

# Paos Lim says he is not a nominee

Financing acquisition via personal assets and bank borrowings

KUALA LUMPUR: Pantai Holdings Bhd's CEO Datuk Lim Tong Yong (a) Lim Tong Yaim who was catapulted into the limelight when he bought 21.4 million shares or 32.8% of the company from Datuk Mokhzani Mahathir in May, reiterated that he is not fronting for anyone.

In his first meeting with the press on the deal, Lim asked, "Do you doubt I have the financial resources to buy the shares?"

"My purchase has been paid and the shares are registered under my name. I am surprised that people still think that I am fronting for someone," he said.

He added: "I hope this puts to rest doubts about my acquisition of the Pantai shares. I am financing the acquisition through my personal assets such as proceeds raised from the sale of placement of Paos Holdings shares and bank borrowings. "You can ask my banker how much I am borrowing. My banker is HSBC."

Speculation was rife that Lim, who hails from Kedah, was a nominee for Mokhzani, son of Prime Minister Datuk Seri Dr Mahathir Mohamad.

Lim, who controls soap-maker Paos Holdings Bhd bought the shares in Pantai for RM60 million from Mokhzani after the latter announced his plans to give up all his business interests to quell allegations of nepotism.

With the acquisition, Lim

also controls Avenue Assets Bhd and Tongkah Holdings Bhd via Pantai's 22.8% and 14.86% stakes in the respective companies.

Avenue Assets is, in turn, a substantial shareholder in Phileo Allied Hhd and Eastern & Oriental Bhd (which is a substantial shareholder of Kamunting Corp).

Lim also stressed that he did not know Mokhzani prior to the acquisition and the block of shares were brought to his attention by market sources.

The deal took about two

months to sew up and thereafter he has a cordial relationship with Mokhzani.

He added that he decided to buy Pantai because he wanted to invest in a fast-growing industry with an established player, which is in a position to take up opportunities in the sector.

He pointed out that despite the economic slowdown, analysts have continued to favour the healthcare business, which is fairly recession-proof.

Analysts estimated that the industry would expand into a RM4.5 billion business by 2005, from the RM2.7 billion in 2000.

Although the purchase price of RM2.80 per share was seen as expensive then, Lim said presently, he has an unrealised capital gain of RM1.20 a share. Pantai shares closed at RM4.00 on the KLSE on Tuesday.

He said he is unlikely to sell the shares as he is "very involved in the day-to-day operations" of Pantai.

Pantai, he added, will focus on its profit-making healthcare operations and should return to profitability by the fiscal year ending June 30, 2002.

The company incurred a net loss of RM168.1 million for the year ended June 30, 2001 because of provisions of diminution of investments in public quoted securities.

"We are positive that the steps taken can turn around the group by the next financial year," he said, adding that the

management is looking into divestment of non-healthcare interests and the acquisition of more healthcare businesses.

Although Lim said Pantai does not have any plans to build new hospitals for the time being, he does not discount the possibility of acquiring other health-related businesses that will complement the group's current core business.

On the divestment of its non-healthcare interests, Lim said Pantai may consider disposing its other (non-healthcare) interests, if the market is right.

Pantai, he added, will not hold long-term stakes in its non-healthcare listed companies. It currently has investments of up to RM10 million each in some eight listed companies, not including Tongkah Holdings Bhd and Avenue Assets Bhd, in which it is a controlling shareholder.

Lim also does not discount the possibility of putting Pantai's stakes in Tongkah and Avenue Assets up for sale, if the price is right.

Pantai holds 14.8% of Tongkah and 22.8% of Avenue Assets.

However, he said Pantai will first consider any rationalisation proposals from Tongkah and Avenue Assets' boards and "decide later in the best interest of Pantai."

Pantai had earlier this year divested its entire 5% stake in SP Setia Bhd for RM35.95 million.