

ANNOUNCEMENT

(For immediate release)

TAMBUN INDAH LAND BERHAD (“TAMBUN” or the “COMPANY”)

I. PROPOSED ACQUISITION OF:

- A. 2,302,400 ORDINARY SHARES OF RM1.00 EACH IN PALMINGTON SDN BHD (“PALMINGTON”), REPRESENTING 40.0% EQUITY INTEREST IN PALMINGTON; AND
- B. 300,000 ORDINARY SHARES OF RM1.00 EACH AND 8,040,000 REDEEMABLE PREFERENCE SHARES SERIES C (“RPS-C”) OF RM0.01 EACH IN TAMBUN INDAH DEVELOPMENT SDN BHD (“TI DEVELOPMENT”), REPRESENTING 30.0% EQUITY INTEREST IN TI DEVELOPMENT

FOR A TOTAL CONSIDERATION OF RM112,234,216; AND

II. PROPOSED PRIVATE PLACEMENT OF UP TO 15,000,000 NEW ORDINARY SHARES OF RM0.50 EACH IN TAMBUN (“TAMBUN SHARES” OR “SHARES”), REPRESENTING UP TO 4.71% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF TAMBUN

1. INTRODUCTION

On behalf of the Board of Directors of Tambun (“**Board**”), AFFIN Investment Bank Berhad (“**AFFIN Investment**”) wishes to announce that the Company is proposing to undertake the following:

- (a) Tambun had on 21 June 2013 entered into a share purchase agreement (“**SPA**”) with Pembangunan Bandar Mutiara Sdn Bhd, a wholly-owned subsidiary of Nadayu Properties Berhad (“**Vendor**” or “**PBM**”) to acquire the following:
 - (i) the remaining 2,302,400 ordinary shares of par value RM1.00 each in Palmington not held by Tambun, representing 40.0% of the total issued and paid up share capital of Palmington (“**Proposed Palmington Acquisition**”); and
 - (ii) the remaining 300,000 ordinary shares of par value RM1.00 each and 8,040,000 RPS-C of RM0.01 each in TI Development not held by Tambun, representing 30.0% of the total issued and paid up share capital of TI Development (“**Proposed TI Development Acquisition**”)

(collectively to be referred to as “**Sale Securities**”)

from the Vendor for a total consideration of RM112,234,216 (“**Purchase Consideration**”) which will be satisfied via a combination of the following:

- (i) RM40,734,216 by cash; and
- (ii) RM71,500,000 by way of issuance of 55,000,000 new Tambun Shares (“**Consideration Shares**”) at an issue price of RM1.30 per Tambun Share;

(the above will collectively be referred to as “**Proposed Acquisitions**”); and

- (b) proposed private placement of up to 15,000,000 new ordinary shares of RM0.50 each in Tambun (“**Tambun Shares**” or “**Shares**”), representing up to 4.71% of the issued and paid-up share capital of Tambun (“**Proposed Private Placement**”);

The Proposed Acquisitions and the Proposed Private Placement shall collectively be referred to as the “**Proposals**”.

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSED ACQUISITIONS

2.1 Background

On 21 June 2013, Tambun had entered into the SPA with the Vendor to acquire the remaining equity interest in Palmington and TI Development not held by the Company for a total consideration of RM112,234,216, as summarised below.

Company	No. of ordinary shares of RM1.00 held	No. of RPS-C of RM0.01 held	Equity interest (%)
Palmington	2,302,400	-	40.0
TI Development	300,000	8,040,000	30.0

In addition, among other terms in the SPA, Tambun is required to advance to Palmington cash to settle the Vendor’s advances to Palmington of RM17,765,784 on completion of the SPA.

Upon completion of the Proposed Acquisitions, Palmington and TI Development will become wholly-owned subsidiaries of Tambun.

By way of a background, Tambun had on 15 May 2010 acquired 700,000 ordinary shares of RM1.00 each, 350,000 redeemable preference shares series A (“**RPS-A**”) of RM1.00 each and 17,050,497 redeemable preference shares series B (“**RPS-B**”) of RM1.00 each in TI Development, representing 70.0% equity interest in TI Development from Siram Permai Sdn Bhd, Amal Pintas Sdn Bhd and Tah-Wah Sdn Bhd, for a purchase consideration of RM17,720,331 which was fully settled via issuance of 35,440,662 Tambun Shares. The acquisition was part of Tambun’s listing scheme, which saw the Company listed on the Main Market of Bursa Securities in 2011. TI Development is the project company involved in the development of three parcels of freehold land in Mukim 15, Daerah Seberang Perai, Penang, measuring a total of 151.913 acres.

Subsequently, on 4 May 2011, Tambun had acquired 3,453,600 ordinary shares of par value RM1.00 each, representing 60.0% of the total issued and paid up share capital of Palmington for a cash consideration of RM3.51 million from Ms Yeap Lay Suat. In relation, Tambun had on the same date, entered into a Shareholders’ Agreement with the Vendor, the remaining 40.0% shareholder of Palmington, to regulate their respective rights and obligations in Palmington.

Also on 4 May 2011, Palmington entered into various sale and purchase agreements with PBM to acquire all those pieces and parcels of lands located in a township development known as Bandar Tasek Mutiara in the locality of Simpang Ampat, Mukim 15, Province Wellesley South, Penang with a total land area of approximately 526.75 acres comprising Parcels R1, R2, R3, C and amenities lands (“**Tasek Mutiara Land**”), for a total cash consideration of RM233,223,012.

Palmington and TI Development, collectively, contributed to approximately 57% of Tambun’s consolidated revenue of RM296.7 million for the financial year ended (“**FYE**”) 31 December 2012, through their property development projects on the above lands, which is currently a township known as Bandar Tasek Mutiara. Details of the remaining lands under development and undeveloped, description of the on-going/future developments by Palmington and TI Development, including the type of

development and the expected gross development value (“**GDV**”), gross development cost (“**GDC**”), and expected profits before tax (“**PBT**”) are summarised below:

[The rest of this page has been intentionally left blank]

Palmington:

Location	Land area (Acres)	Land tenure/ Encumbrances	Project name	Description	Percentage of completion as at 31 March 2013	Expected GDV/GDC/ PBT (RM)	Launched/ expected launch date	Market value as at 31 Mar 2013	Audited net book value as at 31 December 2012	Date of relevant approval
Lands with on-going developments:										
Lots 9859 to 9904, 9965 to 9989 & 9991 to 10015, held under HSD 30877 to 30987 to 31011 & 31013 to 31037, all Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	2.96	Freehold/ Free from encumbrances	Pearl Square 1	96 units of 2-storey shop offices	85%	48,204,000/ 27,178,267/ 21,025,733	September 2011	1,600,000	3,963,603	30 August 2000
Lots 5765 to 5820 and 6030 (Car Park), held under HSD 67735 to 68234, all Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Pearl Square 2, Bandar Tasek Mutiara, Simpang Ampat)	3.35	Freehold/ Free from encumbrances	Pearl Square 2	56 units of 2-storey shop offices	73%	24,831,000/ 10,675,554/ 14,115,446	November 2011	4,000,000	2,986,968	22 July 1996
Lots 10047 to 10226, held under GRN 84863 to 85176, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Pearl Indah 1, Bandar Tasek Mutiara, Simpang Ampat)	7.42	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Pearl Indah 1	180 units of 2-storey terrace houses	66%	62,649,588/ 41,583,280/ 21,066,308	February 2012	15,200,000	4,038,919	17 October 2011
Lots 10710 to 10759, held under GRN 86045 to 86094, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	1.83	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Pearl Indah 2	50 units of 2-storey terrace houses	71%	16,191,000/ 10,768,625/ 5,422,375	February 2012	4,500,000	1,474,787	17 October 2011

Location	Land area (Acres)	Land tenure/ Encumbrances	Project name	Description	Percentage of completion as at 31 March 2013	Expected GDV/GDC/ PBT (RM)	Launched/ expected launch date	Market value as at 31 Mar 2013	Audited net book value as at 31 December 2012	Date of relevant approval
Lots 10802 to 10869, 10928 to 10987 & 11032 to 11095, held under GRN Nos. 86121 to 86188, 86251 to 86310 and 86644 to 86707, all Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	12.57	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Pearl Indah 3	192 units of semi-detached houses	49%	95,654,280/ 56,709,148/ 38,945,132	May 2012	35,200,000	11,936,015	17 October 2011
Lot 8745, held under GRN 73112, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat)	15.59	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Pearl Impian	285 units of 2-storey terrace houses	19%	79,999,800/ 59,499,969/ 20,499,831	May 2013	15,200,000	9,715,925	24 May 2012
Part of Lot 8753, held under GRN 73120, Mukim 15, Seberang Perai Selatan, Pulau Pinang . (Bandar Tasek Mutiara, Simpang Ampat)	17.56	Freehold/ Legal charge in favour of HSBC Bank Malaysia Berhad	Pearl Avenue	164 units of 2-storey shop offices and 24 units of 3-storey shop offices	14.3%	148,838,000/ 94,502,631/ 54,335,369	March 2013	32,400,000	12,542,283	29 January 2013
Land held for investment purpose: Part of Lot 8753, held under GRN 73120, Mukim 15, Seberang Perai Selatan, Pulau Pinang . (Bandar Tasek Mutiara, Simpang Ampat)	89.58	Freehold/ Legal charge in favour of HSBC Bank Malaysia Berhad	Vacant land	N/A	N/A	N/A	N/A	93,500,000	51,418,828	N/A

Location	Land area (Acres)	Land tenure/ Encumbrances	Project name	Description	Percentage of completion as at 31 March 2013	Expected GDV/GDC/ PBT (RM)	Launched/ expected launch date	Market value as at 31 Mar 2013	Audited net book value as at 31 December 2012	Date of relevant approval
Vacant lands:										
Lots 13, 16, 20, 21, 22, 116, 1345, 1383, 1393, 1427, 6029, 8746, 8936, 9758 10016, 10017 & 10023, held under GM 250,252, 225, 226, 227, 272, 214, PM 786, GM 336, 302, GRN 73113, HSD 29502, GRN 69626, 84844 and 138225, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Others, Bandar Tasek Mutiara, Simpang Ampat)	63.97	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Vacant land	Residential development	N/A	384,048,000/ 268,833,600/ 115,214,400	2014/2015	41,500,000	49,197,868	N/A
Lot 1471, held under GRN 43670, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Others, Bandar Tasek Mutiara, Simpang Ampat)	16.04	Freehold/ Free from encumbrances	Vacant land	Residential development	N/A		2014/2015	12,000,000	5,698,907	N/A
Lots 8764, 8765, 8767, 8768, 8769, 8773, 8775, 8776, 8777, 9759, 10019, 10020, 10025, 10026, 10028, 10029, 10763, 11159, 11160 & 11355, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Amenities Land, Bandar Tasek Mutiara, Simpang Ampat)	53.47	Freehold/ Free from encumbrances	Vacant land	N/A	N/A	N/A	N/A	N/A	75,160	N/A

Location	Land area (Acres)	Land tenure/ Encumbrances	Project name	Description	Percentage of completion as at 31 March 2013	Expected GDV/GDC/ PBT (RM)	Launched/ expected launch date	Market value as at 31 Mar 2013	Audited net book value as at 31 December 2012	Date of relevant approval
Lands pending sale and purchase agreement completion:										
#Lot 14, Mukim 15, Daerah Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat, Pending completion in July 2013)	4.36	Freehold	Vacant land	Residential development	N/A	1,285,952,000/ 835,868,800/ 450,083,200	2015	N/A	3,040,483 (purchase price)	N/A
*Parcel R2 - Lot 8747, held under GRN 73114, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat, Pending completion in February 2014)	156.52	Freehold/ Legal charge in favour of Affin Investment Bank Berhad	Vacant land	Residential development	N/A		2013/2016	102,000,000	60,000,000 (purchase price)	N/A
*Parcel C - Lots 1428, 1433, 1445, 8748 & 8749, held under GRN 73115, 73116, GM 303, 307 and 370, Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Bandar Tasek Mutiara, Simpang Ampat, Pending completion in November 2014)	101.81	Freehold/ Legal charge in favour of Affin Investment Bank Berhad	Vacant land	Residential development	N/A		2017	70,000,000	53,223,000 (purchase price)	N/A
Total	547.03					2,146,367,668/ 1,405,619,874/ 740,747,794		427,100,000	269,312,746	
Total (excluding lands pending sale and purchase agreement completion)	284.34					860,415,668/ 569,751,074/ 290,664,594		255,100,000	153,049,263	

Palmington entered into a sale and purchase agreement with the landowner on 7 May 2013 to acquire the above land and is pending completion.

* Palmington entered into a sale and purchase agreement with the Vendor on 4 May 2011 to acquire the above land and is pending completion.

TI Development:

Location	Land area (Acres)	Land tenure/ Encumbrances	Description	Type of development	Percentage of completion as at 31 March 2013	Expected GDV/GDC/ PBT (RM)	Launched/expected launch date	Market value as at 31 Mar 2013	Audited net book value as at 31 December 2012	Date of relevant approval
Lands with on-going developments:										
Lot 11743, held under HSD 43077, Mukim 15, Seberang Perai Selatan, Pulau Pinang (Jalan Tasek Mutiara 1, Simpang Ampat)	29.85	Freehold/ Free from encumbrances	Pearl Villas (Villa Mutiara Indah)	Gated 19 units of 2-storey bungalows, 164 units of semi-detached houses and 152 units of 2-storey terrace houses	82.94%	144,605,116/ 99,842,015/ 44,763,101	March 2011	19,300,000	9,364,245	21 July 2010
Lot 8750 (GRN 73117), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Jalan Tasek Mutiara 1, Simpang Ampat)	39.66	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Pearl Residence (Residensi Villa Mutiara)	Gated 12 units of 2-storey bungalows, 112 units of semi-detached houses and 361 units of 2-storey terrace houses	22.33%	220,351,192/ 150,981,985/ 69,369,207	January 2013	55,400,000	24,194,293	16 August 2011
Vacant lands:										
Lots 114 & 1067 (GRN 44612 & GM 356), Mukim 15, Seberang Perai Selatan, Pulau Pinang. (Jalan Tasek Mutiara 1, Simpang Ampat)	44.33	Freehold/ Legal charge in favour of OCBC Bank (Malaysia) Berhad	Vacant land	Gated 2-storey bungalows, semi-detached houses and 2-storey terrace houses	N/A	201,000,000/ 140,700,000/ 60,300,000	2015	29,000,000	22,979,242	N/A
Total	113.84					565,956,308/ 391,524,000/ 174,432,308		103,700,000	56,537,780	

The funding for the above mentioned GDC were obtained from internally generated funds and bank borrowings.

A market valuation on the land and developments has been undertaken by Henry Butcher Malaysia (Seberang Perai) Sdn Bhd (“**Valuer**”), an independent registered valuer appointed by Tambun. The Valuer had *vide* their valuation letters dated 31 March 2013 (“**Valuation Letters**”) assessed the market value of the lands and/or on-going developments for Palmington and TI Development to be RM427,100,000 and RM103,700,000 respectively, based on the combination of Comparison and Residual Value methods of valuation.

The market value of RM427,100,000 and RM103,700,000 for Palmington and TI Development respectively as ascribed by the Valuer represents a surplus of RM217,078,042 or 69.2% over Palmington and TI Development’s land bank’s net book value as at 31 March 2013 of RM313,721,958.

Bandar Tasek Mutiara or Pearl City is a modern and self-contained township, situated in the southern district of Province Wellesley, Penang. The project commenced in 2009 and it is expected to be fully developed by 2020 with an estimated total gross development value of RM2.71 billion. Upon full completion, Bandar Tasek Mutiara is expected to have 11,000 households with strategically located public amenities, recreational facilities, healthcare and wellness centres and retail outlets. Pearl City is adjacent to existing transportation networks like the North South Expressway, Penang Second Bridge and a railway station supporting the double-track line running between Padang Besar and Ipoh. There are 12 industrial parks within a 15km radius from Pearl City, which include among others, Prai Industrial Estate, Penang Science Park, Bukit Minyak Industrial Estate, Bukit Tengah Industrial Estate and Batu Kawan Industrial Park, which are expected to cater to employment opportunities.

2.2 Information on Palmington

Palmington is a private limited company incorporated in Malaysia on 8 March 2010 pursuant to the Companies Act, 1965 (“**Act**”) and has its registered office at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang. Its present authorised share capital is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which RM5,756,000 comprising 5,756,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The principal activity of Palmington is property development, which business activities are currently mainly undertaken in Penang.

The directors and the shareholders of Palmington as at the date of this announcement are as follows:

Name	Designation(s)	No. of ordinary shares of RM1.00 held	%
Tambun	Shareholder	3,453,600	60.0
Vendor	Shareholder	2,302,400	40.0
Teh Kiak Seng	Director	-	-
Teh Theng Theng	Director	-	-
Thaw Yeng Cheong	Director	-	-
Cheang Chee Leong	Director	-	-
Hamidon Bin Abdullah	Director	-	-

2.3 Information on TI Development

TI Development is a private limited company incorporated in Malaysia on 16 May 2008 pursuant to the Act and has its registered office at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang. Its present authorised share capital is RM50,000,000 comprising 49,570,000 ordinary shares of RM1.00 each and 43,000,000 redeemable preference shares series C (“RPS-C”) of RM0.01 each, of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each and RM268,000 comprising 26,800,000 RPS-C of RM0.01 each have been issued and fully paid-up.

The principal activity of TI Development is property development, which business activities are currently mainly undertaken in Penang.

The directors and the shareholders of Palmington as at the date of this announcement are as follows:

Name	Designation(s)	No. of ordinary shares of RM1.00 each held	%	RPS-C of RM0.01 each held	%
Tambun	Ordinary shareholder and RPS-C holder	700,000	70	18,760,000	70
Vendor	Ordinary shareholder and RPS-C holder	300,000	30	8,040,000	30
Teh Kiak Seng	Director	-	-	-	-
Teh Theng Theng	Director	-	-	-	-
Thaw Yeng Cheong	Director	-	-	-	-
Cheang Chee Leong	Director	-	-	-	-
Hamidon Abdullah	Bin Director	-	-	-	-

[The rest of this page has been intentionally left blank]

2.4 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration of RM112,234,216 for the 40.0% and 30.0% equity interest respectively in Palmington and TI Development was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:

- (a) the rationale of the Proposed Acquisitions;
- (b) The realisable net asset value (“**RNAV**”) of Palmington and TI Development’s landed properties of RM196,388,773 and RM118,718,436, arrived at as follows:

(In RM)	Palmington	TI Development	Total
Audited net asset as at 31 December 2012	27,716,561	70,312,606	98,029,167
Add: revaluation surplus*	168,672,212	48,405,830	217,078,042
RNAV	196,388,773	118,718,436	315,107,209
Equity interest to be acquired pursuant to the Proposed Acquisitions	40%	30%	
	78,555,509	35,615,530	114,171,039

Note:

* The market value of RM427,100,000 and RM103,700,000 for Palmington and TI Development respectively as ascribed by the Valuer represents a surplus of RM217,078,042 or 69.2% over Palmington and TI Development’s land bank’s net book value as at 31 March 2013 of RM313,721,958.

- (c) the prospects of the Bandar Tasek Mutiara township where all of the current and future property developments of Palmington and TI Development are located, as set out in Section 7.4 below.

The Purchase Consideration is justified after taking into consideration, amongst others, the prospects of Bandar Tasek Mutiara, the rationale for the Proposed Acquisitions and the discount of RM1,936,823 of the Purchase Consideration compared to the RNAV.

2.5 Mode of satisfaction for the Purchase Consideration and the source of funding for the Proposed Acquisitions

The Purchase Consideration will be satisfied in the following manner:-

Mode of settlement	Date of settlement	Consideration (RM)
Consideration Shares	On Completion Date ⁽¹⁾	71,500,000 ⁽²⁾
Cash	On Completion Date	40,734,216
Total		112,234,216

⁽¹⁾ 14 days from the date on which all conditions precedent are satisfied or fulfilled or on such other time and place as the Vendor and Tambun may agree.

⁽²⁾ To be satisfied via the issuance of 55,000,000 Tambun Shares to the Vendor.

The cash consideration will be funded via internally generated funds and/or bank borrowings.

2.6 Basis of arriving at the issue price of Consideration Shares

The issue price for the Consideration Shares of RM1.30 was determined on a willing buyer-willing seller basis and after taking into consideration, amongst others, the prevailing market conditions as well as the historical share price of Tambun, including the following:

- (i) The issue price represents a discount of approximately 5.1% from the last traded price of Tambun up to and including 20 June 2013 of RM1.37, being the last market day prior to the date of execution of the SPA;
- (ii) The issue price represents a discount of approximately 3.7% from the 5-days volume weighted average market price (“**VWAMP**”) of Tambun Shares up to and including 20 June 2013, being the last market day prior to the date of execution of the SPA of RM1.35;
- (iii) The issue price represents a premium of approximately 0.78% to the 30-days VWAMP of Tambun Shares up to and including 20 June 2013, being the last market day prior to the date of execution of the SPA of 1.29 respectively; and
- (iv) The range of closing prices of Tambun for the past 1 year up to and including 20 June 2013, being the last market day prior to the date of execution of the SPA of RM0.54 to RM1.39.

The issue price for the Consideration Shares of RM1.30 is justified after taking into consideration, amongst others, the historical market prices of Tambun Shares as stated above.

2.7 Ranking and listing of the Consideration Shares

The Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all aspects with the existing Tambun Shares, save and except that the Consideration Shares will not be entitled to any dividend, right, allotment and/or other form of distribution where the entitlement date precedes the date of allotment and issuance of the said Consideration Shares.

An application will be made to Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.8 Salient terms of the SPA

Amongst others, the salient terms of the SPA are as follows:

2.8.1 Sale and purchase of the Sale Securities

Vendor has agreed to sell and Tambun has agreed to buy the Sale Securities free from all claims, charges, liens, encumbrances and equities together with all rights attached as accrued thereto and on the terms and conditions contained in the SPA.

2.8.2 Settlement of the Vendor's advances to Palmington

As at 31 December 2012, Palmington is indebted to the Vendor for RM17,765,784 for shareholder advances granted by the Vendor to Palmington and which the shareholder advances do not bear interest ("**Vendor's Advances**"). Tambun shall advance to Palmington cash to fully settle the Vendor's Advances on Completion.

2.8.3 Conditions Precedent

The completion of the SPA is conditional on the following conditions precedent being fulfilled within 3 months from the date of the SPA or such further extended period as may be agreed between the parties (hereinafter referred to as "**the Cut-Off Date**"):

- (i) Tambun shall at its own cost and expense obtain the approval of its shareholders in a general meeting for:
 - a. The acquisition of the Sale Securities by Tambun from the Vendor at the Purchase Consideration upon the terms and conditions of the SPA; and
 - b. The issue and allotment by Tambun to the Vendor of the Consideration Shares as part payment of the Purchase Consideration and the remaining consideration shall be paid in cash on completion date;
- (ii) the Vendor shall at its own cost and expense obtain the approval of its shareholders and that of its holding company, Nadayu Properties Berhad (Company No. 40282-V) for the sale of the Sale Securities upon the terms and conditions set out in the SPA;
- (iii) Tambun shall at its own cost and expense obtain the approval in principle of Bursa Securities to the admission, listing and quotation of the Consideration Shares on the Main Market of Bursa Securities (subject only to allotment) and compliance with all the requirements of the Authorities in connection with the application for listing of the Consideration Shares;
- (iv) the Vendor shall, if so required by any agreement with Palmington and TI Development's bankers, obtain the approval of Palmington and TI Development's bankers for the sale of the Sale Securities to Tambun.

The date on which all the conditions precedent are satisfied or fulfilled is hereinafter referred to as "the Unconditional Date".

2.8.4 Consideration

The consideration payable by Tambun for the acquisition of the Sale Securities from the Vendor shall be at a total purchase consideration of RM112,234,216 only (hereinafter referred to as "the Purchase Price") upon the terms and conditions of the SPA of which RM71,500,000 only shall be satisfied by the issue and allotment by Tambun to the Vendor of 55,000,000 new ordinary shares of RM0.50 each at an issue price of RM1.30 per Tambun Share and the balance of the Purchase Consideration of RM40,734,216 shall be paid in cash on the Completion Date.

2.8.5 Settlement of Vendor's Advances

As at 31 December 2012, Palmington is indebted to the Vendor for the sum of RM17,765,784.00 only for shareholders advances granted by the Vendor to Palmington and which shareholders advances do not bear interest. Tambun shall advance to Palmington cash to settle the Vendors Advances on completion fully in cash.

2.8.6 Termination Event

On the occurrence of any of the following defaulting events ("Event of Default") stated hereunder, Tambun may (but is not obliged to) give notice in writing to the Vendor for termination specifying the default or breach of the Vendor and requiring the Vendor to remedy the said default or breach within fourteen (14) days or such extended period as may be allowed by the Purchaser, of the receipt of such notice: -

- (a) breach of any material or fundamental terms or conditions of the SPA or a failure to perform or observe any material or fundamental undertaking, obligation or agreement expressed or implied in the SPA including the breach of any material warranties; or
- (b) a receiver, receiver and manager, trustee or similar official is appointed over any of the assets or undertaking of Palmington or TI Development; or
- (c) Palmington or TI Development enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or
- (d) an application, petition or order is made for the winding-up of the Vendor or winding-up or dissolution of Palmington or TI Development, or a resolution is passed or any steps taken to pass a resolution for the winding-up or dissolution of Palmington or TI Development, otherwise than for the purpose of an amalgamation or reconstruction which has prior written consent of Tambun; or
- (e) Palmington or TI Development cease or threaten to cease carrying on a substantial portion of its business other than in compliance with its obligations under the SPA; or
- (f) any representation, warranty or statement which is made (or acknowledged to have been made) by the parties in the SPA or which is contained in any certificate, statement, legal opinion, notice, replies made in the course of the due diligence review or information furnished in the due diligence review or provided under or in connection herewith or therewith proves to be incorrect in any material respect.

2.8.7 Termination

If the Vendor fails to remedy the relevant default or breach within the said fourteen (14) days or such extended period as may be allowed by Tambun after being given notice by Tambun, to rectify such breach, Tambun may elect to terminate the SPA and claim damages.

2.8.8 Survival

Any termination of any part of the transaction under the SPA may not affect the other part of transactions under the SPA, if Tambun decides to proceed with the rest of the transactions.

2.8.9 Vendor's Representations and Warranties

- (a) The Vendor accepts that Tambun is entering into the SPA in reliance upon each of the representations, warranties and undertakings by the Vendor set out in the SPA.
- (b) The Vendor represents and warrants to and undertake with Tambun and to the intent that the provisions of section 7.10 in the SPA shall continue to have full force and effect notwithstanding the completion of the SPA that:-
 - (i) the Vendor has and will on the Completion Date, has good title to the Sale Securities and is or will be on the Completion Date, authorised and has the right to freely at liberty, sell the same, free from any claims, charges, liens or any other encumbrances or equities, to Tambun pursuant to the terms of the SPA;
 - (ii) the Vendor has the full power, authority and capacity to execute and deliver the SPA and to perform the terms herein and will before the Completion Date take all necessary corporate and other actions to authorise the completion of the sale of the Sale Securities and the execution, delivery and performance of the terms of the SPA;
 - (iii) that no petition for winding-up has been presented or threatened against the Vendor nor has a resolution been passed or intended to winding-up the Vendor;
 - (iv) the execution and performance of the SPA will not violate the provisions of any law or any agreement to which the Vendor is a party and where required, the necessary consents or approvals of any party or body has been or shall be obtained by the Vendor;
 - (v) the Vendor has not at any time prior to the date hereof entered into any agreements or arrangements for the sale of the Sale Securities to any person nor granted any option or right of first refusal in favour of any person in respect of the Sale Securities;
 - (vi) there is no litigation, arbitration or administrative proceedings presently current or pending or threatened against the Vendor which might affect the Vendor's ability to perform the SPA or frustrate the completion of the Proposed Acquisitions.

2.8.10 Tambun (as the purchaser in the SPA)'s warranties and undertaking

- (a) Tambun undertake to the Vendor that prior to Completion, it may issue or place out or grant option to subscribe for each new shares to other parties provided that the total number of new shares shall not exceed 15,000,000 ordinary shares and the issued price per share shall not be less than RM1.30 (except for any Employees' Share Options Scheme ("ESOS") options);
- (b) Tambun undertake to the Vendor that for the period of six (6) months after Completion, it shall not issue or place out or grant option (except for ESOS) to any party at the issued price of not less than RM1.30;
- (c) Tambun guarantees the Vendor of the full payment by Palmington of the balance purchase price for the respective sale and purchase agreements entered into on 4 May 2011 between Palmington and the Vendor for the purchase of land known as Parcel R2 and Parcel C (both located in Mukim 15, Daerah Seberang Perai Selatan, Penang. Please refer to section 2.1 for more details of these lands). The balance purchase prices and the payment date are as follows:

Land parcel	Payment date	Balance purchase price (RM)
Parcel R2	February 2014	58,800,000
Parcel C	November 2014	52,158,540

- (d) Tambun represents and warrants to and undertakes with the Vendor and to the intent that the provisions of section 7.02 of Tambun's warranties and undertaking in the SPA shall continue to have full force and effect notwithstanding the completion of the SPA that:-
 - (i) Tambun has the full power, authority and capacity to execute and deliver the SPA and to perform the terms herein and will before the Completion Date take all necessary corporate and other actions to authorise the completion of the sale of the Sale Securities and the execution, delivery and performance of the terms of the SPA;
 - (ii) that no petition for winding-up has been presented or threatened against Tambun nor has a resolution been passed or intended to winding-up Tambun;
 - (iii) the execution and performance of the SPA will not violate the provisions of any law or any agreement to which Tambun is a party and where required, the necessary consents or approvals of any party or body has been or shall be obtained by Tambun; and
 - (iv) there is no litigation, arbitration or administrative proceedings presently current or pending or threatened against Tambun which might affect Tambun's ability to perform the SPA or frustrate the completion of the Proposed Acquisitions.

2.9 Liabilities to be assumed

Upon completion of the Proposed Acquisitions, the contingent liabilities in the form of corporate guarantees given to banks for credit facilities granted to Palmington and TI Development will increase from RM66,879,328 to RM102,548,880 as at 20 June 2013.

Save for the above and the Vendor's Advances (as set out in Section 2.8.5 above), Tambun will not be assuming any other liabilities arising from the Proposed Acquisitions.

2.10 Additional financial commitment

Save for the financial commitments set out in Section 2.5 above and capital commitments (as set out in Section 2.810(c) above), the Board does not expect the Company to incur any other additional financial commitments in relation to the Proposed Acquisitions.

2.11 Background information on the Vendor

PBM was incorporated in Malaysia on 30 April 1993 under the Act as a private limited company and has a registered office at 11th floor, Menara Tun Perak, Jalan Raja Laut, 50350 Kuala Lumpur. Its authorised share capital is RM300,000,000 comprising 300,000,000 ordinary shares of RM1.00 each, of which RM15,000,000 comprising 15,000,000 shares of RM1.00 each has been issued and fully paid-up.

PBM is principally involved in property development and investment holding and is a wholly-owned subsidiary of Nadayu Properties Berhad.

The directors of PBM as at the date of this announcement are Hamidon Bin Abdullah, Cheang Chee Leong, Lim Beng Guan and Mohd Farid Bin Dato' HJ. Nawawi.

3. DETAILS OF THE PROPOSED PRIVATE PLACEMENT

3.1 Placement size

During the Company's Annual General Meeting ("**AGM**") held on 19 June 2013, the Board has been authorised to issue shares in the Company of up to 10.0% of the issued and paid-up share capital of the Company pursuant to Section 132D of the Companies Act, 1965 ("**Act**") ("**Existing S132D Mandate**"). The Existing S132D Mandate shall continue to be in force until the conclusion of the next AGM of the Company, which is expected to be after the completion of the Proposed Private Placement.

As at the date of this announcement, the issued and paid-up share capital of the Company is RM159,299,091, comprising 318,598,181 Tambun Shares. The Proposed Private Placement entails the issuance of up to 15,000,000 Tambun Shares ("**Placement Shares**"), which represents up to 4.71% equity interest there in.

In this regard, the Board shall exercise the Existing S132D Mandate to allot and issue the Placement Shares to investors to be identified at a later stage.

3.2 Basis of arriving at the issue price of the Placement Shares

The issue price of the Placement Shares shall be fixed by the Board at a later date which shall be determined after obtaining requisite approvals from the authorities for the Proposed Private Placement ("**Price Fixing Date**"). The issue price of the Placement Shares shall be determined in accordance with Paragraph 6.04(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**") provided that the issue price of the Placement Shares shall not in any event be less than RM1.30 as stipulated in the SPA.

For illustrative purposes, assuming that the indicative issue price of the Placement Shares is at RM1.30 each, this represents a discount of approximately 3.7% from the five (5)-day VWAMP of Tambun Shares of RM1.35, up to and including 20 June 2013, being the market day immediately preceding the date of this announcement.

The issue price of not lower than RM1.30 is justified after taking into account, amongst others, the historical market prices of Tambun Shares. The issue price of the Consideration Shares and the rationale for the Proposed Acquisitions.

3.3 Ranking and listing of the Placement Shares

The Placement Shares shall, upon allotment and issuance, rank *pari passu* in all aspects with the existing Tambun Shares, save and except that the Placement Shares will not be entitled to any dividend, right, allotment and/or other form of distribution that may be declared, where the entitlement date precedes the date of allotment and issuance of the said Placement Shares.

An application will be made to Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities.

3.4 Allocation of the Placement Shares

The Placement Shares will be placed out to third party investors to be identified at a later stage, where such placee(s) shall be persons who qualify under Schedules 6 and 7 of the Capital Markets and Services Act, 2007.

In accordance with Paragraph 6.04(c) of the Listing Requirements, the Placement Shares will not be placed out to the following parties:

- (i) any interested director, interested major shareholder, interested chief executive officer of Tambun or a holding company of Tambun or interested person connected with a director, major shareholder or chief executive officer of Tambun or a holding company of Tambun; and
- (ii) nominee corporations, unless the names of the ultimate beneficiaries are disclosed.

The Proposed Private Placement will not be implemented in tranches.

3.5 Utilisation of proceeds

The actual amount of gross proceeds to be raised from the Proposed Private Placement is dependent on the actual issue price and the actual number of Placement Shares to be issued pursuant to the Proposed Private Placement.

For illustrative purposes, based on the indicative issue price of RM1.30 per Placement Share, the Proposed Private Placement is expected to raise gross proceeds of up to approximately RM19,500,000 based on the issue size of 15,000,000 Placement Shares.

The proceeds raised are expected to be utilised in the following manner:

	Proceeds RM	Expected time frame for utilisation from the date of receipt of such proceeds
To fund the Proposed Acquisitions ⁽¹⁾	19,300,000	Within twelve (12) months
Estimated expenses relating to the Proposals ⁽²⁾	200,000	Within one (1) month
Total estimated proceeds⁽³⁾	<u>19,500,000</u>	

Notes:

- (1) *The proceeds will be used to fund part of the consideration and/or the settlement of Vendor's advances (as set out in section 2.8.5) for the Proposed Acquisitions. Any excess will be utilised to repay bank borrowings and/or for working capital purposes. Should the Proposed Acquisitions not crystallize, the proceeds will be utilised to repay bank borrowings and/or for working capital purposes.*
- (2) *The estimated expenses include estimated professional fees, fees payable to the relevant authorities and other related expenses. Any surplus or shortfall of funds for the payment of expenses for the Proposals will be utilised for the working capital or be made good from the working capital respectively.*
- (3) *In the event that a smaller amount of proceeds is raised from the Proposed Private Placement, the proposed utilization will be reduced correspondingly.*

In the event of a variation in the actual proceeds to be raised due to the difference in the issue price and/or final number of Placement Shares to be issued, the Company will vary the utilisation amount for working capital purposes, accordingly.

4. RATIONALE FOR THE PROPOSALS

The Proposed Acquisitions are part of Tambun's plan to enhance its assets and earnings base to improve its long term growth prospects. The Proposed Acquisitions will allow Tambun to have full control over Palmington and TI Development which marks an expansion of their influence as one of the Company's main developments. This is in line with the strategic direction of Tambun to remain focused on core locations which the Company is familiar with and have identified as high growth locations. Given the combined estimated gross development value of Palmington and TI Development of approximately RM2.1 billion and RM0.57 billion respectively, the Proposed Acquisitions are expected to improve the Company's financial results in the future over the development period of the Bandar Tasek Mutiara township as Tambun will be able to fully consolidate the financial results of Palmington and TI Development upon completion.

In addition to the above, as part of the Purchase Consideration is in the form of Consideration Shares, this will allow the Company to undertake the Proposed Acquisitions without immediate impact on the cashflow and gearing of the Company compared to funding the Proposed Acquisitions by cash in totality.

In this regard, the Board believes that the Proposed Acquisitions will be beneficial to the Company's future prospects in the long term.

The Proposed Private Placement will enable Tambun to raise funds for the Proposed Acquisitions. After due consideration of the various methods of fund raising, the Board is of the opinion that the Proposed Private Placement is the most appropriate avenue of raising funds based on the following rationale:

- (i) provides the most expeditious way of raising funds from the capital market as opposed to a pro-rata issuance of securities such as a rights issue;
- (ii) allows Tambun to undertake the Proposed Acquisitions with less impact on its immediate cashflow and gearing as compared to fully funding the Proposed Acquisitions via internally generated funds and/or bank borrowings; and
- (iii) to increase the size and strength of the Company's shareholders' funds.

5. FINANCIAL EFFECTS OF THE PROPOSALS

The financial effects of the Proposals are as follows:

(a) Issued and paid-up share capital

The proforma effects of the Proposed Acquisitions and Proposed Private Placement on the issued and paid-up share capital of the Company are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of Tambun Shares	RM	No. of Tambun Shares	RM
Issued and paid-up share capital as at 20 June 2013	318,598,181	159,299,091	318,598,181	159,299,091
Assuming full exercise of the Company's outstanding ESOS options as at 20 June 2013	-	-	4,371,000	2,185,500
	318,598,181	159,299,091	322,969,181	161,484,591
Assuming full exercise of the Company's outstanding warrants as at 20 June 2013	-	-	38,594,819	19,297,409
	318,598,181	159,299,091	361,564,000	180,782,000
To be issued pursuant to the Proposed Acquisitions	55,000,000	27,500,000	55,000,000	27,500,000
	373,598,181	186,799,091	416,564,000	208,282,000
To be issued pursuant to the Proposed Private Placement	15,000,000	7,500,000	15,000,000	7,500,000
Enlarged issued and paid-up share capital	388,598,181	194,299,091	431,564,000	215,782,000

(b) Net assets ("NA"), NA per Tambun Share and gearing

The proforma effects of the Proposed Acquisitions and Proposed Private Placement on the NA per Tambun Share and gearing of Tambun based on the latest audited consolidated financial statements of Tambun for the FYE 31 December 2012 on the assumption that the Proposed Acquisitions and Proposed Private Placement had been completed as at that date are as follows:

Minimum Scenario

	(I)	(II)	(III)	(IV)	(V)
	Audited consolidated as at FYE 31 December 2012 (RM'000)	Exercise of ESOS options up to 20 June 2013 ⁽¹⁾ (RM'000)	After (II) and exercise of Warrants up to 20 June 2013 ⁽²⁾ (RM'000)	After (III) and the completion of the Proposed Acquisitions ⁽³⁾ (RM'000)	After (IV) and assuming full issuance of Placement Shares pursuant to the Proposed Private Placement ⁽⁴⁾
Share capital	155,422	156,497	159,300	186,799	194,299
Share premium	6,525	6,607	7,279	51,279	63,079 ⁽⁸⁾
Option reserve	49	230	230	230	230
Warrant reserve	884	884	772	772	772
Capital reserve	200	200	200	200	200
Retained profits	60,135	59,943	59,943	(21,110) ⁽⁵⁾⁽⁶⁾	(21,110)
NA attributable to owners of the Company	<u>223,215</u>	<u>224,361</u>	<u>227,724</u>	<u>218,170</u>	<u>237,470</u>
Number of Shares in issue ('000)	310,843	312,994	318,600	373,598	388,598
NA per Share attributable to the shareholders (RM) ⁽⁹⁾	0.72	0.72	0.71	0.58	0.61
Borrowings ⁽¹⁰⁾	83,825	83,825	83,825	113,825 ⁽⁷⁾	113,825
Gearing (times) ⁽¹¹⁾	0.38	0.37	0.37	0.52	0.48

Notes

- ⁽¹⁾ Adjusted for issuance of 2,150,000 new Tambun Shares for a total cash of RM1,146,300 pursuant to the exercise of the Company's ESOS options and granting of 964,000 ESOS options, from 1 January 2013 to 20 June 2013.
- ⁽²⁾ Adjusted for 5,605,631 warrants exercised at the exercise price of RM0.60 during the period from 1 January 2013 to 20 June 2013.
- ⁽³⁾ Issuance of 55,000,000 Consideration Shares at the issue price of RM1.30 per Tambun Share as part consideration for the Proposed Acquisitions.
- ⁽⁴⁾ Assuming issuance of 15,000,000 Placement Shares pursuant to the Proposed Private Placement at an issue price of RM1.30 per Tambun Share.
- ⁽⁵⁾ After deducting the estimated expenses of RM1,000,000 in respect of the Proposed Acquisitions.

- (6) *Adjusting the difference of RM80,053,810 arising from the cost of the additional equity interest and its proportionate share of book value of net assets at the transaction date as an equity transaction under FRS127, assuming the transaction was completed on 31 December 2012.*
- (7) *Assuming RM30,000,000 of bank borrowings drawn down by the Company to finance the Proposed Acquisitions.*
- (8) *After deducting the estimated expenses of RM200,000 in respect of the Proposed Private Placement.*
- (9) *Calculated based on the NA attributable to owners of the Company divided by the number of Shares in issue.*
- (10) *Comprises interest bearing borrowings.*
- (11) *Calculated based on the borrowings divided by the NA attributable to owners of the Company.*

[The rest of this page has been intentionally left blank]

Maximum Scenario

	(I)	(II)	(III)	(IV)	(V)	(VI)	After (VI) and assuming full issuance of Placement Shares pursuant to the Proposed Private Placement ⁽⁵⁾
	Audited consolidated as at FYE 31 December 2012 (RM'000)	Exercise of ESOS options up to 20 June 2013 ⁽¹⁾ (RM'000)	After (II) and exercise of Warrants up to 20 June 2013 ⁽²⁾ (RM'000)	After (III) and assuming full exercise of all outstanding ESOS options ⁽³⁾ (RM'000)	After (IV) and assuming full exercise of all outstanding warrants (RM'000)	After (V) and the completion of the Proposed Acquisitions ⁽⁴⁾ (RM'000)	(RM'000)
Share capital	155,422	156,497	159,300	161,485	180,782	208,282	215,782
Share premium	6,525	6,607	7,279	7,817	12,448	56,448	68,248 ⁽⁹⁾
Option reserve	49	230	230	-	-	-	-
Warrant reserve	884	884	772	772	-	-	-
Capital reserve	200	200	200	200	200	200	200
Retained profits	60,135	59,943	59,943	59,943	59,943	(21,110) ⁽⁶⁾⁽⁷⁾	(21,110)
NA attributable to owners of the Company	<u>223,215</u>	<u>224,361</u>	<u>227,724</u>	<u>230,217</u>	<u>253,373</u>	<u>243,820</u>	<u>263,120</u>
Number of Shares in issue ('000)	310,843	312,994	318,600	322,969	361,564	416,564	431,564
NA per Share attributable to the shareholders (RM) ⁽¹⁰⁾	0.72	0.72	0.71	0.71	0.70	0.59	0.61
Borrowings ⁽¹¹⁾	83,825	83,825	83,825	83,825	83,325	113,825 ⁽⁸⁾	113,825
Gearing (times) ⁽¹²⁾	0.38	0.37	0.37	0.36	0.33	0.47	0.43

Notes:

(1) Adjusted for issuance of 2,150,000 new ordinary shares of RM0.50 each for a total cash of RM1,146,300 pursuant to the exercise of the Company's ESOS options and granting of 964,000 ESOS options, from 1 January 2013 to 20 June 2013.

- (2) Adjusted for 5,605,631 warrants exercised at the exercised price of RM0.60 during the period from 1 January 2013 to 20 June 2013.
 (3) Assuming full exercise of all outstanding ESOS options as follows:

<u>No. of Shares</u>	<u>Exercise Price</u> <u>(RM)</u>	<u>Share Premium</u> <u>(RM)</u>
<u>Options granted :</u>		
3,479,000	0.50	-
18,000	0.65	2,700
874,000	0.85	305,900
4,371,000		308,600

- (4) Issuance of 55,000,000 Tambun Shares at the issue price of RM1.30 per Tambun Share as part consideration for the Proposed Acquisitions.
 (5) Assuming issuance of 15,000,000 Placement Shares pursuant to the Proposed Private Placement at an issue price of RM1.30 per Tambun Share.
 (6) After deducting the estimated expenses of RM1,000,000 in respect of the Proposed Acquisitions.
 (7) Adjusting the difference of RM80,053,810 arising from the cost of the additional equity interest and its proportionate share of book value of net assets at the transaction date as an equity transaction under FRS127, assuming the transaction was completed on 31 December 2012.
 (8) Assuming RM30,000,000 of bank borrowings drawn down by the Company to finance the Proposed Acquisitions.
 (9) After deducting the estimated expenses of RM200,000 in respect of the Proposed Private Placement.
 (10) Calculated based on the NA attributable to owners of the Company divided by the number of Shares in issue.
 (11) Comprises interest bearing borrowings.
 (12) Calculated based on the borrowings divided by the NA attributable to owners of the Company.

(c) Earnings and earnings per share (“EPS”)

The Proposed Acquisitions is expected to be completed within the fourth (4th) quarter of 2013 and is expected to contribute positively to the earnings and the EPS of Tambun for the financial year ending 31 December 2013 as and when the Proposed Acquisitions is completed.

The Proposed Private Placement is not expected to have any material effect on the earnings of Tambun for the financial year ending 31 December 2013 save for the dilution in EPS as a result of the increase in the number of Tambun Shares in issue after the Proposed Private Placement. Nevertheless, barring unforeseen circumstances, the Proposed Private Placement is expected to contribute positively to the future earnings of Tambun through the utilisation of proceeds in the manner as set out in Section 3.5 above.

(d) Substantial shareholders' shareholdings

The proforma effects of the Proposed Acquisitions and Proposed Private Placement on the shareholdings of the substantial shareholders of Tambun as at 20 June 2013 based on the Register of Substantial Shareholders of Tambun on the assumption that the Proposed Acquisitions and Proposed Private Placement had been completed as at that date are as follows:

Minimum Scenario

Substantial shareholders	As at 20 June 2013				After the Proposed Acquisitions ⁽³⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Amal Pintas Sdn Bhd	33,339,643	10.46	-	-	33,339,643	8.92	-	-
Siram Permai Sdn Bhd	126,450,001	39.69	-	-	126,450,001	33.85	-	-
Ir. Teh Kiak Seng	23,699,794	7.44	126,450,001 ⁽¹⁾	39.69	23,699,794	6.34	126,450,001 ⁽¹⁾	33.85
Tsai Chang Hsiu-Hsiang	-	-	33,339,643 ⁽²⁾	10.46	-	-	33,339,643 ⁽²⁾	8.92
Tsai Chia Ling	-	-	33,339,643 ⁽²⁾	10.46	-	-	33,339,643 ⁽²⁾	8.92
Tsai Yung Chuan	500,000	0.16	33,339,643 ⁽²⁾	10.46	500,000	0.13	33,339,643 ⁽²⁾	8.92
PBM	-	-	-	-	55,000,000	14.72	-	-
Nadayu Properties Berhad	-	-	-	-	-	-	55,000,000 ⁽⁴⁾	14.72

Substantial shareholders	After the Proposed Private Placement ⁽⁵⁾⁽⁶⁾			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Amal Pintas Sdn Bhd	33,339,643	8.58	-	-
Siram Permai Sdn Bhd	126,450,001	32.54	-	-
Ir. Teh Kiak Seng	23,699,794	6.10	126,450,001 ⁽¹⁾	32.54
Tsai Chang Hsiu-Hsiang	-	-	33,339,643 ⁽²⁾	8.58
Tsai Chia Ling	-	-	33,339,643 ⁽²⁾	8.58
Tsai Yung Chuan	500,000	0.13	33,339,643 ⁽²⁾	8.58
PBM	55,000,000	14.15	-	-
Nadayu Properties Berhad	-	-	55,000,000 ⁽⁴⁾	14.15

Notes:

⁽¹⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Siram Permai Sdn Bhd.

⁽²⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn Bhd.

⁽³⁾ Issuance of 55,000,000 Tambun Shares at the issue price of RM1.30 per Tambun Share as part consideration for the Proposed Acquisitions.

⁽⁴⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through PBM.

⁽⁵⁾ Assuming 15,000,000 new Tambun Shares are issued pursuant to the Proposed Private Placement.

⁽⁶⁾ The Placement Shares are intended to be issued to third party investors who do not include, inter alia, substantial shareholders of Tambun and/or persons connected to them. Accordingly, none of the Placement Shares is assumed to be placed out to any of the substantial shareholders or persons connected to them.

Maximum Scenario

	As at 20 June 2013				After full exercise of the Company's existing outstanding ESOS options			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Amal Pintas Sdn Bhd	33,339,643	10.46	-	-	33,339,643	10.32	-	-
Siram Permai Sdn Bhd	126,450,001	39.69	-	-	126,450,001	39.15	-	-
Ir. Teh Kiak Seng	23,699,794	7.44	126,450,001 ⁽²⁾	39.69	25,199,794	7.80	126,450,001 ⁽²⁾	39.15
Tsai Chang Hsiu-Hsiang	-	-	33,339,643 ⁽³⁾	10.46	-	-	33,339,643 ⁽³⁾	10.32
Tsai Chia Ling	-	-	33,339,643 ⁽³⁾	10.46	-	-	33,339,643 ⁽³⁾	10.32
Tsai Yung Chuan	500,000	0.16	33,339,643 ⁽³⁾	10.46	500,000	0.15	33,339,643 ⁽³⁾	10.32
PBM	-	-	-	-	-	-	-	-
Nadayu Properties Berhad	-	-	-	-	-	-	-	-

	After full exercise of the Company's existing outstanding warrants				After the Proposed Private Acquisitions ⁽¹⁾			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Substantial shareholders								
Amal Pintas Sdn Bhd	38,102,449	10.54	-	-	38,102,449	9.14	-	-
Siram Permai Sdn Bhd	142,800,001	39.50	-	-	142,800,001	34.28	-	-
Ir. Teh Kiak Seng	25,199,794	6.97	142,800,001 ⁽²⁾	39.50	25,199,794	6.05	142,800,001 ⁽²⁾	34.28
Tsai Chang Hsiu-Hsiang	-	-	38,102,449 ⁽³⁾	10.54	-	-	38,102,449 ⁽³⁾	9.14
Tsai Chia Ling	-	-	38,102,449 ⁽³⁾	10.54	-	-	38,102,449 ⁽³⁾	9.14
Tsai Yung Chuan	500,000	0.14	38,102,449 ⁽³⁾	10.54	500,000	0.12	38,102,449 ⁽³⁾	9.14
PBM	-	-	-	-	55,000,000	13.20	-	-
Nadayu Properties Berhad	-	-	-	-	-	-	55,000,000 ⁽⁴⁾	13.20

Substantial shareholders	After the Proposed Private Placement ⁽⁵⁾⁽⁶⁾			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Amal Pintas Sdn Bhd	38,102,449	8.83	-	-
Siram Permai Sdn Bhd	142,800,001	33.09	-	-
Ir. Teh Kiak Seng	25,199,794	5.84	142,800,001 ⁽²⁾	33.09
Tsai Chang Hsiu-Hsiang	-	-	38,102,449 ⁽³⁾	8.83
Tsai Chia Ling	-	-	38,102,449 ⁽³⁾	8.83
Tsai Yung Chuan	500,000	0.12	38,102,449 ⁽³⁾	8.83
PBM	55,000,000	12.74	-	-
Nadayu Properties Berhad	-	-	55,000,000 ⁽⁴⁾	12.74

Notes:

⁽¹⁾ Issuance of 55,000,000 Tambun Shares at the issue price of RM1.30 per Tambun Share as part consideration for the Proposed Acquisitions.

⁽²⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Siram Permai Sdn Bhd.

⁽³⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through Amal Pintas Sdn Bhd.

⁽⁴⁾ Deemed interested by virtue of Section 6A of the Companies Act, 1965 held through PBM.

⁽⁵⁾ Assuming 15,000,000 new Tambun Shares are issued pursuant to the Proposed Private Placement.

⁽⁶⁾ The Placement Shares are intended to be issued to third party investors who do not include, inter alia, substantial shareholders of Tambun and/or persons connected to them. Accordingly, none of the Placement Shares is assumed to be placed out to any of the substantial shareholders or persons connected to them.

(e) Convertible Securities

Save for the existing ESOS options and warrants, the Company do not have any other convertible securities. The Proposed Acquisitions and Proposed Private Placement will not give rise to the adjustments to the exercise price and number of outstanding ESOS options of the Company pursuant to the terms of the by-laws and deed poll governing the Company's ESOS and warrants respectively.

6. INDUSTRY OVERVIEW, OUTLOOK AND PROSPECTS

6.1 Overview and outlook of the Malaysian economy

The Malaysian economy performed better than expected in 2012, recording a strong growth of 5.6%. The overall growth performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. Despite the uncertainties in the external environment, domestic consumer confidence picked up amidst positive income growth, continued strength in the labour market, the low inflation environment and supportive financing conditions.

The Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013. Economic activity will be anchored by the continued resilience of domestic demand, and supported by a gradual improvement in the external sector. Private investment is expected to remain robust, driven by capacity expansion by the domestic-oriented firms and the continued implementation of projects with long gestation periods. Investments by the external-oriented businesses is also expected to be higher amid the gradual improvement in external demand, while private consumption is projected to grow at a more moderate rate in the second half of the year, although it will continue to be well supported by sustained income growth and positive labour market conditions.

Overall, the growth prospects of the Malaysian economy will continue to be underpinned by the strength of its fundamentals. Of importance, labour market conditions will remain favourable, with the unemployment rate projected to remain low at 3.1% of the labour force in 2013. In addition, the financial system continues to demonstrate resilience against the challenging external environment, with financial intermediation expected to continue to provide strong support to domestic economic activity. The introduction of macroprudential and other policy measures have helped to manage the risks from the increase in household indebtedness. Malaysia's favourable external position is to remain intact, with international reserves at healthy levels and a low external debt that is within prudent limits.

(Source: Bank Negara Malaysia Annual Report 2012)

6.2 Overview and outlook of the Malaysian property market

The Malaysian property market moderated after attaining two consecutive years of growth. The market activity contracted by 0.7% in volume but increased marginally by 3.6% in value. The market moved by -3.1% (Q1); 7.3% (Q2); -0.6%(Q3) and -11.5% (Q4) against Gross Domestic Product (“GDP”) growth of 4.9%(Q1), 5.4%(Q2), 5.3%(Q3) and 6.4%(Q4). The year registered 427,520 transactions worth RM142.84 billion against 2011 which recorded 430,403 and RM137.83 billion in volume and worth respectively. Except for residential and development land sub-sectors that indicated modest growth of 1.1% and 6.1% respectively, other sub-sectors moderated. Commercial, agricultural and industrial sub-sectors subdued by -5.9%, -4.8% and -4.7% respectively.

The property market activities moderated in 2012. There were 427,520 transactions worth RM142.84 billion registered in 2012 against 430,403 transactions worth RM137.83 billion in 2011. The volume of transactions registered a trivial decrease of 0.7% and value however, increased by 3.6%.

The overhang scenario in the shop sub-sector improved further with volume and value declined to 4,849 units worth RM1.40 billion (2011:5,482 units worth RM1.59 billion), down by 11.5% and 12.0% respectively. The unsold under construction increased marginally from 4,908 units to 4,910 units whilst unsold not constructed improved with lower volume (2012:1,460 units; 2011:1,855 units).

The national occupancy rate of the purpose-built offices slipped marginally to 82.3% (2011:83.2%) as 472,785 square meters (“s.m.”) of new spaces entered the market.

Compared to last year completions decreased by 24.2% with the entrance of 29 new office buildings (2011:623,741 s.m.) recorded nationwide in the review period. The take-up space remained positive though lower at 223,797 s.m. against 561,749 s.m. recorded in 2011.

On the 2013 economic outlook, the Malaysian economy is forecast to expand strongly between 5.0% and 6.0%, supported by the prospects of an improved global economy. The nation's nominal GDP is expected to exceed RM1.0 trillion. Private investment and consumption is anticipated continue to support economic growth. Likewise, consumer spending is expected to continue to support the economy albeit Bank Negara Malaysia's measures to curb domestic household debts, backed by steady labour market and upgrade of civil servant salary scale. The construction sector is expected to increase further due to spill over effect from higher private investment. The services sector is also expected to be stronger supported by domestic demand and gradual improvement in the external environment.

Moving forward, the overall property market performance for 2013 will be subject to the local and global economic environment. Nevertheless, the construction activity is expected to be vigorous particularly by the residential sub-sector. Similarly for the shop and industrial sub-sector, higher starts and building plans approvals in 2012 indicate buoyancy in the construction activity. In the retail and office sub-sector, the occupancy performances are expected to remain strong, backed by moderate increase in new supply and coupled with fewer starts and new planned supply. The implementation of Economic Transformation Programme projects is expected to continue to be the supporting factor to the positive impact on the property market at large.

(Source: Property Market Report 2012, Valuation and Property Services Department, Ministry of Finance)

6.3 Overview and outlook of the Penang property market

Property market in Penang moderated in 2012 after two consecutive years of growths. There were 30,977 transactions recorded worth RM12.90 billion as compared to 39,415 transactions worth RM13.07 billion in 2011. Both the volume and value of transactions registered contractions, down by 21.4% and 1.3% respectively. The residential property remained the leading sub sector, dominating 75.1% of the overall market activity, followed by commercial sub-sector with 9.1% market share.

Market activity movements were subdued in the prominent sub-sector. Although the residential property led the overall market, it recorded contraction of 24.2% after experiencing a hefty 68.2% increase last year. The decline in the total number of transactions was attributed to the lower number of sales in low cost segment price below RM25,000 and RM25,001 – RM50,000, dropped by 57.2% and 41.6% respectively. On a similar tone, other sub-sectors also recorded contractions. The commercial and agricultural subsector took a downturn of 14.9% and 16.3%, while the industrial subsector was discouraging as its market volume contracted by 7.1%.

Price of single storey terraces in Seberang Perai Utara remained stable. Meanwhile similar property in Seberang Perai Tengah increased between 5.6% and 14.7% with the highest price was seen in Taman Inderawasih at the price range of RM225,000 to RM280,000. Seberang Perai Tengah posted strong growth for double storey terrace with the highest increase of 25.8% recorded in Bandar Macang Bubuk at RM180,000 to RM198,000.

Rapid development has now shifted from the island to Seberang Perai area, particularly in the area of Batu Kawan and Seberang Perai Tengah. Batu Kawan area is expected to compete with Bayan Lepas in terms of industrial development backed by the investment from Robert Bosch, Boon Siew Honda Malaysia and VAT Manufacturing Malaysia Sdn. Bhd. In addition, the state government also intends to build housing projects consists of 12,000 units of medium cost apartments to be priced between RM72,500 and RM220,000 per unit to cater for the needs of the middle-income earners.

Looking forward, the state's property market activities looks encouraging, The Second Penang Bridge, which connects Batu Kawan on the mainland and Batu Maung of the island is expected to be completed by the end of 2013. Once the project is completed, there will be spill over effects on property sectors.

(Source: Property Market Report 2012, Valuation and Property Services Department, Ministry of Finance)

6.4 Prospects of Bandar Tasek Mutiara or Pearl City

The Company expects the development of Pearl City to be exciting given Penang's prospects and economy, the state's established and growing transportation network which include among others, the Penang Second Bridge, and the strategic location of the project.

The Real Estate and Housing Developers' Association forecasted Penang's property market to see a sustainable growth of between 5 to 10% in 2013. This rising demand coupled with the current high prices of properties located in the Penang island would encourage certain segment of Penang residents to migrate to strategically located mainland properties in Penang.

7. RISK FACTORS RELATING TO THE PROPOSED ACQUISITIONS

Currently, Palmington and TI Development are subsidiaries of Tambun. Therefore, the Proposed Acquisitions will not expose Tambun and its subsidiaries to new business risk factors. The potential risk factors relating to the Proposed Acquisitions (which may not be exhaustive) are as follows:

(a) Acquisition risk

There is a potential risk that Tambun will not attain their intended purpose of acquiring the remaining equity interest in Palmington and TI Development that are not currently owned by the Company such as being able to generate sufficient returns to offset the costs of investment due to the business risks inherent to property development and the economic, political and social conditions. Nevertheless, Tambun will mitigate their investment risks by exercising due care in the evaluation of additional investment in Palmington and TI Development.

(b) Non completion of the Proposed Acquisitions

The completion of the SPA is conditional upon the conditions precedent being fulfilled or waived. There can also be no assurance that the completion date relating to the SPA can be within the timeframe stipulated in the SPA. Nevertheless, the Company anticipates that such risk can be mitigated by proactively engaging with the relevant authorities/parties to obtain all the necessary approvals and documents required for the completion of the SPA.

8. APPROVALS OBTAINED AND REQUIRED

The Proposed Acquisitions is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities;
- (ii) The shareholders of Tambun for the Proposed Acquisitions at a general meeting to be convened;
- (iii) The financiers' of Palmington and TI Development for the Proposed Acquisitions (if required); and
- (iv) any other relevant regulatory authorities (if required).

The Proposed Private Placement is subject to the following approvals being obtained:

- (i) Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities; and
- (ii) any other relevant regulatory authorities (if required).

As stated in Section 3.1 above, the Existing S132D Mandate shall be exercised for the purposes of the Proposed Private Placement. In view of this, the Proposed Private Placement does not require further approval from the shareholders of Tambun.

The Proposals are not inter-conditional with each other and also not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors and/or major shareholders of Tambun and its subsidiaries and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisitions.

Further, none of the Directors, major shareholders of Tambun and/or persons connected to them have any interest, either direct or indirect, in the Proposed Private Placement in view that the Placement Shares will be placed to third party investor(s) as detailed in Section 2.4 above.

10. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals (including but not limited to the rationale of the Proposals and the risk factors relating to the Proposals), is of the opinion that the Proposals are in the best interest of the Company.

11. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposed Acquisitions and Proposed Private Placement to be completed within the fourth (4th) quarter of 2013.

12. APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities in relation to the Proposals is expected to be made within two (2) months from the date of this announcement.

13. PERCENTAGE RATIO APPLICABLE TO THE PROPOSED ACQUISITIONS PURSUANT TO PARAGRAPH 10.02(G) OF THE LISTING REQUIREMENTS

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements is 58.24%, computed based on the Purchase Consideration (inclusive of liabilities to be assumed) over the audited consolidated NA of Tambun as at 31 December 2012.

14. ADVISER AND PLACEMENT AGENT

AFFIN Investment has been appointed as the Principal Adviser for the Proposals and Placement Agent for the Proposed Private Placement.

15. DOCUMENTS FOR INSPECTION

A copy of the Valuation Letters and the SPA will be made available for inspection at the registered office of Tambun at No. 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang during normal office hours on Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 21 June 2013.

1. Historical financial information of Palmington and TI Development

1.1 Palmington

The audited financial information of Palmington for the past two (2) financial years up to the FYE 31 December 2012 and for the financial period from 8 March 2010 to 31 December 2010 are as set out below:-

	← Audited →		
	Financial period from 8 March 2010 to 31 December 2010 ⁽¹⁾ (RM)	FYE 31 December 2011 (RM)	FYE 31 December 2012 (RM)
Revenue	-	3,187,760 ⁽²⁾	83,947,897 ⁽⁴⁾
Profit before tax	(3,898)	1,202,245	28,309,410
Profit after tax and minority interest	(3,898)	899,145	21,065,314
Shareholders' fund/ net assets ("NA")	(3,896)	6,651,247 ⁽³⁾	27,716,561

Notes:

- (1) *Palmington was incorporated on 8 March 2010 and had yet to commence property development operations.*
- (2) *Revenue is derived from the development of Pearl Square 1 and Pearl Square 2 which have a gross development value of RM48.2 million and RM24.8 million respectively.*
- (3) *The increase in NA is attributable to earnings for the year of RM899,145 and injection of capital by shareholders amounting to RM5,775,998.*
- (4) *Revenue is derived from the development of Pearl Square 1, Pearl Square 2 and Pearl Indah 1,2,3, which was launched in February 2012/May 2012 and has combined gross development value of RM174.5 million.*

As of the date of this announcement, Palmington does not have any subsidiaries and associate companies.

[The rest of this page has been intentionally left blank]

1.2 TI Development

The audited financial information of TI Development for the past three (3) financial years up to the FYE 31 December 2012 are as set out below:-

	← Audited →		
	FYE 31 December 2010 (RM)	FYE 31 December 2011 (RM)	FYE 31 December 2012 (RM)
Revenue	44,987,899 ⁽¹⁾	104,873,325 ⁽²⁾	85,999,128 ⁽³⁾
Profit before tax	10,877,316	28,442,558	24,937,183
Profit after tax and minority interest	8,050,864	18,691,629	21,313,208
Shareholders' fund/ net assets ("NA")	33,365,623	72,178,831	70,312,606

Notes:

- ⁽¹⁾ Revenue is derived from the development of the Pearl Garden project which have a gross development value of RM137.8 million
- ⁽²⁾ Revenue is derived from the development of Pearl Garden and Pearl Villa projects. Pearl Villa was launch in March 2011 and has a gross development value of RM144.6 million.
- ⁽³⁾ Revenue is derived from the development of the Pearl Garden and Pearl Villa projects. The decrease in revenue is mainly attributable to the completion of Pearl Garden.

As of the date of this announcement, TI Development does not have any subsidiaries and associate companies.

[The rest of this page has been intentionally left blank]