



17th October 2016

CARSONS MANAGEMENT SERVICES (PRIVATE) LIMITED
No. of Company PV 315

Mr. Renuke Wijayawardene
Chief Operating Officer
Colombo Stock Exchange
#04-01, West Block, World Trade Centre
Echelon Square
Colombo 01.

Our Ref: SHAL/CSE/ANN/2016/DA/04

Dear Sir,

SHALIMAR (MALAY) PLC ("the Company")
CORPORATE DISCLOSURE IN TERMS OF RULE 8.1 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE

Further to the disclosure made on 26th April 2016, the approval of the shareholders was obtained by way of a special resolution at the Extraordinary General Meeting held on 26th May 2016 for the sale of the Malaysian Plantation ("MP") as a major transaction as defined in the Companies Act No 7 of 2007 (the "Act"), subject to obtaining regulatory approval in Sri Lanka and Malaysia therefor.

The Company on the 15th of June 2016 entered into a Sale and Purchase Agreement (SPA) with Euro-Asia Brand Holding Company Sdn. Bhd (the "Purchaser") of 21st Floor, Menara Hap Seng, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia for the sale of the MP for a consideration of Malaysian Ringgit One Hundred Twenty One Million Five Hundred Forty Three Thousand Five Hundred Twenty Eight and Sen Forty (RM.121,543,528/40) subject to the fulfilment of certain conditions precedent.

The Company has obtained the relevant regulatory approvals in Sri Lanka and awaits the regulatory approval from Malaysia in respect of the above.

The proceeds from the sale of the MP is expected to be received by the Company once the title to the MP is transferred in favour of the Purchaser in terms of the SPA. It is estimated that this process would take a period of approximately 84 days from the date of approval of the relevant regulatory authorities in Malaysia.

The sales proceeds will be subject to real property gain tax in Malaysia and such other expenses, levies and brokerage. Further, the sale proceeds may also be subject to such taxes in Sri Lanka (such as the proposed capital gains tax, if made applicable at the time of receipt of the sale proceeds by the Company).

Having carried out an analysis of the existing financial position of the Company and its proposed activities, the Board of Directors on 14th October 2016 have decided to distribute the net sale proceeds, upon receipt thereof by the Company, to the shareholders of the Company in the form of a repurchase of shares and the payment of an interim dividend.

Accordingly, the Board of Directors of the Company have decided to repurchase shares up to a total consideration of LKR 3,751,854,771/- from the shareholders of the Company on a date to be decided

by the Board of the Company following receipt of the proceeds ("Eligible Shareholders"), at a consideration of LKR 2,298/20 per share ("Repurchase Offer") subject to obtaining a certificate of solvency from the Auditors of the Company as required by Section 56(2) of the Act, all necessary approvals (including the regulatory approvals in Malaysia) and consents and receipt of the proceeds from the sale of the MP.

The total consideration of LKR 3,751,854,771/- (equivalent to RM. 105,966,338/-) is based on an assumed exchange rate of LKR 35/41 per RM 1/- as at 30th September 2016. The definitive terms of the Repurchase Offer (i.e. the maximum number of shares to be repurchased at LKR 2,298/20 per share, the number of shares to be repurchased from each shareholder and the consideration), will be determined by the Board of Directors, upon receipt of the net sale proceeds by the Company and after considering any significant variation in the assumed exchange rate of LKR 35/41 per RM1/- and/ or due to any unforeseen taxes or levies imposed by the relevant regulatory authorities such as capital gain taxes, etc. as at the date of receipt of the net sale proceeds and / or any other circumstances that may have an impact on the net sale proceeds or the distribution referred to herein.

The remainder of the net sale proceeds will be distributed through an interim dividend to be declared by the Directors **upon receipt of the net sale proceeds.**

Upon receipt of the net sale proceeds by the Company, the Board of Directors will decide and finalise the maximum number of shares to be repurchased at LKR 2,298/20 per share, the number of shares to be repurchased from each shareholder and the maximum consideration payable on the repurchase of shares and the amount to be distributed by way of an interim dividend. The Company will obtain a certificate of solvency from the Auditors and the Directors will sign a certificate of solvency as required by Section 56(3) of the Act.

In the meantime, the Board of Directors have resolved that the repurchase of shares is in the interests of the Company and that the consideration to be paid for the shares, in the opinion of the Auditors, M/s. Ernst & Young, Chartered Accountants, is a fair value, as required by Section 64(2) of the Act. The Board of Directors of the company has further resolved that the Board is not aware of any information that has not been disclosed to shareholders which is material to an assessment of the value of the shares and as a result of which the terms of the offer or the consideration offered for the shares are unfair to shareholders accepting the offer.

Based on an assumed exchange rate of LKR 35/41 per RM 1/-, the Repurchase Offer is likely to substantially result in the disposition of more than half of the value of the assets of the Company, if the Repurchase Offer is accepted in full and thus constitute a Major Transaction as defined in Section 185(2) of the Act. As such, the payment of consideration to the shareholders accepting the Repurchase Offer, will require the approval of the shareholders by way of a special resolution in accordance with Section 185 of the Act.

Accordingly, an Extraordinary General Meeting of the shareholders will be convened at which the shareholders will be requested to consider and if thought fit to pass a Special Resolution approving a payment of a maximum sum of LKR 3,751,854,771/- as consideration for the Repurchase Offer and to authorise the Board to determine and finalise the terms of the Repurchase Offer upon receipt of the net sale proceeds and to agree to a variation thereof if there is a significant variation in the assumed exchange rate of LKR 35/41 per RM1/- and/ or due to any unforeseen taxes or levies imposed by the relevant regulatory authorities as at the date of receipt of the net sale proceeds and / or any other circumstances that may have an impact on the net sale proceeds or the distribution referred to herein.

A further disclosure will be made upon the Board of Directors determining and finalising the maximum number of shares to be repurchased from shareholders together with the maximum consideration payable on the Repurchase Offer and the amount to be distributed by way of an interim dividend, upon receipt of the net sale proceeds as aforementioned.

Yours faithfully,
For and on Behalf of
SHALIMAR (MALAY) PLC
Carson Management Services (Private) Limited



Director
Secretaries

da/dm

