

TOP GLOVE INKS DEAL TO BUY EASTERN PRESS FOR RM46.25M

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KUALA LUMPUR (Nov 3): Top Glove Corp Bhd has inked an agreement to purchase Eastern Press Sdn Bhd, a supplier of printing and packaging material to the group, for RM46.25 million, to improve coordination in its packaging material supply chain.

The planned purchase will be funded using bank borrowings and internal funds, Top Glove said in a statement.

It had earlier inked a letter of intent for the proposed buy on Oct 13. At the time, the expected purchase price was a million more, at RM47.25 million.

"The transaction is expected to enable Top Glove to improve its supply chain coordination, allowing for flexible planning and better lead time, in relation to the supply of packaging material for its glove products, as well as better cost and quality control," said Top Glove.

The proposed acquisition also comes with a net profit guarantee of RM4.5 million for Eastern Press's financial year ending Oct 31, 2018.

Top Glove said the planned purchase, which it expects to be completed in the first quarter of 2018, should contribute positively to its earnings for the financial year ending Aug 31, 2018.

"This (buy) will enable us to add value to our supply chain, thereby benefitting our operations, in line with our business direction to produce high quality gloves at an efficient low cost," said Top Glove executive chairman Tan Sri Dr Lim Wee Chai.

Top Glove added it will continue to explore merger and acquisition opportunities in related businesses in order to grow faster and remain sustainable.

Shares in Top Glove closed one sen or 0.16% lower at RM6.39 today, after 1.64 million shares were traded, for a market capitalisation of RM8.03 billion. The stock has climbed some 35% in the past 12 months, from RM4.72.