

MEDIA CLIPPING

Client :	Tambun Indah Land Berhad	Date :	22 June 2013
Media :	StarBiz	Section :	Business
Language :	English		

Nadayu to be taken private, its unit selling stakes in 2 developers

PETALING JAYA: Nadayu Properties Bhd's major shareholders have proposed to take the company private via a selective capital reduction (SCR) and repayment exercise.

In an announcement to Bursa Malaysia, Nadayu said it had received a letter proposing the privatisation exercise from its major shareholders via ATIS IDR Ventures Sdn Bhd and Zhoujian Associates Sdn Bhd together with parties acting in concert.

Under the proposed SCR, shareholders other than ATIS IDR Ventures, Zhoujian Associates and parties acting in concert will receive a capital repayment of RM93.124mil, or RM1.39 for each Nadayu share held.

This will result in the reduction of Nadayu's capital to 134.377 million shares, from 227.501 million, by way of cancelling a total 93.124

million shares.

The offer price of RM1.39 per share represents a 7.75% premium to the stock's closing price of RM1.29 on Thursday, prior to the trading suspension of Nadayu shares.

Nadayu shares will resume trading on Monday. The proposed SCR will be funded via the company's internal funds.

The rationale to privatise Nadayu stemmed from the low trading liquidity of its shares, with a daily average volume of approximately 88,138 shares for the past five years.

The major shareholders do not intend to maintain Nadayu's listing status on Bursa's main market.

The proposed SCR is subject to the approval of the Securities Commission, as well as Nadayu's shareholders at an EGM to be convened at a later date.

Meanwhile, in a separate statement, Tambun Indah Land Bhd has proposed to acquire the balance 40% stake in Palmington Sdn Bhd and 30% stake in Tambun Indah Development it does not already own from Nadayu's unit for a total RM112.234mil.

Tambun Indah Land told Bursa that it had entered into an agreement with Pembangunan Bandar Mutiara Sdn Bhd, a unit of Nadayu, yesterday to acquire the Palmington and Tambun Indah Development shares.

Tambun Indah Land owns 60% and 70% of Palmington and Tambun Indah Development, respectively.

Palmington and Tambun Indah Development are involved in the development of Pearly City in mainland Penang.

"The acquisition is a strategic move for the group to not only

gain complete exposure to the fast-growing township near the Penang second bridge, but also to capture a bigger pie of the expanding profits coming from the Pearl City development," Tambun Indah Land managing director Teh Kiak Seng said in a statement.

At present, Palmington and Tambun Indah Development have 267.46ha in land-bank slated for a gross development value (GDV) of RM2.7bil. The ongoing projects have a GDV of RM841.3mil, while future developments with a GDV of RM1.9bil will be carried out over the next six to seven years.

"The remaining GDV of RM1.9bil in Pearl City is expected to contribute to the group with a pre-tax profit in excess of RM600mil over the next six to seven years. With the future profits from the township to be fully attributed to our

shareholders, we believe the deal upon completion would create great value for them," Teh said.

The acquisition will be satisfied via a combination of RM40.734mil in cash and the balance RM71.5mil through an issuance of 55 million new Tambun Indah Land shares.

Once completed, Nadayu will own a 14.2% stake in Tambun Indah Land.

The company also has proposed a private placement of up to 15 million new shares, or up to 4.71% of Tambun Indah Land's capital. This will increase its share capital to 388.6 million from 318.6 million before.

The two acquisitions will be funded with internal funds and bank borrowings as well as proceeds from the private placement.

Tambun Indah Land expects the acquisitions to be completed in the fourth quarter this year.