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Tongkah proposes to acquire MGI Securities

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TONGKAH Holdings Bhd through its wholly-owned subsidiary, Paksiwang Sdn Bhd, is proposing to acquire the stockbroking licence and operational assets of Kuala Lumpur-based MGI Securities Sdn Bhd for between RM60m and RM70 million.

The proposed deal excludes debts incurred by MGI Securities, Tongkah Holdings executive director Yeow Kheng Chew said yesterday.

"We have put forward our offer to MGI Securities and we are waiting for their reply which will take six to nine months," said Yeow.

Malaysian General Investment Corp Bhd, the holding company of MGI Securities, is currently undergoing a debt restructuring exercise under Section 176 of the Companies Act.

The acquisition, according to Yeow, will be funded through issuing between 50 million and 100 million preference shares to be subscribed by local and overseas third parties.

Tongkah already operates a Johor-based brokerage in Muar, Kestrel Securities Sdn Bhd.

Asked for the rationale behind acquiring MGI Securities when Tongkah already has Kestrel, group executive chairman and chief executive officer Mokhzani Mahathir explained that it would make good business sense as clients prefer to deal with brokerages based in Kuala Lumpur.

He refuted rumours that Tongkah's proposal to acquire MGI Securities was mooted by the Government but said: "It is an opportune moment to get a brokerage in Kuala Lumpur at a low licence premium."

Mokhzani was speaking to reporters after signing a contract manufacturing deal between Penang-based Tongkah Moulding Technologies Sdn Bhd and US-based Becton Dickinson for the manufacturing of collection bins for medical wastes such as syringes, called B-D Guardian range of Sharps Collectors.

The products are waste collectors designed for sharp instruments like syringes and needles. They have safety features like one-way tamper-resistant entry, safety neck, puncture-resistant material and a secure cap closure for safe transport and disposal.

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

The contract is worth about RM6 million with future plans to increase product range.

Tongkah Moulding Technologies is involved in the manufacture of high precision engineering plastic injection moulding components while Becton Dickinson is a medical technology company producing a broad range of medical devices and diagnostic systems.

On the performance of Tongkah group, Mokhzani said they are expecting a dip in the performance of its manufacturing sector this year as a result of a lacklustre performance of the manufacturing sector on the whole.

"However, we will survive through this period and I have instructed everyone to try to maintain last year's performance or at least stay afloat."

He said the Tongkah group will be consolidating its position while enhancing the efficiency of its subsidiary companies.

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