

TOP GLOVE SHARES RISE ON DJSI INCLUSION, CANCELLATION OF WINDFALL TAX PLAN

23 November 2020 / 12:11



SHARES of the world's largest glove manufacturer, Top Glove Corporation, rose in early trade following its listing on the Dow Jones Sustainability Indices (DJSI) under the Emerging Markets (EM) category.

It is the sole Malaysian company to be listed on the 2020 DJSI for EM.

As of lunch break, Top Glove rose 10 sen to RM7.39 with 21.68 million shares traded.

The DJSI Emerging Markets Index aims to represent the top 10 per cent of the largest 800 companies in 20 emerging markets based on long-term economic, environmental and social criteria.

In a statement today, the company said that it ranked 13th out of a total of 73 healthcare companies across all DJSI indices, outperforming 83 per cent of its industry peers, a further improvement over last year's performance when it was ranked 15th out of 44 healthcare companies across all DJSI indices, outperforming 67 per cent of its industry peers.

Meanwhile, glove-related counters also recorded gains today as the government has clarified that there will be no windfall tax on the profits made by the glove makers due to an increase in demand.

According to a research note by Maybank Investment today, Finance Minister Datuk Seri Tengku Zafrul Aziz was quoted as saying the government has decided no windfall tax will be imposed on glove manufacturers to avoid potential "opportunity costs/losses".

"Such a move will send the wrong signal to existing and potential investors in other industries and lead glove manufacturing companies to invest overseas instead of in Malaysia," he said.

In terms of corporate income tax, the manufacturers are projected to pay RM2.8 billion in 2020 and RM4.7 billion in 2021.

The update has led glove stocks to rise, with Supermax being one of the biggest gainers as it added 26 sen to RM8.34 with 13.37 million shares traded.