

TA Global to raise RM135m from right issue under IPO

Written by Lam Jian Wyn
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KUALA LUMPUR: TA Global Bhd, the property arm of TA Enterprise Bhd, will offer for sale 460 million existing shares of 50 sen each and it has also proposed a rights issue to raise RM135 million.

Under the listing exercise announced on Friday, Oct 30, of the 460 million shares to be sold, 90 million would be for Bumiputeras while 360 million shares would be for government approved Bumiputera institutions and 10 million shares to eligible directors, employees of TA Global and TA Enterprise.

The offer for sale of 460 million shares, represent about 12.78% of the enlarged paid-up of TA Global after the corporate exercise. The offer price of shares is 50 sen.

The rights issue will involve 269.97 million rights shares at 50 sen each which would enable the company to raise RM135 million.

To recap, TA Enterprise is currently the shareholder of TA Global comprising of 3.6 billion shares or 100% of the paid-up and all of the 1.21 billion irredeemable cumulative preference shares (ICPS). The ICPS have a tenure of five years and convertible to shares in year three.

After the listing exercise, TA Enterprise will hold 58.7% of the shares (2.11 billion shares) and at least 188.21 million ICPS (15.5% of the total ICPS). TA Enterprise and TA Global executive chairman Datuk Tiah Thee Kian will hold an 8.1% stake in TA Global.

TA Global is involved in property development and its portfolio of properties include Menara TA One, shophouses at USJ Taipan and Subang Business Centre while in Australia, they are the Radisson Plaza Hotel in Sydney, The Westin Melbourne Hotel while in Canada, they are Terasen Centre and Aava Whistler Hotel.

TA Global recorded a 16% drop in its net profit of RM92.87 million for the FY ended April 30, 2009 from RM110.64 million a year earlier. In FY09, revenue stood at RM440.7 million, up 82.2% from RM286.9 million in FY08.

For the quarter ended April 30, 2009, net profit stood at RM15.7 million, declining 20.6% from RM19.84 million a year earlier.

Of the RM135 million to be raised from the rights issue, RM70.6 million will be used to renovate the Aava Whistler Hotel while listing expenses are estimated at RM10 million and the remaining RM54.4 million for the group's day-to-day expenses, funding current or future projects as well as land bank acquisition for long-term profitability.

TA Global non-independent, non-executive director Datin Alicia Tiah said TA Global expects to derive a lot of its revenue from its property investments and hotel operations, with its revenue from its hospitality division anticipated to increase threefold with its hotels in Australia, Singapore and Canada.

It also has 6.7 acres of development with a GDV of RM2.6 billion in the KLCC area.

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“We have a 2.26 acres site opposite the KLCC, where we already have approval to build two 50 storey buildings,” she said, adding that one of the towers will comprise of a six-star boutique hotel of 80 rooms at the top and service apartments at the lower portion.

“The other tower will have service residences of which TA will retain a portion to lease out for recurring income,” he said.

Meanwhile, the 2.98-acre Nova Square property at the junction of Jalan Bukit Bintang and Jalan Imbi is awaiting approval for the construction of three blocks, an office block, an apartment bloc and a five-star hotel under the Hotel Aava brand, according to Tiah.

The 48.06-acre Seri Suria freehold commercial site is a mix development with retail and service apartment offices, hotel.

“These three projects will give us a GDV of RM6 billion over a period of seven to 10 years,” she said.