1. INTRODUCTION

Reference is made to the announcement dated 3 March 2010 in relation to the Joint Development Agreement (“JDA”) between Star and JAKS Island Circle Sdn Bhd (Company No. 874563-X) (“JAKS”) to develop a leasehold land located along Jalan 13/6 in Section 13, Petaling Jaya, Selangor Darul Ehsan (“the Land”), in accordance with the terms and conditions of the JDA.

The Board of Directors of the Company wishes to announce that Star had on 19 August 2011 entered into a Sale and Purchase Agreement (the “SPA”) with JAKS for the proposed disposal of the Land together with the buildings erected thereon with vacant possession and free from all encumbrances but subject to the existing conditions expressed or implied affecting the Land for the consideration of Ringgit Malaysia One Hundred and Thirty Five Million (RM135,000,000) only (“Sale Consideration”) satisfied in cash and in kind, upon the terms and conditions as contained in the SPA (hereinafter referred to as the “Proposed Disposal”).

Simultaneously, with the execution of the SPA, Star and JAKS have mutually agreed to enter into a Transition Agreement on 19 August 2011 to suspend all their rights and obligations under the JDA, upon fulfilling the terms and conditions therein contained.

2. INFORMATION ON JAKS

JAKS, a company incorporated in Malaysia with its registered office at 3-1, Jalan Tiara 2B, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan, is a 51%-owned subsidiary of JAKS Sdn Bhd, which in turn is a wholly owned subsidiary of JAKS Resources Berhad, a public limited company listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The principal activity of JAKS Resources Berhad is that of investment holding with its core subsidiary companies actively involved in general construction, property development, supply of building materials, manufacturing and trading of steel pipes and other related products.

The balance 49% equity interest is held by Island Circle Development (M) Sdn Bhd, a private limited company incorporated in Malaysia which has considerable experience and expertise in property development and management. The current Directors of JAKS are Ang Lam Poah, Chen Cheong Fat and Ang Lam Aik.
3. BACKGROUND INFORMATION

3.1 Details of the Land

Star is the legal and beneficial owner of the Land held under Title No. HS (D) 259880, No. Lot PT 16 Seksyen 13, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor opposite Jaya One commercial centre measuring approximately 24,568 square meters in area. The Land is a leasehold land of 99 years expiring on 7 January 2062 and is currently free from all encumbrances. The Land has a factory and office buildings which are unoccupied.

The last valuation was carried out on the Land on 4 April 2008 by Regroup Associates Sdn Bhd, an independent registered valuer engaged by Star at a market value of RM46,300,000. The Land was valuated using Comparison Method, where reference is made to commercial redevelopment potential of the Land.

The Title to the Land has been submitted to the relevant authorities for surrender and re-alienation and for change of express condition from industrial building to commercial building and extension of the lease to 99 years (“New Title”). The New Title to the Land has yet to be issued by the relevant authorities as at the date of the SPA.

JAKS had earlier under the JDA, applied and obtained from the appropriate authorities, the approval for the development of the Land into a mixed development (“Development”) consisting of residential, commercial, office and recreational area comprising of all various buildings, structures, elevations as follows and all Works and Infrastructure in accordance with the Development Order:

a) one (1) office block of fifteen (15) storey building measuring gross built up area of not less than 270,000 square feet (hereinafter referred to as “Tower A”);

b) one (1) educational cum commercial block;

c) one (1) podium; and

d) three (3) residential blocks.

3.2 Cost of investment

The Land together with the buildings erected thereon were purchased in 1991 and 1994 as two separate pieces and subsequently both titles were amalgamated in November 2009. The factory and office buildings are about 38 years old. The total original cost of investment of the Land and buildings is RM32,395,000. The net book value of the Land and buildings based on the latest Audited Financial Statements of Star as at 31 December 2010 is RM32.037 million.
3.3 Basis of arriving at the Sale Consideration

The Sale Consideration for the Land was arrived at between the parties on a “willing-buyer willing-seller” basis after taking into consideration the development potential of the Land and comparison with the transacted price of other properties surrounding the Land.

4. DETAILS OF THE PROPOSED DISPOSAL

4.1 Salient terms of the SPA

The salient terms of the SPA include, amongst others, the following:

4.1.1 Terms of Payment for the Sale Consideration

The Sale Consideration shall be satisfied by JAKS in the following manner:

i) Cash deposit of Ringgit Malaysia Five Hundred Thousand (RM500,000) only which the said sum shall form part of the Sale Consideration for the Land, upon execution of the SPA.

ii) The balance of the Sale Consideration amounting to Ringgit Malaysia One Hundred and Thirty Four Million Five Hundred Thousand (RM134,500,000) only (“Balance Sale Consideration”) shall be satisfied by JAKS to Star in the following manner within three (3) years from the date of vacant possession of the Land or three (3) years from the approval of the Agreed Plans for Tower A, whichever is later (“Completion Period”):

(a) the completion, delivery and transfer of legal title, with vacant possession and Certificate of Completion and Compliance, free from all encumbrances whatsoever of Tower A comprised in the Development which shall not be less than the gross built-up area of 270,000 square feet equivalent to a market value of RM135,000,000 (this is an additional 50,000 square feet valued at RM24,000,000 originally entitled by Star pursuant to the JDA).

(hereinafter collectively referred to as “Star’s Entitlement”)

The last day of the Completion Period is hereinafter referred to as the “Completion Date”.

In the event JAKS fails to fulfill and satisfy Star’s Entitlement by the Completion Date, an automatic extension of twelve (12) months from the day immediately after the Completion Date will be granted by Star to JAKS in
consideration of JAKS paying interest of eight per centum (8%) per annum calculated on the Balance Sale Consideration from the first day of such extension to the date which Star’s Entitlement is satisfied.

4.1.2 Conditions Precedent

The Proposed Disposal is conditional upon the fulfillment of the following conditions:

i) the issuance of the New Title to the Land by the appropriate authorities bearing the express condition of commercial building;

ii) the approval by the appropriate authorities of the layout plans, building plans, schematic plans, working drawings, elevations, specifications, designs and all other relevant plans for Tower A jointly prepared and agreed by Star and JAKS (collectively the “Agreed Plans”); and

iii) such other approval from the appropriate authorities which is required and necessary for the commencement of construction of Tower A on the Land.

4.1.3 Guarantees

Within forty-five (45) days from the date of issuance of the New Title or date of approval of the Agreed Plans, whichever is later, JAKS shall deposit with Star’s Solicitors the following Guarantees as security for the performance of its obligations under the SPA:

a) an irrevocable and on demand bank guarantee in favour of Star for the sum of Ringgit Malaysia Fifty Million (RM50,000,000) only (“Bank Guarantee”) from a bank or financial institution, guaranteeing the completion and delivery of vacant possession by JAKS of Tower A within the Completion Period and entitlement for claim under the Bank Guarantee for losses incurred by Star in the event JAKS fail to commence the construction of Tower A upon expiry of the commencement period for the Tower A construction;

b) the corporate guarantee from JAKS’s holding company, JAKS Resources Berhad in favour of Star, guaranteeing the proper and due performance of JAKS’s obligations to complete and deliver the Star’s Entitlement within the Completion Period; and

c) an irrevocable and on demand bank guarantee in favour of Star for the sum of up to Ringgit Malaysia Three Million Three Hundred and Seventy Five Thousand (RM3,375,000) only from a bank or financial institution, to guarantee the rectification of any defects due to defective design,
workmanship or materials, within twelve (12) months of delivery of vacant possession of the Star’s Entitlement.

4.1.4 Valuation of Star’s Entitlement

Star and JAKS have both agreed that the premise of Star’s Entitlement is agreed upon based on the understanding that the market value for Tower A shall not be less than the Sale Consideration, the market value which shall be determined upon approval of the Agreed Plans.

The valuation of Star’s Entitlement shall be determined by a registered valuer jointly appointed by Star and JAKS. In the event the value of Tower A is less than the Sale Consideration after valuation, JAKS shall make good the shortfall either by way of cash and/or otherwise to Star.

4.1.5 Power of Attorney

Pending the transfer of the New Title to JAKS, Star shall grant JAKS the Power of Attorney, empowering JAKS to exercise such rights and to do all such acts, things and deeds as may be necessary or expedient in relation to the Development and the Land.

4.2 Liabilities to be assumed by JAKS

There are no liabilities to be assumed from the Proposed Disposal.

4.3 Expected gain arising from the Proposed Disposal

Based on the Sale Consideration, there would be an estimated gain of RM90.87 million arising from the Proposed Disposal.

5. RATIONALE FOR THE PROPOSED DISPOSAL AND UTILISATION OF THE SALE CONSIDERATION

As the Sale Consideration is mainly satisfied otherwise than cash, the Proposed Disposal via redevelopment will enable Star to enhance the value of the asset. Star’s Entitlement, when completed will be utilized for future expansion needs of the Group and to accommodate our multi-media and radio divisions which are currently operating from rented premises. Any unutilized space will be used to generate rental income for the Group.
6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share Capital and Substantial Shareholders’ Shareholdings

The Proposed Disposal will not have any effect on the issued and paid-up share capital and the substantial shareholders’ shareholdings of Star.

6.2 Earnings and Earnings Per Share

The Proposed Disposal is expected to contribute positively to the earnings and earnings per share of Star for the financial year ending 31 December 2011.

6.3 Net Assets Per Share and Gearing

The Proposed Disposal will have no material effect on the net assets per share and gearing of the Group for the financial year ending 31 December 2011.

7. RISK FACTORS

The Board is not aware of any material risk factors arising from the Proposed Disposal other than the normal market and global economic risks.

The Development is subject to certain risks inherent in the property development and construction industries. These include non completion due to labour and building material shortages, increases in labour costs and building materials, inflation, changes in credit and interest rate conditions, changes in political and economic conditions and changes in legal framework within the property development industry.

8. APPROVALS REQUIRED

Save for the abovementioned approvals from the relevant authorities as well as the fulfillment of the Conditions Precedent disclosed herein, the Proposed Disposal is not subject to Star shareholders or any other governmental authorities’ approvals.

9. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

Barring any unforeseen circumstances and subject to the necessary approvals being obtained from the relevant authorities, the Proposed Disposal is expected to be completed by end 2014.
10. **DEPARTURE FROM SECURITIES COMMISSION'S POLICIES AND GUIDELINES ON ISSUE/OFFER OF SECURITIES ("SC GUIDELINES")**

   The Proposed Disposal does not depart from the SC Guidelines.

11. **DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTERESTS**

   None of the Directors and/or major shareholders of Star and/or persons connected with them have any interest, direct or indirect, in the Proposed Disposal.

12. **DIRECTORS’ RECOMMENDATION**

   The Board of Directors of Star, having considered all aspects of the Proposed Disposal, is of the opinion that the Proposed Disposal in the best interest of the Group. None of the Directors of Star have recorded their disagreement with the Proposed Disposal.

13. **HIGHEST PERCENTAGE RATIO**

   The highest percentage ratio applicable to the Proposed Disposal pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Securities is 13.39%.

14. **DOCUMENTS AVAILABLE FOR INSPECTION**

   The SPA and Transition Agreement are available for inspection at the registered office of Star at Level 15, Menara Star, 15 Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan during normal business hours from Mondays to Fridays (excluding for public holidays) within three (3) months from the date of this announcement.

   This announcement is dated 19 August 2011.