

Headline : Salcon diversifies into glove manufacturing : The Malaysian Reserve/Companies/pg.11 **News Source** 

Date : 13 November 2020

The Malaysian Reserve | FRIDAY NOVEMBER 13, 2020

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## Salcon diversifies into glove manufacturing

The acquisition is wellaligned with Salcon's strategy of growth and diversification, says ED Leong

## by NUR HANANI AZMAN

SALCON Bhd's subsidiary, Nusan-

SALCON Bhd's subsidiary, Nusantara Jasakita Sdn Bhd, has entered into a share sale agreement to acquire a 51% stake in JR Engineering and Medical Technologies (M) Sdn Bhd for a purchase consideration of RM28.56 million.

The proposed acquisition comes with a profit guarantee of RM10 million per annum in the glove manufacturing company for the financial year Jan 1 to Dec 31 for years ending 2021 (FY21), FY22 and FY23.

Salcon ED Datuk Eddy Leong

Salcon ED Datuk Eddy Leong Kok Wah said upon completion of the transaction, Salcon will have the transaction, Salcon will have immediate access to a trained labour force, existing customers and an immediate source of revenue while cutting down on lengthy product approval and registration processes.

demand in specific export markets, the group is targeting to increase and ramp up production capacity and diversification. We are confident the resulting significant synergies, economies of scale and enlarged market presence will strengthen the group's growth profile and bring greater long-term value to our stakeholders.

"Although there are other manufacturers ramping up production capacity and new entrants venturing into this sector, we believe a structural change in usage of gloves will ensure there will be continued and strong demand in the market in the near to mid terms," he said in a statement yesterday.

Salcon's share price stood at two Sen or 5.5% higher at 38 sen, with a market capitalisation of RM384.72 million.

With an annual production of over 336 million gloves from four single former production lines in their factory located in Zurah Industrial, Rasa, Hulu Selangor, R Engineering is currently operating beyond its capacity.

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The company, which is primarily involved in tourism and property development, plans to install and commission glove and disposable face mask production lines which are expected to yield a minimum production capacity of 3.1 billion pieces of gloves and 22.7 million pieces of face masks per annum.

of 3.1 billion pieces of gloves and 2227 million pieces of face masks per annum.

Meanwhile, Mah Sing Group Bhd in October unveiled an ambitious diversification plan into the healthcare sector with its proposed move to venture into glove manufacturing business with a target to become one of the top five glove producers in Malaysia in due time.

The property developer's new venture will be spearheaded by Mah Sing Healthcare Sch Bhd, a wholly owned subsidiary of Mah Sing Plastics Industries 5dn Bhd, with plans to instal 12 production lines with a capacity to produce up to 3.66 billion pieces of gloves per annum, or 38,000 pieces of gloves per production line per hour within the year in Phase 1.