

NALURI BERHAD: Updates BTSB Acquisition

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Naluri Corporation Berhad (formerly known as Naluri Berhad) (Naluri) advised Bursa Malaysia Securities Berhad on the proposed acquisition by Naluri of the entire issued and paid-up share capital of Blossom Time Sdn Bhd (BTSB) for a total cash consideration of MYR150,000 from Orchard Boulevard Sdn Bhd (OBSB), a wholly-owned subsidiary of DFZ Capital Berhad (formerly known as Sriwani Holdings Berhad) (DFZ) (proposed BTSB Acquisition), a subsidiary of Naluri.

(1) Introduction

The Board of Directors of Naluri advised the bourse that Naluri has on August 3, 2005 entered into a conditional sale and purchase agreement (SPA) with OBSB for the acquisition by Naluri of 4,000,000 ordinary shares of MYR1.00 each in BTSB (BTSB Shares), representing the entire issued and paid-up share capital of BTSB from OBSB for a cash consideration of MYR150,000 (Purchase Consideration).

(2) Details of the proposed BTSB acquisition

The Purchase Consideration to be paid pursuant to the Proposed BTSB Acquisition shall be funded from our internally generated funds. The Purchase Consideration was determined on a willing buyer-willing seller basis after taking into account the unaudited net liabilities and loss after taxation of BTSB for the six (6) month financial period ended June 30, 2005 of MYR593 and MYR721 respectively. No other liabilities will be assumed by Naluri pursuant to the Proposed BTSB Acquisition and the Proposed BTSB Acquisition is expected to complete by the end of this financial year.

(3) Salient terms of the SPA

The salient terms of the SPA are as follows:

(i) The BTSB Shares to be purchased by Naluri will be free from interest or equity of any person (including among others, any rights to acquire, option or rights of pre-emption) any mortgage, deposit, charge, pledge, lien or assignment, or any other form of encumbrance, priority or security interest or arrangement of whatsoever nature and with all rights attaching thereto.

(ii) The Purchase Consideration will be satisfied in the following manner:

(a) Naluri will pay an Initial Deposit in the sum of MYR15,000 to OBSB within 30 days from the date of execution of the SPA; and

(b) Naluri will pay OBSB the balance of the Purchase Consideration minus the Initial Deposit in the sum of MYR135,000 as full and final settlement upon the completion of the SPA.

(iii) The SPA is conditional upon, inter-alia, the following:

(a) Naluri shall within 90 days from the date of the SPA, make the relevant applications to the following authorities for their respective approvals:

(aa) The Foreign Investment Committee for the Proposed BTSB Acquisition; and

(bb) The approval, consent, authorization or waiver from any other authorities required for the completion of the SPA.

(b) The satisfactory due diligence audit by Naluri on BTSB pursuant to the terms and conditions of the SPA.

(4) Information on BTSB

BTSB was incorporated on February 24, 1992 as a private limited company in Malaysia under the Companies Act, 1965 (Act). BTSB has an authorized share capital of MYR5,000,000 comprising 5,000,000 BTSB Shares, of which 4,000,000 BTSB Shares have been issued and are fully paid-up.

BTSB is presently a wholly owned subsidiary of OBSB, which in turn, is a wholly owned subsidiary of DFZ and DFZ is a subsidiary of Naluri. As at July 21, 2005, the Directors of BTSB are Mr. Wong Peng Yew, Mr. Kan Weng Hin and Mr. Wong Soo Teong, Terry, all of whom do not hold any BTSB Shares.

The principal activity of BTSB is that of resort development. As at July 21, 2005, BTSB does not have any subsidiaries or associated companies.

On December 10, 2004, BTSB completed the disposal of its principal assets comprising three (3) parcels of vacant freehold development land to Naluri as described further in Section 6 herein. The audited net liabilities and loss after taxation of BTSB based on the latest audited financial statements of BTSB for the financial year ended December 31, 2004 was MYR18.88 million and MYR6.92 million, respectively. The net liabilities and loss after taxation of BTSB mainly relates to the loss on disposal arising from the disposal of the abovementioned land.

The net liabilities and loss after taxation of BTSB based on the latest management accounts of BTSB for the six (6) month financial period ended June 30, 2005 is MYR593 and MYR721 respectively.

(5) Information on OBSB

OBSB was incorporated on February 26, 1992 as a private limited company in Malaysia under the Act. The principal activities of OBSB are investment holding and resort development. As at July 21, 2005, OBSB's authorized share capital is MYR3,000,000 comprising 3,000,000 ordinary shares of MYR1.00 each in OBSB (OBSB Shares), all of which 3,000,000 OBSB Shares have been issued and are fully paid-up.

OBSB is a wholly owned subsidiary of DFZ. As at 21 July 2005, the Directors of OBSB are Mr. Wong Peng Yew and Mr. Wong Soo Teong, Terry, all of whom do not hold any OBSB Shares.

The original cost of investment of OBSB in BTSB is set out in Table 1 herein.

(6) Rationale

On December 10, 2004, Aseambankers Malaysia Berhad announced that Naluri had completed certain corporate exercises which included the acquisition from BTSB of three (3) parcels of vacant freehold development land held under Lot 31 (Geran Mukim 29), Lot 478 (Geran 16796) and Lot 479 (Geran 16797), Mukim 17, Daerah Timur Laut, Bandar Batu Ferringhi Pulau Pinang (BTSB Land) for a purchase consideration of RM11.150 million for cash as part of a restructuring scheme of DFZ (Acquisition of BTSB Land).

Naluri intends to develop the BTSB Land into a residential development comprising condominiums, bungalows and semi-detached houses. Development approvals for the development of BTSB Land have been applied in the name of BTSB. In order to avoid complications and the time consuming process of re-applying for the approvals in Naluri's name, Naluri undertakes the Proposed BTSB Acquisition.

(7) Effects of the proposed BTSB acquisition

The Proposed BTSB Acquisition will not have any effect on the share capital and shareholding structure of Naluri as the consideration is in the form of cash.

The Proposed BTSB Acquisition is not expected to have any material effect on the net tangible asset (NTA) or NTA per share of Naluri and its subsidiaries and associated company (Naluri Group) as at December 31, 2004.

The Proposed BTSB Acquisition is not expected to have any material impact on the earnings and earnings per share of Naluri Group for the financial year ending December 31, 2004.

(8) Directors' and major shareholders' interests

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad, the Proposed BTSB Acquisition is considered a related party transaction as Dato' Khalid bin Mohamad Jiwa is currently a director of both Naluri and DFZ, and was a major shareholder of DFZ in the past twelve (12) months. Save as disclosed above, none of the directors or major shareholders of Naluri, or persons connected with them have any interest in the Proposed BTSB Acquisition.

(9) Approvals Required

The Proposed BTSB Acquisition shall be conditional upon the approval of the Foreign Investment Committee and any other relevant authorities, where applicable.

(10) Directors' Statement

The Directors of Naluri (save for Dato' Khalid bin Mohamad Jiwa, who is deemed interested in the Proposed BTSB Acquisition), having considered all aspects of the Proposed BTSB Acquisition, are of the opinion that the Proposed BTSB Acquisition is in the best interest of the Company.

(11) Departure from Securities Commission's Policies and Guidelines on issue/offer of securities (SC Guidelines)

There are no departures from the SC Guidelines.

(12) Documents for inspection

The SPA will be made available for inspection at the registered office of Naluri at 8th Floor Menara TR, 161B Jalan Ampang, 50450 Kuala Lumpur for a period of three (3) months from the date of this announcement.

This announcement is dated 3 August 2005.

Table 1

The total cost and date of investment of OBSB in BTSB are as follows:

| Date of investment | Cost of investment<br>MYR |
|--------------------|---------------------------|
| 27.4.1992          | 2                         |
| 7.7.1992           | 999,998                   |
| 30.5.1997          | 3,000,000                 |
|                    | 4,000,000                 |

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