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Govt in talks to buy Tajudin's stake in MAS, says Dr M (HL)

Eirmalasare Bani

PRIME Minister Datuk Seri Dr Mahathir Mohamad yesterday confirmed market talk that the Government is negotiating to buy Tan Sri Tajudin Ramli's controlling stake in Malaysian Airline System Bhd (MAS).

"Yes, we are (negotiating to buy MAS shares)," Dr Mahathir said after opening the 40th Commonwealth Telecommunications Council meeting in Kuala Lumpur yesterday.

He was asked by reporters whether the Government was holding talks with Tajudin. This was the first time the Prime Minister has commented on speculation over possible equity and management changes in MAS which has been making the rounds since August.

Tajudin owns 29.09 per cent of the national carrier through Naluri Bhd. It is understood that he is seeking RM8 per share, or RM1.67 billion, for the entire stake.

Sources told Business Times that the Government is negotiating to buy out Tajudin with a view to subsequently selling the stake to a foreign party.

Dr Mahathir said there are several foreign suitors but the Government has yet to decide which one "best fits the bill". MAS is said to be talking with three foreign carriers, namely Qantas Airways, SAGroup which owns Swissair, and KLM Royal Dutch Airlines.

On the "golden share" in MAS, Dr Mahathir said: "We are looking at it. If that is an obstacle to Malaysia Airlines making progress, we will have to see what is in the best interests".

Some analysts are of the view that the one special preferential share held by the Government via the Minister of Finance Inc in national asset companies like MAS, Tenaga Nasional Bhd and Telekom Malaysia Bhd may deter foreign investors.

Others, however, see it as a pull factor as it means that the investments are as good as guaranteed by the Government.

Tajudin, the chairman of both MAS and Naluri, had acquired Bank Negara Malaysia's 32 per cent stake in the national carrier in 1994 for RM1.79 billion through his private company RZ Equities.

In the same year, Malaysian Helicopter Services Bhd (MHS) acquired 100 per cent of RZ Equities. MHS was renamed Naluri in 1998 following a consolidation and revamp exercise.

MAS shares rose 4 sen to RM3.60 on the Kuala Lumpur Stock Exchange yesterday. Naluri closed unchanged at RM1.06.

The current foreign shareholding in the national carrier amounts to 16.57 per cent, with the Brunei Investment Agency holding the largest block of 9.1 per cent.

MAS had on July 26 received approval to raise its foreign equity interest up to 45 per cent from 30 per cent previously.

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