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Issues to consider before share buybacks

THE Government will take into consideration several issues before implementing the share buybacks to boost the Kuala Lumpur Stock Exchange, Deputy Prime Minister Datuk Seri Anwar Ibrahim said.

He said the Government had to look into the requirements of Pengurusan Danaharta Nasional Bhd, Danamodal Nasional Bhd and the economy in general before making the move.

"We are looking into (the proposal) ... we have to (look) at it in a comprehensive way," he told reporters when asked to elaborate on the Government's move to support the stock market.

On Tuesday, Prime Minister Datuk Seri Dr Mahathir Mohamad had said the Government would buy shares to boost the KLSE, which has slipped to a nine-year low.

The move was similar to measures taken by the Hong Kong Government recently to prevent share prices from slipping further and as an effort to counter foreign speculators.

Yesterday, the Composite Index soared 8.81 per cent or 27.81 points to 343.47 while the Second Board Index added 3.40 points to 79.04 and the Emas Index was up 6.78 points to 88.22.

On whether Lembaga Tabung Haji would be used to buy shares, he said: "It has been done before. The board has an investment panel and one of the guidelines is to allow it to invest in the stock market.

"Of course, there are certain counters that are not permissible for the Tabung Haji, those not allowed by the Syariah committee."

He said the Employees' Provident Fund had also been buying shares in substantial amounts in the past.

The move by these bodies should not be criticised as it showed their confidence in the market and was not dictated by the temporary sentiment of pessimism in the market, added Anwar.

Asked at what level the Government would like to see the KLSE, he said at "a much higher level".

Anwar said the spirit of the corporate debt restructuring exercise was not to allow banks or companies to make hasty decisions which included margin calls, selling shares or resorting to court action.

On the recapitalisation of banks, he said Bank Negara had identified the banks which needed to be recapitalised and was currently in negotiations with Danamodal.

"It is not an easy task as it involves pricing and due diligence study."

He said Danaharta had also started serious discussions with banks and companies, adding that hopefully positive announcements could be expected in a few days.

On speculation of his resignation, he said: "I don't understand why people keep asking me about it."

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