

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Company No. 524989-M)

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PRACTICE NOTE 16 STATUS

CAN PREMIER NALFIN STAY LISTED?

Minority Shareholder Watchdog Group is not optimistic as company has failed to find 'white knight'

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A CASH acquisition or partial cash and share issue in the form of a reverse takeover may enable Premier Nalfin Bhd to keep its listing on Bursa Malaysia.

However, the Minority Shareholder Watchdog Group (MSWG) does not see this happening as the company, which no longer has a core business after selling off its downstream palm oil operations, had failed to find a "white knight" to rescue it.

Premier Nalfin, which has been designated as a Practice Note 16 (PN16) company (cash company) since July 2011, had been looking for suitable business opportunities to regularise its condition.

"The business must not only be able to create value in the interests of the company, but also the valuation must be satisfactory."

"If a suitable business cannot be identified, the company will have to resort to cash distribution, be delisted and ultimately carry out voluntary liquidation," MSWG general manager Lya Rahman told NST Business.

She said it may be detrimental to the interests of the minority shareholders if the company dragged this too long. The company will not have value creation and may suffer leakage through possible hefty remuneration paid to directors and other expenses to keep the company afloat.

"With the passage of time, the residual value of the company will gradually diminish," said Lya. In May, Bursa Malaysia had in-

formed Premier Nalfin of its potential delisting and asked the company to comply with the announcement of its cash distribution and the actual distribution with the timeline given.

"Bursa might have felt that sufficient time since July 2011 have been given for the company to regularise its condition."

"The latest proposed restructuring scheme submitted by the company on January 29 last year was also unsuccessful and the company had withdrawn its application," she said.

MSWG believes cash distribution would be carried out and the company would be delisted as it is still unable to come up with a successful regularisation plan.

According to the company's exchange filing, Premier Nalfin had proposed to undertake a pro-

posed capital reduction and repayment exercise, which involves a cash distribution of RM101.1 million on the basis of 30 sen for each ordinary share held by shareholders.

Meanwhile, a source in the company said once the issue was resolved, the RM117.95 million gained from Premier Nalfin's core business disposal – minus all the expenses – would be returned to shareholders.

"We will pay twice. After the first payment has been made, there will be a high possibility that the company could be delisted."

"This is what normally happens. The board doesn't want to hold the money as they feel that they should return all the money to the shareholders as soon as possible," he said. He said the company was guid-



MSWG general manager Lya Rahman

ed by Bursa's listing requirements and principal adviser.

"Once we delist, we will become a private company with little money. The money would be paid to the shareholders," he said.

Lya said the minority shareholders should be concerned as they will not be able to easily trade their shares once the company was delisted.

"There would be uncertainty in the company's direction after the cash distribution. If there is a voluntary liquidation of the company after the cash distribution, minority shareholders would be concerned whether the subsequent distribution of surplus, if any, together with the earlier cash distribution would be more than their investment cost so that they would not lose out," she said.

Lya cited a similar case, the delisting of Abric Bhd, on March 3, when the company failed to submit its regularisation plan by the deadline. The company had on March 16 last year carried out cash distribution and delisting procedures.