

THIS NOTICE OF MEETING AND EXPLANATORY MEMORANDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your solicitor, accountant or such other professional adviser(s) immediately.

GOLDEN PALM GROWERS SCHEME

NOTICE OF MEETING OF GROWERS

AND

EXPLANATORY MEMORANDUM

This Notice of Meeting and Explanatory Memorandum is dated 30 March 2019

The resolutions in respect of the proposals in this Notice of Meeting and Explanatory Memorandum will be tabled for your consideration at our meeting of Growers ("**Growers Meeting**") to be held at Bangunan Peladang (Multi Purpose Hall), 2, Jalan Templer, Off Jalan Klang Lama, 46000 Petaling Jaya, Selangor, Malaysia on Monday, 22 April 2019 at 9.30 a.m., or any adjournment thereof. You may appoint a proxy or proxies to attend and vote on your behalf. We have enclosed the Notice of Meeting in respect of the proposals to be tabled, together with the Proxy Form.

The Proxy Form must be completed and lodged at Golden Palm Growers Berhad's business office at Unit A-25-12, Level 25, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000, Kuala Lumpur, Malaysia no later than the date and time indicated below or any adjournment thereof, should you be unable to attend our Meeting. The lodging of the Proxy Form does not preclude you from attending and voting in person at the Meeting, in lieu of your proxy, should you subsequently wish to do so.

Last day and time for lodging
the Proxy Form : 20 April 2019 at 9.30 a.m.

Date and time of the Meeting : 22 April 2019 at 9.30 am or any adjournment thereof

Venue of the Meeting : Bangunan Peladang (Multi Purpose Hall), 2, Jalan Templer,
Off Jalan Klang Lama, 46000 Petaling Jaya, Selangor,
Malaysia

YOU ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS NOTICE OF MEETING AND EXPLANATORY MEMORANDUM BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT OUR FORTHCOMING MEETING.

DEFINITIONS AND INTERPRETATION

The words and expressions in this Notice of Meeting and Explanatory Memorandum shall have the following meanings unless the context such otherwise requires:-

DEFINITION	MEANING
Act	The Companies Act, 2016;
Closure Meeting	has the meaning specified in Paragraph 1 of Section A of this Notice (Executive Summary) ;
Concession	the concession granted by Perbadanan Pembangunan Ladang Rakyat Negeri Kelantan, a state government agency pursuant to the Plantation Land Development Agreement wherein the Management Company was granted a 90-year concession to develop, manage and maintain an oil palm plantation on the Land;
Definitive Agreements	has the meaning specified in Paragraph 4(d)(i) of Section A (Executive Summary) ;
Entitlement Date	22 April 2019, being the date of the Meeting;
GPGB or Management Company	Golden Palm Growers Berhad (Co. No. 762196-T), with its business office at Unit A-25-12, Level 25, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000, Kuala Lumpur, Malaysia;
GPGB Shares	ordinary shares in the Management Company;
Grower	a person who is registered as a holder of a Grower Plot in the Register of Growers and includes the Management Company for so long as the Management Company holds a Grower Plot;
Grower's Certificate	the certificate of ownership issued by the Management Company to the Grower with respect to their Grower Plot(s);
Grower's Management Agreement	the agreement entered into between the Grower and the Management Company with respect to the Growers Scheme;
Grower Plot	an interest under the Growers Scheme that entitles the holder to the Net Yield;
Growers Scheme	an oil palm plantation growers scheme established pursuant to the Companies Act 1965 (now superseded by the Interest Schemes Act, 2016), whereby the Management Company created a total of 44,000 Grower Plots over the Plantation;
Land	the 3 pieces of land measuring approximately 11,280 acres held under H.S(D) 4185 PT5535, H.S(D) 4186 PT5536 and H.S(D)4187 PT5641 in Mukim of Ulu Nenggiri, District of Gua-Musang, State of Kelantan which is the subject of the Plantation Land Development Agreement dated 12 September 2007;
Net Yield	the yield payable to a Grower under Clause 4.1 of the Trust Deed;

Plantation	an oil palm plantation that is being developed, managed and maintained by the Management Company on the Land pursuant to and under the Concession;
Potential Investor	a potential investor other than the Growers and SPL who has expressed interest to subscribe for GPGB Shares or whom the Management Company seeks to invite to subscribe for GPGB Shares (as the case may be) as contemplated in the Proposals;
Proposals	the proposals as detailed in Section C of this Notice (Details of the Proposals) ;
Proposed Corporate Restructuring Exercise	has the meaning specified in Paragraph 4(a) of Section A of this Notice (Executive Summary) ;
Proposed Final Sale	means sale by public tender of the interest of the Management Company in the Plantation/Concession or part thereof as described in Paragraph 1.1(b) of Section C.2 of this Notice (Proposed Sale by Public Tender and Proposed Final Sale) ;
Proposed Sale by Public Tender	means sale by public tender of the interest of the Management Company in the Plantation/Concession or part thereof in the event of non-completion of the Proposed Corporate Restructuring Exercise by the Specified Deadline as described in Paragraph 1.1(a) of Section C.2 of this Notice (Proposed Sale by Public Tender and Proposed Final Sale) ;
Realisation Period	has the meaning specified in Paragraph 1 of Section B of this Notice (Update on the Results of the Sales Strategy & Rationale for the Proposals) ;
Specified Deadline	31 May 2019;
SPL	Sterling Plantations Limited (ACN 119 880 492), a company incorporated in Australia which is listed on the Australian stock exchange and is the parent company of the Management Company;
Trustee	MTrustee-Berhad (formerly Am Trustee Berhad) (Company No. 163032-V), a public company incorporated in Malaysia and registered as a Trust Corporation under the Trust Companies Act 1949 with its registered office at B-2-9 (2 nd Floor), Pusat Perdagangan Kuchai, No.2, Jalan 1/127, off Jalan Kuchai Lama, 58200 Kuala Lumpur; and
Trust Deed	the deed dated 26 July 2010 entered into between the Management Company, Trustee and the Growers (as amended from time to time).

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A. EXECUTIVE SUMMARY

1. In this Notice of Meeting and Explanatory Memorandum (“**Notice**”), we will set out the results of the mandate given to the Management Company upon the closure of the Growers Scheme at the Growers Meeting on 2 October 2017 (“**Closure Meeting**”) and our Proposals.
2. Details of our efforts in executing the sales strategy are set out in **Section B of this Notice (Update on the results of the Sales Strategy)**.
3. The Management Company together with the Growers Action Committee (who were appointed by the Growers at the Closure Meeting) have been exploring various sales options in the last 15 months, which we have kept the Growers informed of the progress. However, viable proposals for an outright sale had not been forthcoming due to the current climate and circumstances, including the current weak crude palm oil prices, the global economic uncertainty, the local political and economic situation and the location of the Plantation in Kelantan. In October 2017, the Plantation was valued at RM 220 million. In the most recent valuation in January 2019, the Plantation was valued at RM 242 million.
4. **Growers becoming Shareholders together with a Potential Investor and termination of the Growers Scheme (the option that offers better value to Growers)**
 - (a) In view of the above, we propose to undertake a corporate restructuring exercise so as to have all the Growers, SPL and a Potential Investor, participate as shareholders in the Management Company to ensure that the development of the Plantation continues (“**Proposed Corporate Restructuring Exercise**”).
 - (b) At the time of issuance of this Notice, we are at the preliminary stage of discussions with a Potential Investor.
 - (c) The Potential Investor is a company incorporated in Malaysia that has experience in the oil palm plantation sector. At this preliminary stage, the key terms being discussed involves a proposed subscription of a 20% of enlarged share capital of the Management Company which will result in the Management Company receiving an injection of fresh funds in the amount of RM 19.3 million. The objective is to have sufficient funds to proceed with development of the Plantation and achieve an increased value for the Plantation thereby allowing the Plantation to plan a future exit strategy, when crude palm oil prices improve, the stock market options are bullish and the general state of global and regional and local economies improve.
 - (d) The steps required for this Proposed Corporate Restructuring Exercise for the Growers to become shareholders together with a Potential Investor are set out below:
 - (i) Phase 1

Execution of definitive agreements with a Potential Investor to address the terms of the proposed private placement of GPGB Shares to raise fresh funds of RM 19.3 million to fund the ongoing development of the Plantation (“**Definitive Agreements**”).
 - (ii) Phase 2

Upon satisfaction of all conditions precedent in the Definitive Agreements (including approvals from all relevant authorities or parties for the issuance of shares to the Growers):

 - (aa) the issuance of GPGB Shares to the Growers as full and final settlement of all sums due and owing to the Growers pursuant to the Growers Scheme resulting in their Grower Plots being swapped/exchanged for GPGB Shares; and
 - (bb) the issuance of GPGB Shares to SPL or such nominated subsidiary as

full and final settlement of their entitlement of Growers Plots resulting in Grower Plots of the Management Company being swapped/exchanged for GPGB Shares.

- (e) The Management Company seeks the approval of the Growers for the implementation of the above Corporate Restructuring Exercise at a meeting of the Growers to be convened pursuant to this Notice.
- (f) Subject to approval being obtained from the Growers for Phase 1 and 2, the Management Company will obtain approvals from all relevant authorities or parties to approve Phase 2 and facilitate the execution of Phase 2.
- (g) The Proposed Corporate Restructuring Exercise at the Management Company is subject to the Management Company obtaining the requisite approvals, registration and/or consents from the relevant parties and/or the relevant regulatory.
- (h) We are working towards achieving finality in terms of termination of the Growers Scheme. To this end, we propose to achieve completion of Phase 1 and Phase 2 on or before the Specified Deadline subject only to and pending approvals from all relevant authorities or parties.
- (i) If completion is not achieved by the Specified Deadline, we propose to abort the transaction. Thereafter, we will initiate the Proposed Sale by Public Tender, to distribute the net proceeds arising from the Proposed Sale by Public Tender to the Growers and thereafter to terminate the Growers Scheme.
- (j) The Growers Scheme will be terminated when either the Proposed Corporate Restructuring Exercise or the Proposed Sale by Public Tender (as the case may be) is completed.

5. **Growers remain as Growers pending Disposal by way of Final Sale**

If the Growers are not agreeable to the Proposed Corporate Restructuring Exercise and do not wish to become shareholders, the alternative is to initiate the Proposed Final Sale, to distribute the net proceeds arising from the Proposed Final Sale to the Growers and thereafter to terminate the Growers Scheme.

6. **Finality in terms of Outcome**

We seek to have finality in terms of outcome and that is why there are 2 key proposals presented for consideration by the Growers.

B. UPDATE ON THE RESULTS OF THE SALES STRATEGY & RATIONALE FOR THE PROPOSALS

- 1. As you are aware, the Growers Scheme was closed on 2 October 2017 with an approval of 98.2% of Growers present and voting in the Closure Meeting. Pursuant to the resolution passed at the Closure Meeting, the Management Company was given a mandate to implement a sales strategy to preserve or maximise value to the Growers and a period of 12 months was given to implement the sales strategy or such longer period not exceeding 90 days as the Trustee may agree, at the request of the Management Company ("**Realisation Period**").
- 2. However, as mentioned above in **Section A of this Notice (Executive Summary)**, viable proposals for an outright sale were not forthcoming even after proceeding with public advertisements inviting bids for the Plantation. We have set out in **Appendix A** the approach process that had been undertaken by the Management Company for the sale of the Plantation.
- 3. The Plantation continues to increase in value since October 2017 with the recent Ian Scott International (M) Sdn Bhd providing a valuation of RM 242 million in January 2019. This compares favorably with the October 2017 valuation approximating RM 220 million.

4. For reasons stated above and in the interest of preserving or maximizing value to the Growers, the Management Company is of the view that the only viable option during these challenging times is not to proceed with an outright sale but to invite a Potential Investor to inject the necessary funds for the continuation of the Plantation development and to restructure our corporate model by way of a debt equity swap exercise whereby the Growers will swap their respective Grower Plots and all accrued entitlements thereunder with GPGB Shares in full and final settlement of all sums due and owing to the Growers pursuant to the Growers Scheme.
5. Please see Paragraph 3 of **Section C.1 of this Notice (The Corporate Structure of the Management Company Before and After Implementation of the Corporate Restructuring Exercise)** for the proposed corporate structure post-restructuring.
6. The Management Company also reiterates that by the Growers, becoming shareholders, their investment shelf life is extended for a further 78 years (till 2097) which is the remaining duration of the Concession. This is much longer compared to the Growers' initial investment under the Growers Scheme which is to last until 2033 only. Collectively, the shareholders of the Management Company will have a 4,565 hectare land asset that is expected to increase steadily in the years to come after the completion of the development of the Plantation. Having the Concession for the Plantation is a massive plus as land becomes scarce and increases in value.
7. In addition, the existing Growers will not be required to fork out additional cash for injection into the Management Company. The cash injection will be from the Potential Investor as a result of the subscription by the Potential Investor of 20% of the enlarged share capital whereby the Management Company will receive an injection of fresh funds in the amount of RM 19.3 million. As a result of the subscription of shares by the Potential Investor, the existing Growers will experience a dilution to their equity interest. This dilution will principally be off-set by future substantial increases in the valuation of the Plantation.
8. It is for this reason and the reasons stated in **Section A of this Notice (Executive Summary)** that we are proposing the Proposed Corporate Restructuring Exercise where, subject to the requisite approvals having been obtained, we would secure the necessary capital to maintain and further develop the Plantation. The proceeds from the Proposed Corporate Restructuring Exercise will be principally utilised to continue to enhance the value of the Plantation with the objective of providing an upside to the current valuation upon an exit at the later stage. Barring any unforeseen circumstances, it is anticipated that the valuation should progressively move towards the RM 350 million to RM 400 million range over the short to medium term, once the Plantation has been fully planted and developed.
9. The Management Company will not be able to repay the Growers in cash. However, the Management Company will be able to settle its debts pursuant to the restructuring of the Management Company's liabilities to the Growers under the Proposed Corporate Restructuring Exercise. It is envisaged that the Proposed Corporate Restructuring Exercise will prepare the Management Company (and by extension, its shareholders) for a possible future exit or listing when the market conditions and profitability of the Plantation improves.
10. If the Proposed Corporate Restructuring Exercise whereby Growers become shareholders together with a Potential Investor is not agreeable to the Growers, the alternative is for the Management Company to initiate a sale by public tender of its interest in the Plantation/Concession or part thereof, to distribute the net proceeds arising from the disposal by way of public tender to the Growers and thereafter to terminate the Growers Scheme.
11. The following sections will detail out our Proposals.

C. DETAILS OF THE PROPOSALS

C.1 PROPOSED CORPORATE RESTRUCTURING EXERCISE

1. Continuing as a Plantation Company

- 1.1 Under the Proposed Corporate Restructuring Exercise, the Management Company will be able to continue as an ongoing entity having a share capital in place of the Grower Plots. With the financing of RM 19.3 million from the Potential Investor, the Management Company will convert to a full-fledged plantation company.
- 1.2 The tables, diagrams/charts set out in this section will provide an overview of the corporate restructuring at the Management Company and more details as to how the Proposed Corporate Restructuring Exercise will impact the Growers at the Management Company level including the restructuring of the Management Company's liability to the Growers.

2. Overview of the Proposed Corporate Restructuring Exercise of the Management Company

- 2.1 The Proposed Corporate Restructuring Exercise entails the following as full and final settlement of the Grower Plots and all accrued entitlements, for the Growers and SPL or such nominated subsidiary, together with the swap of the total liabilities to the Growers and the participation of the Potential Investor:

2.2 Growers – Grower Plots

- 2.2.1 All Growers whose names are registered as holder(s) of Grower Plot(s) in the Register of Growers as at the Entitlement Date will swap their respective Grower Plots and all accrued entitlements thereunder with GPGB Shares in full and final settlement of all sums due and owing to the Growers pursuant to the Growers Scheme.
- 2.2.2 The Management Company proposes to issue GPGB Shares in full and final settlement of the aggregate value of all Grower Plots.
- 2.2.3 The aggregate of the value of all 26,550 Grower Plots held by the Growers (i.e. 60.3% of the total 44,000 Grower Plots) amount to RM 218,545,360, resulting in the total number of GPGB Shares to be issued to the Growers, for 218,545,360 GPGB Shares.
- 2.2.4 The aggregate value of the 2017 Net Yield payable to all Growers is RM 18,251,293 resulting in the total number of GPGB Shares to be issued to the Growers, for 18,251,293 GPGB Shares.
- 2.2.5 Therefore, the total number of GPGB Shares to be issued to the Growers will be 236,796,653 GPGB Shares.
- 2.2.6 Upon issuance of the GPGB Shares to the Potential Investor, the Growers and SPL (or such nominated subsidiary), all documents issued pursuant to the Growers Scheme, including without limitation, the Growers' Certificate and the Growers' Management Agreement shall cease to have any force or effect.
- 2.2.7 For purposes of illustration, in the case of one Grower Plot acquired at RM 8,000, the number of GPGB shares to be issued to the Grower for the Grower Plot will be 8,000 GPGB Shares. Further, in respect of the 2017 Net Yield payable of RM 720, a further 720 GPGB Shares will be issued to the Grower in full and final settlement of the aggregate value of the Grower Plot and all accrued entitlements thereunder. In total, the Grower will be entitled to 8,720 GPGB Shares.
- 2.2.8 Please refer to Paragraph 4 of **Section C.1 of this Notice (Basis of Computation of New Shares in GPGB for existing Growers and SPL)** for relevant information concerning the computation of the entitlement to GPGB Shares.

2.3 SPL entitlement to Grower Plots

- 2.3.1 With respect to the Management Company's 17,450 Grower Plots (i.e. 39.7% of the total 44,000

Grower Plots), as the Management Company will not be able to issue GPGB Shares to itself, the Management Company will issue GPGB Shares to SPL or such nominated subsidiary, in full and final settlement of the entitlement of the Management Company to the Grower Plots.

- 2.3.2 The total number of GPGB Shares to be issued to SPL or such nominated subsidiary will be 143,639,041 GPGB Shares, which taken together with the existing 5,000,000 GPGB Shares held by SPL or such nominated subsidiary, will result in SPL or such nominated subsidiary holding 148,639,041 GPGB Shares,
- 2.3.3 Please refer to Paragraph 4 of **Section C1. of this Notice (Basis of Computation of New Shares in GPGB for existing Growers and SPL)** for relevant information concerning the computation of the entitlement to GPGB Shares.

2.4. Private Placement

2.4.1 The Potential Investor for this private placement required the following terms:

- (i) the subscription of 96,359,000 GPGB Shares (20% of the enlarged share capital of the Management Company) by the Potential Investor at an issue price of RM0.20, raising RM 19.3 million;
- (ii) the Potential Investor shall undertake management of the Plantation on terms as agreed between the Potential Investor and the Management Company;
- (iii) approval to be obtained from all relevant authorities or parties for issuance of shares to the Growers; and
- (iv) approval to be obtained from all relevant authorities or parties for the transaction contemplated in the Definitive Agreement.

2.5 The number of GPGB shares issued by the Management Company is currently 5,000,000. After the issuance of the GPGB shares to the Growers, SPL or such nominated subsidiary and the Proposed Investor, the number GPGB shares in the Management Company will be increased to 481,794,694.

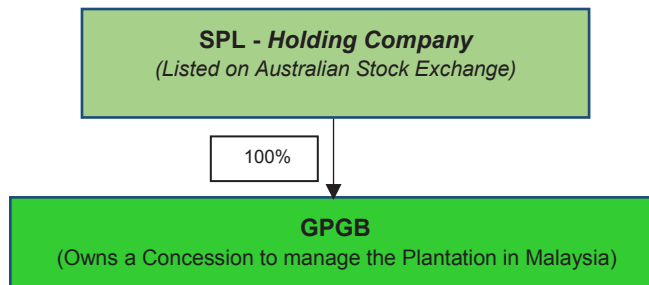
2.6 Please refer to Paragraph 5 of **Section C.1 of this Notice (The Shareholding Position after the implementation of the Proposed Corporate Restructuring Exercise, including the Private Placement)** for the proposed shareholding in the Management Company.

2.7 The Proposed Corporate Restructuring Exercise of the Management Company is subject to the Management Company obtaining the requisite approvals, registration and/or consents from the relevant parties and/or the relevant regulatory authorities.

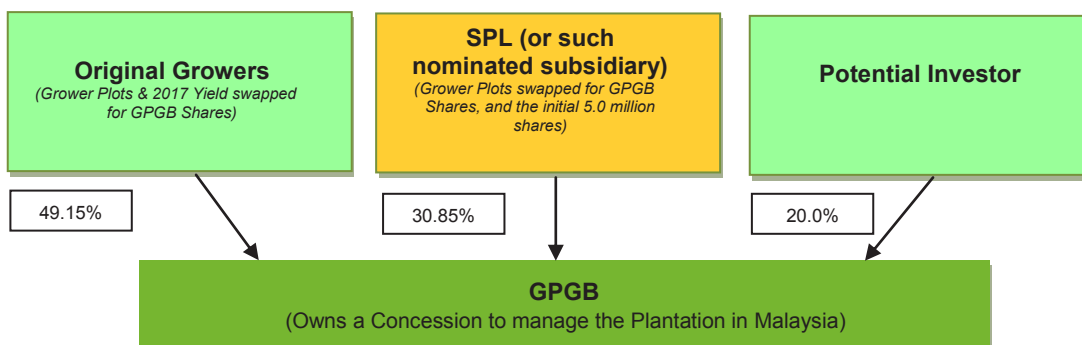
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3. The Corporate Structure of the Management Company BEFORE and AFTER implementation of the Proposed Corporate Restructuring Exercise

3.1 Before Implementation of the Proposed Corporate Restructuring Exercise – Present Structure



3.2 After Implementation of the Proposed Corporate Restructuring Exercise – New Structure



Note:

- (1) The Potential Investor will undertake the management of the Plantation.
- (2) The new Board of Directors who will be elected by all shareholders will monitor the operations of the Plantation.

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4. Basis of Computation of New Shares in GPGB for existing Growers and SPL (or such nominated subsidiary)

CURRENT LIABILITY OF GROWERS FEE	RM 218.545 million												
CURRENT LIABILITY FOR 2017 YIELD	RM 18.251 million												
TOTAL LIABILITY TO GROWERS	RM 236.796 million												
OWNERSHIP OF GROWER PLOTS @ 2 October 2017 <i>(Date of closure of Scheme)</i>	<table border="1"> <thead> <tr> <th></th> <th>No of Plots</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Growers in Total</td> <td>26,550</td> <td>60.3%</td> </tr> <tr> <td>GPGB's Share</td> <td>17,450</td> <td>39.7%</td> </tr> <tr> <td>Total</td> <td>44,000</td> <td>100.0%</td> </tr> </tbody> </table>		No of Plots	%	Growers in Total	26,550	60.3%	GPGB's Share	17,450	39.7%	Total	44,000	100.0%
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DISTRIBUTION OF ENTITLEMENT	<table border="1"> <thead> <tr> <th>DISTRIBUTION OF ENTITLEMENT –Existing Growers</th> <th>Issue of GPGB Shares</th> </tr> </thead> <tbody> <tr> <td>Growers Fees Liability, being 26,550</td> <td>218.545 mill</td> </tr> <tr> <td>Growers Yield (2017)</td> <td>18.251 mill</td> </tr> <tr> <td>Shares issued to Growers</td> <td>236.796 mill</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>DISTRIBUTION OF ENTITLEMENT –SPL</th> <th>Issue of GPGB Shares</th> </tr> </thead> <tbody> <tr> <td>SPL being 17,450 [218.545 ÷ 26,550 X 17,450]</td> <td>143.639 mill</td> </tr> </tbody> </table>	DISTRIBUTION OF ENTITLEMENT –Existing Growers	Issue of GPGB Shares	Growers Fees Liability, being 26,550	218.545 mill	Growers Yield (2017)	18.251 mill	Shares issued to Growers	236.796 mill	DISTRIBUTION OF ENTITLEMENT –SPL	Issue of GPGB Shares	SPL being 17,450 [218.545 ÷ 26,550 X 17,450]	143.639 mill
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SPL being 17,450 [218.545 ÷ 26,550 X 17,450]	143.639 mill												

5. The Shareholding Position after the implementation of the Proposed Corporate Restructuring Exercise, including the Private Placement

5.1 The Shareholding Position after the implementation of the Proposed Corporate Restructuring Exercise, including the Private Placement will be as follows:

SHARE HOLDERS	Number of Shares in Issue ('million)	Private PLACEMENT of New Shares ('million)	Total Number of Shares ('million)	% Control	Cost of Private Placement (RM 'million)	Remarks
SPL (or such nominated subsidiary)	148.639	-	148.639	30.85%	-	Includes 5.0 million shares currently held
Existing Growers	236.796	-	236.796	49.15%	-	Held by 3,961 shareholders
Potential Investor	-	96.359	96.359	20.00%	19.300	
Total Shares in Issue	385.435	96.359	481.794	100.00%	RM 19.300	

6. Abridged Information about the Management Company

6.1 We have set out in **Appendix B** the abridged information about the Management Company. These include the Corporate Information, the Financials and Risk Factors, together with the Independent Consultant's report.

C.2 PROPOSED SALE BY PUBLIC TENDER AND PROPOSED FINAL SALE

1. The procedure for Proposed Sale by Public Tender and Proposed Final Sale

- 1.1 The Management Company will seek to initiate a sale by public tender of its interest in the Plantation/Concession or part thereof if any of the following occur:
- (a) where the Growers approve the Proposed Corporate Restructuring Exercise and:
 - (i) the Management Company does not enter into any Definitive Agreements by the Specified Deadline resulting in there being no Potential Investor; or
 - (ii) where the Definitive Agreements have been entered into, the conditions precedent in the Definitive Agreement remain unfulfilled or unsatisfied by the Specified Deadline, unless the conditions precedent in the Definitive Agreements that remain unfulfilled or unsatisfied by the Specified Deadline are conditions that relate to the approval from the relevant authorities; or
 - (b) the Growers approve the Proposed Final Sale.
- 1.2 This will result in either SPL entering into a share sale agreement with interested purchasers OR a sale of the interest held by the Management Company in the Plantation/Concession which will result in the assignment and novation of all rights held by the Management Company in the Plantation/Concession.
- 1.3 The Management Company will, on or before the Specified Deadline, agree with the Trustee for the timing and procedure for the sale of its interest in the Plantation/Concession or part thereof.
- 1.4 Upon receipt of the proceeds of the sale, the Management Company will distribute the net sales proceeds from the Sale by Public Tender to the holders of the Grower Plots and the Management Company shall enter into and sign a Deed of Termination of the Growers Scheme with the Trustee.
- 1.5 The Proposed Sale by Public Tender and the Proposed Final Sale, as the case maybe, is subject to the Management Company obtaining the requisite approvals, registration and/or consents from the relevant parties and/or the relevant regulatory authorities.

2. Distribution of Net Sales Proceeds

- 2.1 Net sales proceeds refers to the net proceeds from the sale of the Management Company or of the Plantation/Concession, as the case may be, or part thereof, after deducting:
- (a) costs and expenses incurred in relation to the Proposed Sale by Public Tender or Proposed Final Sale, as the case may be, including, but not limited to, valuation, legal and audit costs, selling commissions, taxes, duties, lawful set-offs, costs expenses, charges and outgoings; and
 - (b) amounts owing to creditors (in the case of assignment and novation of all rights held by the Management Company in the Plantation/Concession).
- 2.2 The distribution of net sales proceeds will only be applicable in either scenario:
- (a) where the Growers approve the Proposed Corporate Restructuring Exercise and:
 - (i) the Management Company does not enter into any Definitive Agreements by the Specified Deadline resulting in there being no Potential Investor; or
 - (ii) where the Definitive Agreements have been entered into, the conditions precedent in the Definitive Agreement remain unfulfilled or unsatisfied by the Specified Deadline, unless the conditions precedent in the Definitive Agreements that remain unfulfilled or unsatisfied by the Specified Deadline are conditions that

relate to the approval from the relevant authorities; or

(b) the Growers approve the Proposed Final Sale.

2.3 **Again, we caution that it is unlikely that the sales proceeds will reflect the value of the Plantation, which means the amounts to be distributed to the Growers are likely to be less than the initial investment of each Grower.**

C.3 EXTENSION OF REALISATION PERIOD AND PROPOSED AMENDMENTS TO THE TRUST DEED

1. Extension of Realisation Period

1.1 In order to achieve finality in terms of the outcome of the Growers Scheme, the Realisation Period should be extended to 30 June 2019 (or such longer period not exceeding 90 days as the Trustee may, at the request of the Management Company, agree) to facilitate the implementation of the relevant Proposals approved by the Growers.

2. Proposed Amendments to the Trust Deed

2.1 As related in **Section A of this Notice (Executive Summary)**, the Management Company did not receive any offers to purchase its interest in the Plantation Concession during the Realisation Period. The Trust Deed does not contain provisions to address such an eventuality.

2.2 For this reason, we propose to include additional provisions in the Trust Deed to address the present circumstances and the Proposals of the Management Company set out in this Notice. Please refer to **Annexure 1** for our proposed amendments to the Trust Deed. The amendments are self-explanatory.

C.4 WINDING-UP OF THE GROWERS SCHEME

1. With respect to the Proposed Corporate Restructuring Exercise and the Proposed Final Sale, in the event neither the Proposed Corporate Restructuring Exercise nor the Proposed Final Sale is approved in the Growers Meeting, the Management Company will recommend to the Trustee to wind-up the Growers Scheme.

D. RECOMMENDATION OF THE MANAGEMENT COMPANY

1. Resolution 1 (Extension of Realisation Period and Proposed Amendments to the Trust Deed dated 26 July 2010)

1.1 The Management Company recommends that the Growers approve Resolution 1 (Extension of Realisation Period and Proposed Amendments to the Trust Deed dated 26 July 2010) by voting in the affirmative for Resolution 1 (Extension of Realisation Period and Proposed Amendments to the Trust Deed dated 26 July 2010) as the resolution is required to facilitate the implementation of either Resolution 2 (Proposed Corporate Restructuring Exercise) or Resolution 3 (Proposed Final Sale) approved by the Growers

2. Resolution 2 (Proposed Corporate Restructuring Exercise)

2.1 The Management Company also recommends that the Growers approve the Proposed Corporate Restructuring Exercise by voting in the affirmative for Resolution 2 (Proposed Corporate Restructuring Exercise).

2.1 The Management Company is of the view that the Proposed Corporate Restructuring Exercise is a much better value proposition to the Growers compared to the Resolution 3 (Proposed Final Sale) as any outright sale proposal which does not reflect the true value of the Plantation.

2.3 Under the Proposed Corporate Restructuring Exercise, the Potential Investor will bring their expertise for the management of the Plantation and the Board of Directors will oversee the

operations of the Plantation. The Potential Investor will have better access to Plantation personnel, whilst keeping costs within industry norms.

- 2.4 In the event that the Proposed Corporate Restructuring Exercise is not approved and the Growers elect to approve Resolution 3 (Proposed Final Sale), given the responses received by the Management Company during its earlier efforts to sell its interest in the Plantation, the sales proceeds recovered from a successful tender exercise are not likely to be reflective of the true value of the Plantation.

3. Winding-Up of the Growers Scheme

- 3.1 With respect to Resolution 2 (Proposed Corporate Restructuring Exercise) and Resolution 3 (Proposed Final Sale), in the event neither Resolution 2 (Proposed Corporate Restructuring Exercise) nor Resolution 3 (Proposed Final Sale) is approved in the Growers Meeting, the Management Company will recommend to the Trustee to wind-up the Growers Scheme.

E. DISCLAIMER – FORWARD LOOKING STATEMENTS

1. This Notice of Meeting and Explanatory Statement may contain forward-looking statements. These statements are based upon the Management Company's and SPL's current expectations, estimates, projections and beliefs in regards to future events in respect to their respective business, the industry in which it operates. These forward looking statements are provided as a general guide and should not be relied upon as an indication or guarantee of future performance. The bases for these statements are subjected to risk and uncertainties that might be out of control of the Management Company and SPL and may cause actual results to differ from the release. The Management Company and SPL takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

F. BINDING EFFECT OF APPROVAL OF RESOLUTION

1. Pursuant to Clause 23.11 of the Trust Deed, all and any resolutions passed by the Growers present in person or by proxy at a meeting shall be binding upon all Growers whether present or not present at the meeting and each of the Growers and the Trustee and the Management Company shall be bound to give effect there to accordingly.

G. MEETING OF GROWERS

1. The Meeting, the notice of which is enclosed in this Notice of Meeting and Explanatory Memorandum, will be held at Bangunan Peladang (Multi Purpose Hall), 2, Jalan Templer, Off Jalan Klang Lama, 46000 Petaling Jaya, Selangor, Malaysia on Monday, 22 April 2019 at 9.30 a.m. for the purpose of considering and if thought fit, passing the resolution set out in the Notice of Meeting of Growers.
2. If you are unable to attend and vote in person at our forthcoming Meeting, you are requested to complete, sign and return the enclosed Proxy Form in accordance with the instructions contained therein as soon as possible so as to arrive at Golden Palm Growers Berhad's business office at Unit A-25-12, Level 25, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000, Kuala Lumpur, Malaysia not later than 48 hours before the time set for our Meeting or any adjournment thereof. The lodgment of the Proxy Form does not preclude you from attending and voting in person at our Meeting, in lieu of your proxy, should you subsequently wish to do so.

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GOLDEN PALM GROWERS SCHEME

NOTICE OF MEETING OF GROWERS

NOTICE IS HEREBY GIVEN THAT a Meeting of Growers of the Golden Palm Growers Scheme (the “**Scheme**”) will be held at Bangunan Peladang (Multi Purpose Hall), 2, Jalan Templer, Off Jalan Klang Lama, 46000 Petaling Jaya, Selangor, Malaysia on Monday, 22 April 2019 at 9.30 a.m. for the following purposes:

*Words and Phrases in this Notice shall have the same meaning as in the [Definitions and Interpretation] section in the Notice of Meeting and Explanatory Memorandum (“**Notice**”) unless the context such otherwise requires.*

RESOLUTION 1

EXTENSION OF REALISATION PERIOD AND PROPOSED AMENDMENTS TO THE TRUST DEED DATED 26 JULY 2010

THAT APPROVAL be and is hereby given for the Realisation Period as approved by the Growers at the meeting on 2 October 2017 under “Resolution 1 - Proposal A (Value Extraction)”, to be extended from 1 January 2019 to 30 June 2019 (or such longer period not exceeding 90 days as the Trustee may, at the request of the Management Company, agree).

THAT all actions taken by Golden Palm Growers Berhad (the “**Management Company**”) to achieve the objective as approved by the Growers at the meeting on 2 October 2017 under “Resolution 1 - Proposal A (Value Extraction)” be and is hereby ratified.

THAT subject to and conditional upon approvals of all relevant authorities or parties, the Management Company and the Trustee shall enter into a supplemental trust deed to give effect to the amendments to the Trust Deed dated 26 July 2010 (“**Proposed Amendments**”), as are set out in the Annexure 1 hereto.

AND THAT the Management Company and the Trustee be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Amendments, including, without limitation, entering in a supplemental trust deed.

RESOLUTION 2

PROPOSED CORPORATE RESTRUCTURING EXERCISE INVOLVING A PRIVATE PLACEMENT TO POTENTIAL INVESTOR AND ISSUANCE OF SHARES TO GROWERS (“PROPOSED CORPORATE RESTRUCTURING EXERCISE”)

THAT the Management Company shall enter into definitive agreements with a potential investor (“**White Knight**”) on or before 31 May 2019 with respect to subscription of the shares in the Management Company (“**GPGB Shares**”) (“**Definitive Agreements**”).

THAT the Definitive Agreements shall reflect the following key terms:

- (a) the subscription of 96,359,000 GPGB Shares (20% of the enlarged share capital of the Management Company) by the White Knight at an issue price of RM 0.20, raising RM 19.3 million;
- (b) the White Knight shall undertake management of the plantation on terms as agreed between the White Knight and the Management Company;

- (c) approval to be obtained from all relevant authorities or parties for issuance of shares to the Growers; and
- (d) approval to be obtained from all relevant authorities or parties for the transaction contemplated in the Definitive Agreement.

THAT subject to the Definitive Agreements being signed, satisfaction of all conditions precedent specified in the Definitive Agreements and approvals from all relevant authorities or parties being obtained, the Growers shall exchange the Grower Plots held by the Growers for GPGB Shares upon the following terms:

- (a) issuance to the Growers of 218,545,360 GPGB Shares in exchange for all of 26,550 Grower Plots held by the Growers;
- (b) issuance to the Growers of 18,251,293 GPGB Shares in exchange for the 2017 Net Yield payable to all Growers with respect to the 26,550 Grower Plots; and
- (c) issuance to SPL (or such other nominated subsidiary) of 143,639,041 GPGB Shares in exchange for the entitlement of the Management Company to 17,450 Grower Plots.

THAT upon issuance of the GPGB Shares to the White Knight, the Growers and SPL (or such other nominated subsidiary of SPL) in accordance with the terms of the Proposed Corporate Restructuring Exercise, all documents issued pursuant to the Scheme, including without limitation, the Growers' Certificate and the Growers' Management Agreement shall cease to have any force or effect whatsoever.

THAT the Management Company shall initiate a sale by public tender of its interest in that part of the Plantation Concession relating to the Plantation ("**Sale by Public Tender**") after any of the following occur:

- (a) the Management Company does not enter into any Definite Agreements by 31 May 2019 resulting in there being no White Knight; or
- (b) where Definitive Agreements have been entered into, the conditions precedent in the Definitive Agreement remain unfulfilled or unsatisfied by 31 May 2019, unless the conditions precedent in the Definitive Agreements that remain unfulfilled or unsatisfied by 31 May 2019 are conditions that relate to approval from the relevant authorities.

THAT and the Management Company shall terminate the Definitive Agreements to facilitate the commencement of the Sale by Public Tender and after accepting a bid, enter into a sale and purchase agreement thereafter to execute the sale.

THAT the Management Company and the Trustee shall enter into and sign a Deed of Termination of the Scheme within 7 days from the issuance of shares to the White Knight, the Growers and SPL (or such other nominated subsidiary of SPL) in accordance with the terms of the Proposed Corporate Restructuring Exercise or completion of the Sale by Public Tender and distribution of the net sales proceeds in accordance with the terms of the Trust Deed dated 26 July 2010 (as amended), to formally terminate the Scheme.

AND THAT the Management Company be empowered and authorised to do such things as it deems necessary, expedient and/or appropriate to implement or give full effect to the Proposed Corporate Restructuring Exercise, with full powers to assent and/or accept or propose any conditions, modifications, variations, arrangements and/or amendments as may be required, including, but not limited to:

- (a) appoint valuers, financial consultants and any such other consultant, adviser or person to prepare, effect and implement the Proposed Corporate Restructuring Exercise;

- (b) to enter into such other agreements and/or execute documents to effect the Proposed Corporate Restructuring Exercise;
- (c) apply to the relevant authorities/parties to seek consent/approval for the Proposed Corporate Restructuring Exercise and to do all acts, deeds and things, and to take such steps, to procure their consent/approval; and
- (d) do all such acts, deeds and things, and to take such steps, to execute, enter into, sign and deliver and cause to be delivered on behalf of the Management Company, all transactions, arrangements, agreements, documents and/or undertakings with any party or parties.

RESOLUTION 3

Subject to Resolution 2 not being passed, to consider and, if thought fit, to pass Resolution 3.

PROPOSED FINAL SALE

THAT the Management Company shall at any time on or prior to 31 May 2019, initiate a sale by public tender of the Management Company or its interest in that part of the Plantation Concession relating to the Plantation ("**Proposed Final Sale**") and after accepting a bid, enter into a sale and purchase agreement thereafter to execute the sale.

THAT subject to and conditional upon completion of the Proposed Final Sale and distribution of the net sales proceeds in accordance with the terms of the Trust Deed dated 26 July 2010 (as amended), the Management Company shall within 7 days thereafter, enter into and sign a Deed of Termination of the Scheme with the Trustee, to formally terminate the Scheme.

AND THAT the Management Company be empowered and authorised to do such things as it deems necessary, expedient and/or appropriate to implement or give full effect to the Proposed Final Sale, with full powers to assent and/or accept or propose any conditions, modifications, variations, arrangements and/or amendments as may be required, including, but not limited to:

- (a) appoint valuers, financial consultants and any such other consultant, adviser or person to prepare, effect and implement the Proposed Final Sale;
- (b) to enter into such other agreements and/or execute documents to effect the Proposed Final Sale;
- (c) apply to the relevant authorities/parties to seek consent/approval for the Proposed Final Sale and to do all acts, deeds and things, and to take such steps, to procure their consent/approval; and
- (d) do all such acts, deeds and things, and to take such steps, to execute, enter into, sign and deliver and cause to be delivered on behalf of the Management Company, all transactions, arrangements, agreements, documents and/or undertakings with any party or parties.

By Order of the Board
Golden Palm Growers Berhad

30 March 2019

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Annexure 1
Amendments to the Trust Deed

1. Insertion of New Clause 36

To insert after Clause 35 the following new clause:

“36. PROPOSALS BY THE MANAGEMENT COMPANY

36.1 Sale Proposal

- (a) The Management Company may at any time and from time to time, present a proposal to the Growers for the sale of its interest in that part of the Plantation Concession by way of private treaty, public tender, auction or such other methods or procedure available to facilitate the sale of its interest in that part of the Plantation Concession as determined by the Management Company from time to time and recommended for approval to the Growers including, without limitation, to the following:
- (i) a proposal for the sale of shares in the Management Company; or
 - (ii) a proposal for the assignment and novation of the rights of the Management Company under the Plantation Land Development Agreement,
- collectively, known as **“Sale Proposal”**.
- (b) Where the Sale Proposal is approved by Growers at a meeting of the Growers convened for the purposes of considering the Sale Proposal, the Management Company shall take the necessary steps to execute and implement the Sale Proposal in accordance with the resolution approved by the Growers at the meeting of the Growers and the Trustee may enter into, give, execute and do such agreements, releases, instruments and other things as the Trustee deems expedient and where applicable with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Trustee may deem necessary or expedient to execute and implement the Sale Proposal.
- (c) Upon completion of the execution and implementation of the Sale Proposal and distribution of the net sale proceeds to the Growers in accordance with the Fourth Schedule, the Management Company shall enter into a deed of termination with the Trustee to terminate the Scheme.

36.2 Settlement Proposal

- (a) The Management Company may at any time and from time to time, present a settlement proposal to the Growers with respect to full and final settlement of all sums due and owing to the Growers pursuant to the Scheme and any further claims whatsoever against the Management Company (**“Settlement Proposal”**). For the avoidance of doubt, the Settlement Proposal may include, amongst others, a proposal for issuance of shares to the Growers and a proposal for the sale of its interest in that part of the Plantation Concession as set out in Clause 36.1.

- (b) Where the Settlement Proposal is approved by Growers at a meeting of the Growers convened for the purposes of considering the Settlement Proposal, the Management Company shall take the necessary steps to execute and implement the Settlement Proposal in accordance with the resolution approved by the Growers at the meeting of the Growers and the Trustee may enter into, give, execute and do such agreements, releases, instruments and other things as the Trustee deems expedient and where applicable with full powers to assent to any terms, conditions, modifications, variations and/or amendments as the Trustee may deem necessary or expedient to execute and implement the Settlement Proposal.
- (c) Upon completion of the implementation of the Settlement Proposal and distribution of the net sale proceeds (if any) to the Growers in accordance with the Fourth Schedule, the Management Company shall enter into a deed of termination with the Trustee to terminate the Scheme.”

2. Insertion of New Fourth Schedule

To insert after Third Schedule the following new schedule:

“FOURTH SCHEDULE

Distribution upon completion of proposal [clauses 36.1 and 36.2]

1. With respect to Clause 36, the amount of net sale proceeds to be distributed to each Grower shall be computed as follows:

Amount of net sale proceeds to be distributed to a Grower : $[(A/B) \times (C - D - E)] \times (F/G)$

Where,

- A = 26,550, being the aggregate number of Grower Plots held by Growers
- B = 44,000, being the total number of Grower Plots comprised in the Scheme
- C = Sales proceeds received from sale of interest of the Management Company in that part of the Plantation Concession
- D = the costs and expenses incurred in relation to the sale of interest of the Management Company in that part of the Plantation Concession, including, but not limited to, valuation, legal and audit costs, selling commission, taxes, duties, lawful set-offs, deductions, costs, expenses, charges and outgoings
- E = amounts owing to the creditors (in the case of a sale by assignment and novation of all rights held by the Management Company in the Plantation)
- F = Grower’s Fee paid by the relevant Grower to the Management Company
- G = RM218,545,360.00 (being the total amount of Growers Fees for 26,550 Growers Plots acquired)“

PROXY FORM

No. of Grower Plots held

I/We,
 (FULL NAME IN BLOCK CAPITALS)

NRIC/Passport No./Company No.:

Of
 (ADDRESS)

being plot holders of Golden Palm Growers Scheme hereby appoint

.....NRIC/PassportNo.:
 (FULL NAME IN BLOCK CAPITALS)

of
 (ADDRESS)

and/orNRIC/Passport No.:
 (FULL NAME IN BLOCK CAPITALS)

of
 (ADDRESS)

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Meeting of the Growers to be held at Bangunan Peladang (Multi Purpose Hall), 2, JalanTempler, Off Jalan Klang Lama, 46000 Petaling Jaya, Selangor, Malaysia on Monday, 22 April 2019 at 9.30 a.m. and at any adjournment thereof.

*My/Our proxy is to vote as indicated below:

RESOLUTIONS	FOR	AGAINST
RESOLUTION 1 – Extension of Realisation Period and Proposed Amendments to the Trust Deed dated 26 July 2010		
RESOLUTION 2 – Proposed Corporate Restructuring Exercise		
<i>Resolution 3 will only be tabled if Resolution 2 is not passed. Therefore, please also indicate your vote on Resolution 3.</i>		
RESOLUTION 3 – Proposed Final Sale		

Please indicate with a tick (✓) in the appropriate spaces above on how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy will vote as he thinks fit at his discretion or abstain from voting.

(*strike out whichever is not desired)



**For appointment of two or more proxies,
percentage share in a Grower Plot to be
represented by the proxies**

	NUMBER OF GROWER PLOTS	PERCENTAGE
Proxy 1		%
Proxy 2		%
Total		100%

.....
(Signature/Common Seal of Corporation)

Number of Grower Plots Held:

.....

Date:.....

.....
(Witness's signature)

Name:.....

Date:.....

Notes:

1. *Each Plot Holder (Grower) entitled to attend and vote at this meeting may appoint a proxy (or in a case of a corporation to appoint a representative) to attend and vote in his stead. A proxy need not be a Grower.*
2. *Each Grower shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a Grower appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney or, if the appointer is a corporation, either under the common seal or under the hand of an authorised officer on behalf of the corporation or attorney. In the case of the authorised officer or attorney, it shall be supported by a certified true copy of (i) the resolution appointing such officer; or (ii) a valid power of attorney filed at Court.*
4. *To be valid, the Proxy Form duly completed must be deposited at Golden Palm Growers Berhad's business office at Unit A-25-12, Level 25, Tower A, Menara UOA Bangsar, 5 Jalan Bangsar Utama 1, 59000, Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except public holidays) and no later than Saturday, 20 April 2019 at 9.30 a.m. or not less than 48 hours before the time fixed for the meeting or any adjournment thereof. Any Proxy Form received after the time stipulated will not be valid.*

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GOLDEN PALM GROWERS SCHEME

APPENDICES

APPENDIX A	THE APPROACH PROCESS FOR THE SALE OF THE PLANTATION
APPENDIX B	ABRIDGED INFORMATION MEMORANDUM ABOUT GOLDEN PALM GROWERS BERHAD

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APPENDIX A

THE APPROACH PROCESS FOR THE SALE OF THE PLANTATION

The Management Company has since October 2017, been approaching various parties with a view to effect an outright sale of the Plantation. This included approaching foreign parties as well as local parties. The potential investors could be from existing plantation companies or just Investors who like the Oil Palm sector. The main approach methodology was as follows:

October 2017 to April 2018

The Management Company approached various local and foreign potential investors and the starting point of discussion was with the Plantation valuation report for RM 220.0 million done in July 2017. There was not much progress or interest in this approach.

April 2018 to May 2018

This was a lull period, as the country was gripped with the 14th General Election, which culminated in the May General Elections.

May 2018 to October 2018

We decided to approach a financial consultant to spread the search for the asset realisation exercise. Grant Thornton Consultancy Sdn Bhd (“GTC”) was selected to assist in this exercise. On 30 June 2018, GTC advertised extensively in the local newspapers (The Star & The Edge) and in the Singapore and Hong Kong press. GTC requested for potential investors to consider various alternatives including, attractive payment terms, joint ventures, share exchanges etc. They also indicated a valuation ranging from RM 178 million (Financial) to RM 234 million (Professional).

The interest from these potential investors was lukewarm, with 3 specific potential investor’s asking for more time. Eventually, none of these were fruitful and the reasons were not made known.

Late September 2018 – December 2018

During this period, the Management Company decided to revise the model and asked potential investors to offer RM 40.0million to the Growers, whilst committing a further RM 36.0 million for completion of the Plantation development, in return for a 50.1% stake in the Management Company. The RM 40.0 million, was to compensate the Growers whose shareholding was being reduced from 60.3% to 49.9%. None of the potential investors approached had responded to this offer.

Finally, we reduced the proposal for the potential investor to pay the sum of RM 36.0 million for a 50.1% stake with the cash injected remaining within the Management Company. (This makes their acquisition of the 50.1% for RM 1.00). We also circulated this Proposal to all the 45 plantation companies under the plantation sector of Bursa Malaysia. Finally, we had 2 non-listed parties showing interest.

The Management Company then approached the potential investors (i.e. Australian parties) to invest through SPL (the Australian Stock Exchange (ASX) listed company) who is the parent of the Management Company. We had a very exciting proposal, but ASX had requested for a submission of detailed information and this would take 2-3 months with uncertainty of whether ASX would approve the deal or not. This delay would not meet the timeline as required by the interested party. Hence we had to reluctantly decline the offer.

As we had approached all the 45 plantation companies under the plantation sector of Bursa Malaysia with a proposal to take the 50.1% at RM 36.0 million and there was no response to this, doing a Public Tender thereafter would be a futile exercise, as with the offer price of RM 36.0 million for the 50.1% stake, this would give a valuation of RM 72.0 million at most. This was not an acceptable proposal.

January 2019 – Todate

The offer of 50.1% is rock bottom and that’s when with the consent of the Growers Action Committee, we decided to make this offer to all the Growers and raise the required capital thru a Rights Issue. With this proposal, we approached the top 50 Growers (and subsequently such other Growers also turned-up) at 5 Group sessions to seek their inputs. This would allow us to continue to enhance the value of the Plantation with the objective of providing an upside to the current valuation and for an exit at the later stage.

As no inputs were forthcoming, from the Growers at these Group sessions and their concern of injecting fresh capital, we sourced the possibility for inviting a party to take a 20% stake who will provide RM 19.3 million to be a "White Knight" to the Management Company.

At every stage of the search for the asset realization, the Growers Action Committee (as appointed by the Growers) was in close co-operation with the Management Company. The Trustees were also kept continuously informed by the Management Company. Grower updates were also done quite regularly, although with sparse details as the matter needed to be kept strictly confidential.

APPENDIX B

Information Memorandum on Golden Palm Growers Berhad



CORPORATE DIRECTORY & INFORMATION

Corporate Directory

Particulars	Details
Directors	Dato' CRS Paragash (Chairman) Dhanesh Gunaratnam (CEO) Zaliha binti Che Muda
Auditors	BDO BDO @ Menara Centara, 860 Jalan Tuanku Abdul Rahman, 50100 Kuala Lumpur
Company Secretary	Chua Siew Chuan Securities Services (Holdings) Sdn Bhd Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur
Financial Year End	30 th June
Registered office	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490, Kuala Lumpur.
Business address	A-25-12, Menara UOA Bangsar, No. 5, Jalan Bangsar Utama 1, 59000, Kuala Lumpur. Tel No : 603 2282 2512
Estate address	PT 3654, Tmn Tropika Height, Mukim Ketil - Gua Musang, 18300 Gua Musang, Kelantan Darul Naim
Website	www.goldenpalm.com.my

Corporate Information

- GPGB was incorporated on 8th of February 2007 as a limited company with a paid up capital of 5,000,000 shares.
- GPGB owns a Plantation through a Concession to develop, manage and maintain 4,565 hectares (11,280 acres) of oil palm for a period of 60 years from Sept 2007 with an option to renew for another 30 years.
- The Plantation is the only business of GPGB.

PRINCIPAL TERMS OF THE CONCESSION

Concession

- The concession is also known as "The Plantation Land Development Agreement".
- The key terms of the concession are as follows.

- Term of 60 years from Sept 2007 with an option to renew for another 30 years

- Annual Fees Payable

Year	RM per acre per year
1 □ 5	220
6 □ 25	300
26 □ 30	350

- No Pledging of the Concession

- Transfer of Ownership Requires Consent which shall not be unreasonably withheld

- The titles for the concession, issued in the name of PPLRNK are as follows;

P.T. Nos.	HA
5535	1,263.500
5536	1,578.741
5641	1,722.841
Total	4,565.082

RECONCILIATION OF TITLED AREA

- The Company's titled concession area encompassed a total area of 4,565 HA.
- The area designated for planting is 3,600 HA which can be divided into the following:

SUMMARY

	Total HA	Mature HA	Immature HA	Plantable area HA
SPC	390	143	75	200
Wakefield	1,511	377	214	1,130
Anderson	1,923	308	118	1,621
Total	3,690	1,409	275	3,919



Legends

- Orang Asli Land and is excluded from GPGB titled area

PHOTOGRAPHS AT THE PLANTATION

At the Plantation



PHOTOGRAPHS AT THE PLANTATION

Tractors & Trailers



FFB Transport



Toyota Hilux



Skid Tanks



Weighbridge



Excavator



Backhoe



Road Roller



PHOTOGRAPHS AT THE PLANTATION (CONT'D)

Workers Quarters



Store



Executive Housing



Workshop



Surau



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – LAST 5 YEARS

RM'000	31.12.2018 6 months Audited	FYE2018 Audited	FYE2017 Audited	FYE2016 Audited Restated	FYE2015 Audited Restated	FYE2014 Audited
Revenue	2,240	5,111	5,534	3,483	1,699	798
Cost of sales	(985)	(2,776)	(2,909)	(1,896)	(1,383)	(1,218)
Gross profit/(loss)	1,255	2,335	2,625	1,587	316	(420)
Other income	11	89	753	1,094	6,191	1,784
Administrative expenses	(3,863)	(12,013)	(17,365)	(17,282)	(18,879)	(18,234)
Net gain/(loss) arising from changes in fair value of bearer plants	(7,080)	(2,910)	(6,621)	-	1,000	8,590
Change in fair value of biological assets	(7)	(99)	42	77	23	-
Change in fair value of growers fees	-	8,144	(3,264)	3	35	(4,918)
Profit/(Loss) from operations	(9,684)	(4,454)	(23,830)	(14,521)	(11,314)	(13,198)
Finance costs	(47)	11,006	(16,768)	(16,620)	(16,297)	(15,974)
Profit/(Loss) before taxation	(9,731)	6,552	(40,598)	(31,141)	(27,611)	(29,172)
Taxation	-	-	6,861	2,745	632	1,469
Profit/(Loss) for the financial year	(9,731)	6,552	(33,737)	(28,396)	(26,979)	(27,703)
Other comprehensive income/(loss), net of tax	-	-	(3,340)	3,340	-	-
Total comprehensive profit/(loss)	(9,731)	6,552	(37,077)	(25,056)	(26,979)	(27,703)

Source : Audited Account FYE 2014 to FYE 2018 and 6 months Audited Accounts till 31 Dec 2018 at Group Level

STATEMENT OF FINANCIAL POSITION – LAST 5 YEARS

RM'000	31.12.2018 6 months Audited	FYE2018 Audited	FYE2017 Audited	FYE2016 Audited Restated	FYE2015 Audited Restated	FYE2014 Audited
Assets						
Non-Current Assets						
Property, plant and equipment	27,776	-	102,355	115,790	28,250	23,271
Bearer Plants	64,600	-	102,355	115,790	84,090	83,090
	92,376	-	102,355	115,790	112,340	106,361
Current Assets						
Inventories	53	65	128	179	207	198
Biological assets	36	-	142	100	23	-
Trade and other receivables	802	801	1,731	1,534	5,294	15,307
Non-current assets held for sale	-	99,471	-	-	-	-
Cash and bank balances	297	525	6,147	13,755	34,496	54,217
	1,188	100,862	8,148	15,568	40,020	69,722
Total Assets	93,564	100,862	110,503	131,358	152,360	176,083
Equity and Liabilities						
Equity attributable to owners of the company						
Share capital	5,000	5,000	5,000	5,000	5,000	5,000
Reserves	(153,081)	(143,350)	(149,902)	(112,825)	(87,769)	(60,790)
	(148,081)	(138,350)	(144,902)	(107,825)	(82,769)	(55,790)
Non-Current Liabilities						
Growers scheme liability	-	-	201,658	185,042	205,063	204,868
Deferred tax liabilities	-	-	-	6,861	8,452	9,183
Hire purchase and lease creditors	-	-	-	-	289	74
	-	-	201,658	191,903	213,804	214,125
Current Liabilities						
Growers scheme liability	236,796	236,796	21,501	20,018	-	-
Borrowings	2,348	501	-	-	-	-
Hire purchase and lease creditors	-	-	-	11	141	60
Trade and other payables	2,501	1,915	32,246	27,251	21,184	17,688
	241,645	239,212	53,747	47,280	21,325	17,748
Total Liabilities	241,645	239,212	255,405	239,183	235,129	231,873
Total Equity and Liabilities	93,564	100,862	110,503	131,358	152,360	176,083

Source : Audited Account FYE 2014 to FYE 2018 and 6 months Audited Accounts till 31 Dec 2018 at Group Level

STATEMENT OF CASH FLOWS – LAST 5 YEARS

RM'000	31.12.2018 6 months Audited	FYE2018 Audited	FYE2017 Audited	FYE2016 Audited Restated	FYE2015 Audited	FYE2014 Audited
Cash flows from operating activities						
Profit/(loss) before taxation	(9,731)	6,552	(40,598)	(31,141)	(27,611)	(29,172)
Adjustments for:						
Change in fair value of growers fees	-	(8,144)	3,264	(3)	(35)	4,918
Depreciation of property, plant and equipment	30	568	4,520	3,645	1,839	1,461
Interest expense (including net yield expenses)	47	(11,006)	16,768	16,620	16,297	15,974
Interest income	(3)	(69)	(107)	(531)	(949)	(1,262)
Bad debt written off	-	310	-	-	-	-
Property, plant and equipment written off	-	9	-	25	-	47
(Gain)/loss on disposal of property, plant and equipment	-	(122)	-	101	-	3
Net loss from changes in fair value of bearer plants	7,080	2,910	6,621	-	(1,000)	(8,590)
(Gain)/loss on changes in fair value of biological assets	7	99	(42)	(77)	(123)	-
Operating loss before changes in working capital	(2,570)	(8,893)	(9,574)	(11,361)	(11,582)	(16,621)
Changes in working capital						
Inventories	11	63	52	28	(10)	(184)
Trade and other receivables	-	680	(244)	3,488	10,013	(5,407)
Other payables	816	(654)	503	1,467	(830)	407
Cash used in operations	(1,743)	(8,804)	(9,263)	(6,378)	(2,409)	(21,805)
Interest paid	-	-	(100)	9	(15)	(15)
Net cash used in operating activities	(1,743)	(8,804)	(9,363)	(6,369)	(2,424)	(21,820)

Source : Audited Account FYE 2014 to FYE 2018 and 6 months Audited Accounts till 31 Dec 2018 at Group Level

STATEMENT OF CASH FLOWS – LAST 5 YEARS (cont'd)

RM'000	31.12.2018 6 months Audited	FYE2018 Audited	FYE2017 Audited	FYE2016 Audited Restated	FYE2015 Audited	FYE2014 Audited
Cash flows from investing activities						
Purchase of property, plant and equipment	(58)	(559)	(1,045)	(3,097)	(6,417)	(6,376)
Proceed from disposal of property, plant and equipment	-	62	-	-	-	372
Uplift of restricted deposits	-	-	12,011	14,324	11,946	22,192
Repayment of advances to holding company	(230)	(420)	(140)	-	-	-
Interest received	3	69	153	1,153	949	961
Net cash (used in)/from investing activities	(285)	(848)	10,979	12,380	6,478	17,149
Cash flows from financing activities						
Net proceeds/(repurchase) from sale of growers plots	-	3,530	14,835	-	230	21,669
Net yield paid	-	-	(12,036)	(12,011)	(11,954)	(10,500)
Borrowings	1,800	500	-	-	-	-
Repayment of hire purchase liabilities	-	-	(11)	(419)	(104)	(305)
Net cash generated from/(used in) financing activities	1,800	4,030	2,788	(12,430)	(11,828)	10,864
Net (increase)/decrease in cash and cash equivalents	(228)	(5,622)	4,404	(6,419)	(7,774)	6,193
Cash and cash equivalents at beginning of financial year	525	6,147	1,743	8,162	15,936	9,743
Cash and cash equivalents at end of financial year	297	525	6,147	1,743	8,162	15,936

Source : Audited Account FYE 2014 to FYE 2018 and 6 months Audited Accounts till 31 Dec 2018 at Group Level

PROFORMA BALANCE SHEET (AFTER RESTRUCTURING)

RM'000	After Restructuring
Assets	
Non-Current Assets	
Property, plant and equipment	27,776
Bearer Plants	64,600
	92,376
Current Assets	
Inventories	53
Biological assets	36
Trade and other receivables	802
Cash and bank balances	19,597
	20,488
Total Assets	112,864
Equity and Liabilities	
Equity attributable to owners of the company	
Share capital	261,096
Reserves	(154,532)
	106,564
Non-Current Liabilities	
Deferred tax liabilities	-
	-
Current Liabilities	
Borrowings	2,700
Trade and other payables	3,600
	6,300
Total Liabilities	6,300
Total Equity and Liabilities	112,864

RISK FACTORS

In making a decision on whether to invest in the Management Company (“MC”), it is important that an investor consider the various risk factors that may affect such an investment. Many of these factors are outside the control of the MC. The MC and its activities are subject to the regulatory, economic and business environment in Malaysia and Globally. Before making a decision to invest in the MC, an investor should carefully consider the risk factors set out below in addition to the other matters set out in this Information Memorandum. The risk factors set out below are not exhaustive. Other risks (whether current or in the future) may affect the MC or the Plantation.

1.1 General industry and business risks

As the Plantation involves the cultivation of oil palm and marketing of oil palm fresh fruit bunches (“FFB”), the MC is susceptible to certain business risks inherent in the oil palm industry as well as general business risks. Those risks include but are not limited to:

- availability and rising costs of labor supply;
- the control and minimization of mammalian attacks;
- availability and rising costs of raw materials;
- cyclical pattern of FFB production yields;
- adverse weather conditions;
- changes in world demand for edible oils and fats;
- commodity price and foreign currency fluctuations;
- threat of substitute products;
- climate change and sustainability issues; and
- changes in the regulatory, economic and business conditions.

While the MC may seek to mitigate the impact of those risks through various risk management practices, there is no assurance that such practices will successfully mitigate those risks and that those risks will not have an impact on the MC.

Operational risks

1.2 FFB yield an important factor in profitability

The FFB yield for oil palm plantations is generally dependent on a number of factors including the following:

- the quality of seedlings;
- the soil and terrain;
- weather conditions;
- seasonal variations;
- age of the palms; and
- the overall management of the plantation.

The MC aims to adopt best agricultural practices wherever possible in order to obtain optimum yields from the Plantation. However, consistent production of high yields in relation to the industry average cannot be guaranteed.

1.3 Quality of seedlings

Poor quality seedlings affect the growth and survival rates, and sustainability, of the trees and importantly FFB yields. The selection of quality seedlings is, therefore, a key consideration during the planting phase. The MC sources quality seedlings from licensed oil palm nurseries which have procured Oil Palm Nursery Certificate of Competencies from the Malaysian Palm Oil Board. In addition, it procures seedlings from several different companies in order to avoid over reliance on one supplier and to ensure consistency and ready supplies of seedlings to meet the needs of the Plantation.

1.4 Weather conditions

Adverse weather conditions such as drought and floods have a detrimental effect on FFB production. Low crop production usually follows after 9 months of severe drought periods. Very wet weather also has an adverse effect on harvesting and evacuation of FFB. Over the last decade, the weather in Malaysia has been affected by open burning within and outside of the country, deforestation due to urban development and agricultural cultivation as well as weather phenomenon such as El Nino and La Nina. The MC periodically reviews and implements practices aimed at attaining a consistent and optimum FFB yield. However, there can be no guarantee that adverse weather patterns will not have an adverse impact on FFB yields.

1.5 Seasonal variations in FFB yield

Although oil palm trees produce fruit crop throughout the year, FFB yields may be affected by seasonal variations. Annual FFB yields typically experience a cyclical pattern with higher yields at intervals of 5 years. An exceptionally high yielding year will be followed by gradually low yielding years when the trees produce lower output as a result of biological reaction after a period of production stress.

1.6 Pests and diseases

Oil palm plantations are susceptible to pests and diseases. Outbreaks of leaf eating insects such as bagworms and nettle caterpillars are common. Pests such as rodents can cause damage to FFB. The outbreak of pests and diseases may result in the destruction of oil palm trees and a decrease in FFB production. The ultimate result is not only loss of crop and lower profitability but also higher expenditure incurred in order to control such outbreaks. As part of its estate management practices, the MC will implement appropriate measures to control the population of pests and reduce diseases. Such measures may include the planting of appropriate plants to attract predators of insect pests, use of baits and natural predators of rodents (such as owls), destroying potential breeding grounds of pests and frequent inspections to monitor and control the pest population. Despite these measures, no guarantee can be given that large scale attacks by pests and/or diseases will not occur and thus adversely affect FFB yields.

1.7 Mammalian Attacks

During the early years of development, as jungle forests are cleared, the Plantation is exposed to mammalian attacks. Whilst control measures including trenching and electric fences are built to minimize the attacks, the MC is exposed to mammalian attacks from time to time. Despite the measures undertaken, no guarantee can be given that large scale destruction will not occur.

1.8 Human resources

Availability of labor

The plantation industry is labor intensive. The mechanization of certain plantation practices (such as in the application of fertilizer and FFB evacuation) to improve production efficiency may assist in reducing dependency on labor which may become increasingly scarce and costly. The MC also aims to provide competitive remuneration and benefits. As availability of local labor is often insufficient to meet the demands of the industry, oil palm plantations are often dependent on foreign workers. Changes in immigration and labor policies by the Malaysian government in respect of foreign workers may therefore have an adverse impact on the MC's ability to attract and recruit workers. Any shortage of labor could materially and adversely affect the operations of the Plantation.

Key personnel

The success of the MC will depend on its ability to retain existing key personnel and experienced employees and recruit and integrate new key personnel and experienced employees. The loss of any key personnel could affect the MC's ability to compete effectively in the oil palm industry. As part of the MC's management succession planning, the MC will make efforts to train and groom younger employees to gradually take on more responsibility. In addition, the MC aims to provide a healthy working and living environment as a means of attracting and retaining employees. However, there can be no assurance that the MC will be successful in attracting new and/or retaining such personnel. Any failure to do so could materially and adversely affect the operations of the Plantation.

1.9 FFB processing during high crop season

During times of high crop production, usually two cycles, palm oil mills can curtail the acceptance of FFB from the Plantation due to congestion at the palm oil mill. This may result in losses at the Plantation as crop will not be harvested. In order to mitigate such risk, the MC will be taking steps to build its own palm oil mill. This is subject to getting an operating licence from MPOB.

1.10 Significant interruptions to operations

A significant interruption to the Plantation's operations, for example, as a result of a breakdown in machinery, union strikes or natural disasters (such as fires) could materially and adversely affect the profitability of the Plantation.

1.11 Insurance coverage

The MC has taken out takaful insurance to ensure that assets such as buildings and plant and machinery are adequately covered by insurance. In addition, although the industry practice is not to insure trees, the MC has taken out limited crop cover. There can of course be no assurance that any insurance coverage taken would be adequate for the replacement cost of such assets. A significant uninsured or under insured claim would materially and adversely affect the profitability of the Plantation.

1.12 Increases in operating and other costs

Increases in operating and other costs are likely to have an adverse effect on the profitability of the Plantation. Factors that could increase such costs include inflation, increases in payroll expenses, changes in regulations, government policies or industry practices that increase the cost of compliance, and increases in taxes and other statutory charges. Increases in fertilizer costs (which can amount to over one third of plantation expenditure) can also have an adverse impact on the profitability of the Plantation.

Market risks

1.13 Fluctuations in the demand and prices of edible oils and fats

Crude palm oil prices are affected by global edible oil prices such as soya bean, sunflower and rapeseed oils which are substitutes for palm oil. Crude palm oil prices tend to be cyclical and fluctuate in accordance with the global supply and demand of major oils and fats. Such fluctuation and adverse movements in the prices of crude palm oil and other palm oil products will accordingly affect the performance of the Plantation. The Malaysian Government is supportive of the palm oil industry and, in times of falling palm oil prices, has introduced initiatives such as replanting subsidies and increases in duty-free exports. Nevertheless, the prices of crude palm oil and refined palm oil products are fundamentally dependent on the demand and supply in the global oils and fats market. Accordingly, there can be no guarantee that adverse movements in the demand and supply and prices of crude palm oil and palm kernel will not have an adverse effect on the profitability of the Plantation.

1.14 Competition from substitute products and other competitors

As mentioned in paragraph 1.13 above, other edible oils (namely soya bean, rapeseed and sunflower oil) are direct substitutes for palm oil. Malaysia faces increasing competition from other palm oil producing countries namely, Indonesia, which enjoys a lower industry cost structure in terms of labor and raw materials. With the continued support from the Malaysian government (including extensive research, development, marketing and promotion undertaken by Government bodies as well as other incentives given to the industry), Malaysian palm oil producers have in the past maintained or grown their market share in the world vegetable oil market. However, there is no guarantee that this trend will continue in the future.

Legal risks

1.15 Regulatory

The palm oil industry in Malaysia is closely regulated. The main legislation governing the palm oil industry is the Malaysian Palm Oil Board ("MPOB") Act pursuant to which MPOB was established to regulate the palm oil industry under the purview of the Ministry of Plantation Industries and Commodities. MPOB's roles include the formulation of policies, administration and regulating the development of the industry. In addition, the Plantation operations are subject to licences, approvals and permits issued by other authorities under the Environmental Quality Act 1974, Factories and Machinery Act 1967 and Occupational Safety and Health Act 1994. These licences, approvals and permits are valid for a stipulated period of time and are renewable subject to compliance with the requirements and conditions imposed thereunder. The requirements and conditions in these licences, approvals and permits, and any policies and regulations issued by the relevant authorities, are subject to changes that could affect the operations of the Plantation. Failure of the MC to renew, maintain or obtain the required licences, approvals and permits could materially and adversely affect its business operations. In addition, the MC may also be affected by the introduction of new regulations that could materially and adversely affect the operations and profitability of the Plantation.

1.16 Environmental laws and risks

Environmental issues (including those relating to climate change and sustainability) are increasingly becoming more important in the oil palm plantation industry. Non-compliance with environmental laws or recommended practices may adversely affect the market for FFB produced from the Plantation. The MC monitors its environmental practices to ensure that it complies with the requirements of applicable laws. In addition, it recognises the need to conform to accepted industry practices and aims to meet industry best practices that are continually evolving to meet the growing challenges of climate change.

1.17 MC's rights over the Land rest in contract only

The Plantation forms an integrated part of the Land which is legally owned by PPLRNL, a state government agency incorporated by statute. The MC's rights over the Land consists of a contractual right to develop, manage and maintain an oil palm plantation on the Land granted by PPLRNL under the Plantation Land Development Agreement for a period of 60 years with an option to renew for another 30 years. Titles to the Land have been issued and registered in the name of PPLRNL. If PPLRNL acts in a manner inconsistent with its legal obligations under the Plantation Land Development Agreement, the Scheme will be materially and adversely affected. In such circumstances, the MC's recourse is to commence proceedings to claim for damages under contract law for any breach by PPLRNL which affects its rights and interests under the Plantation Land Development Agreement.

1.18 Litigation Risk

Business may be involved in possible disputes. These disputes could give rise to litigation. While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect the operational and financial results of the MC.

Other risks

1.19 Economic and Political uncertainty

Political developments and uncertain economic conditions, if any, in Malaysia and other countries where palm oil products are currently exported could affect the profitability of the Plantation. Examples of such political and economic uncertainties include, but are not limited to, changes in labor laws and availability of foreign labor, interest rates, foreign exchange rates, methods of taxation, tariffs and duties. The occurrence of any unforeseen event such as the outbreak of war, disease and natural disasters may disrupt the demand and supply of FFB and crude palm oil thus affecting their prices.

1.20 Compulsory Acquisition of Land

The Government of Malaysia may acquire any private land in accordance with processes and requirements prescribed by the applicable law ("Compulsory Acquisition"). In the event the land or lands (or a portion thereof) on which the Land resides is subject to Compulsory Acquisition, the MC may be materially and adversely affected.

1.21 Additional requirement for capital

Sustainability and profitability of the business, post-investment, is highly dependent on business turnaround and the continued maintenance of the existing Plantation, plant equipment & machinery. The Future capital requirement of the MC will depend on many factors including its business development activities, and there can be no assurance that additional financing will be available when needed. Any inability to obtain additional finance, if required, may have adverse effect on the MC's business and its financial condition and performance.

INDEPENDENT CONSULTANT'S REPORT

26th January 2019

The Board of Directors
Golden Palm Growers Berhad
Unit A-25-12, Level 25
Tower A, Menara UOA Bangsar
5 Jalan Bangsar Utama 1
59100 Kuala Lumpur

Gentlemen,

I am pleased to enclose the Plantation Consultant Report as at year ended 31 December 2018.

Executive Summary

The Estate is being maintained at statusesque & is self-supporting from sale of FFB production since October 2017, after the decision to dispose of the property. The sale exercise commenced from October 2017 and currently various options are considered to continue the investment.

The strength of executives, staffs & workforce is maintained at the minimal just sufficient to cope with the routine operations plus harvesting. En Mustapha, Divisional Manager, the most senior executive is leaving on 31 January 2019 and currently Mr Tamil, the longest serving Assistant Manager, assisted by 2 Cadet Assistants is holding the fort, with the support from Mr. Inran, the Directors of Estate Operations. The Estate is not recruiting any replacement for the Divisional Manager post for the moment.

Fertilizer inputs discontinued since September 2017. The task of external FFB transport to the mill was contracted out since October 2018. This will have substantial savings compared with the estate's external fleet of TATA trucks.

The external road to Meranto was again badly damaged during the wet months in the months of November and December 2018 by the heavy-duty trucks of the timber logging companies. The necessary repairs to restore the road condition to all weather passable road will incur heavy expenditure & hopefully, the Government will take steps to complete a tarred road. A good condition access road will add value to the property. The Estate and the timber logging companies are currently working together to repair the external road for mutual benefits.

FFB crop production for 2018 needs improvement. The total crop production for calendar year ended December 2018 was 9,320 tonnes as compared to calendar year ended December 2017 was 9,553 tonnes. The reduction of FFB crop by 2.5% is acceptable despite the adverse weather conditions in year 2015 and year 2016 plus the absence of fertilizer input from September 2017.

After the extensive rehabilitation the general condition of the Estate came closer to the industry standard. The field have been maintained at fair acceptable conditions. The Estate trimmed many unnecessary, abusive expenditures from early 2018 to contain the production cost.

Chik Lwi Siang

Semai Bukit Maju, Ladang Bukit Beruntung, KB 216, 48000 Rawang, Selangor Darul Ehsan

**LADANG STERLING, GUA MUSANG, KELANTAN
AREA STATEMENT**

	Year of Planting	Hectare
1	2008	53
2	2009	0
3	2010	316
4	2011	415
5	2012	255
6	2013	-
7	2014	356
8	2015	222
9	2016	14
10	2017	50
	Sub Total	1,681
	Balance Area	
1	In the course of development	930
2	Plantable land	989
3	Building / Housing / Office Site	61
4	Nursery - Anderson	6
5	Dam site - water supply	1
6	Undeveloped pre-logged jungle etc	582
7	Unplantable rock area*	315
	Sub Total	2,884
	Total as per title	4,565

*97.6Ha subject to compulsory acquisition for proposed Nenggiri hydroelectric project and under section 3(i) (a) of the Land acquisition Act 1960.

Area Under Production

Division	Production (Ha)
SPC	643
WKF	377
AND	386
TOTAL	1,406

Rainfall (mm)

Year	Mm	Days
2010	2,033	156
2011	2,436	197
2012	2,670	197
2013	2,016	172
2014	1,844	157
2015	1,213	143
2016	1,604	153
2017	3,033	212
2018	2,072	165

Rainfall for 2018 is slightly below expectation.

I. STAFF

a) Executive

No.	Name	Designation	Date Joined / Left	Promotion Date
1	En. Mustafia Kamil Bin Omar	Divisional Manager (SPC)	23 rd October 2016	1 st July 2017
2	Mr. A. Rajan	Divisional Manager (WKF, AND)	1 st October 2016	1 st July 2017
3	Mr. Tamil Veenthan	Assistant Manager (SPC)	1 st April 2016	1 st July 2017
4	En. Mohamad Aqram Bin Kamal	Assistant Manager (WKF)	15 th July 2017	Confirmed as Asst. Mgr April 2018
5	En. Shahazrin Bin Hassan	Cadet Asst. Manager (WKF)	13 th Jan 2013	1 st July 2017
6	En. Muhammad Sadiq Bin Hamid	Cadet Asst. Manager (WKF)	15 th Jan 2018	1 st April 2018

En. Mustafia, Divisional Manager of SPC will leave the Estate by end of January 2019 due to job opportunities. Mr. Rajan, Divisional Manager of WKF & AND passed away in September 2018. Mr. Aqram, Assistant Manager left in November 2018.

The next most senior staff is Mr. Tamil, the longest serving Assistant Manager is now fully in-charge of all field operations including harvesting of the whole estate. He is coping in a tight situation. Mr. Imran, Directors of Estate Operation is helping up in the external affairs plus the over-seeing management of the Estate. This strategy with the inert momentum can only be a temporary measure. This is obviously cost controlling strategy until the corporate exercise of the Company is done.

b) Subordinate Staff

No.	Name	Designation	Date Joined	Promotion Date
1	En. Turnah A/L Ain	Senior Conductor (SPC)	Re-joined 24 th March 2014	1 st July 2017
2	En. Mohd Nazri Bin Sidek	Field supervisor (AND)	4 th Sept 2017	
3	En. Abdul Hamid Hamidi	Field Supervisor (SPC)	3 rd Sept 2017	
4	Mr. Sakthivel	Trainee conductor (AND)	15 th July 2018	
5	En. Raja Mohd Afiq	Workshop supervisor	22 nd Jan 2018	
6	En. Aziz Bin Lotot	Mechanic	25 th Dec 2017	
7	Cik Sharifah Daisyranie Binti Syed Bakri	Clerk (Gua Musang Office)	18 th Jan 2014	
8	Puan Noor Ashyah binti Jaafar	Clerk ((Gua Musang office)	1st July 2011	
9	Cik Ayu Frishta Binti Marzuki	Clerk (Gua Musang office)	24 th May 2017	

Recruitment of new field staff has not been successful. The Estate needs one more field staff for SPC to reinforce supervision plus FFB despatches to mill. The current field staff strength is merely sufficient to cope with the current work load.

c) Labour Statement

No.	Category	W/shop	SPC	WKF	AND	Last visit	This visit	Variance +/-	Remarks
1	Mandore		3	2	1	5	6	+1	
2	Mechanic	3				7	3	-4	
3	Electrician	-				-	-	-	
4	Security	1	5	-	1	6	7	+1	
5	Welder	1				1	1	-	
6	Store Keeper			1	1	1	2	+1	
7	Motor Grader Driver					1	-	-1	
(a)	Tractor		4	3	5	10	12	+2	
(b)	Excavator					-	-	--	
(c)	Bulldozer	1				1	1	-	
(d)	Lorry	2				4	2	-2	
(e)	Backhoe	1				1	1	-	
(f)	Hilux	1				1	1	-	
(g)	Compactor					1	-	-1	
(g)	General worker		20	3	7	46	30	-16	
9	Harvester		28	12	25	47	65	+18	
10	Carpenter					1	-	-1	
11	Tyre man	1				2	1	-1	
12	Weighing bridge		1			-	1	+1	
13	Ram attendant		1			-	1	+1	
14	Cook		1			-	1	+1	
15	Plumber		2			-	2	+2	
16	Gardener		1	1	1	-	3	+3	
Sub Total		11	66	22	41	135	140	+5	
17	Contract Workers*	-	-	-	-	11	27	+16	
TOTAL		11	66	22	41	146	167	+21	

*Contract workers are Asli workers who stay in the vicinity of the Plantation.

The number of Asli workers under checkroll has increased, especially the harvesting gang. There is still room for improvement on the productivity of Asli harvesters. The Estate needs to continue training the Asli workforce hopefully that they will adapt to the plantation work culture & discipline. The Estate will continue to offer the Asli workers work on the estate. Productivity of Indian harvesters has improved after converting the harvesting payment to piece-rated.

Field maintenance operations are mainly by petty contract scheme. The Asli workers are more efficient on these jobs. The general workforce in the checkroll team has been further reduced.

The strength of harvesting teams has further increased to maintain the 10-days interval & to cope with the crop volume.

Much trimming of workshop workforce has been carried out to cut expenditure. The highly paid 'chief mechanic' was laid off and replaced with an Asli mechanic. Having contracted out the external FFB transport task, the TATA truck drivers were offered other jobs accordingly.

2. NURSERY

Anderson Division Nursery

Summary of Seedlings in Main Nursery

Age Group (month)	Last visit	This visit	Remarks
>54	12,856	11,531	Material from Guthrie
TOTAL	12,856	11,531	

Main Nursery

	GUTHRIE DXP	Total
Transfer from Pre-Nursery	30,614	30,614
Total Transplanted	30,614	30,614
No. Of Damaged	2,281	2,281
No. Culled	2,335	2,335
% Culled	7.63	7.63
Less Losses	-	-
a) Estate (planting & supplying)	12,256	12,256
b) Culling	2,211	2,211
Balance in Nursery	11,531	11,531
Total Seedlings Available	11,531	11,531

The nursery being in open area, suffered severe wind damage in early 2018 and many seedlings were blown to the ground. These seedlings were pruned and propped up in clumps. Fertilizer input has not been done since 2017. The seedlings appear stressed and pale and yellow looking. The balance materials are mainly for supply to elephant damaged points.

It is suggested to apply foliar spray at monthly interval to feed the seedlings.

3. LAND PREPARATION

No.	Description	To-date Since 2008	
		Chain	Chain/Ha
1	Clearing	-	3,171
2	Re-Terracing	-	145
3	Terracing	116,333	2,770
4	Road construction	23,271	2,908
5	Stacking	-	1,926

Development & rehabilitation operations have stopped. There is little land clearing work.

3.1 REHABILITATION WORKS

Rehabilitation

No.	Type of work	Unit	Coverage: July 2018 – Dec 2018			Total
			SPC	WKF	AND	
1	Under brushing & felling	Ha	-	-	-	-
2	Boundary marking	M	-	-	-	-
3	Slashing	Ha	50	-	-	50
4	Poisoning	Ha	-	-	-	-
5	Removing creepers	Ha	-	-	-	-
6	Selective spray	Ha	40	-	-	40
7	Circle & path spray	Ha	45	-	-	45
8	Lalang spray	Ha	20	-	-	20
9	Blanket spray	Ha	5	-	-	5
10	Circle raking	Ha	-	-	-	-

The Estate is just focusing on maintenance of the current mature areas. All other extra activities, rehabilitation jobs have put on hold.

There was no spraying work during the wet weather months from October to December 2018. The Estate needs to resume circle/path spraying now to restore decent field conditions.

4. PLANTING OUT OF PALM

Division	Block No	Year of Planting	Planted Ha	Field Ha
SPC	1	2008	19	19
	2	2010	43	43
	3	2010	26	26
	4	2008	34	34
	5	2010	51	51
	6	2010	32	32
	7	2010	29	29
	8	2010	60	60
	9	2010	36	36
	10	2010	39	39
	11	2011	19	19
	12	2011	41	41
	13	2011	13	13
14	2011	31	47	
27	2011	25	38	
28	2011	55	55	
33	2012	165	269	
33B	2017	50	50	
	34	-	0	85
TOTAL			718	986

5. FFB RECORD

FFB Crop for period January 2017 to December 2018

Month	Division			Total
	SPC	WKF	AND	
YEAR 2017				
Jan 2017	259.72	134.98	39.69	434.39
Feb 2017	187.37	70.56	31.47	289.40
Mar 2017	200.66	113.86	75.45	389.97
April 2017	304.23	220.08	176.54	700.85
May 2017	429.78	304.60	313.85	1,048.23
June 2017	487.86	289.51	265.82	1,043.19
July 2017	675.14	359.63	220.38	1,225.15
Aug 2017	661.64	343.74	157.49	1,162.87
Sept 2017	383.75	238.05	134.11	755.97
Oct 2017	392.11	257.42	226.58	876.11
Nov 2017	298.51	450.87	91.70	841.08
Dec 2017	338.53	363.28	54.71	756.52
TOTAL	4,619.30	3,146.58	1,787.79	9,553.67

Month	Division			Total
	SPC	WKF	AND	
YEAR 2018				
Jan 2018	490.37	249.58	90.79	830.74
Feb 2018	280.21	266.53	91.57	638.31
Mar 2018	278.98	180.27	138.8	598.05
April 2018	219.21	203.98	142.4	565.48
May 2018	234.63	191.13	243.81	669.57
June 2018	216.97	216.56	252.55	686.08
July 2018	362.12	227.34	252.38	841.84
Aug 2018	424.37	340.11	291.35	1,055.83
Sept 2018	457.57	407.01	234.02	1,098.60
Oct 2018	582.05	421.15	248.88	1,252.08
Nov 2018*	262.77	216.04	185.7	664.51
Dec 2018*	166.51	142.65	109.83	418.99
TOTAL	3,975.76	3,062.35	2,282.08	9,320.08

*Production was low due the transportation to the mill was affected by the high rain fall and damages to the roads.

Production for year 2018 needs improvement. Average bunch weight is less than satisfactory. The absence of fertilizer input since September 2017 has contributed the less than expected bunch weight. The loss of crop inflicted by the external crop delivery problems during the wet months between October 2018 and December 2018 added disappointment to production.

Division	Block No	Year of Planting	Planted Ha	Field Ha
WKF	15	2011	18	28
	16	2011	44	44
	17	2011	29	29
	18	2011	28	28
	19	2011	10	32
	20	2011	34	34
	21	2011	30	30
	22	2011	30	37
	23	2011	0	43
	24	2011	5	43
	25	2011	36	36
	26	2011	10	45
	29	2011	0	40
	30	2012	30	64
	31	2012	67	67
	32	2012	30	165
	35	-	0	109
	36	-	0	637
TOTAL			401	1,511
AND	A1	2014	46	49
	A2	2014	34	39
	A3	2014	36	36
	A4	2014	58	64
	A5	2014	48	48
	A6	2014	30	32
	A7	2014	27	27
	A8	2014	43	43
	A9	2014	32	32
	A10	-	0	22
	A11	2014	0	31
	A12	2014	0	23
	B1	2016	29	36
	B2	2016	0	28
	B3	2016	0	31
	C1	2015	24	24
	C2	2015	34	34
C3	2015	19	28	
C4	2015	31	31	
C5	2015	39	39	
C6	2015	29	29	
C7	2015	14	16	
D	-	0	361	
TOTAL			562	1,103
GRAND TOTAL			1,681	3,600

5.1 Crop performance

Crop comparison for Year 2017 and Year 2018

Div	2017	2018	Variance	%
SPC	4,619	3,976	-643	-14
WKF	3,147	3,062	-85	-3
AND	1,788	2,282	+494	+27
	9,554	9,320	-234	-3

The above table shows production regression of 3% on year on year basis. This negative trend does not augur well for the Estate. The absence of fertilizer input is a contributing factor. The problems related to the external fruits delivery to mill is the major task the Estate must resolve in order to over-come production problems.

September to December is the normal oil palm peak cropping months. Unfortunately, the wet weather during the period has dampened the external fruits delivery operation & deterred the harvesting operation. The heavy production deficit is attributable to:

- Suspending harvesting, fruits either not harvested turned over ripe or rotten.
- Harvested fruits not delivered to mill turned rotten.
- Mill rejection due to over ripe or spoil fruit.
- Weight loss, loose fruits not collected.

The scenario above highlights the urgency to upgrade the external access road & eliminate hazzles on external crop delivery. Crop loss will be minimised when harvesting resume normal plus crop delivery is smoothened.

Contribution from the newly to harvesting area in AND helped to boost production in AND. Currently there are plenty of over-ripe, rotten fruits in the field because of the much-extended harvesting interval. The palms are still carrying good load of black bunches. Production can touch 1,000 tonnes in January and February in normal conditions. Emergence of many female flowers currently is positive sign of crop potential.

5.2 Crop losses relating to the external delivery issues

The phenomenon occurred in year 2017. The same situation repeated in year 2018. The crop loss is in tandem with the quantum the palms can produced. The percent of loss can range from 5% – 20% which is quite substantial and is serious. This indicates the importance of resolving the external transport issue, in particular the road conditions.

The Estate management needs to conscientiously eliminate or prevent all negative factors which lead to crop loss. They also need to diligently maintain the field and the palms to meet the industry standard plus extra input on moisture conservation measures to benefit the palms. All this can be implemented once the Company done its restructuring exercise.

5.3 5 years crop projection

5 calendar year crop forecast for reference:

Div	Mature Ha	2019 (tonnes)	2020 (tonnes)	2021 (tonnes)	2022 (tonnes)	2023 (tonnes)	Total
SPC	643	6,450	7,750	9,000	10,300	11,600	45,100
WKF	377	5,300	6,000	6,800	7,500	8,300	33,900
AND	386	3,860	5,000	5,800	6,950	8,100	29,710
Sub- Total	1,406	15,610	18,750	21,600	24,750	28,000	108,710
Immature area	275	-	825	1,650	2,475	3,300	8,250
Rehab area	930	-	-	-	-	2,790	2,790
Plantable land	989	-	-	-	-	-	-
Grand Total	3,600	15,610	19,575	23,250	27,225	34,090	119,750

The above projection is short of matching the normal plantation production due to the following factors:

- Upkeep negligence in early years of the development. Palm development is slow.
- Insufficient fertilizer inputs since the early years of the palm. Nutrient replenishment is not meeting requirement.
- Unsatisfactory rainfall in earlier years plus higher moisture loss on the hilly terrain.
- Slightly low average stand density due to elephant damages & supplies is a disadvantage factor.

The above factors discount the normal production potential. The Estate management needs to conscientiously eliminate or prevent all negative factors which lead to crop loss. On the other hand, diligently maintaining the field and the palms to meet the industry standard plus extra input on moisture conservation measures will benefit the palms.

6. UPKEEP & MAINTENANCE

a) Maintenance & upkeep

Type of work	Unit	Completed (July 2017 – Dec 2018)		
		SPC	WKF	ANDERSON
Slashing	Ha	428	50	152
Bamboo poisoning	Ha	-	-	-
Banana poisoning	Ha	-	194	-
Woody poisoning	Ha	-	-	-
Selective spray	Ha	51	28	20
Circle & path spray	Ha	265	32	54
Pruning/sanitation	Ha	85	109	-
Supply	palm	-	-	1,327
Decreeping	Ha	15	-	-
Lalang spray	Ha	191	22	33
Circle raking	Ha	-	-	-
Blanket Spraying	Ha	10	-	-

The Estate focus only on routine maintenance of the mature areas. Eradication wild banana and bamboo clumps is making decent progress during the year. All rehabilitating operations are put on hold for the moment.

All maintenance jobs are mostly carried out by the Asli workers on piece-rated petty contract system to control cost. The rates were much reduced since early 2018.

As usual, there were little spraying jobs during the year end wet months. Normal spraying jobs just resumed recently as the weather turns dry. The Estate needs to carry out a complete round frond pruning which is over-due. The palms are burdened with the old fronds which are obstructing harvesting, harvesters tend to leave out ripe bunches not harvested etc. The palms look very untidy.

There are still many vacant patches in AND & WKF result of elephant invasion. Supplying of these patches is necessary. Otherwise the lower density will be contributing factor for low production.

6.1 MANURING

Fertilizer input discontinued from September 2017. Palms are depending on the nutrient reserve in the soil. Fortunately, quality of soil in the location where the Estate is situated is good & able to support the palms to continue bearing fruits but the fruit bunch size is smaller than that from the similar age palm.

This absence of nutrient replenishment should not extend till nutrient reserves in the soil are completely depleted. The earlier the better to start replenishing the nutrients drained as the palms in the field are showing nutrient stress. Signs of nutrient deficiency is showing up on the palm canopy.

7. Establishment of leguminous cover crops

Infield planting LCC (Mucuna bracteta) July 2018 – December 2018

Division	Last visit	This visit	+/-	Remarks
	-	-	-	

No establishment of LCC done during the period.

7.1 Electric Fencing & Security Trench

Division	Electric Fencing (chain)		Trenching (chain)		Remarks
	Last visit	This visit +/-	Last visit	This visit +/-	
SPC					
Wakefield					
Anderson	861.1 ch		80		Completed

The electric fence plus its supporting solar panel and batteries, along the jungle boundary in AND suffered repeated severe damages by the visiting elephants. The repair and re-installation costs were very expensive. Since the fence is not effective in deterring the elephant from invading the estate and damaging the palms, the Estate decided to discontinue maintaining this electric fence which becomes a white elephant. It appears the high-tension wire & poles are slowly disappearing.

It is reported that there were lesser elephant visits to AND during the period.

7.2 Mammalian Attack – Damages

Location	Month	Palms/seedlings damaged
SPC	July 2018 – Dec 2018	23
WKF	- Do -	750
AND	- Do -	35
Total		808

There were much lesser elephant visits to SPC & AND during the period. However, elephant damages in WKF was still rampant. It is suspected there is a group of elephants hiding in the ravines in WKF. The Estate needs to send the elephants back to the jungle.

8. STAFF & LABOUR ACCOMMODATION

Unit	Details	Type	Condition	Location
2	Executive cabin	10' x 40', 3 rooms, 1 hall, 2 b/rooms	Fair	SPC
1	Staff Cabin	10' x 40', 3 rooms, 1 hall, 2 b/rooms	Fair	SPC
3	Workers Quarters	10' x 40' cabin	Fair	SPC
2	Workers Quarters	10' x 40' cabin	Fair	SPC
2	Workers Quarters	10' x 80' cabin	Fair	SPC
1x6	Workers Quarters	Wooden structure 6 doors	Fair	SPC
2x6	Workers Quarters	Semi permanent wooden Quarters	Fair	SPC
2x3	Workers Quarters	Dormitory type	Good	SPC
2x1	Executive/Staff Quarters	Semi D type	Good	SPC
1x6	Workers Quarters	Permanent type	Good	WKF
2x3	Workers Quarters	Dormitory type	Good	WKF
2x3	Workers Quarters	Dormitory type	Good	Anderson
2x3	Executive/Staff Quarters	Semi D type	Good	SPC
2x1	Executive/Staff Quarters	Semi D type	Good	Anderson
2x3	Workers Quarters	Dormitory Type	Good	Anderson

Due to decreasing number of foreign workers employed, currently, worker quarters are in surplus situation.

In view of cost cutting exercise, the strength of executives & field staffs has been trimmed to minimum. The mass was moved into a unit of staff quarters. 1 block plus a unit of semi-D executive quarters are vacant.

The General Manager quarter is turned into guest house.

9. TRANSPORT, AGRICULTURAL, MACHINERY & EQUIPMENT

9.1 Vehicle

Unit	Type of vehicle	Year	Registration No.	Condition	Location
1	Toyota Hilux	2011	WWA 9171	Fair	SPC
1	Ford Ranger Pick-up	2003	WKY 7449	Poor	SPC
1	Hilux single cab	1994	JDG 6458	Poor	SPC
1	Hilux single cab	1991	CAF 8706	Poor	SPC
1	Isuzu 2MT Tipper Lorry	2008	AGL 6661	Fair	SPC
1	Toyota Lorry	2012	WWG 6968	Fair	SPC
1	Kawasaki Motorbike	2012	AGL 6008	Fair	WKF
1	Kawasaki Motorbike	2012	AGL 6046	Fair	SPC
1	Kawasaki Motorbike	2013	AJL 2302	Good	SPC
1	Toyota Hilux	2013	DCH 2151	Fair	SPC
1	Toyota Hilux	2013	DCH 3722	Fair	SPC
1	Toyota Hilux	2013	DCH 5911	Fair	SPC
1	Toyota Hilux D/cab	2013	DCJ 4485	Good	SPC
1	Toyota Hilux	2014	CDL 4063	Fair	SPC
1	Nissan LK 214A Lorry	2013	WYX 4139	Fair	SPC
1	Nissan Truck with Bin	2014	BMX 220	Good	GM office
1	Toyota Hilux	2015	CDP 9374	Fair	General transport
1	Nissan Truck with Bin	2015	BNK 4450	Good	FFB transport

9.2 Agricultural, Machinery & Equipment

Unit	Machinery	Code	Year	Registration No.	Condition
1	New Holland	NH 1	2008	WRR 3941	Fair-SPC
1	New Holland	NH 2	2010	WUS 4358	Good-SPC
1	New Holland	NH 3	2009	WUT 1173	Good WKF
1	New Holland	NH 4	2010	WVG 7816	Fair-AND
1	New Holland	NH 5	2012	WXP 5638	Fair-AND
1	New Holland	NH 6	2012	WXP 5691	Fair-AND
1	New Holland	NH 7	2014	WA 4708	Good-WKF
1	New Holland	NH 8	2014	WA 3427 D	Good-WKF
1	New Holland	NH 9	2014	WA 2547 D	Fair-SPC
1	New Holland MMG	NH 11	2014	WA4682 D	Fair-AND
1	New Holland		2015		Good-AND
1	New Holland		2015		Good-WKF
1	Komatsu Bulldozer	B 1	1977	WAS 9925	Fair-SPC
1	Komatsu Bulldozer	B 2	1975	WAY 5928	Fair-SPC
1	Komatsu Bulldozer		2014	BBJ 8815	Good-WKF
1	Hitachi Excavator - Model EX220		1991	ACR 5899	Poor-AND
1	Komatsu Excavator		2013	AJN 1304	Fair-SPC
1	Dynopac Compacter Model CA 25		1990	WEX 4623	Fair-SPC
1	Rear Mounted Grader				Good-SPC
1	Caterpillar		2013	AJM 3807	Fair-SPC
1	Case Super K		2013	AJM 3805	Fair-SPC
1	Case Super K		2013	AJM 3808	Poor-SPC

1	Caterpillar Backhoe		2004	ACG 1953	Fair - SPC
1	Yanmar mini	L.1	2008	WRP 5649	Poor - SPC
1	Yanmar mini	L.2	2008	WRQ 2013	Poor - SPC
1	Tipping trailer - 3.5 ton				Good
2	Tipping Trailer		2012		Good-SPC
2	Tipping trailer		2012		Fair - AND
5	5 ton tipping trailer		2008		Good-SPC
2	5 ton tipping trailer		2011		Good - WKF
1	Tipping trailer		2009		Good - SPC
3	Modified engine cum water pump		2008		Fair - WKF
2	Used Danyo Gen set 125SP(1.25 KVA)		2008		Fair - SPC
1	Circular saw		2008		Fair-SPC
1	Planer		2008		Fair-SPC
1	Landini tractor		2012	WXW 5514	Good-SPC
1	Landini tractor		2012	WXW 5043	Good - SPC
1	TATA dumper trailer	1001	2013		Poor - SPC
1	TATA dumper trailer	1002	2013		Poor - SPC
1	TATA dumper trailer	1003	2013		Poor - SPC
1	TATA dumper trailer	1004	2013		Poor - SPC
1	TATA dumper trailer	1005	2014		Poor - SPC
1	TATA dumper trailer	1006	2014		Poor - SPC
1	TATA dumper trailer	1007	2014		Poor - SPC
1	TATA dumper trailer	1008	2014		Poor - SPC
1	TATA dumper trailer	1009	2014		Poor - SPC
1	TATA dumper trailer	1010	2014		Poor - SPC
1	Rotovator		2010		Good - SPC
1	Generator		2010		Good - SPC
1	50KVA Gen set		2011		Fair - WKF
1	100KVA Gen set		2014		Fair - SPC

The expensive team in the workshop was gradually trimmed to minimum requirement in 2018. With the Asli mechanic the workshop is more effectively run at controlled costing. Mr. Imran changed the parts supplier for purchase of genuinely required parts only. The New Holland tractors are aging and the maintenance cost for these vehicles is rising.

The old TATA trucks were slowly phased off. Transporting contractors are arranged to take care of the external FFB transporting task. This helps to keep the FFB transporting cost in control.

10. ROAD

The Estate terminated the road maintenance contract during the period resulted in a substantial saving in the long run. The Estate managed to start repairing the internal field roads started in March 2018, using our own heavy machinery. Unfortunately, the operation did not complete the whole estate. The badly eroded & damaged roads need repairs to facilitate internal FFB collection.

The external access road from the estate to Meranto is the life line to the Estate. This road suffered severe damages during the year-end wet season. The heavy timber transporting trucks compounded the damages to the road. The Company needs to work out a long-term plan to upgrade this access road plus round the year normal maintenance programme. A good access road adds value to the property. On the other hand, the current status of the access road inflicts negative image of the estate.

11. HEALTH, SANITATION & WATER SUPPLY

The resident HA left in May 2018. Since then the Estate has been operating without a resident HA. Any serious ill cases are sent to government clinic at Meranto & Gua Musang town for treatment. The number sick cases seem to be well under controlled now.

Payment for medical leave decreased sharply since early of 2018. The Estate benefits on substantial saving on this item.

12. DOE REQUIREMENT

The Estate has been closely complying with the operational requirement on DOE issues. The state DOE department awarded 99% for work completion in its Environmental Audit Report. This is commendable effort.

13. MANAGEMENT CONTROL

a. Changes implemented:

- i) The Estate managed to trim almost all the unnecessary over-time payments and extra allowances. These have trimmed big chunk of the monthly check-roll payment which is now reflecting a normal status.
- ii) Down-sizing the executive & field staff teams effected substantial saving on the monthly expenditure on the production cost.
- iii) Tight control on the medical leave payment to the Indian workers, effected decent saving on the fringe benefit expenditure.
- iv) The exorbitant high rate circle/path spraying (labour) was revised to in 2018.
- v) The rates for various rehabilitating jobs were also trimmed to a fair level in 2017/2018.
- vi) External FFB transport cost is a nightmare to the production cost. Awarding the external FFB delivery task to contract at a fixed rate is good achievement in containing the FFB transporting cost and trim a large chunk in the production cost.
- vii) Removal of many unnecessary allowances from the check-roll payment in 2018 effected substantial saving.
Expenditure on food provision to executives & staff in the mass has kept under control.

b. Areas for further improvement:

- i) Cost control is the priority. The executives should be conscious on this aspect of their work.
- ii) Unfortunately, the Estate did not continue exercising the downward revision of the harvesting rates. Generally harvesting rates remain high for the palm age, comparing with other plantations. The Estate needs to vigilantly exercising the downward revision of the harvesting rates soonest possible.
- iii) The internal FFB collection cost plus crop delivery from AND to SPC are still high. It is recommended that the Estate look into a contract system to contain this expenditure.

iv) The expenditure on power supply to all the Division needs scrutiny.

v) Introduce incentive scheme for achievement on productivity target by harvesters. This is strategy to reduce the total number of harvesters and to achieve production target.

vi) Further reduce foreign workers, replacing with Asli.

vii) There is room to further revise the rate for spraying jobs as the field condition has further improved.

viii) Upgrading & maintaining the external access road is priority. Implement a 5 years plan to upgrade the external access road, to spread out the cost. Invite other parties who are using the road to participate in the project.

ix) All the gen-sets for power supply are over size with high fuel consumption. This is a long-term burden on the expenditure. This issue needs to be scrutinized & seek solution to cut the expenditure.

x) The Estate needs to put the bulldozer, excavator, backhoe tractors back to action to tackle the road repairs.

xi) The aging tractors are needed for internal FFB collection. They should be carefully maintained.

c. MSPO

It is the government requirement that all oil palm estates are obliged to comply. The Estate needs to implement the scheme by 2019. Non-compliance may face hazzles or restrictions.

14. ACKNOWLEDGEMENT

My thanks to Mr Tamil for accompanying me during the field visit & to Mr. Imran for his kind hospitality.



Chik Lwi Siang
External Planting Adviser.

26/1/2019



OUR REF : IS(M)/V/19-108(A)

**REPORT AND VALUATION
OF
A 4,565.082 HECTARES OF AN OIL PALM ESTATE
KNOWN AS
LADANG STERLING
HELD UNDER
60 YEARS PLANTATION LAND DEVELOPMENT AGREEMENT
WITH AN OPTION TO RENEW FOR ANOTHER 30 YEARS
IDENTIFIED AS**

**P.T. NOS. 5535, 5536 & 5641
HELD UNDER TITLE NOS. HSD 4185, 4186 & 4187
MUKIM OF ULU NENGGIRI
DISTRICT OF BERTAM
JAJAHAN GUA MUSANG
STATE OF KELANTAN**

**FOR
GOLDEN PALM GROWERS BERHAD**

DATE OF VALUATION : 30TH JANUARY 2019

EXECUTIVE SUMMARY

Our Reference : IS(M)/V/19-108(A)
Client (s) : GOLDEN PALM GROWERS BERHAD.
Registered Owner : PERBADANAN PEMBANGUNAN LADANG RAKYAT NEGERI KELANTAN (PLRKNK).
Subject Property : A 4,565.082 hectares of an oil palm estate known as Ladang Sterling.
Location : POS Pasek, off 39th Kilometre post Jalan Gua Musang – Jeli.

Lot/Title No. : P.T. Nos. 5535, 5536 and 5641, held under Title Nos. HSD 4185, 4186 & 4187, Mukim of Ulu Nenggiri, District of Bertam, Jajahan Gua Musang, Kelantan.

Site Areas :

P.T Nos.	Land Area (hectares)
PT 5535	1,263.500
PT 5536	1,578.741
PT 5641	1,722.841
Total	4,565.082

Plantation Right Period : 60 years commencing from 30th August 2007 with an option to renew for another 30 years.

Date of Valuation : 30th January 2019.

Purpose of Valuation : Internal management purpose

Opinion of Value : Ringgit Malaysia Ringgit Malaysia Two Hundred Forty Two Million And Fifty Thousand Only (RM242,050,000.00).

THIS EXECUTIVE SUMMARY IS TO BE READ IN THE CONTEXT OF THE ACCOMPANYING FULL REPORT AND VALUATION



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- Property & Asset Valuation
- Market Research
- Real Estate Agency
- Investment Advisory
- Development & Project Management
- Property & Asset Management
- Business Valuation

BORANG D

Akta Pengambilan Tanah, 1960
(Seksyen 8)

BORANG C
AKTA PENGAMBILAN TANAH, 1960
(SEKSYEN 7)

JADUAL TANAH YANG TERKENA OLEH PENGAMBILAN

Daerah : BERTAM

Mukim : ULU NENGGIRI


PERISYTIHAPAN PENGAMBILAN YANG DICADANGKAN

Adalah dengan ini diisytiharkan bahawa tanah-tanah dan kawasan-kawasan yang tertentu yang dinyatakan dalam Jadual kepadanya adalah diperlukan bagi maksud yang berikut:

PENGAMBILAN BALIK TANAH DI BAWAH SEKSYEN 3(1)(a) AKTA PENGAMBILAN BALIK TANAH 1960,
BAGI MAKSUD PROJEK PEMBINAAN EMPANGAN HIDROELEKTRIK PELBAGAI GUNA NENGGIRI,
MUKIM ULU NENGGIRI, DAERAH BERTAM, JAJAHAN GUA MUSANG.

2. Suatu pelan tanah dan kawasan tertentu yang dinyatakan itu boleh diperiksa semasa waktu kerja biasa di Pejabat Tanah bagi Daerah di mana terletakinya tanah dan kawasan.

Bertarikh pada: 19/10/2016


(HAJI TUAN MAT BIN TUAN SOH)
Timbalan Pengarah Tanah Dan Galian
B/P: PENGARAH TANAH DAN GALIAN
NEGERI KELANTAN

JADUAL

No. Lot Ukur	Hakmilik atau Pendudukan	Tuanpunya berdaftar atau penduduk yang direkodkan	Keluasan Lot	Lebih Kurang Luas yang hendak diambil
		...SEBAGAIMANA BORANG ' C ' AKTA PENGAMBILAN TANAH 1960 BERKEMBAR. ...		

(Borang ini diterjemahkan oleh Peguam Negara, Malaysia, menurut Pembetintahan Undangan No. 12,
Tahun 1964 - P.N. 2953/1.P.T.M. 8/67 S.J.No. 6(1))

Bil	No. Lot Ukur	Hakmilik Atau Pendudukan	Tuanpunya Berdaftar Atau Penduduk Yang Direkodkan	Luas Lot	Lebih Kurang Luas Yang hendak Diambil	Catatan
1.	PT 5389 02 JAN 2017	HSD 1645	PERBADANAN MENTERI BESAR KELANTAN (PMBK) 1/1 BHG	1502.75 HA	1502.750HA	
2.	PT 4693 02 JAN 2017	HSD 1653	BINAKONGSI (M) BHD (No. Syarikat: 292709-U) 1/1 BHG	202.3 HA	202.3 HA	
3.	PT 5436 02 JAN 2017	HSD 3440	SINAR INSPIRASI WIRA RESOURCES SDN BHD (No. Syarikat: 775529-T) 1/1 BHG	21.41 HA	21.41 HA	
4.	PT 5505 02 JAN 2017	HSD 3439	SINAR INSPIRASI WIRA RESOURCES SDN BHD (No. Syarikat: 775529-T)	180.9 HA	180.9 HA	
5.	PT 7737 (Dulu PT 5667) 03 JAN 2017	HSD 8427 (Dulu HSD 3578)	SURIA GEMILANG ABADI SDN.BHD (No. Syarikat : 662426-K) 1/1 bahagian	202.34 HA	202.34 HA	
6.	PT 5641 03 JAN 2017	HSD 4187	PERBADANAN PEMBANGUNAN LADANG RAKYAT NEGERI KELANTAN (PLRNK) 1/1 BHG	1722.84 HA	97.6 HA	
7.	PT 4725 03 JAN 2017	HSD 469	YAYASAN ISLAM KELANTAN (YIK) 1/1 BHG	2302 HA	51.6 HA	