

NFCorp: It's our right

> Investment done without breach of loan agreement, says company

KUALA LUMPUR: National Feedlot Corporation Sdn Bhd (NFCorp) claimed yesterday that it had the right to invest in properties despite claims otherwise.

In a statement released yesterday, NFCorp said the loan agreement had to be read concurrently with the implementation agreement, the powers of the company as set out in its memorandum and articles of association and other related documents.

According to the company, in law, the articles of association represent the understanding between the shareholders of the company on their relationship with each other and the powers of the company as a legal entity on how it would actually conduct its business under the law and in accordance to the Companies Act 1965.

“Under the Third Schedule in NFCorp’s

memorandum and articles of association, Article 19 (K) entitles NFCorp to invest and deal with the money of the company not immediately required in such manner as may from time to time be thought fit.”

NFCorp said that it was important that the loan agreement be read together with the implementation agreement and the company’s memorandum and articles of association for a holistic understanding of the Finance Ministry’s terms and conditions for the loan.

The company said as such, allegations made by PJ Utara MP Tony Pua that NFCorp had violated conditions of the loan agreement were clearly meant to mislead the public as he had provided the media with only a selective set of the facts.

“His accusations,” NFCorp said, “did not reflect the full details and true picture on the use of the loan approved by the government for the National Feedlot Centre (NFC) programme.”

NFCorp said just prior to the NFC programme being suspended,

NFCorp had taken its sixth draw down amounting to RM64.723 million as per schedule. However, in the following month, the government announced that the Export Quality Abattoir was deferred until a full viability study was done. This made a stringent call for the company to decide what to do with the drawn down funds.

NFCorp said the amount drawn down from the special loan account is irrevocable which meant it could not be returned. In addition, the interest rate cost for the funds transferred to the special loan account becomes chargeable regardless of how much of the RM250 million had been specifically drawn down for the various stages of the project.

Therefore, the investment decision was well within the powers of the company as set up in its memorandum and articles of association that provides for NFCorp, “to invest and deal with the money of the company not immediately required in such manner as may from time to time be thought fit”.