

SUN 16 AUG 2001

PM to announce decision on sale of Pos Malaysia

KUALA LUMPUR: Prime Minister Datuk Seri Dr Mahathir Mohamad will make an announcement on whether the government would continue with the sale of Pos Malaysia Bhd to Phileo Allied Bhd, says Deputy Finance Minister Datuk Shafie Mohd Salleh.

"The Prime Minister who is also Khazanah (Nasional Bhd) chairman will make the announcement," Shafie told reporters yesterday. Mahathir is also the Finance Minister.

Shafie said a government committee, which includes represen-

tatives of Khazanah, was currently deliberating on the matter and would report directly to Mahathir before a decision was made in Cabinet.

Last Monday, the Securities Commission approved Phileo Allied's acquisition of Pos Malaysia for RM550 million cash and RM250 million in convertible loan from the Minister of Finance Incorporated (MoF Inc).

In its approval, the SC fixed the conversion price of the loan into Phileo Allied shares at RM1.92 each, based on the five-day weighted average market

price as at May 23, being the last trading day before entering into the agreement.

In a circular to its shareholders on July 31, Phileo Allied said MoF Inc had the option to convert the loan at RM1.92 each, giving it a 19.42% stake in the company, or at RM1 each for a 31.64% stake, provided it got the approval from the relevant authorities.

In response, MoF Inc was reported to have said it did not favour the cash top-up formula to maintain a 32.9% stake in Phileo Allied.

MoF Inc would have to pay out

an additional RM230 million to get the 32.9% stake.

Market observers note that it is a positive development that the SC has abided by its own principles that the conversion price should be dictated by market forces. By fixing the conversion price at RM1.92, the SC has shown that it is not giving preferential treatment to MoF Inc.

Meanwhile, in a separate statement to the KLSE, Phileo Allied said its shareholders have approved the company's acquisition of Pos Malaysia.

- *theedgedaily.com*