

**SALCON BERHAD (“SALCON” OR THE “COMPANY”)**

**PROPOSED DISPOSALS OF THE ENTIRE EQUITY INTERESTS HELD IN THE FOLLOWING:**

- (I) SALCON DARCO ENVIRONMENTAL PTE LTD
- (II) SALCON JIANGSU (HK) LIMITED
- (III) SALCON FUJIAN (HK) LIMITED
- (IV) SALCON ZHEJIANG (HK) LIMITED
- (V) SALCON LINYI (HK) LIMITED
- (VI) SALCON SHANDONG (HK) LIMITED

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*All terms and expressions used herein shall have the same meaning as those used in the Company’s announcement dated 12 September 2013, 11 November 2013 and 27 November 2013 in relation to the Proposed Disposals, unless stated otherwise.*

We refer to the Company’s announcements dated 12 September 2013, 11 November 2013 and 27 November 2013 made by HLIB on behalf of the Company in relation to the Proposed Disposals.

On behalf of the Board of Salcon (“**Board**”), HLIB wishes to announce that:

- (i) Salcon and BEWG had on 20 December 2013 by way of exchange of letter agreed to the variation / modification of certain term of the SPA-A (“**Letter-A**”). On the same date, Salcon, Salcon Water and BEWG by way of exchange of letter agreed to the variation / modification of certain term of SPA-B (“**Letter-B**”) (hereinafter the Letter-A and Letter-B are collectively referred to as “**Letters**”). The rationale for the Letters is to facilitate the completion of the Proposed Disposals in stages and allow the Company to partially complete the Proposed Disposals ahead of the Long Stop Date. The salient terms of the Letters are as follows:

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**Salient terms of the Letter-A**

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**Salient terms of the Letter-B**

(a) Although Clause 5.1 of SPA-A provides that the completion of SPA-A shall take place on the same date as SPA-B, Salcon and BEWG agree that completion of the two (2) SPAs shall take place on different dates. For the avoidance of doubt, the Long Stop Date shall remain unchanged.

(b) Although Clause 5.1 of SPA-B provides that the completion of SPA-A shall take place on the same date as SPA-B, Salcon, Salcon Water and BEWG agree that completion of the two (2) SPAs shall take place on different dates. For the avoidance of doubt, the Long Stop Date shall remain unchanged.

(c) Save and except as expressly amended by Letter-A, all provisions of the SPA-A shall remain unchanged, and the SPA-A shall continue in full force and effect and shall continue to be binding upon Salcon and BEWG.

(d) Save and except as expressly amended by Letter-B, all provisions of the SPA-B shall remain unchanged, and the SPA-B shall continue in full force and effect and shall continue to be binding upon Salcon, Salcon Water and BEWG.

- (ii) all the conditions set out in SPA-A has been fulfilled, met and/or waived as at 20 December 2013 (as varied and amended by the Letters) and SPA-A has become unconditional as at 20 December 2013; and

- (iii) the Board has deliberated and decided to proceed with the completion of SPA-A, after taking into consideration that the completion of SPA-A will allow the Company to amongst others, receive the Second Payment-A of RMB278.5 million, from BEWG earlier (prior to the Long Stop Date), for the proposed disposals of the entire issued and paid-up share capital of Salcon Darco and Salcon Jiangsu, which will then provide the Company a total interest savings and additional interest income of approximately RM438,000, assuming the SPA-A is completed by early next week. In view of the above, the Board is of the opinion that the completion of the SPA-A ahead of the completion of the SPA-B is in the best interests of the Company.

This announcement is dated 20 December 2013.