

Time aborts talks, SingTel regrets move

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TIME Engineering Bhd announced yesterday that it has aborted talks to forge a strategic partnership with Singapore Telecommunications Ltd (SingTel).

The heads of agreement entered into by Time and its parent Renong Bhd with SingTel, which lapsed on Thursday, has not been extended, Time said in a statement to the Kuala Lumpur Stock Exchange.

Breaking its silence on the issue, SingTel — which was on the verge of signing a RM2 billion deal as part of a package to restructure Time's debts — said it regrets the decision as due diligence had been completed.

Time and Renong have not explained why the deal had to be aborted, SingTel president and chief executive officer Lee Hsien Yang said in a statement yesterday.

"SingTel was invited by Renong and Time to be a strategic partner in Time and its telecommunications business. This was why we signed the heads of agreement and went into discussions with them in good faith," Lee added.

Time in its statement said it will, however, continue to pursue the plan worked out with the Corporate Debt Restructuring Committee (CDRC) to restructure its debts totalling more than RM5 billion.

A court-convened meeting with the creditors has been scheduled for June 8, which leaves Time with less

'Debt restructuring plan worked out with CDRC will continue to be pursued'

than a month to rope in a new partner.

Trading in the company's shares was **suspended yesterday**. The counter had dipped 3 per cent or 14 sen to RM4.52 on Thursday.

SingTel's abortive attempt to secure a stake in the Malaysian telecommunications market represents another setback for its regional aspirations. It had lost out to Pacific Century Cyberworks Ltd in a tussle for control of Hong Kong Telecom (HKT) earlier this year, although recent reports said SingTel aims to launch a fresh bid.

Singapore had thrown its own telecoms market wide open on April 1, two years ahead of schedule, and in the face of the heightened competition, SingTel — the republic's biggest company — has been aggressively pursuing investments abroad.

For example, it has acquired a 20 per cent stake in Thailand's Advanced Info Services Plc and about 30 per cent in Philippines' Globe Telecom Inc, both cellular phone operators.

Sapura Holdings Sdn Bhd, a major creditor of Time, had strongly opposed the Time-CDRC scheme, and wanted a "more equitable (debt) repayment proposal" to be devised

THE TUSSELE FOR TIME DOTCOM

- April 5:** Renong, Time and SingTel sign a heads of agreement giving SingTel exclusive rights to negotiate and do due diligence on Time dotCom.
- April 27:** Sapura Group launches counter bid to take over Time dotCom.
- April 28:** Court approves extension of Time's restraining order against creditors until July 28 and a court-convened meeting on June 8. Court throws out Sapura's attempt to delay court-convened meeting.
- May 2&3:** Government officials including Deputy Finance Minister Datuk Shafie Mohd Salleh and Energy, Communications and Multimedia Minister Datuk Leo Moggie indicate that "national interests" have to come first in deciding who gets Time dotCom.
- May 4:** Time invites Sapura to submit final and detailed bid heads of agreement extended one week to May 11.
- May 5:** Sapura submits revised proposal.
- May 8:** Time board rejects Sapura proposal.
- May 12:** Time said heads of agreement with SingTel not extended. SingTel said no reason was given why deal was aborted.

THE Government did not object to a proposal by Singapore Telecommunications Ltd (SingTel) to buy a stake in Time Engineering Bhd and Time dotCom in a deal which has since been aborted, Prime Minister Datuk Seri Dr Mahathir Mohamad says.

"We are not against anybody," he said, adding that the Government has nothing to do with the decision. He was speaking to reporters at the end of the second day of the 54th Umno general assembly in Kuala Lumpur yesterday.

Sapura had put up its own proposal for the control of Time dotCom. This was rejected by Time's director, but Sapura could still vote against the existing plan at the creditors' meeting next month and then table its own ideas for consideration.

The flotation of wholly-owned Time dotCom Bhd is integral to the Time scheme.

"Time is presently in discussion with financiers with the object of raising

enough funds to effect early redemption of the (promissory) notes to be issued to creditors under its scheme," it said.

The company was referring to the proposed repayment of about 72 per cent, or RM3.9 billion, of its debts through the notes, at par value and guaranteed by Time, one month after the flotation of Time dotCom.

The exercise includes the sale of a strategic stake to a

foreign investor. The combined proceeds will still not be enough to redeem the notes, the company had said earlier. It had sought an extension of its court protection.

"There is a possibility that a portion of the notes will still have to be refinanced," it said.

YESTERDAY, we published a statement made to the Kuala Lumpur Stock Exchange that read: "We confirm. Sapura wanting to relook at the Time scheme with emphasis on a more equitable repayment proposal to its creditors".

The statement was from the Sapura Group and not Time Engineering Bhd. The error is regretted.