

More scrutiny needed

MSWG calls for a closer look at some of the latest privatisation deals

By **DANIEL KHOO**

danielkhoo@thestar.com.my

KUALA LUMPUR: The Minority Shareholders Watchdog Group (MSWG) says that certain privatisation deals may be of benefit to certain shareholders who have been wanting to cash out for a long time but have not had the opportunity to do so.

“A privatisation can go both ways; it can be good and it can be bad as well. The good thing is that it can raise a company’s price and give a good exit offer for minority shareholders to take advantage of, which otherwise would be quite stagnant,” MSWG chief executive officer Rita Benoy Bushon told *StarBizWeek*.

“But while stating this, it also means that the company is going to be delisted. Minority shareholders who have been with the company for a long period need to be given a fair exit offer for leaving a company that is been doing well,” said Rita.

She noted that a privatisation process that included a share-swap option with a “cash-now” option would be more preferable to shareholders.

“At least, at that point of time, I could get a swap rate, say, with IOI Corp Bhd. And at the time the company is set to be refloated, the previous shareholder would still be there to ride through it. This is different because you have a swap and an ability to choose,” Rita explained.



Rita: ‘Some of these companies need a revaluation of their land and assets first. Some of their intrinsic value was less than their offer price, and our point of view is that it should be rejected.’

Rita commented that several latest privatisation deals, namely, the ones pertaining to Triumphal Associates Bhd (TAB), Perak Corp Bhd (PCB), Kian Joo Can Factory Bhd (KJCF) and Padiberas Nasional Bhd (Bernas) needed to be scrutinised further in terms of value and their future prospects.

“If you’re privatising now, then you are disallowing the minorities to reap any future benefits. So, in this sense, this matter should be more stringent with the asset and liability method being the weakest link,” she pointed

out.

“Some of these companies need a revaluation of their land and assets first. Some of their intrinsic value was less than their offer price, and our point of view is that it should be rejected. But finally, it really does depend on the minority shareholders and their expected return profile,” she said.

Disinterested shareholders in the case of TAB would get to vote for or against the resolution at an EGM that will be held on Feb 12. Golden Power Holdings Sdn Bhd, along with persons

acting in concert, who already hold about 69.4%, are proposing to privatise TAB by way of a selective capital reduction (SCR).

Where PCB is concerned, meanwhile, its 52.9% interested shareholder - Perbadanan Kemajuan Negeri Perak, Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd - has proposed to undertake a privatisation of the company via an SCR.

While for KJCF, Aspire Insight’s shareholders - the Employees Provident Fund through Ekuiti Merdu Sdn Bhd and Alleyways Sdn Bhd (majority-owned by Freddie Chee Khay Leong) - has proposed to take the company private by acquiring its assets and liabilities at RM3.30 per share with the entire acquisition tagged at RM1.46bil.

In the case of Bernas, its joint-offers and persons acting in concert (JPAC), namely, Perspective Lane (M) Sdn Bhd, Kelana Ventures Sdn Bhd, Seaport Terminal (Johore) Sdn Bhd, Acara Kreatif Sdn Bhd and Tradewinds (M) Bhd, who own a cumulative 83.69%, have proposed to delist the company from the stock exchange.

The JPAC have proposed a cash consideration of RM3.70 for the remaining shares they do not own. Bernas’ shareholders will decide on the matter at an EGM that will be held on Jan 27.