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Scientex raises RM156mil from private placement

BY GURMEET KAUR



Managing director Lim Peng Jin said despite the global economic doldrums, the company is confident of its growth path in the future.



KUALA LUMPUR: [Scientex Bhd](#) has raised RM156mil through a private placement, involving the issuance of 20 million new shares at issue price of RM7.80 per share.

The company had placed out 4.3% of new issues shares to long-term institutional investors to raise proceeds to be used for working capital and expansion plans for its manufacturing and property development segments.

The packaging manufacturer and property developer said on Wednesday that the 20 million private placement shares were more than two times oversubscribed.

The shares attracted long-term institutional funds of asset management companies, retirement and pension funds, insurance companies, foundation and banking corporations.

"The issuance of placement shares to these third-party investors represented 4.3% of the group's total number of issued ordinary shares (excluding treasury shares) of 463.6 million, and raised its number of issued ordinary shares to 483.6 million," the company said.

Managing director Lim Peng Jin said that despite the global economic doldrums, the company is confident of its growth path in the future.

"We have focused our efforts to become a highly cost-efficient player and are continuing with our expansion plans to gain more market share in both our manufacturing and property segments."

"This corporate exercise was primarily to give established institutional funds an opportunity to participate in the advancement of Scientex. We are heartened by the overwhelming support of long-term funds for this exercise, and believe that it underscores their trust in our ability to deliver sustainable growth"

The proceeds would enhance the group's proforma net gearing from 0.40 times to 0.25 times as at 31 January 2017, which is within the management's comfortable level of below 0.50 times, Lim said.

He added the incoming proceeds were timely, just as the group was witnessing an uptrend in production volumes in the second quarter ended 31 January 2017 (2Q17) for its consumer packaging, including cast-polypropylene (CPP) and biaxially-oriented polypropylene (BOPP) film.

"We have noted encouraging sales of consumer packaging films in 2Q17, as our CPP and BOPP film plants gain traction in securing new businesses, since their commencement last year.

"At the same time, we are making good progress in our new industrial stretch film plant in Arizona, US, and are on track to complete the installation of the two production lines in end-2017," Lim said.

Its shares rose 14 sen to RM8.69 at midday for a market capitalisation of RM4.03bil.

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