

TOP GLOVE SHARES UNCHANGED FOLLOWING NEWS OF SECONDARY LISTING ON SGX

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KUCHING: Shares in Top Glove Corporation Bhd (Top Glove) remain unchanged following news that it is seeking a secondary listing on the Main Board of the Singapore Exchange (SGX).

The stock closed at RM5.32 per share, with 8.88 million shares traded. It reached a high of RM5.51 and a low at RM5.31 yesterday.

Analysts at AmResearch Sdn Bhd (AmResearch) believed the proposed listing will not entail the issuance of new shares as the group is exploring the possibility of its substantial shareholders selling a portion of their

shareholdings — value of up to S\$20 million or RM59.4 million — on the open market in Singapore.

“Reasons behind its move include the usual suspects of widening its investor reach and diversifying its investor base; raising the group’s profile among international investors and hence better brand awareness; improving its trading liquidity; and expanding its fund-raising platform,” it said in a note yesterday.

The secondary listing will depend on approvals from various authorities including the Securities Commission Malaysia, SGX, and existing shareholders of Top Glove.

“We understand that the group is expected to make the relevant submissions to the Malaysian and Singaporean authorities over the next three months with the listing expected to be completed by the third quarter this year.

“We are neutral on this development given that the proposal is unlikely to impact its earnings moving forward.”

Note that Top Glove has experience with Singapore’s financial markets given its acquisition of Catalyst-listed medical and specialty glove maker Medi-Flex Ltd in 2006. The group had subsequently taken the unit private in October 2013.

As at end-2015, Top Glove’s foreign shareholding stood at 43 per cent. Maybank Investment Bank Bhd (Maybank Research) echoed this sentiment and was neutral on the proposed exercise.

“Top Glove already offers high liquidity and the S\$20 million shares sale by its main shareholders amounts to just circa one per cent of total shares issued which will not add substantially into its liquidity.

“Additionally, valuations of the SGX-listed glove players are also below that of Bursa Malaysia-listed glove players; hence, the secondary listing will not boost Top Glove’s valuations.

“Overall, we are positive on the news although there is no material change to the business fundamentals.

“Generally, dual listing create access to a larger investor pool and better liquidity. It also paves the way for increased M&A opportunities. However, benefits of a dual-listing may require careful evaluation to ensure value-add. Dual-listing is often associated with higher listing costs and more stringent regulatory requirements, which may outweigh the benefits.

“We remain sanguine on the corporate exercise, pending further details from the management.