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GHL Systems minority shareholders advised to reject Actis' takeover offer

BY ADAM AZIZ

KUALA LUMPUR: Minority shareholders of electronic payment service provider GHL Systems Bhd have been advised to reject the mandatory takeover offer of RM1 per share by Actis Stark (Mauritius) Ltd, part of London-based investment firm Actis.

Independent adviser AmInvestment Bank Bhd said the offer price is "not fair" as it is at a 28.1% or 39 sen discount to its ascribed value of RM1.39 per share.

The offer price, it noted, is at a discount of between six sen and 19 sen per share to the last closing price, or the volume weighted average market price (VWAP) of GHL shares over five days, one month and three months up to its last trading day, prior to the notice on March 30.

"As at the last practicable date of April 26, the offer price was 40 sen or 30.1% lower than the closing price of RM1.43, and 46 sen or 31.5% lower than the five-day VWAP of RM1.46.

"Accordingly, AmInvestment Bank recommends that the holders reject the offer," it added in a

filing with Bursa Malaysia yesterday.

GHL chief executive officer Danny Leong, who took over the helm in November 2016, had previously told *The Edge Financial Daily* that he believed its share price was undervalued as shareholders started the talks a few months back, when it stood under RM1.

"The decision to transact at RM1 was solely agreed among the shareholders at that time and not fixed yesterday or a few days earlier," Leong had said.

GHL received the non-conditional mandatory takeover offer from Actis on March 31, after it bought a 28.3% stake from Cycas — a unit of private equity firm Creador — and another 19.1% from GHL executive vice-chairman Simon Loh.

Following the March 31 acquisition, Loh was left with a 19.1% stake in the company. As at yesterday, Actis' total shareholding in GHL stood at 44.37%.

GHL's net profit for the year ended Dec 31, 2016 jumped 75.05% to RM18.1 million from RM10.34 million a year earlier, while revenue grew 16% to RM245.9 million from RM211.38 million.