

0821

B E707 AAE
MAHATHIR-TEXT

KUALA LUMPUR, APRIL 18 (BERNAMA) -- FOLLOWING IS THE FULL TEXT OF THE STATEMENT ISSUED BY THE PRIME MINISTER, DATUK SERI DR MAHATHIR MOHAMAD, REGARDING THE BID BY HUME INDUSTRIES MALAYSIA BERHAD TO TAKE OVER MULTI-PURPOSE HOLDINGS BERHAD (MPHB):

+IN VIEW OF THE INTEREST GENERATED BY HUME INDUSTRIES MALAYSIA BERHAD (HUME) BID FOR MULTI-PURPOSE HOLDINGS BERHAD (MPHB), IT IS NECESSARY TO CLARIFY THE GOVERNMENT'S VIEWS ON THE MATTER. SOME QUARTERS HAVE ALLEGED THAT THIS BID IS POLITICALLY MOTIVATED.

THE GOVERNMENT IS OF THE VIEW THAT HUME'S TAKEOVER BID FOR MPHB IS A COMMERCIAL MATTER. SO LONG AS A BID SERVES THE INTERESTS OF SHAREHOLDERS AND IS MADE IN ACCORDANCE WITH THE RELEVANT LAWS AND REGULATIONS, THE GOVERNMENT SHALL NOT STAND IN THE WAY OF SUCH A BID. THIS BID DOES NOT CONTRAVENE THE CODE ON TAKEOVERS AND MERGERS. FURTHERMORE, BIDS ARE NOTHING UNUSUAL.

THE GENERAL OFFER OF MPHB SHARES BY HUME WILL RESULT IN CHANGES IN THE HOLDING STRUCTURE OF MALAYSIAN FRENCH BANK BERHAD AND MAGNUM FINANCE BERHAD. THE FORMER IS A SUBSIDIARY WHILE THE LATTER IS AN ASSOCIATE COMPANY OF MPHB. BANK NEGARA MALAYSIA'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. SUCH APPROVAL SHALL SIMILARLY BE FORTHCOMING TO ANY OTHER POTENTIAL BIDDER WITH THE BASIC CREDENTIALS AND CREDIBILITY TO MOUNT A BID.

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AS FAR AS THE KOPERASI SERBAGUNA (MALAYSIA) BERHAD (KSM) IS CONCERNED, BANK NEGARA HAS AN INTEREST IN THE TAKEOVER BID, IT HAS SO FAR APPROVED LOANS AMOUNTING TO \$400 MILLION TO KSM OUT OF THE \$1 BILLION APPROVED TO ALL DEPOSIT-TAKING CO-OPERATIVES (DTC'S). BANK NEGARA HAS ALSO SPENT \$24.4 MILLION FOR ADMINISTRATIVE AND LEGAL EXPENSES. THE GOVERNMENT DECIDED TO RESCUE KSM AND OTHER DTC'S ALTHOUGH IT KNEW THAT THE FIASCO WAS CAUSED BY MISMANAGEMENT BY A FEW FORMER LEADERS OF THE MCA.

IN RESPECT OF KSM, RECEIVERS HAVE BEEN APPOINTED BY THE COURT TO MANAGE ITS AFFAIRS. TO THE EXTENT THAT THE RECEIVERS CONTROL 28.9 PERCENT OF MPHB SHARES AND ANOTHER 20.9 PERCENT OF HPHB 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. BANK NEGARA DOES NOT PLAY ANY ROLE IN INFLUENCING THE RECEIVER'S DECISION.

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. 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. -- MORE

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B E729 AAE
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IT IS RIDICULOUS TO SAY THAT UMNO OR THE MINISTER OF FINANCE OR THE GOVERNMENT IS BEHIND HUME'S OFFER TO TAKE OVER MPH. AS IS WELL-KNOWN, UMNO HAS BEEN DEPRIVED OF ALL ITS FUNDS AND ASSETS BY THE COURT'S DECISION THAT IT IS AN ILLEGAL ORGANISATION. ALL UMNO'S ASSETS ARE NOW WITH THE OFFICIAL ASSIGNEE. THE RE-REGISTERED UMNO HAS NO RIGHT TO THESE ASSETS AND IS IN NO POSITION TO INDULGE IN PURCHASES OF MASSIVE AMOUNTS OF SHARES PURPORTEDLY COSTING MORE THAN \$1 BILLION OR BACKING ANYONE TO DO SO.

THE FINANCE MINISTER AND THE GOVERNMENT'S SOLE INTEREST IS TO SEE THAT PUBLIC FUNDS ARE WELL ADMINISTERED IN THE INTEREST OF THE NATION AS A WHOLE. THE IDEA OF EXPENDING \$400 MILLION TO RESCUE A COMPANY WHOM SOME PEOPLE HAVE MISMANAGED CAN ONLY BE UNDERTAKEN IF THERE IS NO OTHER MEANS OF RETURNING TO THE SHAREHOLDERS THE MONEY THEY LOST THROUGH BAD MANAGEMENT. BUT SINCE A TAKEOVER BY A NON-GOVERNMENT COMPANY CAN 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.

AS FAR AS THE GOVERNMENT IS CONCERNED ANYONE WHO HAS A LEGAL RIGHT TO MOUNT SUCH A TAKEOVER CAN DO SO. THE GOVERNMENT WILL ONLY BE TOO GLAD IF OTHER PARTIES ARE PREPARED TO MAKE A GOOD OFFER AND THE OFFER IS IN THE INTEREST OF THE SHAREHOLDERS. TO SAFEGUARD THE INTEREST OF THE SHAREHOLDERS THE GOVERNMENT IS CONFIDENT THAT THE RECEIVERS WILL NOT DISPOSE OFF THE SHARES HELD BY THEM AT A PRICE THAT IT FEELS IS NOT JUSTIFIED. PARTY INTERESTS CANNOT OVERRIDE GOVERNMENT DUTY TO THE PUBLIC AND NATION AS A WHOLE. -- BERNAMA
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