



Cleared land in Ladang Sungai Sawak, November 2018

# Far East Holdings Berhad

## Monitoring report

**December 2018**

# Far East Holdings Bhd/ Prosper Group

Far East Holdings Berhad (FEHB) was incorporated in Malaysia in 1973. It became listed on the Malaysian stock exchange in 1991. Predominantly focused on oil palm cultivation and milling, its major shareholders are Perbadanan Kemajuan Pertanian Negeri Pahang (PKPP) (25.18%), Prosper Trading Sdn Berhad (23.73%), Hikmat Elit Sdn Berhad (9.25%) and LKPP Corporation Sdn Bhd (5.96%). FEHB's 2017 annual report declare 13 oil palm estates, six palm oil mills and one oleochemical factory.



FEHB are affiliated with the Prosper Group via their shareholder Prosper Trading Sdn Berhad and via the Tee family. Tee Kim Tee & Tee Cheng Hua are currently non-independent, non-executive directors of Far East Holdings Bhd. Tee Cheng Hua is also on the senior management team as Executive Director Plantations (as per the 2017 annual report). Tee Lip Jen, Tee Kim Tee, Tee Cheng Hua, Tee Lip Chuan, Tee Chain Yee, Tee Lip Sin and Tee Lip Hian are majority shareholders in Prosper Trading Sdn Bhd, and all have minority shares in FEHB.

The Tee family also own the Prosper Group. Prosper Group is not a legal entity, but is a collection of companies that the Tee family have shares in. This includes Prosper Trading Sdn and eight palm oil mills in Peninsular Malaysia that appear in the supply chains of many traders with NDPE policies. The family has majority shares in Tagar Properties, Rompin Palm Oil Mill, Prosper Palm Oil Mill and Endau Palm Oil Mill, while they have minority shares in Kilang Kosfarm, Wujud Wawasan, Kilang Sawira Makmur and Cheekah-Kemayan Plantations. The Tee family also own minority shares in Future Prelude Sdn Bhd, an oleochemical plant. These mills appear in supplychains as a variant of 'Prosper Group'.

Rompin Palm Oil Mill, Prosper Palm Oil Mill, Endau Palm Oil Mill, Kilang Kosfarm, Wujud Wawasan, Kilang Sawira Makmur and Future Prelude Sdn Bhd are listed in FEHB's 2017 annual report. What is FEHB and what is Prosper Group is not clear, but it is obvious there is a large degree of overlap between the two companies and their holdings.

## Bewani Oil Palm Plantation

Nine members of the Tee family, including Lip Jen, Tee Kim Tee, Tee Cheng Hua, Tee Lip Chuan, Tee Chain Yee, Tee Lip Sin and Tee Lip Hian, are the sole shareholders of the Bewani Oil Palm Plantation (BOPPL). Tee Kim Tee (right) is the director and main shareholder of BOPPL. The BOPPL is the development of a palm oil plantation in the south of Vanimo in West Sepik province, Papua New Guinea. The project is based on a Special Agricultural Business Licence (SABL) of 139,909 ha. Approximately 20,000 ha of forest has been cleared on BOPPL since 2010.



## New findings

In 2018 approximately 585 ha of forest outside of FEHB's Ladang Delima concession in Pahang, Peninsular Malaysia was cleared. A field visit conducted in November 2018 confirms the land is being developed by FEHB for a new oil palm plantation, called Ladang Sungai Sawak. Staff on the plantation confirmed 800 ha has been cleared for oil palm cultivation. Satellite analysis indicates the area contains secondary forest. Small sections of the block appear to be peat, extending from a large peat block in the middle of Ladang Delima.

# FEHB sustainability & landbank

FEHB does not have a NDPE policy that incorporates High Carbon Stock or High Conservation Value protection. FEHB is not a member of the RSPO, although Future Prelude Bhd is. In its 2017 annual report, FEHB states ‘The Group is also pursuing the MSPO as an alternative to the Roundtable on Sustainable Palm Oil (“RSPO”) standards.’

## Landbank

FEHB’s entire oil palm landbank is in the state of Pahang, Peninsular Malaysia. It covers an estimated 22,000 ha.

Plantation	FEHB subsidiary	Size (ha)	State
Ladang Sg Seraya	Far East Holdings Bhd	912.53	Pahang
Ladang Bukit Jin	Far East Holdings Bhd	2,104.36	Pahang
Ladang Sg Rasau	Far East Holdings Bhd	118.04	Pahang
Ladang Sg Batu	Far East Holdings Bhd	908.01	Pahang
Ladang Chengal	Far East Holdings Bhd	2,200	Pahang
Ladang Dawn	Dawn Oil Plantations Sdn Bhd	1,828.91	Pahang
Ladang Cempaka	Dawn Oil Plantations Sdn Bhd	452.60	Pahang
Ladang Bukit Serok	B.S. Oil Palm Plantations Sdn Bhd	2,067.47	Pahang
Ladang Kampong Aur	Kampong Aur Oil Palm Company (Sdn.) Bhd	2,093.42	Pahang
Ladang Sg Marung	Madah Perkasa Sdn Bhd	1,544.1	Pahang
Ladang Sg Gayung	Madah Perkasa Sdn Bhd	2,938.60	Pahang
Ladang Delima	Far East Delima Plantations Sdn Bhd	2,830.85	Pahang
Ladang Rangkaian	F.E. Rangkaian Sdn Bhd	1,416.43	Pahang

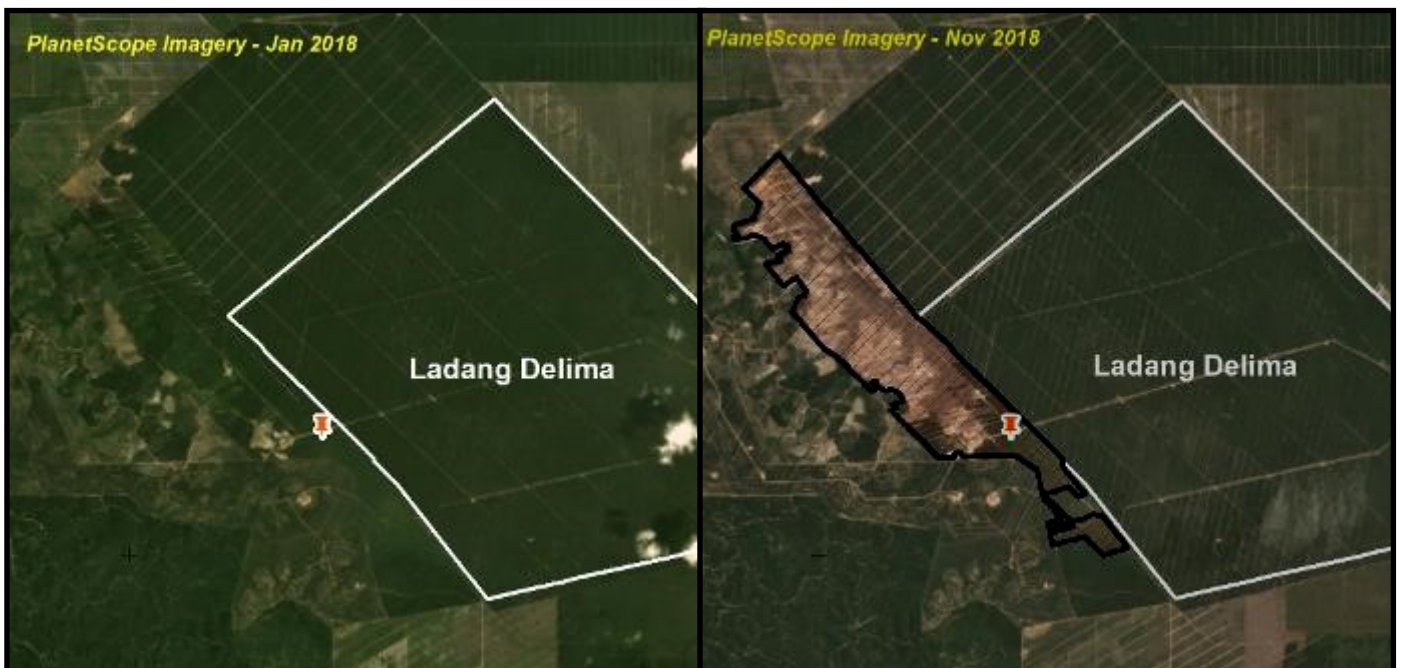
As well as the above, FEHB also have unidentified areas nearby the Sungai Marung, Sungai Gayung, Bukit Serok, Kampong Aur, Cempaka, Dawn and Juasa estates.

# Ladang Delima

The Ladang Delima concession belongs to FEHB via their subsidiary Far East Delima Plantations Sdn. Bhd. The concession is in Pahang, Peninsular Malaysia. The plantation covers 2,830.35 ha. Land development on Ladang Delima began in 2000 and 2001, and by 2008 the plantation had largely been cleared of forest.



In 2018, tree cover loss was detected in a long strip of land on the western border of the plantation. Global Forest Watch maps show that the area suffered substantial tree cover loss from 2008 onwards. The northern part of the block has visible stacking lines, but tree cover extends down the block to the south of Ladang Delima. Satellite analysis from PlanetScope (below) shows around 585 ha of the block has been cleared between January and November 2018. Given the history of land development, this is likely secondary forest.





# Ladang Sungai Sawak

The new clearing is adjacent to Ladang Delima, and also to the east of several Berabong and Selendang estates. Berabong 01 is owned by Felda.



In November 2018 a field visit was conducted to the area to confirm the land clearing. The assessment was conducted at coordinates N2°46.928' E103°21.898'. These coordinates are visible on the above map, in the centre east of the block.

Interviews were conducted with staff on the plantation, who confirmed that the area is being cleared for an oil palm plantation. The plantation is called Ladang Sungai Sawak, and is owned by FEHB. Staff members also identified Mr Tee Cheng Hua as the plantation's owner.

Approximately 800ha has already been cleared, and development will continue after the monsoon season. There is a substantial area of peat within Ladang Delima (visible on the above map, using Global Forest Watch's 2016 peat distribution map). The peat extends to the concession's western border, where according to the map it stops. The field visit confirmed that the area being cleared is a swamp habitat. Satellite imagery indicates the peat area extends from Ladang Delima in to the most western part of Ladang Sungai Sawak. The Generalised Soil Map of Peninsular Malaysia (1970) identifies the soil in this area as organic soils, moving to podzolic soils as you head west.

Staff on the plantation confirmed that when planted oil palms start bearing fruit, they will be sent to the Rompin Palm Oil Mill for processing. The Rompin Palm Oil Mill is owned by Rompin Palm Oil Mill Sdn Bhd, an FEHB mill that appears in supply chains as being part of Prosper Group.

Ladang Sawit Sawak is not mentioned in any FEHB annual reports, and no public announcement of this development can be found. Although FEHB and Prosper Group do not have NDPE policies, this mill and others belonging to these groups appear in the supply chains of many companies with NDPE policies, including Wilmar, Mewah, ADM, IOI, Bunge Lodens Croklaan, Musim Mas, Sime Darby, AAK, Cargill, Colgate Palmolive, Pepsico, Reckitt Benckiser, General Mills, Mondelez, P&G, Nestlé, Olam, Mars and Unilever.

For FEHB to be compliant with these companies' policies, they must have carried out HCV and HCS assessments and ensured the land being developed on Ladang Sungai Sawak is not peat or other HCS land.

# Ladang Sungai Sawak



Photos taken at coordinate N2°46.928' E103°21.898' show a cleared swamp habitat. The area will be planted with oil palm after the monsoon season finishes.





