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Denko eyes further inroads into Ghana

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DENKO Industrial Corp Bhd hopes to make further inroads to Ghana after it completes its proposed acquisition of a 40 per cent stake in Ghana Commercial Bank Ltd, the African state's largest commercial bank.

The proposed acquisition, which came to light during Prime Minister Datuk Seri Dr Mahathir Mohamad's visit to Ghana last November, is expected to be completed by July this year, according to Denko's executive chairman Datuk Nor Azah Awin.

Speaking to reporters after an extraordinary general meeting (EGM) of the company's shareholders in Kuala Lumpur yesterday, Nor Azah said she believes that Denko will have opportunities to participate in other sectors of the Ghanaian economy through its involvement in the bank.

The opportunities will come in the form of linkages that the Ghanaian bank has with other industries in Ghana, including foreign multinational companies.

Through its investment holding company, Development Finance & Holdings Ltd, Ghana Commercial Bank holds a 21.25 per cent stake in Shell Ghana Ltd, a 34.01 per cent stake in AT&T Global Information Ghana Ltd, as well as equity participation in a host of other companies involved in a broad range of industries such as properties, tourism, manufacturing and agriculture.

Denko proposed to acquire 66 million shares, or 40 per cent, of Ghana Commercial Bank from the Ghanaian Government for US\$25.57 million (US\$1 = RM2.48) cash. With that, Denko will become the single largest shareholders of the bank, with the local Government retaining a 19 per cent stake and the rest belonging to the public.

Nor Azah said Denko has plans to "turn the banking outfit into a financial supermarket". At present, the bank's key businesses are retail banking, corporate banking, international banking and treasury functions.

Ghana Commercial Bank is the largest bank in Ghana in terms of deposits, advances, assets and profit after tax. It has a network of 134 local branches, and a branch in London.

The bank recorded a profit after tax of equivalent to RM53 million for the financial year ended December 31 1995. It is projected to achieve a profit after tax of RM76.9 million and RM89.3 million for the year end 1996 and 1997 respectively.

Meanwhile, at the EGM earlier, shareholders approved the Denko's acquisitions of several companies and a one-for-one rights issue of new shares.

Denko has proposed to acquire a 80 per cent stake in Trimate Industries Sdn Bhd, a 80 per cent stake in Giantmate Sdn Bhd, a 51 per cent stake in Teknik Datasaab Sdn Bhd, and 100 per cent stakes each in Sun Industries Sdn Bhd and Valertime Lingeries (M) Sdn Bhd.

Of the new acquisitions, Teknik Datasaab represents a major step in diversification.

The company is involved in sewerage treatment and management and it essentially taps into the growing need for sewerage services in the government and semi-government sector, hotels and holiday resorts sector, private developers sector and manufacturing sector.

Nor Azah said the prospects for Teknik Datasaab are good, especially with the privatization of the sewerage system on a nationwide basis underway. It is expecting more contracts to come its way from Indah Water

Konsortium, the concessionaire for the privatization project.
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