WAH SEONG CORPORATION BERHAD (495846-A)

Stock Name : WASEONG
Type : GENERAL ANNOUNCEMENT
Subject : OTHERS
Description : WAH SEONG CORPORATION BERHAD

- **JOINT VENTURE AGREEMENT BETWEEN STH SRI BULATAN SDN BHD, STELLAR MARKETING SDN BHD, THE INDIRECT WHOLLY-OWNED SUBSIDIARIES OF WAH SEONG CORPORATION BERHAD AND ING VEASNA**

1. INTRODUCTION

The Board of Directors of Wah Seong Corporation Berhad ("**WSC**" or "**Company**") wishes to announce that its indirect wholly-owned subsidiaries, STH Sri Bulatan Sdn Bhd ("**STHSB**") and Stellar Marketing Sdn Bhd ("**SMSB**") have on 12 November 2014 entered into a Joint Venture Agreement ("**JV Agreement**") with Ing Veasna ("**Veasna**") ("**the Parties**"), for the purpose of combining their capabilities and expertise in commencing and carrying out inter alia the business of trading and warehousing of building materials in Cambodia as specifically agreed by the JV parties through a proposed new joint venture company ("**JV Company**").

2. INFORMATION ON STH AND SMSB

STHSB is incorporated as a private limited company by shares in Malaysia under the Companies Act, 1965 ("**Act**") on 30 March 1995 and having its registered office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

SMSB is incorporated as a private limited company by shares in Malaysia under the Act, on 21 September 2004 and having its registered office at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The authorised share capital of STHSB is Ringgit Malaysia One Million (RM1,000,000.00) comprising One Million (1,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each. The issued and paid-up share capital of STHSB is Ringgit Malaysia One Million (RM1,000,000.00) divided into One Million (1,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) each.

The authorised share capital of SMSB is Ringgit Malaysia One Hundred Thousand (RM100,000.00) comprising One Hundred Thousand (100,000) ordinary shares of Ringgit Malaysia One (RM1.00) each. The issued and paid-up share capital of SMSB is Ringgit Malaysia One Hundred Thousand (RM100,000.00) divided into One Hundred Thousand (100,000) ordinary shares of Ringgit Malaysia One (RM1.00) each.

STHSB and SMSB are inter alia in the business of trading and distribution of building materials.

3. INFORMATION ON VEASNA

Veasna is an individual of Cambodian nationality of 31D, Street 598, Sangkay Phnom Penh Thmey, Khan Sen Sok, Phnom Penh City, Kingdom of Cambodia and has the expertise in selling, marketing and trading of building materials in the local market of Cambodia.

4. INFORMATION ON THE PROPOSED NEW JV COMPANY

The intended name of the proposed new JV Company shall be Syn Tai Hung (Cambodia) Co. Ltd or such other name as may be available and approved by the JV Parties and the authorities in Cambodia.

The proposed new JV Company shall be incorporated in Cambodia under the laws of Cambodia.

The initial issued and paid-up share capital of the proposed new JV Company shall be United States Dollars Three Hundred Thousand (USD300,000.00) only divided into Three Hundred Thousand (300,000) shares of United States Dollars One (USD1.00) only each in accordance with the terms of the JVA and to be held in the proportions of 70%, 10% and 20% by STHSB, SMSB and Veasna respectively.

The principal objects of the proposed new JV Company shall be the trading, distribution and warehousing of building materials and other strategic business in Cambodia.

5. SALIENT TERMS OF THE JV AGREEMENT

5.1 The issued and paid-up capital of the proposed new JV Company shall be United States Dollars Three Hundred Thousand (USD300,000.00) only divided into Three Hundred Thousand (300,000) shares of United States Dollars One (USD1.00) only each and shall be subscribed and held by the JV Parties in the following proportions ("**Agreed Proportions**"):

JV Parties	Percentage	No. of Shares
STHSB	70%	210,000
SMSB	10%	30,000
Veasna	20%	60,000

5.2 The shareholdings (including any further issue(s) and allotment(s) in the share capital of the proposed new JV Company with the agreement of the Parties) of the Parties shall at all times be in the Agreed Proportions, provided always that in the event that any one of the Parties fails and/or neglects to take up its entitlement to the issue(s) and allotment(s) aforesaid, then the other party(s) shall be entitled to subscribe for such entitlements not taken up.

5.3 All subscriptions for the issue(s) and allotment(s) of the aforesaid shares shall be paid up in full and in cash unless otherwise agreed upon between the Parties.

5.4 The Board of the proposed new JV Company shall comprise of four (4) Directors of which two (2) shall be nominees of STHSB, one (1) shall be nominee of SMSB and one (1) shall be nominee of Vaesna.

5.5 The Chairman of the Board of the proposed new JV Company shall be appointed by STHSB. The Chairman shall have a casting vote in the event of any equality in votes with respect to any resolutions of the Board of Directors.

5.7 The JV Parties shall not sell, transfer or otherwise dispose of any or all of the shares held by them in the share capital of the proposed new JV Company unless the shares shall first be offered to be sold to the other joint venture party(s) in accordance with the provisions of JV Agreement and the Articles of Associations of the proposed new JV Company.

5.8 The JV Agreement shall be effective immediately upon the signing of the same.

6. RATIONALE

The JV Company will enable the WSC Group to expand its trading, distribution and warehousing business to Cambodia and provide access to the broader ASEAN / Indochina markets. The potential of this JV Company is further encouraged by the impending formation of the ASEAN Economic Community (AEC) in 2015.

7. FINANCIAL EFFECTS

7.1 Share Capital

The JV Agreement does not have any effect on the issued and paid-up share capital of WSC as the investment does not involve any issuance of shares in the Company.

7.2 Earnings

The JV Agreement is not expected to have any material effect on WSC Group's earnings and net assets for the financial year ending 31 December 2014. Going forward, the results from the Joint Venture is expected to enhance the future earnings of WSC Group.

7.3 Substantial Shareholding

The JV Agreement will not have any effect on the substantial shareholders' shareholdings of WSC.

7.4 Net Assets ("NA") and NA per share

The JV Agreement does not have any material effect on the NA value and NA per share of WSC Group for the financial year ending 31 December 2014.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

None of the Directors, major shareholders, persons connected to Directors or persons connected to the major shareholders of the Company or any of its subsidiaries has any interest, direct or indirect, in the JV Agreement.

9. DIRECTORS' STATEMENT

The Board of Directors is of the opinion that the JV Agreement is in the best interest of the Company.

10. APPROVALS REQUIRED

The JV Agreement is not subject to the approvals of any other governmental authority and/or the shareholders of WSC.

11. DOCUMENT FOR INSPECTION

A copy of the JV Agreement is available for inspection at the Registered Office of the Company at Suite 19.01, Level 19, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur for a period of three (3) months from the date of this announcement during normal business hours from Mondays to Fridays.

This announcement is dated 12 November 2014.