SOUTH CHINA MORNING POST 6 ...

Accord with tycoons ends HK Land saga

(Cont'd from Page 1)

round this obstacle to the chairmanship.

But a hostile bid would have involved spending possibly $20 billion for the outstanding 65 per cent not owned by JSH or the syndicate, assuming that the price moved to at least $12.

The Jardine camp may also have had to spend in the region of $7.5 billion to get to 51 per cent.

But it is not known how much of Land's stock is held by stakeholders friendly to the Keswicks, or how much is held in discretionary portfolios managed by Jardine Fleming or in the provident funds within the group.

Since the crash, the members of the syndicate devoted considerable sums to other projects.

Late last month, three of the tycoons were successful in their joint C$500 million bid to buy and develop the 84-hectare former Expo '86 site in Vancouver.

The Cheung Kong group also has heavy commitments to Husky oil.

It is felt that the group had no stomach for a major confrontation which they stood a good chance of losing.

The advantage to them of yesterday's deal was they freed the money they had tied up in their Land shares.

"It is clear that the entrenched shareholder has the advantage in these situations. But Jardines have played their cards very well," said one analyst.

"They've been gently greenmailed but at a price of ensuring they aren't bothered again for another seven years — something that is worth paying for," said another.

However, Mr Powers maintained it was "a straightforward deal."

"I think this is an ordinary business deal. They had acquired a stake, in my assumption with the hopes of acquiring our stake in a friendly deal, and when they saw that wasn't going to work, they were sellers. They sold at a touch above market which I think is what you expect to pay for a stake like this. There was very little manoeuvring on either side," he explained.

It had been rumoured in the market that there had been a plan for Hongkong Land to make a placement of 10 per cent shares to JSH at a discount to the market price along the lines of the recently concluded deal between Mandarin Oriental and JSH.

While Mr Powers conceded this had been an option, he said Hongkong Land did not need the funds.

"JSH has some spending power, and we have had to ask ourselves: where are we going to get our best returns? We have decided this time that we are going to get the best returns from Mandarin and Hongkong Land, rather than anything else in Hongkong," he said.

"We reckoned it was better investing in Hongkong than overseas," he added.

"It's a big investment for us, and we had to think long and hard about whether this was the best way to spend $2 billion of JSH's money. We concluded it was, because on a long-term basis, Land's property portfolio is going to be more and more valuable each day."

While the general feeling is that it showed the Jardines' were prepared to invest in assets in Hongkong, there was also a feeling that the deal was something that had been forced on them, and they would have preferred not to have spent the money.