

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 announcements dated 20 December 2017 and 21 December 2017, the Board of Directors of Salcon wishes to announce the status of the following litigation involving Salcon Engineering Berhad ("SEB"), a wholly-owned subsidiary of the Company:-

Terra Environment Management Sdn Bhd (formerly known as UG Management Services Sdn Bhd) ("TEM") vs SEB

SEB had on 25 April 2018 filed the Notice of Withdrawal of Appeal dated 17 April 2018 to the Registry of Court of Appeal, Kota Kinabalu to withdraw the Notice of Appeal dated 13 December 2017 with no order as to costs, and the deposit to be refunded to SEB.

Both TEM and SEB had agreed to a settlement whereby SEB will pay a sum of RM1,850,000.00 to TEM as full and final settlement of the dispute between the parties instead of the judgment sum of RM3.0 million.

There is no potential liability, financial and operational impact to the Company and the Group.

This announcement is dated 26 April 2018.