenant of the Tenancy Agreement renewal letter or upon the conclusion of new tenancy agreement if required rather than a renewal letter.

(events set out in 4.1 (a) and (b) above will be collectively referred to as "**Conditions Precedent**")

4.2. **Other Terms and Conditions**

- (a) The Proposed Transaction may subject to the approval of Singapore Stock Exchange Limited ("**SGX**") and is further subject to the approval of the Company's shareholders at a general meeting to be convened. In the event that any such required approvals are not granted, the Vendor shall only be entitled to forfeit 1% of the Purchase Consideration (i.e. MYR76,570 or approximately SGD32,722) as liquidated damages and refund the remaining Deposits equivalent to 7% of the Purchase Consideration (i.e. MYR535,990 or approximately SGD229,056) paid upon execution of the Sale and Purchase Agreement, free of interest to the Purchaser within fourteen (14) days from the date of letter of notification issued by the Purchaser to the Vendor of the failure to receive the necessary approvals abovementioned. Thereafter, both parties shall have no further claims against each other.

- (b) No forfeiture of any of the Deposit paid shall be applicable in the following events:

- (i) When any consent or approval is not obtained by the Vendor from financial institution(s) or any authority(ies) or any other stakeholder(s) of the Vendor who may have claim(s) over the Vendor and/or the Property; and/or
 - (ii) When any required approval or consent is not obtained by the Vendor or its parent company(ies) and shareholder(s) of such entities, if applicable; and/or
 - (iii) When the Conditions Precedent are not fulfilled in entirety by the Vendor.
- (c) in the event that the Proposed Transaction is not completed for reasons that are outside the control of the Purchaser, any Deposits that shall be deposited by the Purchaser with a lawyer appointed by the Vendor as stakeholder for the Vendor shall be refunded by the stakeholder at no costs and claims by the Vendor. The refund shall be done within fourteen (14) days from the date on which the fact that the transaction cannot be completed is confirmed in writing by the Purchaser's lawyer or the Vendor, failing which an interest of 8% (eight percent) per annum is chargeable on the amount due to the Purchaser calculated on daily basis. This however shall not restrict the application of section 4.2 (a) above.
- (d) any rental received from the Tenant, or receivables owing by the Tenant to the Vendor, in the month when full settlement of total Purchase Consideration is made by the Purchaser, the Purchaser is entitled to and shall be paid by the Vendor the proportion of such rental received or earned for the period between the date when full settlement is effected to the end date of the month for which such rental has been paid or is payable.
- (e) if due to no default neglect and/or omission of the parties, should the relevant developer, financial institution(s) and/or authority for any reason whatsoever refuse, neglect and/or omit to grant any required confirmation on beneficial ownership, consent to assignment of the Property, consent required for the disposal of the Property by the Vendor transfer and/or consent to transfer the Property to the Purchaser within three (3) months from the date of the Sale and Purchase Agreement, the Purchaser shall have the discretion to either grant a one-time extension of one (1) month or opt to terminate the Sale and Purchase Agreement, where in the Deposits shall be refunded or cause to be refunded by the Vendor free of interest within fourteen (14) days from the date of such termination, failing which the Vendor shall pay interest at the rate of 8% per annum on the Deposits calculated on daily basis until the date of full refund to the Purchaser the Deposits with interest thereto.
- (f) others terms and conditions as per normal or conventional market practice for the completion of the sale and purchase of similar properties in Malaysia shall be applied to the Sale and Purchase Agreement.

5. RATIONALE

5.1. Rationale for the Proposed Transaction

As at 31 December 2009, the consolidated equity attributable to the owners of the Company stood at SGD26.0 million, of which SGD15.0 million comprised cash and cash equivalents.

This strength in the consolidated balance sheet of the Company as at 31 December 2009 is a result of the efforts of Management and the Board to deliver improvements

in the operating and consolidated financial performance of the group of businesses of the Company for the financial periods ending 31 December 2008 and 31 December 2009. Over the course of these two periods, the Company has returned to profitability, significantly improved its working capital efficiency, and along with completing several strategic operational improvement initiatives, initiated new investment to revitalise its proprietary product, technology and revenue-sharing project portfolios.

The Management and Board remain optimistic on the future profit growth potential of the businesses of the Company under the strategies that have been adopted and continue to be executed to address the identified growth opportunities in the mobile messaging and signalling technologies, mobile value-added-services (VAS), mobile operation support systems (OSS) and mobile media segments of the telecommunications markets within the Company's regions of focus.

As part of executing the strategies adopted to address these growth opportunities available to businesses of the Company, and to deliver sustained improvement in the future profit growth of the Company, the Management and Board consider capturing growth by way of acquisition and/or strategic investment in complementary businesses as a suitable means to augment the organic growth plans for the Company's existing businesses.

The Management and Board have reviewed the capital expenditure and working capital requirements of the existing businesses of the Company and their respective organic growth and development plans, and are of the opinion that the Company now has the capacity to direct a significant proportion of its capital towards acquisition(s) and/or strategic investment(s) in complementary businesses to drive the Company's future profit growth and deliver improvements in return on shareholders' equity.

While this plan to identify and secure suitable opportunities for acquisition(s) and/or strategic investment(s) in complementary businesses is being implemented, the Management and Board propose to undertake the Proposed Transaction in order for the Company to realise higher returns on its capital until such time that suitable acquisition(s) and/or investment(s) in complementary businesses are identified and completed. When such acquisition and/or investment opportunities are identified and available for completion, the Property may be used by the Company to raise financing that may be required to fund these future acquisition(s) and/or investment(s).

5.2. Rationale for the Selection of the Property

The rationale for the selection of the Property is as follows:

- (a) The Property is strategically located within Kuala Lumpur Sentral and has been awarded Malaysia's Multimedia Super Corridor ("MSC") Cybercentre status. It is strategically located about 1.5km away from the central business district of Kuala Lumpur. This provides an opportunity for the Property to generate a relatively attractive rental yield. Further, in view of the scarcity of commercial development within the central business district of Kuala Lumpur, the Property also provides good potential for capital appreciation in the longer term;
- (b) The Property is currently tenanted to an international assurance company under a tenancy agreement that provides for an option for renewal. Upon the completion of the Proposed Transaction, including renewal of Tenancy

Agreement for further three (3) years as part of the Conditions Precedent, the Property will immediately generate returns on the investment made;

- (c) Based on the existing rental rate of the Property, without accounting for any prospective increase in future, the Proposed Transaction when completed is expected to provide net yield that provides a better return on investment than the prevailing deposit interest rates; and
- (d) The Property's strategic location, its MSC Cybercentre status and it being of freehold status will make it easier for the Company to raise financing to fund any future acquisition and/or strategic investment opportunities.

6. EXPECTED COMPLETION

Completion of the Proposed Transaction is expected to take place within three (3) months from the date of fulfillment of the last of the Conditions Precedent or three (3) months from the date of consent for transfer being granted from the developer and/or the relevant authority or any stakeholder(s) of the Vendor, whichever is the later (as set out in Section 4.1 above).

7. FINANCIAL EFFECTS

7.1. Net Tangible Assets ("NTA")

For illustration purposes, had the Proposed Transaction taken place on 31 December 2009 - being the end of the most recently completed financial year - and based on the audited consolidated financial statements of the Company at 31 December 2009, the Proposed Transaction would not have any material impact on the consolidated NTA of the Company. The table below illustrates the effect of the Proposed Transaction on the consolidated NTA of the Company:

For FY 2009	Before Proposed Transaction	After Proposed Transaction
NTA (SGD'000)	24,308	24,308
Number of ordinary shares in issue during the financial year ('000)	319,573	319,573
NTA per Share (SGD)	0.08	0.08

7.2. Earnings per Share ("EPS")

For illustration purposes, had the Proposed Transaction been completed on 1 January 2009 - being the beginning of the most recently completed financial year - and based on the audited consolidated financial statements of the Company for financial year ended 31 December 2009, the Proposed Transaction would have the following effects on the consolidated EPS of the Company:

For FY 2009	Before Proposed Transaction	After Proposed Transaction
Earnings attributable to equity holders of the Company (SGD'000)	2,900	3,059 ¹
Number of ordinary shares in issue during the financial year ('000)	319,573	319,573
<u>EPS (cents):</u>		
Basic	0.91	0.96
Diluted	0.91	0.96

Notes:

1. This is determined on the basis of estimated profit after tax generated from the rental of the Property of MYR370,910 (approximately SGD158,509) (based on annual gross rental of MYR628,680, approximately SGD268,667, and charges of MYR257,770, approximately SGD110,158, for sinking fund, quit rent and assessment, general insurance premium, and Malaysian income tax).

8. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the bases set out in the Rule 1006 of the Listing Manual are as follows:-

Rule 1006(a) - The net asset value of the assets to be disposed off, compared with the Group's net asset value.	This basis of computation is not applicable as it only applies to disposal of assets.
Rule 1006(b) - The net profits ¹ attributable to the assets acquired, compared with Group's net profits.	6.43% ²
Rule 1006(c) - The aggregate value of the consideration given, compared with the Company's market capitalization based on the total number of issued shares excluding treasury shares.	30.49% ³
Rule 1006(d) - The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable as no equity securities will be issued.

Notes:

1. Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interest and extraordinary items.
2. The estimated net profit attributable to the Property for the financial year ended 31 December 2009 (assuming that the Proposed Transaction was completed on 1 January 2009) would have been MYR494,547 (approximately SGD211,345). The Group's net profit before tax for the financial ended 31 December 2009 was SGD3,287,000. The relative figure for the net profit attributable to the Property compared to the Group's net profit is therefore SGD211,345/SGD3,287,000 which is equivalent to 6.43%.
3. Based on the Purchase Consideration of approximately SGD3,272,222 and estimated related expenses for the transaction of SGD137,739. The aggregate value of the consideration given is hence SGD3,409,961. The Company's market capitalization as at 26 July 2010 was SGD11,185,044. The relative figure for the aggregate value of the consideration given, compared to the Company's market capitalization is SGD3,409,961/SGD11,185,044, which is equivalent to 30.49%.
4. For the purposes of this paragraph 8 (Relative Figures under Rule 1006 of the Listing Manual), "Group" means the Company and its subsidiaries.

As the relative figure under Rule 1006 (c) exceeds 20%, the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transaction is subject to the approval of the shareholders in a general meeting.

9. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

10. EXTRAORDINARY GENERAL MEETING

A circular setting out further information and details of the Proposed Transaction, together with a notice of the extraordinary general meeting to be convened, will be despatched to the shareholders of the Company in due course.

11. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement (including the formal valuation report on the Property when available) will be made available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of a further announcement to be made upon signing of the Sale and Purchase Agreement.