

NOTICE OF PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH FREE WARRANTS

The provisional allotment of Rights Shares with free Warrants (as defined herein) as contained in this notice of provisional allotment is a prescribed security pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") shall apply in respect of dealings in the provisional allotment of Rights Shares with free Warrants (as defined herein).



SALCON BERHAD

(Company No.: 593796-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF

212,045,402 NEW ORDINARY SHARES OF RM0.50 EACH ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.57 PER RIGHTS SHARE TOGETHER WITH 106,022,701 FREE DETACHABLE WARRANTS ("WARRANTS"), ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 WARRANT ATTACHED FOR EVERY 2 EXISTING ORDINARY SHARES OF RM0.50 EACH HELD BY THE ENTITLED SHAREHOLDERS OF SALCON BERHAD AT 5.00 P.M. ON 23 APRIL 2007 ("RIGHTS ISSUE WITH WARRANTS")

Adviser and Underwriter



MIMB INVESTMENT BANK BERHAD (10209-W)

(formerly known as Malaysian International Merchant Bankers Berhad)
A Participating Organisation of Bursa Malaysia Securities Berhad

To: Shareholders of SALCON BERHAD ("SALCON" OR THE "COMPANY")

Dear Sir/Madam,

The Board of Directors of Salcon has provisionally allotted to you, in accordance with an ordinary resolution passed by the Company at the Extraordinary General Meeting convened on 30 March 2007 and the approval of the Securities Commission dated 2 March 2007, the number of Rights Shares and number of free Warrants as indicated below ("Provisional Allotment").

We wish to advise that the following Rights Shares with free Warrants provisionally allotted to you in respect of the Rights Issue with Warrants have been confirmed by the Bursa Depository and upon acceptance will be credited into your Central Depository System ("CDS") account(s) subject to the terms and conditions stated in the Abridged Prospectus and the Rights Subscription Form dated 27 April 2007 issued by the Company.

The Provisional Allotment is made subject to the provisions in the Abridged Prospectus dated 27 April 2007 issued by the Company. Bursa Malaysia Securities Berhad ("Bursa Securities") has already prescribed the securities of Salcon listed on the Main Board of Bursa Securities to be deposited with the Bursa Depository. Accordingly, the Provisional Allotment of Rights Shares with free Warrants arising from the Rights Issue with Warrants are prescribed securities and as such, all dealings in the provisional allotment of Rights Shares with free Warrants will be by book entry through CDS accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991, the Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of the Bursa Depository.

ALL RIGHTS SHARES WITH FREE WARRANTS TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS WILL BE ALLOTTED BY WAY OF CREDITING THE RIGHTS SHARES WITH FREE WARRANTS INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL CERTIFICATES WILL BE ISSUED.

The Board of Directors of Salcon reserves the right to allot the excess Rights Shares with free Warrants, if any, to the entitled shareholders of Salcon and/or renounee(s) who have applied for the excess Rights Shares with free Warrants on a fair and equitable basis and in such manner that the incidence of odd lots will be minimised.

NAME, ADDRESS AND CDS ACCOUNT NUMBER OF ENTITLED SHAREHOLDER

NUMBER OF SALCON SHARES HELD AT 5.00 P.M. ON 23 APRIL 2007	NUMBER OF RIGHTS SHARE PROVISIONALLY ALLOTTED TO YOU	NUMBER OF FREE WARRANTS PROVISIONALLY ALLOTTED TO YOU	TOTAL AMOUNT PAYABLE IN FULL UPON ACCEPTANCE (AT RM0.57 PER RIGHTS SHARE) (RM)

IMPORTANT RELEVANT DATES

Entitlement Date : Monday, 23 April 2007 at 5.00 p.m.
Last date and time for sale of Provisional Allotment : Monday, 7 May 2007 at 5.00 p.m.
Last date and time for transfer of Provisional Allotment : Thursday, 10 May 2007 at 4.00 p.m.
Last date and time for acceptance and payment of Rights Shares with free Warrants : Tuesday, 15 May 2007 at 5.00 p.m.*
Last date and time for application and payment of excess Rights Shares with free Warrants : Tuesday, 15 May 2007 2007 at 5.00 p.m.*

* or any such later date and time as the Directors of Salcon may decide and announce not less than two (2) market days before the stipulated closing dates.

By order of the Board of Directors of Salcon

Ng Yen Hoong (LS 008016)
Lim Poh Yen (MAICSA 7009475)
Company Secretaries

SHARE REGISTRAR
PFA REGISTRATION SERVICES SDN BHD (19234-W)
LEVEL 13, UPTOWN 1, NO. 1, JALAN SS 21/58,
DAMANSARA UPTOWN, 47400 PETALING JAYA
SELANGOR DARUL EHSAN
TEL. NO.: 03-7725 4888

THIS NOTICE OF PROVISIONAL ALLOTMENT IS DATED 27 APRIL 2007

RIGHTS SUBSCRIPTION FORM

THIS RIGHTS SUBSCRIPTION FORM ("RSF") IS FOR THE PURPOSE OF ACCEPTING THE RIGHTS SHARES WITH FREE WARRANTS (AS DEFINED HEREIN) PURSUANT TO THE RIGHTS ISSUE WITH WARRANTS (AS DEFINED HEREIN) OF SALCON BERHAD ("SALCON" OR "COMPANY"). THE LAST TIME AND DATE FOR ACCEPTANCE AND PAYMENT IS 5.00 P.M. ON 15 MAY 2007 OR SUCH LATER TIME AND DATE AS MAY BE DETERMINED AND ANNOUNCED BY THE DIRECTORS OF SALCON. THIS FORM IS ONLY APPLICABLE TO PERSONS WHO HAVE PROVISIONAL RIGHTS STANDING TO HIS/HER CENTRAL DEPOSITORY SYSTEM ACCOUNT.

Affix RM10.00
Malaysian Revenue
Stamp here



SALCON BERHAD

(Company No.: 593796-T)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF

212,045,402 NEW ORDINARY SHARES OF RM0.50 EACH ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.57 PER RIGHTS SHARE TOGETHER WITH 106,022,701 FREE DETACHABLE WARRANTS ("WARRANTS"), ON THE BASIS OF 2 RIGHTS SHARES TOGETHER WITH 1 WARRANT ATTACHED FOR EVERY 2 EXISTING ORDINARY SHARES OF RM0.50 EACH HELD BY THE ENTITLED SHAREHOLDERS OF SALCON BERHAD AT 5.00 P.M. ON 23 APRIL 2007 ("RIGHTS ISSUE WITH WARRANTS")

To: The Directors
SALCON BERHAD

PART I - ACCEPTANCE OF RIGHTS SHARES WITH FREE WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus dated 27 April 2007, I/we hereby irrevocably accept Rights Shares and the corresponding number of free Warrants comprised in the Notice of Provisional Allotment issued by the Company, which were provisionally allotted/renounced to me/us in accordance with and subject to the Memorandum and Articles of Association of the Company.

I/we enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order No. for RM in favour of "SALCON RIGHTS ISSUE ACCOUNT" and crossed "ACCOUNT PAYEE ONLY", being the full amount payable for the said number of Rights Shares with free Warrants accepted, and hereby request for the Rights Shares with free Warrants accepted to be credited into my/our valid Central Depository System ("CDS") account as follows:-

NO. OF RIGHTS SHARES ACCEPTED *	TOTAL AMOUNT PAYABLE AT RM0.57 PER RIGHTS SHARE IN FAVOUR OF "SALCON RIGHTS ISSUE ACCOUNT" (RM) **

CDS ACCOUNT NO.: -

Notes:

- # The renounceable entitlements to the Rights Shares with Warrants must be subscribed by the shareholders of Salcon in full or in part (subject to the subscription of the Rights Shares with Warrants in an equal proportion), as a package and not to be subscribed separately or disproportionately. Shareholders who renounce all or any part of their entitlements to the Rights Shares provisionally allotted to them under the Rights Issue with Warrants will simultaneously relinquish their corresponding entitlements to the Rights Shares including their corresponding entitlements to the free Warrants.
- ## The corresponding free Warrants attached with the Rights Shares will be issued and allotted to you, on the basis one (1) free Warrant for every two (2) Rights Shares accepted/applied by you, at no additional cost.

PART II - APPLICATION FOR EXCESS RIGHTS SHARES WITH FREE WARRANTS

In accordance with the terms of this RSF and the Abridged Prospectus dated 27 April 2007, I/we hereby irrevocably apply for excess Rights Shares and the corresponding number of free Warrants in addition to the Rights Shares with free Warrants provisionally allotted to and accepted by me/us as stated above, in accordance with and subject to the Memorandum and Articles of Association of the Company.

I/we enclose herewith Banker's Draft/Cashier's Order/Money Order/Postal Order No. for RM in favour of "SALCON EXCESS RIGHTS ACCOUNT" and crossed "ACCOUNT PAYEE ONLY", being the full amount payable for the number of excess Rights Shares with free Warrants applied for, and hereby request for the said excess Rights Shares with free Warrants applied for to be credited into my/our CDS account as stated above:-

NO. OF EXCESS RIGHTS SHARES APPLIED FOR *	TOTAL AMOUNT PAYABLE AT RM0.57 PER EXCESS RIGHTS SHARE IN FAVOUR OF "SALCON EXCESS RIGHTS ACCOUNT" (RM) **

I/we authorise you to return without interest, the balance of my/our application money should my/our application for the excess Rights Shares with free Warrants be only partly successful or not successful at all by Ordinary Post to me/us at MY/OUR OWN RISK.

PART III - DECLARATION

I/we hereby confirm and declare that:-

- (i) All information provided by me/us is true and correct;
- (ii) All information is identical with the information in the records of the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") and further agree and confirm that in the event the said information differs from the Bursa Depository's record as mentioned earlier, the exercise of my/our rights may be rejected; and
 - I am 18 years of age or over.
 - I am/We are resident(s) of Malaysia.
 - I am/We are resident(s) of (country) and having citizenship.
 - I am/We are nominee(s) of a person who is a *Bumiputera/ *Non-Bumiputera/ *Non-Citizen resident in (country) and having citizenship.

I/we hereby accept all the terms and conditions set out in this RSF and the Abridged Prospectus dated 27 April 2007 and further confirm compliance with all the requirements for acceptance as set out therein.

NAME AND ADDRESS OF APPLICANT (in block letters as per Bursa Depository's record)	Signature/Authorised Signatory(ies) (Corporate Body must affix their Common Seal)
Contact Telephone No. (during office hours)	Nationality/Place of Incorporation
If the Applicant is a natural person (as per Bursa Depository's record) NRIC No. Old: New: Passport No. (also state country):	If the Applicant is a body corporate (as per Bursa Depository's record) Company No./Registration No.:
Race: (If Malaysian) Please tick (✓) where appropriate <input type="checkbox"/> Malay <input type="checkbox"/> Indian <input type="checkbox"/> Chinese <input type="checkbox"/> Other (specify)	Type of Body Corporate Please tick (✓) where appropriate <input type="checkbox"/> Government Agencies/ Institutions/Statutory Bodies <input type="checkbox"/> Controlled by Non-Malaysians <input type="checkbox"/> Controlled by Malaysians (Malays/Natives) <input type="checkbox"/> Others (specify)
<input type="checkbox"/> Controlled by Malaysians (Non-Malays/Non-Natives)	

* Please delete whichever is not appropriate.

NOTES AND INSTRUCTIONS FOR COMPLETION OF THIS RIGHTS SUBSCRIPTION FORM ("RSF")

THIS RSF IS NOT A TRANSFERABLE OR NEGOTIABLE INSTRUMENT.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. All enquiries concerning the procedures for application, acceptance and payment for the Rights Issue with Warrants should be addressed to the Registrar of Salcon Berhad ("Salcon"), PFA Registration Services Sdn Bhd (19234-W), Level 13, Uptown 1, No. 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan. INVESTORS SHOULD READ AND UNDERSTAND THE CONTENTS OF THE ABRIDGED PROSPECTUS DATED 27 APRIL 2007 TO WHICH THIS RSF RELATES BEFORE COMPLETING THIS RSF. PLEASE BE REMINDED THAT IN ACCORDANCE WITH THE SECURITIES COMMISSION ACT 1993, THIS RSF MUST NOT BE CIRCULATED UNLESS ACCOMPANIED BY THE ABRIDGED PROSPECTUS.

This RSF, together with the Abridged Prospectus and Notice of Provisional Allotment ("NPA"), is not intended to be issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants comply with the laws of any countries or jurisdictions other than the laws of Malaysia. Any entitled shareholder who is resident in countries or jurisdictions other than Malaysia should therefore immediately consult his/her legal advisers as to whether the acceptance or renunciation of their entitlements to the Rights Issue with Warrants would result in the contravention of any laws of such countries or jurisdictions. Salcon and MIMB Investment Bank Berhad (*formerly known as Malaysian International Merchant Bankers Berhad*) ("MIMB") shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the said entitled shareholder is or shall become illegal, unenforceable, voidable or void in such countries or jurisdictions.

A copy of the Abridged Prospectus has been registered with the Securities Commission ("SC"). A copy of the Abridged Prospectus together with the RSF have also been lodged with the Registrar of Companies, who takes no responsibility for their contents.

Approval for the Rights Issue with Warrants have been obtained from the SC vide its letter dated 2 March 2007 and from the shareholders of Salcon vide an ordinary resolution passed at the Extraordinary General Meeting held on 30 March 2007. The approval from the SC shall not be taken to indicate that the SC recommends the Rights Issue with Warrants. The SC shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

Approval-in-principle has been obtained from Bursa Malaysia Securities Berhad ("Bursa Securities") on 4 April 2007 for the admission of the free Warrants to the Official List of Bursa Securities and for the listing of and quotation for the Rights Shares with free Warrants as well as the new Salcon Shares to be issued pursuant to the exercise of the free Warrants on the Main Board of Bursa Securities. The free Warrants will be admitted to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares with free Warrants will commence upon receipt of confirmation from the Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") that all the Central Depository Systems ("CDS") accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them. The listing of and quotation for the new Salcon Shares to be issued pursuant to the exercise of Warrants on the Main Board of Bursa Securities is expected to commence after receipt of confirmation from the Bursa Depository that all the CDS accounts of the Warrant holders who have exercised their Warrants, have been duly credited and notices of allotment have been despatched to them.

This RSF, together with the Abridged Prospectus and NPA, have been seen and approved by the Directors of Salcon and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in these documents false or misleading.

INSTRUCTIONS:

(i) LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT

This RSF is valid for acceptance until 5.00 p.m. on 15 May 2007, or such extended date and time as the Directors of Salcon may decide at their absolute discretion. Where the closing date for acceptance is extended from the original closing date, an announcement of such extension will be made not less than two (2) market days before the original closing date.

(ii) FULL ACCEPTANCE OF THE RIGHTS SHARES WITH FREE WARRANTS

If you wish to accept the Rights Shares with free Warrants provisionally allotted to you, please complete Part I and Part III of this RSF and return this RSF, together with the appropriate remittance made in Ringgit Malaysia (RM) for the full amount in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a Bank or Post Office in Malaysia and must be made out in favour of "SALCON RIGHTS ISSUE ACCOUNT" and crossed "ACCOUNT PAYEE ONLY" and endorsed on the reverse side with your name and address in block letters together with the CDS account number for the full amount payable for the Rights Shares with free Warrants accepted, to be received by the Registrar, before 5.00 p.m. on 15 May 2007 (or such extended date and time as the Directors of Salcon may decide at their absolute discretion). Cheques or any other mode of payments are not acceptable.

If acceptance and payment for the Rights Shares with free Warrants provisionally allotted to you is not received by the Registrar, PFA Registration Services Sdn Bhd by 5.00 p.m. on 15 May 2007, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by the Directors of Salcon), such provisional allotment of rights will be deemed to have been declined and will be cancelled. The Directors of Salcon will then have the right to allot such Rights Shares with free Warrants not taken up, first, to applicants applying for excess Rights Shares with free Warrants, second to Naga Mubihah pursuant to the Additional Undertaking and subsequently to the Underwriter.

The remittance must be made for the exact amount payable for the Rights Shares with free Warrants accepted.

NO ACKNOWLEDGEMENT OF THE RECEIPT OF THE RSF OR APPLICATION MONIES IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS WILL BE MADE BY THE COMPANY OR THE REGISTRAR. HOWEVER, NOTICES OF ALLOTMENT WILL BE DESPATCHED BY ORDINARY POST TO THE SUCCESSFUL APPLICANTS AT THEIR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE OF ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WITH FREE WARRANTS.

(iii) PART ACCEPTANCE OF THE RIGHTS SHARES WITH FREE WARRANTS

If you wish to accept part of your provisional allotment of the Rights Shares with free Warrants, please complete Part I of this RSF by specifying the number of Rights Shares with free Warrants which you are accepting and Part III of this RSF and deliver the completed RSF together with the relevant payment to the Registrar, PFA Registration Services Sdn Bhd by 5.00 p.m. on 15 May 2007, being the last time and date for acceptance and payment (or such extended time and date as may be determined and announced by the Directors of Salcon). The minimum number of Rights Shares with free Warrants that can be accepted is two (2) Right Shares and one (1) free Warrant.

(iv) APPLICATION FOR EXCESS RIGHTS SHARES WITH FREE WARRANTS

If you and/or your renounee(s) (if applicable) wish to apply for excess Rights Shares with free Warrants in addition to those provisionally allotted to you and/or your renounee(s) (if applicable), please complete Part II of this RSF (in addition to Parts I and III) and forwarding it (together with a **separate remittance** for the full amount payable in respect of the excess Rights Shares with free Warrants applied for) to the Registrar. Payment for the excess Rights Shares with free Warrants applied for should be made in the same manner described in Note (ii) above, with remittance in the form of Banker's Draft(s) or Cashier's Order(s) or Money Order(s) or Postal Order(s) drawn on a bank or post office in Malaysia and crossed "ACCOUNT PAYEE ONLY" and made payable to "SALCON EXCESS RIGHTS ACCOUNT" and endorsed on the reverse side with the name and address in block letters together with the CDS account number of the applicant to be received by the Registrar not later than 5.00 p.m. on 15 May 2007, being the last time and date for the excess Rights Shares with free Warrants acceptance and payment (or such extended time and date as may be determined and announced by the Directors of Salcon). No acknowledgement will be issued but a notice of allotment will be despatched to you by ordinary post within eight (8) market days from the last date of acceptance and payment for the excess Rights Shares with free Warrants.

In respect of unsuccessful or partially successful excess Rights Shares with free Warrants applications, the full amount or the surplus application monies (as the case may be) will be refunded without interest within eight (8) Market Days from the last date for application and payment for the excess Rights Shares with free Warrants and shall be despatched to you by ordinary post at your own risk.

The Directors of the Company shall allot the excess Rights Shares with free Warrants on a fair and equitable basis and on such basis that the incidence of odd lots will be minimised.

(v) SALE/TRANSFER OF THE PROVISIONAL ALLOTMENT OF RIGHTS SHARES WITH FREE WARRANTS

If you wish to sell/ transfer all or part of your provisional allotment of the Rights Shares with free Warrants to more than one (1) person, you may do so immediately through your stockbroker without first having to request the Company for a splitting of the provisional allotment of the Rights Shares with free Warrants standing to the credit of your CDS accounts. To sell/transfer all or part of your provisional allotment of the Rights Shares with free Warrants you may sell such provisional allotment of the Rights Shares with free Warrants in the open market of Bursa Securities or transfer such provisional allotment to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling/transferring all or part of your provisional allotment of the Rights Shares with free Warrants, you need not deliver any document, including this RSF, to the stockbroker. However, you must ensure that you have sufficient provisional allotment of the Rights Shares with free Warrants standing to the credit of your CDS account before trading.

The purchaser(s)/renounee(s) can collect a copy of this RSF for the acceptance of his/her/their rights from his/her/their stockbroker, all Malaysian stockbroking companies, the Registered Office of the Company, the Registrar's office or Bursa Securities website at <http://www.bursamalaysia.com>.

If you have sold only part of the provisional allotment of the Rights Shares with free Warrants you may still accept the balance of your provisional allotment of the Rights Shares with free Warrants by completing Parts I and III of this RSF.

(vi) GENERAL INSTRUCTIONS

- All applicants must sign on the front page of this RSF. All corporate bodies must affix their Common Seals.
- Rights Shares with free Warrants subscribed by the shareholders and/or their renounee(s) will be credited into their respective CDS accounts as shown in the Record of Bursa Depositors.
- Any interest or other benefit accruing on or arising from or in connection with any application monies shall be for the benefit of the Company and the Company shall not be under any obligation to account for such interest or other benefit to you.
- The contract arising from the acceptance of the provisional allotment of the Rights Shares with free Warrants by you shall be governed by and construed in accordance with the laws of Malaysia, and you shall be deemed to have irrevocably and unconditionally submitted to the exclusive jurisdiction of the courts of Malaysia in respect of any matter in connection with this RSF and the contract.
- The Company reserves the right to accept or reject any acceptance and/or application if the instructions hereinabove stated are not strictly adhered to.
- Malaysian Revenue Stamp (NOT POSTAGE STAMP) of Ringgit Malaysia Ten (RM10.00) must be affixed on the RSF.