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Kim Teck Cheong to acquire Brunei distribution outfit

KUALA LUMPUR: Kim Teck Cheong Consolidated Bhd (KTC) has entered into two conditional agreements with Brunei distribution outfit Grandtop Marketing Sdn Bhd (GMSB) to acquire the latter's 60 per cent equity interest for RM1.79 million.

In a statement yesterday, KTC said the conditional agreements included a share purchase agreement with the GMSB to acquire 80,000 ordinary shares for RM239,464.

KTC also entered into a share subscription agreement with GMSB to acquire 520,000 ordinary shares for RM1.55 million.

It said that the proposed total purchase consideration is expected to be satisfied by a combination of internally generated funds and bank borrowings, for which the exact structure mix has yet to be determined.

The proposed acquisition is targeted to contribute positively to the group's fiscal year ending June 30, 2017.

"The proposed acquisition is an affirmative decision made by the management as a step in executing our plans to further increase our distribution footprint," KTC Executive Director Dexter Lau said.

Upon the successful acquisition of GMSB, Lau said it would be KTC's first business extension outside East Malaysia.

"Moving forward, our core business focus will still remain in East Malaysia but we will not discount opportunities elsewhere should it present itself," he added.

GMSB is involved in distribution of consumer product goods with market access to approximately 600 sales and distribution points.

The proposed acquisition will also provide KTC with a strong infrastructure and warehousing facilities, enabling immediate penetration into Brunei. — Bernama