

Scientex buys plastic packaging firm for RM190m

PETALING JAYA: Scientex Bhd is acquiring the entire stake in Klang Hock Plastic Industries Sdn Bhd (KHPI) for RM190 million cash, in a bid to become a regional powerhouse in the flexible plastic packaging market.

The group said in a Bursa Malaysia filing that its wholly owned subsidiary Scientex Packaging Film Sdn Bhd had entered into a sale and purchase agreement with Law Wan Hong @ Lew Wan Hong, Ng Boon Eu, Lew Pei See @ Law Pei See and Lew Pei Lin @ Law Pei Lin

for the acquisition.

The acquisition comes with a profit guarantee of RM18 million profit before tax for the 12-month period to March 31, 2019.

Founded in 1976, KHPI is a leading manufacturer of custom films including shrink films, polyethylene (PE) films, tubes and bags, lamination films, stretch films, stretch hoods, agriculture films, and flexitank films. It has a diverse customer base of over 450 multinational corporations worldwide.

The purchase will be financed with

internally generated funds.

Scientex managing director Lim Peng Jin said the deal will enable the group's manufacturing segment to recognise an annual revenue of over RM2 billion per year. It will also allow the group to expand its total annual output capacity by about 30% to 455,000 metric tonnes from the current 356,000 metric tonnes.

Scientex foresees it will contribute positively towards the group's earnings for the financial year ending July 31, 2018 onwards.