

Headline : Salcon buys 51% stake in glove maker for RM29 mil
News Source : The Star/ News/ pg. 3
Date : 13 November 2020 (Fri)

Salcon buys 51% stake in glove maker for RM29mil

PETALING JAYA: Salcon Bhd is acquiring 51% equity in glove manufacturing company JR Engineering and Medical Technologies (M) Sdn Bhd for RM28.56mil.

The proposed acquisition comes with a profit guarantee of RM10mil per annum for the financial years 2021, 2022 and 2023, ending Dec 31.

Salcon executive director Datuk Eddy Leong said the proposed acquisition is in line with Salcon's strategy of growth and diversification.

Listed on the Main Market of Bursa Malaysia, Salcon's core business is in water and wastewater engineering.

"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



Join Now!

Visit soba.com.my
Email soba@thestar.com.my
Call 6012 303 4093 (SOBA Admin)
Submission Deadline: 4 December 2020

QR code: bit.ly/SOBAapplicationform

Organiser:  Main Sponsors:   Co-Sponsor:  Official Trade Promotion Partner: 

term," he said in a statement.

JR is operating beyond its capacity, with an annual production of 336 million gloves from four single former production lines in their factory located in Zurah Industrial, Rasa,

Hulu Selangor.

To cater to the spike in demand in specific export markets, Salcon is targeting to increase and ramp up production capacity by an additional 12 lines, to a total of 16 production lines within a year.

The estimated capital expenditure for the expansion is RM150mil, which will be funded via internally generated funds and bank borrowings.

Once completed, the expansion will bring the total production capacity to three billion gloves per annum.

"Upon completion of the transaction, Salcon will have immediate access to a trained labor force, existing customers and an immediate source of revenue - cutting down lengthy product approval and registration processes," added Leong.

JR has already in place the necessary approvals, such as Food and Drug Administration certification and the CE Marking Certification that will enable the group to export to the United States, Europe and other countries.