

19 DEC 2001
TONGKAH-TALKS
TONGKAH IN TALKS TO ACQUIRE FRESH BUSINESS

KUALA LUMPUR, Dec 19 (Bernama) -- Tongkah Holdings Bhd (THB) is in negotiations with a few parties to acquire fresh businesses and stay afloat.

At a press conference after the company's EGM today, its executive director, Abdul Rahim Awang declined to reveal the parties involved.

He said it was still early to reveal anything.

Tongkah has not allocated funds for any acquisition as of today. It would be considered when the time comes, he added.

Tongkah is one of the 90 companies listed on the Kuala Lumpur Stock Exchange (KLSE) considered to be under capitalised.

A local daily reported recently that the company could face delisting if it fails to find a rescuer or restructure its debts.

KLSE has given financially distressed companies to come up with rescue plans beyond the December 2002 deadline.

The KLSE earlier set a deadline in February 2002 to speed up the rehabilitation of delinquent companies.

But the Prime Minister Datuk Seri Dr Mahathir Mohamad pushed the deadline to December 2002 in his Budget 2002 presentation in October 2001.

Tongkah posted a shareholders' funds deficit of RM351.85 million on a consolidated basis.

The company has inadequate level of operations when it sold its 51 percent and 82.41 percent stakes in Tongkah Electronics Sdn Bhd and Tongkah Moulding Technologies Sdn Bhd.

The two companies contributed 73.33 percent to the group's revenue.

Tongkah's shareholders today approved the proposed disposal of Kestrel Securities Sdn Bhd (KSSB) to Allied Avenue Assets Securities Sdn Bhd (AAAB).

The proposed disposal involved 75 percent or 29.25 million shares the company holds in KSSB via share swap of new Avenue Assets Bhd (AAB) shares at a value to be determined later.

The value of the disposal would be based on 200 percent of the audited consolidated net tangible assets (NTA) of THB's equity interest in KSSB.

AAAB is a wholly-owned subsidiary of AAB.

Abdul Rahim said he hoped the corporate exercise would be completed by June 2002. It would also be dependent on the completion of the rights issue by AAB.

In its circular to shareholders and bondholders today, the company assumed the sale consideration for the proposed disposal at RM85.318 million.

The value assumed was based on 200 percent of the audited consolidated NTA of KSSB for the financial year ended June 30, 2001 of RM56.878 million.

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