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SELANGOR STATE FIRMS AFFECTED BY MUHAMMAD'S RESIGNATION

KUALA LUMPUR, April 14 (Bernama) -- Share prices of listed companies related to Selangor state-owned agencies or to Tan Sri Muhammad Muhammad Taib have somewhat been affected by his resignation as Selangor Menteri Besar today.

His resignation also stirred speculation of board changes in companies like Worldwide Holdings Bhd (WHB), SAP Holdings Bhd and Bridgecon Bhd, entities in which the state government has a sizeable stake or are linked to Muhammad's family.

SAP fell 25 sen to RM7.75 with 48 lots traded, WHB shed 18 sen to RM13.44 on 99 lots and Bridgecon recorded biggest loss when it dived RM2.40 to RM19.00 on only nine lots.

Prime Minister Datuk Seri Dr Mahathir Mohamad announced Muhammad's intention to resign as Menteri Besar last Saturday.

His resignation was prompted by his impending trial in an Australian court in August this year.

Muhammad, 51, is charged with failing to declare the cash equivalent of A\$1.2 million (about RM2.4 million) while leaving Australia for New Zealand at Brisbane International Airport on Dec 22, last year.

He faces another charge of making a false declaration pertaining to the cash found in his luggage.

Muhammad, who announced his resignation today, said he will remain an UMNO vice president and State Assemblyman for Batang Kali.

Analysts said the market has been expecting Muhammad to resign for some time.

Referring to a possible management reshuffle in WHB, SAP Holdings and Bridgecon, one analyst said it is purely speculative; any change will depend on how the appointments are linked to the Menteri Besar's office.

For instance, some of his family members could be holding positions in their own right and not at Muhammad's behest.

A dealer said it is fortunate that SAP, WHB and Bridgecon are not blue chip counters or they will have dragged the Kuala Lumpur Stock Exchange Composite Index down.

The benchmark Composite Index lost 37.27 points or 3.27 percent to close at 1,101.09 today.

Meanwhile, market watchers also said the three affected counters were also hit by the current bearish sentiment in the local bourse as well as on Wall Street.

Muhammad also relinquished chairmanship of the Federal Territory and Selangor Umno liaison committee and the post of Barisan Nasional chairman of the two states.

Some quarters feel the market will continue to be bugged by the fact Muhammad is still holding key posts in UMNO as he had not relinquished the UMNO vice president's post.

"They believe that if Muhammad has to resign to save the image of the party, he would also have to do the same for his party posts," one analyst said.

A dealer said: "Fund managers are not comfortable with uncertainties and speculation over his party posts and who might succeed him. These are destabilising factors on the local bourse." -- BERNAMA

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