

**SALCON BERHAD (“SALCON” OR “THE COMPANY”)
MATERIAL LITIGATION PURSUANT TO PARAGRAPH 9.04(f) OF THE BURSA MALAYSIA SECURITIES
BERHAD MAIN MARKET LISTING REQUIREMENTS**

Further to the Company’s announcement dated 20 December 2017 in relation to the abovementioned subject matter (“the Announcement”), the Company wishes to inform the amendments made to Sections 3 and 4 of the Announcement as highlighted in bold and underlined below:-

Sections 3 and 4 of the Announcement

3. Estimated potential liability, financial and operational impact to the Group

A total of RM3.0 million will be provided for in the audited financial statements for the financial year ending 31 December 2017 in respect of above litigation.

Based on the advice of the solicitors of Salcon Engineering Berhad (“SEB”), SEB will proceed to appeal to the Court of Appeal and file an application for stay of execution pending appeal in respect of the Judgement.

However, in the event **SEB is successful in its that the above litigation appeal is successful in its claims** against the **Judgement Plaintiff**, there would be a contributory positive financial impact to the earnings per share and net assets per share of the Company for the financial year ending 31 December 2018.

There is no operational impact to the Company and the Group.

~~4. Steps taken or proposed to be taken by the listed issuer in respect of the litigation.~~

~~Based on the advice of our SEB’s solicitors, SEB will proceed to appeal to the Court of Appeal and file an application for stay of execution pending appeal in respect of the Judgement.~~

This announcement is dated 21 December 2017.