

# MAS to consider foreign suitors

SUN, 30 JAN 2002

**KUALA LUMPUR:** Malaysia plans to sell the non-airline assets of its debt-hit state carrier Malaysian Airline System once it is turned private and will also consider foreign suitors, Prime Minister Mahathir Mohamad said yesterday.

The government announced plans on Monday to take the airline private before transferring its listing status, international passenger and cargo businesses to a yet-to-be-named subsidiary.

"The rest like MAS Catering, MAS Engineering will be taken away by the government and will be sold to eligible bidders," Mahathir told reporters.

"(The new unit of) MAS will operate the international routes and that is the company that will take over the present MAS. That will be the listed company," he said.

MAS has long been burdened by losses from its domestic operations, largely because of public

and government resistance to any attempts to increase fares.

Buried under RM9 billion of debts, it has struggled with mounting losses since the 1997-98 Asian financial crisis, forcing the government to unveil a RM6.1 billion sale-and-leaseback plan for its properties and aircraft early this month.

Under the revamp, the current shareholders of MAS, including the gov-

ernment, will be the shareholders of the new firm, while the domestic services will be owned by the government alone.

Currently, the Ministry of Finance Inc holds 29% of MAS. Other government agencies hold 54%, with the remaining 17% held by the public.

Asked about the possibility of MAS tying up with a foreign partner, Mahathir said: "Yes, we are still keen, but we will

have to know their intentions because (the new unit of) MAS will be a company that operates an airline but does not own any assets. It will not own any airplanes, it will have to lease from the government."

He also said the government will give up its single golden share, that assured it control, in the newly revamped airline.

"The government has already got a majority share, there is no need for that."

MAS shares gained over 6% or 20 cents to RM3.46 by the midday break yesterday on speculation the government might offer minority shareholders either a share swap or buy them out through a voluntary general offer.

But analysts were cautious, saying the airline had not worked out any details and it was premature to gauge if the deal would have value for minority stakeholders. - Reuters