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SABAH COMPANIES HAIL MAHATHIR'S SUPPORT FOR KLSE

By: Jackson Sawatan

KOTA KINABALU, Aug 30 (Bernama) -- Six Sabah public-listed companies today came out strongly in support of Prime Minister Datuk Seri Dr Mahathir Mohamad's announcement two days ago for local funds to enter the share market in a big way to fight foreign manipulators.

They are Construction and Supplies House Bhd (CASH), North Borneo Timber Bhd, Kilang Papan Seribu Daya Bhd, MGR Corporation Bhd, Chase Perdana Bhd and Sitt Tatt Bhd.

CASH Managing Director Datuk Joseph Ambrose Lee, who spoke on behalf of the six companies, also called on other Sabah-based listed companies which, before the Kuala Lumpur Stock Exchange's current downturn had RM16 billion worth of capitalisation, to join them in support of the government.

"We support the Prime Minister because it is the duty of every citizen to defend the country against outside threat. We must gather all our resources and reserves to fight the manipulators," said Lee who read out their joint statement at a news conference here.

The companies also suggested other measures in which Malaysians can collectively stop the slide and inject greater confidence into the market. They include the lifting the curbs on share financing by banks which were imposed by Bank Negara in late March.

"The rationale that the curbs were to combat inflationary trends is no longer valid," he said. "At that time, they were intended to check the inflationary trends of stocks and properties. The curbs have now more than achieved their objectives."

With about RM450 billion wiped out from the market, Lee said the curbs must be lifted now to allow liquidity to flow back into the market.

"If the curbs are lifted, every sen released will have a multiplier effect or 15 to 20 times on the market," Lee said.

Other recommendations are for leaders and officials, especially from Bank Negara, to adopt a solution-oriented approach.

The Sabah companies also urged the government to temporarily suspend all force-selling in order not to aggravate the downward trend of the KLSE.

They said stockbroking firms must continue to finance share trading or even increase the credit line as stocks were generally much cheaper at this time.

"Local manipulators who lent their scrips to foreigners for quick gains should be brought to justice and must pay into a fund for the purpose of compensating all citizens who had suffered losses as the result of their stock lending," Lee stressed.

Other proposals include allowing companies to buy back their own shares and allow financial institutions to finance such exercises.

Lee also said the "delivery before sale" ruling on the 100 index-linked counters aimed at preventing further manipulation of the market by short-sellers was an excellent move.

"The Prime Minister's call to local institutions and investors to buy actively on the KLSE and the pledge that billions of ringgit would be committed to this exercise if necessary, were very reassuring," he said.

"It is a war although it may not be as bloody as a physical war, but it could still bleed Asian economies and devastate the very existence of the Asian society. For once, we must unite, not against military colonialism but economic colonialism," Lee stressed. -- BERNAMA

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