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JAMALUDIN-FELDA

FELDA LISTING BY YEAR-END, SETTLERS & EMPLOYEES IN PART RM1 BLN DEAL

PUTRAJAYA, Sept 13 (Bernama) -- Felda Holdings Sdn Bhd, Malaysia's largest plantation operator, will be listed on the Main Board of the Kuala Lumpur Stock Exchange (KLSE) by end of this year to attract large institutional investors to Malaysia.

Second Finance Minister Datuk Dr Jamaludin Jarjis said the government, settlers of the massive land scheme and employees of Felda would hold 75 percent of the equity in entity to be listed while 25 percent would be allocated to the investing public.

Currently, Jamaludin said only companies like Tenaga Nasional Bhd, Telekom Malaysia, Maybank and Malaysian International Shipping Corporation were on the KLSE's radar screen of big investors at present.

With Felda, there would be a new "blink" (on the investors' radar screen), he said.

"By Jan 1, 2004 it will be a new Felda that would take us to the world stage. Once listed, it will also be the biggest oil palm estate to be listed in any stock exchange," he told reporters at a briefing here today on the proposed listing.

Prime Minister Datuk Seri Dr Mahathir Mohamad in his 2004 Budget presentation yesterday announced plans to list Felda on the KLSE.

Dr Mahathir, who is also Finance Minister, said the listing would enable the tapping of funds from the capital market and Felda would no longer have to depend on the government for its financial requirements.

Proceeds from the initial public offering (IPO) would be utilised by the government, the largest beneficiary of the listing, for development purposes.

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Felda's plantation activities currently are carried out through Felda Holdings. The group owns 354,554 hectares of plantation land, and through Felda Holdings, it also mills and refines oil palm fresh fruit bunches (FFB) produced by the estate.

Felda also buys FFB produced by the settlers whom in total own 447,246 hectares of plantation land.

Settlers and employees of Felda currently own a 51 percent stake in Felda Holdings through Koperasi Permodalan Felda.

Under the listing proposal, settlers of Felda will be specially allocated shares worth an average of RM6,000 each based on the RM1 billion of total allocation of shares.

Felda employees will be offered shares under an employee scheme.

Under the proposed IPO exercise, Felda Holdings will acquire all the plantation estates currently owned by the Federal Land Development Authority (Felda) for new shares in Felda Holdings.

Felda Holdings will acquire the equity interests in its subsidiary and associated companies directly held by Felda and Koperasi Permodalan Felda (KPF) for new shares in Felda Holdings.

The equity interest in Felda Holdings will be transferred to Ministry of Finance Inc. Following this, the substantial shareholders in Felda Holdings comprising the Ministry of Finance Inc and KPF will then offer Felda Holdings' shares to both retail and institutional investors.

The Ministry of Finance Inc will also offer some Felda shares to state governments under a programme to be announced later.

Through the IPO, Jamaludin said Felda would have the opportunity and be encouraged to grow into a global leader in the plantation industry, especially in enhancing its research and development segment to produce more downstream products.

"We believe that the IPO will give settlers, employees and state governments who had worked very hard to bring Felda to what it is today an opportunity to become shareholders of the newly listed company," said Jamaludin.

However, Jamaludin said the details of the proposal, including the values related to the various steps, will be announced at a later stage.

He also said that Felda is working on increasing its current plantation hectareage: "If Felda has about 50,000 hectares in a place and one private entity owns some land beside it and is willing to sell, Felda will look into it."

Asked whether anyone has approached them so far, he said some people had shown keen interest and Felda was soliciting with the potential sellers.

Following such development, Jamaludin said Felda's landbank is expected to widen from 10 to 15 percent.

Asked on the government's earlier plan to encourage small estate owners to merge and become a larger listed company, he said the plan was still on and the listing of Felda would be the "ice-breaker."

Asked whether the government planned to sell more assets, he said: "The issue is not asset sales. The issue is creating value. We are not selling Felda. We are only unlocking value, taking the benefit and giving the people."

The government, he said understood the critical importance of Felda as a national asset of Malaysia with an important socio-economic role in the country.

"The scheme will benefit settlers financially while preserving their current position. At the same time, the IPO will improve Felda's financial flexibility, diversify its investor base and increase transparency," he said. -- BERNAMA

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