

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Company No. 524989-M)

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Will MISC buyout succeed?

There are concerns that without a higher offer price, the proposal may fail

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PETALING JAYA: Will Petroliaam Nasional Bhd (Petronas) succeed with its RM8.83bil buyout deal for MISC Bhd? That is the question in the mind of market players with just seven market days to go before the offer expires.

Oddly, MISC's stock price, which had fallen below the RM5.30 buyout price announced on Jan 31, rebounded yesterday to end the day at RM5.34 indicating that some punters are betting that the privatisation will either go through or that a higher offer price, sought by

its largest minority shareholder, namely the Employees Provident Fund (EPF), might after all surface if the price keep moving north in the next few days.

The concern though is that without a higher price, the deal could fall through considering the views expressed by the EPF which owns a 9.6% stake in MISC and holds sway in determining whether Petronas that now owns 63% of MISC, will get acceptances from 90% of the minority shareholders.

EPF's outgoing chief executive Tan Sri Azlan Zainol has spoken out asking for a higher price than the RM5.30 per share offered which is at

1.1 times MISC's book value. MISC's other big minority shareholder is Skim Amanah Saham Bumiputra with a 6.35% stake.

Since the offer is conditional upon getting this 90% acceptance, the offer will lapse if Petronas does not get that level of acceptance.

Meanwhile, the Minority Shareholder Watchdog Group (MSWG) has come out to say that the RM5.30 offer price by Petronas is "not compelling enough."

Its chief executive, Rita Benoy Bushon said in a written opinion (**see page 8**) that "Petronas might do well to consider putting a larger carrot on the stick if its intention is to fully take

MISC private."

The EPF has also clarified that the sale of close to RM4mil MISC shares that was announced in filings with Bursa Malaysia earlier this week, were done by one of its external portfolio managers and not from its internally-managed portfolio.

In a statement posted on its website, the pension fund said that a total of 3.99 million shares were sold between March 12 and March 15.

"The EPF is seeking an explanation from the portfolio manager concerned as regards to the sale of these (MISC) shares," it said.