

Money

THURSDAY, NOVEMBER 15, 2018



Late buying lifts shares up

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RINGGIT ENDS LOWER VERSUS DOLLAR

Nov 14 Op 4.1890 Clsg 4.1945



Credit: Bloomberg

Scientex to acquire 42.4% equity in Daibochi for RM222.5m

The proposed acquisition will be satisfied entirely via a share exchange of 1 new share for every 5.5 Daibochi shares held by the shareholders

by FARA AISYAH

SCIENTEX Bhd plans to acquire some 139.06 million ordinary shares in Daibochi Bhd for RM222.5 million, or RM1.60 per share.

In an exchange filing yesterday, the company said it has entered into a heads of agreement (HoA) with certain shareholders of Daibochi for the proposed acquisition of equity representing 42.41% of the total number of issued shares in Daibochi.

The proposed acquisition will be satisfied entirely via a share exchange of one new share for every 5.5 Daibochi shares held by the shareholders.

The shareholders include Low Chan Tian, Low Geoff Jin Wei, Datuk Wira Wong Soon Lim, Wong Liang Terk and Chua Ah Nee, among others.

Scientex said the HoA forms the basis of consensus between the company and the vendors, to work together exclusively to negotiate on the terms of the conditional share



Pic by Muhd Amin Naharul

According to Lim, this synergistic merger will create a formidable regional giant from Malaysia with extensive resources to compete globally

sale agreement (CSSA), in relation to the proposed acquisition, and prescribes indicative terms in connection with the proposed acquisition.

"Upon the CSSA becoming unconditional, Scientex is obliged to extend a mandatory take-over offer to acquire the remaining shares and warrants in Daibochi not already held by Scientex and its persons acting in concert pursuant to Rule 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions," it said.

Scientex added that the proposed acquisition would offer a compelling value proposition, as it would enhance operating capabilities and economies of scale through synergistic and complementary product portfolios with increased product differentiation to better serve its customers.

It would also enable Scientex and Daibochi to leverage on their respective strengths, brand names and track record built up over the years to capi-

talise on shifting consumer needs, and an evolving customer landscape by collaborating with brand owners to provide responsible and sustainable packaging solutions to address growing environmental concerns.

In addition, Scientex said the proposed acquisition would bring together two complementary organisations in producing high-quality custom films for the global flexible plastic packaging market.

This synergistic merger will create a formidable regional giant from Malaysia with extensive resources to compete globally, offering an integrated range of flexible packaging solutions to a larger client base, Scientex MD Lim Peng Jin said in another statement.

"Further to extending our market reach, it brings together strong technical know-how and skilled talent to tap into the exciting growth prospects for this market segment," he added.

Shares for Scientex and Daibochi were both suspended pending the announcement yesterday, and will resume at 9am today.

Prior to the suspension, Scientex shares closed on Tuesday at RM8.67 with a market capitalisation of RM4.24 billion, while Daibochi shares closed at RM1.99, for a market capitalisation of RM651.4 million.

THE ringgit extended its losses to end lower against the US dollar yesterday, in line with most Asian currencies on better demand for the greenback as traders fall back on safe-haven currency after news on gloomy global growth, dealers said. At 6pm, the ringgit stood at 4.1945/1975 versus the US dollar compared to Tuesday's close of 4.1920/1960. A dealer said the foreign-exchange market also took cues from reports that the International Monetary Fund (IMF) had warned of a slower global growth. "IMF has forecast global growth for 2018-2019 to be at 3.7%," the dealer said. The local unit was lower against other major currencies. The ringgit declined against the Singapore dollar to 3.0349/0377 from 3.0285/0333 and declined vis-a-vis the Japanese yen to 3.6826/6859 from 3.6733/6781 on Tuesday. It decreased against the British pound to 5.4386/4433 from Tuesday's 5.4022/4099, and eased against the euro to 4.7264/7314 from 4.7097/7146 previously. — Bernama