

## **PRESS RELEASE**

FOR IMMEDIATE RELEASE

# **GEORGE KENT RECEIVES RIGHT TO CONSTRUCT GLOVE MANUFACTURING PLANT IN LUMUT; ACCEPTS OFFER TO PARTICIPATE IN THE GLOVE BUSINESS**

**KUALA LUMPUR, 30 MARCH 2021** – George Kent (Malaysia) Berhad (“George Kent” or “the Group”) yesterday announced that it has been given the Right to undertake the Works for the design and construction of a glove manufacturing plant (“Plant”) in Lumut Industrial Park, Perak by Dynacare Sdn Bhd (“Dynacare”). The Plant will be owned and operated by Dynacare, a subsidiary of Johan Holdings Berhad.

If approved by shareholders, George Kent will undertake the Works including civil and structural building works, mechanical and electrical works, and the construction of utility connections such as electricity, gas and water supply, as well as wastewater treatment and water recycling facilities. The Group will also design, install, test and commission 42 double-former glove-dipping lines and all ancillary systems at the Plant over 24 months. The Plant will have a production capacity of approximately 12 billion pieces of examination and surgical gloves per annum. On the basis of 42 lines operating at full capacity for a 12-month period, based on an average selling price of USD5.50 per 100 pieces, revenue is estimated to be at RM2.4 billion.

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 mid-2023.

The contract is worth RM624.1 million and will bolster George Kent’s construction order book at a time when construction contracts are scarce. The contract is timely and will immediately contribute to the Group’s bottom line over the next two years. The Group’s expertise, experience and track record of delivering construction projects on time and within budget offer the assurance that the Plant will be completed in good order and on schedule.

The global contract will also create a new growth area for George Kent’s construction arm, which has hitherto been involved in hospital and water infrastructure construction as well as rail systems works. The Group will work with experienced glove-dipping-line technology providers to deliver high-capacity, fully automated production lines. The Group expects to expand its glove manufacturing facility construction business locally and internationally. This business will be an area of growth for George Kent as existing and new glove manufacturing players expand their production capacity in the coming years.

The Board is also happy to accept Johan's invitation to take up a substantial minority share in Dynacare, subject to shareholders' approval. If approved, this 40% equity stake will provide the Group with recurring income that is not from the contracting business. This recurring income will contribute substantially to the Group's bottom line for years to come, as the glove business is sustainable in both good and crisis times, scalable worldwide, and recession-proof.

The Board's decision to make this investment is based on an extensive and in-depth study that demonstrated the long-term viability of the glove business. The consideration has taken into account the additional glove manufacturing capacity coming on stream in the coming years, which will be offset against the continuing strong demand due, in part, to improving domestic and global healthcare services, international stockpiling efforts, ageing populations and stricter workplace safety requirements.

The Board anticipates that, barring any unforeseen circumstances, the Group's new business activities in the glove business may contribute 25% or more of the net profits of the Group and/or result in a diversion of more than 25% of the net assets of the Group towards the aforesaid new business activities moving forward. As such, the Board proposes to seek shareholders' approval for the proposed diversification into the glove business, pursuant to Paragraph 10.13(1) of the Listing Requirements at an extraordinary general meeting to be convened.

### **Chairman's Statement**

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

"This global contract to design and construct a glove manufacturing plant is an exciting opportunity for George Kent. If approved by shareholders, the contract will boost our construction order book significantly. The contract would also mark our entry into the glove manufacturing facility construction space. Demand for such facilities remains strong.

"The investment into Dynacare through a 40% equity stake, if approved by shareholders, will provide an important new stream of income for our shareholders that is sustainable and recurrent in the long term."

-end-

## **About George Kent (Malaysia) Berhad**

George Kent is an established engineering and metering company in the water infrastructure, rail transportation and hospital construction industries. The Company specialises in the turnkey construction of water infrastructure and hospital projects, system works for rail transportation, and operation and maintenance of water treatment facilities.

Known for proven engineering excellence, George Kent has a strong track record of successfully completing high-value and technology-critical projects. The Company also manufactures and supplies water metering products and solutions for household, industrial and plant use. It operates one of the largest hot brass-forging plants in Southeast Asia for the production of internationally certified water meters, and supplies to water authorities in Malaysia and in the ASEAN region.

For more information, please visit [www.georgekent.net](http://www.georgekent.net).

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