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Lion in fresh talks for stake in Perwaja

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ANOTHER change in Perwaja Steel Sdn Bhd's equity structure can be expected if new negotiations between the present majority stake holder, Maju Holdings Bhd, and steelmaker Lion Group are successful.

Lion Group executive chairman Tan Sri William Cheng hinted yesterday his company's talks with Maju, which holds 51 per cent in Perwaja, were going well and are expected to be concluded within two months.

"We are sincere in trying to work together but so far we have not been able to come to an agreement yet," he told reporters yesterday.

When asked for the size of stake Lion was seeking, Cheng said it was between 30 per cent and 49 per cent as offered by the Government recently.

Cheng said the Lion Group could not take up the Government's previous offer of a 30 per cent stake in Equal Concept Sdn Bhd because it was facing constraints pertaining to the injection of some RM200m into the latter, and not because of any considerations regarding control.

His remarks followed the Government's recent announcement that it was absorbing nearly RM3bn in debts incurred by the Terengganu-based steelmaker.

Lion Group was in the original list of companies invited to participate in the rescue of Perwaja, with the Government offering it a 30 per cent stake in the interim management company Equal Concept, with Maju holding 51 per cent and the Government 19 per cent. However, the Lion Group subsequently withdrew from the exercise and the Government raised its own stake to 49 per cent.

At the beginning of the year, when Equal Concept's mandate expired, the Government announced that Maju had been tasked with running Perwaja. It was awarded a 51 per cent stake in the steelmaker. The Federal Government would hold 30 per cent and the Terengganu State Government the rest.

Prime Minister Datuk Seri Dr Mahathir had said then that the 49 per cent of Perwaja not held by Maju could be opened to applications from interested parties.

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