

30 DEC 1999

CLOB-NOMINEE LEAD

M'SIA MAY EXTEND NOMINEE STATUS OF SINGAPORE'S CDP, SAYS MAHATHIR

KUALA LUMPUR, Dec 30 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today the nominee status of Singapore's Central Depository Pte Ltd (CDP), which is holding frozen Central Limit Order Book (Clob) International shares, may be extended, but it will all depend on the Ministry of Finance (MOF).

CDP's nominee status expires tomorrow.

"If they cannot settle or reach an agreement...if necessary, we will take over the shares," he told reporters after officiating the International Conference of Religious Studies: "Meeting the Millennium" organised by the Association of Religious Studies Chi Hui Tang Kuala Lumpur, here today.

Clob shares, said to be worth about RM17 billion, have been frozen since Malaysia imposed the capital controls in September 1998 and the shares are now held in a nominee account through the CDP with the Malaysian Central Depository (MCD).

Unless the status is renewed, the shares would be transferred to MOF.

Clob investors were partly responsible for bringing down the KLSE during the height of the 1997-98 financial crisis, with Clob serving as a conduit for hedge funds to short-sell Malaysian shares.

After Clob shares were frozen Sept last year, in line with Malaysia's move to ensure that all trade in Malaysian shares be done on a Kuala Lumpur Stock Exchange (KLSE)-recognised exchange, they were transferred to a special account maintained by CDP, which was given nominee status.

Since then, at least six proposals have been put forward by the private sector to resolve and unlock the frozen shares so that they could be released for trading on the KLSE.

However, the Singapore investors have rejected all the proposals.

Dr Mahathir said Clob shareholders should be happy and accept any reasonable offer being proposed as prices of the shares have risen more than 200 percent since the restrictions were imposed.

"But apparently, they want to get the maximum benefit after they themselves have been responsible for practically destroying our market," he added.

He said when the restrictions were imposed, the prices of the shares were already low due to the dealings on Clob itself and investors selling the shares.

Clob investors, he added, can give conditional agreements that they will accept the offers made and details can be worked out.

"Instead they have been dilly-dallying...the offers have been made much earlier...but they have disputed everything and want everything for themselves. I think this is not right.

"The value of the shares have gone up not because of their trading but due to trading done by others," he added.

However, Mahathir said despite the shares being brought under the MOF, he maintained that the shares will still belong to the investors and "we can redeem, or in some way, compensate them for their shares".

On the expected performance of the stock market in the new millennium, Dr Mahathir said the local bourse was anticipated to perform better next year as business is good and companies are doing well.

As for the country's growth for this year, he said there is a likelihood that growth would exceed the projected four percent which is

four times the original projection of one percent.

He said the economy is doing better because it has been insulated by the capital controls and currency traders can no longer fiddle around with the currency. -- BERNAMA

SHO MR/DVS