

SALCON BERHAD ("SALCON" OR THE "COMPANY")

JOINT VENTURE AGREEMENT ("JVA") BETWEEN NUSANTARA MEGAJUTA SDN BHD ("NMSB"), AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF SALCON, AND EXSIM KEBUN TEH SDN BHD ("EKTSB") FOR THE DEVELOPMENT OF TWO PIECES OF 99 YEARS' LEASEHOLD LAND LOCATED IN JOHOR BAHRU ("DEVELOPMENT LANDS") IN WHICH NMSB SHALL BE ENTITLED TO THE LANDOWNER'S ENTITLEMENT OF RM140,000,000 IN RETURN FOR CONTRIBUTING THE DEVELOPMENT LANDS PURSUANT TO THE JOINT VENTURE ("JOINT VENTURE")

*Unless otherwise stated, all defined terms and abbreviations used in this announcement shall carry the same meaning as those previously defined in the circular to shareholders of Salcon dated 21 June 2023 in relation to the Joint Venture ("**Circular**").*

We refer to the Company's announcements dated 24 March 2023 and 29 March 2023, as well as the Circular dated 21 June 2023 in relation to the Joint Venture.

1. INTRODUCTION

The Board wishes to announce that NMSB (Landowner) and EKTSB (Developer) had entered into a supplemental agreement dated 23 January 2025 ("**Supplemental Agreement**") to waive, vary and supplement certain terms and conditions of the JVA, further details as set out in the ensuing Section 2 below.

2. DETAILS OF THE SUPPLEMENTAL AGREEMENT

The salient details of the Supplemental Agreement are as follows:-

1. Waiver of the Development Approvals

- 1.1 The Developer hereby agrees to waive the requirement for the Development Approvals and the Landowner agrees to the same and further thereto the Conditions Precedent are deemed to have been fulfilled and the Unconditional Date shall be deemed to have occurred on 5 October 2024.
- 1.2 Further to the confirmation of the occurrence of the Unconditional Date, the Parties hereto agree that Clause 4.6 to Clause 4.11 of the JVA shall not be applicable and the First Three Payments, Fourth Payment and Fifth Payment shall not be subject to issuance of the APDL.

2. Payments

- 2.1 Whereas under the JVA the Developer is to pay the Landowner a total sum of **Ringgit Malaysia One Hundred and Forty Million (RM140,000,000.00)** ("**Landowner's Entitlement**") in the following manner:
 - a) a sum amounting to **Ringgit Malaysia Ten Million (RM10,000,000.00)** only being the non-refundable deposit and shall be payable within thirty (30) days from the Unconditional Date ("**First Payment**");
 - b) a sum amounting to **Ringgit Malaysia Thirty Million (RM30,000,000.00)** only shall be payable within thirty (30) days from the date of issuance of the APDL (hereinafter referred to as the "**APDL Issuance Date**") OR within ten (10) months from the date of the First Payment, whichever is earlier (hereinafter the "**Second Payment**");

- c) a sum amounting to **Ringgit Malaysia Thirty Million (RM30,000,000.00)** only shall be payable within thirteen (13) months from the APDL Issuance Date OR within twenty two (22) months from the date of the First Payment, whichever is earlier (hereinafter referred to as the "**Third Payment**");
- d) a sum amounting to **Ringgit Malaysia Thirty Million (RM30,000,000.00)** only shall be payable within twenty five (25) months of the APDL Issuance Date OR within thirty four (34) months from the date of the First Payment, whichever is earlier (hereinafter referred to as the "**Fourth Payment**");
- e) the remaining balance of **Ringgit Malaysia Forty Million (RM40,000,000.00)** only shall be paid in ten (10) equal monthly instalments as described hereunder where the first of such instalments shall be payable within thirty seven (37) months from the APDL Issuance Date OR within forty six (46) months from the date of the First Payment, whichever is earlier:-

No. of Instalments	Instalment Amount (RM)	Total Amount (RM)
1 st Month – 10 th Month	4,000,000.00	40,000,000.00
Total		40,000,000.00

The Parties hereby agree that following Clause 1.2 above, Clause 5.1(d) and Clause 5.1(e) in the JVA shall be altered, amended, added and/or varied as follows:-

- "(a) *the First Payment, Second Payment and Third Payment totaling RM70,000,000 shall be paid by way of a credit facility of RM63,000,000.00 only (hereinafter referred to as the "**Finance Facility**") from a banking institution (hereinafter referred to as the "**Financier**") to finance ninety per centum (90%) of part of the First Payment, Second Payment and Third Payment (hereinafter collectively referred to as the "**First Three Payments**") and the Landowner agrees to:*
- (i) *allow the Developer to use the Finance Facility to pay ninety per centum (90%) of the First Three Payments; and*
- (ii) *execute a third party charge of the Development Lands in favour of Financier and other documents relating to the charge;*
- (b) *the Fourth Payment shall be payable within twenty five (25) months from 1 February 2025 (hereinafter referred to as "**First Stop Date**"), being 1 March 2027 (hereinafter referred to as the "**Fourth Payment Date**");*
- (c) *the Fifth Payment shall be payable by ten (10) equal monthly instalments as described hereunder by way of post-dated cheques where the first of such instalments shall be payable within thirty seven (37) months from the First Stop Date, being 1 March 2028 and thereafter at the beginning of each subsequent month as set out below:-*

No of Instalment	Date of Instalments	Instalment Amount (RM)
1	1 st March 2028	4,000,000.00
2	1 st April 2028	4,000,000.00
3	1 st May 2028	4,000,000.00
4	1 st June 2028	4,000,000.00
5	1 st July 2028	4,000,000.00
6	1 st August 2028	4,000,000.00
7	1 st September 2028	4,000,000.00
8	1 st October 2028	4,000,000.00
9	1 st November 2028	4,000,000.00
10	1 st December 2028	4,000,000.00
	Total	40,000,000.00

3. Security for Fourth Payment and Fifth Payment

- 3.1 As security for the Fourth Payment, the Developer undertakes to provide a bank guarantee of Ringgit Malaysia Thirty Million (RM30,000,000.00) in the form and format acceptable to the Landowner (hereinafter referred to as the "**Fourth Payment BG**") within six (6) months from the First Stop Date, being 1 August 2025 and pending the provision of the Fourth Payment BG, the Developer shall on the execution of the Supplemental Agreement together with the payment of the Differential Sum (as defined herein) deliver to the Landowner a cheque dated 1 March 2027 for RM30,000,000.00 made in favour of the Landowner (which cheque will be returned to the Developer in exchange for the Fourth Payment BG) provided further that upon the full settlement of the Fourth Payment on or before the Fourth Payment Date by the Developer, the Landowner shall return the original copy of the Fourth Payment BG to the Developer.
- 3.2 As security for the due and punctual performance and observance of the instalments of the Fifth Payment by Developer, the Developer undertakes to issue and deliver ten (10) cheques for the dates and amounts set out in Clause 5.1(e) in the JVA in favour of the Landowner and to be delivered to the Landowner on the execution of the Supplemental Agreement together with the payment of the Differential Sum.
- 3.3 As a consequence of the Developer's undertakings contained in Clauses 3.1 and 3.2 above, the Parties hereby agree that there will be a new Clause 5A which will be inserted to the JVA which shall read as follows:-

"5A. SECURITY FOR FOURTH PAYMENT AND FIFTH PAYMENT

*5A.1 As security for the due and punctual performance and observance of the Fourth Payment by the Developer, the Developer shall provide a bank guarantee of Ringgit Malaysia Thirty Million (RM30,000,000.00) in the form and format acceptable to the Landowner (hereinafter referred to as the "**Fourth Payment BG**") within six (6) months from the First Stop Date, being 1 August 2025 and pending the provision of the Fourth Payment BG, the Developer shall together with the payment of the Differential Sum (as defined herein) deliver to the Landowner a cheque dated 1 March 2027 for RM30,000,000.00 made in favour of the Landowner (which cheque will be returned to the Developer in exchange for the issuance of the Fourth Payment BG) provided further that upon the full settlement of the Fourth Payment by the Developer on or before the Fourth Payment Date, the Landowner shall return the original copy of the Fourth Payment BG to the Developer;*

5A.2 As security for the due and punctual performance and observance of the instalments of the Fifth Payment by the Developer, the Developer shall issue and deliver ten (10) cheques for the dates and amounts set out in Clause 5.1(e) in favour of the Landowner and to be delivered to the Landowner together with the payment of the Differential Sum."

3. DOCUMENTS AVAILABLE FOR INSPECTION

The Supplemental Agreement 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 the normal business hours from Monday to Friday (except public holidays) for a period being not less than 3 months from the date of this announcement.

This announcement is dated 23 January 2025.