

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

PROPOSED DISPOSAL BY SALCON DEVELOPMENT SDN BHD (“SDSB”), A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY, OF ITS ENTIRE SHARES HELD IN PRESTASI KEMAS SDN BHD (“PKSB”) TO KOTA PLATINUM SDN BHD (“KPSB” OR “PURCHASER”)

1. INTRODUCTION

Pursuant to Paragraph 10.06 of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Main LR**”), Salcon wishes to announce that SDSB together with Dato’ Ding Pei Chai (“**DDPC**”) (collectively referred to as the “**Vendors**”) had on 18 August 2025 entered into a Sale and Purchase Agreement For Shares (“**SPA**”) with KPSB for the disposal of the entire issued and paid-up capital, details as set out below (“**Sale Shares**”) in PKSB for a total cash consideration of RM42,000,000.00 (“**Consideration**”) (the “**Proposed Disposal**”):

Vendors	No. of Ordinary Shares	Consideration (RM)
DDPC	423,510	5,433,133.00
SDSB	988,190	12,677,310.00
	1,911,165 (new ordinary shares issued for repayment of SDSB Shareholder’s Advances)	23,889,557.00
	3,322,865	42,000,000.00

(SDSB, DDPC and KPSB are individually referred to as a “**Party**” and collectively as “**Parties**”).

Upon completion of the Proposed Disposal, PKSB will cease to be an indirect subsidiary of Salcon.

2. DETAILS OF THE PROPOSED DISPOSAL

Pursuant to the SPA, SDSB and DDPC have agreed to sell and KPSB has agreed to purchase the Sale Shares, free from all liens pledges charges mortgages or any other encumbrances whatsoever and with all rights now or hereafter attaching thereto including any dividends hereafter to be declared.

2.1 Information of PKSB

- 2.1.1 PKSB is a private limited company incorporated in Malaysia on 9 July 1994 under the Companies Act, 1965 and having its registered address at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan.

The present issued share capital of PKSB is RM25,301,262.50 divided into 3,322,865 ordinary shares. PKSB is a property development company.

The existing directors and shareholding structure of PKSB are as follows:-

No.	Directors		
(i)	Tan Sri Dato' Tee Tiam Lee		
(ii)	Dato' Leong Kok Wah		
(iii)	DDPC		
(iv)	Soh Yoke Yan		
(v)	Tee Xun Hao		
No.	Shareholder	No. of Ordinary Shares held	%
(i)	SDSB	2,899,355	87.25
(ii)	DDPC	423,510	12.75
	Total	3,322,865	100.00

PKSB had entered into an agreement in writing dated 17 November, 2006 (hereinafter referred to as **"the Existing JVA"**) with Persatuan Bulan Sabit Merah Malaysia (**"PBSMM"**) to undertake the planning, designing, construction, completion and development of the following land (**"Land"**) into a mixed development upon the terms and conditions contained in the Existing JVA:

All that plot of leasehold land held under Pajakan Negeri 49687 for Lot 1197 Seksyen 69 (previously HS(D) 90353 for PT 88, Section 69), Bandar and District of Kuala Lumpur, Wilayah Persekutuan KL measuring in area approximately 21,670 sq. meters and with the lease expiring on 09 December, 2096.

PBSMM is the registered and beneficial owner of the Land. The Land is currently vacant and has no development plan.

Subsequently and pursuant to the provisions of the Existing JVA, PBSMM and PKSB entered into a Lease Agreement dated 10 April, 2012 and supplemented by a Supplemental Agreement dated 7 November, 2012 whereby PBSMM granted and PKSB accepted the grant of a lease of the said Land for seventy (70) years expiring on 4 July, 2083 (hereinafter referred to as **"the Existing Lease"**).

As at 15 July 2025, SDSB has advanced a sum of RM23,889,557.00 only to PKSB (hereinafter referred to as **"SDSB Shareholder's Advances"**) which sum the Purchaser has agreed. SDSB will continue to grant further advances to enable PKSB to meet its obligations under the Existing Lease.

PKSB had on 8 August 2025 allotted and issued 1,911,165 new ordinary shares to SDSB as repayment of the SDSB Shareholder's Advances.

The Vendors have obtained and secured the approval in writing of PBSMM dated 13 June 2022 for the Proposed Disposal by the Vendors and the acquisition by KPSB of the Sale Shares upon the terms and conditions to be agreed upon between the Parties.

2.1.2 Financial information on PKSB

The following financial information was extracted from the consolidated audited financial statements of PKSB for the financial year ended 31 December 2024:-

Financial year ended 31 December 2024	RM
Net Profits/(Loss)	(2,624,491)
Total Assets	14,007,621
Net Assets/(Liability)	(23,786,419)
Shareholders' Equity	(23,786,419)

PKSB has no subsidiary or associate company.

2.2 Original Cost of Investment

The original cost and date of investment for SDSB in PKSB are as follows:-

Date of Investment	Cost of Investment (RM)
30 September 2014	13,500,000

2.3 Information on KPSB

KPSB was incorporated in Malaysia on 11 September 2019 as a private limited company. The present issued share capital of KPSB is RM1.00 comprising one (1) ordinary share. The principal business activity of KPSB is property investment and development.

The existing directors and shareholding structure of KPSB are as follows:-

No.	Directors		
(i)	Dato' Mustapha Bin Buang		
(ii)	Mah Chorng Wei		
No.	Shareholder	No. of Ordinary Share held	%
1.	Asian Pac Holdings Berhad	1	100
	Total		100

2.4 Liabilities to be assumed by Salcon

There are no liabilities, including contingent liabilities to be assumed by Salcon arising from the Proposed Disposal.

2.5 Salient terms of SPA

2.5.1 Consideration

2.5.1.1 The Consideration has been arrived at between the Vendors and the Purchaser on the basis of a willing buyer and a willing seller after taking into consideration the potential of PKSB.

2.5.1.2 The Consideration shall be payable in the following manners:

- (i) The Purchaser shall, upon execution of the SPA, pay RM4,200,000.00 (hereinafter be collectively referred to as the **"Deposit"**) to the Vendors' solicitors to be dealt with in the manner to be prescribed by the Vendors, as deposit and towards part payment of the Consideration; and
- (ii) the balance sum of RM37,800,000.00 only (hereinafter referred to as the **"Balance Sum"**) together with the further advances (**"Further Advances"**) (if applicable) shall be paid to the Vendors within 6 months from the date of the SPA or such extended date as the Parties may agree, whichever shall be later (**"Completion Period"**).

Further Advances referred to such sum as may be advanced by SDSB to PKSB from the date of the SPA until the date of payment for the sole purpose of:

- (a) settlement by PKSB to PBSMM of the rent and other sums due under the Existing JVA and Existing Lease;
- (b) the quit rent and assessment due and payable in respect of the Land; and
- (c) such other costs incurred by PKSB as may be agreed by the Purchaser.

2.5.1.3 Notwithstanding the Clause 2.5.1.2 (ii) above, the Vendors shall, without the requirement of request by the Purchaser or the Purchaser's solicitors, grant to the Purchaser an extension of six (6) months from the expiry of the Completion Period to enable the Purchaser to settle the Balance Sum or any part thereof to enable the Purchaser to settle the Balance Sum or the Further Advances (if applicable) or any part thereof in which event the Purchaser shall pay to the Vendors interest at the rate of 8% per annum on the outstanding sum calculated on daily basis for such an extension of time until the date the Balance Sum or the Further Advances (if applicable) or such part thereof as shall remain outstanding shall have been fully paid.

3. RATIONALE AND BENEFITS OF THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the Group's strategy to unlock the value of its investments in PKSB and reallocate resources to its core businesses.

4. PROPOSED UTILISATION OF PROCEEDS FROM THE CONSIDERATION

The proceeds from the Proposed Disposal will be utilised as follows:

Details of utilisation	Amount allocated (RM)	Intended timeframe for utilisation upon the Completion
Future Investments and Working Capital	36,366,867	Within 12 months
Estimated expenses relating to the disposal	200,000	Within 6 months
TOTAL	36,566,867	

Notes:

- i) *The proceeds allocated for future investments may be utilised for potential acquisitions or expansion opportunities that may arise, locally or abroad.*
- ii) *The proceeds allocated for working capital requirements will be utilised to fund the Group's operational expenses, repayment of borrowings (including shareholders' advances), and reallocation of resources in line with the Group's business strategy.*
- iii) *The proceeds allocated for estimated expenses relating to the disposal are expected to cover professional fees (including legal, and advisory fees), printing and despatch costs, and other incidental expenses incurred in connection with the Proposed Disposal.*

5. RISK FACTORS

The Company does not expect any material risk arising from the Proposed Disposal other than normal economic risk associated with the Proposed Disposal which the Group would take appropriate measures to minimise them.

6. EFFECTS OF THE PROPOSED DISPOSAL

6.1 Share capital and substantial shareholders' shareholding

The Proposed Disposal does not have any effect on the share capital and substantial shareholders' shareholdings of the Company.

6.2 Net assets per share ("NA") and gearing

Based on the latest audited consolidated financial statements of Salcon Group as at 31 December 2024, and on the assumption that the Proposed Disposal had been completed on that date, the pro forma effects of the Proposed Disposal on the consolidated NA and gearing of Salcon are as follows:-

	Audited as at 31 December 2024	After the Proposed Disposal
	RM'000	RM'000
Share capital	465,184	465,184
Reserves	(7,072)	(7,072)
Accumulated losses	(46,662)	(30,917)
Shareholders' fund/NA	411,450	427,195
No. of shares ('000) (excl. treasury shares)	1,035,117	1,035,117
NA per share (RM)	0.39	0.41
Total borrowings (RM'000)	63,482	63,482
Gearing level (times)	0.15	0.14

Notes:

- i) *The pro forma effects are presented for illustrative purposes only and are based on the latest audited financial statements and other information available as at the date of this announcement. The actual financial effects will be determined based on the finalised figures upon completion of the disposal.*

6.3 Earnings per share ("EPS")

The Proposed Disposal is not expected to have any material effect on the earnings and EPS of Salcon Group in the future financial years.

Purely for illustration purpose, assuming that the Proposed Disposal has been completed on 1 January 2024, being the beginning of the latest audited FYE 31 December 2024, the pro forma effects of the Proposed Disposal on the earnings of Salcon Group are as follows:-

	Audited FYE 31 December 2024	After the Proposed Disposal
PAT attributable to owners of the Company (RM'000)	16,109	31,854
Weighted average no. of shares in issue ('000)	1,021,509	1,021,509
Basic earnings per share (sen)	1.58	3.12

7. EXPECTED GAIN/LOSS TO SALCON GROUP

Upon completion of the Proposed Disposal, Salcon Group is expected to realise a net gain attributable to owners of the Company of approximately RM15,745,000 based on the latest audited financial statements of the Salcon Group for the financial year ended 31 December 2024.

8. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

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

9. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposed Disposal, including but not limited to the salient terms of the SPA, basis and justification of arriving at the agreed Consideration, rationale and justification for the Proposed Disposal, and the financial effects of the Proposed Disposal, is of the opinion that the Proposed Disposal is in the best interest of the Company.

10. EXPECTED TIMEFRAME FOR COMPLETION OF THE PROPOSED DISPOSAL

The completion shall take place on the date of full settlement of the Balance Sum and interest payable under Clause 2.5.1.3 (if any) as well as the Further Advances.

Apart from unforeseen circumstances, the Proposed Disposal is expected to be completed 6 months from the date of the SPA or 15 February 2026 whichever shall be the earlier or such extended date as the Parties may agree, whichever shall be later.

11. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Disposal pursuant to Chapter 10 of Bursa Securities Main LR computed based on Salcon's audited consolidated financial statements for the financial year ended 31 December 2024 is 8.9%.

12. APPROVALS REQUIRED

The Proposed Disposal is not subject to the approval of the shareholders of Salcon.

The Proposed Disposal is not conditional upon any other proposals undertaken or to be undertaken by the Company.

13. DOCUMENTS FOR INSPECTION

The SPA is available for inspection at the registered office of the Company at 15th Floor, Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan during normal office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 18 August 2025.