

ACQUISITION OF AN ADDITIONAL 423,510 ORDINARY SHARES IN PRESTASI KEMAS SDN BHD BY SALCON DEVELOPMENT SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SALCON BERHAD

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

1.0 Particulars of the Transaction

1.1 Salcon Development Sdn Bhd ("**SDSB**"), a wholly-owned subsidiary of the Company, had on 30 September 2014 entered into a Share Sale Agreement ("**Share Sale Agreement**") with Ding Pei Chai ("**DPC**") for the acquisition of an additional 423,510 ordinary shares of RM1.00 each, representing 30% of the total issued and paid-up share capital of Prestasi Kemas Sdn Bhd (Company No. 307041-H) ("**PKSB**") from DPC for a total cash consideration of RM5,800,000.00 ("**Purchase Consideration**") ("**Transaction**").

1.2 Information on PKSB

PKSB was incorporated on 9 July 1994 as a private limited company under the Companies Act, 1965. The present authorised share capital of PKSB is RM5,000,000.00 divided into 5,000,000 ordinary shares of RM1.00 each of which 1,411,700 ordinary shares of RM1.00 each have been issued and are fully paid-up .

PKSB is principally engaged in the business of land development.

PKSB had entered into a Joint Venture Agreement dated 17 November 2006 ("**JVA**") with Persatuan Bulan Sabit Merah Malaysia, a statutory body established pursuant to the Malaysian Red Cross Society (Incorporation) Act 1965 and the Malaysian Red Cross Society (Change of Name) Act 1975 ("**PBSM**") whereby PBSM had agreed to lease the land held under HS(D) 90353, PT 88, Section 69, Bandar Kuala Lumpur, District of Kuala Lumpur, Wilayah Persekutuan ("**Project Land**") to PKSB and to allow PKSB to inter alia, plan, design, construct, develop, complete, install and commission buildings consisting of service apartments, commercial offices, hotel and convention centre, doctors' suites, condominium, life centre, restaurant outlets, car parks and amusement garden on the Project Land.

Further to the JVA, PBSM and PKSB entered into a Lease Agreement dated 10 April 2012 and Supplemental Agreement dated 7 November 2012 whereby PBSM agreed to grant PKSB a 70 years lease ("**Lease**") over the Project Land subject to the terms and conditions set out therein. The commencement date for the Lease was 5 July 2013.

The existing shareholders of PKSB and their shareholdings are as follows:-

Names of shareholders	No. of Ordinary Shares of RM1.00 each held	Percentage of Shareholding (%)
DPC	847,020	60.00
SDSB	564,680	40.00
Total	1,411,700	100.00

SDSB had on 9 September 2014 completed the acquisition of 564,680 ordinary shares of RM1.00 each from DPC, representing 40% of the total issued and paid-up share capital in PKSB, for a total cash consideration of RM7,700,000.00.

Upon completion of the Transaction, SDSB's equity interest in PKSB will increase from the existing 40% to 70% and PKSB will become a subsidiary of SDSB. The new equity structure of PKSB is as follows:-

Names of shareholders	No. of Ordinary Shares of RM1.00 each held upon completion of the Transaction	Percentage of Shareholding (%)
DPC	423,510	30.00
SDSB	988,190	70.00
Total	1,411,700	100.00

2.0 Details of the Purchase Consideration

The Purchase Consideration of RM5.8 million shall be paid in cash and financed by internally generated funds of SDSB.

The Purchase Consideration of RM5.8 million shall be satisfied in the following manner:-

- (i) **Deposit**
Upon execution of the Share Sale Agreement, a deposit of RM2.9 million, being 50% of the Purchase Consideration was paid to DPC.
- (ii) **Balance Purchase Consideration**
The balance Purchase Consideration of RM2.9 million, being 50% of the Purchase Consideration is payable to DPC on the completion date, which is 30 days from the date of the Share Sale Agreement with an automatic extension of a further 30 days subject to the payment of interest on the Purchase Consideration due at the rate of 8% per annum from the expiry of the aforesaid 14 days till the date of actual payment unless extended further by mutual agreement of SDSB and DPC.

3.0 Percentage Ratio

As the initial acquisition of the 40% equity interest in PKSB by SDSB was completed on 9 September 2014 and pursuant to Paragraph 10.12 and Practice Note 14 (Principle of Aggregation for Transactions) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the highest percentage ratio applicable is 2.67% based on the audited consolidated financial statements of Salcon for the financial year ended 31 December 2013.

4.0 Effects of the Transaction

The Transaction does 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.

5.0 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 Transaction.

6.0 Directors' Statement

Having considered the Transaction, the Board of Directors of Salcon is of the opinion that the Transaction is in the best interest of the Company.