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Moving on

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ONE of the largest institutional investors on the Kuala Lumpur Stock Exchange (KLSE), the Pilgrims' Fund Board or Lembaga Tabung Haji has funds in excess of RM10 billion.

As of June 12, 2003, its quoted shareholdings totalled some RM2.52 billion. The fund has some 4.52 million depositors, of which about 200,000 were new depositors in 2002.

Interestingly, in the past year, the fund hogged the local dailies for the wrong reasons. In a much-publicised court case, two of its senior general managers of the finance and investment departments were charged with criminal breach of trust and cheating involving an investment sum of RM200 million. The deal with a third party brought losses of some RM80 million and as at time of writing, hearing continues.

Says an observer, 'It is most unfortunate that a government body entrusted with safeguarding the deposits of would-be pilgrims and advancing the economic status of the Muslim community has on many occasions failed to live up to expectations.'

Nevertheless, Tabung Haji is taking these setbacks in its stride. Its investment advisory panel has been revamped and has engaged more professionals to ensure better returns for its investments.

Even Prime Minister Datuk Seri Dr Mahathir Mohamad commented in 2002: 'Why should Tabung Haji's funds be managed by another party when it has its own investment panel?'

The fund has also proposed to streamline its operations from 16 subsidiaries to only four, focusing on plantations, property, construction and infrastructure, and the management of umrah and haj services.

Tabung Haji chairman Tan Sri Zainol Mahmod says the fund's current investments are diversified into several sectors, namely the stock market, real estate, plantations and construction.

Its main associate companies are Bank Islam Malaysia Bhd, Computer Forms (M) Bhd, KESM Industries Bhd and LKT industries Bhd.

Among some of Tabung Haji's unquoted shareholdings are a 40% stake in Express Rail Link Sdn Bhd, the operator of the KLIA Ekspres, 49% of Maju TH Sdn Bhd, and 20% of shoe operator Bata (Malaysia) Sdn Bhd.

Recently, Tabung Haji, along with Kumpulan Wang Amanah Pencen and the Employees Provident Fund, bought a combined stake of 10.2% in Maxis Communications Bhd for RM1.33 billion.

Tabung Haji declared a 3.5% bonus to depositors for 2002, involving a total payout of RM346.1 million. The bonus rate was higher than the previous year's 3.25%, but still much lower than its peak of almost 9.5% in 1995.

'Though we are also affected by the prevailing weak stock market sentiment, we have managed to minimise the impact due to our diverse investment portfolio,' says Zainol.

But critics argue that, as with most government-linked funds, Tabung Haji lacks drive as compared to private-sector companies. This is a notion Zainol vehemently disagrees with. 'For Tabung Haji's subsidiary companies involved in core activities such as plantations, property, construction and travel, we have management control and for companies where we have substantial interests, Tabung Haji will be represented on the boards,' he says.

All in all, Tabung Haji remains a pilgrim board with a major role to

play. 'As the role model for other Muslim nations, Tabung Haji will continue to enable Muslims to perform the haj,' says Zainol. 'At the same time, we will strive to strengthen our role as a savings institution for Muslims in the country.'

Still, he adds, Tabung Haji has to constantly revamp its role in society to remain relevant. 'While being sensitive to the changing environment, we will remain dynamic and continue to operate within a framework that is effective and efficient, beneficial to all stakeholders,' he says.

At least, Tabung Haji seems to be heading in the right direction.

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