

17/05/2000

Khazanah move `not a bailout`

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KHAZANAH Nasional Bhd's decision to buy into Time dotCom Bhd is not a bailout, says Prime Minister Datuk Seri Dr Mahathir Mohamad.

"Our policy is that we cannot allow big companies to go under because if we allow that, a lot of people would suffer.

"So it is not a bailout. I think they (Khazanah) ... will pay a price that is commensurate with the value of the company," he said in Ipoh yesterday after the launch of the National Teachers' Day celebration.

The Prime Minister said this in response to reports that the move by Khazanah to buy up to 30 per cent in Time dotCom was a bailout.

He said had Singapore Telecommunications Ltd bought into Time dotCom, it would have amounted to the same thing, which was to help Time Engineering Bhd overcome its financial problems.

Time is said to be more than RM4 billion in debt. It had drawn up a debt restructuring scheme that included SingTel. The Singapore company, which would have pumped in RM2.2 billion, withdrew from the scheme last week.

"I am quite sure the West would say it was a bailout by a government company.

"They can say what they like, what they do is no different from what we do," he said in reference to the collapse of the Long Term Capital Management (LTCM) hedge fund where investors influenced banks to lend money to the fund when it collapsed.

Dr Mahathir described the LTCM scenario as "the worst possible thing" to happen because it was using public money to bail itself out.

Yesterday, Time and its holding company Renong Bhd announced that Khazanah would take over Time dotCom and the acquisition was subject to Khazanah's completing valuation and due diligence on the Time dotCom group.

On how Khazanah Nasional would value Time dotCom, Dr Mahathir said he believed it would conduct research and pay the appropriate price.

To a question as to why SingTel was very much interested in Time dotCom, Dr Mahathir said the company (Time dotCom) had potential.

"They have solid assets such as the cellular phone licence and it has in place a very good network of fibre optic cables. Obviously SingTel thought it worthwhile to come in. That is why others, including SingTel are prepared to pay.

"I am told SingTel is prepared to overvalue Time dotCom ... A price that is not acceptable to others who are interested," he said.

On whether Khazanah's interest in Time dotCom was temporary, Dr Mahathir said Khazanah was acting in the interest of many people including the Government, but it would not put money in a company and stay on with it.

"If it pays for them to sell, they will ... Like everybody else."

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