

TOP GLOVE BUYS TWO FACTORIES FROM RELATED PARTIES FOR RM39M

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KUALA LUMPUR (May 19): Top Glove Corp Bhd said its wholly-owned subsidiary GMP Medicare Sdn Bhd has entered into agreements with A1 Glove Sdn Bhd and Titi Glove Sdn Bhd to acquire two factories for a total of RM39 million.

According to its bourse filing today, the group will be acquiring a factory in Negeri Sembilan from A1 Glove for RM31.5 million, while the other factory, located in Johor, will be acquired from Titi Glove for RM7.5 million.

The two companies are deemed related parties of Top Glove, as Top Glove chairman Tan Sri Lim Wee Chai is the brother of Datuk Lim Kwee Fatt, who is a director in both A1 Glove and Titi Glove.

"The proposed acquisitions are in line with the group's expansion plans which entail increasing its production capacity and market share. The proposed acquisition is also expected to fortify the group's position in the natural rubber glove segment and contribute to its profitability going forward.

"In addition, the vendors have agreed to sell their glove manufacturing and trading business together with the proposed acquisitions' goodwill to GMP, including customers' particulars and other related information. In view thereof, the group is expected to further strengthen its presence and market share in developing countries, particularly China," said Top Glove.

The group said it will be funding the acquisition through a combination of borrowings and internal funds, but has not determined the breakdown for the financing.

The group aims to complete the acquisitions within three months' time.

Top Glove closed up 20 sen or 3.85% at RM5.40, giving it a market capitalisation of RM6.61 billion.

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