

ACQUISITION OF SUBSIDIARY BY SALCON DEVELOPMENT SDN BHD

Pursuant to paragraph 10.05 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the Board of Directors of Salcon Berhad ("**Salcon**" or "**the Company**") wishes to announce the following transaction:-

1.0 Particulars of the Transaction

- 1.1 On 28 March 2012, Salcon Development Sdn Bhd ("**SDSB**"), a wholly-owned subsidiary of Salcon, entered into several Share Sale Agreements with Wong Yoon Kim ("**WYK**"), Png Chiew Chuan and Mepro Holdings Berhad ("**MHB**") to acquire 500,001 ordinary shares of RM1.00 each representing 50% plus one (1) share of the issued and paid up share capital of Azitin Venture Sdn Bhd (Company No. 500677-T) ("**AVSB**") [**"Proposed Acquisition"**].
- 1.2 Upon completion, the shareholding of AVSB shall be as follows:-

Name	No. of ordinary shares of RM1.00 each held	Shareholding Percentage
SDSB	500,001	50% + 1 share
MHB	349,999	35%
WYK	150,000	15%
Total	1,000,000	100%

AVSB shall become a subsidiary of SDSB, which in turn is a subsidiary of the Company.

- 1.3 In addition, SDSB has also entered into a Shareholders' Agreement with MHB and WYK to regulate their relationships and to record the terms governing the management of AVSB and their respective rights and obligations as shareholders of AVSB.
- 1.4 Information on AVSB are as follows:-

AVSB is a private limited company incorporated in Malaysia on 7 December 1999 under the Companies Act, 1965 and having its registered address at 1st Floor, Wisma MHB, 29 & 31 Jalan Ipoh, 51200 Kuala Lumpur, Wilayah Persekutuan.

The present authorized share capital of AVSB is RM1,000,000.00 divided into 1,000,000 ordinary shares of RM1.00 of which 1,000,000 ordinary shares of RM1.00 each have been issued and fully paid up or credited as paid up.

AVSB is a property development company and is the legal and registered owner of two (2) parcels of leasehold land held under PM 316, Lot 57274, Mukim Batu, Daerah Gombak, Negeri Selangor measuring approximately 2,186 square

metres in area ("Land 1") and H.S.(D) 48151, P.T 1440, Bandar Selayang, Daerah Gombak, Negeri Selangor measuring approximately 1,801 square metres in area ("Land 2") (collectively hereinafter referred to as "the Land").

Details of the Land are as follows:-

	Land 1	Land 2
Tenure of Lease	99 years	99 years
Expiry	20 July 2093	13 November 2102
Expressed Condition on Land Use	Commercial Building	Commercial Building
Existing Use	Vacant	Vacant
Proposed Use	AVSB has obtained a development order issued by Majlis Perbandaran Selayang dated 2 February 2012 for the proposed development of a twenty one (21) storey commercial building with one (1) level of basement carpark together with shop offices, and small office/home offices on the Land	

2.0 Details of Consideration

The total cash consideration for the Proposed Acquisition will amount to RM7,200,000.00.

In addition, within one (1) month from the completion date of the Proposed Acquisition, SDSB shall grant a shareholders' advance of up to RM2,800,000.00 to AVSB to be utilized solely for the settlement of AVSB's current liabilities.

3.0 Directors' and Major Shareholders' Interest

None of the Directors and Major Shareholders of Salcon and/or persons connected with them have any interest, direct or indirect, in the Proposed Acquisition.