

30 APR 1997

PERWAJA PRIVATISATION YET TO BE FINALISED

SHAH ALAM, April 30 (Bernama) -- Privatisation of Perwaja Steel Sdn Bhd has yet to be finalised by the government, its Executive Committee chairman Abu Sahid Mohamed said today.

"It has come to the final stage for the preparation of the privatisation agreement which includes the terms and conditions," he told reporters after the signing of a sole distributorship agreement between Perwaja Steel and Ipmuda Bhd.

"There is a possibility that details of Perwaja's privatisation exercise, including its final shareholding structure, will be disclosed by Prime Minister Datuk Seri Dr Mahathir Mohamad during his visit to the Perwaja plant in Gurun, Kedah in the middle of next month," he said.

Abu Sahid, who is also the executive chairman of Maju Holdings Sdn Bhd, the company responsible for the rehabilitation and privatisation of Perwaja, said, "Perwaja is now well taken care of by Maju Group."

He said the revamping and restructuring processes to turn around Perwaja were in progress, especially on the management side.

Perwaja Steel's chief executive officer Abu Talib Mohamed said since the nine months rescue period under the interim management, in which Maju has 51 percent of Perwaja's interest, Perwaja's losses has been decreased by RM150 million.

"On a month to month operational basis, we were even able to maintain a very nominal operational deficit of RM10 million, compared to before the rescue period when the deficit stood at RM40 million," he said.

Furthermore, the production capacity of Perwaja's steel manufacturing plants had increased healthily to 100,000 tonnes a month compared to 60,000 tonnes before the rescue period.

He reckoned that Perwaja would be able to show some operational profits next year provided the company could show better cash flows.

He also disclosed that Maju Group itself was undertaking several restructuring exercises in order to facilitate the rehabilitation as well as preparing the privatisation of Perwaja.

"This includes the reverse take over by Maju Group's subsidiary Maju Steel Sdn Bhd of a Kuala Lumpur Stock Exchange second board company, Kai Peng Bhd, as well as the acquisition of 32.9 percent stake in steel and home building material trading company, Ipmuda Bhd," he added.

In order to strengthen ties between Perwaja and Ipmuda, Abu Talib said Ipmuda was appointed as sole distributor of Perwaja steel and other steel related products. The agreement to this effect was signed today.

"It is a remarkable synergistic business alliance between Perwaja and Ipmuda especially for Perwaja as it can fully benefit from Ipmuda's current leading position in distribution and sales of building material and steel hardware products for the past 22 years," he added.

This strategic alliance would also benefit Ipmuda in the immediate term and is an integral part of the long term corporate objectives of the company to be the top trading house in Malaysia by securing prominent and viable distributorship rights and agency lines/brands to become an integrated "one-stop" centre for building materials and hardware products.

He said Ipmuda has a very wide clientele base of 5,000 customers comprising hardware suppliers and contractors and 36 distribution outlets nationwide.

Ipmuda, which is involved in the marketing and sales of cement, steel,

sanitary wares, concrete piles, ceramic walls floor tiles, bricks and roofing sheets, will have a five-year contract to sell Perwaja's steel products namely reinforcement bars, wire rods, wire mesh, nails and structural sections.

At the press conference, Abu Talib also announced that Perwaja will invest about RM100 million to set up a one-stop steel centre where all related industry players like manufacturers, fabricators, erectors and sellers can do business in one place.

"We are looking for land of about 20 acres (eight hectares) in Sungai Besi for the setting up of this centre. I hope construction would start by early next year," he added.

He said the move to establish this steel "district" where steel designing will be included, was part of Maju's concerted efforts to re-develop Perwaja and re-position it as the largest steel manufacturing company in the country. -- BERNAMA

RIZ FR