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Dr M: Water down demands for EON deal

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PARTIES involved in the stalled talks over HICOM Holdings Bhd's proposed sale of its stake in Edaran Otomobil Nasional Bhd (EON) must be willing to return to the negotiating table with lower expectations, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

"If there are differences, you'll have to water down your demands and reach some agreement," he said.

The Prime Minister was commenting on HICOM's negotiations with Perusahaan Otomobil Nasional Bhd (Proton) to sell its 32 per cent stake in EON, after witnessing the signing ceremony for a joint venture among DRB-HICOM Bhd, Oriental Holdings Bhd and Honda Motor Co Ltd in Putrajaya yesterday.

HICOM and Proton began talks over a year ago, but have yet to come to an agreement, with the former asking for RM16 per EON share and Proton only willing to pay RM11.

Khazanah Holdings Bhd is said to be stepping in to buy the stake in EON for about RM750 million.

The deal was to be part of HICOM's sale of its 27 per cent in Proton to Petronas. This deal is in the final stages and has received the Securities Commission's approval on July 13.

DRB-HICOM chairman Tan Sri Mohd Saleh Sulong, who was also present, said:

"Unfortunately, there has not been much progress (on the negotiations) at this point in time, but that does not mean we have walked away from the table".

As for the group's operations, he said the automotive industry will remain a core business, together with property and construction, and services.

"The fact that we are leaving the national car project is just a business strategy ... we will remain an automotive player," Saleh said.

EON shares closed 30 sen higher at RM12.70 yesterday, while DRB-HICOM added 10 sen to RM3.64.

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