

MALTON BERHAD

JOINT DEVELOPMENT AGREEMENT ENTERED INTO BY PIONEER HAVEN SDN BHD, A WHOLLY OWNED SUBSIDIARY OF MALTON BERHAD WITH BUKIT JALIL DEVELOPMENT SDN BHD (“JOINT VENTURE”)

1. Introduction

The Board of Directors of Malton Berhad ("Malton" or "Company") wishes to announce that on 16 March 2010, Pioneer Haven Sdn Bhd (879237-A) ("PHSB"), a wholly owned subsidiary of Malton, had entered into a Joint Development Agreement with Bukit Jalil Development Sdn Bhd (293905-X) ("BJDSB") ("JDA") for the development of freehold land located in Bukit Jalil, Wilayah Persekutuan held under individual title Geran 42277, Lot No. 36101, Mukim of Petaling, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan measuring approximately 243000 square meter (approximately 60 acres) ("Land").

2. Information on PHSB

PHSB was incorporated in Malaysia on 16 November 2009 under the Companies Act, 1965. The authorised share capital of PHSB is RM100,000.00 consisting of 100,000 Ordinary Shares of RM1.00 each. The issued and paid-up share capital is RM100.00 divided into 100 Ordinary Shares of RM1.00 each.

PHSB is principally a property developer. Presently, PHSB has not commenced its operation.

3. Information on BJDSB

BJDSB is a private limited company incorporated in Malaysia on 5 April 1994. The authorised share capital of BJDSB is RM25,000,000.00 divided into 25,000,000 Ordinary Shares of RM1.00 each of which 15,000,000 Ordinary Shares of RM1.00 have been issued and paid-up. BJDSB is a 70% owned subsidiary of Ho Hup Construction Company Berhad ("Ho Hup"). Ho Hup is a public company incorporated in Malaysia on 24 March 1973 and listed on the Main Market of Bursa Malaysia Securities Berhad.

BJDSB is the registered and absolute beneficial owner of the Land.

4. Deposit

PHSB has paid RM500,000.00 as deposit upon execution of the JDA to BJDSB which is part of the entitlement of BJDSB.

5. Encumbrances of the Land

BJDSB had charged the Land to CIMB Bank Berhad (“CIMB”) as security for loan facilities granted to Ho Hup. The outstanding indebtedness inclusive of all interests and all restructuring fees and costs does not exceed RM81 million (“Indebtedness”) and BJDSB will reduce the Indebtedness with proceeds from sale of its other parcels of land.

BJDSB and Ho Hup had authorised PHSB to assist in negotiation with CIMB to restructure the loans facilities and assist in settling the outstanding indebtedness upon the terms and conditions acceptable to PHSB and CIMB. Upon settlement of the redemption sum to CIMB, PHSB is authorised to collect the original issue document of title of the Land and all relevant discharge documents from CIMB for purposes of presentation of the discharge at the relevant land registry and shall hold on the document of title until the appropriate time for PHSB to commence the sub-division of the Land. All costs and incidentals relating to the accounts and settlement of the Indebtedness with CIMB will be borne by BJDSB and Ho Hup.

In the event that PHSB is unable to negotiate and settle and/or reduce the Indebtedness with CIMB to the satisfaction of PHSB, PHSB has the absolute right and discretion and option to terminate the JDA and BJDSB shall refund the Deposit and any payment made by PHSB towards the reduction of BJDSB’s Entitlement to PHSB.

6. Proposed Development

Under the JDA, BJDSB had granted the sole and exclusive development rights to PHSB for the development of the Land.

The proposed development is expected to comprise mixed commercial and residential development (“Proposed Development”). Barring any unforeseen circumstances, the gross development value of the Proposed Development is estimated to be RM2.5 billion, subject to market supply and demand conditions.

The Proposed Development will be carried out and completed in phases over 10 years from the approval date of the development order for master layout plan with automatic extension of 5 years subject to market supply and demand conditions provided that PHSB commences development within 6 months from the date of issuance of the development order for master plan and approval of building plan by the appropriate authorities.

PHSB is solely responsible to meet the costs of the Proposed Development.

BJDSB as the landowner agrees to execute all documents necessary for implementation of development required by PHSB.

7. Salient terms of the JDA

7.1 Conditions Precedent

The Conditions Precedent is PHSB increasing its issued and paid-up share capital to RM5 million within 14 days from the date of JDA.

7.2 Delivery of Vacant Possession

BJDSB shall deliver vacant possession of the Land to PHSB upon request for commencement of work.

7.3 Entitlement of the Proposed Development

BJDSB's entitlement is 17% of the gross development value of the Proposed Development and the total entitlement shall not be less than RM265 million.

PHSB's entitlement is 83% of the Gross Development Value of the Proposed Development.

7.4 Financing for the Proposed Development

PHSB is responsible for the entire development financing, which will be funded by internal generated funds and/or bank borrowings.

8. Rationale and Prospects of the Joint Venture

The rationale and prospects for the Joint Venture are as follows:-

- a. The Joint Venture is in line with the Company's expansion plan of its core business activities of property development, construction and property investment; and
- b. The Joint Venture is expected to contribute to the medium and long-term profitability of the Company.

9. Effects of the Joint Venture

The Joint Venture will not have any material impact on the share capital, substantial shareholdings, earnings and net tangible assets of the Company for the financial year ending 30 June 2010.

10. Approvals Required

Other than the approvals from the relevant authorities for the Proposed Development and fulfillment of Conditions Precedent set out above, the Joint Venture is not subject to approval from any other authority.

The Joint Venture is not subject to the approval of the shareholders of the Company.

11. Directors' and Substantial Shareholders' Interests

None of the Directors and substantial shareholders of the Company or persons connected to them has any interest, direct or indirect in the Joint Venture.

12. Directors' Statement

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

13. Documents Available for Inspection

The JDA is available for inspection at the registered office of PHSB at 22nd Floor, Menara Uni.Asia, No. 1008, Jalan Sultan Ismail, 50250 Kuala Lumpur, during normal business hours on Monday to Friday (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 17 March 2010.