

ACQUISITION OF A SUBSIDIARY COMPANY BY SALCON BERHAD

Pursuant to Paragraphs 9.19(23) and 10.05 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Salcon Berhad ("**Salcon**" or "**the Company**") wishes to announce the following transactions:-

1.0 Particulars of the Transactions

- 1.1 Salcon had on 7th May 2014 subscribed for 200,000 ordinary shares of RM1.00 each in Volksbahn Technologies Sdn Bhd (Company No. 1038873-H) ("**VTSB**") for a total cash consideration of RM18.5 million, representing approximately 49.9999% of the total issued and paid-up capital of VTSB.
- 1.2 On the even date, Salcon entered into a Share Sale Agreement ("**Share Sale Agreement**") with Dato' Mohammad Hakim Low Bin Abdullah ("**DMHL**") to acquire 1 ordinary share of RM1.00 each in VTSB from DMHL for a cash consideration of RM5.0 million.

(collectively known as "**Transactions**")

- 1.3 Following the completion of the Transactions on 7th May 2014, the particulars of the shareholders of VTSB are as follows and VTSB becomes a subsidiary of Salcon:-

Names of shareholders	No. of Ordinary Shares of RM1.00 each held	Percentage of Shareholding (%)
DMHL	200,000	49.9999
Salcon	200,001	50.0001
Total	400,001	100.00

- 1.4 Information on VTSB

VTSB was incorporated on 19 March 2013 as a private limited company under the Companies Act, 1965. The present authorised share capital of VTSB is RM15,000,000 divided into 15,000,000 ordinary shares of RM1.00 each of which 400,001 ordinary shares of RM1.00 each have been issued and are fully paid-up .

VTSB is principally engaged in providing consulting and technology services for smart urban environments.

2.0 Details of the Consideration

- a) RM18.5 million is the subscription monies paid to VTSB upon subscription of 200,000 new ordinary shares of RM1.00 each with share premium of RM91.50 per ordinary share in VTSB.
- b) RM5.0 million is the purchase consideration paid and payable to DMHL for the acquisition of 1 ordinary share of RM1.00 each from him in VTSB in the following manner:-
- (i) RM2.0 million was paid on the execution of the Share Sale Agreement; and

- (ii) RM1.0 million is payable within 7 days on every anniversary of the execution date of the Share Sale Agreement for the next 3 anniversaries.

3.0 Effects of the Transactions

The Transactions do not have any significant effect on the earnings per share, net assets per share or gearing of Salcon Group for the financial year ending 31 December 2014 and have no effect on the share capital and substantial shareholders' shareholdings of the Company.

4.0 Directors and Major Shareholders' Interest

None of the directors and/or major shareholders of the Company, or persons connected with them have any interest, direct or indirect, in the Transactions.

5.0 Directors' Statement

Having considered all aspects of the Transactions, the Board of Directors of Salcon is of the opinion that the Transactions are in the best interest of the Company.