

## FGV wants to keep decision-making power in MSM, says group CEO



*He says while FGV is open to all options to strengthen its sugar biz, it will remain as a major shareholder in MSM*

**by ALIFAH ZAINUDDIN / pic by MUHD AMIN NAHARUL**

FGV Holdings Bhd said it has no interest in giving up its decision-making powers amid plans to dispose of a portion of its 51% stake in sugar producer MSM Malaysia Holdings Bhd.

Its group CEO Datuk Haris Fadzilah Hassan said while FGV is open to all options – including a stake sale – to strengthen its sugar business, the planter will remain as a major shareholder in MSM.

“FGV is an agriculture player. We believe, being the largest crude palm oil producer in Malaysia, food is the way forward.

“The demand for food and energy will always be growing, so we would like to stay in the food business. Sugar is part of it and we believe there is a big potential there,” Haris told a news conference in Kuala Lumpur yesterday.

FGV has a controlling stake in MSM which is the largest refined sugar producer in the country with a 60% domestic market share and an annual refining capacity of 2.2 million tonnes, making it the eighth-largest globally.

Speculation about a potential stake sale rose last month after the plantation giant confirmed that it is in talks with several players in the sugar industry to alleviate MSM’s performance, which has been dampened by low raw sugar prices and rising competition from imported sugar.

It was reported that at least four companies are eyeing a stake purchase, including JAG Capital Holdings Sdn Bhd, an investment holding company linked to former Second Finance Minister Datuk Seri Johari Abdul Ghani. Others are Wilmar International Ltd, an Indonesian company and a Chinese firm.

“The big market for sugar today is China, India and Indonesia, so naturally we are looking at a collaboration to strengthen MSM — either in the upstream segment, or in terms of markets for export opportunities.

“We have a 2.2 million tonnes capacity, but the demand in Malaysia is only at 1.6 million tonnes. There is an opportunity for us to serve both the domestic market and find opportunities to expand overseas. So, we are open and are on the lookout for opportunities to strengthen the business,” Haris said.

On a separate note, Haris said the company’s board of directors are in active discussions with major stakeholders on its remuneration package. However, no solid decision has been made yet.

“They are talking and they will issue a statement on this, but yes, they are still working without fee. This just demonstrates the board’s commitment to turn the company around, so I commend them for their dedication. But again, this is something that our board of directors and shareholders need to come to terms with,” he said.

*The Malaysian Reserve* recently reported that the planter is keen to seek solutions to end the directors’ salary saga and ensure the continuity of the company’s turnaround plan. However, there is no immediate plan for holding an EGM.

Earlier in June, the Federal Land Development Authority (Felda) made an unprecedented move at FGV’s annual meeting by rejecting all three resolutions linked to the remuneration of the board, leaving the future of the company’s directors hanging in the balance.

Felda, which owns more than two-thirds of FGV’s total landbank, shunned a pay package for its board committees as the amount is deemed to be unreflective of the company’s poor financial performance, according to a recent statement by Deputy Economic Affairs Minister Dr Mohd Radzi Md Jidin.

Mohd Radzi also noted that the remuneration package was the highest compared to other plantation listed companies. Other institutional shareholders who voted against the proposal were Koperasi Permodalan Felda Malaysia Bhd and the Armed Forces Fund Board.

**AGENCY:** The Malaysian Reserve (Online)

**LINK:** <https://themalaysianreserve.com/2019/08/01/fgv-wants-to-keep-decision-making-power-in-msm-says-group-ceo/>