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Telekom intends to buy back shares

TELEKOM Malaysia Bhd has become the first company to make known its intention to buy back its shares following the announcement of new guidelines allowing companies to do so.

Chief executive officer Datuk Mohamed Said Mohamed Ali said Telekom's board of directors have in principle agreed to buy back the company's shares.

It has however not decided when and what quantity of shares it would buy back.

Telekom will wait for more details on the share buyback mechanism before proceeding with the exercise, he told reporters after the launch of Telekom's RM2.5 million Multimedia Centre in Kuala Lumpur at the weekend.

The new provisions under section 67A of the Companies Act as well as related regulations were gazetted last Friday.

As a result, companies will from today be allowed to buy back their shares or to provide financial aid to any person to purchase the company's equity as long as the company is solvent at the date of purchase or when providing the financial aid. The purchase must be made through the stock exchange where the shares are quoted.

Originally planned for September 15, Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim however said in the middle of last week that the new provisions should be effected sooner.

Prime Minister Datuk Seri Dr Mahathir Mohamad had said during a meeting with local media editors last Thursday that the buyback mechanism would provide an added thrust to the Government's campaign to stem stock manipulation by rogue foreign funds. The Government has also directed local funds to go into the bourse in a big way.

Meanwhile, commenting on the possible problems posed by the millennium bug, Mohamed Said said that the company is expected to address the matter well before 1999.

He said the millennium bug is a bigger challenge to Telekom than other companies in Malaysia because of its dependence on extensive hardware and software to operate telecommunications exchanges and international gateways.

Telekom is studying how to phase out the software and hardware which are expected to be affected by the bug and replace them with new equipment and operating systems.

The company has already conducted one sweep of its computer systems and hopes to resolve the problem well before 1999 through the use of internal resources. Outside assistance will be sought only if necessary.

Asked how much the whole exercise would cost, Mohamed Said said that he is unable to provide a figure.

The new Multimedia Centre is part of Telekom's Training College in Jalan Semarak, Kuala Lumpur. Its prime objective is to develop human resources to help meet the needs of the Multimedia Super Corridor.

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