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Telekom up 2pc on confirmed news of end to skirmish

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SHARES of Telekom Malaysia Bhd rose 2 per cent after it was confirmed that a five-week skirmish with Technology Resources Industries Bhd (TRI) had come to an end on Monday.

Telekom's share price gained 15 sen to close at RM8 yesterday on the back of a rise in the local stock market, although volume shrank marginally by 6 per cent.

The former fixed-line monopoly reacted positively to news that TRI will replace four existing directors with those of Telekom today.

"Telekom welcomes the statement made by TRI and looks forward to the appointment of its nominees, namely Datuk Dr Md Khir Abdul Rahman, Datuk Dr Mohd Munir Abdul Majid, Lim Kheng Guan and Rosli Man, to the board of TRI on Wednesday, July 3 2002," it told investors in a statement yesterday.

They will replace Tan Sri Tajudin Ramli, his brother Bistamam Ramli, Datuk Lim Kheng Yew and Mohamed Ali Yusoff.

Telekom's share price had taken a beating since its feud with TRI began.

In two months, the stock plunged 18 per cent compared to the market's main indicator, the Kuala Lumpur Stock Exchange Composite Index, that had fallen only 7 per cent.

This has cost shareholders almost RM6 billion in market capitalisation that was erased in tandem with the stock's decline.

On Monday, Telekom closed at RM7.85, its lowest this year.

In addition, the stock was affected by investors' reaction to the sudden resignation announcement of Prime Minister Datuk Seri Dr Mahathir Mohamad and his subsequent retraction.

The share price of TRI, however, was less volatile. In the same two-month period, the stock fell a mere 3 per cent, closing at RM2.57 yesterday.

This could indicate that investors are betting on a general offer (GO) by Telekom for the remaining TRI shares it does not own.

Telekom now owns 31.25 per cent of TRI and a GO will cost it another RM3.75 billion or RM2.75 per share.

The company has some RM2.8 billion cash, according to its latest quarterly report. It has RM364 million in short-term debt, while long-term borrowings amount to some RM6.7 billion.