

PM: MRCB not takeover target for now

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KUALA LUMPUR: Debt-heavy Malaysian Resources Corp Bhd (MRCB) is not on the government's takeover list for now, the prime minister said yesterday, a day after the government made an offer for United Engineers (M) Bhd.

"No, the MRCB is not on the list at the moment," Datuk Seri Dr Mahathir Mohamad said in reply to reporters' questions on whether the company was a target for takeover.

The government launched on Monday a RM3.72 billion takeover of infrastructure group UEM, which has strong political ties.

MRCB, whose interests run from media to infrastructure and property, is also closely linked to the top political leadership.

Analysts have speculated MRCB may be next in line for restructuring as the government attempts a much-delayed clearing of corporate debtors hit by the 1997-98 Asian financial crisis.

MRCB owns controlling stakes in broadcaster TV3 and publisher New Straits Times. All three are burdened by massive debts run

up during the crisis, fuelling speculation they may be takeover targets.

Mahathir defended the UEM takeover, seen as a first step toward salvaging the debt-ridden UEM-Renong group.

"We had to intervene because that was the only way to revive UEM and Renong.

"Because that was the only way to bring back health to some of the companies under the UEM-Renong stable."

UEM owns 32% of Renong which in turn owns 38% of UEM.

Pressed for details on restructuring plans at Renong, including the company's interest in its Putra light-rail operator, Mahathir said: "Renong has got a number of companies, so I think the people concerned are taking action."

The government offered to buy out all shareholders at RM4.50 per UEM share to take the company private while assuming control from Halim Saad under whose leadership the two companies had racked up debts of over RM20 billion in the wake of the regional financial crisis.