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Pantai aims to reduce Avenue Assets' debts in six months

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PANTAI Holdings Bhd hopes to reduce Avenue Assets Bhd's debts to RM150 million from its current heavy borrowings of RM500 million within the next six months.

The group, which has obtained shareholders' approval and ratification for the acquisition of 28.15 per cent stake in Avenue Assets yesterday plans to reduce its gearings by disposing some of Avenue Assets property.

Executive chairman Mokhzani Mahathir said the group is currently talking to a few parties interested in taking up the assets, but declined to disclose them or the potential property which is to be disposed.

"Avenue Assets had disposed of several buildings and we have yet to determine other potential property (to be disposed)," he said after the group's extraordinary general meeting in Kuala Lumpur yesterday.

Pantai, through its wholly-owned subsidiary Glossmere Investments Ltd has acquired 32.26 million shares and 10 million shares of Avenue Assets in the "open market" and on a "married deal" basis respectively for RM222.15 million.

It has also bought a 16.78 per cent stake or 26.72 million shares of Tongkah Holdings Bhd for RM108.76 million through Maxgold Investments Group Ltd, a wholly-owned subsidiary of Pantai Investments (Cayman) Ltd which is also its subsidiary.

Mokhzani said the property disposal exercise which is to be undertaken is the group's next move to assist Tongkah Holdings Bhd and Avenue Assets to redevelop their operations.

"It will also help us to fully realise our investments in the two companies," he said.

Tongkah and Avenue Assets are involved in diversified activities ranging from manufacturing, financial services, healthcare services and property development.

On the acquisition of a 100 per cent stake in MGI Securities Sdn Bhd by Avenue Assets, he said the exercise would be completed in September.

The company would be paying RM120 million for the acquisition.

Mokhzani declined to comment when asked on the possibility that MGI Securities will be merged with Pantai's stockbroking arm, Kestrel Securities Sdn Bhd.

"It is very difficult to comment at this point of time on such possibility," he said.

On the development of Pantai Group, Mokhzani said the group has been approached by a few parties to increase the number of Pantai Medical Centres, adding that the group is currently looking for opportunities in Johor.

Apart from operating private hospitals, Pantai is also looking at the possibility of expanding its expertise in other healthcare-related activities.

This, according to Mokhzani will provide the group with better profits in the near future.

Pantai posted a group pre-tax loss of RM70.43 million for the financial year ended June 30 1999, on the back of RM116.05 million in turnover.

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