

This Prospectus has been seen and approved by the directors and promoters of Salcon Berhad ("Salcon" or the "Company") and/or the offerors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statement or other facts the omission of which would make any statement herein false or misleading.

The Adviser and Managing Underwriter acknowledge that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the public offering and are satisfied that any profit and/or cashflow estimate/forecast and/or projection (for which the directors of Salcon are fully responsible) prepared for inclusion in the prospectus have been stated by the directors after due and careful enquiry and have been duly reviewed by the Reporting Accountant.

The Securities Commission has approved the public issue and offer for sale in respect of the public offering and the approval shall not be taken to indicate that the Securities Commission recommends the public offering.

The Securities Commission shall not be liable for any non-disclosure on the part of Salcon and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.**

The Kuala Lumpur Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed in this prospectus. Admission to the Official List is not to be taken as an indication of the merits of Salcon or of its securities.

A copy of this prospectus has been registered with the Securities Commission and lodged with the Chief Executive Officer of the Companies Commission of Malaysia who takes no responsibility for its contents.

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INDICATIVE TIMETABLE

The indicative timing of events leading up to the listing of and quotation for Salcon's entire enlarged issued and paid-up share capital on the Main Board of the KLSE is set out below:

<u>Date</u>	<u>Event</u>
28 July 2003	➤ Issue of Prospectus/Opening date of the IPO
8 August 2003	➤ Closing date of the IPO
13 August 2003	➤ Balloting of applications
27 August 2003	➤ Despatch of notices of allotment to successful applicants
3 September 2003	➤ Listing on the Main Board of the KLSE

THIS TIMETABLE IS TENTATIVE AND IS SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION PERIOD WILL REMAIN OPEN UNTIL 8.00 P.M. ON 8 AUGUST 2003 OR FOR SUCH FURTHER PERIOD OR PERIODS AS THE DIRECTORS AND PROMOTERS IN THEIR DISCRETION MAY DECIDE, SUBJECT TO THE CONSENT OF THE MANAGING UNDERWRITER AND UNDERWRITERS.

WHERE THE CLOSING DATE OF APPLICATION IS EXTENDED FROM THE ORIGINAL CLOSING DATE, THE NOTICE OF SUCH EXTENSION(S) WILL BE ADVERTISED IN A WIDELY CIRCULATED NEWSPAPER NOT LESS THAN ONE(1) MARKET DAY BEFORE THE ORIGINAL CLOSING DATE.

DEFINITIONS

In this Prospectus, unless where the context requires otherwise, the following words and abbreviations shall have the following meanings:

Act	:	The Companies Act, 1965 or any statutory modification, amendment or re-enactment thereof for the time being in force
Acquisition	:	Acquisition by Salcon of the entire issued and paid-up share capital of SEB from KEB, MASB and ETSB for a total consideration of RM80,198,000 satisfied by the issuance of 160,396,000 new Shares in Salcon at an issue price of RM0.50 per Share in Salcon
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AID	:	Agro Industrial Division
AmMerchant Bank	:	AmMerchant Bank Berhad (23742-V)
Application	:	Application for the Public Issue Shares and Offer Shares
Asset Sale	:	Sale of the assets and business of SHCB and Crystal Palace Lighting (M) Sdn Bhd, a wholly owned subsidiary of SHCB, prior to completion of the disposal of SHCB to a special purpose vehicle and the subsequent liquidation of SHCB and all of its subsidiaries
ATM	:	Automated Teller Machine
BAWC	:	Binh An Water Corporation Limited, a subsidiary of EUCSB
Board of Directors or Directors	:	Board of Directors or Directors of Salcon
BOT	:	Build, Operate and Transfer
BSD	:	Building Services Division
BTESB	:	Bumi Tiga Enterprise Sdn Bhd (58140-A), a wholly-owned subsidiary of SEB
By-Laws	:	The by-laws, rules, terms and conditions of the ESOS
CCI	:	Cross Continental Investments, an associated company of SEB
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
Central Depositories Act	:	The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force
Central Depository or MCD	:	Malaysian Central Depository Sdn Bhd (165570-W), a subsidiary of KLSE

DEFINITIONS (Cont'd)

Closing Date	:	8 August 2003, being the last date for Application
Debt Settlement	:	Debt settlement to SHCB's respective creditors for the outstanding debts due from SHCB to such creditors
Deposited Security	:	A security in the Company standing to the credit of a Securities Account of a Depositor subject to the provisions of the Central Depositories Act and the Rules
Depositor	:	A holder of a Securities Account
EBIDTA	:	Earnings before interest, depreciation, taxation and amortisation
EI	:	Exceptional items
EMCCSB	:	Eagle Metalizing & Coatings Company Sdn Bhd (217009-D), a subsidiary of BTESB
EPS	:	Earnings per share
EPU	:	Economic Planning Unit
ESB	:	Envitech Sdn Bhd (126142-U), a subsidiary of SEB
ESOS	:	Employees Share Option Scheme of Salcon and its subsidiaries
ETSB	:	Eminent Triumph Sdn Bhd (430519-W)
EUCSB	:	Emas Utilities Corporation Sdn Bhd (164003-U), an associated company of SEB
FDI	:	Foreign Direct Investment
FFB	:	Fresh Fruit Bunches
FIC	:	Foreign Investment Committee
GDP	:	Gross Domestic Product
IPO	:	Public Issue and Offer for Sale collectively
IWK	:	Indah Water Konsortium
IWSSB	:	Integrated Water Services (M) Sdn Bhd (141665-P), a subsidiary of SEB
JKR	:	Jabatan Kerja Raya (Public Works Department)
KEB	:	Kumpulan Emas Berhad (15379-V), a company listed on the Main Board of the KLSE
KLSE	:	Kuala Lumpur Stock Exchange (30632-P)
M&E	:	Mechanical and Electrical

DEFINITIONS (Cont'd)

Malaysian Public	:	Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia										
Market Days	:	Any day between Mondays and Fridays which is not a market holiday or public holiday										
MASB	:	Mampu Alam Sdn Bhd (571947-K)										
Member	:	Unless otherwise expressed to the contrary, includes a Depositor who shall be treated as if he was a member pursuant to Section 35 of the Central Depositories Act but excludes the Central Depository in its capacity as a bare trustee member										
MI	:	Minority interest										
Mld	:	Million litres per day										
MIH or Issuing House	:	Malaysian Issuing House Sdn Bhd (258345-X)										
MITI	:	Ministry of International Trade and Industry										
MOF	:	Ministry of Finance										
MPOB	:	Malaysian Palm Oil Board										
NRW	:	Non-Revenue Water										
NTA	:	Net tangible assets										
O&M	:	Operations and Maintenance										
Offer or Offer for Sale	:	Offer for sale by the Offerors of 17,920,000 Shares in Salcon at an offer price of RM1.20 per Share subject to the terms and conditions of this Prospectus and as set out in Section 2.3 of this Prospectus										
Offer Shares	:	The 17,920,000 Shares in the capital of the Company which are the subject of the Offer for Sale										
Offerors	:	The offerors of the Offer Shares and the respective number of Salcon Shares offered for sale are as follow:-										
		<table border="1" data-bbox="652 1617 1270 1776"> <thead> <tr> <th>Name</th> <th>No.of Shares</th> </tr> </thead> <tbody> <tr> <td>KEB</td> <td>11,250,000</td> </tr> <tr> <td>MASB</td> <td>3,750,000</td> </tr> <tr> <td>ETSB</td> <td>2,920,000</td> </tr> <tr> <td>Total</td> <td>17,920,000</td> </tr> </tbody> </table>	Name	No.of Shares	KEB	11,250,000	MASB	3,750,000	ETSB	2,920,000	Total	17,920,000
Name	No.of Shares											
KEB	11,250,000											
MASB	3,750,000											
ETSB	2,920,000											
Total	17,920,000											
p.a	:	Per annum										
PAT	:	Profit after taxation										
PBT	:	Profit before taxation										
PE	:	Population Equivalent - denotes the amount of wastewater discharged by one person which is equivalent to 225 litres per day, as specified in the Malaysian Standards (MS 1228:1991)										

DEFINITIONS (Cont'd)

PE Multiple	:	Price earnings multiple
Promoters	:	ETSB, KEB and MASB
Public Issue	:	The public issue of 29,200,000 new Shares in Salcon at an issue price of RM1.20 per Share, subject to the terms and conditions of this Prospectus and as set out in Section 2.3 of this Prospectus
Public Issue Shares	:	The 29,200,000 new Shares in Salcon which are the subject of the Public Issue
Placement Agent	:	AmMerchant Bank
PMSB	:	Precise Metal Sdn Bhd (100653-X), a wholly-owned subsidiary of SEB
PTIL	:	Palm Tech India Limited, a subsidiary of CCI
Record of Depositors	:	A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules
Restructuring Exercise	:	The restructuring exercise undertaken by SHCB which encompasses the following: <ul style="list-style-type: none"> (i) Share exchange by Salcon of the entire issued and paid-up share capital of SHCB involving the issuance of 833,250 new Salcon Shares at an issue price of RM0.50 per Salcon Share to the existing shareholders of SHCB on the basis of one (1) new Salcon Share for every twenty four (24) SHCB shares; (ii) Acquisition by Salcon of the entire issued and paid-up share capital of SEB from KEB, MASB and ETSB for a total consideration of RM80,198,000 satisfied by the issuance of 160,396,000 new Salcon Shares at an issue price of RM0.50 per Salcon Share; (iii) Exemption to KEB, MASB and ETSB from the obligation to extend an unconditional mandatory general offer for all the remaining Salcon Shares not already owned by them in Salcon after the acquisition of SEB; (iv) Public issue by Salcon of 29,200,000 new Shares in Salcon at an issue price of RM1.20 per Share as set out in Section 2.3 of this Prospectus; (v) Offer for sale by the Offerors of 17,920,000 Shares in Salcon at an offer price of RM1.20 per Share as set out in Section 2.3 of this Prospectus; (vi) Debt settlement to SHCB's respective creditors for the outstanding debts due from SHCB to such creditors; (vii) Transfer of listing status of SHCB on the Second Board of the KLSE to Salcon; (viii) Sale of the assets and business of SHCB and Crystal Palace Lighting (M) Sdn Bhd, a wholly owned subsidiary of SHCB; (ix) Disposal of SHCB to a special purpose vehicle and the subsequent liquidation of SHCB and all of its subsidiaries; and (x) Transfer of listing and quotation for Salcon Shares to the Main Board of the KLSE

DEFINITIONS (Cont'd)

RM and sen	:	Malaysian Ringgit and sen respectively
RS	:	Rupees
Rules	:	The Rules of the Central Depository
SA	:	Special administrators of SHCB
Salcon or Company	:	Salcon Berhad (593796-T)
Salcon Group or the Group	:	Salcon Berhad and its subsidiary and associated companies
Salcon Shares	:	Shares in Salcon
SASB	:	Salcon Agro Sdn Bhd (234604-D), a wholly-owned subsidiary of SEB
SBSSB	:	Salcon Building Services Sdn Bhd (65287-X), a wholly-owned subsidiary of BTESB
SC	:	Securities Commission
SC Act	:	Securities Commission Act, 1993 or any statutory modification, amendment or re-enactment thereof for the time being in force
SCADA	:	Supervisory control and data acquisition
SCESB	:	Salcon-Centrimax Engineering Sdn Bhd (47101-W), a wholly-owned subsidiary of SEB
SCSB	:	Salcon Corporation Sdn Bhd (221777-T), a wholly-owned subsidiary of SEB
SEB	:	Salcon Engineering Berhad (18161-H), a wholly-owned subsidiary of Salcon
SEB Group	:	SEB and its subsidiary and associated companies
Securities Account	:	An account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor
SESSB	:	Salcon Environmental Services Sdn Bhd (251618-H) (formerly known as IKG-Salcon Sdn Bhd), a wholly-owned subsidiary of SEB
Share(s)	:	Ordinary share(s) of RM0.50 each
Share Exchange	:	Share exchange by Salcon for the entire issued and paid-up share capital of SHCB involving the issuance of 833,250 new Salcon Shares to the existing shareholders of SHCB at par value on the basis of one(1) new Salcon Share for every twenty four(24) SHCB shares
SHCB	:	Seng Hup Corporation Berhad (Special Administrators Appointed) (3707-M)
SRSB	:	Salcon Resources Sdn Bhd (24494-T), a wholly-owned subsidiary of SEB

DEFINITIONS (Cont'd)

SKSB	:	Skeel Engineering Sdn Bhd (9553-A), a wholly-owned subsidiary of BTESB
SSSB	:	Salcon (Sarawak) Sdn Bhd (496185-D), a wholly-owned subsidiary of SEB
SWHK	:	Salcon Water (HK) Limited
sq.ft	:	Square foot/feet
TSD	:	Trading Services Division
USD	:	US dollars
WED	:	Water and Environmental Division
WHO	:	World Health Organisation
WWD	:	Wastewater Division

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TABLE OF CONTENTS

	Page
CORPORATE DIRECTORY	xii
1. INFORMATION SUMMARY	1
1.1 <i>History and Business</i>	<i>1</i>
1.2 <i>Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management of Salcon</i>	<i>4</i>
1.3 <i>Financial Statistics</i>	<i>5</i>
1.4 <i>Proforma Consolidated Balance Sheets of the Salcon Group as at 31 January 2003</i>	<i>7</i>
1.5 <i>Risk Factors</i>	<i>9</i>
1.6 <i>Principal Statistics Relating to the IPO</i>	<i>10</i>
1.7 <i>Proforma Consolidated NTA</i>	<i>10</i>
1.8 <i>Highlights of the Proforma Consolidated Profit and Dividend Estimate and Forecast</i>	<i>11</i>
1.9 <i>Utilisation of Proceeds</i>	<i>12</i>
1.10 <i>Material Litigation, Contingent Liabilities and Capital Commitments</i>	<i>12</i>
2. PARTICULARS OF THE PUBLIC ISSUE.....	13
2.1 <i>Share Capital</i>	<i>14</i>
2.2 <i>Basis of Arriving at the Public Issue/Offer Price</i>	<i>15</i>
2.3 <i>Details of the IPO.....</i>	<i>15</i>
2.4 <i>Details on the Pink Forms Allocation</i>	<i>16</i>
2.5 <i>Critical Dates of the IPO</i>	<i>17</i>
2.6 <i>Purposes of the IPO</i>	<i>17</i>
2.7 <i>Utilisation of Proceeds</i>	<i>17</i>
2.8 <i>Financial Impact from Utilisation of Proceeds</i>	<i>19</i>
2.9 <i>Brokerage and Underwriting Commission</i>	<i>19</i>
2.10 <i>Salient Terms of the Underwriting Agreement</i>	<i>19</i>
2.11 <i>Moratorium On Shares</i>	<i>23</i>
2.12 <i>Approvals from Authorities</i>	<i>24</i>
3. RISK FACTORS	29
4. INFORMATION ON THE SALCON GROUP	35
4.1 <i>Incorporation</i>	<i>35</i>
4.2 <i>History of the Salcon Group</i>	<i>36</i>
4.3 <i>Share Capital and Changes in Share Capital</i>	<i>36</i>
4.4 <i>Subsidiary and Associated Companies of Salcon</i>	<i>37</i>
4.4.1 <i>SEB</i>	<i>39</i>
4.4.2 <i>SCEsb</i>	<i>40</i>
4.4.3 <i>SRSB</i>	<i>41</i>
4.4.4 <i>SBSSB</i>	<i>42</i>
4.4.5 <i>ESB</i>	<i>43</i>
4.4.6 <i>IWSSB.....</i>	<i>44</i>
4.4.7 <i>PMSB</i>	<i>46</i>
4.4.8 <i>BTESB.....</i>	<i>47</i>
4.4.9 <i>SASB</i>	<i>48</i>
4.4.10 <i>SCSB.....</i>	<i>48</i>
4.4.11 <i>SESSB</i>	<i>49</i>
4.4.12 <i>SSSB.....</i>	<i>50</i>
4.4.13 <i>SKSB.....</i>	<i>51</i>
4.4.14 <i>EMCCSB.....</i>	<i>52</i>
4.4.15 <i>SWHK.....</i>	<i>54</i>

TABLE OF CONTENTS (Cont'd)

4.4.16	<i>EUCSB</i>	55
4.4.17	<i>BAWC</i>	56
4.4.18	<i>CCI</i>	57
4.4.19	<i>PTIL</i>	58
4.5	<i>Business Overview and Activities</i>	61
4.5.1	<i>Research and Development</i>	70
4.5.2	<i>Quality Management Programmes and Systems</i>	70
4.5.3	<i>Employees</i>	71
4.5.4	<i>Interruptions in Business During the Past Twelve Months</i>	71
4.5.5	<i>Key Achievements of the Group</i>	71
4.5.6	<i>Market and Competitive Conditions</i>	72
4.5.7	<i>Governing Laws and Regulations</i>	74
4.5.8	<i>Environmental Concerns</i>	75
4.6	<i>Industry Overview</i>	76
4.6.1	<i>Water Sector</i>	76
4.6.2	<i>Wastewater Sector</i>	84
4.6.3	<i>Palm Oil Mill Industry</i>	87
4.6.4	<i>Building Services Division</i>	89
4.7	<i>Details of Major Licences and Permits</i>	90
4.8	<i>Major Customers</i>	90
4.9	<i>Major Contractors/Suppliers</i>	91
4.10	<i>Future Plans and Strategies of the Salcon Group</i>	92
4.11	<i>Settlement of Amount Owing to SEB</i>	93
5.	RESTRUCTURING EXERCISE OF SHCB AND ESOS	94
5.1	<i>Background Information on SHCB</i>	94
5.2	<i>Restructuring Exercise</i>	94
5.3	<i>ESOS</i>	95
5.3.1	<i>Maximum Number of Shares Allowable Under the Scheme</i>	95
5.3.2	<i>Eligibility</i>	96
5.3.3	<i>Offer</i>	96
5.3.4	<i>Maximum Allowable Allotment and the Basis of Allotment</i>	97
5.3.5	<i>Option Price</i>	97
5.3.6	<i>Acceptance of the Offer</i>	97
5.3.7	<i>Exercise of Options</i>	98
5.3.8	<i>Ranking of New Salcon Shares</i>	100
5.3.9	<i>Duration of the Scheme</i>	100
6	INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT	102
6.1	<i>Promoters and Substantial Shareholders</i>	102
6.1.1	<i>Particulars and Shareholdings</i>	102
6.1.2	<i>Changes in shareholdings in the Company for the past three(3) years</i>	104
6.2	<i>Directorships and Substantial Shareholdings of Promoters and Substantial Shareholders in All Other Public Companies for the Past Two Years Preceding 15 July 2003</i>	104
6.3	<i>Board Of Directors</i>	104
6.3.1	<i>Particulars and Shareholdings</i>	104
6.3.2	<i>Profiles of Directors</i>	105
6.3.3	<i>Directorships and Substantial Shareholdings of Directors in All Other Public Companies for the Past Two Years Preceding 15 July 2003f</i>	109
6.3.4	<i>Directors' Remuneration and Benefits</i>	110
6.4	<i>Audit Committee</i>	110
6.5	<i>Key Management of the Salcon Group</i>	111
6.5.1	<i>Particulars and Shareholdings of the Key Management Team</i>	111
6.5.2	<i>Profiles of the Key Management</i>	111
6.6	<i>Family Relationships</i>	116

TABLE OF CONTENTS (Cont'd)

7.	MAJOR LICENCES AND PERMITS	117
8.	RELATED-PARTY TRANSACTIONS / CONFLICT OF INTEREST	118
8.1	<i>Related Party Transactions</i>	118
8.2	<i>Interest in Similar Business</i>	121
8.3	<i>Declaration by the Advisers</i>	122
9.	SUMMARY OF PROPERTIES	123
10.	FINANCIAL INFORMATION	124
10.1	<i>Consolidated Profit and Dividend Record</i>	124
10.1.1	<i>Segmental Analysis of Revenue and Operation Profit by Division</i>	125
10.1.2	<i>Segmental Analysis of Revenue and Operation Profit by Geographical Location</i>	126
10.2	<i>Directors Declaration On Financial Performance</i>	127
10.3	<i>Working Capital, Borrowings, Material Litigation, Contingent Liabilities, and Capital Commitments</i>	127
10.4	<i>Consolidated Profit Estimate and Forecast and Assumptions for the Financial Years Ending 31 July 2003 and 2004</i>	129
10.4.1	<i>Consolidated profit forecast for the year ending 31 July 2003</i>	129
10.4.2	<i>Consolidated profit forecast for the year ending 31 July 2004</i>	130
10.5	<i>Reporting Accountant's Letter on the Consolidated Profit Estimate and Forecast of the Salcon Group for the Financial Years Ending 31 July 2003 and 2004</i>	132
10.6	<i>Directors' Commentary on the Consolidated Profit Estimate and Forecast</i>	133
10.7	<i>Sensitivity Analysis</i>	134
10.7.1	<i>Variation in Turnover</i>	134
10.7.2	<i>Variation in Operating Cost</i>	134
10.8	<i>Dividend Forecast and Policy</i>	134
10.9	<i>Proforma Consolidated Balance Sheets of the Salcon Group as at 31 January 2003</i>	136
10.10	<i>Reporting Accountant's Letter on the Proforma Consolidated Balance Sheet as at 31 January 2003</i>	141
11.	DIRECTORS' REPORT	142
12.	ACCOUNTANTS' REPORT	143
13.	BY-LAWS	200
14.	FURTHER STATUTORY AND OTHER INFORMATION	216
14.1	<i>Share Capital</i>	216
14.2	<i>Articles of Association</i>	216
14.3	<i>Directors and Substantial Shareholders</i>	224
14.4	<i>General Information</i>	227
14.5	<i>Material Contracts</i>	229
14.6	<i>Material Agreements</i>	231
14.7	<i>Material Litigation</i>	234
14.8	<i>Consents</i>	234
14.9	<i>Documents For Inspection</i>	235
14.10	<i>Responsibility Statements</i>	235

TABLE OF CONTENTS (Cont'd)

15.	PROCEDURES FOR APPLICATION AND ACCEPTANCE.....	236
15.1	<i>Opening and Closing of Application Lists</i>	<i>236</i>
15.2	<i>Procedure for Application</i>	<i>236</i>
15.3	<i>Applications and Acceptances.....</i>	<i>238</i>
15.4	<i>CDS Accounts</i>	<i>239</i>
15.5	<i>Notice of Allotment.....</i>	<i>239</i>
15.6	<i>Formalising of CDS Accounts</i>	<i>240</i>
15.7	<i>List of ADA.....</i>	<i>240</i>
15.8	<i>Terms and Conditions for Applications Using Application Forms</i>	<i>253</i>
15.9	<i>Terms and Conditions for Electronic Share Applications</i>	<i>255</i>
15.10	<i>Steps for Electronic Share Application Through a Participating Financial Institution's ATM.....</i>	<i>259</i>

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CORPORATE DIRECTORY**BOARD OF DIRECTORS OF SALCON**

Name	Nationality	Address	Occupation
Tan Sri Razali Ismail (Chairman, Non-Independent Non-Executive Director)	Malaysian	Desa Kudalari 1802 No. 3, Lorong Kuda 50450 Kuala Lumpur	Entrepreneur
Dato' (Dr) Teoh Seng Foo (Vice Chairman, Non-Independent Non-Executive Director)	Malaysian	No. 12 Jalan Semantan 2 Damansara Heights 50490 Kuala Lumpur	Businessman
Dato' Lim See Teok (Chief Executive Officer, Executive Director)	Malaysian	No. 7, Jalan USJ5/3C UEP Subang Jaya 47610 Petaling Jaya	Chief Executive Officer
Mr Jaggit Singh a/l Tara Singh (Executive Director)	Malaysian	41 Jalan Seruling 41 Kawasan 3 Taman Klang Jaya 41200 Klang	Director
Mr Foo San Kan (Independent Non-Executive Director)	Malaysian	5-10 Anjung Damai Jalan Murni 55000 Kuala Lumpur	Director
Dato' Dr Freezailah Bin Che Yeom (Independent Non-Executive Director)	Malaysian	6, Jalan Kent Enam Off Jalan Maktab 54000 Kuala Lumpur	Consultant
Dato' Seri Megat Najmuddin bin Datuk Seri (Dr) Hj Megat Khas (Independent Non-Executive Director)	Malaysian	No. 2, Jalan 12/7 46200 Petaling Jaya Selangor	Director

AUDIT COMMITTEE

Name	Designation	Directorship
Mr Foo San Kan	Chairman	Independent Non-Executive Director
Dato' Lim See Teok	Member	Chief Executive Officer, Executive Director
Dato' Dr Freezailah Bin Che Yeom	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Tai Siew May (MAICSA 7015823)
C-110 Pangsapuri Puncak Damansara
Jalan Teratai PJU 6
47400 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : 17th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Tel: (03) 8024 8899
Fax: (03) 8024 8998
- HEAD OFFICE** : 15th Floor, Menara Summit
Persiaran Kewajipan, USJ 1
47600 UEP Subang Jaya
Selangor Darul Ehsan
Tel: (03) 8024 8822
Fax: (03) 8024 8811
E-mail: salconen@tm.net.my
Website: <http://www.salcon.com.my>
- AUDITOR AND REPORTING ACCOUNTANT** : KPMG (Firm No. : AF 0758)
Chartered Accountants
Wisma KPMG, Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
- SOLICITORS FOR THE IPO** : Cheang & Ariff
39 Court
39, Jalan Yap Kwan Seng
50450 Kuala Lumpur
- PRINCIPAL BANKERS** : Malayan Banking Berhad (3813-K)
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- Standard Chartered Bank Malaysia Berhad (115793-P)
No.2 Jalan Ampang
50450 Kuala Lumpur
- United Overseas Bank (M) Bhd (271809-K)
Menara UOB, Jalan Raja Laut
50350 Kuala Lumpur
- Bumiputra-Commerce Bank Berhad (13491-P)
Business Centre - Shah Alam
Level 2, Bangunan UMNO
Lot P5.5, Persiaran Perbandaran
Section 14
40675 Shah Alam
Selangor Darul Ehsan

CORPORATE DIRECTORY (Cont'd)

- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd (258345-X)
27th Floor, Menara Multi-Purpose
Capital Square
No.8 Jalan Munshi Abdullah
50100 Kuala Lumpur
- REGISTRAR** : PFA Registration Services Sdn Bhd (19234-W)
Level 13, Uptown 1
No.1, Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7725 4888
Fax: 03-7722 2311
- ADVISER, MANAGING
UNDERWRITER AND
PLACEMENT AGENT** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank
55, Jalan Raja Chulan
50200 Kuala Lumpur
- UNDERWRITERS** : AmMerchant Bank Berhad (23742-V)
22nd Floor, Bangunan AmBank Group
55, Jalan Raja Chulan
50200 Kuala Lumpur
- KAF-Seagroatt & Campbell Securities Sdn Bhd (134631-U)
29th Floor Menara Weld
No. 76 Jalan Raja Chulan
50200 Kuala Lumpur
- Alliance Merchant Bank Berhad (21605-D)
19th Floor, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
- Mayban Securities Sdn Bhd (165630-M)
Level 8, MaybankLife Tower, Dataran Maybank
No 1 Jalan Maarof
59000 Kuala Lumpur
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

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1. INFORMATION SUMMARY

The following information is only a summary of the salient information relating to the Salcon Group and investors should read and understand the whole Prospectus prior to deciding whether or not to invest in the Shares of the Company. The information summary set out below is derived from this Prospectus and should be read and understood in conjunction with the full text of this Prospectus.

1.1 History and Business

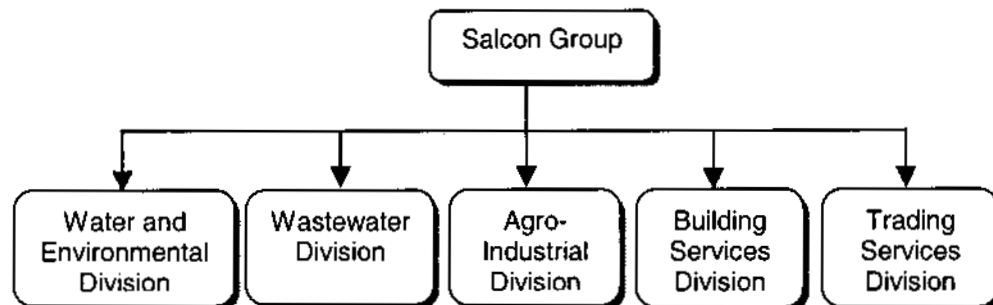
Salcon was incorporated in Malaysia under the Companies Act, 1965 on 25 September 2002 as a private limited company under the name of Salcon Sdn Bhd. Subsequently on 24 February 2003, it was converted to a public company and assumed its current name. Salcon is principally an investment holding company with a wholly-owned subsidiary, SEB, which has fourteen(14) subsidiaries and four(4) associated companies.

It was incorporated for the purpose of facilitating the completion of the Restructuring Exercise of SHCB which resulted in Salcon becoming the ultimate holding company of the Salcon Group and taking over the listing status of SHCB on the KLSE.

The Group's principal activities are:

- Design, construction, operation and maintenance of municipal potable water, sewerage and industrial wastewater facilities;
- Design, construction and commissioning of palm oil mills;
- Provision of mechanical and electrical engineering services for general industries;
- Marketing, sales and servicing of equipment for water and palm oil mill industries; and
- Investment holding

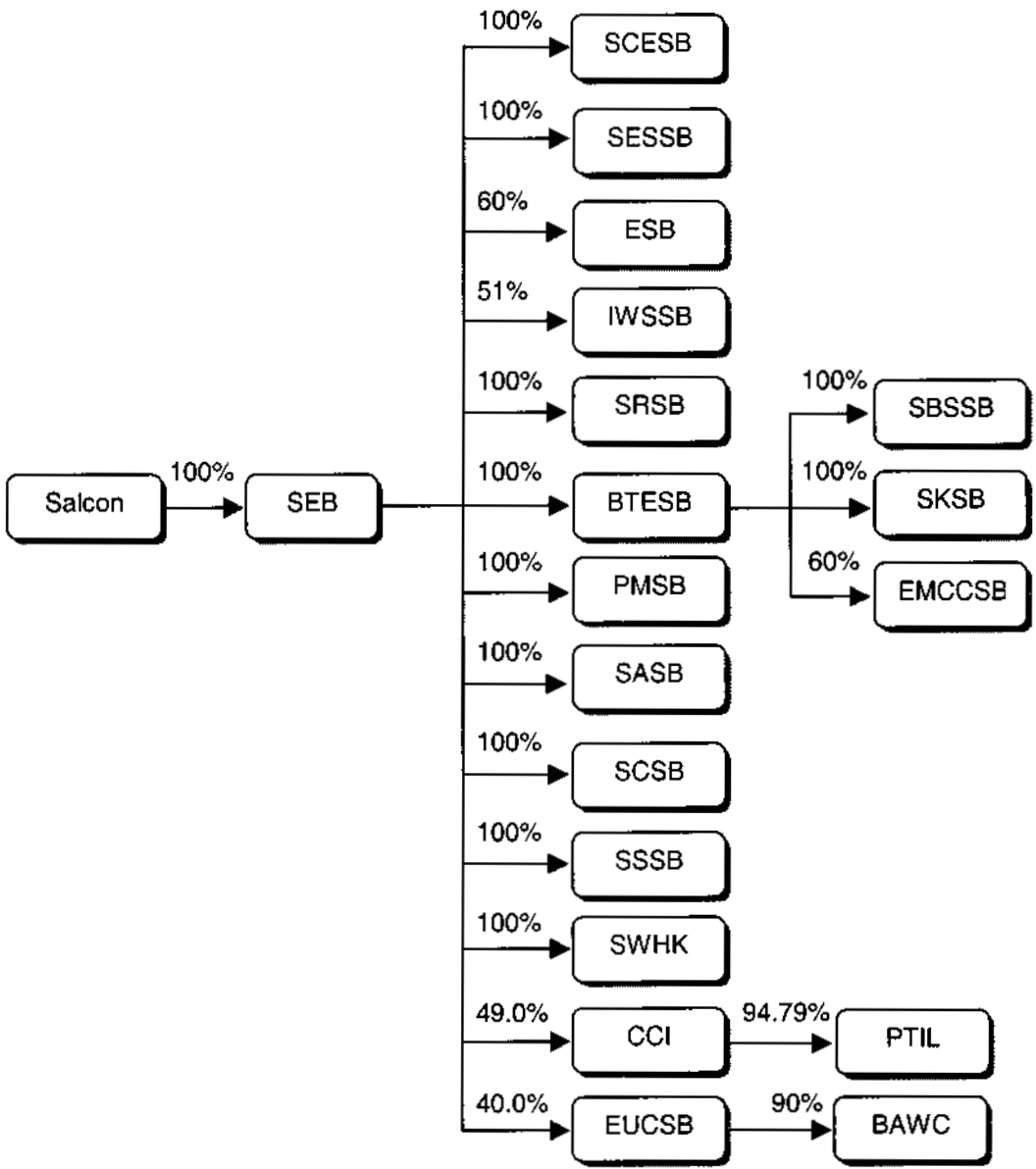
The Salcon Group is organised around five(5) main strategic business units as illustrated below:



The Group's business began in 1974 under SEB constructing water treatment plants for palm oil mills, domestic water supply facilities for plantation workers and swimming pools. SEB was also engaged in the trading of engineering equipment for plantations and buildings. Later, SEB undertook larger turnkey projects to build palm oil mills, water and wastewater treatment plants for the Public Works Department, various municipalities and agro-based industries. Since 1991, SEB has streamlined its activities and operations to focus on providing engineering services, operation, maintenance and investing in privatised projects in the palm oil and water industries. In 1997, the Building Services Division was established to provide engineering services to other industries (i.e. residential and commercial buildings). In March 2002, SEB expanded into the wastewater and sewage treatment industry with the acquisition of ESB.

1. INFORMATION SUMMARY (Cont'd)

An overview of the Salcon Group's corporate structure is set out below:



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1. INFORMATION SUMMARY (Cont'd)

Details of the subsidiary company of Salcon are summarised below:

Company	Date and Place of Incorporation	Effective Equity Interest (%)	Principal Activities
SEB	3.4.1974 Malaysia	100.00	<ul style="list-style-type: none"> • Design, construction, operation and maintenance of municipal potable water, sewerage and industrial wastewater facilities; • Design, construction and commissioning of palm oil mills; • Provision of mechanical and electrical engineering services for general industries; • Marketing, sales and servicing of equipment for water and palm oil mill industries; and • Investment holding

Details of the subsidiary companies of SEB are summarised below:

Company	Date and Place of Incorporation	Effective Equity Interest (%)	Principal Activities
SCESB	3.5.1979 Malaysia	100.0	Marketing, sales and servicing of equipment for water and palm oil industries
SBSSB	9.12.1980 Malaysia	100.0	Provision of engineering services for general industries
SESSB	27.10.1992 Malaysia	100.0	Operation and maintenance of water treatment plants
ESB	30.8.1984 Malaysia	60.0	Design, building, operation and maintenance of wastewater and sewerage treatment plants
IWSSB	4.7.1985 Malaysia	51.0	Operation and maintenance of water treatment plant
SRSB	12.9.1975 Malaysia	100.0	Property investment
BTESB	12.5.1980 Malaysia	100.0	Investment holding
PMSB	28.4.1983 Malaysia	100.0	Dormant
SASB	22.2.1992 Malaysia	100.0	Dormant
SCSB	26.7.1991 Malaysia	100.0	Dormant
SSSB	13.10.1999 Malaysia	100.0	Dormant
SKSB	28.5.1970 Malaysia	100.0	Dormant

1. INFORMATION SUMMARY (Cont'd)

Company	Date and Place of Incorporation	Effective Equity Interest (%)	Principal Activities
SWHK	23.4.2003 Hong Kong	100.0	Dormant
EMCCSB	13.5.1991 Malaysia	60.0	Dormant

Details of the associated companies of SEB are summarised below:

Company	Date and Place of Incorporation	Effective Equity Interest (%)	Principal Activities
EUCSB	3.9.1987 Malaysia	40.0	Investment holding company in respect of a water supply project in Vietnam
BAWC	15.3.1995 Vietnam	36.0	Production and supply of treated water to Ho Chi Minh City, Vietnam.
CCI	25.6.1998 Republic of Mauritius	49.0	Investment holding
PTIL	6.4.1993 India	46.4	Oil palm plantation development and manufacture and sale of crude palm oil and related products.

Further details of the Salcon Group are set out in Section 4 of this Prospectus.

1.2 Shareholdings of Promoters, Substantial Shareholders, Directors and Key Management of Salcon

As at 15 July 2003, the direct and indirect shareholdings of the Promoters, substantial shareholders, Directors and key management of the Salcon Group after the Restructuring Exercise are as follows:

Name	No. of Shares Held in Salcon After the IPO*			
	Direct Shares	%	Indirect Shares	%
Promoters and Substantial Shareholders				
KEB	70,551,960	36.89	-	-
MASB	44,368,800	23.20	-	-
ETSB	27,555,240	14.41	-	-
Tan Sri Razali Ismail	45,000	0.02	44,368,800 ⁽¹⁾	23.20
Abdul Nasir Bin Adnan	40,000	0.02	44,368,800 ⁽¹⁾	23.20
Dato' (Dr) Teoh Seng Foo	45,000	0.02	70,551,960 ⁽²⁾	36.89
Dato' Lim See Teok	45,000	0.02	27,555,240 ⁽³⁾	14.41
Mr. Jagjit Singh a/l Tara Singh	45,000	0.02	27,555,240 ⁽³⁾	14.41
Directors				
Tan Sri Razali Ismail	45,000	0.02	44,368,800 ⁽¹⁾	23.20
Dato' (Dr) Teoh Seng Foo	45,000	0.02	70,551,960 ⁽²⁾	36.89
Dato' Lim See Teok	45,000	0.02	27,555,240 ⁽³⁾	14.41
Mr. Jagjit Singh a/l Tara Singh	45,000	0.02	27,555,240 ⁽³⁾	14.41
Mr. Foo San Kan	45,000	0.02	-	-
Dato' Dr Freezailah Bin Che Yeom	45,000	0.02	-	-
Dato' Seri Megat Najmuddin bin Datuk Seri (Dr) Hj Megat Khas	45,000	0.02	-	-

1. INFORMATION SUMMARY (Cont'd)

Name	No. of Shares Held in Salcon After the IPO*			
	Direct Shares	%	Indirect Shares	%
Key Management				
Dato' Lim See Teok	45,000	0.02	27,555,240 ⁽³⁾	14.41
Mr. Jagjit Singh a/l Tara Singh	45,000	0.02	27,555,240 ⁽³⁾	14.41
Ir. Cheok Yeow Kwang	45,000	0.02	-	-
Ir. Lee Thim Loy	45,000	0.02	-	-
Ir. Low Beng Peow	45,000	0.02	-	-
Mr. Jamiluddin Amini Sulaiman	40,000	0.02	-	-
Mr. A Muruleedharan	40,000	0.02	-	-
Mr. Wong Lim Ann	40,000	0.02	-	-
Mr. Wong Weng Loong	40,000	0.02	-	-
Mr. Eng Boon Chong	40,000	0.02	-	-
Mr. Mohamed Azri B. Mohamed Noordin	40,000	0.02	-	-
Mr. Chan Chow Hun	40,000	0.02	-	-
Ms. Gladys Lim Chee Mei	40,000	0.02	-	-

* Includes the allocation of shares issued pursuant to the pink form allocation scheme

Notes:

- (1) Deemed interested by virtue of his substantial shareholdings in MASB
(2) Deemed interested by virtue of his substantial shareholdings in KEB
(3) Deemed interested by virtue of his substantial shareholdings in ETSB

Details of the Promoters, substantial shareholders, Directors and key management of Salcon are set out in Section 6 of this Prospectus.

1.3 Financial Statistics

The following table has been extracted from the Accountants Report in Section 12 of this Prospectus and should be read in conjunction with the notes and the assumptions thereto.

The summarised proforma consolidated results of the Salcon Group for the financial years ended 31 July 1998 to 2002 and six(6) months ended 31 January 2003, assuming the Salcon Group has been in existence for the entire financial years/period under review, are set out in the following page:

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1. INFORMATION SUMMARY (Cont'd)

	Proforma					6 months ended 31 January 2003 RM'000
	Year ended 31 July					
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	
Revenue	125,963	102,415	104,003	129,775	153,460	123,285
EBIDTA	9,354	13,239	12,918	16,959	16,185	18,781
Interest expense	(1,093)	(711)	(635)	(465)	(1,823)	(1,093)
Depreciation	(502)	(458)	(835)	(892)	(944)	(767)
Amortisation	(12)	(18)	(530)	(530)	(605)	(494)
	(1,607)	(1,187)	(2,000)	(1,887)	(3,372)	(2,354)
Operating profits	7,747	12,052	10,918	15,072	12,813	16,427
Share of profit/(loss) of associated company	(7)	(1)	2,098	1,827	4,070	2,052
Share of profit in joint venture	-	_(a)	_(a)	-	-	85
Profit from ordinary activities	7,740	12,051	13,016	16,899	16,883	18,564
Exceptional items ^(b)	-	-	(947)	-	-	-
Profit before taxation	7,740	12,051	12,069	16,899	16,883	18,564
Taxation ^(c)	(1,667)	-	1,010	(3,668)	(3,138)	(4,836)
Profit after exceptional items and taxation	6,073	12,051	13,079	13,231	13,745	13,728
Minority interest	-	-	(206)	(734)	(1,283)	(2,266)
Profit attributable to shareholders	6,073	12,051	12,873	12,497	12,462	11,462
Pre-tax profit margin (%)	6.14	11.77	12.52	13.02	11.00	15.06
Number of ordinary shares in issue during the year ('000)	20,000	20,000	20,000	20,000	20,000	20,000
Earnings per share (sen)						
- Gross ^(d)	38.70	60.26	64.05	80.83	78.00	92.82
- Net ^(e)	30.37	60.26	69.10	62.49	62.31	68.64

Notes:

- (a) Share of profit of joint venture had been proportionately taken up in the revenue and contract cost recognised as an expense.
- (b) The exceptional items arose from unrealised foreign exchange loss and foreseeable loss written back.
- (c) Taxation has been adjusted for over/under provision in the respective years.
- (d) Gross earnings per share has been calculated based on proforma profit before exceptional items and taxation but after MI on the number of ordinary shares issued.
- (e) Net earnings per share has been calculated based on proforma profit before exceptional items but after taxation and MI on the number of ordinary shares issued.
- (f) There are no extraordinary items during the financial years/period under review.

The summarised proforma consolidated results have been prepared based on the following assumptions:

- (i) The results and the effects of those investments disposed of during the past five financial years have been excluded from the proforma consolidated results.
- (ii) The current structure of the Group has been in existence throughout the years/period under review.

1. INFORMATION SUMMARY (Cont'd)

1.4 Proforma Consolidated Balance Sheet of the Salcon Group as at 31 January 2003

The Proforma Consolidated Balance Sheet set out below is provided for illustrative purposes only to show the effects on the audited balance sheet of Salcon as at 31 January 2003 after taking into account the Public Issue and Offer for Sale had these proposals been effected on that date.

Proforma	(1)	(2)	(3)	(4)	(5)
Audited Balance Sheet of Salcon	After Share Exchange	After (1) and Acquisition	After (2) and Public Issue	After (3) and Debt Settlement	After (4) and ESOS
(RM'000)					
Property, plant and equipment	-	17,521	17,521	17,521	17,521
Investment in associate companies	-	65,723	65,723	65,723	65,723
Other investment	-	140	140	140	140
Intangible asset	-	28,417	28,417	-	-
Goodwill	-	3,604	3,604	3,604	3,604
	28,417	115,405	115,405	86,988	86,988
Current Assets					
Inventories	-	258	258	258	258
Trade and other receivables	-	204,260	204,260	204,260	204,260
Tax recoverable	-	7	7	7	7
Cash and cash equivalents	**	16,138	51,178	20,678	43,629
	**	220,663	255,703	225,203	248,154
Current Liabilities					
Trade and other payables	-	157,974	157,974	129,974	129,974
Borrowings	-	64,043	64,043	64,043	64,043
Taxation	-	2,471	2,471	2,471	2,471
	28,000	224,488	224,488	196,488	196,488
Net Current (Liabilities)/Assets	** (28,000)	(3,825)	31,215	28,715	51,666
	** 417	111,580	146,620	115,703	138,654

1. INFORMATION SUMMARY (Cont'd)

Proforma	(1)	(2)	(3)	(4)	(5)
Audited Balance Sheet of Salcon	After Share Exchange	After (1) and Acquisition	After (2) and Public Issue	After (3) and Debt Settlement	After (4) and ESOS
(RM'000)					
Financed by:					
Capital And Reserves					
Share Capital	417	80,615	95,215	95,631	105,194
Share premium	-	-	20,440	17,940	31,328
Reserves	-	24,952	24,952	(3,881)	(3,881)
Shareholders' funds	417	105,567	140,607	109,690	132,641
Minority Shareholders' Interests	-	4,782	4,782	4,782	4,782
Long Term And Deferred Liabilities					
Borrowings	-	1,109	1,109	1,109	1,109
Deferred taxation	-	122	122	122	122
	417	111,580	146,620	115,703	138,654
Net tangible assets per share (RM)	-	(33.60)	0.43	0.42	0.49

** RM1

Detailed Proforma Consolidated Balance Sheet and the Reporting Accountant's letter thereon are set out in Sections 10.9 and 10.10 of this Prospectus respectively.

1. INFORMATION SUMMARY (Cont'd)

1.5 Risk Factors

The following are a list of the risk factors (which may not be exhaustive) as extracted from Section 3 of this Prospectus which applicants for the IPO should carefully consider in addition to other information contained elsewhere in this Prospectus before applying for the IPO.

- (i) Political, Economic, Regulatory and Environmental Considerations;
- (ii) Business Risks;
- (iii) Competition;
- (iv) Dependence on Key Personnel;
- (v) Dependence on Certain Customers/Contractors and Suppliers;
- (vi) Investment on Overseas Ventures;
- (vii) Foreign Exchange Fluctuation;
- (viii) Ownership and Control by Substantial Shareholders;
- (ix) Profit Estimate and Forecast;
- (x) Disclosure Regarding Forward-Looking Statements;
- (xi) Investment Activities Risk;
- (xii) Financial Risks;
- (xiii) Insurance Coverage on Assets;
- (xiv) Dependence on Particular Markets and Geographical Locations;
- (xv) Material Litigation;
- (xvi) O&M Risks; and
- (xvii) Quality of Treated Water.

Further details of the risk factors are set out in Section 3 of this Prospectus.

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1. INFORMATION SUMMARY (Cont'd)**1.6 Principal Statistics Relating to the IPO**

The following statistics relating to the IPO are derived from the full text of the Prospectus and should be read in conjunction with the text.

	RM
AUTHORISED SHARE CAPITAL	
1,000,000,000 Shares	<u>500,000,000</u>
ISSUED AND FULLY PAID-UP SHARE CAPITAL	
162,062,502 Shares	81,031,251
TO BE ISSUED PURSUANT TO THE PUBLIC ISSUE	
29,200,000 new Shares	<u>14,600,000</u>
Enlarged Share Capital	<u>95,631,251</u>
TO BE OFFERED PURSUANT TO THE OFFER FOR SALE	
17,920,000 Shares	8,960,000
IPO PRICE PER SHARE	1.20

There is only one class of shares in the Company namely ordinary shares of RM0.50 each, all of which rank pari passu with one another. The Public Issue Shares will rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

1.7 Proforma Consolidated NTA

	RM'000
Proforma Consolidated NTA as at 31 January 2003 <i>(After taking into account an exceptional item of RM28.8 million, being the payment of RM28.0 million cash to SHCB's creditors, approximately RM0.4 million worth of Salcon Shares to the SA and/or creditors' agent and approximately RM0.4 million worth of Salcon Shares to SHCB's shareholders and estimated restructuring and listing expenses of RM2.5 million)</i>	79,708
Proforma Consolidated NTA per Share <i>(Based on the enlarged share capital of 191,262,502 Shares)</i>	RM 0.42

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1. INFORMATION SUMMARY (Cont'd)**1.8 Highlights of the Proforma Consolidated Profit and Dividend Estimate and Forecast****PROFORMA CONSOLIDATED PROFIT ESTIMATE AND FORECAST**

Financial Year Ending 31 July	2003 Estimate RM'000	2004 Forecast RM'000
Turnover	242,093	388,575
EBITDA	47,265	52,540
Depreciation and amortisation	(2,706)	(3,306)
Profit before interest and taxation	44,559	49,234
Interest expense	(5,307)	(5,312)
Profit before taxation and exceptional item	39,252	43,922
Taxation	(9,974)	(12,199)
Profit after taxation but before minority interest	29,278	31,723
Minority interest	(2,877)	(1,833)
Profit after taxation and minority interest	26,401	29,890
The enlarged number of ordinary shares of RM0.50 each ('000)	191,263	191,263
Net earnings per ordinary share based on the enlarged number of ordinary shares (sen)	13.80	15.63
Net PE Multiple based on the Public Issue/Offer price of RM1.20 per Share (times)	8.70	7.68

Note:

The estimate for the financial year ending 31 July 2003 excludes:

- (i) a 11½ month adjustment to pre-acquisition reserves which take into account the effective date of the Acquisition in mid-July 2003; and*
- (ii) an exceptional item (i.e. payment of RM28.0 million cash to SHCB's creditors, approximately RM0.4 million worth of Salcon Shares to the SA and/or creditors' agent and approximately RM0.4 million worth of Salcon Shares to SHCB's shareholders)*

DIVIDEND ESTIMATE AND FORECAST

Financial Year Ending 31 July	2003*	2004
Gross dividend per Share (sen)	-	2.60
Net dividend per Share (sen)	-	2.60
Gross dividend per Share (%)	-	5.20
Net dividend yield based on Public Issue/Offer price of RM1.20 per Share (%)	n/a	2.17
Net dividend cover (times)	n/a	6.01

Note:

* SEB has on 11 July 2003 (i.e. prior to completion of the Acquisition) declared a tax exempt dividend of 25% to the then existing shareholders of SEB, which is consistent with the dividend track record of SEB

Detailed information on the profit and dividend estimate and forecast are set out in Section 10.4 and 10.8 of this Prospectus.

1. INFORMATION SUMMARY (Cont'd)**1.9 Utilisation of Proceeds**

All proceeds of the Public Issue after deducting the related expenses will accrue to Salcon. Salcon intends to use the proceeds from the Public Issue in the following manner:

	RM'000
Debt settlement to SHCB's creditors	28,000
Working capital	4,540
Restructuring and listing expenses	2,500
	35,040

Salcon will bear all other expenses incidental to the listing and quotation of Salcon Shares on the Main Board of the KLSE which include underwriting commission, placement fee, brokerage, registration fee, professional fees, SC fee, advertising, listing expenses and other fees the aggregate of which is estimated to be approximately RM2.5 million.

Proceeds from the Offer for Sale shall accrue to the Offerors and no part of the proceeds is receivable by Salcon. The Offerors shall bear all expenses, such as placement fee, registration fee and share transfer fee relating to the Offer Shares.

Further details of the abovementioned utilisation of proceeds are set out in Section 2.7 of this Prospectus.

1.10 Material Litigation, Contingent Liabilities and Capital Commitment

As at 15 July 2003 (being the last practicable date prior to the printing of this Prospectus):

- (a) Save as disclosed in Section 14.7 of this Prospectus, Salcon and its subsidiaries are not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of Salcon and its subsidiaries and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of Salcon and its subsidiaries.
- (b) Save as disclosed in Section 10.3(iii) of this Prospectus, Salcon and its subsidiaries have no other contingent liabilities.
- (c) Salcon and its subsidiaries have no material capital commitments.

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