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Power play

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PANTAI Holdings Bhd's new major shareholder, Datuk Lim Tong Yong, kept a cool head at Paos Holdings Bhd's recent annual general meeting (AGM). He was expecting a barrage of questions from the Press, not so much on Paos but rather on Pantai Holdings.

Lim, who is the substantial shareholder and executive chairman of Paos Holdings, declined to entertain queries on Pantai Holdings. Instead, he invited reporters to the latter's AGM scheduled for Nov 13.

The Press' interest in Lim is still very much alive. After all, he raised eyebrows when he bought into Pantai Holdings. There was talk that the hitherto little known soap-maker was fronting for someone else. 'No comment' was all Lim offered when asked to clarify rumours that his stake in Pantai Holdings was held on behalf of someone.

In late April, Lim acquired a 32.8 per cent stake in Pantai Holdings for RM59.64 million, or RM2.80 a share, from Datuk Mokhzani Mahathir, who made a sudden exit from the corporate world.

At the same time the deal was announced on April 26, Lim was appointed as chief executive of the healthcare firm in place of Mokhzani, who is Prime Minister Datuk Seri Dr Mahathir Mohamad's son. Three days later, Lim issued his first statement to the Press saying his purchase in Pantai Holdings was purely a business decision and that there was nothing unusual about it. 'There is nothing great about it,' he was quoted as saying. 'I am coming in purely as a businessman. I see this as a good business deal,' adding that he was buying in his own personal capacity.

After Lim's deal was sealed, there were also two other transactions involving Pantai Holdings shares.

The first deal, sold by Tongkah Holdings Bhd and involving a 12.3 per cent stake in Pantai Holdings, raised some eyebrows coming just a day after Mokhzani resigned as executive chairman of Tongkah Holdings and as chief executive of Pantai Holdings. It was an even more puzzling move since the shares are part of the collateral that backed the company's RM462.5 million bonds due in 2004.

Tongkah Holdings announced in late April it had sold eight million shares in Pantai Holdings for RM22.4 million or RM2.80 a share. The disposal price was at almost 80 per cent below its average cost of RM13.50 a share bought between 1997 and 1999. It said it incurred a loss of RM85.6 million from the disposal which would reduce its net tangible assets per share by 51 sen.

The beneficial owner for this block of eight million shares turned out to be Gagasan Mulia Sdn Bhd. Tajul Azam Mohd Tahir and Mohd Azmil Abd Shukor were deemed interested in the shares through their shareholdings in Gagasan Mulia.

The second block comprising 15 million shares in Pantai Holdings changed hands off-market via a married deal at the end of August. The identity of the buyer is still unknown. There was also no information as to the seller of the shares but analysts are pointing to Tongkah Holdings, the seller of the first block of shares. Tongkah Holdings' stake in Pantai Holdings was reduced to 20.4 per cent after the disposal of its 12.3 per cent interest.

The market's incessant interest in Lim's controlling stake in Pantai Holdings is not without reason. The deal opens up a whole new empire for the low profile college lecturer-turned-businessman.

The stake in Pantai Holdings has also given Lim a 16.1 per cent interest

in Tongkah Holdings and a 22.8 per cent stake in Avenue Assets Bhd, which in turn owns 18.5 per cent of Phileo Allied Bhd (PAB).

Earlier this year, Phileo Allied sold its Phileo Allied Bank Bhd unit to Malayan Banking Bhd for RM1.3 billion, making the former a cash-rich shell in the process. Interestingly, Phileo Allied was awarded the privatisation of Pos Malaysia Bhd for RM800 million at the end of May, just one month after the changing of guards at its ultimate holding company, Pantai Holdings.

Additionally, Avenue Assets also has a 16 per cent stake in Eastern & Oriental Bhd (E&O) from an earlier land-for-shares deal. This gave Avenue Assets an indirect interest in E&O's 26.9 per cent shareholding in Kamunting Bhd.

Apart from becoming chief executive of Pantai Holdings, Lim was also appointed as executive director of Avenue Assets. He does not hold any position in Tongkah Holdings.

So what could have prompted Lim to buy into Pantai Holdings?. After making a small net profit of RM6.16 million, or 9.50 sen a share for the year ended June 30, 2000, the company plunged into the red with net losses of RM166.41 million or 256.68 sen a share for financial year 2001 (FY01).

When announcing its full year results, Pantai Holdings said its pre-tax loss of RM158.19 million was mainly due to provisions for the diminution in value of the group's investments, doubtful debts and losses incurred by associated companies.

The group does not expect these losses incurred from non-core activities to recur for FY02.

The performance of its core activities in hospitals and healthcare-related services is seen to remain profitable.

Lim is optimistic on prospects for the healthcare sector.

'This is a rare opportunity to get into the healthcare industry. I feel there is a lot of potential as the country grows and more and more people become health conscious,' he had said.

Perhaps he will also shed more light on his purchase at Pantai Holdings' forthcoming AGM.

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