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BUSINESS ANALYSED Aug 24-30, 2013

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JYNWEL CAPITAL

مبادلة

EMI MUBADALA

Wynton Private Equity Group

Jho Low high flier

How a 31-year old has linked up with top politicians, royal families and Hollywood celebrities ... pages 10-12

Low Taek Jho,
CEO, Jynwel Capital Ltd

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→ **THERE** are very few 31-year-old tycoons in Malaysia. And fewer yet have direct access to top Malaysian politicians, royal families in the Middle East or even major celebrities in Hollywood.

But that's exactly what Low Taek Jho – better known as Jho Low – enjoys. His influence in oil-rich Gulf countries is such that he can persuade them to bring billions in investment to Malaysia. Often, his role is hidden.

He has been seen partying at exclusive clubs with the likes of Usher and Paris Hilton, and was even said to have brought Korean megastar Psy to Penang in May.

Penang-born Low, son of Datuk Larry Low of MWE Holdings Bhd fame, has invested in multiple ventures including property, being the link for sovereign wealth funds out of the Middle East and even a venture into marketing high-quality women's lingerie. Today, his family is said to reside mainly in Singapore (see sidebar).

Many are curious about the source of the young tycoon's wealth. Unlike others, who have prominent corporate vehicles or businesses, he has no apparent flagship except Hong Kong-based company Jynwel Capital Ltd, of which he is listed as CEO.

Critics say he is no more than a well-connected middleman collecting fees for deals, while his friends defend him as one who brings much-needed investment to Malaysia.

In an interview with a Malaysian English-language daily, Low has styled himself as being at parties sponsored by friends and not spending his own money, which he said is instead spent on work.

However, he has mentioned having set up the Wynton Private Equity Group with some of his friends while taking a semester off from his degree programme at the Wharton School, the business school of the University of Pennsylvania in the US.

While little is known of the Wynton Group as well as of Low himself, both were reported in October 2012 as being parties interested in bidding for the world-famous Claridge's, Berkeley and Connaught hotels in London.

In a court document filed in Ireland, the approach by Low was shown to have been made in mid-December 2010, followed by a revised letter of intent sent to shareholders on Jan 3, 2011 proposing an acquisition of all shares on the basis of an enterprise value of £1 bil, subject to due diligence and the agreement of documentation including warranties and indemnities.

"An accompanying letter from a Malaysian bank indicated that it was intended to seek to raise up to £950 million of debt and/or mezzanine finance and £50-£100 million of equity. A further letter of intent dated Jan 10, 2011 was sent to the shareholders," it says. However, the name of the Malaysian bank was not mentioned.

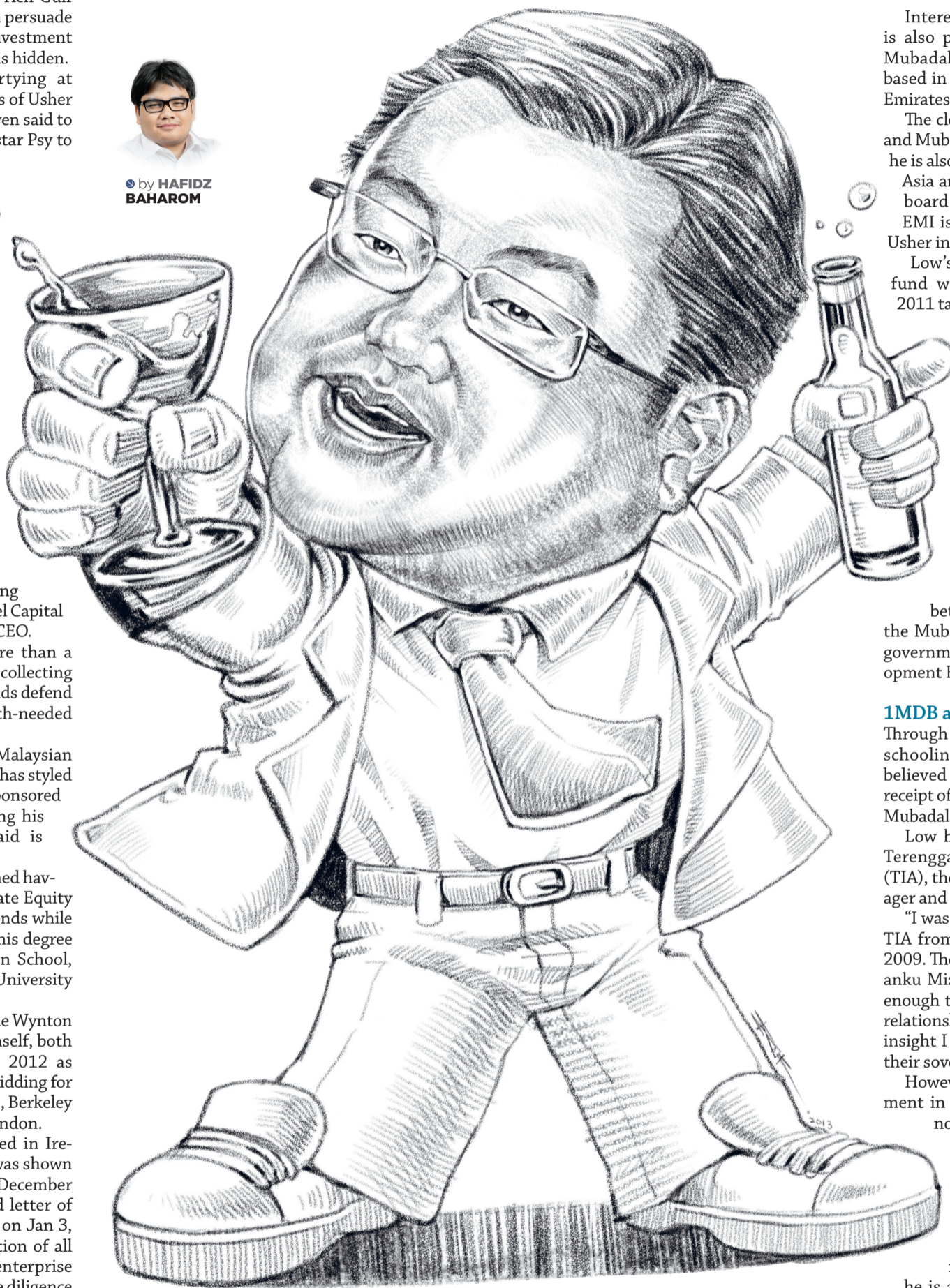
The court filing adds that Low was said to have had the backing of a Malaysian "sovereign wealth fund", which was not named. Interestingly, Low has

Just who is Jho Low?

Political heavyweights, royal families, major celebrities – it's all in a day's work for this tycoon



by HAFIDZ BAHAROM



Interestingly, the Viceroy Group is also part of the holdings of the Mubadala Development Company based in Abu Dhabi, the United Arab Emirates.

The close connection between Low and Mubadala is well demonstrated as he is also non-executive chairman for Asia and a member of the advisory board of EMI Music Publishing. EMI is also the recording label for Usher in the United States.

Low's Jynwel and the Mubadala fund were part of the November 2011 takeover of EMI by Sony worth US\$2.2 bil (see sidebar).

The website adds that he is also a director of Lilestone Ltd, a London-based company that owns Myla, a lingerie boutique with nine branches in the UK, Germany, Ireland and France. Jynwel completed the purchase of the brand on Aug 5, 2013.

It is Low's link to the Mubadala fund that places the spotlight on the dealings between Jho Low, representing the Mubadala Group, and Malaysia's government-linked 1Malaysia Development Bhd (1MDB).

1MDB and the Middle East link

Through contacts made during his schooling years overseas, Low is believed to be the link for 1MDB's receipt of funds from Abu Dhabi-based Mubadala Development Corp.

Low had a role in setting up the Terengganu Investment Authority (TIA), the state's sovereign fund manager and the forerunner of 1MDB.

"I was involved in the setting up of TIA from January 2009 to mid-May 2009. The Yang di-Pertuan Agong [Tunku Mizan Zainal Abidin] was kind enough to ask me to assist, given my relationship with the Middle East and insight I had on how they had set up their sovereign wealth funds," he said.

However, Low denied any involvement in 1MDB itself, saying he had not received any compensation for his work with the company. This is also the stance of former 1MDB CEO Datuk Shahrol Halmi.

"The role of Jho Low as far as 1MDB is concerned is zero. I've heard talk that he is advising the government on Middle Eastern investors but it's not true. What he does is help promote Malaysia to investors," Shahrol has said.

Malaysian-based 1MDB has seen a rise in investment from Mubadala, which includes US\$4 bil to develop an aluminium plant in Sarawak, a part of the Sarawak Corridor of Renewable Energy (SCORE) project.

The Abu Dhabi-based group again invested in Sarawak in January 2010, when Mubadala Oil and Gas signed a Development and Production-Sharing Agreement with Malaysia's Petrolia

admitted, in that interview with the local English-language daily, to having friends in Khazanah Nasional Bhd, the Malaysian sovereign wealth fund.

"I do from time to time speak to friends in Khazanah and 1MDB to get their input and ideas on how to better facilitate investments from the Middle East to Malaysia or vice versa," he was reported as having said.

While not much information has been made public regarding the

Wynton Group, Low's holdings under Jynwel Capital are transparent. Low is listed on Jynwel's website as CEO of the company and also holds the post of director of the Viceroy Group of Hotels.

The San Francisco-based hotel group also explains Jho Low's close connection to the Hilton family, also hoteliers. He is said to be well acquainted with Paris Hilton, whose family owns the Hilton Hotel chain.

Nasional Bhd (Petronas) to operate the offshore-Sarawak Block SK320. The agreement details that the stakes would be divided 75% to 25% in favour of Mubadala.

In May 2010, 1MDB in a joint venture with the Qatar Investment Authority was granted the rights by the federal government to develop Bandar Malaysia, a multibillion-ringgit commercial development project. While QIA was reported to have invested some US\$5 bil in the project, sources within 1MDB were reported to have wanted to bring in Mubadala.

Links with other companies

Other than his Mubadala link, Low is linked to property development companies including Singapore-based Autron Corp Ltd, Mubadala majority-owned Aldar Properties PJSC and Mudala Development Co.

In August 2007, the three property companies along with Low's Wynton Group signed a memorandum of understanding for a "real estate project". No details were mentioned in the MOU in a filing by Autron in Singapore with the Singapore Exchange Securities Trading Ltd.

However, Autron was reported as having purchased The Oval and The Avare near the KLCC, Kuala Lumpur in 2010. A recent online search shows that The Oval itself has been acquired, financed and marketed by the Wynton Private Equity Group (M) Sdn Bhd, Low's earliest set-up during his college days.

The Oval website shows that the apartment building is being marketed by Titan Debut Sdn Bhd, a subsidiary of the Hong Leong Group. However, both phone numbers listed have been disconnected.

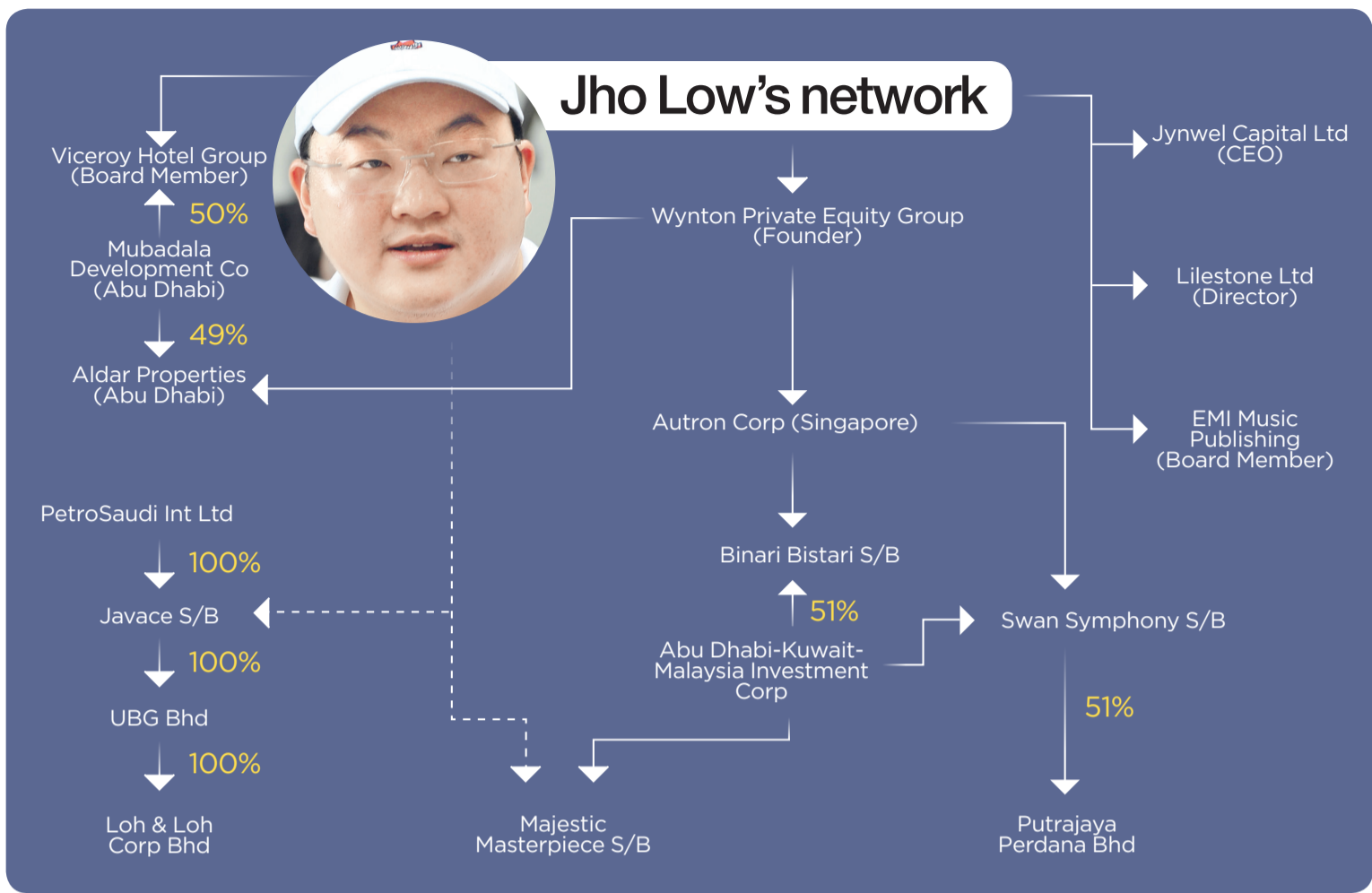
Also, in its half-year results in 2009, Autron announced it had formed a special investment vehicle with Low's Wynton group to invest in the Iskandar Development Region (IDR) in Johor.

This tallies with his earlier statement about working with the government.

"My first was actually the Iskandar Development Region investment. A friend from Khazanah called me and mentioned that they were looking to invite some Middle Eastern investors to be the core investors and asked if I knew of potential blue-chip investors. So that is where it started. Eventually, both Mubadala and Kuwait Finance House's US\$1.2bil entry into Iskandar was a big boost for Malaysia," he told the local daily in an earlier interview.

Low is also mentioned as the mastermind who made Autron a substantial shareholder in Putrajaya Perdana Bhd (PPB). The Singapore-based company and the Abu Dhabi-Kuwait-Malaysia Investment Corporation (ADKMIC) – which Low represents – teamed up to form Swan Symphony Sdn Bhd which acquired 50.6% of PPB from Eastern and Oriental Bhd (E&O).

Low's link to the ADKMIC was clear when he was appointed to the board of directors of UBG Bhd in 2008, as a representative of substantial shareholder's Majestic Masterpiece Sdn Bhd, a subsidiary of the investment company's. However, Low resigned on November 2010 and was replaced by his alternate, Tan Vern Tact, on Feb 2, 2011.



Research by Dinesh Immanuel

Companies linked to Jho Low

BEFORE Jho Low started Jynwel Capital in Hong Kong, the 31-year-old Malaysian started his career as a middleman of sorts. Low reportedly started working with friends at university to start the Wynton Private Equity Group, which had a base in Malaysia, the British Virgin Islands and there is even a similar-named entity based in Beverly Hills, California.

Below are some of the main companies with which he is closely associated.



1. Mubadala Development Company

THE Mubadala Development Company was established in October 2002 and is the wholly-owned investment arm of the Abu Dhabi government. It is listed as a medium-sized sovereign wealth fund, with assets valued at US\$55 bil in 2012.

With a mandate to facilitate the diversification of Abu Dhabi's economy, Mubadala invests in oil-and-gas, property and the aerospace sector; all of which can be seen in Malaysia. Its focus is on managing long-term, capital-intensive investments that deliver strong financial returns and tangible social benefits for the Emirate.

Jho Low is believed to have negotiated with Mubadala to invest in Malaysia, particularly through the projects of 1Malaysia Development Bhd (1MDB).

He and his brother Szen Low are on the board of directors for the San Francisco-based Viceroy Group of Hotels and Resorts, owned by Mubadala.

2. Terengganu Investment Authority (now 1Malaysia Development Bhd)

WHILE Jho Low has denied his involvement in setting up 1MDB, he has admitted that the Sultan of Terengganu and former Yang di-Pertuan Agung Sultan Mizan Zainal Abidin asked him for assistance in setting up the Terengganu Investment Authority (TIA) to manage and invest the state's wealth.

In September 2009, Prime Minister Datuk Seri Najib Razak announced the state sovereign fund would be expanded to cater to federal investments, rebranding it as 1MDB.

Low is said to have used his global network to link 1MDB to its Middle Eastern partners, including the Mubadala Development Company, the Qatar Investment Authority (QIA) and the Abu Dhabi Future Energy Company (Masdar). He is also constantly promoting Malaysia to international investors.

3. UBG Bhd

WHILE working under the Wynton Private Equity Group, which he set up with funding from friends, Jho Low was involved in negotiating mergers and acquisitions, seen through his work with UBG Bhd.

The company, involved in construction and water infrastructure, acquired a substantial shareholding in Loh and Loh Bhd, as well as in Putrajaya Perdana Bhd in 2008, subsequently taking both companies private.

For his services, Low was made executive director for UBG in 2008. He resigned from the post in November 2011.



4. Jynwel Capital Ltd

JHO LOW is CEO of Jynwel Capital Ltd based in Hong Kong. His brother Szen Low is Jynwel's managing director.

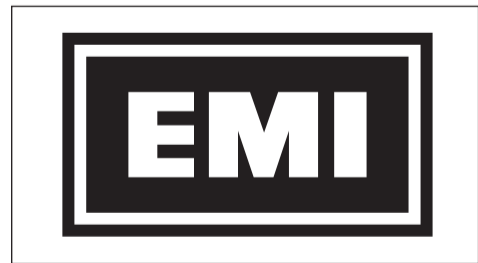
Established in 2010, the company acts as middleman in negotiating partnerships with significant investors such as leading sovereign wealth funds, major international investment companies and large family enterprises.

The company has also invested by being one of the partners with Sony Corp to acquire EMI Music Publishing from Citigroup in June 2012, to the tune of US\$2.2 bil.

Low was made non-executive chairman of EMI in Asia and is also a member of the advisory board.

The latest acquisition by Jynwel is a luxury quality women's lingerie brand based in the UK. Through the acquisition of Myla, Low has secured himself a directorship in Lileston Ltd.

5. EMI Music Publishing



EMI Music Publishing is part of Jho Low's Jynwel Capital Ltd.

The large group of investors in EMI includes, among others, Sony Corp, the Michael Jackson Estate and Mubadala Development. It is not clear how much Jynwel's direct stake in the deal is.

The deal is reported to have given Sony and its partners copyright over two million songs and a global market share of 31%, which is some 9% more than closest competitor Universal Music.



Low is said to be close friends with Paris Hilton, whose hotelier family owns the Hilton Hotel chain

Family and friends

JHO LOW, or Low Taek Jho, is the third and youngest son of Datuk Larry Low, founder of Penang-based listed MWE Holdings Bhd.

Larry Low was reportedly unhappy with the attention which Jho Low was receiving and thus asked his son to keep out of the media. However, Jho Low later told a Malaysian English-language daily that this was a misquote.

Born in 1982, Low studied at SJK (C) Union on Burmah Road, Penang and in May this year donated RM1 mil to his former school.

In his youth, Low was sent to further his studies at Harrow in the UK. This is where Low says he made friends with future Middle Eastern contacts, including Prince Hamzah Al-Hussein of Jordan.

Prince Hamzah is a son of the late King Hussein of Jordan and was named Crown Prince of the country until 1999, when the current King, his half-brother, rescinded the title. Hamzah holds the rank of Captain in the Jordanian Armed Forces.

Low then furthered his studies at the Wharton School of the University of Pennsylvania, a business school where he made friends with Hamad Al-Wazzan, involved in the Al-Wazzan Group of Companies in Kuwait. The Al-Wazzan Group has allegedly been involved in arms-dealing, but this has never been proven.

Another friend that Low has listed is Yousef Al-Otaiba, the current United Arab

Emirates (UAE) Ambassador to the United States. Yousef is the son of Dr Mana Al-Otaiba, first oil minister for the UAE.

Yousef served for seven years as director of International Affairs for the court, where he was also a senior adviser to His Highness General Sheikh Mohammed bin Zayed Al-Nahyan, head of the Abu Dhabi-based Mubadala Development Company.

Of his two siblings, Jho Low seems to have taken his brother Szen Low under his wing in Jynwel Capital LLC based in Hong Kong.

Szen Low, also known as Low Taek Szen, is registered with the California Department of Alcohol Beverage Control as a manager for a company named Wynton Real Estate Beverly Hills LLC. The address provided on the licence is the L'Ermitage Beverly Hills, a member of the Viceroy Group of Hotels.

His profile on the Jynwel website says Szen Low has also worked for the principal investment and financing business of Citigroup's Global Special Situations Group in Hong Kong and has held positions at Goldman Sachs in its Principal Investment Area in Hong Kong, where he was involved in numerous highly successful private equity investments in Asia, notably in China.

Szen Low is a member of the board of the Viceroy Group, a director of Limestone Ltd and a member of the advisory board of EMI Music Publishing. **FocusM**



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April 20-26, 2013

All is not well for Sime in Liberia

Plantation investment in African nation plagued with problems



WHAT was supposed to be a cash cow for Sime Darby's investment in Liberia now seems to be plagued with problems. With issues related to the use of land by locals leading to a flare-up, slowdowns in operations and even the need for intervention from Liberia's president to defuse strikes, the plantation giant faces a tough road ahead in the African country.

In 2009, Sime Darby's plantation division signed a 63-year concession agreement with the Liberian government for 220,000ha to be developed into oil palm and rubber plantations. Sime Darby Plantation Liberia Inc (SDPLI) was set up to manage the plantations in Liberia and the first estate was launched in May 2011.

Now, four years down the road, details are sketchy on the goings-on in the African nation.

Contradicting figures

What is surprising about Sime Darby's operations in Liberia is the lack of concrete figures on the hectareage cultivated with oil palm.

On its website, Sime Darby Plantation mentioned in a statement that it had developed and planted oil palm on 1,180ha in Liberia as of Dec 11, 2011, but in its 2012 annual report it was listed as 3,350ha.

Adding to the confusion, Sime Darby group chief executive and president Datuk Mohamad Bakke Salleh was reported recently as saying that the company had cleared 7,149ha and planted 5,021ha with oil palm as of January this year, more than double the hectareage planted a month earlier.

It thus raises the question: What is the current cultivation status in Sime Darby and which figure is correct?

Furthermore, with the targeted investment plan in the African nation supposed to be at US\$3 bil (RM9.09 bil), how much has been invested so far?

With Bakke being quoted saying that it takes RM15,000 to cultivate one hectare, does this mean that the company has already spent some RM75.32 mil in cultivating the plantation land? If so, is the injection of RM300 mil announced in February part of the investment plan or an additional cost?

Human resource and land concerns

Also being raised are issues of human resources, employment and land matters.

Furthermore, the company has yet to disclose the hectareage already prepared for a Liberian local Outgrower's Scheme, similar to the Felda programme introduced in Malaysia. According to the concession agreement, the Malaysian plantation giant must develop some 44,000ha under this scheme to assist local communities.

In its 2012 annual report, Sime Darby had announced that it was employing some "3,719 Liberians in its operations with 16 Malaysian expatriates who provide guidance and support to the local Liberian managers". However, Liberian media has reported on April 1 that 600 contractors were terminated because SDPLI was operating beyond capacity and did not have "access to land".

Sime Darby has in its most recent annual

SAIFUL HIZAM MANSOR/FOCUSM



Bakke recently contradicted figures in the 2012 Sime Darby annual report when he was reported as saying that the company had cleared 7,149ha and planted 5,021ha with oil palm as of January 2013

Sime oil palm and rubber cultivation in Liberia

Year	Hectares of planted area	Net Book Value (RM mil)
2010	7,782	7.9
2011	7,782	22.9
2012	3,350	61.8

Source: Sime Darby annual reports

BLOOMBERG



Tensions rose at Sime Darby's Grand Cape Mount estate in February, which led to a two-week strike that required Liberia President Ellen Johnson-Sirleaf's intervention

report explained its plans and current compensations paid out to locals in Liberia.

"Once the entire 220,000ha of concession land has been developed, SDPLI is expected to provide 35,000 jobs in Liberia. Since 2010, SDPLI has paid approximately US\$1.5 mil (RM4.56 mil) as compensation to surrounding towns and villages in the Grand Cape Mount County. In the year 2012 alone, the company also spent another US\$63,000 on corporate social responsibility (CSR) activities to provide assistance to the local communities living within SDPLI operations," Sime Darby says in the annual report.

However, not reported in the local media were strikes by Liberians halting operations of Sime Darby. International news agency Al-Jazeera reported that Sime Darby's opera-

tions in cultivating oil palm and rubber were forcefully suspended when local communities protested last year against the taking of land which was rightfully theirs under customary law.

Another strike also occurred in February for two weeks due to "labour abuse and other forms of dehumanisation".

"At Sime Darby Plantation-Liberia, which started operations following the renewal of its terms and conditions, this is a frequent occurrence," says a quote from the news report.

The most recent strike was only settled through the intervention of President Ellen Johnson Sirleaf herself.

In local reports on the confrontation at Grand Cape Mount estate, Sirleaf blamed the people's agitation on lack of proper information and consultation from the government on their rights and limitations. She says it was not too late to correct "a collective mistake" from both the executive and the legislative branches of the Liberian government.

"Now, something could have been done better when it comes to Sime Darby. More consultations and more talks with the people should have taken place. Like the Senator [Sando Johnson] said, everyone made mistakes when it comes to

that. But what we should do is to correct the mistakes; the ones we didn't do that time we can still do now." Sirleaf says at the oil palm estate where Sime Darby has planted a total of 3,350ha of oil palm.

Sirleaf, however, promised that the concerns raised by the locals would be addressed.

"The complaints that are justifiable and true, we will find a way to fix them. But the complaints that are unreasonable, like you say 1955 land business with Guthrie [a plantation under a British company then], we must not go back to 1955, this [is] 2012 we can't go back." Sirleaf reportedly told the crowd, adding that going against the company was an act of undermining the government which could lead to foreign investors pulling out of the nation.

On the treatment of workers, Liberian vice president Joseph Boakai says Sime Darby should offer the same benefits received by Malaysians, such as good housing units, medical benefits and fulfilment of CSR to Liberians.

The Malaysian palm oil company's involvement in Liberia started with the establishment of rubber plantations by Kumpulan Guthrie Bhd between 1981 and 2002. Guthrie withdrew from its investment when the nation was engulfed in two civil wars.

After the merger exercise of Guthrie, Golden Hope and Sime Darby in 2007, the newly-formed Sime Darby Bhd renewed its concession agreement with the present Liberian government led by Sirleaf.

Sime Darby Plantation has not commented on the issue at press time. **FocusM**

Timeline on Sime's investment in Liberia

1977: Kumpulan Guthrie provided technical and management expertise to the government-owned Liberian Rubber Processing Corporation.

1980: Kumpulan Guthrie acquires BF Goodrich's concession area.

1980: Samuel Doe takes power through a coup d'état, overthrows democratically-elected government of William R Tolbert.

1981: Kumpulan Guthrie incorporated (Guthrie Plantations Inc) plans to develop 20,000ha of concession land into rubber.

1985: Doe wins election with accusations of rigging.

1989: Pro-government politician Charles Taylor flees Liberia, forms the National Patriotic Front of Liberia (NPFL) and triggers the start of the First Liberian Civil War. Guthrie abandons rubber plantations.

1995: Main factions sign a ceasefire.

1996: Heavy fighting breaks out again until the signing of the Abuja Accord in Nigeria, which guarantees elections the following year.

1997: Charles Taylor wins general election and becomes president. However, fighting continues after Taylor is accused of funnelling diamond money and backing local guerrillas. Guthrie continues operations in Liberia.

1999: Second Liberian Civil War begins involving the Liberian army led by Charles Taylor, the Liberians United for Reconciliation and Democracy (LURD) and the Movement for Democracy in Liberia.

2001: Kumpulan Guthrie once again abandons operations in Liberia.

2003: A ceasefire is signed among all parties, and Charles Taylor resigns as president and is flown out to Nigeria in exile. Vice President Moses Blah takes over and hands power to the National Transitional Government of Liberia.

2005: Liberia holds presidential election. Ellen Johnson Sirleaf elected President.

2007: Kumpulan Guthrie, Golden Hope and Sime Darby merge to become Synergy Drive, which is later renamed Sime Darby Bhd.

2008: Sime Darby returns to Liberia and renews the terms and conditions of the old concession agreement with the government of Liberia.

2009: Sime Darby's subsidiary, Sime Darby Plantation, signs a 63-year concession agreement with the Liberian government for 220,000ha to be developed into oil palm and rubber plantations. A new company, Sime Darby Plantation (Liberia) Inc, was set up to manage the oil palm and rubber plantations.



FRESH from buying BMG Records and UK luxury lingerie brand Myla.com, Malaysian high-flier Low Taek Jho – better known as Jho Low – is making a multibillion-dollar bid for Canadian oil and gas company Coastal Energy Corp.

The offer worth US\$2.3 bil (RM7.35 bil) comes through Jynwel Capital Ltd's wholly-owned subsidiary Strategic Resources (Global) Ltd and Spanish oil company Compania Espanola de Petroleos SA (CEPSA). Jynwel Capital is Low's international private equity investment and advisory firm based in Hong Kong.

Well-connected Low, 31, is said to be linked to the Abu Dhabi government, helping to broker deals through the country's investment arm, the Mubadala Development Company. Low is said to have helped secure from Mubadala investments in Malaysia worth billions.

Adding to the intrigue is the fact that CEPSA was bought over in 2011 by International Petroleum Investment Corp (IPIC), an Abu Dhabi government entity.

According to Canadian media reports, Jynwel and CEPSA have sent letters to Coastal Energy's board of directors and hired Goldman Sachs as advisers for the deal. CEPSA is looking to pay US\$20 per share of Coastal Energy, a 20% premium for the company's shareholders.

This offer is the second that Coastal Energy has seen recently. In June 2012, the Toronto Stock Exchange-listed (TSX) company received an offer from PT Pertamina, Indonesia's national oil company. The offer price then was a 15% premium of the share price then, totalling US\$2.6 bil.

However, Pertamina's president director Karen Agustiawan was reported to have withdrawn the offer due to disagreement on the proposed asset price. "Although the assets are good, the purchase price is too high and does not match the value of the assets," she was quoted as saying in the *Jakarta Post*.

While the premium offered by CEPSA and Jynwel may be higher, it remains to be seen whether Coastal Energy accepts an offer US\$300 mil lower than Pertamina's.

Coastal Energy says "there is no transaction to announce" but added

Jho Low, aspiring oilman

Malaysian high-flier Low Taek Jho makes multibillion-dollar bid for Canadian oil and gas company



by Hafidz Baharom

Low's move to acquire a company listed in Canada may be explained by the O&G player's presence in Southeast Asia."



Low is looking at venturing into oil and gas through the proposed acquisition of Coastal Energy Corp

the company "continuously evaluates opportunities to maximise shareholder value".

Southeast Asian focus

Low's move to acquire a company listed in Canada may be explained by the O&G player's presence in Southeast Asia.

While based in Houston, Texas and listed in Canada, Coastal Energy has no operations in its home country. Instead, its operations are centred on Southeast Asia, focusing on offshore Malaysia, and onshore and offshore Thailand.

It entered into an eight-year small-field risk service contract (RSC) in July last year to develop and produce oil from the Kapal, Banang and Meranti cluster of small fields, with production from 17 wells which should have affected the company's second-quarter

results this year.

However, the Malaysian production figures did not turn up. In its quarterly report ending June 30, Coastal Energy president and CEO Randy Bartley says Malaysian production figures have been delayed by a quarter.

"Our previously-expected offshore production ramp-up has been further delayed by damage sustained by the two Mobile Offshore Production Units scheduled to be placed in service by the beginning of the third quarter. This has delayed initial production in Malaysia and the start-up of Songkhla H production in the Gulf of Thailand by approximately one quarter," Bartley adds.

The CEO says in that quarter (Q2 FY13), Coastal produced 23,843 barrels of oil equivalent.

"Offshore production has increased by 9% to 21,095 barrels a day but has

been affected by some operational and mechanical issues," Bartley says, adding the figure could have been higher if not for mechanical difficulties in Thailand.

Low is the youngest son of Datuk Larry Low, founder of Penang-based investment holding company MWE Holdings Bhd.

He has also been spotted partying with American celebrities such as hotel heiress Paris Hilton and singer Usher. Low is seen as a middleman for Middle Eastern investors, helping to attract funds for projects under the government's 1Malaysia Development Bhd (1MDB).

It's also worth noting that Low assisted in setting up the Terengganu State Sovereign Fund, later incorporated by the federal government under Prime Minister Datuk Seri Najib Razak to form 1MDB. **FocusM**

Petronas facing 'bullying tactics' by local government

► From page 14

Repsol, India's Oil and Natural Gas Corp (ONGC), Oil India and Indian Oil Corp held the remaining 40% stake.

"They are really like gangsters in that country," says one source from Petronas, referring to some administration officials. Industry players and media reports indicate that Venezuela's administration had been in a shambles in recent years due to the illness and subsequent demise of strongman president Hugo Chavez.

"The previous administration created some issues with the petroleum companies there as well, but it was during the change in government that saw increasing pressure," says an industry expert.

However, another industry expert on the ground in Venezuela says while Petronas was facing what seemed to be "bullying tactics" by the local government, other companies in the

region were facing similar treatment but they dealt with it just fine.

"All of them are facing the same [treatment], but they are handling [the issues] and solving them one by one rather than just packing up and leaving," he points out.

The setback in Venezuela may have had repercussions for Petronas' RAPID project in Pengerang, Johor. The RM60 bil project has been put on hold, with a final decision to be announced next year.

"The RAPID project is supposed to process crude oil from two locations, Sudan and Venezuela. The lack of supply from both locations – Sudan due to its separation issues and Venezuela due to its government's issues – makes the project unviable," an industry source says.

Petronas' supply from Sudan has been delayed for the past three years after the nation was divided into North and South. With the oil fields located in the South and operations

centred in the North, the pipeline connecting the two has been a matter of dispute by the two governments, causing the crude oil supply to be erratic.

The Brazil option

However, the source suggests another possible scenario. What if Petronas had dumped Venezuela for greener pastures in another South American country?

Media reports have speculated that Petronas has been given the nod to bid for Brazil's Libra oil field, the country's largest oil discovery. However, according to the country's oil regulator, the 11 companies would have to pay up US\$6.73 bil before bids are made.

"Even if it is pulling out of Venezuela, it could be venturing instead into Brazil. It is looking at the Libra oil field which could produce some eight to 12 billion barrels of oil equivalent. And then, there's the purchase of

Tubarao Martello from OGX," the industry expert says.

The expert was referring to Petronas' offer to purchase a 40% stake in two blocks of tycoon Eika Batista's OGX Tubarao Martello field in Brazil for US\$850 mil. The Tubarao Martello field is about 95km off the coast of Rio de Janeiro state.

"But if Petronas goes big in Brazil, it would have enough resources to continue supplying its RAPID project in three to five years," the expert says.

However, Petronas CEO Tan Sri Shamsul Azhar Abbas has said the deal would proceed only if OGX restructures its debts.

OGX is in danger of defaulting on its bond payments. The company has a 30-day grace period to settle the bond payments by end-October before it is declared in default.

At press time, Petronas had yet to respond to **FocusM**'s queries. **FocusM**