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# Scientex firms deal for 42.4% Daibochi stake for RM222.5m

BY ADAM AZIZ

KUALA LUMPUR: Scientex Bhd said it will issue 25.28 million new shares in the company to satisfy the proposed acquisition of a 42.41% stake in smaller rival Daibochi Bhd.

However, Scientex, which is keen to extend a mandatory general offer (MGO) for the remaining stake in Daibochi after the stake buy, said it had yet to decide whether to acquire the remaining stake via cash or further issuance of new shares.

In a filing with Bursa Malaysia yesterday, Scientex said it had inked a conditional share sale agreement with certain shareholders of Daibochi to acquire the stake via a share swap.

This followed a heads of agreement inked between Scientex and 14 shareholders of Daibochi which collectively owned a 42.41% stake as of Nov 14.

The deal, worth RM222.5 million, will be completely conducted via a share swap, on the basis of 5.5 Dai-

bochi shares for one Scientex share.

It effectively values Daibochi shares at RM1.60 apiece — pending any reduction on dividends or any distributions to current shareholders — and Scientex shares at RM8.80 apiece.

At RM1.60 a share, the proposed acquisition values Daibochi's issued base of some 327.35 million shares at RM523.68 million.

Post acquisition, Scientex's share base will be increased by 25.28 million or 5.17% from 488.93 million shares presently.

Scientex said it intends to extend an MGO for the remaining 57.59% stake in Daibochi — also at RM1.60 per share.

"The proposed MGO will be funded by a combination of internally generated funds, bank borrowings and issuance of new Scientex shares," it said.

On the rationale behind the acquisition, Scientex said that globally, the industry in which the two companies operate in had seen several

consolidation exercises among large international companies towards achieving growth via acquisition.

"Scientex is expected to obtain greater flexibility to grow Daibochi's businesses organically with their expertise in the industry and inorganically which may include but not limited to the injection of assets and/or businesses from Scientex," it said.

In a separate statement, Scientex managing director Lim Peng Jin said the integration would allow the enlarged Scientex group to offer a more comprehensive range of flexible plastic packaging solutions to support its clientele's wide range of packaging requirements, thereby strengthening its capabilities and competitiveness.

Scientex expects the proposal to be completed by the second quarter of 2019, pending shareholders' approval of the proposed acquisition, the proposed MGO as well as the proposed issuance of new shares to satisfy the deal.