

## MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Company No. 524989-M)

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### CHGS growers urged to consider terminating scheme

**PETALING JAYA:** Plentiful Gold-Class Bhd founder and chairman Tan Sri Lee Kim Yew has urged all growers of Country Heights Growers Scheme (CHGS) to consider the proposed voluntary termination of the scheme, stressing that the holding company – Bee Garden Holdings Sdn Bhd – would pay the shortfall between the final sale price of the land and the total buyback amount to investors.

"I urge all the growers to seriously consider accepting the proposal and the one-to-one buyback, plus the net yield payout for 2007-2011 of RM78.5mil. This would mean that the growers will receive in the end, a total of RM294mil compared with the total one-time funds raised of RM215.5mil when it was first launched in 2007," Lee said in a statement.

CHGS was Malaysia's first oil palm plantation investment scheme. It is managed by Plentiful, which, in turn, is a wholly owned subsidiary of Bee Garden.

The company had in the last five years paid out 48% of returns in total, giving an 8% return per annum for the first three years and 12% in the

consequent years.

However, net yield dividend for 2012, due on Feb 14 this year, would lapse.

"Based on the financial model, Plentiful will have to pay out another net yield dividend by Feb 14 this year. The company has no cash to pay out net yields and is not allowed to make any borrowings or charge the land to raise additional funding," Lee explained.

According to Lee, CHGS was not able to reach its full potential because its estate was bearing poor fresh fruit bunches (FFB) yield. He added that the company had already highlighted the various challenges affecting the development and operation of the oil palm estate in a recent circular to investors. These included unpredictable weather conditions, incursions of wild elephants into the plantation, poor soil fertility, shortage of key personnel and manual workers, and uncompromising terrain.

Lee said: "Without the expected output and FFB yield income, the

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### Disgruntled investors to hold meeting with MSWG on Feb 4

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management is not in a financial position to pay out net yield continuously based on the contracted rate, as doing so puts it at a risk of default.

"Should the company go into default, the appointed trustee (CIMB Commerce Trustee Bhd) will have to take over the Gua Musang plantation land, and ultimately, wind up this interest scheme. If and when the trustee takes over, the management of the company would not be able to influence or manage the outcome of the issue any longer," he explained.

According to Lee, the company's board of directors were receptive to putting the estate up for sale via an



Tan Sri Lee Kim Yew

open tender in the market immediately after the proposed voluntary termination is passed through, should the growers agree, with a reserve price of RM170mil.

"Any shortfall between the final sale price and total buyback amount will be borne by the holding company, via a fully enforceable letter of undertaking.

This is to clear the misconception of many investors on the estate's worth of being much more than its current value, and that the management company is in a rush to privatise it for personal gains," he said.

A general meeting will be held early next month on the eve of Chinese New Year in relation to the proposed voluntary termination of the investment scheme.

"I need to clarify on the concern many growers have on calling for the Feb 8 growers meeting. The

decision is a must to avoid Plentiful from defaulting on its obligations," Lee explained in his letter.

In the event of default, the scheme would have to be handed over to the trustee. Plentiful would subsequently not have any more control over whatever decisions made for the scheme.

When contacted, some of the disgruntled investors said they were still pursuing an adjournment of the meeting.

One of the investors told *StarBiz* that the Minority Shareholder Watchdog Group (MSWG) had agreed to take up their case. A meeting would be held with the MSWG on Feb 4 to discuss the right course of action.