

SALCON BERHAD (“SALCON” OR “THE COMPANY”)

REPLY TO THE QUERY FROM BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) DATED 1 OCTOBER 2020

REFERENCE NUMBER: IQL-01102020-00001

NOTICE TO COMMENCE ARBITRATION PROCEEDINGS BY SALCON MNCB AZSB JV SDN BHD AGAINST PENGURUSAN ASET AIR BERHAD

We refer to our announcements of 17 April 2014, 26 August 2020 and 28 September 2020 (“**Announcements**”). Unless otherwise stated, the abbreviations used in this announcement shall have the same meaning as set out in the Announcements.

Salcon wishes to furnish the following additional information as requested by Bursa Malaysia Securities Berhad via its letter dated 1 October 2020:

1. The date on which PAAB’s counterclaim against SMAJV (“Counterclaim”) was served on SMAJV and/or its solicitors

The Counterclaim was served to SMAJV’s solicitors on 25th September 2020.

2. The interest rate claimed by PAAB under its Counterclaim

There is no specific interest rate claimed by PAAB under its Counterclaim.

3. The estimated potential liability to Salcon Berhad group of companies arising from the Counterclaim

There is no liability to Salcon Berhad group of companies arising from PAAB’s Counterclaim as any amount awarded to PAAB (if any) would be borne by SMAJV.

4. A confirmation as to whether SMAJV is a major subsidiary of Salcon Berhad (i.e. a subsidiary which contributes 70% or more of the profit before tax or total assets employed of Salcon Berhad on a consolidated basis)

SMAJV is not a major subsidiary of Salcon Berhad.

5. The total cost of Salcon Berhad’s investment in SMAJV

The total cost of Salcon Berhad’s investment in SMAJV is RM5,062,667.

6. The steps taken or proposed to be taken by SMAJV and/or Salcon Berhad in respect of the Counterclaim

SMAJV will defend the Counterclaim in the arbitral proceeding.

This announcement is dated 2 October 2020.