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LTAT axes plan to take Boustead private

by NUR HANANI AZMAN

LEMBAGA Tabung Angkatan Tentera (LTAT) has decided to not proceed with the privatisation of Boustead Holdings Bhd after evaluating the current challenging economic environment arising from the Covid-19 pandemic and the reimplementation of Movement Control Order.

In a filing to Bursa Malaysia yesterday, LTAT noted that it was jointly agreed by both parties for the management of Boustead to focus on its newly crafted Reinventing Boustead strategy to rejuvenate the group.

Boustead group MD Datuk Seri Mohammed Shazalli Ramly said this strategy will involve value cre-

ation within the group's existing core businesses, creatively changing business models, rationalising a few non-strategic assets and venturing into the digital services and technology sector.

"The need to reinvent Boustead is needed more than ever. Through enhanced creativity and continuous innovation of business models, anchored in the foundation of uncompromising governance and integrity, we commit to transform our brick-and-mortar businesses to become more robust, digitised and sustainable.

"Over the next few weeks, we will start unveiling our initiatives one-by-one to accelerate the reinvention of Boustead, and ultimately meet the expectations of

our shareholders," he said in a statement.

Boustead chairman Datuk Seri Mohamed Khaled Nordin said after a thorough study and discussions with relevant stakeholders, LTAT and Boustead have landed on a mutual decision not to pursue the proposal at this juncture.

"We welcome this decision as the management of Boustead will now have an unwavering focus to capitalise on emerging opportunities and accelerate value creation.

"We are clear on the path we need to take to improve our business prospects and maximise the returns to our main stakeholders — the military contributors of LTAT," he added.

Meanwhile, as a controlling

shareholder of Boustead, LTAT is supportive of Boustead's plan to actively pursue and successfully execute its turnaround plans and growth strategies.

The armed forces fund previously stated that it had until Feb 2, 2021, to announce its firm intention to the proposal as set out in a notice dated Oct 27, 2020.

LTAT had twice asked for an extension from the Securities Commission to make a firm decision on the privatisation.

It was previously reported that LTAT had decided to take Boustead private via a selective capital reduction and repayment exercise, while also raising its indicative price of 80 sen per share which was proposed on May 28 last year.

LTAT had been mulling to privatise the company since May 2020.

In August, Bank Negara Malaysia gave its approval for Boustead's privatisation, pursuant to LTAT's announcement that it was considering to take it private.

As of June 26, 2020, LTAT held a 59.42% stake in Boustead, making it the largest shareholder in the company, while the Finance Ministry-controlled Retirement Fund Inc is the second-largest shareholder with a 9.19% stake.

The proposed privatisation would cost LTAT about RM660 million in cash.

Shares in Boustead were suspended from trading yesterday to make way for the announcement. The stock will resume trade today.