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MAHATHIR-TIME-SINGTEL

GOVT NOT AGAINST TIME-SINGTEL DEAL, SAYS PM

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KUALA LUMPUR, May 12 (Bernama) -- The government did not object to a proposal by Singapore Telecommunications Ltd (SingTel) to buy stakes in Time Engineering Bhd and Time dotCom, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

The proposal has since lapsed. Time, SingTel and Renong signed a heads of agreement on April 5 and were to have proceeded with their deal by May 5 after a due diligence exercise.

This was extended until yesterday when the parties concerned did not firm up the deal by May 5. But the deal has since been aborted when the three parties did not issue any statement yesterday.

"We are not against anybody," the UMNO president told a press conference held at the end of the second day of the 54th UMNO general assembly here.

Under the failed RM2.2 billion Time-Singtel deal, the Singapore company would have owned a 20.59 percent stake in Time's subsidiary, Time dotCom, and 14.5 percent stake in Time itself.

Time, which has debts totalling RM4.8 billion, has proposed a RM3 billion deal in the form of RM1.465 billion in cash settlement to its creditors and RM1.5 billion in zero coupon notes.

But the Time-Singtel deal was countered by Sapura Holdings Bhd, a substantial creditor of Time's massive debts, which was keen to have for itself a 40 percent interest in Time dotCom under an alternative debt restructuring proposal.

Sapura has pooled more than 26 percent of the voting rights from among creditors in an effort aimed at rejecting the debt restructuring proposal of Time should the latter agree to a tie-up with SingTel.

Sapura, Telekom Malaysia and the Employees' Provident Fund (EPF) are understood to be Time's major creditors. Time owes Sapura alone some RM440 million.

In a statement today, SingTel's president and chief executive officer Lee Hsien Yang expressed regret over the aborted deal.

"We have not been told of the reason for this," he said.

He also said the proposed investment in Time by SingTel would have fully complied with regulations governing foreign ownership in Malaysian telecommunication companies.

Reports yesterday speculated that Khazanah Nasional Bhd, the government's investment arm, is keen to take up a stake in Time.

But both Dr Mahathir and Finance Minister Tun Daim Zainuddin yesterday denied any knowledge of Khazanah eyeing for a stake in Time.

When asked on market talk that the aborted Time-SingTel deal showed that the Malaysian government was not willing to allow the sale of a strategic stake in a local telecommunication company to a company substantially owned by the Singapore government, Dr Mahathir said:

"You know the market makes all kinds of conclusion regarding why anything happens in this country. Some of them have always been proven wrong."

Noting that the market has to speculate on certain matters, the Prime Minister stressed that the government has "no dealing" in the failed deal.

"If they (companies in the proposals concerned) think that it is good for the country, they should act the same way. If they think it is good for their company, it is up to them to make the decision," he added.--BERNAMA

AD SHO SHY