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Pantai keen to build hospitals on Phileo land

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HOSPITAL-operator Pantai Holdings Bhd now aims to search for strategic land from its associate company, property developer Phileo Land Bhd, to build more hospitals in the future.

In accordance with the group's equity investment in Phileo Land of 21.49 per cent, Pantai Holdings executive chairman and chief executive officer Mokhzani Mahathir said Pantai will appoint two directors to the board of Phileo Land.

"We will look at their landbank. They have a lot of land in strategic locations particularly in the Klang Valley, and we will see whether we can build any other hospitals," he added.

Mokhzani was speaking to reporters following the group's extraordinary general meeting in Kuala Lumpur yesterday.

Nevertheless, the two companies are still engaged in discussions with regards to such a synergy between them.

Pantai will also be expecting a steady stream of profits of some RM8 million a year due to its 51 per cent acquisition of Tongkah Medivest Sdn Bhd (TMSB) from Tongkah Holdings Bhd for RM35.70 million, effectively making the latter a wholly-owned subsidiary.

TMSB is involved mainly in the provision of hospital support services which include clinical waste management, laundry and biomedical engineering maintenance services.

Mokhzani added that TMSB's profits are poised to increase by 20 per cent in the next three years with the expansionary plans to be implemented by the new subsidiary.

"Profit contribution would be better from TMSB as it expands into the private sector, probably more private hospitals as well as the hospitality industry," he said. At present, the 15-year Government concession accorded to TMSB contributes some 60 per cent to profits while business in the private sector represents the rest.

The concession given to TMSB is to provide support services to all existing Government hospitals in the states of Malacca, Negri Sembilan and Johor starting October 28 1996.

"Hopefully by the end of this month or early April we will be getting the last approval which is from the Government. The Cabinet has to approve it first and the Ministry of Health has already put forward a recommendation to approve it," Mokhzani said.

Meanwhile, Mokhzani, who is also Tongkah Holdings' executive chairman, told reporters that the group is currently undergoing a debt restructuring scheme to convert short term loans into long term borrowings.

"Hopefully, it will be accepted by the lenders and we will come out with the details in the future," he said.

As at October 31 1998, borrowings of Tongkah amounted to RM702.83 million out of which about 70 per cent are short term in nature.

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