



**Headline** : Salcon seeks shareholders' approval to diversify into glove-making  
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## Salcon seeks shareholders' approval to diversify into glove-making

**PETALING JAYA:** Salcon Bhd will be seeking its shareholders' approval at an EGM to diversify its core business into the trading and manufacturing of rubber gloves in view of the segment's significant and immediate contribution to the group's revenue.

This follows Salcon's 51% stake buy in JR Engineering and Medical Technologies (M) Sdn Bhd (JREMT) for RM28.56mil from the company's founder and managing director Ganesan Subramaniam on March 12, 2021.

JREMT is involved in the manufacturing and trading of latex, nitrile and medical gloves, and provision of turnkey advisory and consultancy services for rubber glove players.

The deal also involved a profit after tax (PAT) guarantee by Ganesan of at least RM10mil, valid for three financial years end-

ing Dec 31 (2021 to 2023).

Based on Salcon's 51% stake, the group's PAT share would be at least RM5.1mil.

Pursuant to listing requirements, Salcon has to obtain shareholders' approval for transactions that might result in either the diversion of 25% or more of its net assets to an operation which differs widely from those operations previously carried on, or the contribution from such an operation of 25% or more to its net profits.

Salcon is principally involved in water and wastewater engineering with a key focus on the investment, design, construction, commissioning, operation and maintenance of water and wastewater treatment plants and ancillary facilities.

The group is also involved in property development, technology services, transportation and renewable energy services.

In a filing with Bursa Malaysia, Salcon said the glove business would contribute to the group's earnings given the global demand for rubber gloves arising from the Covid-19 pandemic. The new business will also provide it with a new recurring income stream.

Based on the audited financial results of JREMT, the company posted a 78.8% year-on-year jump in PAT to RM1.8mil, while revenue climbed 46.3% to RM51.2mil for the financial year ended Sept 30, 2020.

However, for the unaudited six months ended March 31, 2021, JREMT posted a stunning results jump with PAT at RM11.6mil and revenue at RM66.1mil.

JREMT's factory in Rasa, Selangor has four glove manufacturing lines with annual production capacity of 420 million pieces.

Its products are certified and recognised by

the United States Food and Drug Association (FDA) and CE Marking Certification for the European region.

Following Salcon's majority stake buy, Ganesan and his son Harman will remain as JREMT's managing director and general manager, respectively, for three years with an option to extend their tenure by a further three years.

The group is also exploring the setting up of a new glove manufacturing plant to increase its production capacity.

"The Covid-19 pandemic has led to rising awareness for cleanliness and personal hygiene which has resulted in a wider use of personal protective equipment such as gloves beyond the medical sector.

"These sectors include, amongst others, manufacturing, food and beverage as well as tourism," said Salcon.