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THB to acquire MGIS stockbroking licence

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TONGKAH Holdings Bhd (THB) is to offer between RM60 million and RM70 million to Malaysian General Investment Corporation Bhd (MGIC) to buy MGI Securities Sdn Bhd's (MGIS) stockbroking licence.

The acquisition of MGIS will be financed via a sale of between 50 million and 100 million THB preference shares to local and foreign third parties, Yeow Kheng Choo, THB executive director-finance said.

"We hope to restructure within our group," Yeow said to reporters yesterday after the signing of an OEM contract manufacturing agreement between Tongkah Moulding Technologies Sdn Bhd and Becton Dickinson of the US.

Yeow said THB has already forwarded a proposal to MGIC's directors and is currently negotiating with MGIC's creditors.

In addition, THB is expected to either retain MGIS' licence or convert MGIS into a branch of THB's Muar-based, Kestrel Securities Sdn Bhd, Yeow added.

"We are only offering to buy over MGIS licence, " Yeow said. He stressed that MGIC expected to take care of all debts and liabilities before selling MGIS to THB.

Yeow also said the rationale for the purchase of the Kuala Lumpur-based MGIS is that most institutional clients prefer to deal with stockbroking firms located in the capital.

In June, MGIS entered into a conditional sale and purchase agreement with Paksiwang Sdn Bhd, a 100 per cent owned subsidiary of THB to sell its stockbroking licence and operational assets.

Also at the same press conference was THB's executive chairman, Mokhzani Mahathir who said the MGIS deal is a good opportunity for THB to secure a stockbroking licence for a branch in Kuala Lumpur without having to paying a high premium.

Commenting on this year's THB group performance, Mokhzani said he has instructed his companies to maintain last year's profits, if possible or at least to stay afloat.

According to him, THB is always on the lookout for new products to manufacture by using its current infrastructure - such as the tie-up with Becton Dickinson - in an effort to consolidate and increase efficiency.

Despite higher costs and lower profits, the group is expected to survive the economic slowdown due to its companies' good track record and low dependence on imports, Mokhzani added.

Under the manufacturing and collaboration agreement, Becton Dickinson will transfer technology to Tongkah Moulding Technologies to produce the B-D Guardian range of sharps (namely needles, surgical blades, syringes and catheters) collectors in Penang.

The signing ceremony was witnessed by Deputy Health Minister Datuk Siti Zaharah Sulaiman.

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