

30/05/2001

Daim: Issuance of bonds relating to STAR and Putra assets put on hold

Dalila Abu Bakar

KUALA LUMPUR, Tues. - The Government is putting on hold the issuance of bonds to the proposed acquisition of assets of both Sistem Transit Aliran Ringan (STAR) Sdn Bhd and Projek Usahasama Transit Ringan Automatik (Putra) Sdn Bhd as it is awaiting recommendations from the Corporate Debt Restructuring Committee (CDRC), Finance Minister Tun Daim Zainuddin said.

"We are waiting for the CDRC to come out with an alternative plan for the two companies," he said.

It was reported that the two debt-laden firms, which are now under the CDRC, together have debts amounting to RM6 billion.

"It depends on the recommendations from the CDRC. We leave it to the CDRC; they are the ones in charge," he said at the Industrial Development Corporation of South Africa conference here today.

Asked whether the bond is still viable, Daim said: "The thing is still under the CDRC and they have not come up to me about the bond."

On Monday, Prime Minister Datuk Seri Dr Mahathir Mohamad said the Government had yet to finalise whether it was buying the two LRT firms as it needed to study their problems first.

Last year, the Government said it would be buying over the assets of the two LRT firms via a bond issue of RM6 billion, which is due next month, in a major restructuring of the city's public transport system. It will then lease them, franchise-style, to the private sector.

The acquisition of the LRT assets would be financed through a series of five-to-15-year government bond which will carry a coupon rate of 5.8 to 7.2 per cent.

Daim also reiterated that the ringgit will not be re-pegged and will remain at RM3.8 per US dollar for the rest of the year.

"I've said many times. No. It will remain."

When asked further if it will remain until the end of this year, he said: "Definitely."

To a question whether he is worried of capital flight from Malaysia as the country's external reserves have fallen to its lowest level since the crisis, he said: "The last few days, there was inflow (of capital)."

Bank Negara yesterday said that the country's net international reserves dropped to RM99.2 billion as at mid-May from RM100.4 billion at end-April, sufficient to sustain 3.8 months of retained imports.