

Scientex makes mandatory general offer for Daibochi at RM1.59

PETALING JAYA: Packaging materials manufacturer and property developer Scientex Bhd has launched a mandatory general offer (MGO) for Daibochi Bhd at RM1.59 per offer share.

The MGO was initiated yesterday after Scientex's proposed acquisition of a 42.4% controlling stake in Daibochi, a flexible packaging provider, turned unconditional following the group's shareholders' approvals for the deal at its EGM on Monday.

In a statement, Scientex said the MGO would entail an offer price of RM1.59 for every Daibochi share.

"Shareholders of Daibochi will have the option to elect for share swap on the basis of one new ordinary Scientex share for every 5.535 Daibochi shares held, or to receive

RM1.59 in cash for every Daibochi share held," it said.

Scientex is expected to complete the acquisition of a 42.4% controlling stake in Daibochi Bhd by next Tuesday. Prior to this deal, Scientex did not have any shareholding in Daibochi.

Scientex managing director Lim Peng Jin and his brother Lim Peng Cheong are regarded as the ultimate offerors for Daibochi. This was by virtue of Peng Jin's 56.59% deemed/indirect shareholding in Scientex and Peng Cheong's 53.39% deemed/indirect shareholding in the company.

Despite the MGO, Scientex said it intended to maintain the listing status of Daibochi on the Main Market of Bursa Malaysia.

In addition, Scientex reiterated that the

group's growth plans for Daibochi remained intact upon completion of its acquisition of the 42.4% stake in the latter for RM221.1mil, expected to be on or before Feb 19.

This would contribute positively towards Scientex's earnings for the financial year ending July 31, 2019, onwards.

The group said it would target further development of sustainable packaging solutions and market expansion in Myanmar.

According to Peng Jin, there are two key areas where the combined expertise could place both Scientex and Daibochi on an accelerated growth trajectory synergistically.

"Firstly, the knowledge sharing between our in-house research and development teams would enable us to develop a wider range of sustainable flexible plastic packag-

ing, in close collaboration with brand owners and multinational corporations," he said.

"Secondly, we are poised to benefit from increasing opportunities in the food and beverage (F&B) and fast-moving consumer goods (FMCG) markets in Myanmar as it transitions from a closed to open economy. We hope to scale up its operations to tap into the fast-growing market."

Last November, Scientex announced it would launch an MGO for Daibochi to expand the flexible packaging business after proposing to acquire a 42.41% stake in the company for RM222.5mil in a share swap from several individual vendors who hold a controlling block of shares in Daibochi.

The proposed acquisition was seen as a boost for Scientex.