

TOP GLOVE SETS ASIDE RM100M FOR LAND ACQUISITION

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Top Glove founder and executive chairman Tan Sri Dr Lim Wee Chai briefing Human Resources Minister M. Kulasegaran (right) and Klang MP Charles Santiago at the factory in Klang, Selangor, on Dec 10, 2018, following allegations of its mistreatment of migration workers. (Filepic)

KUALA LUMPUR: The world's largest rubber glove manufacturer, Top Glove Corporation Bhd has set aside about RM100 million for land acquisition in the country, said managing director Datuk Lee Kim Meow.

The land acquired according to him, would be used for the setting up of factories and expanding the business.

“When we plan to acquire a new land bank, we want to acquire bigger pieces (of land), however, we haven't identified yet (the land).

“As for Vietnam, the construction of the plant has started, it is a done deal there and the operation would commence in the first quarter of 2020,” he told reporters on the sidelines of Invest Malaysia 2019.

As part of its business expansion abroad, Top Glove has invested an initial sum of RM100 million to set up a new plant to produce vinyl gloves.

The rubber glove company had allocated RM400 million for capital expenditure (capex) this year.

Meanwhile, speaking during the briefing session earlier, Lee said the company would continue to grow its business, despite the current oversupply plaguing the industry.

“We foresee the revenue growth to be between eight per cent to 10 per cent. As for profit, the average margin would be at 9.5 per cent.

“Because in this industry, you have to grow and find ways and means to meet that kind of growth, some would be from existing business, some from new businesses as we've taken new businesses recently like printing, chemical business and also the newly-acquired Aspion Sdn Bhd,” he explained.

Top Glove spends RM1.37 billion to acquire Aspion, which is involved in the surgical glove segment. Aspion is expected to turn profitable in 2QFY19, from a loss of RM4 million in 1QFY19.

Commenting on Top Glove's foray into the condom business, Lee explained that the company is currently waiting for certification from Japan, Europe and China as condom is deemed a special class product.

“Basically, we want to comply with the rules and we will obtain some of these certificates in 3Q19.

“Though the production line is only one as compared to 645 glove lines, we treat the business as a complementary business for our clients. The certificates are necessary before you bid for tender in various countries,”

Lee added.

The company's Klang condom factory, with a capacity of producing 100 million pieces per annum has commenced production with the initial batches be sold only under the original equipment manufacturer (OEM) market segment. - *Bernama*