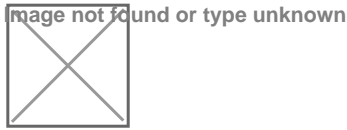


SGX LISTING A BOON FOR TOP GLOVE

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It will enhance company's reach, enable it to tap into diverse investor base at SGX.

PETALING JAYA: Glovemaker Top Glove Corp Bhd's secondary listing on the Main Board of the Singapore Exchange (SGX) is expected to enhance the company's reach and enable it to tap into the diverse investor base at SGX, a global financial hub.

The proposed secondary listing will entail the listing of all existing ordinary shares in Top Glove on the SGX.

Bursa Malaysia will remain as the primary stock exchange and will not involve in any issuance of new shares.

The company is exploring the sale of about S\$20mil (RM59.4mil) worth of shares in the open market on SGX to create trading liquidity.

"The move came as a positive surprise to us but no change to our earnings forecast and target price. Maintain buy at RM7.45," Affin Hwang Research said in a note.

The research house said that based on Monday's close of RM5.32, this translated into about 11 million shares or less than 1% of the company's total share base, which should not create excessive selling pressure.

Generally, Affin Hwang said dual listing created access to a larger investor pool and better liquidity. It also paves the way for increased merger and acquisition (M&A) opportunities.

However, benefits of a dual-listing may require careful evaluation to ensure value-add.

Dual-listing is often associated with higher listing costs and more stringent regulatory requirements, which may outweigh the benefits.

Meanwhile, MIDF Research views the proposed listing in SGX positively as it will provide foreign investors further access to the company.

Currently, foreign shareholding in Top Glove stands at more than 30% and with this listing, AmResearch expects increased investor reach and diversification of its investor base, including allowing direct participation by investors in Singapore in the equity of Top Glove.

“Additionally, we think that the company is also indirectly trying to create liquidity access for its foreign investors that manage larger funds in Singapore and allowing flexibility for these investors to trade either in Singapore or Malaysia.

“This in return will assist in reducing additional costs of investments needed to invest in countries other than Singapore,” it said.

On another note, the proposed secondary listing will allow Top Glove to exercise flexibility in terms of raising funds for both growth and operations.

“Furthermore, as the company is actively looking into M&A of smaller players and glove-related players, we think the listing will assist in broadening its M&A horizon and boost attractiveness to both potential targets and future investors,” it added.

MIDF has upgraded Top Glove to “buy” with an unchanged target price of RM6.76 as it has shed 23% of its share price from its historical high of RM6.95 back in January and now has an upside of 30.3% from its target

price.

“We think the selldown on the stock has been overdone due to the strengthening of ringgit of late despite its fundamentals being intact.

Hence, we would recommend investors to re-look at the stock as its current valuation has turned more attractive at 14.9 times financial year 2017 price-to-earnings,” it said.