

**MSWG****MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

30 September 2017

## VOICE OF MSWG

### *UPDATES ON FORUM HELD ON GOLDEN PALM GROWER SCHEME (GPGS) ISSUES*

At the forum held at MSWG's office on 26 September 2017, serious concerns were raised by the investors/growers pertaining to the Management Company's proposed early termination of the Scheme. The investors/growers could not accept the profitability and cash flow "challenges" given by the Management Company, especially at this 7<sup>th</sup> year of the Scheme when the FFB yield is expected to improve.

The most serious concern of the investors/growers was of course their inability to recover their capital investment including future benefits. Clearly the investors/growers have indicated their disappointment at the need of the Management Company to prematurely seek termination of the Scheme. Investors/Growers also remained uncertain on the decision to vote for or against the resolutions tabled for the general meeting due to lack of pertinent information in the notice such as the reserve price for the estate and how the net proceeds would be distributed.

MSWG views it seriously that the management of GPGS might not have managed the company well resulting in its value being destroyed or eroded. Under the proposed Resolution 1, even if the management were to be given more time to manage the plantation, hoping to secure better value for the plantation, it is also doubtful whether any better positive outcome can be achieved since the Management Company has been given reasonable time to manage it in the past and moreover with the continuing challenges and problems, the situation could be worse.

With the early termination, MSWG is also concerned whether the distribution could be equitably carried out and not favoured in regard to the plots still held by the Management Company.

In addition, the investors/growers were questioning the integrity of the Management Company as they felt that they were misguided or misled into entering the Scheme or purchasing additional plots just three (3) months before the Notice of the Closure was issued. The Management Company should have known the plan to terminate the Scheme at least six (6) months before the Notice was issued.

We also wish to highlight that some of the growers had pointed out that the most serious concern is the inability of GPGS to pay back fully to the investors the principal sum of money invested thus causing them to suffer losses on their hard-earned money although it is also a concern that the investors would also not be able to receive the latest annual net yield as originally promised under the scheme.

We too noted that the greatest risk for the growers of losing their investment if the concession owner, Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan (“PLRKN”) terminates the Concession Agreement due to the Management Company being insolvent or wound up or being in default of the Concession Agreement.

In view of the above, MSWG’s advice is for all investors/growers to attend and exercise their rights to ask questions and vote at the meeting to be held on 2 October 2017. MSWG also highlights that pertinent questions should be asked at the meeting, such as:-

- How the net proceeds will be distributed, i.e. by Growers Plot created or by Growers Plots sold?;
- What is the amount of the Reserve Fund kept by the Trustee and will this Reserve Fund be distributed upon closure of the Scheme?;
- Will the Management Company be able to secure a realisation that will enable the investors/growers to recover 100% of their initial investment within 12 months as proposed Resolution 1 if they are given the mandate to do so?; and
- Will there be a Reserve Price under Resolution 2?

**MSWG TEAM**

29 September 2017

### MSWG’S AGM WEEKLY WATCH 2 - 6 OCTOBER 2017

For this week, the following are some of the questions that will be raised at the EGM of Chemical Company of Malaysia Berhad which is under the MSWG’s watch list. The full details of the questions can be obtained on MSWG’s website at [www.mswg.org.my](http://www.mswg.org.my).

Date & Time	Company	Venue
03.10.17 (Tue) 10.30 am	Chemical Company of Malaysia Bhd (EGM)	Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, KL

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Chemical Company of Malaysia Bhd (EGM)	<p>(1) The Group’s gearing ratio is relatively high at about 1.51 times after the Proposed Share Consolidation and the Proposed Distribution:</p> <ul style="list-style-type: none"> <li>(i) What would be the impact on the Group’s gearing ratio upon the completion of the Proposed CCMC Acquisition?</li> <li>(ii) Would the capital expenditures for the chemical and polymers businesses further increase the gearing ratio of the Group?</li> <li>(iii) What is the Group’s optimal or targeted net gearing ratio in post-Proposals?</li> </ul> <p>(2) In the Circular to shareholders, the Board proposed to consolidate every three existing shares of the Company into 1 ordinary share. What benefit can this Proposed Share Consolidation bring to shareholders, especially the minority shareholders?</p>

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## LOCAL NEWS AND DEVELOPMENTS

Leading index climbs 0.2% to 118.1

<http://www.thestar.com.my/business/business-news/2017/09/22/leading-index-climbs-02-to-1181/>

Car sales drop marginally in August, higher month-on-month

<https://www.nst.com.my/business/2017/09/281867/car-sales-drop-marginally-august-higher-month-month>

SME sector growth outpaces GDP growth in 2016

<http://www.theedgemarkets.com/article/sme-sector-growth-outpaces-gdp-growth-2016>

August CPI up 3.7%

<http://www.thesunday.my/news/2017/09/20/august-cpi-37>

Global Emerging Market Regulators Accelerate Efforts Towards Development of Sustainable Finance and Strengthening of Cyber Resilience

[https://www.sc.com.my/post\\_archive/21302-2/](https://www.sc.com.my/post_archive/21302-2/)

Response to Bloomberg article entitled “Malaysia reserve buffer seen by Moody’s as among the weakest in Asia”

[http://www.bnm.gov.my/index.php?ch=en\\_press&pg=en\\_press&ac=4510&lang=en](http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4510&lang=en)

New external auditors proposed for K-Star Sports

<http://www.theedgemarkets.com/article/new-external-auditors-proposed-kstar-sports>

Miti expects SMEs grasp Industry 4.0 concept by year-end

<http://www.thesunday.my/news/2017/09/21/miti-expects-smes-grasp-industry-40-concept-year-end>

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## GLOBAL NEWS AND DEVELOPMENTS

Fed conflicted by weak US inflation, global economic rebound

<http://www.theedgemarkets.com/article/fed-conflicted-weak-us-inflation-global-economic-rebound>

China’s command economy

<http://www.thestar.com.my/business/business-news/2017/09/23/chinas-command-economy/>

Moody’s downgrades UK’s rating on Brexit and growth fears

<http://www.thestar.com.my/business/business-news/2017/09/23/moodys-downgrades-uks-rating-on-brexit-and-growth-fears/>

Japan’s Abe expected to announce snap poll amid worries over North Korea crisis

<http://www.theedgemarkets.com/article/japans-abe-expected-announce-snap-poll-amid-worries-over-north-korea-crisis>

S&P downgrades China, says rising debt is stoking economic, financial risks

<http://www.thestar.com.my/business/business-news/2017/09/22/sp-downgrades-china-says-rising-debt-is-stoking-economic-financial-risks/>

UK budget deficit unexpectedly narrows in boost for Hammond

<http://www.thestar.com.my/business/business-news/2017/09/22/uk-budget-deficit-unexpectedly-narrows-in-boost-for-hammond/>

German economy to grow robustly

<http://www.thestar.com.my/business/business-news/2017/09/22/german-economy-to-grow-robustly/>

Japan's Central Bank keeps policy unchanged amid unexpected dissent

<http://www.theedgemarkets.com/article/japans-central-bank-keeps-policy-unchanged-amid-unexpected-dissent>

China hits back at US over trade, says unilateralism is 'unprecedented challenge'

<http://www.theedgemarkets.com/article/china-hits-back-us-over-trade-says-unilateralism-unprecedented-challenge>

Google to acquire HTC's Pixel smartphone division in US\$1.1b deal

<http://www.theedgemarkets.com/article/google-acquire-htcs-pixel-smartphone-division-us11b-deal>

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## MSWG Analysts

Lya Rahman, General Manager, [lyarahman@mswg.org.my](mailto:lyarahman@mswg.org.my)

Rebecca Yap, Head, Corporate Monitoring [rebecca.yap@mswg.org.my](mailto:rebecca.yap@mswg.org.my)

Quah Ban Aik, Head, Corporate Monitoring [banaik.quah@mswg.org.my](mailto:banaik.quah@mswg.org.my)

Norhisam Sidek, Manager, Corporate Monitoring [norhisam@mswg.org.my](mailto:norhisam@mswg.org.my)

Wong Kin Wing, Manager, Corporate Monitoring, [kinwing@mswg.org.my](mailto:kinwing@mswg.org.my)

Hoo Ley Beng, Manager, Corporate Monitoring [linnert.hoo@mswg.org.my](mailto:linnert.hoo@mswg.org.my)

Elaine Choo, Manager, Corporate Monitoring, [elaine.choo@mswg.org.my](mailto:elaine.choo@mswg.org.my)

Muhammad Faris bin Mohamed Yusof, Analyst, Corporate Monitoring [farisyusof@mswg.org.my](mailto:farisyusof@mswg.org.my)

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### DISCLOSURE OF INTERESTS

- *None of the MSWG staff has any interest in the Golden Palm Growers Scheme.*

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### Feedback

We welcome your feedback on our newsletter and our work. Email us at [watchdog@mswg.org.my](mailto:watchdog@mswg.org.my) with your comments and suggestions.

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