

31 OCT 1996

CEPA, A GOOD DEAL THAT GOT AWAY, SAYS MAHATHIR

KUALA LUMPUR, Oct 31 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad has described the aborted proposed acquisition of Consolidated Electric Power Asia Ltd of Hong Kong by YTL Corporation Bhd "as a good deal that got away."

Khazanah Nasional Bhd, the investment arm of Finance Ministry, had agreed to provide a loan of RM2.5 billion to YTL Corporation to part finance the purchase of the Hong Kong company.

Dr. Mahathir said he agreed with the economic adviser to the government, Tun Daim Zainuddin, that the Malaysian government was not as foolish as perceived by some quarters as it had made a thorough study before committing Khazanah Nasional's funds to help YTL Corporation make its bid for Cepa.

The original plan was to acquire Cepa and bring it back to Malaysia as a Malaysian company involved in various aspects of power generation in Asia, he added.

In this regard, Dr Mahathir said the question of an outflow of funds for the purchase did not arise at all.

Khazanah Nasional had taken a cautious stand on the matter by agreeing to provide a loan initially.

He said there was a possibility that the loan could be subsequently converted into equity and Khazanah Nasional would become the major shareholder of an existing major power generation company in Asia.

Related to that deal, he added, was also the possibility for Khazanah Malaysia to take up a stake in YTL Corporation.

In one stroke, Khazanah Nasional could have controlled the power industry over a wide area in Asia.

He said: "It was too bad that the deal did not go through."

Asked if Khazanah Nasional was looking for other deals, Dr Mahathir replied: "When I was a small boy, my mother used to tell me 'When you go out, always carry a one sen coin because you never know when there may be an elephant being sold for one sen and you don't have that one sen.' I always remember this good advice from my mother."

Asked whether Khazanah Nasional would support another bid by YTL for CEPA, Dr Mahathir said it was too late.

He said the deal did not go through not because of criticism from certain quarters in Malaysia but on the inability of Gordon Wu, the majority shareholder of Hopewell Holdings Ltd, which owned 60 percent of CEPA, to provide an undertaking that Hopewell shareholders would back the deal.

When Wu could not give the undertaking, the deal had to be called off because Khazanah Nasional had to protect its financial interest, he added.

Referring to criticism on the CEPA bid, Dr Mahathir said he had heard a lot of criticism on whether there was a need for this or that.

He said if he took heed of every criticism, then there might not even be the KL Tower or the Petronas Twin Towers.

The Malaysian government would have other opportunities, he said and cited Proton's acquisition of Lotus Group International Ltd as an opportunity for the national carmaker to acquire unique engineering skills and technology from a well-known international automotive engineering company.

He said he had known about the intended acquisition as long as three

months ago.

"I knew all about it but I don't have to tell to the Press. It is not because of secrecy. When they (Proton and Lotus) are negotiating, we can't make an announcement," he added.

He said Lotus was not a loss-making company but its Italian owner, Romano Artioli, who is also involved in the Bugatti car project, had to sell Lotus in order to raise funds to salvage Bugatti. -- BERNAMA

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