

Felda Global Ventures listing 'an evil scheme'

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The proposed listing of Felda Global Ventures Holding (FGVH) is a "evil scheme" aimed at reducing the settlers' stake in "cash cow" Felda Holdings, says the PKR.

This is because the assets will be transferred to FGVH, which is wholly government- owned, and the settlers "will not have a say in Felda's business and operational activities", especially when other investors are invited to purchase shares in FGVH.

"We estimate that when this happens, the lucrative Felda Holdings equity held by settlers and Felda staff will be reduced from the present 51 percent to 42.7 percent at the most after the listing, making them minority shareholders," PKR chief of strategy Rafizi Ramli told a press conference at Tropicana in Petaling Jaya today.

Settlers and Felda staff own 51 percent of Felda Holdings through Koperasi Permodalan Felda (KPF).

However, eight of its members have obtained an injunction to stop KPF from moving a motion to relinquish its assets in Felda Holdings to FGVH at an extraordinary general meeting (EGM).

As a result, Felda chairperson Isa Samad said that the FGVH listing would continue without KPF, as a special purpose vehicle will be set up to represent the interests of the settlers and Felda staff.

No RM20,000 windfall for settlers

According to Rafizi, with asset injection from Felda Holdings, the listing exercise would yield market capitalisation of about RM3 billion, far smaller than the RM21 billion previously announced.

"As such, the expected profits for settlers will certainly not be RM20,000 (as promised). It will not happen unless there is some magic trick," he said.

This "magic trick" could include a "back door injection" from Felda Holdings, which is both illegal and would contravene the court injunction obtained by the KPF members.

"We ask the Securities Commission to be wary and review all the aggregated assets," Rafizi said, noting that FGVH has a poorer earnings record than Felda Holdings.

The announcement on the setting up of the 'special purpose vehicle', he added, also showed "disrespect for settlers and Felda staff" and was an indication that the wholly government-owned vehicle would soon take over KPF's role.

PKR Felda Bureau chief Suhaimi Said said the land authority's intention to sideline settlers was also apparent in its proposed motion, which could not be carried out because of the court injunction.

'Settlers to bear all the risks'

Referring to the motion proposed for the cancelled EGM, he said KPF was supposed to relinquish its assets in Felda Holdings and its subsidiaries to an "investment holding company".

"This company will represent the settlers in FVGH, while a small amount of ordinary shares will be given to KPF members," Suhaimi (right) said, referring to a copy of the document, which is marked 'confidential'.

"This means that if the value of the FGVH shares drop, the settlers will bear all the risks," he said, adding

that this differed from the 15 percent annual dividend received by KPF members.

Suhaimi said the listing would also involve Felda Plantations, which currently contributes RM2.4 billion through its operations.

“With the listing, Felda Plantations land will be leased to FGVH for 99 years at a mere RM700 per hectare, when the current value is not less than RM2,000 per hectare,” he said.

He added that Felda Plantations is estimated to gain only around RM580 million, including dividends, from this – a far cry from the RM2.4 billion in revenue it currently reaps from its operations.

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