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KPB: Not in best interest of firms to continue with revamp scheme

KONSORTIUM Perkapalan Bhd (KPB) would have incurred RM1.1 billion losses if it had proceeded with the proposed restructuring scheme involving PNSL Holdings Bhd (PHB) based on the current market conditions, KPB's group executive chairman Mirzan Mahathir said.

Both companies are of the opinion that "it is not in the best interest" of the companies to continue with the scheme.

He said KPB had to call off the restructuring scheme as it was unable to secure the underwriting and financing for the PHB shares pursuant to the mandatory general offer based on the issue price of RM15 per share.

Under the restructuring exercise announced on July 16 1996, KPB had proposed to dispose of the entire issued and paid-up capital of Pacific Bulk Basin Shipping Ltd to PHB (formerly known as Diperdana Corp) for RM575 million to be satisfied by the issue of 38.33 million new PHB shares at RM15 each.

It had also proposed to dispose of the entire shipping business undertakings of PNSL Bhd to PHB for a consideration of RM400 million to be satisfied by the issue of 26.67 million new PHB shares at RM15 per share.

The proposed deal also called for the acquisition of Diperdana Kontena Sdn Bhd from PHB for RM69.5 million to be satisfied by the issue of 12.1 million new KPB shares at RM14 per share.

Under the restructuring, there is also a non-renounceable restricted offer for sale of the rights to allotment of 12.1 million KPB shares at RM14 each per share on the basis of one KPB share for every three existing PHB shares held.

KPB also had to make a mandatory general offer for the remaining PHB shares it did not hold after the completion of the restructuring scheme.

Mirzan said the rationale for the termination of the sale and purchase agreement between KPB and PHB in respect of the restructuring scheme had lapsed since it had not been mutually extended.

"Apart from the approvals that have been obtained from the relevant authorities and shareholders, none of the proposals had been implemented," Mirzan said.

In a separate announcement, PHB said it would incur a loss of about RM410 million should it proceed with the proposed restructuring under current shipping and share market conditions.

PHB would lose about RM284 million due to a reduction in the value of shipping assets, as well as a potential loss of RM126 million with respect to the restricted offer for sale given the current share price of KPB.

PHB said it would not be able to secure financing for RM252 million with respect to the holding cost due to KPB and the restricted offer for sale exercise.

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