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Tongkah to expand core business, improve profits

THE completion of Tongkah Holdings Bhd's debt restructuring exercise has enabled the company to focus its effort on expanding the company's core business and improve future profitability.

Executive chairman and chief executive officer Mokhzani Mahathir says the group's manufacturing sector will continue to maintain a strong presence among the local contract manufacturers, and is currently poised to take advantage of the country's improved economic growth.

In Tongkah's annual report, he says the company's strategy is to widen its customer base to complement the cyclical nature of the computer component industry, the company's bread and butter for the past few years.

"To date we have made good progress in our customer expansion, particularly in the supply of components for Internet-based applications and the telecommunications sector.

The anticipated strong growth in these areas is expected to propel the future growth of our manufacturing sector," Mokhzani adds.

Under the debt restructuring exercise, Tongkah disposed of several of its assets, including 33.04 per cent equity in THB Industries Bhd, 1.5 million shares in Pantai Holdings Bhd and 100 per cent share in Tongkah Properties Sdn Bhd.

"We also entered into a conditional agreement with Avenue Assets Bhd and MGI Securities Sdn Bhd on June 30 to dispose of our 75 per cent equity interest in Kestrel Securities Sdn Bhd," says Mokhzani.

He adds that with the heightened awareness of healthcare in Malaysia that is currently being promoted by the Government, the company's continued association with Pantai has been enhanced along with the expected growth in the industry.

"For the year under review, Pantai has recorded profits after experiencing losses in the previous year," he says.

Mokhzani also says the company, through its subsidiary Laras Asli Sdn Bhd, had acquired additional equity in THB-IJM Joint Venture Sdn Bhd, a company involved in the construction and development of hospitals and clinics.

"This will enable the company to take advantage of future development in the construction of hospitals for Pantai," he adds.

Another of Tongkah's associate companies, Sharp-Roxy Appliances Corp Sdn Bhd, is constantly expanding its line of home electronic equipment.

"Last year, the company focused their resources on the production of flat screen television to meet the increasing demand within the market, and this is expected to continue for the current year," Mokhzani says.

Meanwhile, Tongkah's subsidiary, Tongkah Moulding Sdn Bhd, has entered into discussions with interested parties in relation to the proposed revival of the National Waste Management programme in Malaysia.

"We are confident that with the revival of this project, Tongkah Moulding will be a major player in providing the necessary equipment for the project," Mokhzani adds.

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