

23/01/1997

Lion Group still keen on Perwaja privatisation

Elaine Lim

THE Lion Group has reiterated its interest in the privatisation of Perwaja Steel Sdn Bhd, subject to terms and conditions determined by the Government.

Chairman Tan Sri William Cheng said yesterday he expected the terms to be announced in a month or two.

The Lion Group had earlier declined to be involved in the interim management during the rescue period between July and December last year, as it was required to pump in more than RM200 million without the terms and conditions being spelt out clearly.

The group had been offered a 30 per cent stake in Perwaja, while Maju Holdings would hold 51 per cent, and the Government the remaining 19 per cent.

When the Lion Group declined, the stake offered to it was held by the Government.

Earlier this month, Prime Minister Datuk Seri Dr Mahathir Mohamad announced that the Government would absorb Perwaja's accumulated losses of RM2.985 billion.

He also said that Maju Holdings Sdn Bhd would have a 51 per cent controlling stake in the steel company.

The Federal Government would have a 30 per cent interest and the Terengganu Government would hold the rest.

Shortly after, Dr Mahathir also said that the Federal and State Governments' stakes, amounting to 49 per cent, were open for disbursement to interested parties.

Asked what percentage of Perwaja's equity it was seeking, Cheng replied: "We will let the Government decide."

He said Lion and Maju Holdings had not yet reached a conclusion on the management of Perwaja Steel, but asserted that both sides were "quite sincere about working together".

As at Dec 31, 1995, Perwaja Steel had accumulated losses of RM2.985 billion, of which financial cost and foreign exchange fluctuations accounted for 78 per cent.

This was made up of operational losses amounting to RM607 million and net financial cost of RM1.42 billion, foreign exchange losses of RM910 million (31 per cent), and other losses totalling RM52 million.

Its long-term liabilities stood at RM6.013 billion and current liabilities at RM926 million.

The Government had decided to absorb Perwaja's losses and write off its debts to enable the national steel company to start afresh on a clean slate.

(END)