

We've **no links** with group, says MSWG

> Puncak Niaga Minority Shareholders Watchdog Group should not use the same name

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PETALING JAYA: The Minority Shareholder Watchdog Group (MSWG) has distanced itself from a group of investors that claim to represent minority interests in Puncak Niaga Holdings Bhd.

MSWG told *SunBiz* that the group, which refers to themselves as Puncak Niaga Minority Shareholders Watchdog Group (PNMSWG), has created confusion among the public in that they think it is associated with MSWG.

"This has created confusion among the public as we have received calls and queries thinking that the group (PNMSWG) is the same as MSWG or that we may have links to the group," MSWG corporate services general manager Lya Rahman said.

She emphasised that the group led by Muhammad Imran Abdullah, should not use the same name as MSWG although "any minority shareholder can join any group as long as it does not pass off as our established organisation".

"We are seeking legal advice on this," Lya said, when asked if MSWG plans to take any action against the group.

Last Thursday, PNMSWG called for a press conference to demand that any proposal by the Selangor state government to buy water concessionaire Puncak Niaga Sdn Bhd (PNSB) must take their position into account.

Claiming to represent more than 20% interest in Puncak Niaga Holdings, PNMSWG had said it would not be politically forced to accept any deal.

It was learnt from Imran that the group was set up on July 5, five days before news broke out that Prime Minister Datuk Seri Najib Abdul Razak had approved the Selangor state government's RM9.65 billion offer for the state's four water concessionaires.

Puncak Niaga Holdings executive chairman Tan Sri Rozali Ismail holds a 41.2% stake or almost 169 million shares in the company.

The group claiming to represent more than 130 members had held its press conference at the headquarters of Puncak Niaga Holdings' 70% subsidiary Syarikat Bekalan Air Selangor (Syabas) in Kuala Lumpur.

While Imran was displeased about being kept in the dark by Rozali about the takeover deal by the Selangor state government, he was quite happy to admit that the minorities he represented had approved the RM33.4 million remuneration package for Rozali at a recent AGM.

Lya told *SunBiz* MSWG does not agree with PNMSWG's views on the RM33.4 million paid to Rozali. "We do not support this huge compensation as it constituted about 14% of the group's net profit of RM232.7 million for financial year 2012 and was clearly disproportionate.

"MSWG, in fact, had questioned and sought clarification on and the rationale for the high remuneration paid to the executive chairman which was published in our newsletter dated June 7, 2013 and at the AGM of Puncak Niaga Holdings held on June 26, 2013," she said.

"There are also concerns, especially as the (Puncak Niaga Holdings') auditors in their report under 'Emphasis of Matter' had drawn attention to the financial statements which described the

uncertainty relating to the outcome of the lawsuit filed by a subsidiary of the company, Syabas, against the Selangor state government for the recovery of the water tariff compensation.

"In terms of financial performance for the last five years, the group suffered two years of losses and for another two years it registered profits of less than RM10 million in each year," she noted.

Syabas is claiming RM2.33 billion from the Selangor state government for 2009, 2010, 2011 and 2012 cumulatively for water tariff compensation.

Puncak Niaga Holdings' current gearing is at a high 11.1 times, with total debts of RM5.66 billion mainly at Syabas' level and is banking on the compensation to reduce the borrowings.

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MSWG that based on the current situation, the group was not able to reduce its gearing as Syabas still required additional borrowings to fund its capital expenditure. "However, should the restructuring take place wherein the borrowings are taken over by the acquirer, the group should be able to reduce its gearing ratio to below one," it said.

Based on the 2012 financial statement, PNH had RM937 million in near-term loans and borrowings, RM4.71 billion in non-current loans and borrowings and RM304 million debt to the government. In addition, the federal government has given grants totalling RM726 million to Syabas.