

## MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

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# MD not leaving, says E&O

## It is well prepared in the event the circumstance on succession arises

By JOHN LOH

johnloh@thestar.com.my

**PETALING JAYA:** Eastern & Oriental Bhd (E&O) managing director Datuk Terry Tham Ka Hon will not let go of the reins anytime soon, quashing market talk that he is cashing out of the niche property developer.

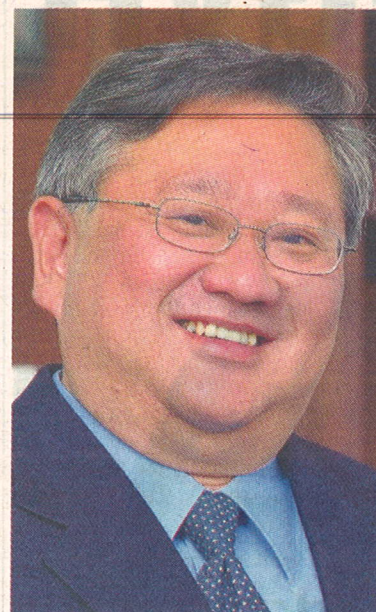
"Datuk Tham has no plans to retire. However, we are one of the very few listed companies that have a deputy managing director," E&O said in response to questions posed by the Minority Shareholders Watchdog Group at its AGM yesterday, the documents of which were obtained by *StarBiz*.

"That provides assurance to all shareholders that the company is well prepared in the event the circumstance on succession arises.

"In the past five to seven years, Datuk Tham has groomed several senior people and transferred his knowledge to his management team at various key levels," the company added.

Industry sources had pointed out that Tham, 59, spends much of his time out of the country and in the United Kingdom where his family is residing, having left the day-to-day operations of E&O to his 42-year-old deputy Eric Chan.

Rumours that Tham was exiting the Penang-based firm he has helmed since the mid-1990s intensified last year when plantation giant Sime Darby Bhd bought a 30% stake in E&O from three vendors, namely Tham, GK Goh Holdings Ltd and Tan Sri Wan



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Azmi Wan Hamzah, for RM766mil or RM2.30 per share.

After hiving off 12% of his holdings, Tham still owns a 5% stake in E&O.

The price paid by Sime Darby was at a 59% premium to E&O's market price then, a move that angered minority shareholders and prompted the Securities Commission to look into whether the former would be required to make a general offer (GO) for the rest of the shares it did not own.

Under Malaysia's takeover and

merger rules, a GO can be triggered if a new party has purchased at least a 33% interest in a listed company.

If the stake acquired by the new party is below that threshold, a GO may still be triggered if the new party has secured management control over the target company.

Although the regulator eventually ruled that Sime Darby was not required to make a mandatory offer and that there was no collusion between the parties involved, one minority shareholder, Michael Chow, decided to file a judicial review against the SC last December in an effort to reverse this outcome. The case is pending.

Meanwhile, when asked if there were any material developments since Sime Darby and E&O inked a collaboration last year following the share sale, E&O said it took the agreement "very seriously and presently the contracting parties are exploring various potential projects".

"Announcements will be made as required by law on any transactions or dealings under the collaboration agreement."

It also said the roles of the two nominee directors from Sime Darby, president and CEO Datuk Mohd Bakke Salleh and Sime Darby Property managing director Datuk Abd Wahab Maskan, would be "the same as those of the other directors on the board".

Both Bakke and Wahab were present at the AGM but neither they nor Tham and Chan spoke to journalists.

To a question on how E&O and

Sime Darby, being competitors in property development, would deal with potential conflicts of interest and dissemination of information, for example in an acquisition, the company replied: "At this stage, both companies are focusing on different markets.

"Sime Darby has current projects on township developments in the greater Kuala Lumpur/Klang Valley area. E&O is a niche developer in the Klang Valley and also undertakes developments in Johor and Penang."

The firm added that it was not on an "active land-banking drive" but would keep an eye out for any strategic opportunities.

Its total land-bank stood at 771.13ha, with the lion's share of about 552.4ha in Penang, which is also the site for its flagship Seri Tanjung Pinang development.

As for its wellness-themed township in Medini, Iskandar Malaysia, the largest of its upcoming projects, the company said it had an estimated gross development value of RM3.5bil.

"We are currently engaging with close to 15 authorities on our master plan submission, collating and addressing their feedback as we progress," it explained, adding that the 85ha project would see its initial launch in the first half of next year and take a further five to eight years to be fully launched and developed.

Over the next 12 to 18 months, E&O aims to roll out some RM2.5bil worth of properties including London's Princes House, its maiden foray overseas.