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Consortium may not settle for partial stake in Nanyang

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THE consortium of businessmen prepared to buy the stake in Nanyang Press Holdings Bhd from the MCA-controlled Huaren Holdings Bhd may not be prepared to take a partial stake.

According to consortium sources, the Chinese businessmen who are putting together a deal to buy the 72.35 per cent stake from Huaren are looking at cornering a controlling stake.

"Their objective is to see that the newspapers in the Nanyang stable do not fall under the control of a political party," the source said.

In a press conference announcing the consortium's offer of RM5.60 per share, 10 sen more than what Huaren paid for the stake, the consortium members had indicated their intention to purchase the entire block from Huaren.

"It's all or nothing," consortium leader Tan Sri Lim Guan Teik said when answering a question at the conference.

The question becomes all the more relevant as Huaren chairman Yong Ming San has said the MCA investment arm plans to sell down its Nanyang stake to reduce borrowings and private placement of the shares.

Meanwhile, at a press conference during the Umno general assembly in Kuala Lumpur yesterday, Prime Minister Datuk Seri Dr Mahathir Mohamad said Huaren's takeover of the Nanyang group does not mean Huaren will necessarily keep the stake.

"They said they want to sell off.

"I gave the greenlight for him (MCA President Datuk Seri Dr Ling Liong Sik) to buy and I also said that he should sell off some of the shares and not hold the whole thing," Dr Mahathir said.

Lim, who is also president of the Associated Chinese Chambers of Commerce and Industry of Malaysia, met Dr. Mahathir on Tuesday.

The consortium members will also be watching for the outcome of this Sunday's MCA extraordinary general meeting which has been called to deliberate Huaren's purchase of Nanyang.

"Going by what the prime movers in the consortium have indicated thus far, they are going for a controlling stake," said another observer.

Lim had stated that various quarters of the Chinese community had expressed the view that the Chinese newspapers should remain independent and not subject to control by political parties or commercial monopoly.

Lim and the other consortium members had also expressed the fear that the Nanyang newspapers run the risk of losing credibility as the purchase would mean that Nanyang Siang Pau and The China Press would come under MCA's influence.

"The newspapers risk losing credibility should they remain under MCA control," said one media analyst at a local research house.

According to Audit Bureau of Circulation statistics for the period between July 1 1999 and June 20 2000, Nanyang Siang Pau reported a combined daily and night sales of 187,458, compared to Sin Chew Jit Poh's 298,921.

The China Press, a tabloid daily, reported a circulation of 202,000.

Huaren, through subsidiary Huaren Management Sdn Bhd, had bought 41.84 million Nanyang shares for RM5.50 each, or a total of RM230 million, from Hume Industries (Malaysia) Bhd and Hume Plastic (Malaysia) Sdn Bhd.

At yesterday's close of trading, Nanyang shares closed unchanged at RM5.10.

Nanyang, which started out as the advertising and distribution agent of Nanyang Siang Pau, began printing its own daily in October 1962 with the installation of its own plant and machinery.

Following the acquisition of The China Press Bhd and Life Publishers Bhd in 1993, the group has become the largest Chinese language publisher in Malaysia.

Currently, the group publishes a total of 14 periodicals and two Chinese daily newspapers in Malaysia: Nanyang Siang Pau and the China Press.

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