



SALCON BERHAD

(Company No: 593796-T)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of Salcon Berhad ("Salcon" or "the Company") will be held at Caymans 1, Level 10, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 46150 Petaling Jaya on Friday, 30 March 2007 at 10.30 a.m., for the purpose of considering and if thought fit, passing the following resolution, with or without modification:-

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 233,249,942 NEW ORDINARY SHARES OF RM0.50 EACH IN SALCON BERHAD ("RIGHTS SHARES") WITH UP TO 116,624,971 FREE DETACHABLE WARRANTS ("WARRANTS") AT AN ISSUE PRICE OF RM0.57 PER RIGHTS SHARE, ON THE BASIS OF TWO (2) RIGHTS SHARES WITH ONE (1) WARRANT FOR EVERY TWO (2) EXISTING ORDINARY SHARES OF RM0.50 EACH IN SALCON ("SALCON SHARES" OR "SHARES") HELD ON A DATE TO BE DETERMINED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

"THAT, subject to the approval being obtained from all relevant authorities and the approval of Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for up to 233,249,942 Rights Shares and 116,624,971 Warrants pursuant to the Proposed Rights Issue with Warrants, the Directors of the Company be and are hereby approved and authorised to:-

- (i) issue and allot up to 233,249,942 Rights Shares, by way of renounceable provisional allotment to the registered shareholders of the Company whose name appear on the Record of Depositors at the close of business on an entitlement date to be determined later by the Directors of the Company, on the basis of two (2) Rights Shares with one (1) Warrant for every two (2) existing ordinary shares held, at an issue price of RM0.57 per Rights Share, the proceeds of which shall be utilised in the manner as set out in Section 2.6 of the Circular to Shareholders of Salcon dated 15 March 2007 relating to the Proposed Rights Issue with Warrants, and on such other terms and conditions as the Directors may determine and that the Rights Shares so issued and allotted to the Proposed Rights Issue with Warrants to Shareholders will rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the allotment date of the Rights Shares;
- (ii) allot and issue up to 116,624,971 Warrants in Salcon free of charge, in registered form and constituted by a deed poll to be executed by the Company constituting the Warrants ("Deed Poll"), together with the Rights Shares on the basis of one (1) Warrant for every two (2) Rights Shares issued, where each Warrant entitles the holder thereof, subject to any adjustments in accordance with the provisions of the Deed Poll, at any time during the exercise period commencing on and including the date of issue of the Warrants and expiring seven (7) years from the date of issue of the Warrants ("Exercise Period"), to subscribe for one (1) new ordinary share of RM0.50 each in the Company at an exercise price of RM0.75 per Share;
- (iii) allot and issue new ordinary shares of RM0.50 each in the Company pursuant to the exercise of any Warrant, (subject to any adjustments to the subscription rights attached to and the number of the Warrants made in accordance with the Deed Poll) and the new ordinary shares of RM0.50 each in Salcon so issued and allotted pursuant to the exercise of the Warrants which will rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they will not be entitled to any dividends, that may be declared prior to the date of exercise of the Warrants, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the Warrants;
- (iv) allot and issue any further Warrants pursuant to the adjustments in accordance with the terms of the Deed Poll ("Further Warrants") as may be required or permitted to be issued as a consequence of the adjustment pursuant to the provisions of the Deed Poll and which shall be treated as equal in all respects and form part of the same series of the Warrants, and such number of new ordinary shares of RM0.50 each in the Company credited as fully paid-up arising from the exercise of the subscription rights represented by such Further Warrants (subject to any further adjustments to the subscription rights attached to and the number of the Further Warrants made in accordance with the Deed Poll), and that such new ordinary shares of RM0.50 each so issued and allotted shall, upon allotment and issue, rank *pari passu* in all respects with the then existing ordinary shares of the Company except that they shall not be entitled to any dividends, that may be declared prior to the date of exercise of the Further Warrants, nor shall they be entitled to any distributions or entitlements for which the record date is prior to the date of exercise of the Further Warrants; and
- (v) give effect to the aforesaid with full power to assent to any modification, variation and/or amendment, as may be required/approved by the relevant authorities, to deal with fractional shares and/or warrants arising from the Proposed Rights Issue with Warrants to Shareholders in their absolute discretion deem fit and expedient, and to take up all steps and to enter into all such agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties as may be required in order to implement, finalise and give full effect to the said Proposed Rights Issue with Warrants."

BY ORDER OF THE BOARD

NG YEN HOONG (LS 008016)
LIM POH YEN (MAICSA 7009475)
Company Secretaries

Petaling Jaya
15 March 2007

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company and Section 149(1) of the Companies Act, 1965 shall not apply.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at 15th Floor Menara Summit, Persiaran Kewajipan, USJ 1, 47600 UEP Subang Jaya, Selangor Darul Ehsan not less than 48 hours before the time set for the meeting or any adjournment thereof.