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B E718 AAE

MAHATHIR-HPHB R' R' R'

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KUALA LUMPUR, APRIL 18 (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD SAID TODAY THE GOVERNMENT WOULD NOT STAND IN THE WAY OF HUME'S TAKEOVER BID FOR MULTI-PURPOSE HOLDINGS BHD (MPHB) AS IT VIEWS THE BID AS A +COMMERCIAL MATTER+.

IN A STATEMENT ISSUED HERE, HE SAID THE GOVERNMENT WOULD NOT INTERFERE AS LONG AS THE BID SERVED THE INTERESTS OF SHAREHOLDERS AND WAS MADE IN ACCORDANCE WITH THE RELEVANT LAWS AND REGULATIONS.

THE BID BY HUME INDUSTRIES MALAYSIA BERHAD, WHICH HE DESCRIBED AS +NOTHING UNUSUAL+, DID NOT CONTRAVENE THE CODE ON TAKEOVERS AND MERGERS, DATUK SERI DR MAHATHIR ADDED.

THE PRIME MINISTER SAID IT WAS NECESSARY TO CLARIFY THE GOVERNMENT'S VIEW ON THE MATTER IN VIEW OF THE INTEREST GENERATED? INCLUDING ALLEGATIONS THAT THE BID WAS POLITICALLY MOTIVATED.

+I REGRET VERY MUCH THAT CERTAIN QUARTERS ARE TRYING TO MAKE THE OFFER BY HUME TO TAKE OVER MPHB INTO A MALAY-CHINESE RACIAL ISSUE,+ HE SAID.

. +IN THE PAST, I HAVE IGNORED RUMOURS EMANATING FROM THE SHARE MARKET. HOWEVER, THE SPATE OF RUMOURS REGARDING HUME AND MPHB HAVE SERIOUS IMPLICATIONS FOR RACIAL HARMONY IN MALAYSIA,+ HE ADDED. -- MORE

1658MST 18 04 89

B E719 AAE MEX

MAHATHIR-MPHB 2 KUALA LUMPUR A' R' R'

DATUK SERI DR MAHATHIR SAID IT WAS +RIDICULOUS+ TO SUGGEST THAT UMNO OR THE FINANCE MINISTER, OR THE GOVERNMENT! WAS BEHIND THE HUME OFFER, ADDING THAT IT WAS WELL KNOWN THAT UMNO HAD BEEN DEPRIVED OF ALL ITS FUNDS AND ASSETS BY THE COURT'S DECISION THAT IT IS AN ILLEGAL ORGANISATION.

ALL UMNO'S ASSETS WERE NOW WITH THE OFFICIAL ASSIGNEE AND THE RE-REGISTERED UMNO HAD NO RIGHT TO THE ASSETS, AND WERE THEREFORE +IN NO POSITION TO INDULGE IN PURCHASES OF MASSIVE AMOUNTS OF SHARES PURPORTEDLY COSTING MORE THAN \$1 BILLION, OR BACKING ANYONE TO DO SO+, HE SAID.

HE SAID THE FINANCE MINISTER'S AND THE GOVERNMENT'S SOLE INTEREST WAS TO SEE THAT PUBLIC FUNDS WERE WELL ADMINISTERED IN THE INTEREST OF THE NATION.

HE SAID THE GOVERNMENT HAD SO FAR APPROVED LOANS AMOUNTING \$400 MILLION TO KOPERASI SERBAGUNA (MALAYSIA) BERHAD (KSM) -- THE INVESTMENT ARM OF THE MCA AND HOLDER OF ABOUT 50 PERCENT OF THE SHARES OF MPHB -- AS PART OF ITS \$1 BILLION RESCUE OPERATION OF DEPOSIT-TAKING CO-OPERATIVES (DTC'S).

HE ADDED THAT THE IDEA OF EXPENDING \$400 MILLION TO RESCUE A COMPANY, +WHICH SOME PEOPLE HAVE MISMANAGED+, COULD ONLY BE UNDERTAKEN IF THERE WERE NO OTHER MEANS OF RETURNING TO THE SHAREHOLDERS THE HONEY THEY LOST THROUGH BAD MANAGEMENT. -- MORE
1700MST 18 04 89

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B E721 A A E M E X
MAHATHIR-MPHB 3 KUALA LUMPUR R' R' R'

HOWEVER, DATUK SERI DR MAHATHIR ADDED, SINCE A TAKEOVER BY A NON-GOVERNMENT COMPANY COULD ACHIEVE THE SAME OBJECTIVE, THE GOVERNMENT MUST WELCOME SUCH A MOVE +AS LONG AS THIS IS DONE LEGALLY AND PROPERLY.+

+THE GOVERNMENT CANNOT INTERFERE AND OBSTRUCT WHAT IS PURELY A COMMERCIAL DEAL ESPECIALLY WHEN SUCH A DEAL CAN SAVE PUBLIC FUNDS,+ HE SAID.

DATUK SERI DR MAHATHIR SAID AS FAR AS THE GOVERNMENT WAS CONCERNED, ANYONE WHO HAD A LEGAL RIGHT TO MOUNT SUCH A TAKEOVER COULD DO SO.

HE ADDED THAT THE GOVERNMENT WOULD BE +ONLY TOO GLAD+ IF OTHER PARTIES WERE PREPARED TO MAKE A GOOD OFFER WHICH WAS IN THE INTERESTS OF THE SHAREHOLDERS,

. TO SAFEGUARD THE INTEREST OF SHAREHOLDERS, THE GOVERNMENT WAS CONFIDENT THAT THE RECEIVERS WOULD NOT DISPOSE OFF THP SHARES HELD BY THEM AT A PRICE THAT IT FELT WAS NOT JUSTIFIED.

+PARTY INTERESTS CANNOT OVERRIDE GOVERNMENT DUTY TO THE PUBLIC AND NATION AS A WHOLE,+ HE SAID. -- MORE
1704MST 18 04 89

B E723 A A E M E X
MAHATHIR-MPHB 4 KUALA LUMPUR R' R' R'

THE PRIME MINISTER SAID THE GENERAL OFFER FOR MPH B SHARES BY HUME WOULD RESULT IN CHANGES IN THE HOLDING STRUCTURE OF MALAYSIAN FRENCH BANK BERHAD AND MAGNUM FINANCE BERHAD. THE FORMER IS A SUBSIDIARY AND THE LATTER AN ASSOCIATE COMPANY OF MBHB.

HE ADDED THAT BANK NEGARA'S ROLE WAS TO ENSURE THAT THE NECESSARY APPROVAL WAS OBTAINED AS REQUIRED UNDER SECTION 23A OF THE BANKING ACT AND SECTION 28A OF THE FINANCE COMPANIES ACT RESPECTIVELY.

+HUME DID SEEK THE NECESSARY APPROVAL BEFORE MAKING THE GENERAL OFFER AS REQUIRED UNDER THE LAW, AND SUCH APPROVAL WAS GRANTED,+ DATUK SERI DR MAHATHIR SAID.

SUCH APPROVAL, HE ADDED, WOULD SIMILARLY BE FORTHCOMING TO ANY OTHER POTENTIAL BIDDER WITH THE BASIC CREDENTIALS AND CREDIBILITY TO MOUNT A BID.

DATUK SERI DR MAHATHIR SAID AS FAR AS KSM WAS CONCERNED, BANK NEGARA HAD AN INTEREST IN THE TAKEOVER BID, AND HAD SO FAR APPROVED LOANS AMOUNTING TO \$400 MILLION TO KSM OUT OF THE \$1 BILLION APPROVED TO ALL DTC'S. BANK NEGARA HAD ALSO SPENT \$24.4 MILLION FOR ADMINISTRATIVE AND LEGAL EXPENSES.

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1709MST 18 04 89

B E725 AAE MEX
MAHATHIR-MPHB 5 KUALA LUMPUR R'R'R'

+THE GOVERNMENT DECIDED TO RESCUE KSM AND OTHER DTCS ALTHOUGH IT KNEW THAT THE FIASCO WAS CAUSED BY MISMANAGEMENT BY A FEW FORMER LEADERS OF THE MCA,+ DATUK SERI DR MAHATHIR SAID.

HE SAID IN RESPECT OF KSM, RECEIVERS HAD BEEN APPOINTED BY THE COURT TO MANAGE ITS AFFAIRS.

HE ADDED THAT TO THE EXTENT THAT THE RECEIVERS CONTROL 28.9 PERCENT OF MPH8 SHARES AND ANOTHER 20.9 PERCENT OF MPH8 SHARES UNDER TRUST MANAGED BY THE RECEIVERS, +IT IS UP TO THEM TO DECIDE WHETHER TO ACCEPT THE GENERAL OFFER OR NOT, TAKING INTO ACCOUNT THE BEST INTERESTS OF THE DEPOSITORS OF KSM.+

+THEIR DECISION DEPENDS ENTIRELY ON THEIR PROFESSIONAL JUDGMENT AND COMPETENCE!+ HE SAID. +BANK NEGARA DOES NOT PLAY ANY ROLE IN INFLUENCING THE RECEIVERS' DECISION.+

MEANWHILE, MCA PRESIDENT DATUK DR LING LIONG SIK SAID MCA LEADERS MET THE PRIME MINISTER TODAY AND HAD REACHED +COMPLETE AGREEMENT+ ON HOW THE ISSUE SHOULD BE SOLVED. HE ADDED IN A STATEMENT THAT DATUK SERI DR MAHATHIR HAD GIVEN THE MCA HIS +FULLEST SUPPORT+. -- BERNAMA

1711MST 18 04 89

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B E743 AAE
MAHATHIR-MPHB 6 KUALA LUMPUR (REOPENS ITEM E725) R'R'R'

THE MCA PRESIDENT HAD ON SUNDAY DESCRIBED THE PROPOSED TAKEOVER BID AS +HOSTILE+, WITH VERY SERIOUS IMPLICATIONS FOR THE CHINESE COMMUNITY.

HE HAD SAID THAT THE TAKE-OVER BID WAS +ONE OF THE MOST SERIOUS PROBLEMS+ FACED BY THE PARTY, WHICH HAS SINCE HELD SEVERAL URGENT MEETINGS TO EXPLAIN THE ISSUE TO THE CHINESE COMMUNITY.

LAST WEDNESDAY9 HUME ANNOUNCED IT WOULD BID FOR THE ENTIRE MPH8 SHARES, OFFERING \$500 CASH AND \$1,000 IN REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS FOR EVERY 1,000 MPH8 SHARES. -- BERNAMA
1737MST 18 04 89