

MALAYSIA'S TOP GLOVE MULLS CONDOM BUSINESS

28 June 2016 / 12:06



Lim Wee Chai, left, Top Glove's executive chairman, and Loh Boon Chye, SGX's chief executive, are all smiles during the glove-maker's listing ceremony in Singapore on Tuesday.

SINGAPORE -- Top Glove, the world's largest maker of latex gloves, may diversify into the condom business.

Although the latex glove industry is growing between 6% and 8% annually, Top Glove's founder on Tuesday said his company has been considering whether condoms can complement its existing business.

The Malaysian company, which makes one of every four pairs of rubber gloves the globe uses, has been looking into the condom business.

"We need to pay more attention and put more effort into this," said Lim Wee Chai, Top Glove's founder and executive chairman.

Among Top Glove's options is to acquire a condom maker, Lim said.

"We are looking into condom companies" among other rubber-related M&A targets, Lim said.

Top Glove had 378.5 million ringgit (\$92.5 million) stashed away as of May 31 and is "hungry" for acquisitions.

It also intends to grow its glove business by adding capacity.

The global contraceptives market was valued at \$19.7 billion in 2015 and is expected to reach \$25.5 billion by 2022, according to U.S.-based Credence Research.

Meanwhile, Top Glove on Tuesday made its debut on the main board of Singapore Exchange Securities, or SGX, opening at 1.62 Singapore dollar (\$1.20).

The secondary listing, which does not involve any issuance of new shares, instead is aimed at raising the group's profile by expanding its investor base. Lim and other Top Glove executives are to make available 12.8 million of their own shares, worth about S\$20 million on the open market, over the next 12 months.

Singapore was chosen for the listing due to its proximity to Malaysia and a trading link mechanism that smooths the clearance and settlement processes.

"Aside from giving us access to the Singapore market, we view [the listing] as an opportunity to upgrade our quality, image and branding in the global arena," Lim said.

The listing has increased the number of health care-related companies on the SGX to 33. Combined, they have a market capitalization of S\$38 billion, Loh Boon Chye, the bourse's chief executive said in a speech during the listing ceremony.

Top Glove produces 44.6 billion gloves a year at 27 factories in Malaysia, Thailand and China. Natural rubber gloves account for about 60% of the total, while nitrile synthetic rubber gloves make up of 30%.

Image not found or type unknown

