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Debt restructuring of LRT companies finalised

By V. Gayathry

KUALA LUMPUR, Mon: The debt restructuring of the city's two light rail companies has been finalised and will be implemented soon, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

Without giving details, Mahathir reiterated the government's revived plan to take over Projek Usahasama Transit Automatik Sdn Bhd (Putra) and Sistem Transit Aliran Ringan Sdn Bhd (STAR).

The takeover of 80% of the two companies through the Ministry of Finance Inc is part of the government's massive efforts to rescue ailing companies after the 1997 financial crisis.

A revised takeover plan for the two was worked out by the Corporate Debt Restructuring Committee (CDRC) and presented to lenders that include Bayerische Landesbank, RHB Bank Bhd, PhileoAllied Bank Bhd (as it was known then) and the Employees Provident Fund (EPF), last Wednesday.

Mahathir said the CDRC has so far helped to restructure 37 ailing companies by resolving debts totalling RM28.5 billion.

"To benefit and strengthen

the economy in the long run, the CDRC also played a pivotal role in driving the restructuring of the public transportation industry, for which the scheme has been finalised and will be implemented in the near term."

Mahathir, who is also finance minister, said this in his keynote address on "Resuscitating the Malaysian Capital Market and Regaining Investor Confidence" at the Malaysian Capital Market Summit 2001 here.

Putra is owned by Renona Bhd while STAR is owned by the EPF, Taylor Woodrow Plc and other state-run funds.

Last Saturday, Mahathir confirmed news reports that the government will take over Putra and STAR, but added that it is still studying the terms.

Bloomberg News has reported that US\$1.4 billion (RM5.32 billion) of the overdue loans of the two LRT companies will be converted into bonds under the rescue plan.

Quoting details of the plan it obtained, the news agency said the bailout is expected to be cheaper than the earlier projections because by guaranteeing the bonds, the government will pay creditors a lower coupon rate.