

TOP GLOVE PROJECTS DOUBLE-DIGIT GROWTH IN CHINA EXPORTS THIS YEAR

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by RAHIMI YUNUS / pic by TMR FILE PIX

Top Glove Corp Bhd is projected to achieve a double-digit growth in its exports revenue and profit from the China market as a result of the rising demand in medical gloves.

Executive chairman Tan Sri Dr Lim Wee Chai said there is a lot of room for growth in China.

He said glove usage in the country is still low compared to advanced markets like the US, Europe and Japan, despite the improvement in the country's standard of living.

“Standard of living and hygiene, purchasing power and life expectancy in China are increasing. That will generate more demand in medical gloves or disposable gloves,” Lim said at the company’s financial performance briefing for the second quarter ended Feb 28, 2019 (2Q19), in Shah Alam, Selangor, yesterday.

The company’s export to China currently makes up between 4% and 5% of the group’s total sales.

Top Glove, which has a local factory in China producing vinyl gloves for the world market, is expected to expand the same business in Vietnam.

As for the newly acquired Aspion Sdn Bhd, Lim said the company is expected to achieve a turnaround within the next two years.

Via the acquisition of Aspion that was completed in April last year, Top Glove now has three more glove manufacturing facilities, making the group the world’s largest surgical glove producer.

To date, Lim said Top Glove has managed to reduce Aspion’s unskilled workers by 30% by the company’s improving operation efficiency and integrating new systems and workflow into the factories.

Meanwhile, Top Glove ED Lim Cheong Guan said the court hearing related to Aspion’s case is expected to begin in September this year at the Malaysian High Court, while the case has been arbitrated in Singapore.

Last year, Top Glove launched a writ action against Adventa Capital Pte Ltd over irregularities found from an actual acquisition cost of RM1.23 billion, due to an overstatement of Aspion’s inventory, plant and machinery amounting to RM74.4 million.

It also found that the acquisition price of Aspion was overstated by RM640.5 million.

In total, Top Glove is claiming RM714.9 million comprising the overstatement and overvaluation from the Singapore-based Adventa Capital.

Top Glove — an integrated glove maker — has 40 factories worldwide with a capacity of 61 billion of gloves.

The world's largest rubber glove producer is also targeted to be a Fortune Global 500 company by 2040, which requires the company to grow 30 times in the next 20 years.

The company is currently actively promoting biodegradable nitrile gloves in the market.

Between RM450 million and RM500 million would be allocated for Top Glove's capital expenditure this year.

Top Glove net profit for 2Q19 fell 2.95% year-on-year to RM105.79 million from RM109.01 million registered a year ago, due to higher income tax expense.