

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

- **PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED SHARES OF SALCON (EXCLUDING TREASURY SHARES)**

*Reference is made to the announcement dated 28 September 2020 in relation to the Proposed Private Placement (“**Announcement**”). Unless otherwise defined, the abbreviations used throughout this announcement are the same as those previously defined in the Announcement.*

On behalf of the Board, Affin Hwang IB wishes to provide the following additional information in relation to the proposed utilisation of proceeds (Section 2.6 of the Announcement):

(i) Business Expansion/Future Investments

The Group has earmarked between RM18.13 million to RM26.01 million of the proceeds to be raised from the Proposed Private Placement for its business expansion/future investments. The Group expects to utilise the said proceeds within 2 years from receipt.

The Group is keen to expand its existing businesses or venture into new business to diversify its income base which may include any business that is similar, complementary or different from the Group’s existing businesses. In this respect, the Group will undertake feasibility studies on the viability of such potential business(es)/investment(s) beforehand in order to ensure that the Group will be able to meet its objective to strengthen and broaden its recurring income stream.

In the event the Group is unable to identify any suitable or viable business(es)/investment(s) within the stipulated timeframe, these proceeds will be channelled towards the working capital requirements of the Group for the purchase of materials, payment of contractors, sub-contractors and/or suppliers in respect of its existing projects at that point in time on a *pro rata* basis.

(ii) Working Capital

The Group has allocated between RM9.84 million to RM14.09 million of the proceeds to be raised from the Proposed Private Placement for its working capital requirements for its existing projects as disclosed under Note (2) of Section 2.6 of the Announcement.

The working capital requirements may include purchase of materials, payment to contractors/sub-contractors/suppliers, staff related costs and other operating and administrative expenses such as, rental of project premises, utilities and lease of office equipment and office premises.

Nevertheless, the proceeds to be utilised for the aforementioned components of working capital are subject to the operating and funding requirements of the Group at such point in time and therefore may be subject to further change.

This announcement is dated 8 October 2020.