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Kim Teck Cheong eyes expansion with IPO proceeds

BY BERNAMA



Consumer packaged goods distributor and manufacturer Kim Teck Cheong (KTC) Consolidated Bhd plans to utilise proceeds from its initial public offering (IPO) of RM21.3 million to acquire more facilities in Sabah and Sarawak.

KTC, which is enroute to an ACE market listing next month, is offering 142 million new shares at an issue price of 15 sen each, of which 91.74 million for private placement to selected investors, 34 million for the public and 16.26 million for eligible employees.

According to its prospectus, KTC plans to allocate RM9 million of the proceeds to acquire warehousing facilities in Sibul, Miri and Kuching, Sarawak.

The company will also set aside RM2 million to build a new warehousing facility in Kota Kinabalu, while the balance to purchase equipment as well as for working capital and listing expenses.

KTC executive director Dexter Lau said while focusing on its expansion in Sabah and Sarawak, the company would also embark on a plan to enter the Brunei market.

He said the company decided to go for listing despite the slowing economy and weak buying sentiment as it believes the consumer market would continue to perform amidst economic challenges.

“Consumer market deals with necessities (goods) and regardless of what is happening now, they still consume at the same rate,” he told reporters after the launch of the prospectus today.

KTC’s pre-tax profit for the financial year ended June 30, 2015 rose to RM10.35 million from RM7.39 million in 2014, while revenue improved to RM299.87 million from RM229.53 million previously.

KTC provides market access and coverage for 36 brand owners, carrying 194 third-party brands and about 10,300 products on daily basis.

It has 18 distribution centres and 6,419 sales and distribution points across East Malaysia.

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