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KTC signs MoU with TPSB

KOTA KINABALU: Kim Teck Cheong Consolidated has entered into a Memorandum of Understanding (MoU) with Trans Paint Sdn Bhd (TPSB) to acquire 100 per cent of TPSB's equity interest, which is the sole registered and beneficial owner of a parcel of land measuring approximately 12,140 square meters together with a double-storey office and warehousing facilities in Kuching, Sarawak.

The agreed purchase price for the Proposed Acquisition is RM2.57 million which shall be funded by the proceeds raised from the Group's initial public offering that was exercised in November 2015 from its listing on the ACE Market of Bursa Malaysia Securities Berhad. During the listing, the management had earmarked its plans to acquire warehousing facilities in Kuching as part of the Group's expansion plans.

"The Proposed Acquisition is to facilitate the expansion of our operations and warehousing capacity in tandem with the growth of the Group's business. It will

also strengthen our distribution channels and business footing in Kuching," said Dexter Lau, Group Executive Director of KTC.

Upon completion of the Proposed Acquisition, the additional 12,140 square meters (approx.130,674 square feet) will increase KTC's current facilities of 28,610 square feet in Sarawak by 5.57 times to 159,284 square feet. The Proposed Acquisition is estimated to be completed by the second quarter of 2016.

The purchase price of the Proposed Acquisition was arrived at based on the adjusted net assets value of TPSB of RM1.35 million as at 31 December 2015 and the revaluation of the above-mentioned property amounting to RM1.22 million.

The Group's current business operation commands a total of 18 distribution centres, 7087 sales and distribution covering 84 districts across East Malaysia. KTC is one of the top tier distributors in East Malaysia that draws in a revenue exceeding RM200 million per annum.