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Hospital Pantai emerging as financial supermart

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HOSPITAL Pantai Bhd (Pantai) is being turned into a financial supermarket now that it has completed its restructuring exercise with Tongkah Holdings Bhd (Tongkah), which has taken over its entire health care operations.

But the five hospitals will continue to carry the Pantai name and daily operations will not be affected by the exercise. Pantai, however, will be boosted up to the Main Board of the Kuala Lumpur Stock Exchange from the Second Board.

Tongkah and its associate company Pantai, in which it holds 21 per cent, yesterday revealed the corporate restructuring which will see Tongkah acquiring Pantai's entire health care assets and business for RM190 million in cash. Tongkah will also acquire the remaining 49 per cent stake in Tongkah Medinvest Sdn Bhd, of which it already owns 51 per cent.

Pantai will in turn acquire the entire stake in Kestrel Securities Sdn Bhd from Tongkah for RM300 million in cash. The Finance Ministry has also given its approval for Pantai to acquire 100 per cent equity interest in Perdana Finance Bhd.

The purchase of Kestrel and Perdana Finance is part of the plan to transform Pantai into the financial services arm of Tongkah, although it has dropped plans to acquire a bank for now.

Future plans include asset management, and insurance if given the opportunity.

Commenting on the restructuring exercise, executive chairman of Tongkah and Pantai Mokhzani Mahathir said: "The proposed restructure is consistent with our long-term strategy to strengthen our financial services and health care portfolio, which we believe are high growth industries, in order to provide profitable returns to our shareholders in the long term."

The restructuring scheme will shift Pantai's core business from health care services to financial services, while strengthening Tongkah's business emphasis in health care.

The exercise, said Mokhzani, is expected to be completed in three months and result in Tongkah growing by 30 per cent and Pantai to increase its profits three fold by the end of its 1998/99 financial year.

It will be financed by internal funds, with a positive net gain for Tongkah or any borrowings from Pantai.

Both companies are expected to have zero gearing after the exercise, said Mokhzani, with working capital to spare.

Mokhzani also announced that both Tongkah and Pantai will move to their new corporate headquarters in Damansara Heights called THB Satu, which will be ready for occupancy at the end of the month.

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