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Tough for TRI to effect revamp without Telekom?

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TECHNOLOGY Resources Industries (TRI) Bhd has yet to identify the potential new investors in its restructuring scheme but analysts are already divided about whether the parties are acceptable to the authorities, and if the hoped-for investment will be sufficient to push through the exercise.

"If Telekom Malaysia remains outside the equation, I don't see how TRI can secure the needed investor commitment within the next two weeks," said a sectoral analyst.

TRI had said it has received "very" positive response to its restricted shares which could see a subscriber emerging as a new substantial shareholder in the troubled group.

The company, however, admitted that it has yet to secure the written commitment of any investor.

"Our new major shareholder would be 'secured' early next month," its executive director Datuk Lim Kheng Yew told newsmen after the company's extraordinary general meeting in Kuala Lumpur last Friday.

Lim, who has just returned from roadshows in Singapore, Hong Kong and London, said "the funds are in sight" although none of the prospective investors has made a firm commitment.

He dismissed talk that Telekom was one of the parties TRI is talking with.

An informed source, however, said the national utility company has just made a final offer to purchase between 10 and 20 per cent of TRI for RM3.80 per share.

The move was made at the shareholders' level and even the management team of TRI has been kept in the dark, the source added.

Acquiring a fifth of the mobile phone company will cost Telekom some RM573 million.

Telekom is the country's dominant fixed-line service provider but its mobile division has been bleeding red ink in the past three financial years.

Both companies had twice denied Business Times reports that they were talking with each other on a possible equity transaction.

They declined to comment on Prime Minister Datuk Seri Dr Mahathir Mohamad's statement yesterday that "Telekom has been interested in taking over TRI for quite some time but it is the question of price".

"It is up to them (Telekom) to decide (whether to buy into TRI)," he told newsmen after launching the Finance Ministry's Quality Day celebrations in Kuala Lumpur.

Telekom is in fact said to have been conducting a due diligence on TRI for at least the past 18 months. It is understood that being discussed are the TRI shares that have been pledged against RM4.2 billion in borrowings.

Sources have added that major shareholders of TRI had started talking with Ministry of Finance (MOF) officials last November and an agreement was reached shortly after that.

MOF, through its investment arm Syarikat Danasaham Sdn Bhd and Khazanah Nasional Bhd, currently owns 30 per cent of Time dotCom Bhd, as well as 35.91 per cent of Telekom.

Government-related bodies collectively control more than 80 per cent of Telekom.

If Telekom does buy into TRI then third generation (3G) mobile phone

spectrum rights will by default go to Telekom, DiGi.Com Bhd and Maxis Communications.

Though the possibility of big shareholders making their exit from TRI is not ruled out by analysts, it is more likely that such interests will be limited to 20 per cent.

Currently Tan Sri Tajudin Ramli, former chairman of Malaysian Airline System Bhd, directly and indirectly controls 24.28 per cent of TRI, while German-based Deutsche Telekom AG has 20.99 per cent, making it the single largest foreign shareholder in the company.

In an announcement to the Kuala Lumpur Stock Exchange yesterday, TRI said it has been informed by Tajudin that he has not been directly offered by Telekom to purchase his equity stake in the company.

"However, during his meeting with personnel from Danaharta on Tuesday, January 22 2002, he was informed by Danaharta that it was approached by Telekom for the acquisition of his TRI shares vested in Danaharta," TRI said.

A move by Telekom on TRI would mean that the operations of TM Touch, the former's mobile arm, would be merged with that of TRI's wholly-owned Celcom (M) Sdn Bhd to create Malaysia's biggest telecommunications group.

Celcom has about two million active subscribers and TM Touch one million.

A team from Telekom's mobile division is believed to have been in constant touch with Tajudin. They were said to have met in Kuala Lumpur and London with the blessings of the authorities.

Rosli Man, a director of Telekom Malaysia, is expected to be the man in charge of running the day-to-day operations at TRI if a deal is hammered out.

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