

# Betting on gaming winners

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## Analysts see merger between Sports Toto and Magnum

By Wong Choon Mei

**KUALA LUMPUR:** "Lucky Vincent Tan," muttered a punter as he dropped his losing ticket outside one of 600-odd lottery outlets Tan controls.

Already one of the country's richest men, investors are betting 49-year-old Tan Sri Vincent Tan and his gaming outfit, Berjaya Sports Toto, may benefit from potential industry consolidation they believe is being brokered by the government.

Despite denials from the companies, some analysts foresee a merger between Tan's Toto and top number-forecasting games operator, Magnum, as the government limits the number of lottery licences to appease an Islamic lobby within its

own ranks and the opposition.

"It does look like a merger between Toto and Magnum may be on the cards," said a gaming sector analyst. "Such a move allows the government to gain high moral ground with Muslim voters, and at the same time do some corporate spring-cleaning."

A tie-up between Toto and Magnum would create a giant operator, with a network exceeding 1,100 outlets. Shares in Toto have risen 35% from their post-Sept 11 low to RM5.50, while Magnum's have gained 31% to RM2.23, compared with the broader market's near 7% recovery.

For some analysts, the Finance Ministry's approval of the appointment of a Tan associate, Tan Kok Ping as executive chairman at Magnum two

weeks ago added credence to the speculation.

Others believe Tan's long-time lieutenant, who until recently held directorships at both Toto and flagship Berjaya Group, could be about to come out from under his mentor's shadow.

Recent media reports alleged Magnum's parent, Multi-Purpose Holdings Rhd (MPHB), is under government investigation over deals transacted in 1999 by its former management, led by businessman Akhbar Khan.

The reports, which MPHB has refused to comment on, sparked speculation of an imminent shake-up at both Magnum and MPHB. MPHB's 31% stake in Magnum is its main asset.

"What's visible is there's a battle for control at Magnum and Multi-

Purpose, with the state involved somehow, while Berjaya is struggling to restructure," said an analyst at a foreign bank.

"But who benefits may not be Tan. Kok Ping could be mounting a challenge for Magnum in partnership with parties unrelated to him."

Analysts include, as Kok Ping's likely partners, businessman Hamzah Zainuddin of property and financial services group Asian Pac and the MCA.

A merger with Magnum, which has a 42% share of the RM7 billion a year lottery market, would be a big boost for Tan's flagging fortunes. The entrepreneur, regarded as having Mahathir's ear, got his first break when he persuaded US fast food giant McDonald's to sell him the local franchise. Reuters