

Metrowangsa set to appeal against revocation of licence

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METROWANGSA Asset Management Sdn Bhd, which is being sued by Tabung Haji, is expected to appeal to the Finance Minister in a last-ditch effort to get its fund management licence back.

However, industry observers believe that the appeal will be pointless as the privately-owned firm has lost credibility with investors, a crucial factor for a fund management company in conducting its business.

"The damage has been done and even if it succeeds, how will it survive without the trust of investors?" asks an industry observer.

The Securities Commission (SC) revoked Metrowangsa's fund management and investment adviser licences on Tuesday for failure to meet the minimum criteria required of a money manager.

Metrowangsa has the right to appeal against the SC's decision to the Finance Minister, who is Prime Minister Datuk Seri Dr Mahathir Mohamad.

It is believed that almost all of Metrowangsa's clients have given notice to withdraw their money from the fund manager. This includes Second Board company Worldwide Holdings Bhd, which has given more than RM2 million to Metrowangsa.

In late February, two large clients pulled their money out. Non-government organisations Third World Network Bhd and Consumers' Association of Penang withdrew a total of almost RM9 million from Metrowangsa, court documents show.

Headed by Dr Ghazali Atan, Metrowangsa has a paid-up capital of RM10 million. The company's earnings fell 62 per cent to RM1.34 million for the year to June 30 2001 on the back of RM11.14 million in operating revenue.

It has current assets of more than RM8 million while current liabilities are relatively small at RM1.43 million, according to its latest accounts filed with the Registrar of Companies.

On Wednesday, an interim receiver was appointed to manage the accounts of Metrowangsa's clients.

KPMG Consulting Sdn Bhd's Ooi Woon Chee is now temporarily in charge of Metrowangsa's 16 clients.

Tabung Haji or the Pilgrims Fund, one of the largest investors in the stock market, is trying to recover RM80 million from Metrowangsa through legal action. It had given RM200 million to Metrowangsa and claimed that the firm invested the money in a high-risk scheme that involved foreign currency trading.

Tabung Haji has since recovered RM120 million and is attempting to get back the remaining amount.

In its defence, Metrowangsa said it was merely following instructions given by Tabung Haji to channel funds to an ex-singer turned forex trader, Ahmad Hassan.

Metrowangsa said it acted as a conduit to Ahmad because he did not possess a fund manager's licence. Metrowangsa claims that Tabung Haji was fully aware of the arrangements as well as the risks involved in the investment schemes.