

25/07/2000

No comments from Tajudin on partner

Zuraimi Abdullah; Rosihan Zain

MALAYSIA Airlines chairman Tan Sri Tajudin Ramli yesterday kept mum when bombarded by a barrage of questions over a possible new foreign partner or an injection of public funds for the national carrier.

He seemed to be jovial when the Press confronted him but his mood was their only consolation as he simply ignored all talk of whether Khazanah Nasional Bhd will step in to take up a stake or whether Qantas, or any other foreign airline for that matter, is coming into the picture.

"We're only talking about the (co-branded) loyalty programme (between Malaysia Airlines and Standard Chartered Bank Malaysia Bhd)," said Tajudin with a smile.

Tajudin and Standard Chartered chief executive officer Michael Hague had earlier unveiled the companies' co-branded loyalty programme dubbed Standard Chartered Buy N Fly Visa card programme in Kuala Lumpur.

The airline chief was the focus of media attention at the occasion because of persistent talk in the market that for the carrier to regain financial health, it needs capital injection from either foreign or local sources.

And the only player on the local scene is said to be Khazanah, which according to speculation, is primed to purchase 10 per cent of Malaysia Airlines shares from debt-laden Naluri Bhd that Tajudin controls.

Sources said the Government's investment arm would pay Naluri - which owns a controlling 29.09 per cent equity in Malaysia Airlines - a hefty premium for the 10 per cent stake, more than RM6 a share. Malaysia Airlines closed yesterday two sen lower at RM3.60.

Reports were rife last week that Qantas Airways Ltd was in talks to buy a portion of Naluri's 29.09 per cent stake in Malaysia Airlines. Qantas owned up to having discussions with its Malaysian counterpart but refused to say what it was about.

But industry observers said that restrictions in Malaysia's foreign shareholding policy and the Government's opposition to foreign control of Malaysia Airlines have put a spanner in the works.

It was said that the 16.57 per cent equity now held by foreigners in Malaysia Airlines would not allow much room for further foreign acquisition without a dilution of government control.

Up to 30 per cent foreign shareholding is allowed in listed companies, and the Brunei Investment Agency has a 9.10 per cent stake, making it the single largest foreign investor in Malaysia Airlines.

Reports in April quoted Prime Minister Datuk Seri Dr Mahathir Mohamad as saying that the Government wants to ensure continued Malaysian control of Malaysia Airlines.

This remark was seen as giving credence to talk that Khazanah will step in.

It was reported that Naluri has RM1.3 billion worth of debt with yearly interest of about RM80.25 million, while Malaysia Airlines is still losing about RM1 million a day.

On the Buy N Fly Visa, Tajudin said the loyalty programme is expected to benefit all parties involved including shopping outlets where the card is used.

The programme was introduced last year at MAS Golden Boutique shops with the aim of providing incentives for customers to shop there.

It has since grown to be the largest multi-party reward programme for

credit cards in the country.

(END)