

16/08/2000

The Syed Mokhtar poser

M Shanmugam

IF IMPIAN Teladan Sdn Bhd had taken over a substantial stake in any ordinary company, the exercise would not have raised eyebrows. But then, Impian Teladan is taking up a 19.9 per cent stake in Malaysia Mining Corporation Bhd (MMC), one of Permodalan Nasional Bhd's (PNB's) vital icons.

It is an open secret that not just anyone can gain access to companies held by PNB. The last time PNB had opened the doors to its chest of wealth to individuals was when current Kumpulan Guthrie chairman Tan Sri Khalid Ibrahim was allowed to take a 20 per cent stake in the plantation company. The stake was reduced to five per cent later - after much hue and cry. But in Khalid's case, PNB reasoned that it was a golden handshake to Khalid who had served as its chief executive officer for many years.

Impian Teladan is one of the few private entities to have tapped into PNB's wealth. It is paying RM499.18 million or RM3 per MMC share, more than the market price. But the fact remains that it has got its hands on a company sitting on RM633 million in deposits, and investments - quoted and unquoted - amounting to RM2.16 billion.

PNB is no ordinary unit trust company. It is a trustee organisation to increase Bumiputera participation in the corporate sector. Considering the weight of the matter, questions are bound to rise as to who the parties are behind Impian Teladan.

What value can Impian Teladan add to MMC? Why is Impian Teladan taking up the stake? Will PNB eventually lose control of MMC to Impian Teladan? According to records, Impian Teladan is 70 per cent owned by Dr Aziuddin Ahmad, a fund manager, with the remaining stake being held by Zainal Rashid Abdul Rahman. The newly appointed chairman is Datuk Syed Abdul Jabbar, the former executive chairman of the Commodity and Monetary Exchange of Malaysia.

However, the name that keeps cropping up as the person behind Impian Teladan is low-profile businessman Tan Sri Syed Mokhtar Albukhary, the executive chairman of the Albukhary Foundation, a group active in social work pertaining to Islam.

Officials at the Albukhary Foundation vehemently deny Syed Mokhtar's involvement in Impian Teladan or any other company linked to MMC's corporate transformation. Datuk Ismail Yusof, the executive vice chairman of the Albukhary Foundation, stresses that the chairman is not involved in Impian Teladan or any companies linked to it or MMC. 'He is not involved in any way,' says Ismail in response to a fax by Malaysian Business to the Albukhary Foundation. 'He is a social worker who is more into Islamic work. One of the things the foundation does is to rectify the negative observations of Islam.'

So, why does Syed Mokhtar's name keep cropping up? Ismail is coy about the question. 'It could be misleading. He is often featured in matters pertaining to Islamic social work.'

The only possible link between MMC, Impian Teladan and Syed Mokhtar is the Port of Tanjung Pelepas (PTP) in Johor. MMC, after the entry of Impian Teladan, had said in an announcement to the stock exchange that it saw 'synergistic fit' in Malakoff Bhd and PTP. The announcement signals MMC's shift away from its traditional mining activities.

MMC has already proposed to acquire a 22.7 per cent stake in Malakoff for RM744 million or RM12 per share. The stake was purchased from

Malaysian Resources Corporation Bhd (MRCB) via Restu Budi Sdn Bhd. MRCB had agreed to sell the stake to Restu Budi in January this year.

After the acquisition of Malakoff, PTP is said to be next on MMC's shopping list. PTP is 60 per cent owned by Seaport Terminal Sdn Bhd and 40 per cent by Khazanah Nasional Bhd. Sources say Syed Mokhtar controls Seaport Terminal, which incidentally, is also a majority shareholder in listed Johor Port Bhd.

A few years ago, Seaport Terminal had proposed to dispose 30 per cent in PTP to Johor Port for RM218 million but the deal was called off. With MMC indicating interest in PTP, it could be a matter of time before the stake is hived off - with the buyer being MMC.

Syed Mokhtar, who is in his early 50s, hails from Kedah but is said to have been active in Johor in the early 1990s during the tenure of former Menteri Besar Tan Sri Muhyiddin Yassin. Both their names surfaced in a civil suit involving the acquisition of a 2,640-hectare piece of land in 1995.

It is believed that Syed Mokhtar played a role for the eventual listing of Johor Port and the completion of the high-tech PTP to rival Singapore's port. Associates familiar with Syed Mokhtar say the port project was a major boost to his business career.

However, the project which eventually opened doors to bigger things at national level, says an associate, was the RM70-million Islamic Arts Museum in Kuala Lumpur. During the World Islamic Civilisation Festival in Kuala Lumpur in 1994, Prime Minister Datuk Seri Dr Mahathir Mohamad mooted the idea of a museum to preserve and promote Islamic civilisation. It was taken up by the Albukhary Foundation.

Syed Mohamed Albukhary, the younger brother of Syed Mokhtar, spent three years looking at the management and operations of some of the world's leading museums before creating the design for the Islamic Arts Museum in Kuala Lumpur. Syed Mohamed, a Malaysian based in Florence, Italy, is said to be responsible for the fine collection of Islamic artifacts on display in the museum.

The museum, perched on a plateau near the National Mosque, was completed at the nadir of the recession in 1998. Incidentally, the construction job of the museum was given to Amtek Holdings Bhd, whose chairman then was Syed Jabbar (the present chairman of MMC).

In return for funding and building the 30,000-square feet museum, the Albukhary Foundation will oversee and operate the museum for 99 years. 'The completion of the museum during the recession impressed the Prime Minister,' says the associate. 'Even PTP was completed during the recession.'

How Syed Mokhtar or the Albukhary Foundation got the funding to build the museum is unclear. 'It is probably through Syed Mokhtar's personal borrowings,' says Ismail.

The Albukhary Foundation is also into a lot of social work in Kedah and Perak. It is coming out with an integrated Islamic centre in Kedah.

While questions arise if Syed Mokhtar is behind Impian Teladan - the de-facto manager of MMC - one thing is for sure; the sleepy mining company is going through a transformation.

From a pure mining company, MMC is poised to become a major player in the power sector of the country. According to independent equity research firm, Surf88, the acquisition of the 22.7 per cent stake in Malakoff will boost MMC's earnings per share (EPS) by 6.8 sen. 'Considering that MMC only made 5.7 sen in the financial year ended January 2000, the potential 6.8-sen boost from the acquisition of Malakoff will be tremendous,' says Surf88 in its analysis.

More power projects are expected to fall into the hands of the new-look

MMC. Tenaga's power project in Pasir Gudang is said to be next in line.

What is good for MMC may not necessarily be the best for PNB's overall objective of enhancing the Bumiputera participation in the corporate sector of Malaysia. Opening the wealth it holds in listed companies to individuals or private entities could see the national unit trust company coming under increasing public scrutiny.

Can Impian Teladan add substantial value to MMC? It must be more than just securing power plants from Tenaga Nasional Bhd.

(END)