

06 OCT 1997

THB INDUSTRIES GETS UNDERWRITING, TONGKAH CLOSER TO RATIONALISATION

KUALA LUMPUR, Oct 6 (Bernama) -- THB Industries Bhd, the engineering and machine tools company from Tongkah Holdings Bhd, today formally received an underwriting agreement for part of its 23.01 percent share capital sale.

The underwriting and the flotation sale of 12.26 million shares, at RM2.50 each, moves Tongkah another step closer to rationalising its three main businesses: manufacturing to THB Industries, financial services to Hospital Pantai Bhd, and it, itself, taking over health care services.

Tongkah, by February, is to control 21 percent of Hospital Pantai.

It now has 50 percent in THB Industries, of which it is divesting 17 percent or 9.06 million shares. At RM2.50 a share, the company is valued at RM133 million.

The flotation sale, raising RM30.6 million, is to be launched later this month, for listing on the second board of the Kuala Lumpur Stock Exchange by December.

For the sale, 1.812 million shares have been set aside for existing bumiputra shareholders, 5.338 million shares for other bumiputeras approved by the ministry of international trade and industry, 912,000 shares for eligible directors and employees, and the balance of 4.2 million for the Malaysian public.

RHB Sakura Merchant Bankers Bhd is managing underwriter in the public portion.

THB Industries has six operating companies: Polytool Automation Sdn Bhd, Polytool Engineering Sdn Bhd, Polytool Industries Sdn Bhd, Paradigm Precision Components Sdn Bhd, Bend Well Engineering Sdn Bhd, and Megatool Precision Sdn Bhd.

They supply to the semiconductor and consumer electronic industry, such as Hewlett-Packard, Intel, Seagate, Siemens, Hitachi, Quantum, and Robert Bosch.

About 15 percent of its production, primarily in high precision engineering components, are exported; Japan, the US, and Asean countries being the markets.

But, executive chairman, Mokhzani Mahathir said the group now hoped to raise that export level to between 20 and 25 percent of its production by the financial year ending next June 30.

It has also set up a marketing office in the Philippines and looking at China, he said to reporters at the underwriting agreement signing here.

"At home, we want to expand our market share into the central and southern regions of the peninsula," he said.

Polytool Engineering, for example, has begun operations in Bandar Sunway, Subang Jaya and has invested RM1 million in a factory.

"This is our market strategy: to be Malaysia's metal and tooling industry one-stop centre", he said. Plans are afoot, to diversify into design, fabrication, and assembly of moulds and dies.

For the 11 months to May 31, the company posted a pre-tax profit of RM13.4 million on sales of RM31.6 million.

Upon completion of listing, the company's contribution in profit after tax to Tongkah would be diluted from about RM5.9 million previously to RM3.9 million because of its lower equity interest, at 33 percent. --

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