

## 14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION

### 14.1 Share Capital

- (a) No shares will be allocated or sold on the basis of this Prospectus later than twelve(12) months after the date of issue of this Prospectus.
- (b) There are no founder, management or deferred shares in the Company. There is only one class of shares in the Company, namely Shares, all of which rank pari passu with one another.
- (c) Save for the Shares reserved for directors, eligible employees of and business associates the Group as well as the eligible directors and employees of KEB as disclosed in Sections 2.3, 2.4 and 5.3 of this Prospectus, no person has been or is entitled to be given an option to subscribe for any shares, stocks or debentures of the Company and its subsidiaries.
- (d) Save as disclosed in paragraph (c) above, as at the date of this Prospectus, none of the share capital of the Company or any of its subsidiary has been put under option or agreed conditionally or unconditionally to be put under option.
- (e) Save as disclosed in Sections 2.1 and 2.2 of this Prospectus, no ordinary shares or debentures of the Company or its subsidiaries have been issued or is proposed to be fully or partly paid-up for cash or otherwise than for cash within the two(2) years immediately preceding the date of this Prospectus.

### 14.2 Articles of Association

The following provisions are reproduced from the Company's Articles of Association:

#### (i) Transfer of Securities

The provisions in the Company's Articles of Association in respect of the arrangements for transfer of the securities and restrictions on their free flexibility are as follows:

##### **Article 41**

*Subject to the provisions of these Articles, the Central Depositories Act and the Rules, the transfer of any security or class of securities of the Company shall be made by way of book entry by the Central Depository in accordance with the Rules and, notwithstanding sections 103 and 104 of the Act, but subject to sub-section 107C(2) of the Act and any exemption that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of securities.*

##### **Article 42**

*Subject to the Rules, no share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind, partnership or a person who is not a beneficial owner or not an authorised nominee of the Deposited Securities.*

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**Article 43**

- (a) *The Central Depository may, in its absolute discretion, refuse to register any transfer that does not comply with the Central Depositories Act and the Rules.*
- (b) *Subject to the Central Depositories Act and the Rules, there shall be no restriction on the transfer of fully paid shares except where required by law.*
- (c) *Subject to the applicable laws and regulations, an instrument of transfer must be in respect of only one class of shares.*

**Article 41**

- (a) *The Company may require the Central Depository to suspend the registration of transfers at such times and for such period as the Directors may from time to time determine provided always that such registration shall not be suspended for more than thirty (30) days or such other period as may be required by the Exchange in any year. At least three (3) Market days' prior notice or such other period as may be required by the Exchange, (or, subject to any written laws to the contrary, such other period provided for under the Rules) of any such suspension shall be given to the Central Depository to enable the Central Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate action, at least seven (7) Market days prior notice shall be given to the Central Depository.*
- (b) *The transfer books and Register may on due notice being given as required by the Act and the Exchange be closed during such times as the Directors think fit, not exceeding in the whole thirty (30) days in each year.*

**Article 45**

*Subject to the provisions of the Act, the Central Depositories Act and the Rules, nothing in these Articles shall preclude the directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.*

**Transmission of Securities**

**Article 46**

*Neither the Company nor the directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties or registered by the Central Depository, although the same may, by reason of any fraud or other cause not known to the Company or the directors or other officers be legally in-operative or insufficient to pass the property in the shares proposed or professed to be transferred, and although the transfer may, as between the transferor and transferee, be liable to be set aside, and notwithstanding that the Company may have noticed that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee of the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title thereto.*

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**Article 47**

*In the case of death of a member, the legal personal representatives of the deceased shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of such deceased member from any liability in respect of any share which has been held by him. A transmission or transfer of any share which is a Deposited Security by any person becoming entitled to the share in consequence of the death or bankruptcy of a member may be carried out by the person becoming so entitled by execution of the prescribed transfer from and lodgement of all documents required in accordance with the Rules and other applicable laws.*

**(ii) Remuneration of Directors**

The provisions in the Company's Articles of Association in respect of remuneration of the Directors are as follows:

**Article 104**

*The fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the directors in such proportions as they may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:*

- (a) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or a percentage of profits or turnover;*
- (b) salaries payable to executive directors may not include a commission on or a percentage of turnover;*
- (c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;*
- (d) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.*

**Article 105**

- (1) The directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.*

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (2) *In these Articles, if not inconsistent with the subject or context, render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the directors may pay him special remuneration, in addition to his director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged subject always to Article 104.*

**(iii) Voting and Borrowing Powers of Directors**

The provisions in the Company's Articles of Association dealing with voting and borrowing powers of the Directors in proposals, arrangements or contracts in which they are interested in borrowing powers exercisable by them and how such borrowing powers can be varied are as follows:

**Articles 107**

*The business of the Company shall be managed by the directors who may exercise all such powers of the Company, and do on behalf of the Company all such acts as are within the scope of the Memorandum and Articles of Association of the Company and as are not by the Act or by these Articles required to be exercised or done by the Company in general meeting, subject nevertheless to these Articles, to the provisions of the Act, and to such regulations, being not inconsistent with these Articles, as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the directors which would have been valid if such regulation had not been made.*

**Article 108**

*The directors shall not without the prior approval of the Company in general meeting:*

- (a) *carry into effect any proposal or execute any transaction for the acquisition of any undertaking or property of a substantial value, or the disposal of a substantial portion of the main undertaking or property of the Company which would materially and adversely affect the performance or financial position of the Company;*
- (b) *exercise any power of the Company to issue shares unless otherwise permitted under the Act;*
- (c) *enter into any arrangement or transaction with a director of the Company or its holding company or with a person connected with such a director to acquire from or dispose to such a director or person any non-cash assets of the requisite value.*

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**Article 109**

- (1) *The directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertakings, property and uncalled capital, or any part thereof, and to issue debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party PROVIDED ALWAYS that nothing contained in these Articles shall authorise the directors to borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.*
- (2) *The directors shall cause a proper register to be kept in accordance with Section 115 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of Section 108 of the Act in regard to the registration of mortgages and charges therein specified and otherwise.*
- (3) *If the directors or any of them, or any other person, shall become personally liable for the payment of any sum primarily due from the Company, the directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the directors or persons so becoming liable as aforesaid from any loss in respect of such liability.*

**Article 110**

*The directors may from time to time, and at any time, by power of attorney appoint any corporation, firm or person or body of persons, whether nominated directly or indirectly by the directors to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (including power to sub-delegate but not exceeding those vested in or exercisable by the directors under these Articles) and for such period and subject to such conditions as the directors may from time to time think fit, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with any such attorney as the directors think fit.*

**Article 111**

*All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipt for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the directors may from time to time determine.*

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****Article 112**

A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine. No director or intending director shall be disqualified by his office from contracting with the Company with regard to his tenure of any such office or place of profit in any other respect nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established provided always that Sections 131 and 132E and all other relevant provisions of the Act and these Articles are complied with.

**Article 113**

Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director, provided that nothing herein contained shall authorise a director or his firm to act as auditor of the Company and the appointment is on normal commercial terms.

**(iv) Changes in Capital or Variation of Class Rights**

The provisions in the Company's Articles of Association as to the changes in capital or variation of class rights which are as stringent as those provided in the Companies Act, 1965 are as follows:

**Article 5**

Without prejudice to any special rights previously conferred on the holders of any share or class of shares already issued, but subject to the Act and these Articles any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by special resolution determine provided that:

- (a) the total nominal value of preference shares issued shall not exceed the total nominal value of the issued ordinary shares at any time;
- (b) the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and accounts and attending general meetings of the Company but shall only have the right to vote at any meeting convened for the purpose of reducing the capital, or winding up, or sanctioning a sale of the undertaking of the Company or where the proposition to be submitted to the meeting directly affects their rights and privileges, or when the dividend on such shares is in arrears for more than six (6) months; and
- (c) the Company shall not unless with the consent of the existing preference shareholders at a class meeting or pursuant to Article 13 hereof issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

*Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed.*

**Article 6**

*The Company may, subject to, and in accordance with the Act, the rules, regulations and orders made pursuant to the Act, the conditions, restrictions and limitations expressed in these Articles and the requirements of the Exchange and any other relevant authority purchase its own shares.*

**Article 7**

*The powers of the Company, pursuant to the provision of Article 6 above, shall be exercised by the Directors in their absolute discretion to utilise the funds of the Company to buy the shares in the Company on such terms and conditions as the Directors shall decide. Any shares of the Company so purchased by the Company shall be dealt with as provided in the Act and the requirements of the Exchange and/or relevant authority.*

**Article 8**

*In addition to all other powers of paying commissions, the Company (or the Board on behalf of the Company) may exercise the powers conferred by Section 58 of the Act of applying its shares or capital moneys in paying commissions to persons subscribing or procuring subscriptions for shares of the Company, or agreeing so to do whether absolutely or conditionally, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and shall not exceed ten per centum (10%) of the price at which the shares in respect whereof the commission is paid are issued or an amount equivalent thereto. The Company (or the Board on behalf of the Company) may also on any issue of the shares pay such brokerage as may be lawful.*

**Article 9**

*Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period the Company may pay interest on so much of such share capital as is for the time being paid up for the period and subject to the condition and restrictions mentioned in Section 69 of the Act, and may charge the same to capital as part of the cost of construction of the works, buildings or plant.*

**Article 10**

*The Company shall duly observe and comply with the provisions of the Act, the Central Depositories Act, the Rules and the Listing Requirements from time to time prescribed by the Exchange applicable to any allotment of its shares. Subject to the provisions as aforesaid, the Company must allot shares and despatch notices of allotment to all allottees subject to the respective new issue of securities of the final applications closing date for an issue of shares or such other period as may be prescribed by the Exchange.*

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**Article 11**

*Except as required by law and as provided under the Rules no person shall be recognised by the Company as holding any share upon any trust and the Company shall not even when having notice thereof be bound or compelled to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles otherwise expressly provided) any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.*

**Article 12**

*Subject to any direction to the contrary that may be given by the Company in general meeting, any original shares for the time being unissued and not allotted and any new shares from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they think most beneficial to the Company. The directors may likewise also dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this Article.*

**Article 13**

*Notwithstanding the preceding Article the Company may apply to the Exchange for waiver of the convening of an extraordinary general meeting to obtain shareholders' approval for further issues of shares (other than bonus or rights issue) where the aggregate issue of which in any one financial year do not exceed ten per centum (10%) of the issued capital.*

**Article 14**

*No person shall exercise any rights of a member until his name shall have been entered in the Register or the Record of Depositors and he shall have paid all calls and other moneys for the time being due and payable on any share held by him.*

**Article 15**

*If, by the condition of allotment of any share, the whole or part of the amount or issue price thereof shall be payable on fixed dates every such amount shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share, or his legal personal representatives.*



**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**14.3 Directors and Substantial Shareholders**

- (i) The names, addresses and occupations of the Directors of Salcon are set out in the Corporate Directory Section of this Prospectus.
- (ii) A Director is not required to hold any qualification share in the Company unless otherwise so fixed by the Company in general meeting.
- (iii) There are no existing or proposed service contracts between the Directors and the Company or its subsidiary companies which is not terminable by notice without payments or compensation other than statutory compensation within one(1) year preceding the date of this Prospectus save for the following:
  - (a) Mr Jagjit Singh a/l Tara Singh  
  
Mr. Jagjit was appointed on 1 January 2003 as director of SEB for a tenure of five(5) years from 1 January 2003 to 31 December 2007. The appointment may be terminated by giving two(2) months written notice or two(2) months salary in lieu of notice.
  - (b) Ir. Cheek Yeow Kwang  
  
Ir. Cheek was appointed on 1 April 2000 as the Special Advisor to SEB and its subsidiaries for a tenure of three(3) years from 1 April 2003 to 31 March 2006. The appointment may be terminated by giving two(2) months written notice or two(2) months salary in lieu of notice.
- (iv) No Director, senior executive officer or person nominated to become a Director or senior executive officer is or was involved in the following events:
  - (a) A petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
  - (b) Such person was convicted in a criminal proceeding or is a named subject of a pending criminal proceeding; or
  - (c) Such person was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (v) The remuneration paid to the directors of SEB and its subsidiary companies for services rendered to SEB and its subsidiary companies for the financial year ended 31 July 2002 amounted to RM1.36 million. For the financial year ending 31 July 2003, the amount payable to the Directors of Salcon and its subsidiary companies for services rendered in all capacities to Salcon and its subsidiary companies is estimated to be about RM1.56 million.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (vi) The substantial shareholders of Salcon and their respective direct interests based on the Register of Substantial Shareholders of Salcon as at 15 July 2003 (being the latest practicable date prior to the printing of this Prospectus) before and after the Public Issue and Offer for Sale are as follows:

Substantial shareholders	Before the Public Issue and Offer for Sale*				After the Public Issue and Offer for Sale*			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
KEB	81,801,960	50.48	-	-	70,551,960	36.89	-	-
MASB	48,118,800	29.69	-	-	44,368,800	23.20	-	-
ETSB	30,475,240	18.80	-	-	27,555,240	14.41	-	-
Tan Sri Razali Ismail	-	-	48,118,800 <sup>(1)</sup>	29.69	45,000	0.02	44,368,800 <sup>(1)</sup>	23.20
Abdul Nasir Bin Adnan	-	-	48,118,800 <sup>(1)</sup>	29.69	40,000	0.02	44,368,800 <sup>(1)</sup>	23.20
Dato' (Dr) Teoh Seng Foo	-	-	81,801,960 <sup>(2)</sup>	50.48	45,000	0.02	70,551,960 <sup>(2)</sup>	36.89
Dato' Lim See Teok	-	-	30,475,240 <sup>(3)</sup>	18.80	45,000	0.02	27,555,240 <sup>(3)</sup>	14.41
Mr. Jagjit Singh a/l Tara Singh	-	-	30,475,240 <sup>(3)</sup>	18.80	45,000	0.02	27,555,240 <sup>(3)</sup>	14.41

*Notes:*

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

(1) Deemed interested by virtue of their substantial shareholdings in MASB.

(2) Deemed interested by virtue of his substantial shareholdings in KEB.

(3) Deemed interested by virtue of their substantial shareholdings in ETSB

- (vii) The Directors of Salcon and their respective direct and indirect interests based on the Register of Directors' Shareholdings as at 15 July 2003 (being the latest practicable date prior to the printing of this Prospectus) before and after the Public Issue and Offer for Sale are as follows:

Directors	Before the Public Issue and Offer for Sale*				After the Public Issue and Offer for Sale*			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
Tan Sri Razali Ismail	-	-	-	-	45,000	0.02	44,368,800 <sup>(1)</sup>	23.20
Dato' (Dr) Teoh Seng Foo	-	-	-	-	45,000	0.02	70,551,960 <sup>(2)</sup>	36.89
Dato' Lim See Teok	-	-	-	-	45,000	0.02	27,555,240 <sup>(3)</sup>	14.41
Mr Jagjit Singh a/l Tara Singh	-	-	-	-	45,000	0.02	27,555,240 <sup>(3)</sup>	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	-	-

\* 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 their substantial shareholdings in ETSB.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (viii) None of the Directors or substantial shareholders of the Company has any interest, direct or indirect in any business carrying on a similar trade as the Company and its subsidiaries.
- (ix) Save as disclosed in Section 8.1 of this Prospectus, none of the Directors and/or substantial shareholders of Salcon has interest in any subsisting contract or arrangement, which is significant to the business of the Salcon Group, as at the date of this Prospectus.
- (x) Save as disclosed in Sections 3(viii), 14.3(vi) and 14.3(vii) of this Prospectus, the Directors and substantial shareholders are not aware of any persons who are able, directly or indirectly, jointly or severally, to exercise control over the Company and its subsidiaries.
- (xi) Save as disclosed below, none of the Directors and substantial shareholders has any interest, direct or indirect, in the promotion of or in any material assets acquired or proposed to be acquired or disposed or proposed to be disposed of or leased or proposed to be leased to the Company or any of its subsidiaries within the two(2) years preceding the date of this Prospectus.

**Acquisition of SEB**

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 to be satisfied by the issuance of 160,396,000 new Salcon Shares at an issue price of RM0.50 per Salcon Share. The completion date of the Acquisition was 18 July 2003.

The interest of the Directors and substantial shareholders of the Company in the aforesaid transactions are as follows:

<b>Directors/substantial shareholders</b>	<b>Nature of interest</b>
KEB	Substantial shareholder of SEB
MASB	Substantial shareholder of SEB
ETSB	Substantial shareholder of SEB
Tan Sri Razali Ismail	Director and deemed substantial shareholder of SEB
Abdul Nasir Bin Adnan	Deemed substantial shareholder of SEB
Dato' (Dr) Teoh Seng Foo	Director and deemed substantial shareholder of SEB
Dato' Lim See Teok	Director and deemed substantial shareholder of SEB
Mr. Jaggit Singh a/l Tara Singh	Director and deemed substantial shareholder of SEB

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**14.4 General Information**

- (a) The nature of the Group's business and the names of all corporations which are deemed to be related to the Company by virtue of Section 6 of the Companies Act, 1965 has been disclosed in Section 4.1 and 4.4 of this Prospectus.
- (b) The time of the opening and closing of the Application Lists are set out in Section 2.5 of this Prospectus.
- (c) The amount payable in full on application for the Public Issue Shares and Offer Shares is RM1.20 per Share.
- (d)
- (i) Underwriting fees are payable by the Company to the Managing Underwriter and Underwriters mentioned in this Prospectus at the underwriting rate of 2.5% of the Public Issue/Offer price of RM1.20 per Share;
  - (ii) Placement fee is payable by the Offerors to the Placement Agent mentioned in this Prospectus at the rate of 2.0% of the Public Issue/Offer price of RM1.20 per Share;
  - (iii) Brokerage at the rate of 1.0% of the Public Issue/Offer price of RM1.20 per Share is payable by the Company and the Offerors in respect of Applications bearing the stamp of AmMerchant Bank, members of the KLSE, members of the Association of Merchant Banks in Malaysia, members of the Association of Banks in Malaysia or MIH. No amount or benefit has been paid or given within the two(2) years immediately preceding the date hereof, nor is it intended to be paid or given to any promoter;
  - (iv) Expenses incidental to the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Board of the KLSE amounting to approximately RM2,500,000 will be borne by the Company.
- (e) Save as disclosed in item (d) above, no commission, discounts, brokerages or other special terms have been paid, granted or are payable by the Company or its subsidiary companies within the two(2) years immediately preceding the date of this Prospectus for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in or debentures of the Company or its subsidiary companies or in connection with the issue or sale of any capital of the Company or any of its subsidiaries and no Director, proposed Director, promoter or expert is or are entitled to receive any such payment.
- (f) As at the date of this Prospectus, the Salcon Group has established places of business outside Malaysia in the following countries:
- Vietnam
  - Thailand
  - India
  - China
  - Republic of Mauritius

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (g) During the last financial year and the current financial year to date, there were:
- (i) No public take-over offers by third parties in respect of the Company's shares; and
  - (ii) No public take-over offers by the Company in respect of other companies' shares.
- (h) Save as disclosed in Section 3 of this Prospectus, the Directors are not aware of any material information including trading factors or risks not mentioned elsewhere in this Prospectus which are unlikely to be known or anticipated by the general public and which would materially affect the profits of the Group.
- (i) Save as disclosed in Sections 1.10, 10.3 and 11 of this Prospectus, the financial conditions and operations of the Group are not affected by any of the following:
- (i) known trends or known demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any material way;
  - (ii) material commitments for capital expenditure;
  - (iii) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
  - (iv) known trends or uncertainties that have had or will have a material favourable or unfavourable impact on revenues or operating income.
- As far as the Directors are aware and except as disclosed in this Prospectus, the Group is not vulnerable to any specific factors or events of a particular nature other than those normal commercial risks experienced during the normal course of business.
- (j) As at the date of this Prospectus, neither the Company nor its subsidiaries have any outstanding convertible debt securities.
- (k) The name and address of the Auditor and Reporting Accountant of the Company are as set out in the Corporate Directory Section of this Prospectus.
- (l) The manner in which copies of this Prospectus together with the Application Forms and envelopes may be obtained is set out in Section 15 of this Prospectus.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****14.5 Material Contracts**

Save as disclosed hereunder there are no other material contracts (including contracts not reduced into writing), not being contracts entered into in the ordinary course of business which have been entered into by Salcon and its subsidiary companies within two(2) years preceding the date of this Prospectus:

- (i) Novation Agreement dated 23 July 2001 between SEB, Trans MSB Sdn Bhd ("TMSB") and SBSSB. TMSB awarded to SEB a sub contract for the mechanical and electrical works for the project known as "Cadangan Penswastaan dan Pembinaan Pusat Pengangkutan Awam, Kompleks Perdagangan dan Hotel di atas Lot PTB 1013, Mukim Gemereh, Daerah Segamat, Negeri Johor Darul Takzim Fasa 2, Kompleks Perdagangan" for the sum of RM12,311,000. Following various corporate exercises undertaken by SEB, SEB has consolidated its building services division under SBSSB. SEB has agreed to novate the Letter of Award to SBSSB and SBSSB has agreed to accept a novation of the Letter of Award from SEB. An Acknowledgement and Acquiescence was signed simultaneously with the sub-contractor, Kejuruteraan LHE Sdn Bhd, Air-Conditioning Systems Design Sdn Bhd, Globe Engineering Sdn Bhd and Saga Matra Jaya Engineering Sdn Bhd with the Novation Agreement mentioned above.
- (ii) Sale and Purchase Agreement dated 30 July 2001 between SRSSB, a subsidiary company of SEB, and Maximal Dominance Sdn Bhd for the sale of property known as Lot DF17 together with a 3-storey detached factory with office space cum showroom erected or to be erected in the Meda Industrial Park for a total consideration of RM2,900,000.
- (iii) Sale and Purchase Agreement dated 21 March 2002 entered into between SEB and Lee Thim Loy, Low Beng Peow, and Ho Yueh Chuen, ("Shareholders of ESB") for the acquisition by SEB of 2,100,000 ordinary shares of RM1.00 each in ESB representing 60% of the issued and paid-up share capital of ESB, for a cash consideration of RM6,713,400.
- (iv) Agreement dated 21 March 2002 entered into between the Shareholders of ESB and SEB whereby the parties agreed that certain assets and liabilities of ESB will be transferred, assigned or novated to such third parties identified by the Shareholders of ESB in compliance with the above Sale and Purchase Agreement dated 21 March 2002 entered into between the Shareholders of ESB and SEB, one of which was the land held under HS(D) 102217, PT 16031, Mukim Damansara, Daerah Petaling together with a semi-detached light industrial factory erected thereon for the consideration of RM1,642,000 under the Sale and Purchase Agreement dated 28 June 2002.
- (v) Shareholders Agreement dated 21 March 2002 entered into between the Shareholders of ESB and SEB whereby the parties agreed to define the roles and obligations which will govern the relationship of the parties inter se as legal and beneficial owners of the entire shareholding of ESB.
- (vi) Deed of Indemnity dated 21 March 2002 entered into between the Shareholders of ESB and SEB whereby the Shareholders of ESB, being the indemnifying parties, agreed to jointly and severally indemnify SEB against, inter-alia, any liability to taxation.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

- (vii) Shareholders Agreement dated 30 July 2002 between SEB and KEB and Subscription Agreement dated 30 July 2002 between SEB, KEB and CCI for the subscription of 1,225 new ordinary shares in CCI representing Forty Nine per centum (49%) of the entire issued and paid up ordinary shares of CCI at USD1.00 each. SEB agreed to pay a sum of RM16,635,520 as consideration to KEB for the rights given in relation to the subscription.
- (viii) Sale and Purchase Agreement dated 30 September 2002 between Salcon, SHCB and vendors of SEB i.e. KEB, MASB and ETSB for the Acquisition.
- (ix) Agreement dated 26 November 2002 between SEB and Sejati Builders Sdn Bhd ("SBSB") in relation to the following:
  - (a) the offer by SBSB to pay the balance sum owed by Kumpulan Meda Liziz Bhd to SEB comprising RM69,648.45 ("1<sup>st</sup> Balance Sum");
  - (b) the indebtedness by SBSB to SRSB to the amount of RM1,122,972.60 ("2<sup>nd</sup> Balance Sum") and the assignment of the 2<sup>nd</sup> Balance Sum to SEB;
  - (c) invoice for PABX Maintenance provided to SBSB by SEB for the amount of RM1,648.25 ("3<sup>rd</sup> Balance Sum").

SBSB has offered and SEB has accepted, via this Agreement, shares in various public listed companies as settlement consideration of the 1<sup>st</sup> Balance Sum, 2<sup>nd</sup> Balance Sum and 3<sup>rd</sup> Balance Sum.

- (x) Settlement Agreement dated 21 February 2003 between SCESB and Isabel Timber Company Limited ("ITCL") (a subsidiary of KEB) in relation to an amount of USD378,638.79 owing by ITCL to SCESB as at 31 January 2003. It was agreed that ITCL shall settle in full the total debt outstanding to SCESB within fourteen(14) days after completion of the corporate restructuring of SHCB or within fourteen(14) days after the date on which the issued and paid up shares in the capital of Salcon is listed and quoted on the Official List of the Main Board of the KLSE.
- (xi) Settlement Agreement dated 21 February 2003 between SCESB and Sylvania Products (S.I.) Limited ("SPSL") (a subsidiary of KEB) in relation to an amount of USD292,123.58 owing by SPSL to SCESB as at 31 January 2003. It was agreed that SPSL shall settle in full the total debt outstanding to SCESB within fourteen(14) days after completion of the corporate restructuring of SHCB or within fourteen(14) days after the date on which the issued and paid up shares in the capital of Salcon is listed and quoted on the Official List of the Main Board of the KLSE.
- (xii) Settlement Agreement dated 21 February 2003 between SCESB and Sylvania Plantation Product (S.I.) Limited ("SPPL") (a subsidiary of KEB) in relation to an amount of USD544,996.06 owing by SPPL to SCESB as at 31 January 2003. It was agreed that SPPL shall settle in full the total debt outstanding to SCESB within fourteen(14) days after completion of the corporate restructuring of SHCB or within fourteen(14) days after the date on which the issued and paid up shares in the capital of Salcon is listed and quoted on the Official List of the Main Board of the KLSE.
- (xiii) Underwriting Agreement made on 22 July 2003 between the Company, the Managing Underwriter and the Underwriters for the underwriting of 10,000,000 Shares in Salcon at an issue price of RM1.20 per Share at an underwriting commission of 2.5% on the Shares which are being underwritten.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****14.6 Material Agreements**

Save as disclosed hereunder, there are no other material agreements entered into by Salcon and its subsidiaries as at the date of this Prospectus:

**SEB**

1. Jabatan Bekalan Air Negeri Sembilan ("JBANS") awarded to SEB the Kuala Jelai Water Supply Project Phase 2 ("Phase 2") on 30 May 2000 at a total contract sum of RM92,279,892. The project was approved under the Seventh Malaysian Plan and again under the Eighth Malaysian Plan. SEB is to supply the materials, labour and plant necessary for the execution, completion and maintenance of the following:
  - (a) An intake structure and raw water pumping station with a raw water output capacity of 100 Mld and M&E equipment for 50 Mld;
  - (b) Treatment works at Kuala Jelai with a nominal output capacity of 90 Mld and M&E equipment for 45 Mld;
  - (c) Refurbishment of the existing Phase 1 treatment plant;
  - (d) A clear water tank;
  - (e) 1000 mm raw water pumping pipeline from the proposed intake to the proposed treatment works;
  - (f) A 4.5 ML balancing reservoir at Kepis; and
  - (g) 400 mm water pumping pipeline from the proposed treatment works to the proposed 4.5ML Kepis reservoir.

The plant in respect of Phase 2 was completed and handed over to JBANS in March 2002. However, the refurbishment of the existing Phase 1 treatment works plant is expected to be completed by the third quarter of 2003.

2. Jabatan Bekalan Air Negeri Sembilan ("JBANS") awarded to SEB the Sungai Terip Stage III Water Treatment Plant on 14 June 2000 for a total contract sum of RM70,308,212. The contract was signed on 15 March 2001. The water treatment plant is to have a capacity of 136 Mld and operates 24 hours/day to cater for additional domestic and industrial demand in the District of Seremban and Port Dickson. The project was approved under the Seventh Malaysian Plan and again under the Eight Malaysian Plan. SEB is to supply the materials, labour and plant necessary for the execution, completion and maintenance of the following:
  - (a) Raw Water Intake and Pumping Station;
  - (b) Raw Water Gravity Main;
  - (c) Sg. Terip Stage III Water Treatment Plant;
  - (d) Treatment Water Pumping Main; and
  - (e) Sg Terip Balancing Reservoir.

The project was completed and handed over to JBANS in June 2002.

3. SEB has awarded the civil structure piling and associated work in relation to the Sg. Terip Project mentioned in (2) above to Visage Engineering Sdn Bhd on 13 July 2000 for a total sum of RM32,554,991.08.



**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

4. Perbadanan Air Melaka ("PAM") awarded to SEB the Lancang Treatment Works (Package B) in February 2002 for a total contract sum of RM109,888,698. The Lancang Treatment Works will be implemented in three stages, with Stage 1 and Stage 2 of nominal capacity of 55 Mld each and Stage 3 of nominal capacity of 110 Mld to meet the increasing water demand over the years. The project was approved under the Eight Malaysian Plan. SEB is to supply the materials, labour and plant necessary for the execution, completion and maintenance of the following:
- a) Raw Water intake works of nominal capacity of 58.5 Mld with some components of higher capacity allowed for future expansion;
  - b) 55 Mld Lancang treatment works with some components of higher capacity allowed for future expansion;
  - c) 5.0 km of 800 mm diameter mild steel raw water pipeline from Lancang intake to the treatment works;
  - d) 3.5 km of 700 mm diameter mild steel pipeline from Bukit Bahuddin reservoir to connect with the existing pipe;
  - e) 0.4 km of 700 mm diameter mild steel pipeline from the Lancang treated water pumping station to connect with the existing pipe feeding the existing Bukit Perah reservoir;
  - f) 0.5 km of 700 mm diameter mild steel pipeline from the Lancang treated water pumping station to the new Bukit Perah reservoir;
  - g) 1.2km of 700 mm diameter mild steel gravity from the new Bukit Perah reservoir to connect to the existing trunk mains at Cin Cin/Merlimau road; and
  - h) 9.0 Mld reinforced concrete reservoir at Bukit Perah.

The project is expected to be completed within a period of 24 months from the date of award i.e. by the first quarter of 2004.

5. Active Review (M) Sdn Bhd awarded to SEB the Johor Bahru Water Supply Privatisation Project – Stage 3, Work Contract No. 46-Design, Supply, Delivery, Install, Test and Commission Process Equipment for Sg. Johor Water Treatment Plant including upgrading telemetry system and Scada on the 1 March 2002 for a contract sum of RM32,021,701.

The project is expected to be completed within a period of 16 months from the date of award i.e. by 30 June 2003.

6. Notification dated 27 July 2002 from the Setiausaha Kerajaan Negeri Sembilan and letter dated 24 March 2003 from the Jabatan Bekalan Air Negeri Sembilan ("JBANS") in relation to the acceptance of SEB tender for the Management, Operation and Maintenance of Sg. Terip Water Treatment Plant (WTP), Kepis WTP, Pedas WTP, including monitoring and inspection of Sg. Terip Dam, Sg. Kelinchi Dam, Upper Muar Dam, Gemenchen Dam, Pedas Dam and Sg. Kelinchi Raw Water Pumping Station in the State of Negeri Sembilan. The operation and maintenance contract amounts to RM199,995,330 for a maintenance period of ten(10) years or until the privatisation of JBANS, whichever is earlier.

7. In the letter of award dated 19 March 2003, SEB has been awarded a RM35,000,000 contract for the development of water supply in the District of Sandakan by the Jabatan Bekalan Air, Sabah.

The contract is for a period of 30 months and commences from the date of site possession which is 16 April 2003.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)****ESB**

1. On 8 October 1999, Pembinaan Tegap Tunas Sdn Bhd awarded to ESB the design, construction, commissioning, operation and maintenance of the proposed regional sewage plant and associated facilities at Phase 2C, Taman Perindustrian Pulau Indah, Klang, Selangor Darul Ehsan for a total contract sum of RM9,538,130.
2. On 14 December 2000, Shaz-Lan Development Sdn Bhd awarded to ESB the design, construction, commissioning, operation and maintenance of proposed sewerage facilities for part of Section 10, Taman Perindustrian Pulau Indah, Klang, Selangor Darul Ehsan for a total contract sum of RM12,544,000.
3. On 29 December 2000, Ranhill Bersekutu Sdn Bhd on behalf of Naraja Sdn Bhd awarded to ESB the design, construction, completion, operation and maintenance of sewage and sludge treatment plant (STP A & B) and intermediate sewage pumping stations including all ancillary works for the proposed mixed development at 10<sup>th</sup> Mile Cheras, Mukim Hulu Langat, Daerah Hulu Langat, Selangor Darul Ehsan for a total contract sum of RM6,050,000.
4. On 30 November 2001, Hussein & KH Chong Jurutera Perunding (M) Sdn Bhd awarded to ESB the design, supply, delivery, installation, testing, commissioning and maintenance of an activated sludge sewage treatment plant and proposed infrastructure works within the compound of treatment plant for Glomac Enterprise Sdn Bhd (PT858) and Glomac Land Sdn Bhd (PT836) for a total contract sum of RM6,018,250.
5. On 29 March 2002, Talam Builders Sdn Bhd awarded to ESB the design, supply, construction and completion of sewerage pumping stations for Cadangan Pembangunan Bercampur di atas Tanah Kerajaan Seluas 801.00 ekar, Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan untuk Maxisegar Sdn Bhd for a total contract sum of RM6,100,000.
6. On 15 April 2002, Harum Intisari Sdn Bhd awarded to ESB the design, construction, completion, testing and commissioning of vacuum sewerage reticulation system for parcel A of the proposed mixed development project on Lot 122, 3377 and 72084, Mukim Klang, Daerah Klang, Selangor Darul Ehsan for a total contract sum of RM19,303,100.
7. On 20 November 2002, Jurureka Sepakat awarded to ESB the execution and completion of regional centralised STP (200,000PE) for mixed development on Lot 46 & 6677, Mukim Klang, Selangor Darul Ehsan for Labor Bina Sdn Bhd for a total contract sum of RM12,600,000.
8. On 10 December 2002, Ranhill Bersekutu Sdn Bhd on behalf of Perumahan Kinrara Berhad awarded to ESB the construction and completion of sewage pumping station no. 2 and ancillary work for Cadangan Pembangunan Kinrara Estate di atas Lot 3197, 3198 & 1804, Mukim Petaling, Selangor Darul Ehsan for a total contract sum of RM6,787,794.95.

**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

**14.7 Material Litigation**

Save as disclosed below, neither the Company nor any of its subsidiary companies are engaged in any material litigation and arbitration, either as plaintiff or defendant, and the Board of Directors have no knowledge of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or the business of the Company or any of its subsidiaries:

- (i) SEB had on 29 September 1999 commenced legal action in the Kuala Lumpur High Court against Citramuda Sdn Bhd ("Citramuda") and Readybuilt (M) Sdn Bhd ("Readybuilt"), being parties to an unincorporated consortium ("the Consortium"), for the sum of RM2,171,488.57 due to works carried out by SEB pursuant to a subcontract agreement dated 5 November 1996.

SEB obtained judgment in default against Citramuda on 15 December 1999. Citramuda was wound up by order of the Kuantan High Court on 20 June 2000. SEB attempted to enforce the judgment by way of garnishee proceedings against Kuala Lumpur International Airport Berhad, the employer of the Consortium but was not successful.

Readybuilt has filed its Defence. The case is pending full trial.

- (ii) In Shah Alam High Court, MQS Engineering Sdn Bhd ("MQS") had taken legal proceedings against SEB for an amount of RM4,745,035 pursuant to a Novation Agreement and Settlement Agreement both dated 23 November 2000.

MQS took out a summary judgment application against SEB but was not successful. The case has been referred to full trial.

**14.8 Consents**

The written consents of the Adviser and Managing Underwriter, Underwriters, Auditor and Reporting Accountant, Company Secretaries, Principal Bankers, Solicitors, Registrars and Issuing House for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given and have not subsequently been withdrawn.

The written consent of the Auditor and Reporting Accountant for the inclusion in this Prospectus of their name, Accountant's Report and letters relating to the Consolidated Profit Estimate and Forecast for the financial years ending 31 July 2003 and 2004 and the Proforma Consolidated Balance Sheets as at 31 January 2003 in the form and context in which they are contained in this Prospectus has been given and has not subsequently been withdrawn.

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**14. FURTHER STATUTORY AND OTHER GENERAL INFORMATION (Cont'd)**

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**14.9 Documents for Inspection**

Copies of the following documents may be inspected at the registered office of the Company during normal business hours for a period of twelve(12) months from the date of this Prospectus:

- (a) Memorandum and Articles of Association of the Company;
- (b) The Directors' Report and Accountant's Report as included herein;
- (c) The Reporting Accountant's letters relating to the Consolidated Profit Estimate and Forecast for financial years ending 31 July 2003 and 2004 and Proforma Consolidated Balance Sheets as at 31 January 2003 as included herein;
- (d) The material contracts and material agreements referred to in Sections 14.5 and 14.6 of this Prospectus respectively;
- (e) The relevant cause papers in respect of the material litigation and arbitration referred to in Section 14.7 of this Prospectus;
- (f) The audited accounts of Salcon and its subsidiaries for the past five(5) financial years ended 31 July 2002 and for the financial period ended 31 January 2003;
- (g) The letters of consent referred to in Section 14.8 of this Prospectus; and
- (h) The existing service contracts between the Directors and the Company or its subsidiary companies referred to in Section 14.3(iii) of this Prospectus.

**14.10 Responsibility Statements**

- (a) This Prospectus has been seen and approved by the Directors and Promoters of the Company and the Offerors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements, or other facts the omission of which would make any statements herein false or misleading.
- (b) AmMerchant Bank being the Adviser and the Managing Underwriter acknowledges 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 Offer for Sale, Public Issue and the Group, and is satisfied that the consolidated profit estimate and forecast for the financial years ending 31 July 2003 and 2004 (for which the Directors of the Company are fully responsible) prepared for inclusion in the Prospectus have been stated by the Directors of the Company after due and careful inquiry and have been fully reviewed by the Reporting Accountant.

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