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Tongkah Hlgs to sell 51pc stake in Tongkah Electronics

TONGKAH Holdings Bhd has proposed to sell its 51 per cent stake in Tongkah Electronics Sdn Bhd (TESB) as part of a rationalisation exercise to dispose of loss-making operations.

The proposed disposal, which is not subject to shareholders' approval, is estimated to result in a gain on disposal of RM13.9 million to the Tongkah Group for the year ended June 30 2001. Net tangible asset (NTA) per share is estimated to improve by 8 sen.

The stake will be sold to investment holding company SGT Marketing Sdn Bhd for a nominal consideration of RM1, comprising 10.2 million ordinary shares of RM1 each, the company said in an announcement to the Kuala Lumpur Stock Exchange.

The shareholders of SGT Marketing are Goh Peng Tatt and Ch'ng Kim Chuan.

In April this year, Tongkah saw a change in its majority shareholding following the sale by Mokhzani Mahathir of his 32.8 per cent controlling stake in the company to soapmaker Lim Tong Yong, Paos Holdings Bhd's chairman.

The proposed disposal of Tongkah's shareholding in TESB is expected to improve the group's operating results for the year ending June 30 2002 as TESB, which is expected to incur further losses, will no longer be part of the group.

For the year ended June 30 last year, TESB made an audited loss after tax of RM17.39 million. For the nine months ended March 31 2001, TESB incurred an unaudited loss after tax of RM56.24 million.

Unaudited NTA of TESB as at March 31 2001 was negative RM80 million.

The company said the slowdown in the worldwide electronics industry and the estimated shareholder deficit of TESB as at June 30 2001 are likely to drag the group's earnings down; therefore, the proposed disposal is in the best interest of the group.

TESB, incorporated on November 15 1990, is principally involved in the manufacturing and assembly of printed circuit boards, disk drive controller, computer peripheral, communication, office automation and consumer electronics and sub-assemblies.

The proposed disposal is not expected to have any effect on the issued and paid-up capital and substantial shareholding of Tongkah.

However, the proposed disposal will require the approval of the Ministry of International Trade and Industry and any other relevant authorities.

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