

22 AUG 1996

MAHATHIR: PERWAJA RESCUERS HAVE SIX MONTHS TO FINALISE PLAN

KUALA LUMPUR, Aug 22 (Bernama) -- The private sector parties picked to rescue loss-making Perwaja Steel Sdn Bhd have six months to come up with a plan, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

The selected parties, Maju Holdings Sdn Bhd and Lion Group, had given him preliminary briefings on the problems faced by the government-owned steel products manufacturer.

"We have given them six months to understand the problems and we will see how they plan to rescue Perwaja," he told reporters at Angkasapuri here after making a recording of his message for the 39th National Day.

Perwaja, which has two steel plants in Kemaman, Terengganu, and Gurun in Kedah, sustained accumulated losses of more than RM2.9 billion.

Under the preliminary rescue formula, Maju Holdings would hold 51 percent of the restructured equity of Perwaja Steel while Lion Group would hold 30 percent and the government the balance.

Earlier this month, Deputy Prime Minister Datuk Seri Anwar Ibrahim said the government would hold the 30 percent stake in Perwaja Steel on behalf of Lion Group until a final decision was made after further negotiations.

When asked to comment on suggestions that Lion Group's less than enthusiastic involvement in the rescue plan was because it had been given a lesser stake in Perwaja Steel's equity, Dr Mahathir said Lion Group would continue to provide support for the rescue plan.

However, he said Lion Group had not made any decision on whether to take up the equity offered to them.

"Lion Group will provide support but it may not take up the equity," he added.

When asked the reason offered by Lion Group for its stance, he said: "It is a bit difficult for two parties to manage a business. We will look into that problem." -- BERNAMA

AH SHY LDB