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Teladan Setia to raise RM77.3m from IPO

The Sun, Malaysia

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PETALING JAYA: Malacca-based property developer Teladan Setia Group Bhd, enroute to a listing on the ACE Market on March 16, 2021, will be raising RM77.3 million in its initial public offering (IPO) exercise, of which RM35 million (45.3%) will be allocated for land acquisition in Malacca.

Meanwhile, RM33.1 million (42.8%) will be used as working capital for project development, RM4 million (5.2%) million for repayment of bank borrowings, and the balance RM5.2 million (6.7%) earmarked for listing expenses.

Teladan Setia's IPO exercise entails a public issue of 161.1 million new shares, representing 20% of its enlarged share capital, together with an offer for sale of 40.8 million existing shares by way of private placement to selected investors.

The public issue of 161.1 million new shares comprises 40.3 million new shares for the Malaysian public; 10.5 million new shares for eligible directors and employees; 80.5 million new shares by way of private placement to bumiputra investors approved by the International Trade and Industry Ministry; and 29.8 million new shares by way of private placement to selected investors.

Teladan Setia is a property developer with

a diversified portfolio of developments comprising landed, low and high-rise residential properties, as well as landed shop houses, offices, and retail shops. Since the group's establishment in 1997, Teladan Setia has completed property projects with a total gross development value (GDV) of RM2.1 billion. It currently has an undeveloped landbank totalling 73.9 acres, of which majority is located in Malacca.

Teladan Setia managing director Richard Teo Lay Ban said he is optimistic that the listing exercise will allow the group to further solidify its position in the industry as it gains access to the capital markets to fuel its expansion plans.

"With the reintroduction of the Home Ownership Program by the government, a low-interest rate environment, and attractive development projects in the pipeline, we believe these will further stimulate property purchases. It will be an exciting time ahead for us as we embark on our on-going and future development projects which carry an estimated GDV of RM623 million and RM995.2 million, respectively," Teo said in conjunction with its digital prospectus launch yesterday.

He added that the current market

environment has also presented the company with opportunities for growth as land prices are attractive right now. It is currently in the midst of acquiring six parcels of land with combined land size of 145.2 acres for RM39.4 million in Malacca.

"These parcels, together with the land acquisitions to be undertaken from the IPO proceeds in the near future, will significantly enhance our available landbank for future development."

Looking ahead, the group is optimistic on its growth prospects as the property development industry in Malacca is supported by robust long-term fundamentals. From 2016 to 2019, Malacca's gross domestic product (GDP) increased from RM37.71 billion to RM43.61 billion at a compound annual growth rate (CAGR) of 4.96%, which is slightly higher than the growth of Malaysia's GDP at a CAGR of 4.90% during the same period.

Upon listing, Teladan Setia will have a market capitalisation of RM386.5 million based on the issue price of 48 sen and its enlarged share capital of 805.3 million shares.

M&A Securities Sdn Bhd is the adviser, sponsor, underwriter, and placement agent for the IPO exercise.



From left: Teladan Setia head of marketing Christina Tong Siok Meng, executive director Francis Sia Ah Piew, Teo, financial controller Ng Mih Fern and account manager Eunice Goh Fong Kim at the prospectus launch.



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SUMMARIES

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