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Time: Restructuring programme still alive

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TIME Engineering Bhd, in a bid to calm the local market, hinted that its debt and equity restructuring plan is still alive and that creditors will get all their money back if the plan is acceptable to them.

Following rumours of a failure in talks between Time Engineering and its creditors, the company's shares fell sharply in the last half hour of trading yesterday, dragging down with it the rest of the Renong Group counters.

The ripples spread to most of the market, halting a rally that began earlier in the day. The Kuala Lumpur Stock Exchange Composite Index hit an intraday low of 938.88 points before closing at 940.95, down 11.11 points, following some late bargain hunting.

Driven by the rumours that peaked later in the day, Time Engineering closed at RM3.08, down 60 sen or 16.3 per cent, after recording an intraday high of RM4.00. Time warrants went limit down to a day low of RM1.65, after reaching an intraday high of RM2.37. The warrant ended the day at RM1.66.

"(The debt restructuring) could be achieved without any capital reduction exercise and will also create better value for the shareholders," it said in a statement yesterday.

Meanwhile, the Capital Debt Restructuring Committee, when contacted yesterday, said it did not know of any rejection of the proposed restructuring scheme by Time Engineering's creditors, adding that the final decision would be reached in court today.

CDRC, which is mediating a solution between the debt-ridden company and its creditors, was said to have met the creditors on Tuesday to get their support for Time Engineering's restructuring scheme and to brief them on the proposal.

Time in a bid to quash rumours that creditors had rejected its application for a three-month extension of the protection under Section 176 Bankruptcy Act, explained that the hearing was "intended to secure further time" for the company and the CDRC to present its case to the creditors.

It added that the debt restructuring was developed by the CDRC, which had been working closely with the company and its creditors.

"I do not think that the creditors will reject the proposal as that would mean accepting the highest offer for Time, which is from Singapore Technologies Telemedia Pte Ltd, creating a completely foreign telco," said an analyst.

She also said because almost 80 per cent of the company's debt was local - only RM950 million out of RM4.8 billion attributable to foreign parties - an approval of the plan was likely.

"The three months extension will be granted, maybe for no other reason than for the creditors to explore the Time dotCom proposal. The timing of this proposal is exceptional," the analyst said.

Yesterday, Renong Bhd lost 32 sen to close at RM2.74; Faber Group Bhd, lost 10 sen to 76 sen; United Engineers (M) Bhd, closed at RM7.95 down 20 sen; and related company Commerce Asset-Holdings Bhd lost 20 sen to RM12.00.

"We know it's just rumours but the effect on the market was quite substantial. It will be interesting to see what happens after the court decides on the matter tomorrow(today)," said another analyst.

Observers warned of a further deterioration in prices should the outcome of the case be unfavourable to Time.

Another analyst said the fall was also partly attributed to rumours that Prime Minister Datuk Seri Dr Mahathir Mohamad was not well.

However, a spokesman from the Prime Minister's Department dismissed the rumours saying that Dr Mahathir was continuing with his plans for official visits to London and Paris.

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