

**SALCON BERHAD (“SALCON” OR “COMPANY”)
LETTER OF INTENT**

The Board of Directors of Salcon (“**Board**”) wishes to announce that Nusantara Megajuta Sdn Bhd (“**Nusantara**”), a 50.01%-owned subsidiary of Salcon, had on 12 September 2013 signed a letter of intent (“**Letter of Intent**”) with Eco World Development Sdn Bhd (“**EWD**”) to appoint EWD or its nominated project management subsidiary, namely Eco World Project Management Sdn Bhd (“**EWPM**”), as the project manager for the Strata Development (as defined below).

The shareholders of Nusantara are Salcon Development Sdn Bhd (“**SDSB**”) and Kembar Makmur Sdn Bhd (“**KMSB**”) holding 50.01% and 49.99%, respectively, equity interest in Nusantara. SDSB is a wholly-owned subsidiary of Salcon while the current shareholders of KMSB are Ong Aun Kung (“**OAK**”) and Lee Thiam Lai (“**LTL**”).

The appointment of EWD as project manager for the Strata Development is subject to:

- (i) the execution of a project management agreement (“**PMA**”) subject to the terms and conditions of the PMA;
- (ii) the acquisition of shares in KMSB by EWD from OAK and LTL subject to the terms and conditions of the share sale agreement (“**SSA**”);
- (iii) the execution of a shareholders agreement between KMSB and SDSB to govern their respective interests and relationship between themselves as shareholders of Nusantara subject to the terms and conditions of the shareholder agreement (“**Shareholders Agreement**”),

(the “**PMA**”, “**SSA**” and “**Shareholders Agreement**” shall hereinafter be collectively referred to as “**the Agreements**”).

Nusantara had on 7 January 2013 entered into a conditional sale and purchase agreement with Total Merit Sdn Bhd to acquire 553,883.912 sq ft of land being part of the lands held under HS(D) 482930 PTB 22841 & HS(D) 482931 PTB 22842 both in Bandar Johor Bahru, Johor (“**Project Lands**”) to build a shopping-cum-apartments complex consisting of:

- (i) up to four levels of car parks, together with up to five levels of retail outlets (“**Shopping Complex**”);
- (ii) several blocks of apartments and car parks serving such apartments to be erected on top of the Shopping Complex; and
- (iii) strata shop-cum-apartment complex to be erected on separate part of the Project Lands,

(collectively referred to as the “**Strata Development**”). The acquisition of the Project Lands is expected to be completed in the first quarter of 2014.

EWD and its group of companies are in the business of land development and possess the expertise and resources to manage and sell the Strata Development.

Subject to such board and shareholders’ approval and other consent as may be required under the law, all the relevant parties to the respective Agreements shall sign the Agreements simultaneously within one (1) month from the date of EWD’s acceptance of the Letter of Intent, or such longer period as may be agreed by the parties (“**Execution Period**”) failing which the Letter of Intent shall automatically lapse.

For the period commencing from the date of the Letter of Intent until the expiry of the Execution Period, the parties agree to co-operate exclusively with each other in relation to the Strata Development and shall discontinue any and all discussions with third parties and shall not enter into

discussions, negotiations or agreements of any kind with any other parties with respect of the development and management or sale of the Strata Development or any part thereof.

Dato' Seri Goh Eng Toon and Dato' Leong Kok Wah, the Directors of Salcon, are deemed interested in the PMA and Shareholders Agreement and will abstain from all deliberations and voting at the Board meetings of the Company in relation to the PMA and Shareholders Agreement.

A detailed announcement will be made once the Agreements have been signed.

This announcement is dated 12 September 2013.