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Joint offer has nothing to do with us, says PM

THE joint offer by Telekom Malaysia Bhd and United Engineers (Malaysia) Bhd to buy shares previously traded on Singapore's now-defunct Central Limit Order Book International has nothing to do with the Malaysian Government.

Prime Minister Datuk Seri Dr Mahathir Mohamad said the move would also not affect relations between Malaysia and Singapore.

"(But) it has a lot to do with the relations with the CLOB shareholders," the Prime Minister said here yesterday in response to Thursday's joint offer.

"They have been dealing in a stock market which we do not recognise."

Speaking after launching Intel Malaysia's new plant at Bayan Lepas in Penang, Dr Mahathir said the CLOB shareholders now "feel the pain" because they had inflicted pain on Malaysia when they were trading on CLOB.

"They pushed down share prices, they did not do it to the same shareholders," he said, "but they put everything under one nominee company.

"That nominee company lends shares to people who are speculating and those people were doing short-selling, borrowing the shares from the nominee company. We know all this and now they have to pay the price."

The Telekom Malaysia-UEM deal, the third bid to to free up CLOB shares frozen since last September when selective capital controls were instituted, was described as the best.

Telekom and UEM proposed to buy up the shares at 25 per cent discount of the market price on June 29 this year. It will be paid through the issue of Class B shares of the two companies at a 30 per cent premium to the closing prices of both stocks on the same day.

The shares, held by 170,000 investors, mostly Singaporeans, are reported to be worth RM14.5 billion at current market value.

Trading of the shares on CLOB was never recognised by the authorities in Malaysia and was suspended last September after Malaysia imposed selective capital controls.

The offer by the two companies was met with a mixture of agreements and disagreements.

Analysts also questioned the motive and rationale behind both companies move to make the offer as this was not their core business.

There were suggestions that the two companies had received orders from "higher up" to resolve the issue.

When asked by a foreign reporter whether the deal was against Telekom and UEM's core activities, Dr Mahathir said he did not know of this.

"But if they have something to offer, why not?" he said.

"The Government has nothing to say...if they (Telekom Malaysia and UEM) can solve the CLOB problem, well and good."

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