



notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be held at Classics Ballroom 2, Level 3, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2009 together with the Reports of the Directors and Auditors thereon.

(SEE NOTE 2)

2. To approve the payment of the first and final dividend of 1.5 sen per share, single tier.

(Resolution 1)

3. To re-elect Jaggit Singh a/l Tara Singh who retires pursuant to Article 96 of the Company's Articles of Association.

(Resolution 2)

4. To re-elect the following Directors who retire pursuant to Article 103 of the Company's Articles of Association:-

(a) Dato' Tee Tiam Lee

(Resolution 3)

(b) How See Hock

(Resolution 4)

(c) Dato' Leong Kok Wah

(Resolution 5)

5. To re-appoint the following Directors, who retire pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the next Annual General Meeting:-

(SEE NOTE 3)

(a) Dato' Seri Goh Eng Toon

(Resolution 6)

(b) Dato' Dr Freezailah bin Che Yeom

(Resolution 7)

6. To re-appoint Messrs KPMG as Auditors of the Company and authorise the Directors to fix their remuneration.

(Resolution 8)

AS SPECIAL BUSINESS

7. To consider and, if thought fit, pass the following resolution:

(SEE NOTE 4.1)

"THAT the payment of Directors' Fees of RM150,000 for the financial year ended 31 December 2009 be approved."

(Resolution 9)

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolution and Special Resolution of the Company:-

8. Ordinary Resolution

Authority to Allot and Issue Shares in General Pursuant to Section 132D of the Companies Act, 1965

(SEE NOTE 4.2)

"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten (10) per centum of the issued and paid-up share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)

9. Special Resolution

Proposed Amendments to the Articles of Association of the Company

(SEE NOTE 4.3)

"THAT the amendments to the Articles of Association of the Company as set out in the Appendix I ("Proposed Amendments") on pages 133 to 135 of the Annual Report 2009 be and are hereby approved and adopted.

THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

(Resolution 11)

10. To transact any other business of which due notice have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Seventh Annual General Meeting to be held on 23 June 2010, a first and final dividend of 1.5 sen per share, single tier, in respect of the financial year ended 31 December 2009 will be paid on 23 July 2010.

The entitlement date for the dividend is 2 July 2010.

A depositor shall qualify for entitlement to the dividend only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 2 July 2010 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

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

Kuala Lumpur

1 June 2010

NOTES:

1. APPOINTMENT OF PROXY

- (a) 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)(b) of the Companies Act, 1965 shall not apply.
- (b) 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.
- (c) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (d) The instrument appointing a proxy must be deposited at the 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.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

The Resolution 6 and Resolution 7, if passed, will authorise the continuity in office of the Directors (who are over the age of 70 years) until the next annual general meeting.

director's report

for the year ended 31 December 2009

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally an investment holding company, whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	22,053	11,732
Minority interest	4,020	-
	26,073	11,732

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of previous financial year, the Company paid a first and final dividend of 1 sen per ordinary share which comprises 0.67 sen per ordinary share, tax exempt and 0.33 sen per ordinary share less tax at 25% totalling RM3,134,000 and RM1,157,000 (0.2475 sen net per ordinary share) respectively, in respect of the year ended 31 December 2008 on 23 July 2009.

The first and final dividend of 1.5 sen per ordinary share, single tier recommended by the Directors in respect of the financial year ended 31 December 2009, is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Seri Goh Eng Toon
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas
Dato' Dr Freezailah bin Che Yeom
Jaggit Singh a/l Tara Singh
Ho Tet Shin
Dato' Tee Tiam Lee (appointed on 1 January 2010)
How See Hock (appointed on 1 January 2010)
Dato' Leong Kok Wah (appointed on 1 January 2010)

23. Tax expense (cont'd)

The subsidiaries operating in the People's Republic of China ("China") are entitled for a full tax exemption on profits for the first three years in operations and half tax exemption thereafter for the next two years.

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to the corporate tax at 20% on chargeable income up to RM500,000. However, with effect from year of assessment 2009, the 20% tax rate will not be applicable for companies which are controlled by another company with a paid up capital exceeding RM2.5 million.

** The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

24. Earnings per ordinary share - Group

Basic earnings per share

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders of RM22,053,000 (2008 - RM8,822,000) and a weighted average number of ordinary shares outstanding calculated as follows:

Weighted average number of ordinary shares

	2009 '000	2008 '000
Issued ordinary shares at 1 January	467,720	425,200
Effect of shares issued	-	36,247
Weighted average number of ordinary shares at 31 December	<u>467,720</u>	<u>461,447</u>
	2009 sen	2008 sen
Basic earnings per share	<u>4.72</u>	<u>1.91</u>

Diluted earnings per share

The diluted earnings per share was not presented as it was anti-dilutive.

25. Dividends

Dividends recognised in the current year by the Company are:

2009	Sen per share	Total amount RM'000	Date of payment
Final 2008 ordinary (tax exempted)	0.67	3,134	23 July 2009
Final 2008 ordinary (net of tax)	0.25	<u>1,157</u>	23 July 2009
Total amount		<u>4,291</u>	

After the balance sheet date the following dividend were proposed by the Directors. These dividends will be recognized in subsequent financial period upon approval by the shareholders at the forthcoming Annual General Meeting.

	Sen per share
Final ordinary (single tier)	<u>1.5</u>



Proxy Form

I/We.....
(PLEASE USE BLOCK CAPITAL)

of.....
(FULL ADDRESS)

being a member/members of **SALCON BERHAD** hereby appoint.....

.....of

..... or failing whom,of

.....or failing

him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf, at the Seventh Annual General Meeting of the Company to be held at Classics Ballroom 2, Level 3, Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 23 June 2010 at 10.30 a.m. and at any adjournment thereof.

No.	Resolutions	*For	*Against
1.	To approve the payment of the first and final dividend of 1.5 sen per share, single tier.		
2.	To re-elect Jaggit Singh a/l Tara Singh as Director.		
3.	To re-elect Dato' Tee Tiam Lee as Director.		
4.	To re-elect How See Hock as Director.		
5.	To re-elect Dato' Leong Kok Wah as Director.		
6.	To re-appoint Dato' Seri Goh Eng Toon as Director.		
7.	To re-appoint Dato' Dr Freezailah bin Che Yeom as Director.		
8.	To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.		
9.	To approve the payment of Directors' fees for the financial year ended 31 December 2009.		
10.	To grant the authority to allot and issue shares in general pursuant to Section 132D of the Companies Act, 1965.		
11.	To approve the Proposed Amendments to the Articles of Association of the Company		

(*Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

Dated this day of 2010

.....
Signature of Shareholder or Common Seal

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)(b) 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. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the 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.

<p>Number of shares held:</p> <p>If more than 1 proxy, please specify number of shares represented by each proxy</p> <p>Name of Proxy 1:</p> <p>Name of Proxy 2:</p>
