

TOP GLOVE BUYS LAND AND FACTORY FROM YKGI FOR RM51.5MIL

30 August 2016 / 12:08



KUALA LUMPUR: Top Glove Corp Bhd, seeking to build more production lines, has bought a 34,499 sq m freehold land in Klang, which includes a factory previously used to make steel pipes, for RM51.5mil.

In a filing with Bursa Malaysia, the world's largest rubber glove maker said its unit TG Medical Sdn Bhd bought the land located in Sungai Puloh Industrial Area, along with a single-storey detached factory with annexed double-storey production office and five-storey integral office building erected on it, from a unit of steel product maker YKGI Holdings Bhd.

“Barring any unforeseen circumstance, the board expects the proposed acquisition to be completed by the first quarter of 2017,” the Klang-headquartered Top Glove said.

YKGI, meanwhile, told the stock exchange that the proposed disposal was an opportunity for it to monetise its investment to raise funds for the group's working capital.

In the early of the year, the company had carried out realignment of its steel business with the view of returning the group to profitability. (The group incurred losses in four of the last five financial years, but for the first half of this year, it has managed to stay profitable.)

YKGI noted that the property, previously used for the manufacture of steel pipe for Peninsular Malaysia, had ceased operation due to the highly competitive nature of the business.

Of the 51.8mil proceeds from the proposed disposal, YKGI plans to use RM27.43mil to repay bank borrowings and RM21.63mil for working capital.