M&A

Batu Kawan buys 47.7% MKH stake from Chen family; launches MGO at RM2 per MKH share

By Izzul Ikram / theedgemalaysia.com
20 May 2026, 07:51 pm • Updated - 09:57 pm

BATU KAWAN BERHAD

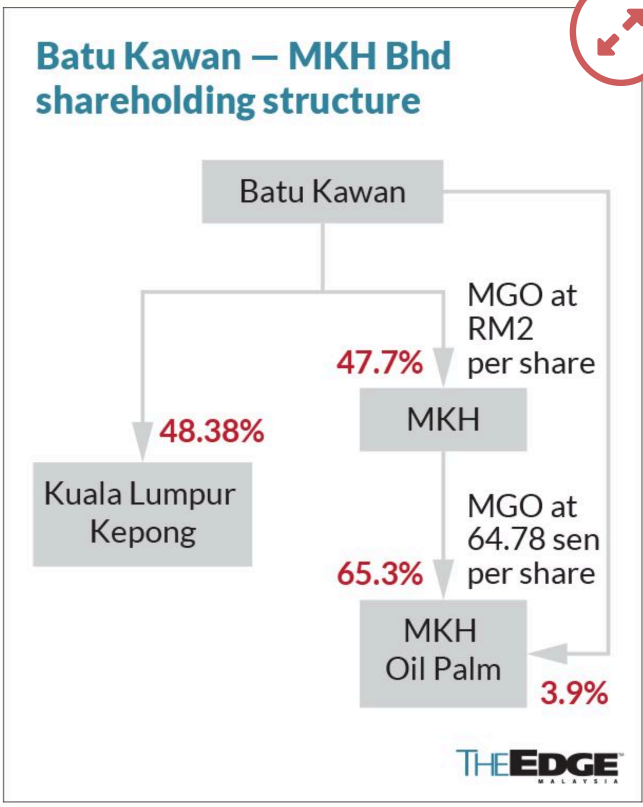
KUALA LUMPUR (May 20): Batu Kawan Bhd (KL:BKAWAN), through its wholly-owned subsidiary Whitmore Holdings Sdn Bhd, has agreed to acquire a combined 47.7% stake in MKH Bhd (KL:MKH) for RM549.8 million, or RM2 a share, from the Chen family.

Consequently, Batu Kawan, which owns 48.38% in Kuala Lumpur Kepong Bhd (KL:KLK), is making a mandatory general offer (MGO) of RM2 per share for MKH. The group said it intends to take MKH private should it secure a 90% stake, according to the bourse filings.

In addition, Batu Kawan is also buying a 3.9% stake in MKH Oil Palm (East Kalimantan) Bhd (KL:MKHOP).

MKH and its subsidiaries collectively hold a 65.3% stake in MKHOP. When the proposed MGO for MKH become unconditional, Batu Kawan will be obliged to undertake an MGO for MKHOP at 64.78 sen. However, the group intends to maintain MKH Oil Palm's listing on the Main Market.

In a Bursa Malaysia filing, the group said Whitmore signed unconditional and conditional share sale agreements with several members of the Chen family and its investment vehicle Chen Choy & Sons Realty Sdn Bhd, as well as related parties.



The acquisitions comprise a 29.6% stake in MKH for RM340.9 million and an additional 18.1% stake for RM208.9 million, both priced at RM2 per share. Whitmore has also agreed to purchase minority stakes in MKH Oil Palm (East Kalimantan) Bhd (KL:MKHOP).

The MGO at RM2 per share will cost Batu Kawan up to RM603.8 million, to be satisfied by bank borrowings. In total, Batu Kawan will need to fork out RM1.15 billion to privatise MKH.

The RM2-per-share offer serves as a 20.5% premium to MKH shares' last closing price of RM1.66, and a 37.34% to 57.22% premium to the counter's five-day to 12-month volume-weighted average price.

It also translates into an implied price-to-earnings ratio of 12.9 times and a price-to-book of 0.6 times. Based on Batu Kawan's peer review, the implied PER is above the comparable of select companies' of 7.1 times, and below the PB of 1.1 times.

MKH had rallied prior to the announcement, with its shares having surged more than 90% over the past four trading sessions. The hardly-traded stock climbed from 91.5 sen to a high of RM1.73. It then retreated to RM1.66 on Tuesday, valuing the group at RM973.7 million.

Meanwhile, MKH Oil Palms last closed at 66 sen, giving the company a market capitalisation of RM675.57 million.

The stake acquisitions and takeover offer are to expand Batu Kawan's property development and plantation earnings base and operational scale, the group said.

The enlarged group will be able to pursue synergies, it said, as well as leverage on MKH's landbank and project management capabilities to unlock value for future development opportunities.

"Further, the addition of the MKH Group's plantation estates would enlarge Batu Kawan's plantation footprint within East Kalimantan, Indonesia and enable operational synergies through the sharing of agronomic expertise, sustainability practices and supply chain efficiencies alongside Batu Kawan's existing plantation operations," it added.

It anticipates completing the proposals by the second half of 2026.

Shares of Batu Kawan last closed at RM20.88, valuing the group at RM8.34 billion.

Read also:
Batu Kawan said to be taking over MKH, MKH Oil Palm

Edited By Kathy Fong & Presenna Nambiar