

ANNOUNCEMENT

SHAREHOLDERS AGREEMENT BETWEEN BOLTON LAND SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF BOLTON BERHAD AND MOBUILD SDN. BHD. TO GOVERN A JOINT VENTURE COMPANY, NAMED BRILLIANT ARMADA SDN. BHD.

1. INTRODUCTION

The Board of Directors of Bolton Berhad ("**Bolton**") wishes to announce that its wholly-owned subsidiary, Bolton Land Sdn. Bhd. ("**BLSB**") and Mobuild Sdn. Bhd. ("**MSB**") have agreed to jointly develop four (4) pieces of contiguous country lease land, as detailed in Section 2 below, all of which are located in Daerah Kota Kinabalu, Sabah ("**the Said Land**"), including the planning, design, construction, financing, management and sale of the individual units to be erected on the Land ("**Proposed Joint Development**"). The Proposed Joint Development will be carried out via a joint venture company, Brilliant Armada Sdn. Bhd. ("**BASB**") ("**Joint Venture**"), previously a wholly-owned subsidiary of Bolton.

The Board is pleased to announce that:

- (i) BLSB has on 21 November 2012 subscribed for 50,998 ordinary shares of RM1.00 each in BASB, representing 51% equity interest, for RM50,998;
- (ii) BLSB has on 21 November 2012 entered into a shareholders' agreement ("**SA**") with MSB to govern the material aspect of the Proposed Joint Development transacted through BASB and the conduct and management of BASB; and
- (iii) MSB and BASB have on 21 November 2012 entered into Project Development Agreement to undertake the Proposed Joint Development ("**PDA**").

2. INFORMATION ON THE SAID LAND

2.1. The Said Land is located in Signal Hill, the eastern part of Kota Kinabalu town centre. Signal Hill is known as a prominent residential address. It is located opposite the Istana, 5 minutes away from Kota Kinabalu City Centre and 15 minutes from Kota Kinabalu International Airport.

2.2. MSB is the registered owner of the Said Land with the following approximate sizes:

- (a) Lot No. CL015000405 – 1.96 acres;
- (b) Lot No. CL015002212 – 5.75 acres;
- (c) Lot No. CL015002221 – 1.81 acres; and
- (d) Lot No. CL015002150 – 0.76 acres.

2.3. The land use of the Said Land, which is currently charged to a financial institution is categorised as "Building" and zoning as "Residential".

2.4. A major advantage of the Said Land is that it has dual access, i.e. the primary access from Jalan Istana on the west and the secondary access from Jalan Tuaran bypass on the east.

3. DETAILS OF THE JOINT VENTURE

- 3.1 BASB is a private company incorporated in Malaysia under the Companies Act, 1965 (“the Act”) on 20 September 2011 with an authorised share capital of RM100,000 comprising 100,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. The principal activity of BASB is property development.
- 3.2 Pursuant to the SA, BLSB and MSB have subscribed for 50,998 and 49,000 ordinary shares of RM1.00 each respectively in BASB at its par value. The resulting respective shareholdings of BLSB and MSB in BASB are as follows:

Shareholders	No. of ordinary shares of RM1.00 each in BASB held by the respective Shareholders	Shareholding (%)
BLSB	51,000	51%
MSB	49,000	49%
Total	100,000	100%

3.3 Salient terms of the SA

- 3.3.1 The paid-up share capital of BASB shall be increased to a maximum of 5,000,000 ordinary shares of RM1.00 each and BLSB and MSB shall subscribe for such number of shares in proportion to their respective shareholdings in BASB. If either of the shareholders fails to or evinces an intention not to subscribe for in full or for any part of any shares, they shall provide for BASB’s resulting shortfall in funding by the provision of a shareholder’s loan or advance to BASB.
- 3.3.2 BLSB and MSB shall be entitled to nominate and appoint three (3) and two (2) board representative respectively in BASB.
- 3.3.3 BASB will obtain the necessary funding for the Said Land and project development with the assistance of Bolton.
- 3.3.4 The project management and marketing coordination of the Joint Venture shall be managed by Bolton or its related corporation at a pre-agreed fee.

3.4 Salient terms of the PDA

- 3.4.1 The PDA contains condition precedents that are to be satisfied within 6 months (with an option to extend for another 3 months) from the date of the PDA. The date of the satisfaction of these conditions, shall be marked as the unconditional date:
- 3.4.1.1 The satisfactory due diligence on the Said Land which the due diligence exercise shall be completed within 30 days from the date of the Agreements (“**Due Diligence**”);

3.4.1.2 MSB to confirm and obtain the written approval and/or consent from the legal and beneficial land owner of Lot No. CL 015006989, Daerah Kota Kinabalu, Negeri Sabah, and relevant authorities for the ingress and egress of an access road to the Said Land; and

3.4.1.3 MSB shall execute a Power of Attorney to BASB to enable and empower BASB to deal with the relevant matters relating to the Said Land.

3.5 In consideration of the exclusive right and authority granted by MSB to BASB to undertake the Proposed Joint Development, BASB shall pay to MSB the sum of RM45.0 million only ("**Landowner Entitlement**") over the duration of the Proposed Joint Development, taking into consideration the development potential of the Land.

3.6 The Proposed Joint Development will be funded through internally generated funds and/or bank borrowings.

4 PROPOSED JOINT DEVELOPMENT OF THE SAID LAND

4.1 BASB plans to develop high-end condominiums and villas which are very much sought after in the area by local and international investors.

4.2 The Proposed Joint Development, with an estimated GDV of RM480.0 million, will be funded through internally generated funds and bank borrowings.

5 INFORMATION ON BLSB

BLSB was incorporated in Malaysia under the Act as a private limited company on 1 April 1995. The present authorised share capital of BLSB is RM100,000,000 comprising 5,000,000 ordinary shares of RM1.00 each and 500,000,000 5% Redeemable Convertible Preference Shares ("**RCPS**") of RM0.01 each, of which 100,000 ordinary shares of RM1.00 each and 451,276,711 RCPS of RM0.01 each have been issued and fully paid-up. BLSB is principally engaged in investment holdings.

6 INFORMATION ON MSB

MSB was incorporated in Malaysia under the Act as a private limited company on 19 June 2009. The present authorised share capital of MSB is 1,000,000 ordinary shares of RM1.00 each, all of which have been issued and fully paid-up. MSB is principally engaged in construction and development.

7 RATIONALE FOR THE PROPOSED JOINT DEVELOPMENT

7.1 The Proposed Joint Development has excellent development potential with its lush surrounding area, good infrastructure and potential capital appreciation due to its location in Signal Hill, a prominent residential address.

7.2 The Joint Venture will allow Bolton to enter Kota Kinabalu's property market via collaboration and joint participation with MSB to develop, sell and manage the Proposed Joint Development on the Said Land.

- 7.3 The Joint Venture is in line with Bolton's focus on its core business of property development, to increase Bolton's land bank and to enhance the Group's value.
- 7.4 The Joint Venture will also enable Bolton to share the risk and returns of the Proposed Joint Development which is expected to contribute positively to the future earnings and cashflow of Bolton.

8 PROSPECTS

- 8.1 Sabah's economic growth in the past decade has been steadily increasing as a result of the bullish commodity prices.
- 8.2 Sabah has also grown to be a prominent tourist destination has seen foreign investments from Hong Kong, Japan, China, South Korea and Taiwan that seeks to establish Sabah as a second home destination.
- 8.3 High end condominium developments have been flourishing with high take up rate for the past two (2) years.

9 RISK FACTORS

The Proposed Joint Development is subject to certain risks inherent in the property development industry. These include, inter-alia, business competition, demand for residential properties in Sabah, labour and building materials shortages, increases in costs of labour and building materials, changes in credit and interest rate conditions, changes in political and economic conditions and changes in legal framework within which this industry operates. Bolton seeks to limit these risks by undertaking various market studies, implementing prudent business strategies and measures and improving efficiency.

10 FINANCIAL EFFECT OF THE JOINT VENTURE

10.1 Issued and Paid-up Share Capital and Substantial Shareholders' Shareholdings

The Proposed Joint Development will not have any effect on the share capital and shareholdings of the substantial shareholders of Bolton.

10.2 Earnings per Share and Cash Flow

The Proposed Joint Development will not have any material impact on the earnings and cash flow of Bolton for the financial year ending 31 March 2013 as the development of the Said Land is not expected to commence before the end of the current financial year. However, the Proposed Joint Development is expected to contribute positively to the earnings of Bolton in the future years.

10.3 Net Assets and Gearing

10.3.1 There will be no material effect to Bolton's consolidated net assets for the financial year ending 31 March 2013.

10.3.2 As set out in Section 4.2 herein, the Proposed Joint Development will be funded through internally generated funds and/or bank borrowings. The

exact mix of internally generated funds and bank borrowings will be decided by the management of Bolton at a later date.

- 10.3.3 For the purpose of this announcement and for illustrative purpose, based on the audited consolidated financial statements of Bolton for the financial year ended 31 March 2012 and the assumption that RM15.75 million representing 70% of the Performance Deposit is financed through bank borrowings to be procured by Bolton for the Proposed Joint Development, the proforma net gearing ratio will increase from 0.16 times to 0.19 times.

11 APPROVALS REQUIRED

The Proposed Joint Development is not subject to the approval of the shareholders of Bolton.

However, the Proposed Joint Development is subject to the approval of any other relevant authorities (if any).

12 HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the transaction pursuant to Paragraph 10.02(g) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements is 9.89%.

13 DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the directors and/or major shareholders of Bolton and/or persons connected to the directors and/or major shareholders of Bolton have any interests, direct or indirect, in the Proposed Joint Development.

14 STATEMENT BY THE DIRECTORS

The Board of Bolton having considered all aspects of the Proposed Joint Development is of the opinion that the Proposed Joint Development is fair and reasonable and is in the best interest of Bolton.

15 SUBMISSION TO THE RELEVANT AUTHORITIES

Application to the relevant authorities (if any) is/are expected to be submitted to the relevant authorities within six (6) months (with the option to extend three (3) more months) from the date of this announcement.

16 DOCUMENTS AVAILABLE FOR INSPECTION

The Shareholders' Agreement and the PDA are available for inspection at Bolton's business office at Level 9, Symphony House, Dana 1 Commercial Centre, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor during normal business 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 21 November 2012.