

SALE AND PURCHASE AGREEMENT ENTERED INTO BY GAPADU HARTA SDN BHD, A WHOLLY OWNED SUBSIDIARY OF MALTON BERHAD FOR THE ACQUISITION OF 56.05 ACRES OF LAND FROM UKAY SPRING DEVELOPMENT SDN BHD

1. Introduction

On 12 October 2006, Malton Berhad ("Malton" or Company") announced that Gapadu Harta Sdn Bhd (374782-D) ("GHSB"), a wholly-owned subsidiary of Malton had entered into a joint venture agreement with Ukay Spring Development Sdn Bhd (687433-M) ("USDSB") and Mr Liong Kok Wah (680227-10-6363) ("JVA") for the development of land located in Mukim Bandar Ulu Kelang, Daerah Gombak, Negeri Selangor measuring approximately 56.05 acres ("Master Land"). On 7 October 2010, GHSB entered into a Supplemental Agreement with USDSB ("Supplemental Agreement") wherein both parties mutually agreed to vary some terms of the JVA.

The Board of Directors of Malton wishes to inform that subsequently to the JVA and Supplemental Agreement, GHSB and USDSB had, on 10 November 2011 entered into a Sale and Purchase Agreement ("SPA") for the acquisition of the Master Land by GHSB for total purchase consideration of RM105 million ("Acquisition").

2. Information on the Acquisition

2.1 Information on GHSB

GHSB was incorporated in Malaysia on 22 January 1996 as a private limited company under the Companies Act, 1965. The authorised share capital of GHSB is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each, all of which are fully issued and paid-up. GHSB is principally a property developer.

2.2 Information on the Vendor and the Master Land

The Vendor, USDSB was incorporated in Malaysia as a private limited company under the Companies Act, 1965. The authorised share capital of USDSB is RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each, all of which are fully issued and paid-up. USDSB is an investment holding company.

The USDSB is the registered proprietor of the Master Land now subdivided into 161 titles all in the Mukim Bandar Ulu Kelang, Daerah Gombak, Negeri Selangor measuring approximately 56.05 acres ("Sub-divided Land"). The remaining leasehold tenure of the Sub-divided Land is approximately 91 years. The titles to the Sub-divided Land are subject to a restriction-in-interest wherein prior consent from the Pihak Berkuasa Negeri is required for a transfer, lease or charge of the Sub-divided Land. The Sub-divided Land is currently vacant and unoccupied.

The Sub-divided Land is presently charged to Hong Leong Bank Berhad (having vested power over EON Bank Berhad) ("Chargee") as security for credit facilities granted to GHSB. GHSB is responsible for settlement of all outstanding balance payable to the Chargee without any deduction in the purchase consideration.

Pursuant to the SPA, USDSB has agreed to sell and GHSB has agreed to purchase, the Sub-divided Land free from all encumbrances and with legal possession but subject to the existing charges and is free from any easements or right of way granted to any third parties upon the terms and conditions set out in the SPA.

2.3 Basis of arriving at the purchase consideration and Justification for the consideration

The total purchase consideration is RM105 million (“Purchase Consideration”) which was arrived at on “a willing buyer and willing seller” basis after taking into consideration the original minimum landowner’s entitlement of RM100 million pursuant to the JVA. The location of the Sub-divided Land in a maturing residential area with established neighbouring developments such as Ukay Perdana, Taman Zooview, 20trees, Taman Melawati, Wangsa Maju and Taman Setiawangsa and its accessibility to various major highways such as the Kuala Lumpur Middle Ring Road 2, Duke Expressway and Ampang-Kuala Lumpur Elevated Highway was also taken into consideration.

The terms of payment for the Sub-divided Land are set out below.

	RM
Deposit to be upon execution of the SPA	9,030,000.00
Payment made under the JVA	36,751,246.00
Balance of Purchase Consideration to be paid within 3 months from Unconditional Date (defined below)	
• Cash payment	14,420,724.00
• Balance of Purchase Consideration by way of contra with existing properties of Malton Group based on the sale price (“Contra Properties”)	44,798,030.00
Total	105,000,000.00

Unconditional Date is the date when the SPA shall cease to be conditional.

Completion Period is 3 months from the Unconditional Date.

If the Balance Purchase Consideration in cash of RM14,420,724.00 is not paid by the expiry of the Completion Period as defined above, the Completion Period shall be automatically extended by 1 month after the Completion Period (“Extended Completion Period”) during which GHSB shall pay to USDSB interest on the Balance Cash Consideration unpaid at the rate of 8% per annum calculated on daily basis. The date on which the Balance Purchase Consideration in cash is paid to the Vendor is the “Completion Date”.

2.4 Salient terms of the Acquisition

2.4.1 Conditions Precedent

The SPA is expressly conditional upon USDSB securing at its own cost the written approval of the State Authority for the sale and transfer of the Sub-divided Land in favour of GHSB ("State Authority Consent") within 2 months from the SPA date ("Approved Deadline for Consent to Transfer"). The SPA shall cease to be conditional upon obtaining the State Authority Consent ("Unconditional Date").

If the State Authority Consent is not obtained or refused upon the expiry of the Approved Deadline for Consent to Transfer, both parties shall either:-

- i. Extend the time to be mutually agreed upon to enable USDSB to obtain the State Authority Consent; or
- ii. Terminate the SPA and the JVA and Supplemental Agreement shall survive and continue to subsist, whereupon the Deposit, JVA Payment and all other monies paid towards the purchase consideration shall be treated as USDSB's entitlement pursuant to the JVA. The SPA and sale and purchase agreements for the contra properties shall become null and void.

2.4.2 Survival of the JVA and Supplemental Agreement

In the event that the SPA is terminated, the JVA and Supplemental Agreement shall remain in full force and enforceable. Both parties shall enter into a supplementary agreement within 7 days upon the termination of the SPA to amend the relevant terms and conditions of the JVA to the following extent:-

- i. USDSB's entitlement shall read "30% of the gross development value of the building units in the proposed development based on the gross selling price determined by GHSB which aggregately shall not exceed RM110,000,000.00;
- ii. The construction and development schedule of the proposed development of the Land shall be extended to 31 December 2018; and
- iii. The deposit, JVA Payment and all other monies paid towards the Purchase Consideration shall be treated as USDSB's entitlement pursuant to the JVA.

2.4.3 Delivery of legal possession

USDSB shall deliver legal possession of the Sub-divided Land free from encumbrances, easements granted to any third parties upon the Completion Date.

2.4.4 Power of Attorney

USDSB agreed to grant to GHSB, Power of Attorney inter alia, to facilitate the transfer of Land as well as application for the State Authority Consent. The Power of Attorney shall be revocable upon completion of the SPA.

2.4.5 Default by GHSB

If GHSB fails to pay the Balance Purchase Consideration, USDSB shall be entitled to terminate the SPA whereupon the JVA and Supplemental Agreement and the agreed variations referred to above shall survive and continue to subsist and be valid and whereupon the Deposit, the JVA Payment and all other monies paid towards the Purchase Consideration shall be treated as USDSB's entitlement pursuant to the JVA and thereafter the SPA and the respective sale and purchase agreements for Contra Properties shall become null and void.

2.4.6 Default by USDSB

If USDSB decides not to proceed with the SPA before or after the Unconditional Date or fail to perform any of its obligations under the SPA or breach any representations and warranties made to GHSB or if the Memorandum of Transfer of the Land cannot be registered in favour of GHSB free from all encumbrances at the relevant land office/registry for any reason, it shall be the duty of USDSB to rectify such breach or to remove such encumbrances at USDSB's own costs in order to complete the sale and purchase of the Sub-divided Land and/or to enable the transfer of the Sub-divided Land in favour of GHSB to be registered at the relevant land office/registry free from all encumbrances but without prejudice to the right of GHSB:-

Either:-

- i. to take steps or actions to remove such encumbrances and/or to enforce the SPA by specific performance and in such an event, USDSB shall reimburse the solicitors' costs (on a solicitor and client basis) and all incidental expenses that may be incurred by GHSB and/or its nominee(s);

or

- ii. in the alternative, at the sole option of GHSB, to terminate the SPA by giving a written notice to USDSB whereupon the JVA and Supplemental Agreement and the agreed variations referred to above shall survive and continue to subsist and be valid and whereupon the Deposit, JVA Payment and all other monies paid towards the Purchase Consideration shall be treated as USDSB's entitlement pursuant to the JVA and thereafter the SPA and the respective sale and purchase agreements for Contra Properties shall become null and void.

3. Estimated time frame for the completion of the Acquisition

Barring any unforeseen events arising from the fulfillment of conditions set out in the SPA, the Acquisition is expected to be completed within the financial year ending 30 June 2012.

4. Liabilities to be assumed by Malton

There is no liability to be assumed by Malton pursuant to the Acquisition.

5. Source of financing

The Acquisition will be financed by internal generated funds and/or bank borrowings.

6. Approvals Required

Other than the approvals of the State Authority for the transfer of the titles to GHSB and relevant authorities for development of the Land, the Acquisition is not subject to the approval of any other authorities.

The Acquisition is not subject to the approval of the shareholders of the Company.

7. Proposed Development

The proposed development comprises residential bungalows, semi-detached houses, medium cost apartments, low medium cost apartments and low cost apartments with an estimated gross development value of RM500 million. It is currently at the initial stage of planning and status of authority approvals for the development is not available at this junction.

8. Risk Factor of the Acquisition

The risk associated with the Acquisition would include but is not limited to the following:-

- i. Commencement of the development on the Sub-divided Land is subject to the approval from the relevant authorities. The progress and completion of the development is dependent on many factors such as securing construction materials in adequate amounts, favourable credit terms and satisfactory performance of contractors; and
- ii. The revenue from the development on the Sub-divided Land is dependent on the level of economic growth, development in the vicinity of the development on the Sub-divided Land, interest rates and marketability of the products and accessibility of the development.

9. Rationale and Prospects For the Acquisition

The Acquisition, which will increase the land bank for development, is in line with the expansion plan of the core business activities of Malton Group ("Malton and its subsidiaries") which are property development and construction. The Acquisition is expected to contribute to the medium and long term profitability and growth of Malton Group.

10. Effects of the Acquisition

The Acquisition will not have any material impact on the earnings per share and net assets per share of the Company for the financial year ending 30 June 2012. It will not have any effect on the share capital and substantial shareholders' shareholdings in Malton as the Acquisition is done via cash and contra of existing properties of Malton Group.

The Acquisition will not have material impact on the gearing of the Company for the financial year ending 30 June 2012, save for the borrowings to be obtained to finance the Acquisition.

11. Directors' and Substantial Shareholders' Interest

To the best knowledge of the Directors of Malton, none of the Directors and substantial shareholders of Malton or persons connected to them have any interest, direct or indirect, in the Acquisition.

12. Directors' Statement

The Directors of Malton are of the opinion that the terms and conditions of Acquisition are fair and reasonable and that the Acquisition is in the best interest of Malton Group.

13. Highest Percentage Ratio applicable to the transaction pursuant to paragraph 10.02 (g) of the Main Market Listing Requirements of Bursa Malaysia

The highest percentage ratio applicable to the Acquisition pursuant to paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia is 20.62%.

14. Documents Available for Inspection

The SPA is available for inspection at the registered office of GHSB at 19-0, Level 19, Pavilion Tower, No. 75, Jalan Raja Chulan, 50200 Kuala Lumpur, during normal business hours on Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 14 November 2011.