

# 5 firms 'miss deadline to revamp debts

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LION Group and four other Malaysian companies got more time from the Government to reorganise US\$3.1 billion (US\$1 = RM3.80) of debt after missing a deadline last Friday.

Malaysia expects to complete debt restructurings this month at Elite Sdn Bhd, a toll unit of United Engineers Malaysia Bhd, Nam Fatt Corp, Gadek (Malaysia) Bhd and Land & General Bhd. The Government didn't give more details.

A one-month delay is "acceptable", given the complexity of the talks, said Raymond Tang, who helps manage RM350 million at CMS Dresdner Asset Management Sdn.

Prime Minister Datuk Seri Dr Mahathir Mohamad is trying to clear bad debt to help boost lending and fuel an economy that shrank 1.3 per cent in the third quarter, its first contraction in two years.

Lion Group, whose RM8.6 billion debt makes it Malaysia's second-biggest debtor, is awaiting regulatory approval of its plans to raise money by selling bonds and assets before submitting it to creditors, Tan Sri Azman Yahya, chairman of Malaysia's Corporate Debt Restructuring Committee said. He didn't say how long that will take.

"The timeline can be ex-

tended depending on the requirements and-complexity of each workout proposal," Azman said in a statement. The committee is a state-run debt mediator.

Azman also said not all the 26 outstanding cases are subject to the deadline that ended last Friday, because they depend on when the cases were referred to his committee.

His statement didn't mention the status of Johor Corp which has RM5.4 billion of debt.

Azman, hired four months ago to head the state-run mediation committee to help Malaysia reorganise US\$8 billion of overdue corporate debt, had told companies to agree on plans to repay their debts by last Friday, or face sanctions including government-imposed management changes.

Last Friday, the Government completed the takeover of two rail companies, converting US\$1.4 billion of their overdue loans into bonds, in the nation's biggest corporate rescue.

The move helped to cut non-performing loans in the banking industry by 0.7 per cent, the committee said.

Clearing bad loans may spur lending, which rose 5.4 per cent in October from a year ago, below an 8 per cent government target. —

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