

TOP GLOVE FINALISES ACQUISITION OF ASPION FOR RM1.37B

12 January 2018 / 12:01



KUALA LUMPUR (Jan 12): Top Glove Corp Bhd today signed a conditional share purchase agreement with Adventa Capital Pte Ltd to acquire the entire equity interest in glove manufacturer Aspion Sdn Bhd for RM1.37 billion.

In a filing with Bursa Malaysia, Top Glove said RM1.23 billion of the purchase consideration will be satisfied with cash, funded entirely from a combination of conventional term loan and Islamic term financing.

The remainder RM137 million would be via the issuance of some 20.51 million new Top Glove shares at about RM6.68 apiece, it said.

The issue price of the consideration shares is equal to the five-day volume-weighted average market price of the shares as traded on Bursa Securities up to Nov 24, 2017, being the date of the term sheet.

“The proposed acquisition will provide the group with an expanded product range, as well as the use of technologies and innovations of the Aspion Group, thereby reinforcing the group’s market presence as the

world's largest rubber glove manufacturer," Top Glove said.

The management highlighted that the proposed acquisition will improve the enlarged group's future financial performance through better operational efficiency, increase in sales volume, besides capturing a greater share of the global market, especially in that of surgical gloves.

The proposed acquisition comes with a profit guarantee of two years, up to a maximum of RM100 million.

In addition, Top Glove has agreed to provide an incentive payment arising from the Finessis profit after tax derived from the sale of Finessis Gloves for each of the three financial years ending Oct 31, 2018, up until 2020.

With the inclusion of Aspion's revenues, the contribution of surgical gloves to the enlarged group's annual revenue is expected to increase from about 5.0% to 13.0%.

Upon completion of the proposed acquisition, managing director of Adventa Bhd and the Aspion Group, Low Chin Guan, will be appointed to the board of Top Glove as an executive director.

In a separate statement, Top Glove executive chairman Tan Sri Dr Lim Wee Chai said the acquisition of Aspion marked an important milestone for Top Glove and bodes well for its future growth.

"We are confident that our intended acquisition will further cement our leadership position in the glove industry and take our business to the next level of success," he said.

Subject to all approvals being obtained, Top Glove said the proposed acquisition is expected to be completed in the first half of 2018.

At noon break today, shares of Top Glove settled eight sen or 0.92% up at RM8.78, giving it a market capitalisation of RM11.04 billion. Since its announcement, the counter has climbed some 31.4%, from RM6.68 on

Nov 24.