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Surprise exit by Mokhzani

Seelen Sakran; Clarence Y K Ngui

DATUK Mokhzani Mahathir, the prime minister's son, made a sudden exit from the corporate world, resigning from his position as Tongkah Holdings Bhd executive chairman. He spoke of `spending more time with my family' but that has not stopped intense speculation.

However, the next day, Tongkah made a surprising announcement - the sale of 12.3% stake in its associate company Pantai Holdings Bhd. Analysts reckon the RM22.4 million deal as 80% below its average cost of investment.

At the time of writing, the buyer remains unknown. Following the sale, Tongkah's shareholding in Pantai is reduced from 32.8% to 20.5%. The company cites total consideration for the disposal came after taking into account the current prevailing market price of the Pantai shares.

Yet, analysts remain bedazzled with the move as the shares are part of the collateral that back the company's RM462.5 million bonds due in 2004.

Most analysts are remaining cautious, saying that the move will affect the company's balance sheet and may even result in a negative shareholders' fund.

Both Tongkah and Pantai are general investment and trading companies with interest in the hospital-support service, among other activities. In an earlier move, Mokzhani sold his 12.6% direct interest in Tongkah, relinquishing his position as executive chairman at Tongkah.

For Pantai Holdings, Mokhzani resigned as chief executive of Pantai after selling his 32.8% controlling stake to soap-maker Datuk Lim Tong Yong. Lim, a founder of Paos Holding Bhd, takes Mokzhani's place as chief executive at Pantai. Although Lim holds no post at Tongkah, he now owns through Pantai a significant 16.1% of the company.