

## **ANNOUNCEMENT**

(For immediate release)

---

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

#### **PROPOSED PLACEMENT OF NEW ORDINARY SHARES OF RM0.50 EACH IN SALCON (“PLACEMENT SHARES”) REPRESENTING UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF SALCON (“PROPOSED PLACEMENT”)**

---

*We refer to the announcement made on 22 July 2013 in relation to the Proposed Placement (“**Announcement**”). Unless otherwise defined, the definitions set out in the Announcement shall apply herein.*

On behalf of the Board of Directors of Salcon (“**Board**”), AFFIN Investment Bank Berhad wishes to clarify the following in relation to the Announcement:

#### **1. UTILISATION OF PROCEEDS (SET OUT IN SECTION 2.6 OF THE ANNOUNCEMENT)**

As stated in the Announcement, the Proposed Placement is expected to raise gross proceeds of up to approximately RM38,809,957 (based on a maximum issue size of 68,087,643 Placement Shares and the indicative issue price of RM0.57 per Placement Share). The Proposed Placement is proposed to be utilised for:

- working capital for the property development operations of Salcon and its subsidiaries (“**Salcon Group**” or “**Group**”). As at the date of this announcement, the Group has 2 property development projects, namely in Johor Bahru, Johor and Selayang, Selangor. The Company will utilise the entire proceeds raised from the Proposed Placement that have been allocated for working capital of up to RM19.36 million for the Group’s property development operations in Johor Bahru, Johor. Please refer to Section 2 below for further details of the Group’s property development project in Johor Bahru, Johor;
- the repayment of existing borrowings of up to RM19.36 million; and
- defrayment of estimated expenses for the Proposed Placement of RM100,000.

As mentioned in the Announcement, the breakdown of proceeds to be utilised for each component of working capital (for the Group’s property development operations) has not been determined at this juncture. Moreover, the actual utilisation by each component of working capital may differ subject to the operating requirements at the time of utilisation.

In the event of a variation in the actual proceeds to be raised due to the difference in the issue price and/or final number of Placement Shares to be issued, the Company will vary the utilisation amount for working capital purposes, accordingly.

**2. DETAILS OF THE SALCON GROUP'S PROPERTY DEVELOPMENT PROJECT IN JOHOR BAHRU, JOHOR**

Name of project	:	To be determined
Description of the properties	:	2 adjoining parcels of leasehold commercial land held under:  (i) HS(D) 482930, No. P.T.B. 22841  (ii) HS(D) 482931, No. P.T.B. 22842  all located in Bandar Johor Bahru, Daerah Johor Bahru, Negeri Johor
Date of sale and purchase agreement	:	7 January 2013
Tenure/expiry date	:	99 years/7 June 2109
Encumbrances	:	Nil
Approximate area (square meters)	:	51,476
Existing use	:	Occupied and erected with numerous buildings and structures which will be demolished and removed by Nusantara Megajuta Sdn Bhd, a 50.01% owned subsidiary of Salcon Development Sdn Bhd which in turn is a 100% owned subsidiary of Salcon after the delivery of vacant possession.
Proposed development project	:	A mixed residential and commercial project and is expected to comprise a shopping mall with an indicative net lettable area of approximately 700,000 square feet, 37 units of 5 storey strata shop offices and 1,100 units of service apartments.
Total estimated gross development value	:	RM1.16 billion
Total estimated gross development cost	:	RM926 million. The estimated gross development cost is inclusive of the acquisition costs of the land and financing charges.
Total estimated gross development profit before taxation	:	RM234 million
Expected commencement and completion dates	:	The proposed development is expected to commence in the 1 <sup>st</sup> quarter of 2014 and is estimated to be completed by the 4 <sup>th</sup> quarter of 2021.
Current stage/ Status of approval for the development	:	Pending the completion of the conditional sale and purchase agreement dated 7 January 2013/ No applications have been submitted to the relevant authorities for the development order and planning consent.

This announcement is dated 25 July 2013