

**global witness**

19 July 2021

Tee Kim Tee @ Tee Ching Tee
Tee Chain Yee
Tee Lip Hian
Tago Maritime Services Ltd.
Ocean Paradise Sdn. Bhd.
Prosper Group of Companies

By email: info@prosper.com.my, grievances@prosper.com.my

By fax: +603 7804 4032 (Prosper Palm Oil Mill); +675 457 1875 (Tago Maritime Services Ltd.)

Dear Tee Kim Tee, Tee Chain Yee, and Tee Lip Hian,

Global Witness is a non-governmental organisation that investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses. We are currently considering publishing a report on palm oil production in Papua New Guinea linked to deforestation. We believe these matters are in the public interest and we are investigating them with the intention of publishing in the near future.

We are writing to you in your capacity as directors of Tago Maritime Services Limited (Tee Chain Yee and Tee Lip Hian), and shareholder of Ocean Paradise Sdn. Bhd. (Tee Kim Tee) and as major shareholders in the Prosper Group of companies.

We would welcome your comments on the following statements or allegations. If any of these are inaccurate, we would be grateful if you would say in what way.

Based on an investigation including satellite imagery analysis; analysis of Papua New Guinea, Malaysian, and Singaporean corporate filings; and desktop and field research and interviews, Global Witness is considering publishing a report which will address the following issues:

Company structure and business interests

- Bewani Oil Palm Plantations Ltd. (“BOPPL”) was registered in PNG in 2010 by a member of the prominent and controversial Malaysian palm oil Tee dynasty.^{1 2 3} The family’s other business

interests span industries from Malaysian palm oil to phosphate mining on Australia's Christmas Island.^{4 5 6 7}

- The Prosper Group is a conglomerate including palm oil mills in which the Tee family have controlling stakes. It came under pressure from some of its biggest palm oil customers to cut ties with BOPPL^{8 9 10} following revelations by Greenpeace and Chain Reaction Research of deforestation carried out by BOPPL.¹¹
- In what appeared to be an effort to maintain Prosper's trading contracts with international brands, the Tee family divested from BOPPL's owning company and sole shareholder, the Malaysian company PNG Plantations Development Sdn Bhd, in February 2019.¹²
- The Prosper Group conceded that the Tee family bore "some responsibility for addressing the impact of the forest loss" in reference to Bewani.¹³ By way of amends, Prosper started a forest conservation project in Selangor, Malaysia.¹⁴ However, the group is only responsible for developing a rehabilitation strategy for "at least 1,000 ha of forest and peatland," and to "rehabilitate at least 200 ha of degraded peatlands and forests". This is a fraction of the destruction wreaked in PNG. Nevertheless, according to Prosper Group and the Malaysia-based Global Environment Centre (GEC), this 'recovery project' in Selangor amounts to compensation "to in some way offset the impact of the earlier activities" of the Tee Family in PNG.¹⁵
- Once the Tees had divested from PNG Plantations, the Prosper Group was able to once more sell to powerful trading houses.
- On 23 January 2019, Kong Fatt Yap and Eng Seong Goh became directors of BOPPL.¹⁶
- On 1 February 2019, Top Leap Holdings Ltd—reportedly registered in the British Virgin Islands—took over ownership of PNG Plantations Development Sdn. Bhd., the vehicle that owned BOPPL.^{17 18 19}
- Mr Yap and Mr Goh are shareholders with Top Leap Holdings in two other companies associated with the Bewani plantation: Bewani Forest Products and Ocean Paradise Ltd.^{20 21 22} (Bewani says it has "appointed" Bewani Forest Products to work on its plantation, and Ocean Paradise Ltd. lists the plantation as its operation location in records on file with the PNG government.²⁴) Top Leap and the new directors of Bewani became joint shareholders of Bewani Forest Products on the same day, 23 January 2019 - strongly suggesting that they are closely coordinating their business activities.²⁵
- Malaysian company Ocean Paradise Sdn Bhd. was registered in July 2012, just one month before Ocean Paradise Ltd was registered in Papua New Guinea. It is owned by four individuals including Tee Kim Tee, who owns 40% equity, alongside its largest individual shareholder in PNG, Mr Yap, who holds 30% equity in both the PNG and Malaysian companies.²⁶
- The apparent continued involvement of Tee Kim Tee in what appears to be a Malaysian sister company of Ocean Paradise Ltd, and of the Tees' long-term associate Mr Yap in both the PNG and Malaysian firms, strongly suggests coordination between the Tee family and Top Leap.
- Another company, Prime Horizon Limited, is directed partly by Mr Goh, while also being 70%-controlled by a transport company called Tago Maritime Services Ltd. ("Tago").²⁷ Tago is owned by two members of the Tee family and lists its operating location as the Bewani plantation.²⁸ This appears to suggest an ongoing business relationship between a Tee-

controlled company and Bewani. This is despite the Tees' Prosper Group claiming they have now "[Open doors](#) to the current owners of Top Leap Holdings and management of BOPPL [Bewani] for further dialogue", implying there was clear blue water between the various organisations.

- According to ship tracking website Marine Traffic, Tago Maritime Services owns a landing craft named Tago 1. Shipping data indicate this vessel has berthed throughout PNG, including at Vanimo and at Rabaul, close to the East New Britain palm oil plantations, where it may have helped collect palm oil or logs from plantations connected to a raft of abuses and illegalities.

Issuance of Special Agriculture and Business Leases

- BOPPL obtained access to land through a Special Agriculture and Business Lease (SABL). In 2013, a government commission looking into these leases documented serious failures in the issuance of the SABL over Portion 160C in West Sepik Province, where BOPPL operates. It noted that informed consent was not obtained from landowners prior to the issuance of the SABL over Portion 160C. The COI recommended the lease be revoked. In 2017, Global Witness put these allegations to BOPPL. At the time, BOPPL rejected these allegations via its lawyer, claiming that area landowners "overwhelmingly" supported the project.

Deforestation and environmental destruction

- Global Witness has previously reported on deforestation in BOPPL's 139,909-hectare concession in West Sepik Province. We now calculate that a total of approximately 30,600 ha of forest has been destroyed inside the concession between 2011-2019. This rainforest had been critical to the lives and livelihoods of the area's people and to Papua New Guinea's biodiversity.
- To calculate this deforestation, Global Witness used the shapefile of the Bewani concession previously published in our 2017 report [Stained Trade](#) and the [Global forest change 2000-2019 dataset](#) (Hansen/UMD/Google/USGS/NASA) to calculate forest loss within the concession boundary by year, using ArcGIS. To ensure the forest lost area was originally natural forest, we used images from sources including Google Earth, Sentinel 2 and Landsat to check the forest type of the lost area before deforestation. The vast majority of forest loss (ca. ~99%) appeared to be natural forest.
- According to log export records compiled by SGS PNG Ltd. and made available via www.pngiforests.org, 683,529 cubic meters of timber have been exported under Forest Clearance Authority 10-03 since 2009.

Worker health and safety

- A recent BBC [documentary](#) about the Bewani plantation uncovered children there working barefoot amid dangerous working conditions. According to one villager in the documentary, BOPPL's arrival and forest destruction has caused them to lose "everything."

Combined shipments with other companies

- The CEO of the East New Britain Resources Group of Companies claims that ENB combines its shipments of palm oil with those of Rimbunan Hijau and of BOPPL, and that ENB handles the

marketing for these combined shipments. ENB stands accused of deforestation, operating without local landowners' free, prior, and informed consent, child labour, corruption, and employing police to brutalize local communities. Rimbunan Hijau stands accused of deforestation, operating without local landowners' free, prior, and informed consent, neglect of worker health and safety, and employing police to brutalize local communities.

International customers

- PNG customs records indicate that BOPPL has exported shipments of palm oil to customers in at least three countries: India, via Perfect Essence International Ltd. in the Republic of Seychelles; MGV Commodity Pte. Ltd. of Singapore; and GS Global Corporation of South Korea.

Please describe the actions you will take in response to the allegations detailed in this letter.

We wanted to give you the opportunity to respond to these points so that we can take into account what you say before we finalise our report and can consider including the gist of your reply in our report where appropriate. Please send your response to lstanley@globalwitness.org.

We look forward to hearing from you and would be grateful if you could let us have your response by **5 p.m. on 2 August 2021**, Malaysia time, so that we are able to consider your response prior to finalising the report. If you are unable to respond by this time please let us know. If we have not heard from you by this date we will assume that you do not wish to comment.

Sincerely,
Lela Stanley
lstanley@globalwitness.org
Senior forests investigator
Global Witness

¹ Bewani registration accessed via the PNG Investment Promotion Authority

² Singh, U. (2018). Company owned by Malaysians clearing PNG forests
<https://www.malaysiakini.com/letters/441422>

³ Greenpeace (2018). The final countdown <https://www.greenpeace.org/international/publication/18455/the-final-countdown-forests-indonesia-palm-oil/>

⁴ The Edge Markets (2019). East, Prosper group UMB's largest shareholders
<https://www.theedgemarkets.com/article/far-east-prosper-group-umbs-largest-shareholders>

⁵ Far East Holdings Berhad (2020). Company profile <http://cms.fareastholdingsbhd.com/profile>

⁶ CI Resources Ltd (2015). <http://www.ciresources.com.au/index.phtml>

⁷ CI Resources Ltd (2015). Directors <http://www.ciresources.com.au/corporate/directors.phtml>

⁸ Unattributed (2018). Far East Holdings Berhad Monitoring report December 2018
[https://prosper.com.my/pdf/Grievance/\(GV2\)%20Far%20East%20Holdings%20December%202018.pdf](https://prosper.com.my/pdf/Grievance/(GV2)%20Far%20East%20Holdings%20December%202018.pdf)

⁹ Greenpeace (2018). The final countdown <https://www.greenpeace.org/international/publication/18455/the-final-countdown-forests-indonesia-palm-oil/>

¹⁰ Chain Reaction Research (2019). The Chain: Bewani Oil Palm Plantation Divestment Increases Risks of Continued Deforestation in Palm Oil Supply Chains <https://chainreactionresearch.com/the-chain-bewani-oil-palm-plantation-divestment-increases-risks-of-continued-deforestation-in-palm-oil-supply-chains/>

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- ¹¹ Unilever (2021). Palm Oil Grievance Tracker https://www.unilever.com/Images/unilever-palm-oil-grievance-tracker_tcm244-530071_en.pdf
- ¹² Chain Reaction Research (2019). The Chain: Bewani Oil Palm Plantation Divestment Increases Risks of Continued Deforestation in Palm Oil Supply Chains <https://chainreactionresearch.com/the-chain-bewani-oil-palm-plantation-divestment-increases-risks-of-continued-deforestation-in-palm-oil-supply-chains/>
- ¹³ Prosper and Global Environment Centre (2020). Establishment of partnership between Prosper Palm Oil Mill Sdn Bhd and Global Environment Centre to establish a recovery project in Selangor, Malaysia https://prosper.com.my/news/Joint%20Statement%20by%20Prosper%20and%20GEC%20on%20Recovery%20Project_v2.pdf
- ¹⁴ Prosper (2020). Grievance Procedure <https://prosper.com.my/Sustainability-Grievance-Procedure.php>
- ¹⁵ Global Environment Centre (2020). Proposal for recovery project for Prosper: conservation of SE portion of North Selangor Peat Swamp Forest <https://prosper.com.my/news/Prosper%20GEC%20Proposal%20Final%205%20March%202020%20clean%20final.pdf>
- ¹⁶ Bewani Oil Palm Plantation Limited filing accessed via the PNG Investment Promotion Authority
- ¹⁷ PNG Plantations Development Change of Shareholders accessed via the PNG Investment Promotion Authority
- ¹⁸ Chain Reaction Research (2019). The Chain: Bewani Oil Palm Plantation Divestment Increases Risks of Continued Deforestation in Palm Oil Supply Chains <https://chainreactionresearch.com/the-chain-bewani-oil-palm-plantation-divestment-increases-risks-of-continued-deforestation-in-palm-oil-supply-chains/>
- ¹⁹ Bewani Oil Palm Plantation Limited filing accessed via the PNG Investment Promotion Authority
- ²⁰ Ocean Paradise Ltd. filing accessed via the PNG Investment Promotion Authority
- ²¹ Bewani Oil Palm Plantations Ltd. (2019). Announcements <https://boppl.com/announcements/>
- ²² Bewani Forest Products shareholders report accessed via the PNG Investment Promotion Authority
- ²³ Ocean Paradise Ltd. extract accessed via the PNG Investment Promotion Authority
- ²⁴ Operations in Plantations – Boppl <https://boppl.com/company-background/operations-plantations/>
- ²⁵ Bewani Forest Products shareholders report accessed via the PNG Investment Promotion Authority
- ²⁶ Ocean Paradise Sdn. Bhd. corporate information report from the Malaysian Companies Commission
- ²⁷ Prime Horizon Limited information accessed via the PNG Investment Promotion Authority
- ²⁸ Tago Maritime Services information accessed via the PNG Investment Promotion Authority



PROSPER PALM OIL MILL SDN. BHD.

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30th July 2021

To,
Ms Lela Stanley
Senior Forests Investigator
Global Witness

Dear Ms Lela,

RE: Upcoming Global Witness report

First of all, I would like to introduce myself as Kelvin Tan, Head of Sustainability for Prosper Palm Oil Mill Sdn Bhd (Prosper). Thank you for informing us with regard to the above matter. I am writing to you on behalf of the Tee family and the opportunity to offer clarification to the issues raised in your facsimile is appreciated.

Supposed coordination between Tee family and Top Leap

As you have correctly stated, the Tee family divested from PNG Plantations Development Sdn Bhd which solely owns Bewani Oil Palm Plantations Ltd (BOPPL) effectively on 1st February 2019. None of the family members or their legal representatives own shares or has directorship in Top Leap Holdings and their related core business. It is true that there are some corporate entities where ownership restructuring has not yet been wrapped up. This is the result of considerations other than those implied in your letter, namely as if the Tee family and Top Leap Holdings would maintain an ongoing but concealed business relationship. We understand that you could construe things in such manner but in reality, such is not the case. Besides, none of the entities flagged in your letter are part of the core business of either party.

Tago Maritime Services Ltd. (TMSL)

Tago Maritime is a fully owned company by the Tee family. This company was set up to operate the landing vessel that was required to transport goods to the development area. It still operates at the direction of local marketing and shipping staff. With regards to its recorded whereabouts, we understand the concerns. The Tago 1 has not been used to transport palm oil or logs from or to East New Britain. It has been chartered to a company to transport cargoes mainly involving in bunkers and foodstuff. While we may be selective in the types of customer we want to lease our vessel to, but frankly, we do not have much control over their cargoes to be transported. As part of our recovery plan, we plan to engage local stakeholders to discuss ways in which this vessel can be put to use for the benefit of isolated landowner communities too.



Ocean Paradise

As you have rightly stated, there are two companies with the same name, one registered in Malaysia (Sendirian Berhad) and one in PNG (Limited). Mr. Tee Kim Tee is the majority shareholder of the Malaysian entity, with Mr. Yap being a minority shareholder. Like Tago Maritime, the company was set up to facilitate the shipping of goods to the PNG project. The company is currently dormant in practice. As for the second entity in PNG, IPA-PNG records should indicate that the company is fully owned and run by former staff who have joined Top Leap since then.

Prime Horizon Ltd

This company is incorporated with the intention to provide domestic transportation services in PNG and to expand the shipping business. That is why it has a local PNG national partner. Its major shareholder is TMSL, 70% and 30% by local shareholder. Mr. Goh is just a passive director in Prime Horizon Ltd.

Other entities

Beyond the companies discussed above, the Tee family **does not** have shares and/or directorships in any other PNG registered companies.

Acknowledgement of recovery liability/ compensation for past harm

When the decision was taken to invest in the BOPPL project with the support from the PNG authorities over a decade ago, the Tee family did so on the basis of plantation development, environmental and social policies that were standard at that time. It was the Member of Parliament of Vanimo Green (also the Minister for Forest, then) that came to Malaysia and requested the Tee family to invest in Bewani to give the people of Bewani a hope of having some meaningful development there.

Today, our customers' procurement policies and our own sustainability palm oil policy would prevent us from investing in a new plantation development like this.

The divestment warded off the risk of trade suspensions that were already being imposed on Prosper. Holding on to the development would have been detrimental to all parties involved. We are aware of the widely diverging views that are held about the cost and benefits of the Bewani project. As it stands, the Tee family no longer has commercial interest in the PNG plantation and its mill, but this does not necessarily diminish their sense of responsibility for the development. It is for this very reason the family keeps an open-door approach to the new owners.

The Tee family acknowledges that it bears responsibility for the deforestation that was required to enable the plantation development which, to our knowledge, has not been adopted by the new owners or the PNG-based project proponents. Based on the Greenpeace Report "Moment of Truth" (March 2018) where the cut-off date for conversion is set on December 2015, Earth Equalizer Foundation in Indonesia verified that up to the point of divestment, the total weighted liability within the project area amounted to 12,635 hectares. (Please see attached file)

Given the absence of coordination with the current owners of the Bewani plantation project, it is not realistic for the Tee family to effectively compensate deforestation in Bewani (in-situ). Against this background, it was decided to start with the GEC's peat restoration and conservation project in Selangor, Malaysia which is in the vicinity of one of the Prosper mills. The Tee family is aware that this project cannot meet all of NGOs' expectations for compensation at this time, but at least a meaningful start has been made. Our Recovery Project (Phase 1) includes the protection and rehabilitation of 3,140ha of lowland and peat swamp forest of high conservation value – which has been partly degraded by encroachment, drainage and fire. There will also be further plan to expand our recovery project after that.

Meanwhile, both Prosper and Far East Holdings Berhad have adopted their own Sustainable Palm Oil Policies which are up to par with many international palm oil traders' procurement policies. Prosper has also begun to apply the same policy principles to other plantation companies which we have an investment in, such as United Malacca Berhad; and also to third party suppliers to Prosper's mills such as YP Plantation Holdings Sdn Bhd.

Conclusion

The Tee family appreciates the opportunity to respond to Global Witness' initial assertions. We trust that our feedback has increased your understanding from our perspective. Should you have any further questions, please feel free to contact me anytime.

Sincerely,
Kelvin Tan
Head of Sustainability
Prosper Palm Oil Mill Sdn. Bhd.

Subsequent Q&A between Global Witness and Prosper on 3rd and 4th August 2021 via e-mail

GW:

You write that it is not the case that the Tee family and Top Leap Holdings have maintained an “ongoing but concealed business relationship”. However, you acknowledge that Mr Goh and Mr Yap, current directors of BOPPL (which is owned by Top Leap Holdings via PNG Plantations Development Sdn. Bhd.), are directors of Ocean Paradise Ltd. and Prime Horizon Ltd. alongside Tee family members.

Prosper:

1. Tee family members sold their shares in Ocean Paradise Ltd, PNG (OPL) and ceased to be shareholders/directors of OPL shortly after the divestment of BOPPL. (Please do not confuse this OPL with Ocean Paradise Sdn Bhd which is a Malaysia incorporated company).

2. Prime Horizon Ltd (PHL) is 70% owned by Tago Maritime Services Ltd (which TMSL is 100% owned by Tee family members) and 30% of PHL is owned by a local PNG national. PHL is operated by the 30% local PNG national, shareholder/director. Mr. Goh is just a passive director in PHL.

GW:

You also state that Ocean Paradise Ltd. is now “fully owned and run” by former staff who have joined Top Leap Holdings. As you know, Ocean Paradise Ltd.’s directors include Mr Goh and Mr Yap, and its owners include these two men and Top Leap Holdings. These facts suggest that there is indeed an ongoing and undisclosed business relationship between the Tee family and Top Leap Holdings.

Prosper:

On the basis of the above explanation stated in 1 & 2, I am sure you would agree with me that the Tee family members has nothing to do with OPL after the BOPPL divestment and as for PHL, none of the BOPPL shareholders are there, it is not a core business of the Tee family, and furthermore the company is now run by the sole PNG national shareholder/director.

GW:

With regard to the Recovery Liability Assessment of deforestation you shared, as you say, this assessment measured deforestation within the BOPPL concession from 31 December 2015 to today. For the avoidance of doubt, I note that you do not dispute Global Witness’s calculation that approximately 30,600 hectares was cleared in the concession between 2011-2019?

Prosper:

We were informed that the total area cleared over the 2011-2019 period by BOPPL is more likely in the range of 21,000-23,000 hectares which is closed to the total oil palm planted area. This includes land clearing for BOPPL planting and infrastructures but it does not include loggings not attributed to BOPPL within the Bewani Project area. The calculations for deforestation area given in your letter cannot be verified in the absence of the shapefiles and definitions used.

Subsequent Q&A between Global Witness and Prosper on 8th and 10th August 2021 via e-mail

GW:

The shareholders of Ocean Paradise Sdn Bhd (the Malaysian entity) include Tee Kim Tee and Kong Fatt Yap (one of the current directors of BOPPL), as well as a Chin Tat Tan.

Prosper:

Yes, That is correct.

GW:

The directors and shareholders of Ocean Paradise Ltd. (the PNG entity) include Kong Fatt Yap and Chin Tat Tan.

Prosper:

This was what we presume after the divestment, unless that has been change after that.

GW:

Mr Eng Seong Goh, another current director of BOPPL whom you also describe as a “passive director” of Prime Horizon Ltd., is also a shareholder of Ocean Paradise Ltd, as is, of course, Top Leap Holdings.

Prosper:

Yes. Mr. Goh is a passive director in Prime Horizon Ltd. His position elsewhere, we were not sure if there has been any change since the divestment.

GW:

Kong Fatt Yap holds 30% of the shares of both entities.

Prosper:

Mr. Yap holds 30% of shares in Ocean Paradise Sdn Bhd. That is what we know.

GW:

Based on this and on Mr Goh’s directorship in Prime Horizon (which as you say is majority-owned by Tago Maritime, itself wholly owned by Tee family members),

Prosper:

Prime Horizon Ltd was incorporated in 2018 and after the divestment in BOPPL, the Tee family has not been able to find a replacement director since.

GW:

we conclude that the Tee family continues to work with the new directors of BOPPL. (We note your point that Ocean Paradise Sdn Bhd is dormant in practice.) Because the owners and directors of Top Leap Holdings are unknown, we have not been able to exclude the possibility that the Tee family are working with Top Leap Holdings as well.

Prosper:

The Tee family has not been able to get details of all the new shareholders/directors of BOPPL after the divestment, although attempts had been made in earlier days.

GW:

If you are able to cast further light on this question, we will take it into account.

Prosper:

We like to, when we have it.

GW:

I have also attached the shapefile of the Bewani concession that Global Witness used in its deforestation analysis, both in kmz format and, in case you are unable to easily open this format, as an image showing the deforestation we found over different time periods. We would welcome your comments on this. To calculate deforestation, we used the [Global forest change 2000-2019 dataset](#) (Hansen/UMD/Google/USGS/NASA) to calculate forest loss within the concession boundary by year, using ArcGIS. To ensure the forest lost area was originally natural forest, we used images from sources including Google Earth, Sentinel 2 and Landsat to check the forest type of the lost area before deforestation.

Prosper:

You have sent the concession boundary map and a screenshot of your deforestation analysis to us. In our email response to you on 5th Aug 2021 we mentioned that the estimated total land cleared area from 2011 to 2020 was more likely in the range 21,000--23,000 hectares. This is the area fully cleared and mostly planted oil palms. The analysis did not include forest degradation due to (mostly) logging activity.

GW:

If you are able to provide a figure or map for what you describe as logging not attributed to BOPPL, we will take that into account as well.

Prosper:

During the period 2011-2019 there were a number of encroachments by illegal loggers. Unfortunately, after the divestment of BOPPL, all information and documents had been handed over to the new owners. We also discovered that in the region southwest of the project area some land clearing had also taken place for the cacao plantations which we were not aware of during the early days of our development.