

Pivoting to maritime defence

igh, it has been a really tiring week ... getting a proposal done. We have just set up a special purpose vehicle, called The Edge (Shan) Sdn Bhd, as some of us are just about to venture into business.

Over a few pints of a favourite malt beverage, a brilliant idea was hatched and there is no turning back.

For folks reading this, fret not. The pie is big enough to share and there is a possibility that potential partners may be roped in. We may hire staff, so send us your CV if you are interested, and we will be calling you if you are one of the chosen ones. Just so you know, we are leaning towards the Ivy League and Russell Group-types as the defence business we are venturing into is international ... and has no limits really as the national security business has no limits.

Much of the know-how for this business venture comes from years of mixing with CEOs and picking up tips from them. For instance, when one of the larger local construction companies ventured into India sometime back,

we at *The Edge* had heard that they won the tender as they made a bid that only broke even, with no margins for profit.

When asked, the CEO told us, "It (bidding low and winning the contract) was done to get our foot in the door and us into the country, [which is] a huge market. We are confident of securing more jobs now that we are in [the market] and can focus on making higher margins ... It's like paying tuition fees. The first job in the country, you pay your dues and you learn," he had explained.

Now, for the plan. Last week, Boustead Heavy Industries Corp Bhd (BHIC) announced it would be disposing of its 20.77% stake in Boustead Naval Shipyard Sdn Bhd (BNS) to the Ministry of Finance (MoF) for RM1.

Via *The Edge* (Shan), this writer is planning to write in to BHIC and offer them RM2 for their 20.77% stake, a 100% premium to the RM1 offered by the government. Actually, if they reject it, a follow-up offer of RM25++ (which is the price of a jug of the favourite malt beverage during happy hour) for the 20.77% stake in BNS will be made.

After a loud burp, the result of consuming large amounts of said malt beverage, thoughts of a bidding war with the government emerged but these negative thoughts were quickly brushed aside.

And if BHIC declines the offer, there is likely to be a civil suit and the minorities of BHIC will be informed of their controlling shareholder declining an offer that is at least 100% higher. The Minority Shareholders Watch Group and other bodies will be alerted as well, which should cast BHIC in a bad light and tip things in our favour.

Wonder if the lawyer who handles our defamation cases will give us a discount. Maybe we can offer him a board seat, which could turn out to be a prestigious thing, if all goes as planned.

Now, once the 20.77% stake sale goes through, the next step will involve impressing the other shareholders of BNS, which are Lembaga Tabung Angkatan Tentera (LTAT) and its flagship Boustead Holdings Bhd, and doing other more viable businesses with them.

After all, for its financial year ended Dec 31, 2022, BNS suffered a

net loss of RM148.66 million from RM64.73 million in revenue while accumulated losses were pegged at RM978.45 million ... or almost a billion ringgit!!! So why bother with BNS?

Besides, what do we, a bunch of journalists, know about building ships? Perhaps we would fare worse than BNS, but in all honesty, chances are we would have subbed out the work, knowing we know little or next to nothing about the contract.

Since LTAT and Boustead Holdings bungled up — in supplying six littoral combat ships to the Royal Malaysian Navy at a cost of RM9 billion, whereby the first ship should have been delivered in April 2019; yet not a single one has been delivered despite the government forking out RM6.08 billion as at last October — we should be given some leeway.

Anyway, once we have LTAT on the same page as us, we plan to buy recently delisted TH Heavy Engineering Bhd (THHE), off MoF's Urusharta Jamaah Sdn Bhd. THHE's woes stem from the com-

pany securing a RM738.9 million contract for three offshore patrol vessels (OPVs) inked in January 2017, with the first ship to be delivered to the Malaysian Maritime Enforcement Agency (MMEA) in February 2020, the second in May and the last one in August. After several delays, THHE had said that it would deliver the first OPV on July 24, but checks indicate there has been no such delivery.

Looks like another RM2 offer to the government.

The logic behind the merger of both companies has to do with building the vessels for the government — one for the Royal Malaysian Navy and another for the MMEA — and killing two birds with one stone.

If it's any consolation, we promise to take our secret to the grave, so there will be no embarrassment to any party, should the powers that be decide to sell BNS for RM2.

