

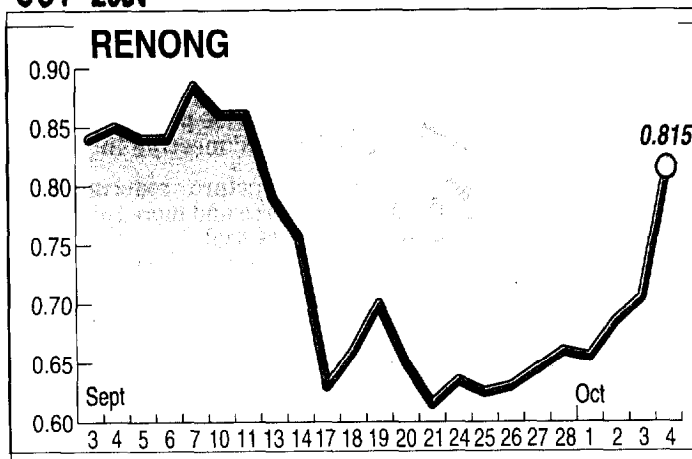
Renong share price surges

Bt - 5 Oct 2001

RENONG Bhd shares had their biggest gain in more than two months after Malaysia's industrial group with the most debt said Halim Saad and eight other directors quit, ending a decade-long business dominance built on the country's construction and asset-sale programme.

The resignations came after the Government spent RM3.8 billion to take over its unit United Engineers Malaysia Bhd (UEM) in a move to improve corporate governance, unravel RM20 billion of debt, and reshape Renong. UEM owns 31 per cent of Renong.

The move is expected to lead to asset sales within Renong's web of businesses including property, construc-



tion, banking, oil and gas, hotels and transportation, that are built around 13 publicly traded companies.

"It's a good sign," said K.C. Kok, managing director for research at Worldsec Secu-

rities Advisor Sdn. "There will be an acceleration of asset sales."

Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government was still evaluating ways to restruc-

ture the group and make its units viable again.

"We are looking at the whole UEM to find out what ramifications the group restructuring (involves) and how to make it viable," Dr Mahathir said, when asked whether the Government planned to also take Renong private. "We have not decided on selling their subsidiaries or associates as we have to go into detail."

Renong shares rose 11 sen, or 15.6 per cent, to 81.5 sen, its third day of gains. They have fallen 13.3 per cent this year.

It was reported that observers believe the Government might be willing to part with assets at a "more realistic" price than what the group had sought previously. — Bloomberg