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Congratulations to our clients recognised in The Edge Malaysia's 2024 round-up issue

3 January 2025 - Congratulations to our client Permodalan Nasional Berhad, who undertook the successful sale of its shares in UMW Holdings to Sime Darby Enterprise Sdn Bhd, in a deal that has been named the Best M&A deal in The Edge Malaysia's 2024 round-up issue.


We also congratulate our client Lembaga Tabung Angkatan Tentera for the successful privatisation of Boustead Plantations, which was chosen as the Best Privatisation deal of 2024 by the publication.

It was our pleasure to act and advise on these significant deals. We are very pleased that these deals have been recognised as the deals of the year. We are also deeply appreciative of our clients' trust and confidence in us and for their continued support.

- Ends -

About Wong & Partners

Wong & Partners is a Malaysian law firm dedicated to providing solution-oriented legal services to its clients. As a member firm of Baker McKenzie International, we bring a unique combination of local knowledge and global experience to every matter. Since its establishment in 1998, Wong & Partners has grown steadily and now consists of more than 20 partners and 50 associates and legal assistants. The Firm's lawyers are able to deliver comprehensive and integrated advice to clients, and are trusted by respected domestic and multinational corporations for their needs in Malaysia and throughout Asia. The Firm's lawyers are committed to helping clients apply industry-specific, innovative and practical solutions. (www.wongpartners.com)

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DEALS OF 2024: BEST MERGER & ACQUISITION

Creating a giant automotive group through Sime-UMW merger

BY **KAMARUL AZHAR**
AND **ADELINE PAUL RAJ**

There are few mergers and acquisitions (M&A) that appear to make as much sense as the acquisition of UMW Holdings Bhd by Sime Darby Bhd (KL:SIME), which was completed early this year.

Looking at the automotive business of both Sime and UMW, they seemingly fit like a glove when merged as Sime is a regional distributor of luxury marques BMW, Mini, Porsche and Jaguar, while UMW is a local assembler and distributor of mass market brands such as Toyota and Perodua.

The acquisition immediately creates a large automotive group with a geographical presence in Malaysia as well as China and Australasia, and one that has a major presence in each market segment.

With the acquisition of UMW, Sime now commands more than 50% of Malaysia's domestic automotive market through Perodua and Toyota. As at November 2024, Perodua's market share stood at 48.6% of the total industry volume.

"This is a strategic move to further scale up and strengthen our presence in the Malaysian automotive sector, adding two highly performing brands into our Malaysian portfolio — Toyota and Perodua," Sime group CEO Datuk Jeffri Salim Davidson had said. "As a partner of choice to some of the more admired brands in the automotive sector, we are very excited to have the opportunity to work with Toyota, one of the world's largest and most respected automakers."

The acquisition does not just make sense for Sime and UMW operationally. It also allows their common ultimate largest shareholder Permodalan Nasional Bhd (PNB) to unlock the value of its investment in UMW without losing control over the group's large and diversified businesses.

The deal was announced in August 2023, for the acquisition by Sime of the entire 61.18% stake in UMW owned by both PNB and its funds. Sime also offered to acquire

	DETAILS	ADVISERS
Best deal	Sime Darby Bhd's acquisition of UMW Holdings Bhd	CIMB Investment Bank (deal originator and principal adviser to Sime Darby); Maybank Investment Bank (principal adviser to UMW for the mandatory takeover offer); AmInvestment Bank (independent adviser to Sime Darby's non-interested directors and shareholders); UBS (financial adviser to Permodalan Nasional)
Notable mention	Sarawak's acquisition of a substantial stake in Affin Bank Bhd from the Armed Forces Fund Board (LTAT) and Boustead Holdings Bhd	Affin Hwang Investment Bank (financial adviser to LTAT and Boustead); AmInvestment Bank (adviser to Sarawak)



With the acquisition of UMW, Sime now commands over 50% of the domestic automotive market

the remaining shares in UMW not owned by PNB or its funds at RM5 per share.

The acquisition of the equity interest of PNB and its funds in UMW was completed on Dec 13, 2023, while the mandatory general offer (MGO) and compulsory acquisition of all the remaining shares in UMW were completed on May 21, 2024.

The 61.18% stake was acquired for total cash consideration of about RM3.574 billion. CIMB was the deal originator and principal adviser to Sime for the M&A, while AmInvestment was the independent adviser to Sime for the acquisition.

In total, Sime spent RM5.8 billion to acquire UMW.

The acquisition goes beyond the automotive sector, as both Sime and UMW are

distributors of industrial machinery.

Through Toyota Industries Corporation (Tico), Sime's industrial segment portfolio is expanded, and it gives the group exposure to the materials handling business while complementing its existing mining and construction equipment business.

Sime is one of the largest distributors of Caterpillar's industrial machinery in Asia-Pacific.

Besides Tico, the acquisition also brings Komatsu — a Japanese industrial machinery brand — into Sime's fold, as UMW is the distributor for the brand in Malaysia, Singapore, Brunei, Papua New Guinea, China, Myanmar and Vietnam.

NOTABLE MENTION

The Sarawak government's acquisition of a roughly 26% stake in Affin Bank Bhd (KL:AFFIN) from the Armed Forces Fund Board (LTAT) and Boustead Holdings Bhd gets a notable mention in the M&A category, as it was good for all the parties involved.

It enabled Sarawak to raise its equity interest in the country's second-smallest banking group by assets to 31.25%, from 4.81% previously, thus becoming its largest shareholder. Sarawak had long wanted to have a retail bank to support its strong developmental needs.

The deal helped unlock value for LTAT and its debt-laden unit, Boustead, as it puts

much-needed cash into their hands. Conglomerate Boustead had, for some time, been looking to rationalise some of its non-core assets to help with its cash-flow needs.

While Boustead has ceased being a shareholder in Affin, LTAT still holds a 22.01% stake, allowing it to continue to benefit from the bank's growth. As for Affin, having Sarawak as its biggest shareholder opens doors to business opportunities in the fast-developing state, thereby improving its growth prospects.

Even Affin's minority shareholders have benefited, as the bank's share price — after years of underperforming those of its peers — moved up strongly over the course of this year, peaking at RM3.43 on Aug 21, on the expectation that Sarawak would increase its stake. As at its Dec 13 close of RM2.91, the stock had gained 43.1% year to date, giving the bank a market value of RM6.99 billion.

Under the deal, Sarawak — via a wholly-owned subsidiary, SG Assetfin Holdings Sdn Bhd — acquired 634.72 million of the bank's shares (a stake of about 26%) from LTAT and Boustead in a direct business transaction on Nov 25.

While they did not disclose the price at which the shares were acquired, Bloomberg data shows that it was done at between RM2.46 and RM2.84 a share. This represented a discount of between 16.9% and 4.1% over Affin's closing price of RM2.96 on the open market that day. It is understood that LTAT and Boustead, which also sold 12.43 million shares on the open market, fetched RM1.78 billion in total from the divestment.

Consequently, LTAT saw its stake in Affin reduced to 22.01%, compared with 28.88% just prior to the deal, while Boustead, which used to hold a 20.08% stake, is no longer a shareholder.



DEALS OF 2024: BEST PRIVATISATION

Boustead Plantations' privatisation a boon for minorities

BY **JOSE BARROCK** AND **LIEW JIA TENG**

While questions remain about the prospects of Boustead Plantations Bhd (BPlant), one thing for sure is that the minority shareholders had a good exit via the privatisation exercise at an offer price of RM1.55 per share.

The offer price was 19.2% above BPlant's net tangible asset (NTA) per share.

BPlant's share price jumped 142% in two months to a record high of RM1.49 before the first takeover bid was made, as investors got the wind of a possible corporate restructuring exercise. Excluding the

	DETAILS	ADVISERS
Notable mention	Privatisation of Boustead Plantations Bhd by the Armed Forces Fund Board (LTAT)	Maybank Investment Bank and UOB Kay Hian Securities (joint principal advisers to LTAT); Malacca Securities (independent adviser)
Notable mention	Privatisation of GHL Systems Bhd by NTT Data Japan Corp	CIMB Investment Bank (principal adviser to NTT Data Japan); Affin Hwang Investment Bank (independent adviser)

sharp rise, the plantation group's five-year average price stood at 59.2 sen between May 31, 2018 and May 31, 2023, while the 10-year average was 55.9 sen.

Using the average prices as the yardstick, the privatisation offered long-term minority

shareholders a good exit from BPlant, which needs to spend heavily on replanting, with handsome returns.

It was a boon for the minority shareholders considering that from the time the plantation stock was listed in 2014, it

had not traded above the RM1 level until July 2023.

The privatisation of BPlant was first initiated by Kuala Lumpur Kepong Bhd (KL:KLK) and the Armed Forces Fund Board (LTAT) in late August 2023 at RM1.55 per share.

The privatisation exercise came about after KLK bought a 33% stake in BPlant for RM1.15 billion cash. The proposal was for KLK to control 65% of BPlant, and for Boustead Holdings Bhd to keep a 35% stake.

The deal was scuttled due to political rumblings, despite KLK's proven track record as an efficient plantation group.

CONTINUES ON PAGE 38

GHL Systems delisted after privatisation by NTTD Japan for RM1.2 bil

FROM PAGE 35

Consequently, LTAT had to proceed with the takeover bid without a partner. LTAT, together with its wholly-owned unit Boustead Holdings, collectively held a 68% stake in BPlant then. The takeover exercise cost the armed forces fund roughly RM1.11 billion to buy out the remaining 32% stake that it did not own.

In October 2023, former defence minister Datuk Seri Mohamad Hasan indicated that the government would provide a financial guarantee of RM2 billion to LTAT to buy out BPlant.

Independent adviser Malacca Securities said the takeover offer price of RM1.55 for BPlant by LTAT was “not fair” but “reasonable” and recommended that shareholders accept the offer. Its recommendation was premised on the historical traded price of BPlant shares since its listing on the Main Market of Bursa Securities on June 26, 2014, up to Nov 10, 2023.

NOTABLE MENTION

Payment service provider GHL Systems Bhd was officially delisted from the Main Market of Bursa Malaysia on Aug 6, 2024, following a successful privatisation by global technology firm NTT Data Japan Corp (NTTD Japan) for RM1.2 billion.

NTTD Japan made the takeover offer in May after acquiring a 58.73% stake in GHL for RM724.08 million, or RM1.08 per share.



The privatisation of GHL fits well with NTTD Japan's long-term strategy as it seeks to accelerate its expansion in Asia-Pacific

The controlling stake was acquired on May 29 from London-based private equity firm Actis Stark (Mauritius) Ltd, UK-based APIS Growth 14 Ltd, GHL vice-chairman Simon Loh Wee Hian and his investment vehicle Tobikiri Capital Ltd.

As GHL has a total of 1.14 billion shares issued, NTTD Japan was estimated to have forked out an additional RM508.74 million to fully control GHL.

The offer price for the company provided a 34.5% premium over GHL's one-year volume-weighted average market price at the time.

Independent adviser Affin Hwang Investment Bank had recommended that GHL shareholders accept NTTD Japan's offer, describing it as “fair and reasonable”.

The offer was fair due to the premium on valuation based on enterprise multiple

and historical market prices, while it was also reasonable due to the relatively lower liquidity, absence of counteroffer and the delisting plan for GHL, it noted.

NTTD Japan is a subsidiary of Nippon Telegraph and Telephone Corp, the Japanese telecommunications giant also known as NTT.

Eventually, NTTD Japan secured 98.8% of GHL shares at the close of the takeover offer on July 23. As a result, the Japanese firm was allowed to compulsorily acquire the rest of the shares not owned. The compulsory acquisition was completed on Sept 5, whereby GHL became a wholly owned unit of NTTD Japan.

GHL was first listed on Mesdaq (now known as the ACE Market) in 2003, before transferring to the Main Market in 2007. The counter was last traded at RM1.08, giving it

a market capitalisation of RM1.23 billion.

GHL's core operation is its third-party acquiring business, also known as transaction payment acquisition. It has a reach that spans across six countries: Malaysia, the Philippines, Thailand, Indonesia, Singapore and Australia.

The company acquires merchants to facilitate their acceptance of e-payments and transactions via its terminals through its partnership with global schemes, card payment acquirers, e-wallet issuers, telcos and billers.

CIMB acted as the principal adviser to NTTD Japan for the deal. Corporate observers had pointed out that the transaction was expected to meaningfully strengthen NTTD Japan's position in the payment market in Southeast Asia, especially in Malaysia, the Philippines and Thailand.

The privatisation of GHL also fits well with NTTD Japan's long-term strategy as it seeks to accelerate its expansion in Asia-Pacific while strengthening its market position in Malaysia. **E**



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