

TOP GLOVE SUBSIDIARY TO RAISE RM1.3BIL VIA SUKUK ISSUANCE

20 February 2020 / 12:02



Top Glove Corporation Bhd's (TGC) wholly-owned subsidiary TG Excellence Bhd (TGE) is set to raise RM1.3 billion from the perpetual sukuk issuance after having successfully priced its maiden sukuk transaction. NSTP/ROSDAN WAHID

KUALA LUMPUR: Top Glove Corporation Bhd's (TGC) wholly-owned subsidiary TG Excellence Bhd (TGE) is set to raise RM1.3 billion from the perpetual sukuk issuance after having successfully priced its maiden sukuk transaction.

The issuance proceeds will be used to pare down the company's borrowings, and will also be earmarked for capital expenditure, working capital and general corporate purposes.

The initial yield on the perpetual sukuk was priced at 3.95 per annum, which represents the lowest yield ever achieved for a corporate perpetual transaction in the Malaysian markets.

"We are very pleased with the outcome of our debut perpetual sukuk transaction. The final pricing of 3.95 per annum that we achieved, as well as the very strong order book exceeding RM7 billion, reflects the confidence that investors have in TGC and the current favourable market conditions," TGC executive chairman Tan Sri Dr Lim Wee Chai said in a statement today.

The perpetual sukuk, rated AA- by Malaysian Rating Corporation Bhd (MARC), has no legal maturity date and TGE has the option to redeem the perpetual sukuk 5 years from the issue date, or on every 6 months interval thereafter.

MARC has also assigned a final rating of AA-IS with a stable outlook to TGE's proposed RM3.0 billion Perpetual Sukuk Wakalah Programme.

Upon review of the final documentation for the programme, MARC is satisfied that the terms and conditions have not changed in any material way from the draft documentation on which the earlier preliminary rating of AA-IS was based, the ratings agency said in a statement.

In addition, the perpetual sukuk attracted an order book of more than RM7 billion at the final price, with participation coming from a diversified investor base, including asset managers, insurance companies, private banking, corporates and financial institutions.

The perpetual sukuk is scheduled to be issued on February 27, 2020.

CIMB Investment Bank Bhd and Hong Leong Investment Bank Bhd are the joint principal advisers, joint lead arrangers and joint bookrunners, whilst CIMB Islamic Bank Bhd is the shariah adviser for the perpetual sukuk.