

KERATAN AKHBAR

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FELDA to organise EGM for holders of RM9.9b Islamic bonds



KUALA LUMPUR (Nov 5): The Federal Land Development Authority (FELDA) will hold an extraordinary general meeting (EGM) on Dec 2, 2021 for holders of the Malaysian statutory body's RM9.9 billion Islamic bonds or sukuk, which are guaranteed by the Malaysian government, according to the bonds' trustee AmanahRaya Trustees Bhd.

AmanahRaya Trustees, in a letter on Wednesday (Nov 3) to FELDA bondholders, however, did not specify the proposals for bondholders' consideration and approval in the EGM.

Maybank Investment Bank Bhd, which is the facility agent for the Islamic Medium Term Notes programme of up to RM9.9 billion, attached AmanahRaya Trustees' letter in Maybank Investment Bank's filing with Bank Negara Malaysia's Fully Automated System for Issuing/Tendering (FAST) website on Wednesday evening.

"As the facility agent, we attach herewith the self-explanatory letter dated Nov 3, 2021 from AmanahRaya Trustees enclosing the issuer's (FELDA) letter dated Nov 3, 2021, together with the notice of the EGM for sukukholders.

"The issuer's letter attached in the trustee's letter is available with the trustee," Maybank Investment Bank said.

According to AmanahRaya Trustees' letter, the EGM will be held at 4pm on Dec 2 via videoconferencing to be operated by Mega Corporate Services Sdn Bhd.

AmanahRaya Trustees' letter indicated that FELDA's EGM notice "distribution list" comprises 12 entities, including the Employees Provident Fund, Retirement Fund (Incorporated), Malayan Banking Bhd (Maybank) and OCBC Bank (Malaysia) Bhd.

The Retirement Fund (Incorporated) is also known as Kumpulan Wang Persaraan (Diperbadankan) (KWAP).

According to FELDA's website, the organisation was established on July 1, 1956 under the Land Development Ordinance of 1956 for the development of land and relocation of settlers with the objective of poverty eradication through the cultivation of oil palm and rubber.

"In 1990, FELDA was no longer recruiting new settlers. [The] government entrusted FELDA to stand with its own financial [resources] and become a statutory body that can generate [its] own income to support various developments through a variety of businesses.

"Today, FELDA continues to carry [the] major role by providing adequate and modern facilities for the schemes, ensuring the next generation of explorers [is] educated to enhance the socio-economic and quality of life, and ensuring the schemes can generate various economic activities as well as bridge the gap between urban and small urban areas. FELDA's focus is to be the 'economic powerhouse' in generating economic activities in 2020 through its structural programme with a wide range of human capital potential," FELDA said.

News reports on Oct 28, 2020, quoting a statement by Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed, reported that the Cabinet had agreed to approve the proposed issuance of FELDA's sukuk worth RM9.9 billion with government guarantees for FELDA's recovery plan.

It was reported that the Cabinet had also agreed with the proposal to restructure FELDA's debt with financial institutions. Mustapa reportedly said FELDA's recovery plan will also involve efforts to increase its settlers' independence.

"FELDA's financial position is expected to record a positive trend, starting in 2023, with the implementation of these initiatives. FELDA will return to its path as a respected and viable body.

"Solutions to the issues faced by FELDA will not be complete without strengthening governance and efficiency in managing the firm. In this regard, the board of directors and the management of FELDA must be committed to improving management efficiency and improve governance. Among the main problems faced are the unsustainable capital structure and the high debt burden of RM10.6 billion," Mustapa was quoted as saying by Astro Awani.