

GENERAL ANNOUNCEMENT
SUBJECT: MATERIAL LITIGATION

DESCRIPTION:

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

MATERIAL LITIGATION PURSUANT TO PARAGRAPH 9.04(f) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Pursuant to Paragraph 9.04(f) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company wishes to announce the following litigation involving JR Engineering and Medical Technologies (M) Sdn Bhd (“JREMT” or “Defendant”), a 51.0%-owned subsidiary of the Company:-

Aspen Glove Sdn Bhd [202001022163 (1378483-U)] (“AGSB” or “Plaintiff”) vs JREMT

1. Background Information

On 13 January 2021, JREMT had entered into a Sale and Distribution Agreement with AGSB (“Contract”), for the sale and purchase of gloves produced by AGSB in year 2021.

2. Details of the Claims

On 4 November 2022, JREMT served a letter of demand on the Plaintiff via its solicitors, Messrs Rosli Dahlan Saravana Partnership, to demand the sum of RM22,363,243.07, being unutilised funds under the Contract.

However, the Plaintiff had on 5 December 2022 filed an Originating Summons with the High Court of Malaya at Shah Alam, Selangor Darul Ehsan, Originating Summons No. BA-24NCC-118-12/2022, (“Originating Summons”) against the Defendant for the following reliefs :

- (i) a declaration that the letter of demand dated 4 November 2022 is invalid and void;
- (ii) an injunction restraining the Defendant whether by itself or through its agents or representatives from filing or presenting a winding up petition based on the notice of demand dated 4 November 2022 until the disposal of the Originating Summons;
- (iii) an injunction restraining the Defendant whether by itself or through its agents or representative from advertising a winding up petition based on the notice of demand dated 4 November 2022 until the disposal of the Originating Summons;
- (iv) costs; and
- (v) other reliefs the Court deems fit.

JREMT is advised by its solicitors that AGSB's Originating Summons is non-meritorious and JREMT will oppose to the Originating Summons without hesitant.

In connection thereto, JREMT had on 19 December 2022 filed an Affidavit in Reply to oppose the Originating Summons, which includes a counterclaim, as follows:

- (a) That the Plaintiff do pay RM22,363,243.07.
- (b) Alternatively, declaration that the Plaintiff is liable to account to the Defendant for the sum of RM22,363,243.07 as a constructive trustee;
- (c) Pre-judgement interests pursuant to Section 11 of the Civil Law Act 1956;
- (d) Post-judgement interests;
- (e) Costs; and
- (f) Such further and/or other reliefs that this Honourable Court deems just and proper.

3. Financial and operational impacts on Salcon Group

In the event JREMT is unsuccessful in its claims against the Plaintiff, there would be a potential negative financial impact on the earnings per share and net assets per share of JREMT and Salcon Group for the financial year ending 31 December 2022. However, there is no financial impact to the gearing of JREMT and Salcon Group.

There is no operational impact on JREMT and Salcon Group.

4. Directors and Major Shareholders' Interest

None of the directors and/or major shareholders of the Company, or persons connected with them have any interest, direct or indirect, in the aforesaid proceeding.

This announcement is dated 19 December 2022.