

## MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia – Company No. 524989-M)

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# Plantation investment scheme **withering?**

> Management to meet investors on Oct 2 to discuss way forward

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**PETALING JAYA:** Golden Palm Growers Bhd's plantation investment scheme, which allows investors to own oil palm plots without the hassle of becoming a smallholder, appears to be shrivelling, disappointing its investors who have waited more than seven years to reap promised returns.

The company, previously known as SPC Sawit Sdn Bhd, began its operations in August 2010. It is part of Australian stock exchange-listed Sterling Biofuels International Ltd.

Golden Palm Growers recorded RM3.48 million in revenue with net loss of RM23.98 million for the financial year ended June 30, 2016, based on its latest filing with the Companies Commission of Malaysia.

Sterling Plantations Ltd owns a 99.7% stake in the company, while the remainder is owned by Saham Bangsa Sdn Bhd. It counts Datuk Paragash C.R. Suberamaniam, group managing director and executive chairman of Sterling Plantations, as its director,

The company previously said that in the first six years of development, investors will receive a guaranteed return of 6% a year plus a discretionary bonus.

In a recent note, the local think-tank Minority Shareholder Watchdog Group (MSWG) said the management company of the investment scheme has called its investors to a meeting on Oct 2, 2017 to determine the scheme's future.

The organisation said the management is seeking approval from the growers for a grace period of 12 months to find an "optimal realisation" for the plantation; and an immediate sale of the plantation which "may result in a distressed and lower price sale".

"Notwithstanding the bar for governance had been set reasonably high (being governed by the Companies Commission of Malaysia under the 'Sharefarming Scheme' category), losses are now looming for the investors.

"While it might have appeared fundamentally sound and backed by real plots of land at the time, investors need to realise that annual income yields of between 8% and 9% are difficult to achieve on a consistent basis, especially in a sector as cyclical and

susceptible to other asset classes as crude palm oil, so the appropriate caution should have been exercised," it said.

The local think-tank said it believes that the scheme's promoter failed to take into consideration of the rising operation cost of managing oil palm plantations, which could then have adversely affected its financial position and caused the scheme to default on the payment of the income yield.

Meanwhile, MSWG has been making efforts to engage with the regulator, management company and investors to get an insight and explanation on the issues concerning the scheme.

MSWG will hold a forum with affected growers today to facilitate a discussion on the issues with the scheme.

The country's first oil-palm farm sharing scheme, Country Heights Growers Scheme, founded by Tan Sri Lee Kim Yew, went bust in 2012 five years after its launch. Some 10,000 growers were compensated however a year later, with three payments totalling RM319 million. This was reportedly compared to the RM215.5 million raised in 2007.

