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Mahathir-Maju

PM SAYS THERE WAS MOVE TO FOIL PERWAJA'S TAKEOVER BY MAJU

CHUKAI, Dec 12 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today there was an attempt by certain quarters to foil the government's plan to let Maju Holdings Sdn Bhd run the ailing Perwaja Steel Sdn Bhd.

The Prime Minister said he decided to visit the Perwaja steel complex here today because there were allegations that the mill's management and workers had lost heart and direction.

"I find they are in high spirits and (the workers) are happy and have confidence in the new management, and the allegations appear to be totally unfounded," he told a news conference at the end of the visit.

Also present were Maju Holdings executive chairman Abu Sahid Mohamed and Perwaja chief executive officer Abdul Talib Mohamed.

Maju Holdings holds 51 per cent equity in Equal Concept Sdn Bhd, a consortium appointed by the government to manage Perwaja.

Dr Mahathir said he was satisfied with the new management which took control of Perwaja about six months ago as it had brought a lot of progress to the company.

"The production cost has fallen and production rose to a record as did the quality...the rejection rate has been reduced from 14 per cent to about one per cent," he said.

Dr Mahathir said Perwaja's repair and fabrication section that was previously idle is now able to produce equipment at a cost of RM200,000 compared to RM600,000 if bought from others.

"These achievements are not a result of the management's cost cutting measures but because those who handled them knew what was being done," he said.

On the move to privatise Perwaja, the Prime Minister said the decision was expected to be made before the end of this month.

He said the government was still negotiating with Maju Holdings on the terms of the takeover.

"The negotiation is a bit complex because whoever takes over not only needs to know about the steel industry but will also have to shoulder a heavy debt burden," said Dr Mahathir.

He said the Economic Planning Unit was also negotiating with several other parties who are keen to join Maju Holdings.

The Prime Minister said the Lion Group was still interested in acquiring Perwaja but the government wants Maju Holdings to lead the steel-making company.

"I have spoken to (Lion Group chairman Tan Sri) Willian Cheng and he is ready to help either in the area of expertise or training, and is willing to take up an equity share but he wants a bigger role," he said.

The Lion Group was previously offered a 30 per cent stake in the company but it reportedly decided not to take it up.

He said the government also wanted to continue its direct stake in Perwaja.

Asked if the government would provide a soft loan to Maju Holdings under the Perwaja rescue package, Dr Mahathir said the matter had not been discussed.

He said the government did not provide loans easily but was willing to give support in certain cases.

On the investigation into alleged financial and management irregularities in Perwaja, the Prime Minister said it was continuing.

"I will not accuse or criticise anyone until I receive a full report," he said.

He said Perwaja suffered huge losses and in any loss-making company the management had to be replaced. -- BERNAMA

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