

Scientex buys 100% stake in plastic firm

by **SHAHEERA AZNAM SHAH**

SCIENTEX Bhd, via its wholly owned subsidiary Scientex Packaging Film Sdn Bhd, has signed a sale and purchase agreement to acquire the entire stake in Klang Hock Plastic Industries Sdn Bhd (KHPI) for RM190 million cash.

In its filing to Bursa Malaysia last Friday, Scientex said the company is buying over the entire 20 million shares from Law Wan Hong @ Lew Wan Hong, Ng Boon Eu, Lew Pei See @ Law Pei See and Lew Pei Lin @ Law Pei Lin.

The acquisition is expected to be satisfied by Scientex's internal funds and bank borrowings.

MD Lim Peng Jin said in a statement the acquisition is expected to boost the company's revenue for the manufacturing segment to RM2 billion per annum.

The venture would also increase Scientex's annual production capacity by 30% to 455,00 metric tonnes (MT) from the current 356,00MT.

"This will not only strengthen our position in the global flexible plastic packaging market, but also immediately expand our capacity, product portfolio and clientele reach.

"We see vast opportuni-

ties for the enlarged entity to enjoy synergistic benefits from operational efficiency as well as product innovation initiatives," he said.

KHPI has a portfolio of manufacturing and distributing plastic films, bags, tubes and other flexible plastic packaging products with manufacturing plants situated in Klang, Selangor.

Lim said the acquisition would also allow Scientex to benefit from the increased market share in flexible plastic packaging and leverage on its competitive advantage in both manufacturing of packaging products.

He added that the new production facilities will enhance the company's services and delivery in the global market through the enlarged operations in multiple locations.

As such, the acquisition is expected to positively contribute to the company's earnings and net assets for the financial year ending July 31, 2018.

Lim said the acquisition will add RM18 million to the company's profit before tax for its financial year ending March 31, 2019.

The proposed acquisition is expected to be completed by the fourth quarter of 2018.