



Biotech Daily

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Daily news on ASX-listed biotechnology companies

Chemgenex, Phylogica Trading & Transparency

Biotech Daily has been puzzled by the purchase of Chemgenex shares on market at 70 cents and above, yesterday.

Given that at the last count Cephalon held 78 percent of acceptances for shares and 86 percent for the listed options (see below) and can waive its self-imposed 90 percent conditions, it is puzzling that anyone would buy shares at 70.5 cents plus brokerage, only to be paid 70 cents in the takeover.

The only explanation is that one or more parties are attempting to block the conditional takeover in the hope of pushing up the offer price.

If this was successful in raising the price for all shareholders, Biotech Daily (which owned Chemgenex shares and has filed the acceptances forms) would applaud the move.

There was discussion that unnamed 'hedge funds' had been playing for the 10 percent blocking vote on options in order to create uncertainty and profit from the share price differential.

They may also be involved in buying shares at and above the 70 cents offer mark.

If any reader has evidence to substantiate any better theory, we would welcome the input.

We think all Chemgenex shareholders should know what is going on.

On a separate but related matter, yesterday Citigroup filed a substantial shareholder notice saying that it held nine percent of Phylogica on behalf of unnamed people or organizations hiding behind 'Citicorp Nominees'.

Biotech Daily takes a very dim view of shareholders hiding their identities behind nominee companies and was delighted to receive the Australian Securities and Investments Commission Regulatory Guide 159 which clearly states “the intention thereof is to enable a shareholder to know who his co-adventurers are and the public to find out who controls the business to which they are contemplating investment”.

Unfortunately, there appears to be no inclination at ASIC to police this intention.

One company director told Biotech Daily that the reason his shares were held by a nominee company was so that his wife and the Australian Taxation Office would not know his true wealth.

As previously published: If Al Capone holds 22% of the Helpful Taxation Tips Co, with Edward Kelly (19%) and Ronald Biggs (15%) but they all hide under Honest Nominees (56%) then most investors might think the company benign, when it is not (Editorial: ASX In Wonderland III, June 25, 2009).

If ASIC was serious, it would require shareholders to disclose their identities and detail their holdings as required on the substantial shareholder notices.

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