



East West Horizon

PLANTATION BERHAD

(940673-T)

Member of East West One Group

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Issued pursuant to Section 28 of the Interest Scheme Act, 2016

Investors are advised to read and understand the contents of this Prospectus and the Trust Deed (available on request) pertaining to the East West Horizon Planter's Scheme before purchasing any Planter's Block. Investors should rely on their own evaluation to assess the merits and risks of the investment. In considering the investment, investors who have any doubt as to the action to be taken should consult a professional advisor.

"The cooling-off period shall be ten (10) business days after the date of receipt of the Application Form and the relevant Subscription Fee from the Applicant by the Trustee. In the event that the Applicant so wishes to withdraw his application within the Cooling-off Period, the Applicant shall give notice of his intention to do so and the Trustee shall within seven (7) business days of receipt of the notice refund to the Applicant the Subscription Fee so paid without any deduction."

A copy of this Prospectus has been registered and lodged with the Registrar of Companies who takes no responsibility for its contents.

**This Prospectus is dated 8th March 2018
and expires on 7th September 2018**

OIL PALM PLANTER'S
PROSPECTUS
East West Horizon Planter's Scheme

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DEFINITIONS

In this Prospectus except where the context requires otherwise, the following words and expressions shall have the following meanings:-

Applicant	Means such person who has submitted the prescribed Application Form to the Management Company to become a Planter by subscribing to the Planter's Block(s);
Application Form	Means the application form prescribed by the Management Company from time to time for the purpose of acquiring a Planter's Block;
Approved Company Auditor	Means a person approved as such by the Minister under Section 263 of the Companies Act, 2016 whose approval has not been revoked as defined in the Companies Act, 2016;
Business Day	Means a day (other than Saturday, Sunday or National, Federal Territory and Sabah Public Holiday) on which banks are open for business;
Business Office	Means the office of the Management Company at Suite 1-9-E2, 9th Floor, CPS Tower, Centre Point Sabah, 88000 Kota Kinabalu, Sabah, Malaysia;
Companies Act	Means the Malaysian Companies Act, 2016, and Companies Regulations 2017;
Commencement Date	Means the date of commencement of the respective Planter's Agreement being the date on which the Subscription Fee is fully paid by the Planter(s) to the Trustee;
Cooling-off Period	Means a period of ten (10) business days after the date of receipt of the Application Form and the relevant Subscription Fee from the Applicant(s) by the Trustee during which period the Applicant(s) may withdraw the application without incurring any penalty or deduction;
Court	Means the High Court of Sabah And Sarawak, the High Court of Malaya or a judge thereof;
Deed of Assignment cum Novation	Means the Deed of Assignment cum Novation entered into between Perintis Jati Sdn Bhd (812581-X) and Dwidunia Majujaya Sdn Bhd (692747-T) with Geo Venture Plantations Sdn Bhd (1042654-K);
Diamond Category	Means the category of which one (1) Planter's Block consists of four and a half (4.5) acres of oil palm plantation which the Planter(s) participates for a term of eight (8 th) years;

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East West Horizon Planter's Scheme	Means the scheme whereby the Management Company offers to the Planter(s) a Planter's Block in consideration of a Subscription Fee paid by the Planter(s) to the Management Company and in which the Planter(s) is/are entitled to receive benefit in the form of a fixed return in terms of Monthly Net Return during the Term and commencing from the Commencement Date until expiry at the Maturity Date in the eighth (8 th) year;
Emerald Category	Means the category of which one (1) Planter's Block consists of three (3) acres of oil palm plantation which the Planter(s) participates for a term of eight (8 th) years;
Gazette	Means the official Gazette of the Federation of Malaysia and includes supplements thereto as defined in Section 66 of the Interpretations Acts 1948 and 1967 (Act 388);
Independent Consultant	Means the professional adviser, firm or company having the requisite experience and expertise in the proper management and operation of oil palm plantations;
Initial Launch Date	Means the date of the First Prospectus;
Initial Promotion Period	Means six (6) months from the date of the First Prospectus;
Interest Scheme Act	Means the Malaysian Interest Scheme Act 2016 and Interest Scheme Regulations 2017;
Joint Venture Agreement	Means the Joint Venture Agreement dated 1st March, 2012 entered into between the Trustees for the beneficial land owners with Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd;
Land	Means several pieces of land measuring a total area of eleven thousand six hundred and seventy (11,670) acres more or less and situated in the district of Ranau, Keningau and Tambunan in Sabah, Malaysia;
Management Company	Means East West Horizon Plantation Berhad (Company No. 940673-T);
Marketing Offices	Means the marketing offices of the Management Company at:- <u>Malacca</u> 1 st Floor, No. 79A, Jalan Melaka Raya 24, Taman Melaka Raya, 75000 Malacca <u>Penang</u> Suite 1-04-22, E-Gate, No. 1, Lebu Tunku Kudin 2, 11700 Gelugor, Penang <u>Perak</u> 1 st Floor, No. 38A, Tingkat Taman Ipoh 12, Ipoh Garden South, 31400 Ipoh, Perak <u>Selangor</u> C-05-02, Block C (Capital 3), Oasis Square, No. 2, Jalan PJU 1A/7A, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan;

Maturity Date	Means the date upon which the respective Planter's Agreement shall expire being the day ending on the date of expiry of the end of the eighth (8 th) year from the Commencement Date;
Minister	Means the Minister charged with the responsibility for companies as defined in the Companies Act, 2016;
Monthly Net Return	Means the financial benefit in terms of a fixed return in each calendar month commencing on the Commencement Date until expiry at the Maturity Date payable by the Management Company to the Planter(s) as set out herein and the Third Schedule of the Planter(s) Agreement;
Plantation Management Company	Means Geo Venture Plantations Sdn Bhd;
Planter's Agreement	Means the Agreement entered into or to be entered into between the Planter(s) and the Management Company in respect of the Scheme for a Term of eight (8) years commencing on Commencement Date and expiring on the Maturity Date, which will be within the Tenure of the Scheme;
Planters' Block	Means four and a half (4.5) acres of oil palm plantation under Diamond Category, three (3) acres of oil palm plantation under Emerald Category, one and a half (1.5) acres of oil palm plantation under Ruby Category and half (0.5) acre of oil palm plantation under Sapphire Category of the East West Horizon Planter's Scheme in respect of which the Planter has paid the prescribed Subscription Fee and in consideration of which the Planter shall thereafter be entitled to a fixed return termed as Monthly Net Return, in respect of which the Management Company shall issue to the Planter a Planter's Certificate and Planter's Block. Planter's Block(s) means either Planter's Block or Planter's Blocks as the case may be;
Planter's Certificate	Means the certificate of entitlement to the Planter's Block(s) and any benefits payable by the Management Company to the Planter(s);
Planter(s)	Means a person or corporate who has subscribed for the Planter's Block and has entered into the Planter's Agreement with the Management Company. Planter includes more than one (1) Planter;
Plantation	Means eleven thousand six hundred and seventy (11,670) acres more or less of the said Land designated and specifically demarcated by the Management Company for use under the East West Horizon Planter's Scheme;
Planting Date	Means three (3) months from the date when the East West Horizon Planter's Scheme is launched;
Prospectus	Means the statement issued pursuant to Section 28 of the Interest Scheme Act, 2016;

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Register of Planter's and Register of Transfer	Means the register of all the participating Planter(s) and Register of Transfer established and shall be managed by the Management Company (a copy of which will be given to the Trustee) such as entering and updating the same from time to time those registering as existing Planter(s) under the East West Horizon Planter's Scheme;
Registrar of Companies	Means the Registrar of Companies as designated under Section 20A of the Companies Commission Act, 2001;
Ruby Category	Means the category of which one (1) Planter's Block consists of one and a half (1.5) acres of oil palm plantation which the Planter(s) participates for a term of eight (8 th) years;
Rules	Means all the rules and regulations of the East West Horizon Planter's Scheme (if any) governing the benefits of the Planter's interest in the Planter's Block and such other matters relating to the Planter's Block and shall include such amendments and modifications as the Management Company may deem fit to make from time to time;
Reserved Blocks	Means two hundred and seventy five (275) blocks of Diamond Category, one hundred and eleven (111) blocks of Emerald Category, nine hundred and thirty (930) blocks of Ruby Category and one thousand and seventy six (1,076) blocks of Sapphire Category Planter's Blocks that are held by the Management Company not for public subscription and may be released for public subscription only upon the approval of the Registrar of Companies;
Reserve Fund	Means a reserve fund to be established and managed by the Trustee in respect to the obligations of the Management Company towards the Planter(s) as specified in the Trust Deed;
Reserve Fund Trust Account	Means an account set up in the name of the Trustee for the Management Company for the purpose of Holding the Reserve Fund;
RM or Ringgit Malaysia	Means the legal currency of Malaysia;
Sapphire Category	Means the category of which one (1) Planter's Block consists of half (0.5) acres of oil palm plantation which the Planter(s) participates for a term of eight (8 th) years;
Subscription Fee	Means a sum of Ringgit Malaysia payable by the Planter(s) to subscribe for one (1) Planter's Block or multiples thereof as specified in Section 3 of the First Schedule of the Planter's Agreement and in the manner stated in the Second Schedule of the Planter's Agreement;
Sublease Agreement	Means the Sublease Agreement dated 1 st March 2012 entered into between the Management Company and Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd in respect of the lease of the said Land;

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Supplementary Sublease Agreement	Means the Supplementary Sublease Agreement dated 20 th September 2013 entered into between the Management Company and Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd in respect to the Sublease Agreement;
Sinking Fund	Means a sinking fund to be established and managed by the Trustee in respect of the obligations of the Management Company towards the operations of the Plantation;
Sinking Fund Trust Account	Means an account set up in the name of the Trustee for the Management Company for the purpose of holding the Sinking Fund;
Tenure	Means a period of twelve (12) years from the Initial Launch Date;
Term	Means the term of each Planter's Agreement which shall commence on the Commencement Date and expire on the Maturity Date;
Transfer Fee	Means a sum equivalent to Ringgit Malaysia One Hundred (RM100.00) payable by the Planter(s) to the Management Company in relation to any application for transfer/assignment of the Planter's Block;
Transfer Form	Means the form for transfer or to assign any Planter's Block set out in the Fifth Schedule of the Planter's Agreement;
Trustee	Means TMF Trustees Malaysia Bhd (Company No. 610812-W) or other trustee or trustees for the time being of the Trust Deed;
Trust Account	Means the account in which the sum of monies received by the Trustee from the Planters or Management Company being the Subscription Fee or such part thereof for their respective Planter's Block is being placed;
Trust Deed	Means the Trust Deed dated 24 th December 2012 entered into between the Management Company of the first part, Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd (lessor) of the second and third part the Plantation Management Company of the fourth part, the Trustee of the fifth part and the Planter(s) of the sixth part and shall include any amendments, modifications or changes made thereto from time to time and shall include the attachments, schedules and annexures;
Trust Period	Means the period from the date of the Trust Deed until the expiry of the East West Horizon Planter's Scheme.

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1. INTRODUCTION TO THE PROSPECTUS

1.1 Prospectus

This Prospectus dated 8th March 2018 and issued by the Management Company and shall remain valid for a period of six (6) months from the date hereof and is applicable for the subscription of the Planter's Block(s) in the East West Horizon Planter's Scheme.

A copy of this Prospectus has been lodged with the Registrar of Companies who takes no responsibility for its contents and is available at the Management Company's office during office hours.

The Management Company hereby declares:

- (i) that no Planter's Block shall be subscribed for pursuant to this Prospectus later than six (6) months after the date of this Prospectus, unless otherwise approved by the Registrar of Companies;
- (ii) that Planter's Certificate evidencing each Planter's Block shall be issued to any Planter who subscribes for a Planter's Block pursuant to this Prospectus not later than sixty (60) days after the date of the full payment of the Subscription Fee by the Planter; and
- (iii) that the Register of Planters is properly maintained.

1.2 Legislation

The principal legislation governing the establishment and operation of this scheme is Section 4 of the Interest Scheme Act, 2016, which requires any Management Company intending to offer for subscription any "interest" in a scheme to the public to comply with the requirements of the Act and the policy guidelines issued by the Registrar of Companies in respect of share farming schemes.

2. BACKGROUND INFORMATION OF THE MANAGEMENT COMPANY

2.1 History of the Management Company

The Management Company was incorporated in Malaysia on 15th April 2011 with authorised share capital of RM10,000,000.00 and paid-up share capital of RM5,000,000.00.

The Management Company shall operate and manage the East West Horizon Planter's Scheme herein and the group shall be principally engaged in the oil palm plantation business.

3. CORPORATE INFORMATION

3.1 Corporate Information of the Management Company

EAST WEST HORIZON PLANTATION BERHAD (Company No. 940673-T) is a public company of limited liability incorporated under the laws of Malaysia with its registered address at Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur and its business address at Suite 1-9-E2, 9th Floor, CPS Tower, Centre Point Sabah, 88000 Kota Kinabalu, Sabah.

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Directors

Name	Residential Address	Business Occupation
Tan Sri Dato' Napsiah Omar	No.21, Jalan 4F, Ampang Jaya, 68000 Selangor	Company Director
Dato' Dr. Jessie Tang Telephone no. 088-268889 Facsimile no. 088-310009 drjessietang@eastwestone.com	No.5, Jalan USJ 18/1, UEP 47620 Subang Jaya, Selangor Darul Eshan	Company Director

Shareholders

Name	Residential Address
Dato' Dr. Jessie Tang	No.5, Jalan USJ 18/1, UEP 47620 Subang Jaya, Selangor Darul Eshan
Sonny Toik	Kampung Tampasak 89507 Penampang Sabah
Jenny Binti Ansalimus @ Jean	No. 696, Jalan Pandan 1 Taman Pantai Lok Kawi 88100 Kota Kinabalu Sabah

Management Personnel

Name	Position
Tan Sri Dato' Napsiah Omar	- Chairman
Dato' Dr. Jessie Tang	- Executive Director & Chief Executive Officer
Kenneth Chai Chuan Teong	- Director, Corporate Planning & Strategy
Suresh N. Raghavan	- Director, Plantation
Terence Mark Stephens	- Head, Human Resource
Viola Chin Yui Suing	- Financial Controller 1
Alvin Lee Chen Vui	- Financial Controller 2

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Secretary

Name	Residential Address	Business Occupation
Tan Tong Lang (MAICSA 7045482)	No. 1, Jalan SL 13/3 Bandar Sungai Long 43200 Kajang Selangor Darul Ehsan	Company Secretary
Thien Lee Mee (f) (LS0009760)	Lot 23-18, Level 23 Platinum Victory Condominium PV15 No. 2A, Jalan Danau Saujana 53300 Setapak Kuala Lumpur	Company Secretary

Trustee

TMF Trustees Malaysia Bhd, 10th Floor, Menara Hap Seng, No. 1&3, Jalan P.Ramlee, 50250 Kuala Lumpur.

Auditor and Reporting Accountant

Crowe Horwath, Damai Plaza 3, 3rd Floor, C11, South Wing, Jalan Damai, 88811 Kota Kinabalu, Sabah.

The Register of Planters will be kept at:

Suite No. 1-9-E2, 9th Floor, CPS Tower, Centre Point Sabah 88000 Kota Kinabalu, Sabah.

The Register of Planters is accessible during office hours between 9.00 a.m. and 5.00 p.m. from Monday to Friday.

3.2 Appointment of Marketing Agent

The Management Company may with the prior consent of the Registrar of Companies appoint a marketing agent to promote and/or offer for public subscription the Planter's Blocks and/or provide management services upon such terms and conditions as shall be agreed upon between the Management Company and the marketing agent.

The Management Company has appointed East West One Marketing Sdn Bhd as its marketing agent.

3.3 Corporate Information of the Marketing Agent

Directors

Name	Residential Address	Occupation
Dato' Dr. Jessie Tang	No.5, Jalan USJ 18/1, UEP 47620 SUBang Jaya, Selangor Darul Ehsan	Company Director

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Registered Address

Suite 10.03, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur

Marketing Offices

Malacca: 1st Floor, No. 79A, Taman Melaka Raya, 75000 Malacca.

Penang: 1-04-22, E-Gate, No. 1, Lebuhr Tunku Kudin 2, Gelugor, 11700 Penang.

Perak: 1st Floor, No. 38A, Tingkat Taman Ipoh 12, Ipoh Garden South, 31400 Ipoh, Perak.

Selangor: C-05-02, Block C (Capital 3), Oasis Square No. 2, Jalan PJU 1A/7A, Ara Damansara,
47301 Petaling Jaya, Selangor.

Secretary

Name	Residential Address	Business Occupation
Tan Tong Lang (MAICSA 7045482)	No. 1, Jalan SL 13/3 Bandar Sungai Long 43200 Kajang Selangor Darul Ehsan	Company Secretary
Thien Lee Mee (f) (LS0009760)	Lot 23-18, Level 23 Platinum Victory Condominium PV15 No. 2A, Jalan Danau Saujana 53300 Setapak Kuala Lumpur	Company Secretary

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4. CORPORATE PROFILE

4.1 Profile of Directors and Key Management

Tan Sri Dato' Napsiah Omar, Chairman

Equipped with a Bachelor of Science (Australian National University, Canberra) and Master of Science (Cornell University, New York), Tan Sri Dato' Napsiah Omar's early career started in 1967 as an Administration Officer at FELDA and she later became Associate Professor with Universiti Putra Malaysia in 1981. In 1982 she entered the world of politics, by successfully contesting the Kuala Pilah parliamentary seat, a feat she has maintained up until 1995. She was appointed Deputy Minister of Housing and Local Government (1982-1987), Minister of Public Enterprise (1987-1990) and Minister of National Unity and Social Development (1990-1995). She switched to state politics in 1996 and was appointed State Executive Councillor for the state of Negeri Sembilan. She held the position of UMNO Woman Leader for Negeri Sembilan up until 2004.

She is presently Co-Founder cum Chairperson of the Women's Institute of Management, Malaysia and the Chief Executive of WIM College. She is also the former President of the Federal Territory Girl Guides' Association. In 2001, she was awarded "Tokoh Wanita Negeri Sembilan", and in 2004 she was elected as Permanent Chairman of UMNO Wanita. She was also Chairman of the National Population and Family Development Board (LPPKN) (1st March 2011-28th February 2015).

Dato' Dr. Jessie Tang, Executive Director & Chief Executive Officer

Dato' Dr. Jessie Tang, aged 50, obtained her medical degree at Kasturba Medical College, India in 1994. After graduating, she served in the Government Hospital for 4 years. After completing her compulsory Government service, she joined a health care management company in Kuala Lumpur where she was responsible for setting up and managing a chain of clinics. In 2003, Dato' Dr. Jessie teamed up with 2 other partners and formed a company distributing nutritional products locally and regionally.

Dato' Dr. Jessie's family was involved in rubber and oil palm plantations. Although she had chosen a medical career, she nevertheless has always been interested in getting into the agricultural sector. Due to her entrepreneurial spirit, leadership and vision in the prospects of palm oil, she embarked on the oil palm plantation business in East Malaysia.

Dato' Dr. Jessie is a member of Malaysian Estate Owners' Association (MEOA), serves as advisor for Sabah's Kobe Osaka Karate Club, and a board member of the Women's Institute of Management (WIM) Malaysia. She is also actively involved in the group's corporate social responsibility initiatives and projects, particularly in empowering and improving the standard of living of women.

Dato' Dr. Jessie is a Director of several companies within the East West One Group with businesses largely in the oil palm industry. Besides the group's oil palm businesses in Malaysia, Dato' Dr. Jessie is also expanding the group's regional business presence into Indonesia, specifically in the oil palm and mining industries.

Dato' Dr. Jessie's interest in the corporate world and coupled with her determination and drive to succeed are key contributing factors to the group's success and reaching greater heights.

Dato' Dr. Jessie was bestowed the DSDK award in January 2013 in conjunction with the Sultan of Kedah's 85th birthday.

Kenneth Chai Chuan Teong, Director, Corporate Planning & Strategy

Mr. Kenneth Chai is an experienced corporate manager with 18 years experience in corporate planning and strategy, corporate finance and corporate affairs.

Prior to joining East West One Group, Mr. Chai was attached with a Malaysian conglomerate, heading its corporate planning function at holding company level and overlooking and executing transactions of its boutique corporate finance outfit.

Mr. Chai had also previously played a key role in supporting the corporate planning and strategy function in the CEO's Office of a Malaysian government-linked corporation, which is also a Fortune Global 500 company. His other notable past experience include management of a venture capital management company with interest in oil and gas, information and communication technology, renewable energy and pharmaceutical companies, and spearheading all corporate functions of a Malaysian oil and gas company listed on the Alternative Investment Market of the London Stock Exchange.

Mr. Chai holds a MBA specialising in Finance (Leicester), a BSc (Hons) in Economics and Management (London) and a Diploma in Economics (London).

Suresh N. Raghavan, Director, Plantations

Mr. Suresh N. Raghavan obtained a Diploma in Business Studies from the Institute of Commercial Management, UK in 1991 and an Advanced Diploma in Management Studies from the City of London College, UK in 1993.

Mr. Suresh began his career in the plantation industry in 1994 with IOI Corporation where he worked for almost 11 years. He started as a Cadet Assistant and was later promoted to Assistant Manager before becoming an Estate Manager. He was an Estate Manager with Ngan Holdings from 2005 to 2007 before accepting a regional role as Senior Development Manager with MP Evans in Indonesia where he worked until 2008. Thereafter, Mr. Suresh returned to Malaysia and worked with IJM Plantations in Sabah from 2010 to 2012 as Plantation Controller, where he played a key role and made significant contributions in the areas of production, operations, cost management, leadership development, security and corporate social responsibility. In 2013, he joined Tradewinds Plantation as Regional General Manager and Vice President, where he strategized, planned and managed the sustainable production and growth of their plantations including developing operational policies and procedures, developing and monitoring operational business plans, implementing various corporate social responsibility and stakeholder management activities and initiatives, and developing talent and leadership.

Mr. Suresh, who has been a member of the Incorporated Society of Planters since 1994, has over 20 years experience in the oil palm industry prior to joining East West One Group. His hands-on experience span across oil palm plantations in Sabah, Sarawak and Indonesia. His impressive and successful track record in managing oil palm plantations in Sabah in particular is a key asset to East West One Group.

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Terence Mark Stephens, Head, Human Resource

Mr. Terence Mark Stephens is an experienced HR practitioner who specialises in talent management. He holds a Bachelor of Business (Hons) from Swinburne University of Technology, Melbourne, Australia, which he obtained in 2001.

Mr. Terence began his career in 2002 in the logistics industry where he was tasked and responsible for establishing a Training Unit under the purview of the Human Resource Department of the logistics company. He then joined a boutique private equity firm in 2005, where he was instrumental in establishing a full-fledged Human Resource Department for the company. In 2007, he joined an Offshore Financial Authority, where he was tasked to oversee and execute its 5 years Human Resource Strategic Plan with emphasis on remuneration review, human resource information system, talent management, succession management, learning and development and workforce planning. Post completion of the exercise, he headed the Human Resource Unit.

Mr. Terence joined Kwantas Corporation Berhad in 2014 as the Regional Human Resource and Administration Manager. During his 4 years tenure with the company, he organised and managed the regional human resource functions with emphasis on augmenting productivity through performance monitoring, developed and implemented the company's talent management framework, manpower planning strategies and its associated processes, implemented various initiatives to comply with statutory requirements and managed sustainability certifications for the regions.

Mr. Terence's vast experience as a HR practitioner especially in the oil palm industry in Sabah is a key asset to East West One Group.

Viola Chin Yuin Suing, Financial Controller 1

Ms. Viola Chin Yuin Suing obtained a Bachelor of Commerce degree majoring in accounting and finance from Curtin University of Technology in 2004. In 2007, she obtained the Certified Practising Accountant (CPA) Australia qualification and thereafter in 2009 she became a member of the Malaysia Institute of Accountants (MIA).

Ms. Chin began her career in 2005 as a Senior Associate with Ernst & Young. During her 3 years at Ernst & Young, she performed the full spectrum of accounting functions, which include audit assessment for financial accounts, control evaluations and detailed documentation of accounting systems in numerous industries. Ms. Chin joined Sabah-based oil palm company, Kwantas Corporation Berhad in 2008 as a Management Accountant. In 2014, she was promoted to Group Cost Analysis Manager and she was reporting directly to the executive directors of the company. During her 9 years with Kwantas, she was hands-on and played a key role in all aspects of the company's accounting and finance requirements including treasury function in respect of their businesses in the oil palm industry.

Ms. Chin's extensive experience in accounting, audit, compliance, finance and taxation especially in the oil palm industry in Sabah is a key asset to East West One Group.

Alvin Lee Chen Vui, Financial Controller 2

Mr. Alvin Lee gained considerable plantation accounting experiences when he was attached for about 8 years with Hap Seng Plantations Holdings Bhd, a public-listed plantation company.

Since graduating from the Queensland University of Technology, Australia, with a degree in Business Accountancy in 1991, Mr. Lee was exposed to all aspects of accounting from keeping accounting records, auditing, preparing budget reports as well as management accounting reports for key management meetings.

Prior to joining East West One Group, Mr. Lee was the Financial Controller of the Sabah Golf and Country Club, Kota Kinabalu from 2003 to 2011 where he was responsible for all accounting and financial reports including legal and corporate filings of the club. In addition to the finance portfolio, he was also responsible for overlooking administrative and management matters. He was assisted by a team of 15 staff.

Mr. Lee is both a CPA Member of Certified Practicing Accountant of Australia (ASCPA) and a Chartered Accountant member of the Malaysia Institute of Accountants (MIA).

4.3 The Trustee

TMF Trustees Malaysia Berhad (Company No. 610812-W) ("TMF Trustees") was incorporated in Malaysia on 1st April 2003 under the Companies Act 1965 and registered as a trust company under the Trust Companies Act 1949 on 9th October 2003.

Upon completion of a merger in early July 2011, TMF Trustees is now part of the TMF Group. The TMF Group is an independent global service provider with more than 120 plus offices in 80 plus jurisdictions around the world.

The TMF Group has been present in Malaysia since 1992, with its first office in Labuan International Business Financial Centre (IBFC) under TMF Trust Labuan Limited (Company No. LL03704), for the provision of trust and fiduciary services and TMF Trustees was established in 2003 to support the Labuan office in servicing Malaysian clients and to undertake the domestic trust business.

The principal activity of TMF Trustees is the provision of trust services including acting as trustee and security trustee for private debt securities (PDS), corporate administrator to asset-backed securities (ABS), trustee for unit trust funds and private trusts and custodian for private fund mandate, peer to peer lending and equity crowd funding. As at 31st December 2017, the TMF Trustees has 28 unit trust funds, 26 wholesale funds, 1 closed-end funds, 1 exchange traded fund and 41 PDS issuances under its trusteeship.

As at 31 December 2017, the TMF Group's operations in Kuala Lumpur are supported by a staff strength of 128 employees, consisting of 121 executives and 7 non-executive employees. The employees comprise mostly of professionals from disciplines in trust, legal, accounting and company secretarial.

The recent synergy with TMF Group enables TMF Trustees and its sister company an opportunity to provide a wider, more comprehensive range of services, such as trustee services, corporate secretarial services, financial accounting, human resource administrative services and payroll outsourcing services.

The TMF Group has strong compliance and internal procedures and policies to ensure that all files are handled professionally.

CORPORATE INFORMATION

(a) Share Capital

The current issued and paid-up share capital of the Trustee is RM1,800,000.00, comprising of 360,000 ordinary shares at an issue price of RM10.00 each (partly paid-up to RM5.00 each in accordance with section 3 (c) of the Trust Companies Act 1949).

(b) Registered and Business Address

10th Floor, Menara Hap Seng, No.1 & 3, Jalan P.Ramlee, 50250 Kuala Lumpur.

(c) Board of Director

Name	Residential Address	Designation
Celine Chan Hooi Li (F)	10-5, Sutramas Luxury Condominium , Jalan Dutamas Melati, 51200 Kuala Lumpur	Chief Executive Officer & Managing Director
Loke Chee Kien	4, Jalan Bait U8/1A Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Company Director
Zainol bin Md Eusof	A1609 Perdana View Condo, 21 Jalan PJU 8/1, Damansara Perdana, 47820 Petaling Jaya, Selangor Darul Ehsan	Company Director

(d) Secretaries

Name	Residential Address	Designation
Lim Lee Kuan (f)	40 Jalan H-13, Taman Melawati 53100 Kuala Lumpur, Wilayah Persekutuan	Chartered Secretary
Teo Mee Hui (f) (MAICSA 7050642)	No. 76, Jalan Bangau 7 Bandar Puchong Jaya Selangor Darul Ehsan	Chartered Secretary

(e) Senior Management

Name	Designation
Celine Chan Hooi Li (F)	Chief Executive Officer & Managing Director
Loke Chee Kien	Director of Client Services

4.4 The Auditors

Crowe Horwath AF 1018 is the 5th largest accounting firm in Malaysia and a member firm of Crowe Horwath International which is a top 10 global accounting network, associated with more than 191 member firms operating from 680 offices around the world.

Represented in 12 locations across Malaysia, there are over 900 partners and staff serving more than 10,000 clients nationwide. Crowe Horwath is managed by a team of 52 partners, principals and directors managing a portfolio of companies that includes mid to large private, publicly listed and multinational companies in a wide range of industries.

Crowe Horwath is registered with Malaysia's Audit Oversight Board (AOB) and the Public Company Accounting Oversight Board (PCAOB) in the United States. Since 2005, we have been among the top four accounting firms involved in the highest number of initial public offerings (IPOs).

Crowe Horwath also has the unique experience of successfully taking 6 Malaysian companies, including one valuation, to the Alternative Investment Market (AIM) of the London Stock Exchange (UK) and had been involved in some of the largest corporate restructuring exercises in the country.

Crowe Horwath is the leading firm of choice for fast growing businesses looking for high quality, a market driven approach and personalised service.

4.5 The Independent Consultant – David Wan Yin Foo

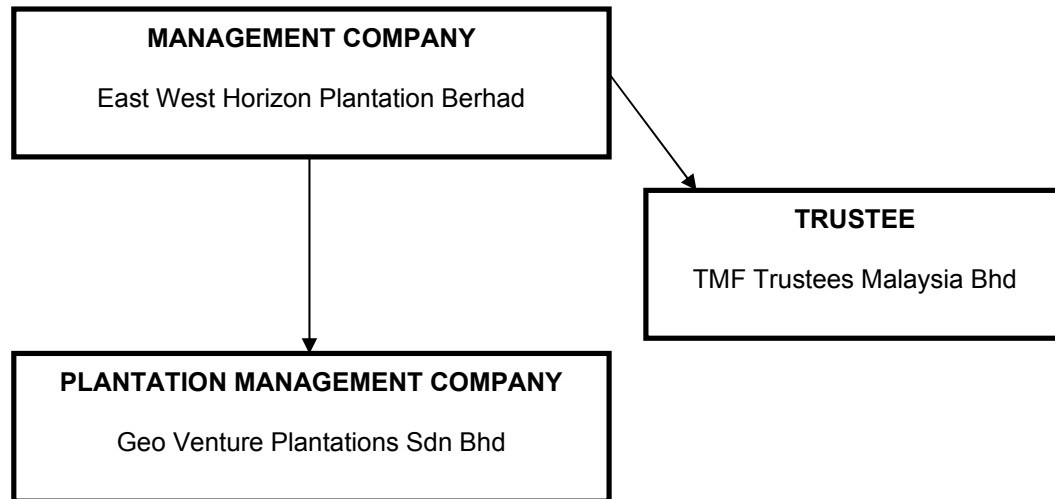
The Management Company has appointed Mr. David Wan Yin Foo as the Independent Consultant to conduct a half yearly review and carry out inspection of the Plantation's operation which encompasses a review of the quality of work carried out at the Plantation including the progress of the planting exercise and the completion date of the full plantation and the Independent Consultant will prepare a half yearly report and submit a copy of which to the Management Company, Trustee and the Registrar of Companies during the planting stage and thereafter a half yearly progress report on the status and progress of the Plantation to the Management Company, Trustee, Planters and the Registrar of Companies.

Mr. Wan, aged 76, Malaysian, obtained a Diploma in Agriculture from Queensland Agriculture College in Australia under a Colombo Plan Scholarship. He started his career in the private sector as Divisional Manager in Pamol (S) Ltd in Tungud Estate and later as an Estate Manager of Kimanis Estate in Pamol (S) Ltd in Sandakan.

Mr. Wan had produced a paper on harvesting of oil palm using buffaloes and was later presented in The International Oil Palm Conference held in Kuala Lumpur in 1972. In 1975, he was appointed as Regional Manager in Sabah Land Development Board in Sandakan. While serving the state government for 22 years, Mr. Wan held many senior and top positions. Apart from Sandakan, he was also the Regional Manager at Kota Kinabalu, Tawau and Beaufort Regional Offices whereby his last appointment before retirement was Controller of Operations/Estates (now re-designated as General Manager, Operations) in Sabah Land Development Board. He had played a major role in the present success of Sabah Land Development Board having been directly involved in all aspects of operations in both the estates and mills in Sabah.

During his tenure in the government service, he was also actively involved in societies such as Programme Advisor Committee Member of PORIM, member of Incorporated Society of Planters, Society of Agriculture Scientist Sabah and East Malaysia Planters Association. He is currently registered as a specialist with Jabatan Perlindungan Alam Sekitar and is assigned to prepare EIA Report and Feasibility Studies.

4.6 Corporate Structure



By virtue of the Sublease Agreement and Supplementary Sublease Agreement entered into between Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd with the Management Company, the Management Company has an equitable interest in eleven thousand six hundred and seventy (11,670) acres more or less which has been designated for the purpose of the East West Horizon Planter's Scheme.

Pursuant to the Deed of Assignment cum Novation entered into between Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd ("the Assignors") with Geo Venture Plantations Sdn Bhd ("the Assignee"), the Assignors has agreed to irrevocably convey, transfer, assign and novate to the Assignee whatever rights title, interests and benefits vested in the Supplementary Sublease Agreement (being supplementary to the Sublease Agreement), the Joint Venture Agreement and the Plantation Management Agreement and the Assignee has agreed to accept the conveyance, transfer, assignment and novation of the same.

The East West Horizon Planter's Scheme shall be managed by the Management Company whilst Geo Venture Plantations Sdn Bhd shall be the Plantation Management Company.

5. MAIN FEATURES OF THE SUBLEASE AGREEMENT

As abovementioned, the purpose of the Managing Company leasing the Land is to develop the same into oil palm plantation and thereafter to manage the Plantation including selling of the harvested oil palm fresh fruit bunches.

The Plantation Management Company agrees to co-operate with Management Company to the fullest extent in:-

- (a) to undertake clearing and cultivate oil palm crops on the Land;
- (b) to maintain and manage the Plantation operation including selling the harvested oil palm fresh fruit bunches;
- (c) furnish the Management Company with details and accounts of the oil palm plantation operations;
- (d) to permit the Management Company to utilize and sublease the Land for the East West Horizon Planter's Scheme;

- (e) to permit the Management Company to caveat the Land; and
- (f) to execute trust deed of the Land in favour of the Management Company for the purpose of the East West Horizon Planter's Scheme.

The Sublease Agreements will be for a period of thirty (30) years with a further extension of thirty (30) years. The Management Company will manage the Plantation without the interference of the Plantation Management Company SAVE AND EXCEPT for the cultivation and maintenance of the Plantation, which shall be the duties of Plantation Management Company.

The Management Company shall:-

- (a) diligently proceed with and initiate the East West Horizon Planter's Scheme as soon as practicable/possible;
- (b) obtain from the relevant authorities all necessary approvals, permit, license, consent and other requirements in respect of the East West Horizon Planter's Scheme;
- (c) use its best endeavour to obtain the approval, permit, license, consent and other requirements that may be necessary for the East West Horizon Planter's Scheme;
- (d) at its own costs and expenses appoint and/or employ the necessary consultants, employees and others for the implementation of the East West Horizon Planter's Scheme; and
- (e) bear all costs and expenses in respect of the East West Horizon Planter's Scheme independently without seeking any contribution whatsoever from the Plantation Management Company. The Management Company shall however be at liberty to obtain any banking facilities and/or other business partners not limited to local and/or foreign investment partners as may be necessary to carry out the East West Horizon Planter's Scheme.

6. PARTICULARS OF THE LAND

The Land has a total area of eleven thousand six hundred and seventy (11,670) acres more or less and is situated in the district of Ranau, Keningau and Tambunan, Sabah. The Plantation Management Company via Deed of Assignment cum Novation has obtained the rights of the Joint Venture Agreements entered into by Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd with the Trustees for the Beneficial Land Owners dated 1st March 2012 (hereinafter referred to as "the JV Agreement") to develop the same into an oil palm plantation. Pursuant to the JV Agreement, the Management Company has entered into Sublease Agreements dated 1st March 2012 with Perintis Jati Sdn Bhd and Dwidunia Majujaya Sdn Bhd for the sublease of the Land for a period of thirty (30) years with a further thirty (30) years extension (hereinafter referred to as "the Sublease Agreement"). The Land is free from encumbrances.

Under the Sublease Agreement, the sublease shall be irrevocable unless mutually agreed by the parties.

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7. PARTICULARS OF THE PLANTATION

The Plantation represents eleven thousand six hundred and seventy (11,670) acres more or less of the Land and the whole of the Land has been designated for the exclusive use under the East West Horizon Planter's Scheme herein.

Apart from the Land designated to establish the East West Horizon Planter's Scheme, the Management Company has access to and right over additional land of approximately ten thousand (10,000) acres in Sabah that are suitable for cultivation of oil palm. The Management Company shall at its discretion, subject to obtaining all relevant approvals and consents, decide to include the additional land into the East West Horizon Planter's Scheme in the future.

8. EAST WEST HORIZON PLANTER'S SCHEME

The Management Company proposes to establish the East West Horizon Planter's Scheme in respect of eleven thousand six hundred and seventy (11,670) acres more or less in the district of Ranau, Keningau and Tambunan, Sabah comprising of oil palm plantations for a period of twelve (12) years commencing from the Initial Launch Date.

8.1 Category of Planter's Block

There will be four (4) categories of oil palm Planter's Block(s) which comprises of the Diamond Category, Emerald Category, Ruby Category and Sapphire Category for a period of eight (8) years commencing from the Commencement Date and expiring on the Maturity Date of the East West Horizon Planter's Scheme.

The East West Horizon Planter's Scheme will involve the offer to the public for subscription of the Planter's Blocks in respect of and connected to the Plantation. Under the Diamond Category, each Planter's Block interest is equivalent in size of a four and a half (4.5) acres plot within the Plantation, under the Emerald Category, each Planter's Block interest is equivalent in size of a three (3) acres plot within the Plantation, under the Ruby Category, each Planter's Block is equivalent in size of one and a half (1.5) acres plot within the Plantation and under the Sapphire Category, each Planter's Block is equivalent in size of half (0.5) acre plot within the Plantation.

8.2 Subscription Fee

Under the Diamond Category, each Planter's Block shall have a selling price of Ringgit Malaysia One Hundred and Eighty Thousand (RM180,000.00), under the Emerald Category, each Planter's Block shall have a selling price of Ringgit Malaysia One Hundred and Twenty Thousand (RM120,000.00), under the Ruby Category, each Planter's Block shall have a selling price of Ringgit Malaysia Sixty Thousand (RM60,000.00) and under the Sapphire Category, each Planter's Block shall have a selling price of Ringgit Malaysia Twenty Thousand (20,000.00) only at the Initial Promotion Period and all subsequent Planter's Blocks will be sold at such price as shall be stipulated by the Management Company subject to the approval from the Registrar of Companies.

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8.3 Number of Planter's Blocks

As at the date of this Prospectus, the maximum number of Planter's Blocks available or to be issued under the East West Horizon Planter's Scheme shall not exceed Seven Thousand Nine Hundred and Seventy (7,970) Planter's Blocks which consist of:-

Category of Planter's Block	Maximum No.	For Public Subscription	Planter's Blocks Subscribed	Planter's Blocks Subscribed since previous Prospectus	Subscription Fee for Each Block (RM)
Diamond	915	640	640	69	180,000
Emerald	370	259	197	22	120,000
Ruby	3,100	2,170	543	42	60,000
Sapphire	3,585	2,509	1,573	501	20,000
Total	7,970	5,578	2,953	634	

After the Initial Promotion Period, the price of each Planter's Block will be determined by the Management Company in accordance of the market forces.

8.4 Reserved Planter's Blocks

The Management Company is required to hold the remaining Two Thousand Three Hundred and Ninety Two (2,392) blocks as reserved Planter's Blocks, which are not for public subscription and may be released for public subscription only upon the approval of the Registrar of Companies. The reserved Planter's Blocks consist of:-

Category	Reserved Planter's Blocks
Diamond	275
Emerald	111
Ruby	930
Sapphire	1,076
Total	2,392

8.5 Rights of the Planters

The Applicants who purchase these Planter's Blocks interests shall be designated as Planter(s) with the right to enjoy the Monthly Net Return as stipulated in this Prospectus herein. The East West Horizon Planter's Scheme will be operated by the Management Company, whereby only Applicants who are invited or permitted or approved by the Management Company shall be allowed to participate in the East West Horizon Planter's Scheme upon the terms and conditions as the Management Company shall stipulate in the Planter's Agreement to be entered into between the Management Company and each Planter and/or the Rules (if any). The Management Company will be the operator and issuer of the Planter's Certificate in respect of the Planter's Blocks. The Management Company is not liable to be removed by the Trustee or the Planters.

In relation to the Planter(s), only those persons who have obtained or entered into the Planter's Agreement with the Management Company shall be permitted to participate in the East West Horizon Planter's Scheme upon the conditions stipulated in the Planter's Agreement. It is hereby expressly stipulated that the Planter's Agreement shall not confer on the Planters any proprietary right, title, interest, estate or share over the assets whether movable or immovable of the Land, Plantation or the Management Company but will only confer upon him the right to participate in the East West Horizon Planter's Scheme as contained in the Planter's Agreement.

8.6 Right in Contract Only

The rights held by any Planter in the form of any Planter's Block are in the nature of profit a prendre and rest in contract only (that is specified in the Monthly Net Return in proportion of their interest in the Planter's Block(s)) and shall not create in or confer any tenancy or any estate or interest in or over the Planter's Block(s), the Plantation and/or the Land. The Planter has no right on the share of profits of the Management Company and/or the Plantation Management Company or whatsoever arising and whether derived from the operations of the Plantation.

Save and except for the Monthly Net Return payable by the Management Company to the Planter(s) based on terms and conditions provided in the Planter's Agreement, there is no offer or invitation to the Planter(s) for the purchase or subscription for any right to participate or any interest whether enforceable or not and whether actual, prospective or contingent:-

- (a) in any profits, assets or realization of any financial or business undertaking and others;
- (b) in any common enterprise in relation to which the Planter(s) is led to expect profits, rent or interest from the efforts of the promoter of any enterprise or third party; or
- (c) in any investment contract from the efforts.

8.7 Tenure of the Scheme and the Planter's Block

The tenure of the East West Horizon Planter's Scheme shall be a period of twelve (12) years commencing from the date of the First Prospectus.

The Planter's Blocks offered for subscription under the East West Horizon Planter's Scheme are based on a scheme where under the terms and conditions of the Planter's Agreement, the Planters have the right to receive a fixed monthly return termed as Monthly Net Return for a eight (8) year period under the Diamond, Emerald, Ruby and Sapphire Categories respectively commencing on the Commencement Date and expiring on the Maturity Date under the terms and conditions of the Planter's Agreement.

The terms and conditions governing the East West Horizon Planter's Scheme and the Planter's Blocks are as stated in this Prospectus, the Planter's Agreement and the Rules (if any).

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8.8 Monthly Net Return

In consideration of full payment by the Planter to the Management Company of the Subscription Fee, the Planter shall thereafter obtain an interest in the nature of a *profit a prendre* right in relation to the Planter's Block(s) of which the Management Company shall pay to the Planter(s) a fixed return termed Monthly Net Return as specified in the Third Schedule of the Planter's Agreement and tabulated below:

Diamond Category

Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
Effective annual return* (annual rest) based on Subscription Fee (%)	8.00	8.00	8.00	9.50	11.00	13.00	14.00	16.50

Emerald Category

Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
Effective annual return* (annual rest) based on Subscription Fee (%)	8.00	8.00	8.00	9.50	11.00	12.00	13.00	14.50

Ruby Category

Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
Effective annual return* (annual rest) based on Subscription Fee (%)	8.00	8.00	8.00	9.00	10.00	11.00	12.00	14.00

Sapphire Category

Year	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th
Effective annual return* (annual rest) based on Subscription Fee (%)	8.00	8.00	8.00	9.00	9.50	10.50	11.00	12.00

At the expiry of the Planter's Agreement at the end of the eighth (8th) year, the Subscription Fee will be returned to the Planter.

* Excluding Subscription Fee, which will be returned at the end of the eighth (8th) year.

8.9 Normal Income Tax and/or Other Taxes Payable on Returns Received

The Planter will be subjected to the normal rates of income tax and/or other taxes payable and wherever applicable shall file his own payable taxes as the case may be on any returns received from East West Horizon Planter's Scheme.

8.10 Procedure for Application of Planter's Block(s)

An Applicant is required to fill in and complete the Application Form and become a Planter with the issuance of the number of Planter's Block(s) applied for after execution of the Planter's Agreement. The Applicant will have to pay a sum equivalent to ten percent (10%) of the Subscription Fee upon submission of the Application Form. The balance amounting to ninety percent (90%) of the Subscription Fee shall be payable by the Applicant within fourteen (14) days from the Management Company's notification to the Applicant of the Management Company's acceptance of the Applicant's application to become a Planter.

The Management Company reserves the right to refuse any application without assigning any reason therefore. A rejection notice will be given to unsuccessful applications together with a refund of any monies paid free of interest.

Any failure or default in the payment of the aforesaid remaining balance of ninety percent (90%) within the fourteen (14) days period stated above shall constitute an event of default under the terms and conditions of the Planter's Agreement which may result, at the Management Company's absolute discretion, in the termination of the Planter's Agreement and the forfeiture of all monies paid by the Planter.

All payments must be made by way of bank cheque, bank draft, credit card and/or cash transfer in favour of the Trustee on or before its due date.

8.11 Cooling-off Period

The cooling-off period shall be ten (10) business days after the date of receipt of the Application Form and the relevant Subscription Fee from the Applicant by the Trustee. In the event that the Applicant so wishes to withdraw his application within the Cooling-off Period, the Applicant shall give notice of his intention to do so and the Trustee shall within seven (7) business days of receipt of the notice refund to the Applicant the Subscription Fee so paid without any deduction.

8.12 Transfer/Assignment of Oil Palm Planter's Block(s)

Subject to the terms and conditions contained in the Planter's Agreement, the Planter's Block(s) are transferable/assignable and the Planter is at liberty to sell, assign, give or devise the Planter's Block(s) to any other person. However, the Planter(s) can only transfer his/their Planter's Block(s) to that other person after twelve (12) months from the Commencement Date of the Planter's Agreement subject to prior consent of the Management Company.

Any Planter(s) who intends to sell/assign/transfer a Planter's Block(s) must first obtain written consent from the Management Company who reserves the right of refusal in respect of such assignment/transfer. The Management Company need not give any reason for the refusal. The request for transfer must be in writing in the prescribed Transfer Form or such other forms as the Management Company may from time to time prescribe, stating the particulars of the transferee and the consideration paid or payable by the transferee for the transfer. The Transfer Form will be provided by the Management Company upon request. Upon obtaining the approval of the Management Company, a Transfer Fee of a sum equivalent to Ringgit Malaysia One Hundred (RM100.00) only for each transfer is payable to the Management Company. The Transfer Fee excludes the stamp duty, if any which will be borne by the transferor. The Planter can only transfer a minimum of one (1) block and no fraction of it is allowed.

One (1) of the conditions for approval of any transfer by the Management Company shall be that the Planter(s) shall have paid in full all the charges and payments due to and owing to the Management Company.

The Management Company may decline to register any of the Planter's Block(s) unless the Planter complies with the terms and conditions as set out in the Planter's Agreement.

Any Planter who wishes to sell/assign/transfer his Planter's Block(s) may request from the Management Company a certificate certifying whether there are any legal proceedings in existence or contemplated in respect of the East West Horizon Planter's Scheme or against the Management Company to the extent that the Management Company is aware; and whether the Plantation is sufficiently covered by insurance upon payment of a fee not exceeding Ringgit Malaysia Five (RM5.00) and the certificate shall be furnished to the Planter within fourteen (14) days of such payment.

8.13 Right to Request for Prospectus

Any Planter who wishes to sell/assign/transfer his Planter's Block(s) is entitled to procure the following from the Management Company within fourteen (14) days from the date of which a written request is made by the Planter for a copy of the current Prospectus which shall be provided by the Management Company to the Planter who so decides to transfer his Planter's Block(s) on payment of a fee of Ringgit Malaysia Fifteen (RM15.00) only to the Management Company. The Planter is required to furnish to the transferee/purchaser of the Planter's Block(s) with a copy of the current Prospectus failing which such Planter will be committing an offence under the Interest Scheme Act.

8.14 Repurchase of Oil Palm Planter's Block(s) from the Planter(s)

The Management Company is obliged to repurchase the Planter's Block upon the Planter(s) request in writing during the tenure of the Planter's Agreement after the second (2nd) year from the date of the first Planter's Block subscription as registered in the Register of Planters in the following terms:

"Annual Repurchase Limit" means:

in relation to every year after the second (2nd) year from the date of the first Planter's Blocks subscription as registered in the Register of Planters means ten per cent (10%) cumulatively of the Number of Planter's Blocks and provided that in each case the Annual Repurchase Limit is rounded up or down to the closest whole number of Planter's Blocks;

"Number of Planter's Blocks" means:

the number of Planter's Blocks as recorded in the Register of Planters excluding Planter's Blocks held by the Management Company;

"Repurchase Documents" in relation to a Planter who has submitted a Repurchase Form with respect to a Planter's Block, means:

- (1) the Planter's Certificate with respect to the Planter's Block; and
- (2) the original signed Planter's Agreement;

"Repurchase Form" means:

the form prescribed by the Management Company from time to time for purpose of making a request to repurchase a Planter's Block;

“Repurchase Price” means:

in relation to a Planter's Block, means an amount equal to seventy five percent (75%) of the Subscription Fee for the Planter's Block in the third (3rd) year, eighty five per cent (85%) of the Subscription Fee in the fourth (4th) year, ninety five per cent (95%) of the Subscription Fee in the fifth (5th) year and full refund of the Subscription Fee from the sixth (6th) year onwards, subject to any deduction of any monies owed to the Management Company. The Repurchase Price stated shall be calculated on a full year basis, commencing from the Commencement Date.

For illustration purpose, the Computation of Repurchase Price and Annual Repurchase Limit are set out in the Annexure herein.

- (i) A Planter may at any time after the second year from the date of the first Planter's Block subscription as registered in the Register of Planters request the Management Company to repurchase one (1) or more of his Planter's Block(s) by submitting a Repurchase Form in accordance with the procedures set out in the Planter's Agreement and the Rules (if any) and paying to the Management Company such processing fee, if any, as the Management Company may prescribe from time to time.
- (ii) The Management Company shall within fourteen (14) days after receipt of the Repurchase Form notify the Planter whether:
 - (1) the repurchase request has been approved or rejected;
 - (2) payment of the Repurchase Price is deferred in accordance with Clause 8.14 (x);
 - (3) the Management Company has exercised its option to convene a meeting of Planters for the purpose of putting forward a proposal to close the East West Horizon Planter's Scheme under Clause 8.14 (xi).
- (iii) The Management Company may reject a repurchase request if:
 - (1) the Repurchase Form is not duly completed and signed;
 - (2) the repurchase request is not in accordance with the procedures set out in the Planter's Agreement or the Rules;
 - (3) there are any amounts outstanding from the Planter under the Planter's Agreement or the Rules; or
 - (4) the Planter has not complied with any of the terms and conditions of the Planter's Agreement or the Rules.
- (iv) Except as provided under Clause 8.14 (iii), the Management Company is obliged to approve a repurchase request.
- (v) If the Management Company approves the repurchase request, the Planter shall deliver to the Management Company the Repurchase Documents within fourteen (14) days of the date of approval failing which:
 - (1) the approval of the repurchase request lapses;
 - (2) the Repurchase Form is deemed to have been cancelled; and
 - (3) the Management Company shall forfeit the processing fee, if any, paid or payable with respect to the repurchase request.

- (vi) Subject to the following provisions of Clause 8.14, the Management Company shall pay to the Planter the Repurchase Price within thirty (30) days of receipt of the Repurchase Documents under Clause 8.14 (v).
- (vii) If repurchase requests in any year exceed the Annual Repurchase Limit, the Management Company may defer payment of the Repurchase Price with respect to the excess:
 - (1) to the next year if the Annual Repurchase Limit for the next year has not been exceeded; and
 - (2) if the Annual Repurchase Limit for the next year has been exceeded, to the first year after that in which the Annual Repurchase Limit has not been exceeded,So that the total number of Planter's Block repurchased in any year does not exceed the Annual Repurchase Limit.
- (viii) For the purposes of determining whether the Annual Repurchase Limit has been exceeded, repurchase requests shall be paid on a "first come first serve" basis.
- (ix) If payment of the Repurchase Price is deferred under Clause 8.14 (vii), the Management Company shall, at least thirty (30) days before the expected payment date, request the Planter to deliver to the Management Company the Repurchase Documents within fourteen (14) days of the date of request failing which:
 - (1) the approval of the repurchase request lapses;
 - (2) the Repurchase Form is deemed to have been cancelled; and
 - (3) the Management Company shall forfeit the processing fee, if any, paid or payable with respect to the repurchase request.
- (x) Subject to Clause 8.14 (xii), if payment has been deferred under Clause 8.14 (vii), the Management Company shall pay to the Planter the Repurchase Price within thirty (30) days of the commencement of the year to which payment has been deferred.
- (xi) The Management Company may convene a meeting of Planters for the purpose of putting forward a proposal to close the East West Horizon Planter's Scheme before the Maturity Date for the consideration of the Planters if:
 - (1) there are insufficient funds to meet repurchase requests or the Management Company is of the view that there will be insufficient funds to meet anticipated repurchase requests; or
 - (2) the Management Company is of the view that the volume or timing of repurchase requests is such that the East West Horizon Planter's Scheme is no longer viable or it would be unfair to Planters in general to meet such requests.
- (xii) If the proposal to close the East West Horizon Planter's Scheme is passed by a majority in number representing $\frac{3}{4}$ in value of the Planters present and voting either in person or by proxy at the meeting, the Management Company will enter into a deed of termination with the Trustee to terminate the East West Horizon Planter's Scheme.
- (xiii) If the proposal to close the East West Horizon Planter's Scheme is rejected by the Planters, the Management Company may recommend to the Trustee to wind up the East West Horizon Planter's Scheme.

- (xiv) All Planters Blocks repurchased belong to the Management Company and may be resold at such price as may be determined by the Management Company from time to time.

8.15 Planter's Liability

The liability of each Planter in his capacity as such is limited to the Planter's investment in the East West Horizon Planter's Scheme. A Planter will not be required to indemnify the Trustee or the Management Company or a creditor of either or both of them against any liability of the Trustee or the Management Company in respect of the East West Horizon Planter's Scheme. In addition, nothing in or under the Trust Deed or the Planter's Agreement makes either the Trustee or the Management Company the agent of the Planter nor does it create any relationship other than that of Planter and Management Company or beneficiary and trustee.

8.16 Costs and Expenses

All legal fees, costs and expenses incurred in the preparation and execution of the Planter's Agreement thereon shall be borne and be paid by the Planter(s).

9. RISK FACTORS

9.1 Industry Risks

9.1.1 Competition from other competitors

According to Malaysian Palm Oil Council, Malaysia is one of the world's largest palm oil producer and exporter. Despite of this, Malaysia continues to face competition globally from other palm oil producing countries, namely Indonesia, the largest palm oil producer, which has lower industry costs structure in terms of labour and raw materials. The Management Company's Plantation in Sabah would have direct impact in this competition from international competitors.

Domestically, based on current regulatory environment in Malaysia, factors affecting price and margins have a significant impact on competition and the ability of plantation companies in Malaysia to be competitive. This will affect the Management Company's financial and market position in this industry.

9.1.2 Competition from palm oil substitutes

The palm oil industry also faces competition from other oil substitutes such as soybean oil, rapeseed oil, canola oil and sunflower oil. These edible oils are largely produced by United States, Europe, Brazil, China, India and Argentina, and some are subsidized by the respective government. The Management Company cannot assure that the palm oil industry will be able to maintain or expand its existing market share in the oils and fats market in the future. Any significant change in customer's preference towards the substitute for palm oils and fats would negatively impact oil palm producers, affecting the demand and prices of palm oil products.

However, based on the current global demand on palm oil-based products, the whole industry is palm oil oriented and substitution alone is not enough. Extensive research is needed especially to attain the similar product performance when using palm oil as the raw material. With the continued support from the Malaysian government including extensive research, development, marketing and promotion undertaken by the government bodies such as the Malaysian Palm Oil Board as well as other incentives given to the industry, Malaysian palm oil producers has in the past expanded their market share in the world vegetable oil market. However, there is no guarantee that this trend will continue in the future.

9.1.3 Shift in consumer preferences may reduce the demand for vegetable oil, including crude palm oil

Palm oil is edible plant oil, which is a common ingredient in many consumer products, and the demand for these products has increased sharply over the last few years. Despite this, minority consumers have concerns over deforestation resulted from the development of the plantation, which has caused the destruction of large areas and wildlife habitats. New technologies could also reduce consumer demand, which could encourage them to select other palm oil substitutes. Thus, due to the above environmental and substitute issues, there may be changes in consumer trends that hamper further development of the palm oil industry.

The Management Company and Plantation Management Company will ensure that the Plantation will conform to the environmental regulatory requirements and carry out consistent monitoring of its environmental practices to ensure that it conforms and exceeds beyond industry standards. Although no absolute guarantee is given the Management Company and Plantation Management Companies are confident based on current environmental practices that the Plantation will conform to the requirements of the applicable law.

9.1.4 Fluctuation of commodity prices affect prices of fresh fruit bunches and other palm oil-based products

The price of fresh fruit bunches and other palm oil-based products are directly proportional to the crude palm oil price. Crude palm oil price increases due to several factors, one (1) of which is the increase in global consumption of crude palm oil. Secondly, factors such as weather, government policies, competition from substitute products have also made commodity prices very volatile.

The Management Company and Plantation Management Company regularly monitor this fluctuation of commodity prices and will adopt suitable strategies to mitigate the risk.

9.1.5 Perception of climate change and use of biofuel

The increased demand for biofuels as part of an effort to lower global greenhouse gas emissions is expected to be the major drive for growth of palm oil industry. However, environmental non-governmental organisations have challenged the sustainability of growth in palm oil production and whether the climate change benefits from biofuels outweigh the perceived environmental costs of increased palm oil production. It is likely that there will be continued pressure for plantations to demonstrate sustainable practices and for processors to demonstrate sustainable sourcing.

Accordingly, there can be no assurance that the Government will not impose restrictions that may restrict development and expansion of the palm oil industry as a result of climate change concerns and demand for biofuels.

9.2 Operational Risks

9.2.1 Inherent business risks in the oil palm plantation industry

The Plantation is not insulated from general business risks and is subject to certain inherent risks in the oil palm industry, which include, but not limited to, global, regional and national economy, entry of new players, changes in weather conditions, outbreak of pests and diseases, constraints in labour supply, changes in law and tax legislations affecting oil palm industry, increase in production costs, changes in business and credit conditions, fluctuations in commodity prices and foreign exchange rates, introduction of new technologies, changes in consumers' taxes and threat of substitutes of palm oil products.

The ability of the Management Company and Plantation Management Companies to mitigate these risks depend on effective resource management, close supervision of the oil palm plantation, effective cost control policy and keeping abreast with the latest technologies relating to disease prevention and plantation operations.

However, no assurance can be given that these risks can be mitigated completely, which eventually would have a material adverse effect on the business.

9.2.2 Variations in the yield levels of oil palm due to cyclical variation and seasonal factors

Oil palm is a perennial crop and is subjected to physiological stress on a cyclical basis. Oil palms produce crops throughout the year but there are seasonal variations. Production also varies with the age and condition of the oil palms, the local environment and the weather. Annual fresh fruit bunches yield normally experiences a cyclical pattern with higher yields at certain intervals. An exceptionally high yielding year could be followed by lower yielding years when the oil palms produce lower output as a result of a period of production stress.

After the palms have passed their prime age, the harvested fresh fruit bunches yield is expected to decrease and such decrease will affect the performance of the Plantation.

9.2.3 Improving production efficiency in highly competitive market

The future success and earnings growth of the Plantation depends on our ability to be efficient in our production. Increasing productivity will become more difficult over time because this involves improving efficiency, which may increase our costs. Unlike oil palm producers in Indonesia, which have a lower industry cost system in terms of labour and raw materials, overall cost structures in Malaysia could be higher and may impact competitiveness of products sold by Malaysian producers. The Management Company and Plantation Management Companies will take adequate and necessary measures to ensure increased productivity is achieved while mitigating the overall increase in costs that may negatively impact our margins.

9.2.4 Recruitment and retention of plantation workers

The palm oil industry in Malaysia has been facing difficulty in recruiting Malaysian workers and has resorted to employing foreign workers. Many of Malaysian plantation companies rely on both local and foreign workers from various neighboring countries. We may need to employ foreign workers in addition to local workers for plantation activities including nurturing of seedlings, palm planting, manuring, harvesting and other routine maintenance work to achieve optimal yields. For employment of foreign workers, the Plantation Management Companies shall adhere to strict policies and apply to the Ministry of Home Affairs of Malaysia for issuance of the necessary work permits.

In order to attract and retain our workers, the Plantation Management Companies will provide attractive incentives and benefits to its workers. However, no assurance can be given that the Plantation will not face any labour shortages in the future. Changes in local and foreign labour policies including minimum wage policies, may lead to difficulty in recruitment of plantation workers that could ultimately affect our plantation operations.

9.2.5 Reliance on certain key personnel and skilled employees

The success of the Management Company and Plantation Management Companies is largely reliant on our experienced and skilled employees, including senior management. The Management Company and Plantation Management Companies will provide development opportunities to potential employees, such as involving them in planning activities, implementation of strategies and problem solving activities. This will help development of more skillful employees who can then work with our experienced senior management.

The Management Company and Plantation Management Company also maintain good employee relations to ensure smooth business operations are achieved. Inability to retain key personnel and attract or hire appropriate replacement may adversely affect our operations.

9.2.6 Health and safety of workers at plantation

Our workers are required to work with equipment, chemicals, and other materials which may have potential to harm or injury if used without proper training. If such event occurs, it may demoralize other workers at the site and this will interrupt our pre-planned schedule to get things done. The Plantation Management Companies have appointed plantation managers at each site to be responsible for progress at the respective sites and monitor welfare of workers. The plantation managers are also tasked to ensure health and safety of workers at the plantation sites. However, there can be no assurance that there will not be any hazards during the course of business operations at the plantation sites. The increase of cost and liabilities may have a material adverse effect on our business, financial condition and results of operations.

9.2.7 Changes in costs, essential utilities and availability of energy

Our plantation operations are energy intensive, depending on amongst others supply of water, fuel and electrical power. If the costs of our essential utilities were to increase, it may affect our profit margin and adversely affect our operations. Additionally, if there is any interruption in the sustained supply of these utilities, say in this case the increment in fuel prices, our business will be affected. Depending on the availability of announcements and updates provided by the relevant authorities, the Plantation Management Company will plan the necessary actions to take and implement the relevant strategies. However, there can be no assurance that we will be able to successfully mitigate the changes in the essential utilities.

9.2.8 Storage, distribution and transportation facilities

Our business is highly dependent on the above stated facilities to ensure smooth operations. Any unforeseen circumstances such as adverse weather conditions, equipment or machinery breakdowns, environmental remediation, strikes, etc, would interrupt our business operations. The Plantation Management Company will do their best to rectify any disruption to the storage, distribution and transportation facilities. If the Plantation Management Company is unable to identify and resolve these issues immediately, it will negatively impact the business operations.

9.2.9 Timely plantation progress and development based on planned schedule

A well-planned sourcing and planting schedule is very important in our business as it will determine the prime output of fresh fruit bunches. In order to ensure consistent and long term efficient production and sustainable yields of our plantation, experienced staff of the Plantation Management Company regularly monitors all aspects of plantation progress and development. Any deviation in progress will affect the operation of our business and may adversely affect our revenues.

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9.3 Environmental Risks

9.3.1 Weather conditions

Weather has strong effect on fresh fruit bunches yields. Other important factors that determine the optimal productions of crops in the plantation are soil condition, high and year round rainfall, stable high temperature and humidity.

In the past, weather phenomena such as El Nino and La Nina have negatively affected production and output of oil palms. Wet weather adversely affects harvesting and crop recovery as plantations become less accessible due to poor road conditions. Dry weather affects the yield of oil palms as low rainfall generally equates to lower fresh fruit bunches yield 18 months later.

Similar weather conditions could recur in the future. There are no specific remedies adapting to the weather conditions and it is impossible to regulate rainfall patterns. The volatile and unpredictable weather patterns require the Plantation Management Company to plan ahead.

9.3.2 Natural disasters, fire, energy crisis, other emergencies and risks

The breakout of fire, energy crisis and other emergency risks could also adversely affect our business operations and financial performance of the Plantation. The Plantation Management Company will insure the Plantation only upon completion of planting of the oil palms against damage caused to the palms arising from events such as disease and fire. Insurance coverage of key risks has also been procured for physical assets of the Plantation, which is in line with industry practice.

9.3.3 Pest and diseases

Oil palms are sensitive to many pests and diseases, and this impedes the growth of oil palms, which result in stagnant or declining yields. Oil palms are more susceptible to pest during the younger stages of oil palm lifecycle and occasionally there are outbreaks of pests such as leaf-eating insects and diseases that will affect all crops, which are grown on a large scale. Any pests and disease that specifically attack oil palms can materially affect the performance of the Plantation, which in turn would adversely impact our business, financial condition and results of operations.

The Plantation Management Company will take adequate measures to control the population of pests in the plantation to ensure that the pest population remains below threatening levels. They play an important role in strictly monitoring the condition of the oil palms in the plantation and implement effective methods in controlling and/or eradicate the pests and diseases (if any).

9.3.4 Outbreaks of infectious diseases

Like many businesses, labour force is a critical part of our success and cannot be easily replaced. Their availability and productivity are high in priority. However, an outbreak of infectious diseases at the quarters or facilities may disrupt our business operations. While the Plantation Management Company are keeping a lookout for any possible outbreaks based on available information or observation, there is no guarantee that the outbreak can be completely prevented. If so, it will negatively impact our ability to carry out optimal business operations and our financial condition will be adversely affected.

9.4 Legal & Regulatory Risks

9.4.1 Complying with legal and regulatory requirements

The Malaysian palm oil industry has specific regulatory frameworks, equipped with a series of legislation that cover land, environment, wildlife, labour, use of pesticides, etc. Relevant approvals, permits, licenses and certificates are required to operate the plantation business.

The code of conduct of the Management Company and Plantation Management Company is to fully comply legal and regulatory requirements. Whilst we have not experienced any significant difficulty to renew or maintain our approvals, permits, licenses and certificates, there is no guarantee that the relevant authorities will not revise the regulatory framework in future. This may lead to failure or delay in renewals, which may interrupt our business, financial condition and operations.

9.4.2 Compliance with environmental and health and safety regulations

The Malaysian oil palm industry strives to strike a balance between social, environmental and economic needs of the country and its people. We are subject to various environmental and health and safety laws and regulations, which include requirements related to the emission and discharge of hazardous materials into the ground, air or water. Several practices have been adopted by the Malaysian oil palm industry to enhance sustainability of the industry. Failure to comply with these regulations may increase our exposure to liabilities and lead to interruption of our operations.

9.4.3 Duties that Malaysia places on CPO export

The Malaysian government had in the past reduced the export duty structure on crude palm oil to be competitive with other palm oil producing nations. However, there is no guarantee that the Malaysian government will continue to provide tax incentives and exemptions that will benefit our business. This may negate the price of our harvested fresh fruit bunches, thus adversely affecting our financial condition and results of operations.

9.4.4 Potential litigations

Like many businesses, we enter into various agreements and contracts in the course of our business operations. Disagreements may arise and lead to legal proceedings where the final outcome may be uncertain and unpredictable. While we plan to adhere to the terms and conditions of signed agreements and contracts, the counterparty may or may not fully comply with the agreed provisions. In the event of litigation, our business operations may be interrupted and future cash flow may be affected. However, we plan to negotiate and achieve common ground solution in the event of any dispute.

9.5 Financial Risks

9.5.1 Increase in long-term liabilities in our financial results

Proceeds from selling of Planter's Blocks are recorded as long-term liabilities in our financial results. The increase in total value of Planter's Blocks sold over time will increase the value of long-term liabilities in our financial results. While this may be viewed negatively, the total value of long-term liabilities will reduce over time when the Management Companies fully repays the Subscription Fee as and when they fall due.

9.5.2 Changes in exchange rate

Exchange rate is extremely important in international business as it determines the turnover of the business when goods are sold in foreign countries or currencies. Although we have not commenced international business, we could do so in future and we would require foreign currency. Any appreciation or depreciation in RM against the required foreign currency for business purposes may adversely affect our financial position.

9.5.3 Insurance coverage

The Plantation Management Company maintain insurance at levels that are in line with industry practices to protect against various losses and liabilities. However, our insurance may not be adequate to cover all losses or liabilities that may arise in our business operations. If significant liabilities are incurred and are not fully insured, it may have a negative impact on our business operations and affect our financial performance.

9.5.4 Slow or inadequate sales of Planter's Blocks

The Planter's Blocks are sold by our exclusive marketing agent. There is no guarantee that the Planter's Blocks will be adequately or timely sold by our exclusive marketing agent to meet the Plantation development plans of the Plantation Management Company. In the unlikely event of slow or inadequate sales of Planter's Blocks, the Plantation Management Company may have to revise the Plantation development plans and this may adversely affect our revenues and our repayment capabilities.

9.5.5 Timely repayment by our customers

Once our oil palms mature, fresh fruit bunches will be harvested and sold. Our customers may or may not delay in paying us for the sold fresh fruit bunches. While the necessary actions will be taken to fully collect payments due to us, there is no guarantee in timely repayment by our customers. Any delay in receipt of payments from our customers may affect our cash flow position.

10. COVENANTS AND DUTIES OF THE MANAGEMENT COMPANY

10.1 The Management Company hereby represents to the Trustee as follows:-

- (a) that it is a public limited company incorporated in Malaysia with an authorized capital of Ringgit Malaysia Ten Million (RM10,000,000.00) only divided into ten million (10,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) only per share of which Ringgit Malaysia Five Million (RM5,000,000.00) only are divided into five million (5,000,000) ordinary shares of Ringgit Malaysia One (RM1.00) only has been fully issued and paid-up;
- (b) that the Management Company is empowered to carry on the business of operating the East West Horizon Planter's Scheme and offering the Planter's Block(s) to members of the public in respect of the East West Horizon Planter's Scheme;
- (c) that most of its officers that are involved in the development, management and operation of the East West Horizon Planter's Scheme have vast experience and expertise in managing the business;
- (d) that majority shareholders of the Management Company are Malaysian;

- (e) that the Management Company has obtained all the requisite approvals and consents for the development of the Plantation and that such approvals and consents are valid and binding as at the date of the Trust Deed;
- (f) that they are not in breach of the Sublease Agreements;
- (g) that the Land is under the districts of Ranau, Keningau and Tambunan in Sabah and the same is free from any encumbrances.

10.2 The Management Company hereby covenants with the Trustee that so long as any Planter's Block is issued by it and such Planter's Block remains valid and binding it shall:-

- (a) use its best endeavors to carry on and conduct its business in a proper and efficient manner and ensure that the Plantation is operated as an oil palm plantation and that the East West Horizon Planter's Scheme pursuant to the Trust Deed is carried on and conducted in a proper and efficient manner;
- (b) to sell all Planter's Blocks at the Subscription Fee stated in Clause 8.2 above at the launching of the East West Horizon Planter's Scheme UNLESS varied by the Management Company SUBJECT to the approval of the Registrar of Companies;
- (c) to make available to the Trustee or to any Approved Company Auditor appointed by the Management Company for inspection the whole of the books of the Management Company whether kept at its registered office or elsewhere during the normal business hours of the Management Company;
- (d) to make available to the Trustee or to the Approved Company Auditors such oral or written information as the Trustee or the Approved Company Auditors may require with respect to all matters relating to the operations and management of the East West Horizon Planter's Scheme or any property forming part of the East West Horizon Planter's Scheme (whether acquired before or after the date of the Trust Deed) or to otherwise relating to the affairs thereof;
- (e) to make available to the Trustee copies of notices of all annual general meetings or extraordinary general meetings of the shareholders of the Management Company and shall invite the Trustee to attend such meetings PROVIDED ALWAYS THAT the Trustee shall not be vested nor deemed to be vested with any rights whatsoever to vote at such meetings;
- (f) that the Management Company will not, without the approval of the Trustee or representative of the Trustee, publish or cause to be published any advertisement circular or other document containing any statement with respect to the East West Horizon Planter's Scheme;
- (g) to pay the Trustee within thirty (30) days after the receipt by the Management Company, any money that under the Trust Deed are payable by the Management Company to the Trustee;
- (h) that the Management Company shall insure and/or caused to be insured the Plantation from loss or damage by fire up to the full insurable value of the Plantation with a reputable insurer approved by the Trustee and to pay all premiums necessary for that purpose and to deliver copies of the insurance policy and the renewed insurance policy (as the case may be) without undue delay to the Trustee for safekeeping;
- (i) that the Land shall be excluded from any existing encumbrances, if any, in accordance with the provision of the Sublease Agreements;

- (j) to pay all outgoing affecting the Land such as quit rent and assessment and do all such things that are necessary to ensure that the titles to the Land in which the Plantation is comprised in is not adversely affected in any manner;
 - (k) to maintain the Plantation in a condition conducive for oil palm growth;
 - (l) shall not encumber the Land or Plantation without the written consent of the Trustee and the Sublessors;
 - (m) to ensure that it is made available to the Trustee or its representative such details as the Trustee or its representative requires with respect to all matters relating to the East West Horizon Planter's Scheme to which the Trust Deed relates.
- 10.3** The Management Company hereby covenants with the Trustee and each of the Planters that it shall comply with such guidelines and requirements of the relevant authorities which may be issued or imposed from time to time unless variations are allowed or exemptions are being granted and is within the provisions of the Trust Deed.
- 10.4** The Management Company further covenants as from the day to be fixed by the Minister by notice published in the Gazette that it will not exercise the right to vote in respect of any shares relating to the interests to which the Trust Deed relates held by the Management Company or the Trustee if any as the case may be at any election for directors of a corporation where shares are so held, without the consent of the majority of the holders of interests to which the Trust Deed relates present in person and voting given at a meeting of those holders summoned in the manner stated in Clause 24.20 of the Trust Deed for the purpose of authorizing the exercise of the rights at the next election.
- 10.5** The Management Company shall provide the Trustee and the Registrar of Companies a half yearly report on the progress of clearing and planting carried out on the Land until the Land has been fully planted.
- 10.6** The Management Company shall obtain the consent of the Trustee before publishing or causing to be published any advertisement circular or other document containing any statement with respect to the Subscription Fee of the Planter's block.

11. TRUSTEE FOR THE SCHEME

11.1 The Trust Deed and Parties to the Deed

The Management Company, the Sublessors, the Plantation Management Company, the Trustee and the Planters have entered into a Trust Deed dated 24th December 2012, First Supplemental Trust Deed dated 25th November 2014, Second Supplemental Trust Deed dated 22nd January 2015, Third Supplemental Trust Deed dated 21st December 2015 and Fourth Supplemental Trust Deed dated 7th June 2016.

The appointment of TMF Trustees Malaysia Berhad (Company No.610812-W) as the Trustee has been made for the benefit and in the interest of the Planters in East West Horizon Planter's Scheme.

The main purpose of the Trust Deed is to protect the rights and interests of the Planters. The Trust Deed specifically sets down, amongst other things, the duties and responsibilities of the Trustee which include administration of the Trust Accounts in appropriate manner in accordance with the terms and conditions of the Trust Deed.

A copy of the Trust Deed and the supplemental thereof will be made available to the Planters for their perusal at the Management Company's premises during office hours.

11.2 The Trustee

TMF Trustees Malaysia Berhad (Company No.610812-W) was incorporated in Malaysia under the Companies Act, 1965 and registered as a trust company under the Trust Companies Act 1949 and has its registered office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia. The principal responsibilities of the Trustee are set out in this Prospectus.

11.3 Covenants and Duties of the Trustee

Under the terms of the Trust Deed, specific provisions are provided for the following duties of the Trustee:-

- (a) exercise all due diligence and vigilance in carrying out its functions and duties herein and shall ensure that the rights and interest in the respective Planter's Blocks are protected;
- (b) to keep or caused to be kept proper books of accounts in relation to the funds in the Trust Account and to maintain a Reserve Fund Trust Account and a Sinking Fund Trust Account and of all the disbursement thereof;
- (c) the Trustee shall send or caused to be sent by post a statement of the accounts with report of the auditor of the East West Horizon Planter's Scheme within two (2) months of the end of financial year to each of the holders of the Planter's Block(s). Such statement of accounts and auditors reports may be made available to the Planters in CD-ROM form or in such other means electronically;
- (d) it shall deal with the Trust Account, the Reserve Fund Trust Accounts and the Sinking Fund Trust Account in the manner as stipulated in Clauses 16, 17 and 18 of the Trust Deed;
- (e) to ensure that a proper Register of the Planters be maintained;
- (f) to ensure that the Management Company maintained on adequate insurance coverage in respect of the Plantation for the duration of the East West Horizon Planter's Scheme;
- (g) ensure that the Independent Consultant provide with the same a half yearly report on the progress and operations of the Plantation during the planting stage and thereafter a half yearly report and if necessary upon obtaining such report to make a site inspection on the Plantation and make the necessary recommendations to remedy any matter if found to be unsatisfactory;
- (h) ensure that the Management Company develop the Plantation as promised in this Deed until the expiry of the East West Horizon Planter's Scheme;
- (i) in the event there is any complaint, to visit the Land allocated to the East West Horizon Planter's Scheme and to inspect the conditions of the Plantation and to seek remedial actions in the event of any matter are not to the satisfaction of the Trustee;
- (j) to carry out investigation into any complaints which is reasonable in nature received from the Planters;
- (k) to report to the Registrar of Companies of any non-compliance of the Trust Deed by the Management Company;

- (l) to furnish the Registrar of Companies a half yearly report on the progress of clearing and planting carried out on the Land until the Land has been fully planted;
- (m) to ensure that the Management Company obtain the consent of the Trustee and the Registrar of Companies before publishing or causing to be published any advertisement circular or other document containing any statement with respect to the Subscription Fee of the Planter's Block(s);
- (n) the Trustee covenants as from the day to be fixed by the Minister by notice published in the Gazette that it will not exercise the right to vote in respect of any shares relating to the interests to which the Trust Deed relates held by the Management Company or the Trustee if any as the case may be at any election for directors of a corporation where shares are so held, without the consent of the majority of the holder of interests to which the Trust Deed relates present in person and voting given at a meeting of those holders summoned in the manner stated in Clause 24.20 of the Trust Deed for the purpose of authorizing the exercise of the right at the next election;
- (o) the Trustee will cause the accounts of East West Planter's Scheme to be audited at the end of each financial year of each year by an approved company auditor.

11.4 Powers and liabilities of the Trustee

In additional to all the powers, privileges and indemnities given by law to the Trustee and by way of supplement thereto, it is hereby expressly declared as follows:-

- (a) the Trustee may in relation to the enforcement of the provisions contained in the Trust Deed act upon the opinion or advice of any lawyer or any information furnished by any Planters;
- (b) the Trustee shall not be liable for acting on any advice, opinion or information purported to be conveyed by letter, facsimile or otherwise although the same may contain errors or is not authentic;
- (c) the Trustee shall not be responsible for any loss incurred through any act, neglect, mistake or default of the Management Company or any agent of the Management Company and shall not be under any liability on account of anything done or suffered by the Trustee in good faith in accordance with or in pursuance of any request or advice of the Management Company. When pursuant to any provisions of the Trust Deed any certificate, notice, instruction or other communication is to be given by the Management Company to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purported to be signed on behalf of the Management Company by any persons whose signature the Trustee is for the time being authorized by the Management Company to accept;
- (d) the Trustee shall not be responsible for any misconduct, mistake, oversight, error of judgment or want of prudence on the part of any attorney, banker, lawyer, agent or other person appointed by the Trustee or be bound to supervise the actions of any such appointee unless the same is caused by the willful default or neglect of the Trustee;
- (e) subject to the applicable laws relating hereto, the Trustee shall as regards all the powers, authorities and discretions vested in him hereunder have the discretion as to the exercise thereof whether in relation to the manner or as to the mode of time for the exercise thereof and in the absence of fraud or negligence, the Trustee shall be in no way responsible for any loss, costs, damages or liabilities that may result from the exercise or non-exercise thereof;

- (f) the Trustee shall not be under any obligation to appear in and prosecution or defend of any action or suit in respect of the provisions hereof or any part thereof which in the Trustee's opinion would or might involve the Trustee in expense or liability, unless the Management Company shall so reasonably request in writing and shall so often as required by the Trustee furnish the Trustee an indemnity satisfactory to the Trustee against any such expense or liability;
- (g) the Trustee shall have full power to determine all questions and doubts arising relating to any of the provisions hereof and every such determination whether made upon a question actually raised or implied in the acts or proceedings of the Trustee or the Management Company shall be conclusive and shall be binding on the Management Company and the Planters;
- (h) the Trustee will hold regular meetings with the Independent Consultant to get feedback on the management of the East West Horizon Planter's Scheme.

11.5 Subscription Fee payable to the Trustee

All Subscription Fee be it in part or in whole shall be paid directly to the Trustee as stakeholders and who shall then be authorized to deal with the same in the manner stipulated in Clause 11.6 (f) herein.

11.6 Trust Account

- (a) The Trustee shall caused to be established a Trust Account in the name of the Trustee for the Management Company with a reputable Bank approved by the Management Company for the purpose of depositing and holding on trust all the Subscription Fee received or receivable by the Trustee.
- (b) The Trustee shall place the Subscription Fee deposited with them by the Applicant in the Trust Account in an interest earning deposit account and/or any other interest bearing account with the prior approval of the Management Company and all interest earned thereon shall be accumulated to the principal until release thereof to the Management Company based on instructions of the Management Company given to the Trustee from time to time.
- (c) The Trustee shall hold in trust the Planter's deposit together with interest accrued thereon in the Trust Account during the Cooling-off Period and upon confirmation by the Management Company that the application of the Applicant has been accepted continue to hold the same in trust until the balance of the Subscription Fee has been paid in full.
- (d) All Planter's deposit or Subscription Fee deposited into the Trust Account by the Trustee prior to the expiry of the Cooling-off Period shall be held in trust by the Trustee for the Applicant until the expiry of the Cooling-off Period and in the event of any application is being withdrawn by an Applicant during the Cooling-off Period, the Trustee shall release such Planter's deposit or Subscription Fee, free from any interest to the Applicant.
- (e) For avoidance of doubt, any interest accrued in respect of the Planter's deposit or Subscription Fee held in the Trust Account during the Cooling-off Period shall belong to the Management Company and the Trustee shall within seven (7) days of request for the same by the Management Company remit or release the same to the Management Company.

- (f) Upon execution of the Planter's Agreement between the Applicant/Planter and the Management Company and upon receipt of the full Subscription Fee from the Planter which the Trustee deposited in the Trust Account, the Trustee shall within seven (7) days of request by the Management Company for the release of the Subscription Fee, the Trustee shall remit or release the Subscription Fee to the Management Company a sum equivalent to seventy one per cent (71%) of the total Subscription Fee and any interest accrued there from to the Management Company upon confirmation that the Applicant/Planter's name has been registered as a Planter and the Planter's Block Certificate has been issued;
- (g) It is hereby acknowledge and agreed between the Management Company and the Trustee that unless exempted by the Minister, no monies available for investment or redevelopment under the East West Horizon Planter's Scheme will be invested in or lent to the Management Company or to the Trustee or to the Trustee's representative or to any company (other than a prescribed corporation within the meaning of Section 158(7) of the Companies Act, 2016) which is by virtue of Section 7 of the Companies Act, 2016 is deemed to be related to the Management Company or the Trustee or to the Trustee's representative.

11.7 Reserve Fund

- (a) The Trustee shall cause to be established a second trust account in the name of the Trustee for the Management Company with a reputable bank approved by the Management Company for the purpose of setting up a Reserve Fund on behalf of the Management Company in respect of any obligations of the Management Company towards the Planters in particular for the sole purpose of paying the Monthly Net Return to the Planters during the planting phase.
- (b) The Trustee shall deposit a sum equivalent to twenty four per cent (24%) of the total Subscription Fee paid by the Planters to the Trustee for the Planter's Block into the Reserve Fund Account within seven (7) days of being informed that the Planter has been registered in the Register of Planters. The Reserve Fund shall be utilized by the Trustee for the sole purpose of paying the Monthly Net Return to the Planters during the first three (3) years of the Planter's participation of the East West Horizon Planter's Scheme. Date of release of the Reserve Fund shall be on the yearly date of the Planter's Agreement:-

Date of release of Reserve Fund	Percentage based on Subscription Fee
1 st , 2 nd and 3 rd year of the Commencement Date (date of Planter's Agreement)	8% for Diamond, Emerald, Ruby and Sapphire

- (c) All sums deposited in the Reserve Fund Account may be invested by the Trustee in suitably liquid and secure investment or any other investment authorized by law and approved by the Management Company and any interest earned thereon shall be accumulated to the principal until release thereof to the Management Company based on instructions of the Management Company given to the Trustee from time to time.
- (d) Any balance sum in the Reserve Fund Account shall be released by the Trustee to the Management Company at the Maturity Date of the respective Planter's Block(s).

11.8 Sinking Fund

- (a) The Trustee shall cause to be established a third trust account in the name of the Trustee for the Management Company with a reputable bank approved by the Management Company for the purpose of setting up a Sinking Fund by the Management Company in respect of any obligation of the Management Company towards the Planters to cover expenses incurred or to be incurred in the event of emergency or to remedy all defects, any improvements and enhancement to the Plantation that arises due to matter caused by unforeseen circumstances affecting the yield, harvesting and/or maintenance of the oil palm trees and fruits and the infrastructure at the Plantation.
- (b) The Trustee shall deposit a sum equivalent to five per cent (5%) of the total Subscription Fee paid by the Planters to the Trustee for the Planter's Block(s) within seven (7) days of being informed that the Planter has been registered in the Register of Planters.
- (c) The Trustee and the Management Company hereby agreed that the amount in the Sinking Fund Account shall be maintained at Ringgit Malaysia Two Million (RM2,000,000.00) for the duration of the East West Horizon Planter's Scheme. The Trustee shall continue to deduct the sum equivalent to five per cent (5%) of the total Subscription Fee until the sum of Ringgit Malaysia Two Million (RM2,000,000.00) only is achieved.
- (d) Upon the achievement of the amount stipulated in Clause 11.8 (c) above in the Sinking Fund, the Trustee shall then release the five per cent (5%) of the total Subscription Fee reserved for the Sinking Fund to the Management Company.
- (e) The Trustee shall retain and manage the Sinking Fund for the duration of the East West Horizon Planter's Scheme and to release the Sinking Fund to the Management Company only upon the expiry of the East West Horizon Planter's Scheme.
- (f) All sums deposited in the Sinking Fund Account may be invested by the Trustee in suitably liquid and secure investment or any other investment authorized by law and approved by the Management Company and any interest earned thereon shall be accumulated to the principal until release thereof to the Management Company based on instructions of the Management Company given to the Trustee from time to time.

11.9 Payment of Monthly Net Return

It is hereby agreed between the Trustee and the Management Company that the payment of the Monthly Net return for the respective Planter's Block(s) shall be made every quarterly of the year in particular every thirty first (31st) March, thirtieth (30th) June, thirtieth (30th) September and thirty first (31st) December and for those Planters who subscribed to the East West Horizon Planter's Scheme in the middle of the quarter calendar month, the Monthly Net Return will be calculated on a daily basis for the first payment and subsequent Monthly Net Return payable will be made every quarterly.

11.10 Remuneration of Trustee

The Management Company shall pay the Trustee by way of remuneration for its services hereunder such sum as shall be agreed between the Trustee and the Management Company commencing from the date of the Trust Deed and throughout the period the Trustee shall remain as Trustee of the Trust Deed.

All out of pocket expenses to be incurred by the Trustee for the performance of its duties under the Trust Deed shall be reimbursed by the Management Company to the Trustee as and when the same is incurred.

11.11 Retirement, Removal and Replacement of the Trustee

- (a) Appointment of Trustee
- (i) The Management Company may at any time appoint either individuals or corporations or both whether resident or organized within or outside Malaysia as trustee and the Trustee may at any time appoint either individuals or corporations or both whether resident or organized within or outside Malaysia as additional or successor Trustees.
 - (ii) Any appointment made pursuant to abovementioned, shall take effect as provided in the instrument of appointment, may be conditional to take effect at a future date or upon the occurrence of a future event, shall unless otherwise provided be revocable until effective, may specify some law other than that of the Laws of Malaysia and may specify the remuneration of the Trustee or additional or successor Trustee. Upon accepting the trusteeship in writing such Trustee, additional or successor Trustee shall upon the effective date of the appointment become a trustee for all purposes as if he or it were originally named as such herein and shall receive such remuneration as shall have been specified in the instrument of appointment.

(b) Retirement of Trustee

The Trustee so appointed under the Trust Deed may retire if:

- (i) the Trustee giving three (3) months' notice to the Management Company of its desire to do so or such shorter period as the Management Company and the Trustee shall agree and may appoint an additional trustee, a new trustee approved by such authority as may be prescribed by or under any written law and by the relevant authorities;
- (ii) on the retirement of the Trustee under the foregoing provision, the Management Company shall be entitled to appoint in writing some other person or corporation approved by the relevant authorities to be the trustee herein;
- (iii) the Trustee shall on retirement vest the Trust Account and the Reserve Fund Account or cause the same to be vested on the new trustee and deliver all books, documents, records and other property whatsoever relating to the same to the new trustee. The costs and expenses incidental thereof shall be paid by the Management Company;
- (iv) the new Trustee so appointed shall execute a deed in such form as the Management Company may require whereby such corporation shall undertake to the Management Company and each Planter(s) jointly and severally all the obligations of the retiring Trustee shall absolved and released from all further obligations hereunder PROVIDED THAT any release so provided for and given in accordance with the provisions of the Trust Deed shall not extend to any antecedent neglect by or default of such retiring Trustee. The new Trustee shall and may thereafter exercise all the powers and enjoy all the rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new Trustee had been originally named as a party hereto.

- (v) the Management Company shall be entitled to settle with the Trustee the amount of any sum payable by the trustee to the Management Company or by the Management Company to the Trustee under the provisions hereof and to give and accept from the Trustee discharge in respect thereof and any such agreement or discharge shall (except in the case of fraud or any antecedent neglect or default or breach of trust on the part of the Trustee or any antecedent breach of its duties imposed by statute of rule of law) be conclusive and binding upon all parties hereto and in particular even though no new Trustee is appointed in its place the Management Company may make such arrangements as it thinks fit for the discharge of the Trustee from any existing liability and any liability which might thereafter arise under the provisions hereof and may discharge the trustee in accordance with such arrangement and any such discharge shall (except as aforesaid) be conclusive and binding PROVIDED ALWAYS THAT no settlement or discharge under the provisions of this sub-clause hereof shall be binding on the Planter(s) or affect any liability of the Trustee or the Management Company to the Planter(s).

(c) Removal of Trustee

The Trustee may be removed and another Trustee appointed by a simple majority vote of the Planter(s) present and voting at a duly convened meeting of which notice has been given to the Trustee and the Management Company. The Management Company covenants with the Planter(s) that upon receipt of a notice in accordance with the provisions herein contained, it will summon a meeting of the Planter(s) for the purpose of considering and if deemed fit, pass a resolution for the removal of the Trustee.

The Trustee may be removed by the Management Company and another Trustee appointed by the Management Company with the approval of the Minister as required by law. The Trustee may also be removed if the Trustee goes into liquidation or is unable for any reasons whatsoever to carry out its duties and obligations therein contained.

12. MANAGEMENT COMPANY'S UNDERTAKING ON THE MONTHLY NET RETURN

- 12.1 In order to protect the Planter's interest and meet the Planter's Monthly Net Return, the Management Company undertakes with the Trustee to remit to the Reserve Fund Account such sum in the following manner:-

Diamond Category Planter's Block

At the beginning of every quarter of the fourth (4th) year of Diamond Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the fifth (5th) year of Diamond Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the sixth (6th) years of Diamond Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to ten percent (10%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the seventh (7th) year of Diamond Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to twenty percent (20%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the eight (8th) year of Diamond Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to seventy percent (70%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

On the Maturity Date of Diamond Planter's Block, the Trustee will pay the full Subscription Fee together with the Monthly Net Return for that year to the Planter(s) from the amount accumulated in the Reserve Fund Trust Account within one (1) month from the date of the Planter(s) surrendering the certificates for their respective blocks.

Emerald Category Planter's Block

At the beginning of every quarter of the fourth (4th) year of Emerald Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the fifth (5th) year of Emerald Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the sixth (6th) years of Emerald Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to ten percent (10%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the seventh (7th) year of Emerald Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to twenty percent (20%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the eight (8th) year of Emerald Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to seventy percent (70%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

On the Maturity Date of Emerald Planter's Block, the Trustee will pay the full Subscription Fee together with the Monthly Net Return for that year to the Planter(s) from the amount accumulated in the Reserve Fund Trust Account within one (1) month from the date of the Planter(s) surrendering the certificates for their respective blocks.

Ruby Category Planter's Block

At the beginning of every quarter of the fourth (4th) year of Ruby Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the fifth (5th) year of Ruby Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the sixth (6th) years of Ruby Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to ten percent (10%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the seventh (7th) year of Ruby Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to twenty percent (20%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the eight (8th) year of Ruby Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to seventy percent (70%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

On the Maturity Date of Ruby Planter's Block, the Trustee will pay the full Subscription Fee together with the Monthly Net Return for that year to the Planter(s) from the amount accumulated in the Reserve Fund Trust Account within one (1) month from the date of the Planter(s) surrendering the certificates for their respective blocks.

Sapphire Category Planter's Block

At the beginning of every quarter of the fourth (4th) year of Sapphire Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the fifth (5th) year of Sapphire Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the sixth (6th) years of Sapphire Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to ten percent (10%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the seventh (7th) year of Sapphire Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to twenty percent (20%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

At the beginning of every quarter of the eight (8th) year of Sapphire Planter's Block, the Management Company undertakes to remit the sum which when add up the four (4) quarterly remittances equivalent to the Monthly Net Return for that year and a further sum equivalent to seventy percent (70%) of the Subscription Fee to the Trustee to be remitted into the Reserve Fund Trust Account.

On the Maturity Date of Sapphire Planter's Block, the Trustee will pay the full Subscription Fee together with the Monthly Net Return for that year to the Planter(s) from the amount accumulated in the Reserve Fund Trust Account within one (1) month from the date of the Planter(s) surrendering the certificates for their respective blocks.

13. MEETING OF THE PLANTERS

13.1 A meeting shall be summoned:

- (a) by sending by post notice of the proposed meeting at least twenty one (21) days before the proposed meeting, to each Planter at his last known address or in the case of joint holders, to the joint holder whose name stands first in the Register of Planters;
- (b) by publishing at least twenty one (21) days before the proposed meeting an advertisement giving notice of the meeting in a newspaper circulating generally throughout Malaysia;
- (c) if at any such meeting a resolution is passed by a majority in number representing three-fourth (3/4) in value of the Planters present and voting either in person or by proxy at the meeting that the East West Horizon Planter's Scheme be wound up, the Trustee or representative shall apply to the Court for an order confirming the resolution;
- (d) on an application by the Trustee or representative, the Court may, if it is satisfied that it is in the interest of the Planter(s) confirm the resolution and may make such orders as it thinks necessary or expedient for the effective winding up of the East West Horizon Planter's Scheme;
- (e) subject to the procedure for convening a meeting above, the East West Horizon Planter's Scheme may be voluntarily terminated by resolution passed by a majority in number representing three-fourth (3/4) in value of the Planters present in person or by proxy at any meeting of the Planters in favour of any proposal made by the Management Company as an alternative to the East West Horizon Planter's Scheme.

13.2 Types of Meeting

The Management Company and/or the Trustee shall convene a meeting with the Planter(s) to update the Planter(s) on the progress of the East West Horizon Planter's Scheme and among others for the purpose of:

- (i) removing the Trustee by Extraordinary Resolution;
- (ii) amending or modifying the Trust Deed; and/or
- (iii) voluntarily terminating the East West Horizon Planter's Scheme in favour of any alternative proposals made by the Management Company that is reasonable and acceptable to the Planter(s).

PROVIDED ALWAYS that the foregoing provisions of this Clause shall not be construed in any way so as to exempt the Trustee against liability for breach of trust arising out of the willful negligence, dishonesty or fraud of the Trustee.

14. FURTHER STATUTORY INFORMATION

In accordance with the provisions of the Interest Scheme Act 2016, the following additional information is included in this Prospectus.

14.1 Retirement, Removal and Replacement of the Management Company

The Management Company is the issuer of the Planter's Blocks and hereby declares that the Management Company has no intention to retire from the responsibility of managing and operating the East West Horizon Planter's Scheme and as such is not subject to retirement, removal or replacement by the Trustee or the Planters. However, should the Management Company desire to retire, it may do so subject to the Management Company obtaining the prior approval of the Registrar of Companies and appointing another company prior to the date of retirement.

If the Management Company shall go into liquidation (except for the purpose of amalgamation or reconstruction or some similar purposes) or cease to carry on business or a receiver of its undertakings is appointed then the Trustee may, subject to the Trustee having obtained all the necessary approvals from the relevant authorities, remove the Management Company and appoint any new company to be the management company.

14.2 Appointment, Retirement and Replacement of Auditors

An Approved Company Auditor shall be appointed by the Management Company in relation to the funds in the Trust Accounts to be established under the Trust Deed. The Trustee may also from time to time remove or replace the Approved Company Auditor and appoint another or others in its place and the Approved Company Auditor may also resign by giving three (3) months' prior written notice to the Trustee.

14.3. Winding Up/ Termination of the East West Horizon Planter's Scheme

Winding up of the Management Company and/or termination of the East West Horizon Planter's Scheme:-

- a) The East West Horizon Planter's Scheme herein shall continue to subsist for so long as there shall be a valid Planter's Agreement(s), Planter's Blocks and its related Planter's Certificates in existence, or for such other time as shall be agreed between the Trustee and the Management Company;
- b) Where the Management Company is in liquidation or where, in the opinion of the Trustee or its representative, the Management Company has ceased to carry on business or has to the prejudice of the Planters to which the Trust Deed relates, failed to comply with the Trust Deed, the Trustee or its representative shall summon a meeting of the Planters.

15. MISCELLANEOUS STATUTORY INFORMATION

15.1 No Property Vested in the Trustee

No property to which the Planter's Block(s) relate is or will become vested in the Trustee. The Planter's Block(s) confers on a Planter merely the non-exclusive right to return as stipulated in this Prospectus and is not an interest which relates to any property.

15.2. No Obligation on Valuation of Property

There is no investment made or property held in relation to the East West Horizon Planter's Scheme which requires valuation. As such, the Management Company hereby declares that there is no obligation on the part of the Trustee with regard to valuation of the same.

15.3 No Provision for the Variation of Investments

There is no investment made or property held in relation to the Planter's Blocks. As such, no provision has been made or need to be made with regard to its variation.

15.4 Other Schemes

There is no other undertaking, scheme, enterprise or investment contract involving the issue of interests to the public undertaken by the Management Company within the five (5) years immediately preceding the date of this Prospectus.

15.5 Approval and Consent

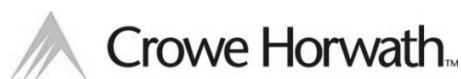
The approval and consent of the Trustee to the inclusion in this Prospectus of their name in the manner and form in which such name appears have been given before the issuance of this Prospectus and has not subsequently been withdrawn.

The approval and consent of the Independent Consultant and the Auditor to the inclusion of this Prospectus relating to the report of the Plantation and the financial statement of the Management Company, respectively in the manner and form in which they are contained in this Prospectus has been given and not subsequently been withdrawn.

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East West Horizon Plantation Berhad
Company No. 940673-T

16. ACCOUNTANT'S REPORT



Our reference: SE061/MT/AC-dnt/Feb2018

23 February 2018

The Board of Directors
East West Horizon Plantation Berhad
Suite 1-9-E2, 9th Floor, CPS Tower
Centre Point Sabah
88000 Kota Kinabalu
Sabah, Malaysia

Dear Sirs

ACCOUNTANTS' REPORT

FOR THE PROSPECTUS OF THE EAST WEST HORIZON PLANTER'S SCHEME

We are pleased to submit this accountants' report to be included in this Prospectus of the East West Horizon Planter's Scheme to be issued under Section 28 of the Interest Scheme Act 2016 in connection with the offer for sale of 5,578 Oil Palm Planter's Blocks consist of: 640 blocks of Diamond Category; 259 blocks of Emerald Category; 2,170 blocks of Ruby Category; and 2,509 blocks of Sapphire Category under the East West Horizon Planter's Scheme ("the Scheme") by East West Horizon Plantation Berhad ("the Management Company").

1. GENERAL INFORMATION

The Management Company was incorporated in Malaysia on 15 April 2011 as a public limited company under the name of East West Horizon Plantation Berhad. The Management Company is not listed on any stock exchange.

The Management Company shall operate and manage the Scheme and principally engaged in cultivation of oil palm.

2. EAST WEST HORIZON PLANTER'S SCHEME

The Management Company has a leasehold interest in the land which measures 11,670 (eleven thousand six hundred seventy) acres more or less ("the said Land") situated in the District of Ranau, Keningau and Tambunan, Sabah by virtue of the Sublease Agreements dated 1 March 2012 with respective sublessors for a period of 30 years with an option for a further extension of 30 years. The said sublessors have obtained Power of Attorney from the trustees who are the head of villages for the beneficial land owners dated 1 March 2012 as the true and lawful attorney to deal with the said Land in accordance with the terms and conditions stipulated in the Power of Attorney. The Management Company proposes to establish the East West Horizon Planter's Scheme as an oil palm share-farming programme in respect of the 11,670 (eleven thousand six hundred seventy) acres of which its Plantation Management Company which is also the sublessors namely Geo Venture Plantations Sdn Bhd has joint venture agreements over a period of 30 years with a futher option to renew for a period of 30 years with the respective trustees for the beneficial landowners to jointly develop into oil palm plantation.

Crowe Horwath AF1018

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2. EAST WEST HORIZON PLANTER'S SCHEME (CONT'D)

The Management Company has designated the said Land to establish the Scheme. The Scheme involves the creation of interest under Section 4 of the Interest Scheme Act 2016.

Summary of the Scheme:

Category	Maturity	Acreage	Selling Price Per Planter's Block (RM)
Diamond	8 Years	4.50	180,000
Emerald	8 Years	3.00	120,000
Ruby	8 Years	1.50	60,000
Sapphire	8 Years	0.50	20,000

Under the Scheme, there will be 4 (four) categories of Oil Palm Planter's Block which comprises of: a maturity period of 8 (eight) years under the Diamond Category, the Emerald Category, the Ruby Category and the Sapphire Category commencing from the Commencement Date and expiring on the Maturity Date.

Acreage:

The Scheme will involve the offer to the public for subscription of Oil Palm Planter's Block in respect of and, connected to the Plantation. Under the Diamond Category, each Planter's Block interest is equivalent in size to a 4.5 (four and a half) acres plot within the Plantation; under the Emerald Category, each Planter's Block interest is equivalent in size to a 3 (three) acres plot within the Plantation; under the Ruby Category, each Planter's Block interest is equivalent in size to a 1.5 (one and a half) acres plot within the Plantation; and under the Sapphire Category, each Planter's Block interest is equivalent in size to a 0.5 (half) acres plot within the Plantation. The Planter's Blocks are established pursuant to Section 2(1) of the Interest Scheme Act 2016 and the Companies Commission of Malaysia has approved the Scheme.

Selling Price:

Under the Diamond Category, each Planter's Block shall have a selling price of RM 180,000 (Ringgit Malaysia one hundred eighty thousand); under the Emerald Category, each Planter's Block shall have a selling price of RM120,000 (Ringgit Malaysia one hundred twenty thousand); under the Ruby Category, each Planter's Block shall have a selling price of RM60,000 (Ringgit Malaysia sixty thousand); and under the Sapphire Category, each Planter's Block shall have a selling price of RM20,000 (Ringgit Malaysia twenty thousand) only at the Initial Promotion Period and all subsequent Planter's Blocks will be sold at such price as shall be stipulated by the Management Company subject to the approval from Registrar of Companies.

2. EAST WEST HORIZON PLANTER'S SCHEME (CONT'D)

Summary of the Planter's Block:

Category	Total Blocks	Reserved Blocks	Opened	Sold	Remaining To Be Subscribed
Diamond	915	275	640	640	-
Emerald	370	111	259	197	62
Ruby	3,100	930	2,170	543	1,627
Sapphire	3,585	1,076	2,509	1,573	936
Total	7,970	2,392	5,578	2,953	2,625

As at the date of this Report, the Management Company has established 7,970 (seven thousand nine hundred seventy) Planter's Blocks under the Scheme comprising of 915 (nine hundred fifteen) blocks of Diamond Category, 370 (three hundred seventy) blocks of Emerald Category, 3,100 (three thousand one hundred) blocks of Ruby Category, and 3,585 (three thousand five hundred eighty five) blocks of Sapphire Category. The Management Company has designated 640 (six hundred forty) blocks of Diamond Category, 259 (two hundred fifty nine) blocks of Emerald Category, 2,170 (two thousand one hundred seventy) blocks of Ruby Category, and 2,509 (two thousand five hundred and nine) blocks of Sapphire Category for public subscription whilst the remaining 275 (two hundred seventy five) blocks of Diamond Category, 111 (one hundred eleven) blocks of Emerald Category, 930 (nine hundred thirty) blocks of Ruby Category, and 1,076 (one thousand and seventy six) blocks of Sapphire Category are designated as reserved blocks and are not for public subscription though the same may be released for public subscription only upon being approved by the Companies Commission of Malaysia.

As at the date of this Report, 640 (six hundred forty) blocks of Diamond Category, 197 (one hundred ninety seven) blocks of Emerald Category, 543 (five hundred forty three) blocks of Ruby Category, and 1,573 (one thousand five hundred seventy three) blocks of Sapphire Category have been sold therefore the numbers of blocks remaining to be subscribed is 2,625 (two thousand six hundred twenty five) only.

The Applicants who purchase these Oil Palm Planter's Blocks interests shall be designated as Planters with the right to enjoy the Monthly Net Return as stipulated in the Prospectus.

3. EXPIRY OF THE SCHEME

The tenure of the Scheme shall be a period of 12 (twelve) years commencing from the Commence Date and expiring on the Maturity Date.

The Scheme shall continue to subsist for so long as there shall be a valid Planter's Agreement, Planter's Block and its related Planter's Certificate in existence or for such other time as shall be agreed between the Trustee and the Management Company.

4. THE TRUSTEE

TMF Trustees Malaysia Berhad has been appointed as the Trustee to the Planters in respect of the Scheme to ensure the Management Company complies with such guidelines and requirements of the relevant authorities which may be issued from time to time and within the provisions of the Trust Deed.

5. AUDITORS AND FINANCIAL STATEMENTS

Messrs. Crowe Horwath, Chartered Accountants has been appointed as auditors of East West Horizon Plantation Berhad on 2 July 2012. The audited financial statements for the financial year ended 31 December 2016 were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act 1965.

No audited financial statements are prepared in respect of any period subsequent to 31 December 2016.

6. SHARE CAPITAL

At the date of this accountants' report, the authorised ordinary share capital of East West Horizon Plantation Berhad is RM10,000,000 comprising 10,000,000 ordinary shares of RM 1 each.

Details movements of the issued and paid up ordinary share capital of the Management Company are as follows:

Date of allotment	Number of shares	Amount RM	Term
15 April 2011	2	2	Share of RM 1 each
16 March 2012	999,998	999,998	- do -
27 August 2012	4,000,000	4,000,000	- do -
	<hr/>	<hr/>	
	5,000,000	5,000,000	
	<hr/>	<hr/>	

7. SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The audited financial results of the Management Company for the Company for the 3 (three) financial years are set out as follows:

	Note	01.01.2016 to 31.12.2016 RM	01.01.2015 to 31.12.2015 RM	01.01.2014 to 31.12.2014 RM
Revenue	7.1	-	-	-
Other operating income		641,734	148,075	-
Administrative expenses		(2,236,550)	(2,246,110)	(543,815)
Finance cost		(16,243,553)	(5,496,476)	-
Loss before taxation		(17,838,369)	(7,594,511)	(543,815)
Taxation		-	-	-
Total comprehensive loss for the financial year		(17,838,369)	(7,594,511)	(543,815)
Net loss per share (Sen)	7.2	(356.77)	(151.89)	(10.88)
Weighted average number of shares based on dates of allotment		5,000,000	5,000,000	5,000,000

Note:

- 7.1 No revenue for the financial year under review.
- 7.2 The net loss per share is calculated based on the loss for the financial year available to the shareholders and the weighted average number of shares issued during the financial year.
- 7.3 No dividend has been declared since the date of incorporation.

8. SUMMARISED STATEMENT OF FINANCIAL POSITION

The summarised audited statement of financial position of the Management Company for the Company for 3 (three) financial years are as follows:

	Note	As at 31.12.2016 RM	As at 31.12.2015 RM	As at 31.12.2014 RM
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment		2,212,635	1,572,380	814,025
Biological assets	¶ 10.4	37,602,127	29,936,867	8,718,670
Land use right	¶ 10.5	29,101,149	30,198,155	11,080,016
		<u>68,915,911</u>	<u>61,707,402</u>	<u>20,612,711</u>
CURRENT ASSETS				
Inventories		396,780	666,091	224,594
Other receivables, deposit and prepayment		70,583,867	12,211,030	442,051
Cash and bank balances		1,770,994	805,441	630,152
		<u>72,751,641</u>	<u>13,682,562</u>	<u>1,296,797</u>
TOTAL ASSETS		<u>141,667,552</u>	<u>75,389,964</u>	<u>21,909,508</u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital	¶ 10.6	5,000,000	5,000,000	5,000,000
Accumulated losses		(26,840,697)	(9,002,328)	(1,407,817)
TOTAL EQUITY		<u>(21,840,697)</u>	<u>(4,002,328)</u>	<u>3,592,183</u>
NON-CURRENT LAIBILITIES				
Amounts due to planters		126,400,000	36,440,000	-
Hire purchase payables		291,845	-	-
TOTAL EQUITY		<u>126,691,845</u>	<u>36,440,000</u>	<u>-</u>
CURRENT LIABILITIES				
Trade payables		33,211,414	41,400,319	16,803,147
Other payables and accruals		3,540,373	1,551,973	1,514,178
Hire purchase payables		64,617	-	-
		<u>36,816,404</u>	<u>42,952,292</u>	<u>18,317,325</u>
TOTAL LIABILITIES		<u>163,508,249</u>	<u>79,392,292</u>	<u>18,317,325</u>
TOTAL EQUITY AND LIABILITIES		<u>141,667,552</u>	<u>75,389,964</u>	<u>21,909,508</u>

9. STATEMENT OF ASSETS AND LIABILITIES AS AT 31 DECEMBER 2016

The following is a detailed statement of assets and liabilities of the Management Company of the Company based on the audited financial statements as at 31 December 2016 and should be read in conjunction with the notes thereto:

	Note	RM
ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment		2,212,635
Biological assets	¶ 10.4	37,602,127
Land use right	¶ 10.5	29,101,149
		<hr/> 68,915,911
CURRENT ASSETS		
Inventories		396,780
Other receivables, deposit and prepayment		70,583,867
Cash and bank balances		1,770,994
		<hr/> 72,751,641
TOTAL ASSETS		<hr/> 141,667,552
EQUITY AND LIABILITIES		
EQUITY		
Share capital	¶ 10.6	5,000,000
Accumulated losses		(26,840,697)
TOTAL EQUITY		<hr/> (21,840,697)
NON-CURRENT LAIBILITIES		
Amounts due to planters		126,400,000
Hire purchase payables		291,845
TOTAL EQUITY		<hr/> 126,691,845
CURRENT LIABILITIES		
Trade payables		33,211,414
Other payables and accruals		3,540,373
Hire purchase payables		64,617
		<hr/> 36,816,404
TOTAL LIABILITIES		<hr/> 163,508,249
TOTAL EQUITY AND LIABILITIES		<hr/> 141,667,552

10. NOTES TO THE STATEMENTS

10.1 GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act 1965. The domicile of the Company is Malaysia.

The Company is principally engaged in the business of cultivation of oil palm.

The registered office of the Company is located at Damai Plaza 3, 3rd Floor, C11 North Wing, Jalan Damai, 88300 Kota Kinabalu, Sabah.

The principal place of business of the Company is located at Suite 1-9-E2, 9th Floor, CPS Tower Centre Point Sabah, 88000 Kota Kinabalu, Sabah.

The financial statements are presented in Ringgit Malaysia.

10.2 BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act 1965 in Malaysia.

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial instruments are recognised in the statement of financial position when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments (Cont'd)

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Held-to-maturity Investments*

As at the end of the reporting period, there were no financial assets classified under this category.

- *Loans and Receivables Financial Assets*

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial Instruments (Cont'd)

(iii) Equity Instruments

Ordinary shares are classified as equity, measured initially at cost and are not remeasured subsequently. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(b) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss immediately.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

(d) Income Taxes

(i) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(ii) Deferred Tax

The deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction, affects neither accounting profit nor taxable profit.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Income Taxes (Cont'd)

(ii) Deferred Tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(iii) Goods and Service Tax ("GST")

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable)

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

(g) Property, Plant and Equipment

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

10. NOTES TO THE STATEMENTS (CONT'D)

10.3 SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Property, Plant and Equipment (Cont'd)

The principal annual rates used:

	%
Buildings	10
Computer equipment and system	20
Furniture and fittings	20
Plant and machinery	20
Office equipment	20
Motor vehicles	20

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is recognised in profit or loss.

(h) Biological Asset

Biological asset comprises cost of planting and development on oil palm. Biological asset is stated at cost less accumulated depreciation and impairment losses, if any.

Cost of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. Upon maturity of the crops, the biological asset is amortised over twenty five (25) years representing the useful economic life of the crop.

(i) Land Use Right

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms of 30 years.

10. NOTES TO THE STATEMENTS (CONT'D)

10.4 BIOLOGICAL ASSETS

	2016 RM	2015 RM
At 1 January 2016	29,936,867	8,718,670
Addition during the financial year	7,665,260	21,884,288
Transfer to inventories	-	(666,091)
At 31 December	<u>37,602,127</u>	<u>29,936,867</u>

10.5 LAND USE RIGHT

	2016 RM	2015 RM
At 1 January 2016	30,198,155	11,080,016
Addition during the financial year	-	20,674,580
Amortisation during the financial year	(1,097,006)	(1,556,441)
At 31 December	<u>29,101,149</u>	<u>30,198,155</u>

10.6 SHARE CAPITAL

	RM
Ordinary shares of RM 1 each Authorised	<u>10,000,000</u>
Issued and fully paid-up	<u>5,000,000</u>

10.7 FINANCIAL INSTRUMENTS

The Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Company's business whilst managing its market (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk.

10. NOTES TO THE STATEMENTS (CONT'D)

10.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies

(i) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to any currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any borrowings and hence is not exposed to interest rate risk.

(iii) Equity Price Risk

The Company does not have quoted investments and hence is not exposed to equity price risk.

(ii) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risk is represented by the total carrying amount of these financial assets in the statement of financial position reduced by the effects of any netting arrangements with counterparties.

(i) Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

(iii) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances.

10. NOTES TO THE STATEMENTS (CONT'D)

10.7 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies

(iii) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
2016					
Trade payables	-	33,211,414	33,211,414	33,211,414	-
Other payables and accruals	-	3,540,373	3,540,373	3,540,373	-
Amounts due to planters	-	126,400,000	126,400,000	-	126,400,000
Hire purchase payables	6.82	356,462	416,089	86,568	329,521
		163,508,249	163,567,876	36,838,355	126,729,521
2015					
Trade payables	-	41,400,319	41,400,319	41,400,319	-
Other payables and accruals	-	1,551,973	1,551,973	1,551,973	-
Amounts due to planters	-	36,440,000	36,440,000	-	36,440,000
		79,392,292	79,392,292	42,952,292	36,440,000

(b) Capital Risk Management

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided total equity. Net debt is calculated as non-trade payables less cash and cash equivalents.

The Company has insignificant external borrowings/net debts. The debts-to-equity ratio does not provide a meaningful indicator of the risk of borrowings.

10. NOTES TO THE STATEMENTS (CONT'D)

10.7 FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	2016 RM	2015 RM
Financial assets		
<u>Loans and receivables financial assets</u>		
Other receivables	70,552,896	12,208,610
Cash and bank balances	1,770,994	805,441
	<hr/>	<hr/>
	72,323,890	13,014,051
	<hr/>	<hr/>
Financial liabilities		
<u>Other financial liabilities</u>		
Trade payable	33,211,414	41,400,319
Other payables and accruals	3,540,373	1,551,973
Hire purchase payables	356,462	-
	<hr/>	<hr/>
	37,108,249	42,952,292
	<hr/>	<hr/>


(d) Fair Values Measurements

At the end of the reporting period, there were no financial instruments carried at fair values.

The fair values of the financial assets and financial liabilities approximated their carrying amounts due to the relatively short-term maturity of the financial instruments (maturing within the next 12 months). The fair values are within level 2 of the fair value hierarchy.


CROWE HORWATH
Firm No: AF1018
Chartered Accountants

Kota Kinabalu


MICHAEL Y.S. TONG, JP
Partner 596/03/19/(J/PH)
Chartered Accountant

East West Horizon Plantation Berhad
Company No. 940673-T

17. INDEPENDENT CONSULTANT'S REPORT

D'Wan Consultancy
No.3 Pinetop Villa, Oriental Park, 88300 Jalan Penampang, Sabah.

Date: 23rd February 2018

The Board of Directors
East West Horizon Plantation Bhd Suite
1-9-E2, 9th Floor, CPS Tower Centre
Point Sabah
88000 Kota Kinabalu
Sabah, Malaysia

Dear Sirs,

INDEPENDENT CONSULTANT'S REPORT NO. 7 ON VISIT TO PROJECT AREAS OF 11,670 ACRES AT RANAU, KENINGAU AND TAMBUNAN DISTRICTS ON THE 5th February, 2018

I am pleased to submit this report for inclusion in the Prospectus of the East West Horizon Planter's Scheme ("the Scheme") to be issued under the Interest Scheme Act 2016 in connection with the offer for sale of five thousand five hundred seventy eight (5,578) Planter's Blocks consisting of six hundred forty (640) blocks of Diamond Category, two hundred fifty nine (259) blocks of Emerald Category, two thousand one hundred and seventy (2,170) blocks of Ruby Category and two thousand five hundred and nine (2,509) blocks of Sapphire Category under the Scheme by East West Horizon Plantation Berhad ("the Management Company").

INTRODUCTION

Background of the project

The land owners of several pieces of land measuring 11,670 acres in the districts of Ranau, Keningau and Tambunan in Sabah have entered into a joint venture agreement with East West Horizon Plantation Berhad to develop the land into a large scale oil palm estate.

According to the terms of the joint venture agreement, East West Horizon Plantation Berhad will provide all necessary funds and management expertise to fully develop the said land into an oil palm plantation.

East West Horizon Plantation Berhad is inviting the public to invest in the oil palm project by way of "East West Horizon Planter's Scheme"

East West Horizon Plantation Berhad
Company No. 940673-T

PROJECT AREA

Locality

The areas are located in the districts of Ranau, Keningau and Tambunan some 160 KM away from Kota Kinabalu. All the parcels of lands are linked and accessible through the Keningau/Pensiangan Highway.

Access to Palm Oil Mill

The nearest palm oil mill, SLDB Mill is located adjacent to the project areas. Another palm oil mill, belonging to Kim Loong Resources is located some 20 km away. A third mill is situated in Sook, more or less opposite Kim Loong Mill. There should not be any problem in getting buyers to buy up all the fresh fruit bunches that are produced initially.

With the many large areas in the vicinity being rapidly developed into oil palm plantations, new palm oil mills will definitely be constructed in or very near this project area. East West Horizon Plantation Berhad on completion of the establishment of all the acquired areas in this region could for sheer profits reasons construct an oil palm mill of their own.

GEOGRAPHICAL BACKGROUND

Topography

The land consists of about 20% of flat river alluvium beds, 50% of undulating hills and some 30% of quite hilly undulating hills. Vegetation are mainly bush (Belukar) on all the areas which will required little land clearing.

GEOLOGY AND SOIL

Soils within the flats are derived from river alluvium and coastal type of rocks. The river alluvium beds are considered to be good oil palm planting soils. The hilly areas are derived from sandstone, shale and mudstone. The hilly soils consist of Dalit, Braintian and Labau Associations. Dalit soils are usually of moderate hills and minor valleys floors and are considered fairly suitable for oil palm cultivation. The characteristic of Braintian Association in the landscape is the typically low rolling hills country. With adequate terracing, oil palm can be successfully established in this soil. The Labau associations are mostly narrow floodplains which also suitable for agricultural crops including oil palm.

Oil palm cultivation in this region in fact is already one of the major agriculture activities. A few well managed holdings has reported reasonable yields and oil palm fruits from Keningau District are famed for the very high oil extraction rates at over 24% compare to other parts of Malaysia which rarely exceed 20%.

CLIMATE

Oil palm is essentially a tropical crop. The range of latitudes for its growth differ from continent to continent owing to the effects of air, oceanic currents and land masses on both the temperature and rainfall. The climatic features of the main areas of the highest bunch production may be summarized as follows:-

- a) A rainfall of 2000mm or more distributed evenly throughout the year, that is, no very marked dry seasons (no more than three months below 100mm per month).
- b) A mean maximum temperature of about 29° to 33°C and a mean minimum temperature of about 22° to 24°C.
- c) About 5 hours of sunshine per day in all months of the year, rising to 7 hours per day in some months; or solar radiation of around 350 cal per sq cm per day.

These are the climate in both Malaysia and Indonesia where highest bunch production has been attained. But besides climate, soil differences and fertilizer practice are responsible for quite substantial difference of yield. Moreover, in certain parts of these oil palm regions night temperature may be lower than the above means and in some months of heavy rainfall sunshine hours may occasionally be below 4 per day; years of comparatively low rainfall are also not unknown.

While it is true that high yield is always attained on good soils under the climatic conditions mentioned, oil palm has been profitably cultivated in regions where rain fall is poorly distributed or very high; where temperatures are low in certain months or where sunshine hours are well below the optimum stated.

There are places where both climatic and soil conditions are much less favorable. In the first place oil palm is naturally adapted to areas of summer rainfall and winter drought condition, three months without rain does not markedly reduce the health of the plant. Growth of the bud continues, though spear leaves tend to remain unopened until the onset of wet weather and midday stomata closure prevents excessive moisture loss.

Secondly, the oil palm is a high producer of oil, even under the slowest growing condition which may be exemplified by those parts of natural habitat in West Africa having 3 months without rain and a few hours of sunshine during wet season. Thus even at one third of the normal plantation yields of 25-30 tons Fresh Fruit Bunch (FFB), production still exceed in terms of oil that of the best coconut estates. Such production is rendered more economic by the fact that labor in the lower production regions is often less expensive. Besides, it provides an extra source of income in addition to the traditional cultivated crop in the rural areas. Therefore any definition of the limits of favorable climatic conditions for the oil palm is extremely subjective and difficult.

Effect of Rainfall

The effect of prolonged drought on reducing the yield of oil palm is well known. In areas with three to 4 months of drought, yield could be low and very variable from year to year, with a year of very low yield occurring at intervals of 4-6 years.

According to Hartley (1988) dry seasons may vary severely in several parts of tropical Africa and America where oil palm is grown. There may be 4-5 months period which are almost devoid of rain or which provide a mean or only 100-150mm of rain. The annual rainfall could be in the region of 1200 mm to 1600 mm, with some areas below 1000mm. Yields of oil palm could be very low. However, on certain soils of high water holding capacity and which overlie underground water, production is at least double that of palms on soils not so favored. Yields are correlated with dry seasonal rainfall. In recent years, the concept of water balance has played a greater role in assessing the suitability of areas for planting and in seeking the causes of yield fluctuations. Direct relationships have been found between the magnitude of water deficit estimates and bunch yield.

Sunshine and solar radiation

The importance of a high level of solar radiation for the growth and yield of oil palm has been inferred from several observations, but the exact requirements, either in terms of radiation or in hours of sunshine for optimum yield are unknown. The inference for the importance of sunshine are:-

- a) Shading palms of all ages reduces growth and net assimilation rate.
- b) Shading adult palms reduces the production of female inflorescence.
- c) Pruning the leaves of adjacent palms increases the production of female inflorescence. A positive, though not high, correlation has been found between annual sunshine data yield in the 12-month period 28 months later
- d) In Nigeria where marked seasonal differences in hours of sunshine exist, the differentiation of female inflorescence, as shown by the sex ratio at the flowering 2 years later, is much higher during the months with many hours of sunshine than during months with few.

The average mean daily sunshine at 5.7 hours is expected to be within the optimum range prescribed for good oil palm fresh fruit bunches production.

Temperature

Henry (1957) estimated the optimum temperature for growth to be 28°C. He has showed that the growth of young seedlings is totally inhibited at 15°C and that growth at 25°C is seven times, and at 20°C three times as rapidly as at 17.5°C

It has been reported (Hartley 1988) that in areas of high latitude as in Tela of Honduras (1543'N) the mean minimum temperature is below 21°C for 7 months. The mean maximum temperature is only 27°C, and accompanied by a shortened day length and periods of even colder weather, the oil palm crop is reduced to very small proportions during the early months of the year. Nearly 90 percent of it is harvested in the remaining seven months. Investigation has shown that this uneven yield distribution is due partly to the delayed development of bunches during colder months. But the combined effect of low temperature, shortened day length and reduced rainfall in the winter months is mainly due to increased abortion and to lower sex ratio. It has also been reported that in Sumatra palms at above 500m come into bearing at least one year later and that their early yields are correspondingly reduced.

Looking at the temperature records, it would appear that the temperature would not be a limiting factor to good growth and yield of oil palm. The isolated cool night temperature of 16.1°C recorded is unlikely to affect the growth of oil palm because it is not extended over a period of time as evident by the mean monthly minimum temperature which is above 20°C.

Evaporation

The amount of evaporation depends on many factors including temperature, relative humidity, wind speed and sunshine. The values generally decrease with altitude.

The lesser amount of evaporation further confirms the relative favorable temperature and sunshine hours in the vicinity for the growth of fruit production of oil palm compare to the African situation.

Water Balance

The concept of water balance has played a greater role in determining the suitability of areas for planting and in seeking the causes of yield fluctuations of oil palm. Direct relationships have been found between the magnitude of water deficit estimates and bunch yields.

In Nigeria, young plants transpire about 120mm of water per month (Rees & Chapas, 1963) and Hartley (1988) gives data showing the potential evaporation transpiration for the immature palm to be between 4.5-5.0mm/day or 135-150mm/month and for mature palm is about 5.5mm/day or 165mm/month. During the drought season, the Evaporation transpiration potential may increase to 6.5-7.5 mm/day or 195-225mm per month.

Record shows the area receives an average of 5.7 hours of sunshine a day which is above the optimum of 5 hours a day.

Rainfall

Mean average monthly rainfall recorded for this area has improved considerably over the past few years though still can be a slight limiting factor at certain years. Mean rainfall in these areas has increased from abnormal weather in previous year, with close to the optimum requirement of over 2000 mm. However rainfall in this area is fairly distributed with almost no long dry spells reported over the last few years. Slightly lesser FFB yields are adequately compensated by the much higher oil extraction ratio.

YIELD POTENTIAL

MAXIMUM EXPLOITATION OF GENETIC YIELD POTENTIAL (MEGYP)

Corley (1985) has estimated the theoretical fresh fruit bunch (FFB) yield of oil palm to be about 46 tons per ha per year. This has been attained on experimental and small-scale plantings. A more realistic yield of 30 to 37t. FFB per ha per year were reported by Tarmizi et al (1992) from fertilizer trials plots by Ng and Thong (1985) in commercial fields. Ng and Thong (1985) had promoted the concept of maximum exploitation of genetic yield potential (MEGYP). The genetic potential yields' is defined as the maximum yield attainable if all the environmental conditions and agronomic practice are perfect.

Goh et al (1994) had reported the attainment of MEGYP over large areas in Sabah. With proper agro-management inputs, yield of above 31t FFB per ha per year were obtained on fields with moderately deep soils derived from alluvium and sedimentary rocks. On lateritic soils, step areas and sandy podzols, lower yields were obtained, but still exceeding 25t FFB per ha per year.

Under actual field condition in an estate, besides the climatic, soil and relief, yield is also very much dependent on the agronomic practices and management input. Ooi et al (1990) has reported the average FFB yield obtained in Peninsular Malaysia to be between 19 to 20 tons per ha per year. In the inland soils of Peninsular Malaysia, the average peak yield of 22.9 t/ha was achieved between the seventh and 12th year in commercial planting (Yong & Chan, 1990). Lee & Toh (1990) reported a yield performance of 28.0 to 30.2 tons per ha and 22.2 to 28.1 tons per ha from 8th to 12th years after planting on coastal and inland estates respectively.

Khoo et al (1992) had examined the yield performance of oil palms over 4 to 8 years period on several soil associations in the Lahad Datu and Sandakan region of Sabah. The alluvial and the sedimentary soils of the Kinabatangan, Silabukan, Lungmanis, Rumidi and Kretam Associations have been confirmed to be eminently suitable for oil palm.

The yields reached over 25 tons FFB per ha or 10 tons per acre by the 5th year of field planting and with peak yield capability of up to 34 tons/ha/yr. Even the Lokan Association soils which are normally classified as marginal to unsuitable for agriculture has obtained consistent yields of ranging from 23.8 to 27.8 tons FFB per ha per annum over a 6 year period, averaging 25.6 t/ha/ann.

Yield Potential of Project Area

With proper agro-management inputs - full fertilizers regime, high standard of upkeep and complete harvesting and evacuation, yields of 12 tons per acre per year in deep soils derived from alluvium rocks are easily attainable. Even with poor soil yields of 10 tons per acre have been obtained in Sabah when proper management with adequate fertilizer applied. However, with the foreseen and unforeseen adverse situation such as disruptions in transportation and labor problem, actual production in most oil palm holdings is expected to be slightly lower.

Projected Yield Levels of the Project Area

In view of the vigorous growth of the planted palms and by examining records on manuring program and rainfall pattern, the project area has been reclassified as very suitable for oil palm cultivation and the following yields are attainable.

Years after planting	Ton/Acre
3	3.5
4	7.0
5	9.0
6 – 11	10.5
12-17	9
18-23	7.5
24-25	6.5

Above yields should be easily attainable if sufficient fertilizers are properly applied, and with thorough harvesting and evacuation.

PLANTING PROGRAM AND PROJECTED PRODUCTION OF FRESH FRUIT BUNCHES

Planting will be done over four (4) phases, i.e. three (3) phases of 3,000 acres and one (1) phase of 2,670 acres. All sections of the project area are easily accessible. An all- weather gravelled road cuts through the whole areas.

At this time of visit, the main access road were fully completed and maintained. The project areas are fully accessible all year round. This sure will greatly benefit the East West Horizon Plantation Scheme.

Up to date, 6,700 acres of Phases One, Two and Three are fully developed, with additional 200 acres from Phase Three developed as per schedule. This brings the total planted area to date to 6,900 acres.

About 4,100 acres of the planted area have recently been declared as coming to maturity. Harvesting is being done with all available laborers.

Road construction and terracing works are in full swing for the remaining areas under Phase Three. These areas are expected to be planted within the next twelve months. Field planting, supplying and in fillings were on going during the past six (6) months.

There are 59,000 seedlings in the main nursery, all of which are of age for planting into the field. After culling these will be sufficient to plant up about 1,000 acres of new areas by the end of 2018.

Development Program

<u>Phase No /Acre</u>	<u>Seedlings Est.</u>	<u>Field Prepare</u>	<u>Field Planting</u>	<u>Developed To date/Acre</u>
One A / 1,000	Purchased seedlings	October 2014	February 2015	1,000
One B / 2,000	June 2014	April 2015	June 2015	2,000
Two A/ 1,000	June 2015	April 2015	August 2015	1,000
Two B/ 2,000	June 2015	April 2016	June 2016	2,000
Three A / 1,000	August 2016	April 2016	July 2017	900
Three B/ 2,000	January 2017	December 2017	June 2018	-
Four / 2,670	January 2018	September 2018	December 2018	-
TOTAL				6,900

TOTAL FRESH FRUIT BUNCHES EXPECTED

Year	2018	2019	2020	2021	2022	2023	2024
Total FFB	5,250	21,000	41,330	59,900	78,980	97,500	110,700
Year	2025	2026	2027	2028	2029	2030	2031
Total FFB	118,600	122,000	120,300	115,780	112,860	111,360	108,290
Year	2032	2033	2034	2035	2036	2037	2038
Total FFB	105,530	102,780	98,280	95,360	93,850	90,780	88,030
Year	2039	2040	2041	2042			
Total FFB	86,000	83,000	81,000	80,000			

PROSPECT OF OIL PALM FOR THE PROJECT AREA

Cultivation of the oil palm (*Elaeis guineensis Jacq*) has expanded tremendously in recent years such that it has become a major source of the world's supply of vegetable oil. It is one of the most important tree crops in the humid tropics. Oil palm is the world's most productive oil crop and is in addition very versatile producing two distinct oils, namely mesocarp (palm) oil and palm kernel, which find a variety of food and non-food applications such as fertilizer, soil conditioners and as a source of fuel (Oil Palm: Cultivation, Production and Dietary Components by Susan A. Penna).

Oil palm has become the most important crop in Malaysia, especially in Sabah. The acreage of oil palm in Sabah has increased exponentially in the last two decades from 280,000 hectares in 1990 to 1.55 million hectares in 2016. This is expected to increase even further under the state government's oil palm master plan, which will see the total acreage in Sabah targeted to hit 2,000,000 hectares by 2020. This rapid rate of development is buoyed by the extremely favorable commodity prices over the past few years. One million hectares of oil palm in today's prices could generate US\$4 billion. Today, Sabah is the largest oil palm producing state in Malaysia, and under the newly launched National Biomass Strategy by the Malaysian government, the state could become the center of oil palm biomass development. This, which involves the downstream potential in oil palm biomass comprising empty fruit bunches, palm fronds, trunks, palm kernel shells and mesocarp fibres, not only lends itself to sustainable development but based on projections by Agensi Inovasi Malaysia (AIM) utilizing just 20 million tons of biomass for downstream value-adding will contribute RM30 billion to the gross national income.

World Production and Demands

According to the Malaysian Palm Oil Board (MPOB) palm oil will continue to have good prospects in the future owing to the rise in the global consumption of fats and oils and the slowing of demand for oil meals. Based on the latest available medium term (2010 -2017) projections prepared by the Food & Agricultural Organization (FAO), the Organisation for Economic Co-operation and Development (OECD) and the Food and Agricultural Policy Research Institute (FAPRI), global vegetable oil demand, supply and trade are projected to rise to up to 33% by the year 2017. This can be attributed to the rising world population and the expected improvement in living standards in the developing countries.

In terms of production, palm oil accounted for 34% of the global vegetable oil supply by 2016/2017 and Malaysia has produced 20 million tons of which about 90% is to be exported. In view of the slowing down of the demand for oil meals, the crushed portions of edible oil sources, seed oil production would be unable to keep pace with the projected increase demand for oils and fats. Therefore, prices are expected to move up or remain high as a result of strong demand, the lower stocks of oils and fats and global liberalization policies, which would result in the progressive reduction of export subsidies.

Market Prospects

The world's consumption of oils and fats had increased from 33 million tons in 1963 to 220 million tons in 2017, an increase of some 187 million tons over a period of 55 years because of population growth, improved income and standard of living. Yusof and Mohd Arif (1995) in an address to the Symposium on Oils and Fats organized by the Malaysian Institute of Chemistry on the "Palm Oil Prospect and Outlook in the 21st Century" had predicted that based on the population growth and improvement in income particularly of the developing countries such as India and China, there will be further growth in the demand for oils and fats. Currently 80% of palm oil's use is in the edible sector, but great potential exists in the non- food sectors such as oleo chemicals and their derivatives for the production of soaps detergents, surfactants and personal care products.

In 1995, Malaysia's production of oleo chemicals was in the region of 807,000 tons and this grew to 2.7 million tons by the year 2016. With increasing world awareness and growing emphasis on the environment, it can also be expected that natural vegetable oil derived products will be preferred and eventually replace petroleum products. The global output of palm oil is presently about 65 million tons per year and is expected to increase even further with Malaysia and Indonesia as the primary producers. In respect of this, Malaysian production needs to be more competitive and efficient in terms of cost.

The Malaysian government and its many agencies, particularly the Palm Oil Promotion Council, are making persistent efforts to promote the utilization, sales and export of palm oil. Various trade promotion missions are constantly being arranged to broaden and increase the markets of palm oil, especially to non-traditional markets. The government has also established a Palm Oil Credit and Payment Arrangement Scheme, a credit guarantee scheme to facilitate the purchase of palm oil for the third world countries. As a result of such aggressive trade promotions, the export of palm oil to China, East Asia and West Asia as well as the Middle East have increased substantially over the past few years.

The success and the prolific growth of oil palm in the international oils and fats trade also lies in the many unique attributes especially in the presence of rich natural anti-oxidants and vitamin E. These properties confer exceptional good heat stability to palm oil and improved product shelf life. The latter is an important prerequisites in the food processing application.

Palm oil's economic attributes lie in its perennial production and supply ability. Once planted, the oil palm will continue bearing and fruiting over the next 25 to 30 years. Unlike other oilseed crops, the supply position is not so much subjected to the vagaries of weather or price fluctuation. As a result, palm oil has the lowest per unit production cost of all vegetable oils.

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In terms of efficiency, oil palm yields almost ten times of oil per hectare of land compared to its closest rival soybean. Oil palm is clearly a food crop, which is an efficient user of the world's fast depleting arable land. Nutritionally, it is also proven now that the saturates present in palm oil, plus its high content of the mono saturates, oleic acid and the rich presence of natural anti-oxidants such as vitamin E tends to raise good high-density lipoprotein (HDL) cholesterol or 'good cholesterol' that helps reduce the risk of coronary heart disease.

Recent studies also show that the type of vitamin E present in palm oil demonstrates some suppressing effects on tumor growth. The introduction of red palm oil, which retains the rich natural beta carotene, a vitamin A precursor and other natural anti-oxidants, will further enhance its nutritional attributes.

Besides the food processing markets, more palm oil is being utilized also in the fast expanding oleo-chemical industry for the manufacture of soap, shampoo, detergents, cosmetics, plastics, lubricants etc. Other applications are in production of bio fuel and biomass activities.

PROJECT COSTS

The project costs are divided into two (2) categories namely;-

- (1) Development (Establishment) Costs
- (2) Operating Costs

Development costs are the costs involved in the establishment of an estate from year 0 to year 3 of the project. This includes housing for workers, nursery establishment, site preparation, machineries procurement and associated infrastructure cost. Immature upkeep costs are also part of the development costs.

DEVELOPMENT COSTS

Cost Per acre (RM)

Activities	Total	0	1	2	3
Survey & Blocking	23	23			
Felling/Clearing	345	345			
Terracing/Platform	820	820			
Cover Crops	233	38	95		
Lining/Holing/Planting (including Seedling)	760	760			
Census/Supply	90		70	20	
Weeding	467	57	115	130	165
Fertilisers	580	-	105	230	245
Pest & Disease	258	23	30	90	115
Roads & Bridges	817	72	240	240	165
Drainage	237	57	60	60	60
Total	4630	2395	715	770	750

The total costs of land development and oil palm establishment is expected to be exceptionally high in this project area as extensive heavy terracing needs to be done at 17 chain per acre costing RM48 per chain.

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Summary of Costs of Development (RM)

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022
Phase One	7,185,000	1,430,000	2,255,000	2,270,000	750,000				
Phase Two		7,185,000	3,705,250	2,219,250	2,231,500	712,500			
Phase Three			2,275,250	3,313,750	3,913,000	2,274,500	1,595,000	750,000	
Phase Four					2,395,000	4,714,650	1,964,050	2,035,900	1,252,500
Capital/ Equipment	5,852,100	5,852,100							
Land Use Right	6,000,000	6,000,000	6,000,000	5,340,000					
Total	19,037,100	20,467,100	14,235,500	13,143,000	9,289,500	7,701,650	3,559,050	2,785,900	1,252,500

GRAND TOTAL: RM91,471,300

Staff and Remunerations

<u>Positions</u>	<u>Nos.</u>	<u>RM ('000)/year</u>
Manager	1	80
A. Manager	4	240
Supervisor	8	160
F. Assistant	16	160
Chief Clerk	4	60
Clerk	8	<u>60</u>
		760

N.B. Staff remuneration is provided as a constant, whatever increment is averaged (off-set) by the increasing commodity prices.

General changes/RM per acre

Staff Remuneration and allowances	80
Vehicle Maintenance	40
Building Maintenance	10
Administration	105
HQ Overheads	<u>105</u>
Total	340

This average out at RM42.50/ton

N.B. Fire insurance at RM10/acre is included in administration cost.

FIELD MAINTENANCE COST

<u>Mature Upkeep</u>	<u>Cost per Acre</u>
Pruning	20
Weeding	105
Pest and Disease	20
Roads and Bridges	105
Drainages	20
Others	<u>20</u>
Total	290

Fertilizers	530 per acre
Harvesting	30 per Ton
Transport to Mill	53 per Ton

All the above will work out to around 236.50 per ton of FFB.

FINANCIAL ANALYSIS AND IMPLICATIONS

A grand total of at least RM320 million is needed to be injected into this project for development, maintenance and other costs of capital items, spread over twelve years.

Cost of production of fresh fruit bunches will be about RM240 per ton. These costs include all overheads costs, mature maintenance, fertilizers costs, harvesting and transport to the mill cost. These costs may vary with inflation, especially in the case of fertilizers' costs. The varying (usually increasing) costs should be normally be offset by the increase in the price of palm oil. The costs of transport to the mill may come down a bit when East West Horizon Plantation Berhad builds their own mill in the estate. The mill will reap substantial financial benefits with the expected high oil extraction rate of palm fruits produced in the plantation under the East West Horizon Planter's Scheme.

At the current fresh fruit bunches price of approximately RM470, there will be a positive net income on the seventh year of full production.

Breakeven is expected in 2026. At the end of the full 25 years circle in year 2042, accumulated profit is expected to be over RM300 million.

It is to be noted here that the price of fresh fruit bunches has hit RM800 per ton many times over the past few recent years. An increase of price of fresh fruit bunches to this level again will benefit East West Horizon Plantation Berhad in increased accumulated cash and profit.

CONCLUSION AND RECOMENDATIONS

With the expected increase in world populations and income, it is expected that the consumption of oils and fats will be dramatically increased. Palm oil, because of high productivity and low cost of production will definitely take a larger market share compared to other oils and fats. The market prospects for the palm oil should therefore be very good. The price of palm oil is expected to remain firm in the short, medium and long term.

Even with conservative projected yields, all areas under East West Horizon Planter's Scheme generally offer good potential yield and returns with fairly high profitability expected.

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PROGRESS OF THE PROJECT

This project has started off very successfully. As at 5th February, 2018, 6,900 acres have been developed in Phases One, Two and partially Three. Another 1,000 acres of land are currently being prepared for development. Phases One and Two are fully developed, while development of Phase Three is on schedule.

There are 59,000 seedlings in the main nursery, which are ready for field planting in the next few months. Additional seedlings are being procured or raised by the management itself to plant up the balance of the available areas.

Overall standard of upkeep in all the developed areas remain highly acceptable to good with no areas getting overgrown.

Manuring programs were slightly behind in 2017 as stocks deliveries were somewhat delayed mainly due to the poor road conditions as a result of bad weathers experienced by the region for the past months. This is a concern as oil palm yields are fully dependent on adequate fertilizers and rainfall besides proper field upkeep and complete evacuation of all available FFB. However, with the recent improvement in weather conditions, the management has prepared a new manuring program for the new year with the advice from consultant to mitigate the situation.

An experienced management team is in place, with HQ providing very adequate supervision vehicles for supervision.

However the number of workers, especially harvesters are insufficient. This the same phenomena facing other oil palm plantations in Sabah where number of available migrant Indonesian workers have plunged owing to the step up of security and immigration checks. The numbers of workers at site is more than sufficient to upkeep all the developed areas, with many on standby to do future field planting. Surprisingly, there are more locals, albeit very irregular turnout, coming up to do the manual jobs. Unfortunately, output of these local workers is generally poor and they usually demand for daily pay tasks. The management is in the midst of rectifying the shortage of good migrant harvesters to mitigate impact on future and immediate FFB productions.

Adequate housings with full amenities are being provided for both the estate staff and workers.

Scout harvesting was initiated in all areas and some well form bunches were produced during the year from matured fields. For the year 2017, FFB production stood at over 2,880 tons.

Yours truly,

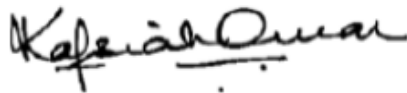


David Wan Yin Foo QDA, ADK
Independent Plantation Consultant
23rd February 2018

18. STATEMENT BY DIRECTORS

This Prospectus has been read and approved by the Directors of the Management Company and they jointly confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Signed by the Directors,



Tan Sri Dato' Napsiah Omar



Dato' Dr Jessie Tang

Dated :

Lodged by :

East West Horizon Plantation Berhad

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ANNEXURE

Computation of Repurchase Price and Annual Repurchase Limit

Repurchase Price

Year	1	2	3	4	5	6	7	8
	Exempted under Sec. 88 (1)(b)(iii) of Companies Act, 1965		75% of Subscription Fee	85% of Subscription Fee	95% of Subscription Fee	Full Refund	Full Refund	Full Refund

Table of Sample Calculations of Annual Repurchase Limit and the Application of Clause 8.14 (vii)

Year	3 rd	4 th	5 th	6 th	7 th	8 th
Annual Repurchase Limit (ARL) (%)	10	10	10	10	10	10
Total Repurchase Request (TRR) (%)	12**	2* + 11**	3* + 8**	1* + 6**	4**	2**
Repurchase Limit Exceeded (%)	2	3	1	0	0	0
Exceeded Repurchase Request carried forward to the next year where ARL permits (%)	2	3	1	0	0	0

Legend: * From previous year
** For the year

Example:

Mr A requested for repurchase of his planter's block in the third (3rd) year of the tenure of his Planter's Agreement. Mr A made the request when the total requests from the other Planters for the year have already exceeded 10% of the annual limit. The Management Company will consider his repurchase request in the next year provided his request falls within the 10% cumulative quota limit, on first come first serve basis. If not, his request will be carried forward to another available year.

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