

Merger of plantation firms to proceed

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PUTRAJAYA: Plans to merge three leading plantation firms owned by Permodalan Nasional Bhd (PNB) will go ahead, Prime Minister Datuk Seri Abdullah Ahmad Badawi said yesterday.

Asked to comment on a report that Synergy Drive Sdn Bhd's plan to merge the firms had run into snags, Abdullah said: "A decision was made. It will proceed."

He was speaking at a Press conference after launching the National Education Blueprint.

It was reported by *Business Times* yesterday, quoting sources, that PNB had a sudden change of heart regarding the deal.

Agreements supposed to have been signed on Monday between Synergy Drive and Sime Darby Bhd, Kumpulan Guthrie Bhd and Golden Hope Plantations Bhd to

take the merger forward have now been delayed by at least two weeks.

The boards of Sime and Guthrie said Synergy Drive had extended the date for them to enter into a definitive agreement for the disposal of their assets to Synergy Drive to Jan 29.

ECM-Avenue Bhd executive director Hoo See Kheng said the merger should be a done deal.

He thinks the postponement could be due to some minor issues that need to be resolved.

"Big organisations is the trend right now, so this merger is good for the industry and the country," said Hoo.

State-run PNB has declined to comment.

Shares of Sime Darby Bhd, Golden Hope Plantations Bhd and

Kumpulan Guthrie Bhd were mixed yesterday.

GHope remained unchanged at RM6.15, Sime Darby climbed 10 sen to RM7.60, its highest in six months, while Guthrie fell six sen to RM4.80.

An analyst at the RHB Group said investors were indifferent because the general sentiment is that this deal is likely to go through.

"The long-term benefits far outweigh the short-term ones and this delay is just a slight hiccup to resolve some minor problems.

"Besides, Prime Minister Datuk Seri Abdullah Ahmad Badawi and his Deputy Datuk Seri Najib Razak have already okayed the deal.

"As far as we are concerned this

is a done deal," the analyst said.

Synergy Drive is a special purpose vehicle set up by CIMB Investment Bank last November to buy assets and liabilities of the three companies and their five listed subsidiaries.

Once merged, PNB and its funds would emerge as the biggest shareholder in Synergy Drive with over 45 per cent stake.

The Employees Provident Fund would own over 10 per cent and the rest would be held by minority shareholders.

The merger would create a global leader in oil palm plantations, with a potential total annual revenue of over RM26 billion, a combined workforce of over 107,000 and total plantation land of about 600,000ha located in Malaysia and Indonesia.