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RM60 BLN SHARES SUPPORT FUND WILL NEED TIME TO IMPLEMENT, SAYS MIA

By: D.Sundaraja

KUALA LUMPUR, Sept 4 (Bernama) -- It may take time to raise the money and implement the buying of shares to shore up the local stock market, Malaysian Investors Association president Dr P.H.S. Lim said here today.

Asked to comment on the effect of the government proposal to provide RM60 billion to buy shares from locals at a premium, he felt the government would need some time to meet and decide how to implement the scheme.

He said this was the reason there was no immediate effect on the stock market.

Prime Minister Datuk Seri Dr Mahathir Mohamad who yesterday announced the RM60 billion support to buy shares of local companies, said despite the low share prices, the companies quoted on the Kuala Lumpur Stock Exchange were fundamentally strong.

Of the total amount, RM30 billion will come from Khazanah Nasional Bhd and the rest from other government-controlled funds and private fund managers.

He said the funds would buy shares from investors who were in financial difficulties and had to sell to make up the margins.

Dr Lim said the RM60 billion support should also help stop stockbrokers from ruthlessly carrying out forced selling of shares held by margin account holders and prevent a further slide in share prices.

The KLSE benchmark Composite Index, which touched a new low for the year at 675.15 in the afternoon, recouped most of its losses to end 19.64 points lower than yesterday, to 731.12.

They would buy such shares at a premium from local investors but at the market price from foreigners.

Khazanah, the government's investment arm, would issue bonds to raise the required amount.

Dr Lim also estimated that there was less than five percent of foreign funds in the local stock market.

The sell-out by foreign funds should be over shortly and prices in the local market would be very attractive, he added.

He said the KLSE's price earnings ratio of 13 times is considered very cheap when compared to those of the Hong Kong and American markets. --

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