

## **PRESS RELEASE**

**FOR IMMEDIATE RELEASE**

### **JOHAN HOLDINGS RECEIVES SHAREHOLDERS' APPROVAL TO VENTURE INTO GLOVE BUSINESS**

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**KUALA LUMPUR, 31 May 2021** – Johan Holdings Berhad (“Johan” or “the Group”) is pleased to announce that it has received its shareholders' approval to venture into the manufacture, sale and distribution of gloves (“Glove Business”).

The proposed venture was one of five proposals tabled and approved at the virtual extraordinary general meeting (“EGM”) held this afternoon. The proposals were as follows:

1. Proposed acquisition by Dynacare Sdn Bhd (“Dynacare”), a wholly owned subsidiary of Johan, of a parcel of industrial land in Lumut, Perak Darul Ridzuan, for a purchase consideration of RM27.3 million to be satisfied entirely via cash;
2. Proposed diversification of the existing principal activities of Johan and its subsidiaries to include the Glove Business;
3. Proposed renounceable rights issue of 389,342,813 new ordinary shares in Johan on the basis of 1 rights share for every 2 existing Johan shares held on an entitlement date to be determined and announced later, together with 389,342,813 free detachable warrants in Johan on the basis of 1 warrant for every 1 rights share subscribed for, at an issue price of RM0.10 per rights share;
4. Proposed offer to George Kent (Malaysia) Berhad (“George Kent”) to subscribe for a 40% equity interest in Dynacare at an issue price of RM1.00 per ordinary share and Johan to hold the remaining 60% equity interest; and
5. Proposed right to George Kent to build a glove manufacturing plant (“Plant”) and install machinery for the Glove Business on the industrial land for a contract sum of approximately RM624.1 million plus or minus 10% (excluding sales and service tax).

The Board’s decision for the diversification into the Glove Business is based on extensive and in-depth studies on the projected supply and demand over a period of five years which demonstrated the long-term viability of the Glove Business. The Board is of the view that the project is viable in the long term, having considered projected supply and demand dynamics and average selling prices (ASPs) over the next five years, taking into account prices at pre-COVID levels.

The Plant will have a total of 42 double-former glove-dipping lines and a production capacity of approximately 12 billion pieces of examination and surgical gloves per annum. Commercial production of the first production line is expected to commence in August 2021 with a total of 6 production lines to be fully operational by December 2021. The remaining 36 production lines

will be commissioned and operationalised in stages in 2022 and 2023. This large production capacity will provide economies of scale, thus ensuring competitiveness in the marketplace.

Commenting on the development, Chairman Tan Sri Dato' Tan Kay Hock said:

"I am delighted by the outcome of this EGM with overwhelming support from the shareholders. This investment into the manufacture of gloves is an important development for Johan. It is a timely diversification after the disposal of the Group's Puchong land and the conditional sale of Diners Club (Singapore) Pte Ltd. We believe that this investment will provide an important new stream of sustainable and recurring long-term income for our shareholders.

"This Project will transform Johan into a substantial manufacturer in the international area of medical and specialty gloves through Dynacare."

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## **About Johan Holdings Berhad**

Johan Holdings Berhad began its activities in 1920 as Johan Tin Dredging Ltd. In 1979, the Company was renamed Johan Holdings Berhad. Since then, the Company diversified away from its tin mining business through acquisitions and organic growth. The Johan Group today is a Malaysian-grown group with diversified operations. It is listed on the Main Market of Bursa Malaysia Securities Berhad under the Finance sector.

For more information, please visit <http://www.johanholdings.com/>

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**Issued by Imej Jiwa Communications Sdn Bhd on behalf of Johan Holdings Berhad**

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