

22/06/1998

Bumi shares mostly below IPO prices now (HL)

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SHARE prices of 76 out of 82 Bumiputera companies whose shares were allocated by the Ministry of International Trade and Industry are now well below their initial public offer (IPO) price.

As of last Friday, the 76 companies had lost RM1.4 billion in market capitalisation. The other six were in a "precarious situation".

Their share prices have fallen by between 29 per cent and more than 80 per cent below the IPO price due to problems related to currency and stock market attacks last year.

At such discounts, foreign investors can snap up shares in local companies at will, Prime Minister Datuk Seri Dr Mahathir Mohamad said at the end of the 52nd Umno General Assembly in Kuala Lumpur yesterday.

Holding up a copy of the Herald Tribune with the headline "West Snaps Up Asian Business", the Umno president said:

"They can buy these companies now at a very cheap price. That is their objective, to control our economy."

According to the Miti statistics, of the 76 companies which have seen their share prices fall below the IPO price, 16 companies have share prices 29 per cent lower than their IPO; 21 companies have share prices between 30 per cent and 49 per cent lower than their IPO price; 35 companies have prices between 50 per cent and 80 per cent lower than their IPOs; and four companies have share prices that are more than 80 per cent lower than their IPOs.

The 82 companies are wholly-owned by Bumiputeras, trust funds and cooperatives allocated shares by Miti in 1996 and 1997.

Economic problems facing the country dominated the three-day assembly and the Umno Youth/Wanita meetings that preceded it last Thursday.

The Umno Youth had sparked the debate on nepotism and cronyism within the Government and party, which prompted Dr Mahathir to release the names of individuals and companies who had been awarded privatized projects on Saturday.

Three additional lists were displayed and circulated yesterday, containing the names of Bumiputera individuals and companies awarded shares since 1983.

Winding up the proceedings of these meetings, Dr Mahathir made references to these lists.

"Many hundreds of thousands of individuals and companies have been given shares. From the lists, you can see that many Bumiputera individuals were given shares, not only two or three cronies of Cabinet ministers and political leaders."

He told the delegates that foreign influences are using the terms "nepotism" and "cronyism" to undo the success of the New Economic Policy (NEP).

He said these foreigners, who could not criticise the NEP and the Government's efforts in social engineering, now claim that only "close friends" of Umno benefit from the policy.

"Actually under the NEP, if we take Permodalan Nasional Bhd alone, six million people have benefitted from share allocations. Are all of them Umno family members or friends of Umno?"

"In education, Mara alone has provided scholarships to 140,000 students. This does not even include the Public Services Department, Telekom, Tenaga, and Petronas, which also provide scholarships."

(PNB is the manager of unit trusts Amanah Saham Nasional, Amanah Saham Bumiputera and Amanah Saham Wawasan 2020).

The Prime Minister said the Government has also provided housing and financial assistance to the poor through various funds and programmes.

"I challenge whoever can show any other country that has programmes to help the poor like we do," he said.

Dr Mahathir said the Government has also taken measures to increase the number of middle-income earners in the country with measures including the introduction of franchise programmes and the establishment of the Entrepreneur Development Ministry.

"But do we stop giving assistance at the middle-income level? When do we stop giving aid? When they earn RM1 million, or RM2 million a year? What is wrong if one of us gets rich? Is it wrong? I don't think so."

Dr Mahathir said having lived under colonial rule, he feels proud when other Malays succeed and prove that they are equal to other races.

Similarly, the Government's privatization drive was not meant to create Bumiputera millionaires and billionaires, but to meet the infrastructure needs of a growing economy, he added.

He said Umno members and the public should understand all this and not be quick to draw conclusions or be suspicious before they check the facts.

"Believe me, foreigners have ill-will towards us. They are the cause of our problems, not our leadership. The ones that did all this are the currency speculators," Dr Mahathir added.

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