

3rd November 2023

Dear valued Planters,

Introduction

We are pleased to provide additional / recent updates on the matters stated in our “Memo” dated 29th September 2023.

Kota Kinabalu High Court Matters

Our team of lawyers will be presenting the respective Management Companies’ challenge / defence to the matters raised by Lee Sek Hong (representing himself and 52 other Planters) for Scheme 1; Lee Sek Hong (representing himself and 157 other Planters) for Scheme 2; and Hozawa Takuo (representing himself and 33 other Planters) for Scheme 3, this coming **3rd November 2023**.

Thereafter, the relevant Court procedures will take its natural course with an upcoming Hearing date scheduled for **5th December 2023**.

For your information, one (1) of the injunctions granted has been lifted and efforts are ongoing to organise a “Planters Meeting”, to seek the views of Planters and/or their approval of a revised “Rehabilitation & Restructuring Plan” (more details to follow below).

As the Management Companies do not agree with the claims and/or matters raised in the respective Kota Kinabalu High Court matters, sufficient resources are being utilised to challenge and/or defend these matters – the Management Companies maintain that all Planters ought to be given their respectful rights to determine the progress of the Planters Schemes; the needs of the many always outweigh the needs of the few.

Practical Impact on the Plantations

Notwithstanding our efforts to fend off challenges which are present and forthcoming, it is crucial for us to be transparent about the realities which the Management Companies are grappling with. The injunctions which brought a halt to the “Rehabilitation & Restructuring Efforts”, combined with the freezing of certain banking accounts by the authorities (resulting from complaints made by a certain group of Planters), have dealt a severe blow to on-site operations.

A years’ worth of diligent rehabilitation work is being undone, and it’s disheartening to witness the hard work of our dedicated plantation team being wasted. The setbacks have also led to a slowdown in workers’ recruitment, hindering our ability to harvest timely even in areas that have already undergone rehabilitation. Furthermore, road repair works have been halted, and the Management Companies are facing difficulties in maintaining its vehicles. These challenges are posing a significant burden on the Management Companies’ ability to continue even minimal operations, effectively.

Dampening of Management Companies’ Efforts to Secure “Buy-Ins” from Business Partner(s) and/or Financial Institutions

The business world is indeed a ruthless and unforgiving one. The Management Companies took heed of suggestions to source for funding and/or support from new business partner(s) and/or financial institutions. Whilst these progressed positively, details of the same cannot be released and/or shared, pending finalisation of discussions between parties.

Unfortunately, as these positive encounters reach the tail-end of discussions, Planters who offered these suggestions changed their minds and became Planters who opted to see these encounters fail; the constant reports and negative impressions cast onto the Management Companies led to

investigative actions by the relevant authorities, which in turn, brought all positive encounters and possibility of a speedy “Rehabilitation & Restructuring” to an abrupt end.

Potential Winding Up of the Management Companies and/or Planters Schemes

Since the Management Companies undertook efforts to organise the relevant “Planters Meetings”, many Planters have brought up the possibility of the Management Companies being wound up. The impression and/or understanding was that, upon the winding up of the Management Companies, all assets can be distributed to the Planters – this asset distribution will presumably be the “salvation of everyone’s problems”.

At this juncture, the Management Companies would like to provide some insight into this topic of “Winding Up”:-

- (a) As the “Planters Schemes” are interest schemes registered and governed by the Companies Commission of Malaysia, one must first decide if he / she is seeking the winding up of the Management Companies **OR** a winding up of the Scheme.
- (b) If one seeks a winding up of the Management Companies, a liquidator will be appointed to take over the affairs of the Management Companies; this will include the management and operations of the respective Planters Scheme. Indeed, a private liquidator can be appointed with the costs for appointing a private liquidator normally borne by the person appointing / engaging the private liquidator’s services.
- (c) During the winding up process of the Management Companies, the assets of the Management Companies will be liquidated to settle the debts of its creditors (which may include the Planters). However, it must be noted that creditors are then separate into “secured creditors” (such as banking and financial institutions, and government bodies) and “unsecured creditors” (which are other creditors such as vendors, suppliers, etc.).
- (d) Depending on the assets which are available for liquidation, the liquidator will then formalise an “arrangement” to the Management Companies’ creditors and make such pro-rated payments, accordingly.
- (e) If one seeks a winding up of the Planters Scheme, it is likely that all assets relating to the Planters Scheme will be released and returned to the respective Planters. This then raises the consideration of whether the funds held by the Trustee will be distributed equally amongst all Planters or would the Trustee return the funds to the respective Planters only.
- (f) The Management Companies are unable to address the “consideration” put forward above but by considering the practicality of the situation, the Trustee is responsible to each Planter, individually. This would naturally mean that the Trustee is not able to distribute such funds equally; the funds must be returned to the individual Planter(s).
- (g) In any event, any changes and/or variation to the Planters Schemes must be approved by the Planters, through a validly organised “Planters Meeting”.

In brief, as much as the Management Companies respect the rights of all Planters (regardless of whether they form the minority or majority), the Management Companies would like to take this opportunity to plead for the understanding of all Planters once again – a rehabilitation of the Planters Schemes is the most practical way forward; plantations do not survive on their own. Without the necessary resources made available to rehabilitate the plantations, the Management Companies will not be able to generate any income and/or revenue, to uphold its obligations to all Planters.

Having said the above, the Management Companies remain steadfast in their intentions to attempt a sincere and honest “Rehabilitation & Restructuring” of the Planters Schemes. Efforts are underway to



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organise a “Planters Meeting” in the middle of December 2023 (only for the “East West One Planter’s Scheme”) with the tabling of a revised “Rehabilitation & Restructuring” Plan.

As the Management Companies do not wish to incur further costs and burden the Planters, the organising of the “Planters Meeting” come December 2023 could potentially be the “straw that breaks the camel’s back”. The Management Companies will continue to honour the wishes of the Planters but in view of the ongoing challenges faced, the Management Companies will, if there is no positive outcome from the “Planters Meeting” intended for December 2023, table a proposal to wind up the “Planters Schemes”.

Revised “Rehabilitation & Restructuring” Plan

We are pleased to inform you that the revised “Rehabilitation & Restructuring Plan” is pending final review. The “R&R Team” is targeting to release the same for consideration of all Planters, during the week of 6th November 2023.

This revised “Rehabilitation & Restructuring Plan” considers the proposals / suggestions for a moratorium to be imposed and staggered repayments to be made over a period of time.

The Management Companies sincerely hope that with the revised “Rehabilitation & Restructuring Plan”, Planters will lend its support and provide the Management Companies with the necessary mandate to pursue a successful implementation of the same.

Conclusion

Rest assured that all steps taken by the Management Companies have been with the Planters as a priority. As we continue to brave the challenges ahead, your support and trust are the fuel we need to push on.

We will keep all Planters updated on the relevant progress heron.

Thank you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jessie Tang', is written over a horizontal dashed line.

Dato’ Dr. Jessie Tang
Founder