FGV Liquidates Two Companies

As part of FGV Holdings Berhad's (FGV) transformation programme and the renewed focus on efficiency, accountability and profitability, FGV is liquidating two companies by end of 2019. The two are, Felda Engineering Services Sdn. Bhd. (Felda Engineering) and Felda Properties Sdn. Bhd. (Felda Properties), neither of which is a core business for FGV. The Group currently has about 100 companies, of which 93 are active and operational, though several are not profitable or well-managed.

Felda Engineering and Felda Properties were incorporated in 1994 and 1995 respectively, mainly to support internal housing and construction projects for the Federal Land Development Authority (Felda). Neither Felda Engineering, which is a project management company, nor Felda Properties has undertaken much work outside of the Felda Group and/or FGV.

Since FGV's listing in 2012, Felda's subsidiary Felda Investment Corp (FIC) has taken over much of the work previously undertaken by Felda Engineering and Felda Properties. Additionally, FGV's Plantation Sector already has inhouse capacity to manage and maintain its own facilities.

FGV was in discussions with Felda for almost a year from February 2018, and also with the settlers' cooperative, Koperasi Permodalan Felda Malaysia Berhad (KPF), from November 2018 on the possible takeover of Felda Engineering and Felda Properties. Neither Felda nor KPF agreed to acquire the two companies.

Pursuant to the planned liquidation of the companies, FGV has offered severance packages to a total of 135 employees, in accordance with Malaysia's labour laws and regulations. Each affected employee will receive between 10 and 30 months of his or her current monthly salary, depending on years of service to the Group. All the 135 employees will also receive full medical insurance coverage until 31 December 2019. Additionally, FGV is offering outplacement assistance to all affected employees to help facilitate a smooth transition.

Since the management made the decision to exit the two businesses a year ago, a total of 23 employees from Felda Engineering and Felda Properties have been absorbed into other parts of the Group. FGV will continue to seek every opportunity to reskill or redeploy its displaced manpower, where possible.

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