

26/05/1999

`Tongkah will turn around next year'

TONGKAH Holdings Bhd, which is currently undergoing a debt-restructuring exercise, is confident that company will turn around in the next financial year ending June 30, 2000.

Its executive chairman Mokhzani Mahathir said in the second quarter of this year, there has been renewed interest in its manufacturing division with increased orders in the plastics and electronics sections.

"We see some positive signs in the next two quarters with sizeable orders from several multinational companies," he said, adding that the closure of several competitors during the economic downturn has improved Tongkah's market share.

"With lower interest rates and renewed firming up of orders, we will be able to turn around the company in the next financial year," he told reporters after the company's extraordinary general meeting in Kuala Lumpur yesterday.

Tongkah is involved in the manufacturing of plastic and electronic components, property development, construction, healthcare services, information technology and stockbroking business. The manufacturing division contributes about 50 per cent of the company's total turnover.

Tongkah, has signed an agreement with its lenders under the Corporate Debt Restructuring Committee framework to restructure debts amounting to RM530 million (inclusive of the bonds and the loans interests).

It was unable to proceed with its bondholders' meeting yesterday to pass the special resolution on the proposed restructuring of its RM49.37 million bonds as it did not get the required quorum to hold the meeting.

"We did not proceed because we were short of people.. it is just that we needed 51 per cent but we only obtained 49 per cent," he said when explaining the outcome of the meeting.

The proposals on debt restructuring will be adjourned to another date in three weeks in order to get the special resolution approved.

The special resolution for bondholders involved restructuring Tongkah's existing RM49 million nominal value of five per cent Redeemable Unsecured Bonds 1994/1999 plus RM987,409 in interest.

"The five-year plan will provide the company "breathing space" to be able to run efficiently and profitably," he said, adding that it will also ensure that the company does not go into expansion plans which it had ventured into before the economic downturn.

As to assets to be disposed under the debt restructuring, Mokhzani said Tongkah plans to dispose its RM54 million building at Jalan Damansara Endah in Kuala Lumpur.

The disposal of the assets, will reduce the company's borrowings, he said adding that Tongkah had taken up loans to purchase Hospital Pantai Holdings Bhd.

Mokhzani said the plan to merge Kestrel Securities Sdn Bhd, its stockbroking firm, with MGI Securities Sdn Bhd was underway.

"They (MGI) have some issues to resolve as some of their clients suffered losses totalling between RM70 million and RM80 million during the economic downturn."

On its 35 per cent equity being held by investors who traded through Singapore's Central Limit Order Book, he said they were "friendly parties" from Singapore and Malaysia.

He said whoever takes over the shares will not be able to participate in

the management and board of directors.
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