

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

REPLY TO THE QUERY FROM BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) DATED 13 NOVEMBER 2020

REFERENCE NUMBER: IQL-13112020-00003

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

PROPOSED ACQUISITION OF 1,020,000 ORDINARY SHARES, REPRESENTING 51% OF THE TOTAL ISSUED SHARES CAPITAL IN JR ENGINEERING AND MEDICAL TECHNOLOGIES (M) SDN BHD BY NUSANTARA JASAKITA SDN BHD (A 90%-OWNED SUBSIDIARY OF SALCON) FROM GANESAN A/L SUBRAMANIAM

We refer to our announcement of 12 November 2020 (“**Announcement**”). Unless otherwise stated, the abbreviations used in this announcement shall have the same meaning as set out in the Announcement.

Salcon wishes to furnish the following additional information as requested by Bursa Malaysia Securities Berhad via its letter dated 13 November 2020:

1. Whether shareholders’ approval will be sought for Salcon Berhad’s diversification into the glove business pursuant to Paragraph 10.13 of the Main Market Listing Requirements.

The Company take cognizance of Paragraph 10.13 of the Main Market Listing Requirements and would assess the requirements pursuant to Paragraph 10.13 of the Main Market Listing Requirements on the diversification into the glove business. The Company would seek shareholder’s approval in the future when the Company is expected to trigger the threshold of Paragraph 10.13 of the Listing Requirements.

2. The total capital and investment outlay to be incurred by JREMT for the additional 12 production line (“Expansion”), its sources of funding (including the breakdown) and to quantify the portion to be borne by Salcon Berhad and/or NJSB.

The proposed funding for the additional 12 production lines is to be financed by the mix of the bank borrowings to be raised by JREMT and the shareholders advances proportionately to its shareholdings. The quantum of the shareholders advances is only to be determined after the finalisation of bank borrowings.

3. The current production capacity and output of JREMT and the expected production capacity and output after the Expansion.

The current production and output capacity of JREMT is 336 million pieces per year and the expected production and output capacity after the expansion is 3.05 billion pieces annually.

This announcement is dated 16 November 2020.