

03/07/1999

SES to submit CLOB proposal to KLSE

Shahriman Johari

THE Stock Exchange of Singapore (SES) says it will submit a proposal early next week to the Kuala Lumpur Stock Exchange (KLSE) for a staggered release of frozen Central Limit Order Book International (CLOB) securities.

"The SES had written to the KLSE to work out a win-win solution for the release of the CLOB securities... (and) the KLSE had replied to the SES and requested that SES make a proposal, following which the two exchanges could meet," it said in a statement yesterday.

"The SES is sending a detailed proposal to the KLSE early next week... (which) addresses the KLSE's key concern that (such an exercise) should not adversely impact the KL market," it said.

On the joint proposal by Telekom Malaysia Bhd (Telekom) and United Engineers (Malaysia) Bhd to acquire all CLOB securities, the SES said it will respond to the new offer when full details are made known to the Central Depository Pte Ltd.

"Any private sector offer to purchase CLOB securities should be accompanied by clear and reasonable arrangements for non-accepting CLOB investors to have their securities transferred to individual accounts with the Malaysian Central Depository, so that they are able to trade the securities on the KLSE subject to prevailing KLSE rules," it added.

In Penang, Prime Minister Datuk Seri Dr Mahathir Mohamad said the Telekom-UEM proposal has nothing to do with the Malaysian Government, and will not have any bearing on relations between Malaysia and Singapore.

"It has a lot to do with the relations with the CLOB shareholders," the Prime Minister said after launching Intel Malaysia's new plant at Bayan Lepas.

"They have been dealing on a stock market which we do not recognise... now they feel the pain (which was inflicted on Malaysia when they were trading on CLOB).

"They pushed down share prices... they put everything under one nominee company.

"That nominee company lends shares to people who were doing short-selling. We know all this and now they have to pay the price," he said when asked about the Telekom-UEM proposal.

Meanwhile, First Finance Minister Tun Daim Zainuddin said the Government will not oppose or intervene in private sector efforts to CLOB securities. The Government wants to see a final and speedy settlement of the CLOB issue and any company with the resources as well as the approval of the shareholders can undertake a buy-back scheme, Bernama quoted him as saying in Sungei Petani yesterday.

On the Telekom-UEM offer, Daim said it is up to the two companies.

"This is a private sector matter. If they feel that it (the deal) is beneficial to them and the proposal is approved by their shareholders, they can proceed," he told reporters after launching Yayasan Kebajikan Merbuk.

Daim also said although the government-owned Khazanah Holding holds a 38.88 per cent stake in Telekom, the Government is not involved in the proposal or in the company's decision-making.

"The Government will not oppose Telekom's move if it benefits the company, country and Government," he added.

Meanwhile, UEM urged CLOB investors not to prejudge the proposal.

In a statement yesterday, UEM said the investors should wait for the full details of the proposal that would be sent out to them soon in the offer documents.

UEM said it held briefings for analysts yesterday and the feedback from them was very positive.

It added: "CLOB investors who accept the proposal and obtain their consideration in the form of UEM and Telekom Malaysia Bhd shares will benefit from the improvement in the price of both shares."

UEM said following the proposals by both companies and media briefing on Thursday, there were a number of negative comments reported in the press. "We believe that these comments may have arisen because the details and implications of the proposal have not yet been fully appreciated. There are also a number of other details on the proposals which have not yet been finalised," it added.

On Thursday, Telekom and UEM announced an offer to buy the CLOB shares at a 25 per cent discount to their last traded price on the KLSE on June 29.

They are the third party, after Effective Capital Sdn Bhd and Bintang Melewar Sdn Bhd, to propose a scheme to free up the CLOB shares frozen since last September.

Effective Capital and Bintang Melewar are proceeding with their respective proposals despite the competing Telekom-UEM bid, sources close to the two companies said.

It simply means that there is now a third option and it is up to each affected investor to decide which scheme suits him best, they said. Effective Capital's plan comprises a cash offer, a closed-end fund and a voluntary trading suspension arrangement.

The cash offer closed on June 15, but drew lukewarm response from CLOB shareholders with only 359, or 0.1 per cent, of the 172,000 affected investors, having accepted it.

The company is set to launch the second part of its scheme this month, a closed-end fund called Straits Fund Bhd.

As for Bintang Melewar, the sources said it is in the process of fine-tuning its own closed-end fund.

(END)