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PANTAI-TONGKAH  
PANTAI TO GET TWO SEATS ON PHILEO LAND BOARD

KUALA LUMPUR, March 16 (Bernama) -- Pantai Holdings Bhd is likely to get two seats in the boardroom of Phileo Land Bhd, in which it has a 21.49 percent stake.

"Pantai and Phileo Land are still holding discussions but the appointment is expected to happen in the near future," said Pantai executive chairman Mokhzani Mahathir.

Mokhzani sees property developer Phileo Land as an opportunity for Pantai to seek suitable land to build hospitals, adding that finding ideal land for hospitals is a major problem in the industry.

"However, there are no firm decisions yet," he said, when speaking to reporters after the extraordinary general meeting of Pantai and Tongkah Holdings Bhd here today.

On the sale of Tongkah's 51 percent stake in Tongkah Medivest Sdn Bhd (TMSB) to its associate company, Pantai, Mokhzani said the proposed transaction is expected to be completed by the end of this month or next month, when it is expected to be approved by the government.

This transaction requires government approval as TMSB has been awarded a 15 years concession by the Ministry of Health for the privatisation of government hospital support services in the southern region.

Mokhzani, who is also Tongkah executive chairman and chief executive officer, said this concession contributed to 60 percent of TMSB business with the balance coming from the private sector. He added that the Ministry of Health has given approval for the sale.

Mokhzani also said TMSB enjoys a profit of RM7-RM8 million a year and expected this to grow by about 20 percent during the next few years, mainly by expanding its business in the private sector.

He is confident the private sector portion of TMSB's business will grow higher as private hospitals look for means to outsource services from companies that can provide quality services at a lower cost.

He acknowledged the fact that the economic slowdown had affected TMSB's revenue as the government had revised its costs and allocated smaller budgets but expected the company to maintain a profit margin with its increased efficiency.

Pantai is spending about RM62.65 million to acquire a 100 percent interest in TMSB, including RM35.7 million that was paid to Tongkah for its 51 percent interest. The balance will be met by acquiring stakes from other TMSB shareholders.

Mokhzani said he is affected by the recent Kuala Lumpur Stock Exchange (KLSE) announcement on limiting the number of directorships a person can hold.

While the number of his appointments in public listed companies is within the limit, he said his directorships in other companies are over the specified limit.

The KLSE recently announced that the director of a public listed company can only hold 10 directorships in public listed companies and 15 directorships in other companies.

However, Mokhzani is confident it will not affect Tongkah and Pantai although he will have to resign from some of the subsidiaries of the two companies.

It is not crucial to be on all the boards because as a major shareholder he can put someone else in the subsidiaries, he said, adding

that he will remain as director in core companies that have built up Tongkah and Pantai.

On Tongkah, which is burdened by borrowings of RM702.83 million as at Oct 31, 1998, Mokhzani said it is coming up with a restructuring scheme which it hopes will be accepted by the lenders.

The restructuring exercise will put Tongkah on a firm financial footing, he explained, adding that at this stage he is unable to disclose the scheme.

He said Tongkah also wants to convert its loans, which currently comprises 70 percent short-term borrowings, into long-term loans. --

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