

RM222.5M ACQUISITION

SCIENTEX BUYS 42.4PC STAKE IN DAIBOCHI

Merger set to create a regional packaging giant

KUALA LUMPUR

SCIENTEX Bhd is expected to expand its flexible packaging business with the acquisition of a 42.41 per cent controlling stake in Daiboichi Bhd through a conditional share sale agreement.

The exercise will be executed between Scientex and several individual vendors who hold a controlling block in Daiboichi.

"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," said Scientex managing director Lim Peng Jin

in a statement yesterday.

"Further to extending our market reach, it brings together strong technical knowhow and skilled talent to tap the exciting growth prospects for the market segment."

He said Scientex and Daiboichi planned to become an internationally recognised global player to catalyse the future growth and development of the industry.

Scientex is a leading packaging manufacturer and property developer, while Daiboichi is a flexible packaging provider in the region, with manufacturing facilities here and Myanmar.

At the signing of the heads of agreement between Scientex and the vendors, the parties agreed to enter into a conditional share sale agreement within the next two months, which would see the conditional sale to Scientex of 139.1 million ordinary Daiboichi shares, representing a 42.41 per cent stake in Daiboichi held by the

vendors.

The purchase price of RM222.5 million, equivalent to RM1.60 per ordinary Daiboichi share, is to be satisfied by way of share exchange where one new ordinary Scientex share for every 5.5 Daiboichi shares held.

The share sale will trigger a mandatory takeover by Scientex of the remaining shares of Daiboichi. The share sale transaction is subject to several conditions set by Bursa Malaysia Bhd.

The exercise will enable Scientex to expand its product portfolio and enhance its capabilities in the flexible packaging business through synergistic and complementary products, which will allow the company to better serve its global customers.

By leveraging the respective strengths, brand names and track record of both parties, Scientex would capitalise on evolving consumer needs through enhanced collaboration with inter-



(From left) Scientex Bhd executive director Choo Seng Hong, managing director Lim Peng Jin and Daiboichi Bhd's former executive director Low Chan Tian at the signing ceremony in Kuala Lumpur yesterday.

national brand owners to deliver innovative and sustainable packaging solutions to address growing environmental concerns.

The proposed merger will result in the emergence of an undisputed leader of flexible plastic packaging manufacturer in Malaysia, offering enhanced operating capabilities with greater economies of scale.

This will enable Scientex to penetrate the global markets by offering high quality packaging at competitive prices.

The purchase price of RM1.60 per ordinary Daiboichi share represents a price-to-earnings ratio (PER) of 20 times the earnings per share of RM0.08 a share for

the financial year ended December 31 last year, compared with the average trading PER multiples of 17.8 for companies in similar business.

It also represents a price-to-book ratio of 2.62 times based on Daiboichi's audited net assets per share of RM0.61 as at December 31 last year.

Scientex also plans to keep Daiboichi's listing status on the Main Market of Bursa Malaysia and retain all the management and staff of its operations.

The acquisition, once completed, is expected to contribute positively towards Scientex's earnings for the financial year ending July 31 next year onwards.