

Ranhill in reverse takeover of Symphony
Kinibiz.com
Mar 26, 2014
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Some eight months after its aborted initial public offer or IPO, Ranhill Energy and Resources Bhd (Ranhill Energy) has signed a heads of agreement with Symphony House Bhd for a proposed reverse takeover of Symphony by the former, Symphony said today.

Symphony announced the proposed reverse takeover in a filing to Bursa Malaysia. According to the company, the proposed reverse takeover of Symphony by Ranhill Energy entails Symphony acquiring all the equity interest in Ranhill Group and all of its subsidiaries for a purchase price to be satisfied by the issuance of new Symphony shares at an issue price of RM1.50 per Symphony share.

Prior to the acquisition, a proposed share consolidation will also take place, with a consolidation of every 10 existing ordinary shares of 10 sen each in Symphony into one ordinary share of RM1.00 each in Symphony.

According to the filing, there will also be a proposed management buyout by the current management of Symphony headed by Azman Yahya and Abdul Hamid Sheikh Mohamaed of all the equity interest in Symphony for RM60 million cash.

As for the rationale for the proposed takeover, the company said that the proposed acquisition will provide an opportunity for existing Symphony shareholders to capitalise on Ranhill Group's potential in the water, power and oil and gas industries and to capture opportunities in these sectors.

"Shareholders of Symphony are expected to benefit from Ranhill's experience in the energy and environment sectors, and its reliable cash flows from its contracts and concessions," the company said in the filing.

In December last year, media reports said, citing sources, that Hamdan Mohamad had re-submitted the listing application of Ranhill Energy and Resources Bhd in a second attempt at floating the company's water and power assets. Nothing however, came of this.

Ranhill Energy was supposed to list on Bursa Malaysia on July 31 last year with about 70% of its RM753 million IPO proceeds to be utilised for the repayment of borrowings. However, the Securities Commission instructed Ranhill Energy to postpone its IPO indefinitely on July 25 in view of a non-disclosure issue. The next day, Ranhill Energy announced that it had terminated its IPO.

The IPO was withdrawn after it came to light that there had been a disclosure breach concerning the suspension of the licences of Ranhill Energy's affiliate company Perunding Ranhill Worley Sdn Bhd by Petroliam Nasional Bhd for an indefinite period. The Securities Commission then fined the company RM200,000 while Hamdan being the company's substantial shareholder, was reprimanded and fined RM300,000 for failing to disclose the licensing issue.

For the fourth quarter ended Dec 31 2013, Symphony posted a net loss of RM40.8 million, compared with a net loss RM37.7 million in the corresponding period. The RM40.8 million loss was on the back of higher revenues of RM14.7 million, compared to revenues of RM12.8 million previously.

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