

smartinvestor

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Dr Jessie Tang, CEO of East West One Consortium Bhd

Sowing Investment Success

After years of hard work and planning, East West One Consortium Bhd is ready to harvest the fruits of its success, offering investors a share of its golden scheme. *By Tony Goh.*

In a relatively dull and subdued investment climate of today, attracting quality investors seem to be getting tougher. In this scenario, asset classes that have the ingredients to stand out as alternatives to the public will be those that have an innovative business model and offer steady mid to long term returns.

East West One Consortium Bhd (EWOCB), a plantation-based company founded in 2004 with the aim of developing agricultural land for oil palm, has turned what used to be considered as profitable but unexciting venture into something of a mass appeal with its unique East West One Planter's Scheme (EWOPS).

To capture the huge untapped market for plantation or commodity related investments locally, the company has devised a model under its EWOPS, with the commitment to guarantee an average annual return of between 8% to 10% for short-term investments of six to eight years.

EWOCB's Chief Executive Officer Dr Jessie Tang, in an interview with Smart Investor, said the scheme which took off late last year, will serve as a vehicle to tap into investors' hunger for an attractive alternative investment avenue.

Termed as one of the safest investment programmes in Malaysia that provides another alternative investment channel, it offers opportunities for investors to enjoy a fixed-term interest in an oil palm plantation and to reap the upside potential of palm oil without having to manage the plantation.

It is also seen as an attractive diversification of one's financial portfolio.

Investors in the planter's scheme would receive their full capital payment upon maturity. There are four categories of Planters Blocks under this scheme: Premier, Gold, Silver and Bronze. These entitle the planter to enjoy monthly returns for a term of six to eight years, depending on the category invested.

The company has established a total

"To capture the huge untapped market for plantation or commodity related investments locally, the company has devised a model under its EWOPS, with the commitment to guarantee an average annual return of between 8% to 10% for short-term investments of six to eight years."

of 16,588 Planters Blocks of which 2,668 come under the Premier category, priced at RM58,888 each. There are 2,184 Blocks under the Gold category and 6,000 Blocks under the silver category, priced at RM28,888 and RM10,000 respectively.

Meanwhile, to reach out to the wider public, the company has allocated a total of 5,736 blocks under the Bronze category that are priced at RM5,000 each. The Gold category is for a six-year investment period only, while the others are for a period of eight years.

Tang said investors' response has been encouraging since the launch of the scheme.

"The benefits with this investment mechanics is that one can get to enjoy a full planter earnings without investing tens of millions of ringgit and without having

to manage a plantation. As expected, investors are very attracted to the quality of our offer - guaranteed fixed earnings paid every quarterly from the moment they invest, for fixed term of six or eight years with full capital returns at the end of the investment period.

"As an indication of investors' confidence, the Premier blocks of RM58,888 in Phases 1 and 2 were fully sold out before end of July, Phase 3 Premier blocks are now available, so that more of this category of investors can participate in the Scheme," she said.

Seeds of Success

EWOCB is founded by some of the most prominent figures in Sabah, namely Datuk Seri Tham Nyip Shen, a former Deputy Chief Minister of Sabah who is its



Seedlings ready to be planted.

“In addition, the land and labour costs in Sabah is also much lower than elsewhere, thus we can keep our costs low to ensure good profits for our investors.”

current Chairman, Datuk Peter Khoo, the company's Managing Director and Kedah born Dr. Jessie Tang, Chief Executive Officer.

Tham and his family is involved in a 10,000 acre oil palm plantation as well as an oil palm mill in Keningau. Khoo's family is involved in rubber and oil palm, while Tang herself is a director of a Sabah company that is involved in a rubber plantation development.

“Our shared vision is to be the leading investment management company in the industry. As such we have secured sufficient land banks, which will help us with our growth strategies for the foreseeable future.

“At the moment we already have two phases being offered to the public, comprising a land area of just over 15,000 acres. The next phase, when approved by SSM, will cover more than 10,000 acres.

Recalling how she and her partners spent some painstaking time and efforts to convince the locals on the merits of joining forces to develop what was previously undeveloped land, Tang said the effort was worthwhile.

“The best place for the most productive oil palm has to be in Sabah where the soil and climate are most suitable for this crop. MPOB's published report confirms this – in terms of total acreages of oil palm planted as well as the average yield. Sabah now

has nearly 30% of the total oil palm plantation in Malaysia – about 1.45 mil ha out of total of five million ha in whole of Malaysia.

“The oil palm fresh fruit yields in Sabah are also the highest in the country – 20 to 22 metric tonne per ha, compared to only 10 to 11 metric tonne per ha in some areas in Peninsular Malaysia,” said Tang.

“In addition, the land and labour costs in Sabah is also much lower than elsewhere, thus we can keep our costs low to ensure good profits for our investors. Thus it makes good economic sense to choose Sabah for our East West One Planter's Scheme.

Each investment product will have its own attractiveness. In our case, the short term with guaranteed fixed returns paid every quarterly and full capital refund at maturity seems to fit in with investors' requirements. That is why we are recording strong sales growth each month since we started introducing this Investment Scheme to the public in Oct last year.

View of terraces completed



Though she acknowledged there are challenges facing the plantation industry, as far as Malaysia is concerned, Tang is confident that the industry has a bright future.

"We have the best climate, expertise as well as supportive government. Furthermore, oil palm is an essential food crop, thus there will always be a demand, unlike other luxury items such as cars (affecting the rubber industry) or chocolates (affecting the cocoa industry)," said Tang.

She added that the oil palm plantation industry is further protected by the government, which has strongly indicated that under depressed conditions due to oversupply of CPO, the excess supply would be used for bio-diesel.

In Steady Hands

Some of the most pertinent questions in the mind of many investors has to be one that asked, just how safe is the investment scheme offered by EWOCB, in light of the numerous investments related scandals that have made it to the headlines lately?

Tang gave the assurance that this is an industry with extremely high barrier of entry, and EWOCB has to pass a very stringent vetting process by the Companies Commission of Malaysia, which was very particular indeed in ensuring that the plantation investment scheme is genuine, safe, and could deliver the results it promised to investors.

"Mechanics to be in place to ensure investor interest was well taken care of. Furthermore, we have engaged the services of a renowned international trustee approved by the government, namely TMF Trustee, which will, among its many duties, pay the quarterly returns to the planters (since the official launch of our Planter's Scheme in Sept 2011, TMF Trustee has already paid out quarterly returns 3 times)," said Tang.

In addition, the company has retained internationally acclaimed audit firm Crowe Horwarth to audit EWOCB's accounts, while an independent consultant will

conduct a review of its plantation operations twice a year.

Besides the experienced management team, Tang said the company would also strive to limit investment risks through effective resource management, close supervision and effective cost-control.

While the company plans to expand into other plantation related activities such as building the company's own palm oil mill and trading of crude palm oil, Tang emphasised that EWOCB has no intention of deviating from its core business of oil palm plantation.

"Diversification may not always be the most effective formula for any business. Look at Apple, Coca Cola or Samsung - they stick to their core competencies and as such they are successful in their individual sectors.

"We can learn from such fine examples, and hence being focused in this industry is still our main emphasis," said Tang.

Spreading Its Wings

The company, while headquartered in Kota Kinabalu, has offices in Kuala Lumpur, Penang and Melaka. To better serve its investors, EWOCB is planning to open up new offices in Kuching, Johor Baru and Kota Bahrui.

As for the company sales force,

Tang said there are currently more than 100 of what the company calls "Planters Consultants", who are primarily responsible in engaging and explaining the mechanics of EWOPS and its benefits to investors.

Commenting on the outlook for the oil palm sector, Tang expressed her optimism that the industry will remain promising. In fact, the company has begun planting on its land and aims to finish the entire phase one of the scheme in 2014.

"We are searching for more land to add to our land bank. This will be made through acquisitions and if suitable land comes our way, we will be pleased to develop it on a joint-venture basis. And for a plantation of our size, it makes economic sense to develop a 60-tonne per hour mill of our own.

"This will be a first for the district and will be a boon for smallholders in and around the area. After that we have to assess the market requirements before we explore the next phase of about 20,000 acres.

"Whilst we have current plans, we will need to know what the market needs or requires when the time comes. As such the launching of our growth in stages will allow us to adapt to the changing market conditions," said Tang.



Grand Launch of East West One Planter's Scheme by Tan Sri Bernard Dompok, Minister of Plantation Industries & Commodities, Malaysia (L-R), Datuk Peter Khoo (Managing Director), Dr. Jessie Tang (CEO), Tan Sri Bernard Dompok, Datuk Seri Tham (Executive Chairman)

The Charm Offensive

Gracious and charming, Dr Jessie Tang cuts across as a picture perfect image of a modern day top woman executive, one that has perfected the art of combining feminine charms with business world sophistications.

But what is really impressive about Tang is the fact that this medical doctor by training has no qualms about pulling up her socks and venturing into the wilderness of the plantation estates to get a first hand view of what is happening on the ground. A classic case of hands on executive.

Tang obtained her medical degree at Kasturba Medical College, India in 1994. After graduating, she served in the government hospital for four 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 her own words, studying medicine was mainly to fulfill her parent's wishes, as her real interest is in the plantation business, courtesy of her family's involvement in rubber and oil palm plantations.

After swapping stethoscope and white overalls for power suits, her entrepreneurial spirit, leadership drive and vision led her to embark on the oil palm plantation business in East Malaysia.

In this interview, Tang shared with Smart Investor about her background, roles and visions for the group, the company's social obligations and her style of management. Below are some excerpts from this interesting conversation.

Smart Investor (SI): Please share with us some of your background

and involvement with East West Consortium, and how did you end up running a business that has no direct link with your training, education and early professional experience?

Dr Jessie Tang (JT): Being trained as a medical doctor provides me with the analytical mind to see things in different perspective, as well as allows me to dissect problems into digestible portions for proper diagnosis of the causes. After that, the correct medications or solutions can be applied in a timely manner to ensure growth and well being. Just like in medicine, we always need to seek new solutions to existing or new problems.

Also my family's background in this industry provides me with sufficient knowledge to be able to steer the company in the right direction.

SI: There is a saying that education is continuous – how do you stay connected and informed in this industry?

JT: Although I always keep abreast with developments by reading both the printed and the virtual media, I am also surrounded by my knowledgeable and dedicated management team who know what they do. Through our regular meetings, both formally and informally, I am kept up to date with our own plantation developments, as well as the trends in the industries affecting our business.

SI: Apart from supporting the Montfort Youth Training Centre, what other CSR initiatives do you plan to do?

JT: We recognise that the hard-core poor in the interior need a lot of support. The support, which we have identified,





“My motivation is the satisfaction of steering the business to greater heights and I motivate others around me by practising mutual respect, trust and being transparent in all actions and communications by working as a team.”

is the basic food and clothing, basic education, as well as basic health needs.

As we develop the land for oil palm, we want to also develop the indigenous folks there in terms of health and nutrition, and education for their children who are mostly not schooled, as they sometimes live quite a distance from the government schools.

Our aim is to provide basic and nutritious food items, basic healthcare facilities for emergency situations, as the nearest government clinic or hospital can be too far away for them to travel there.

We also help in providing pre-school

and primary school facilities so that these children can obtain some basic education to prepare them for some form of higher education in the future.

SI: What will be your short and medium term vision and mission for East West One Consortium, what are the challenges and opportunities in this industry and in leading this company?

JT: As stated earlier - we want to be the leading investment management company in this industry. That will remain our vision for the medium and long term. For the short term, we have to ensure our launched phases are

successful.

That is the present challenge we have to face, but as we are now into the 10th month since the introduction, we are confident that we are moving in the right direction by doing the right things.

SI: How do you manage your roles as CEO of a company, a wife as well as a mother? Which one gets the priority?


JT: I guess this type of question is usually directed at the female top executives, which seems to indicate that the female population has to juggle more responsibilities, compared to their male counterpart. This is, at most times quite true. In my case, my family understands my role and my objectives very clearly. They thus give me the encouragement and support.

I always plan my time carefully, such that whenever there are school holidays, for example, I always have quality time to spend with my children, thus increasing the intensity of bonding with them during such occasions.

SI: How do you describe your management style? What motivates you and how do you motivate those who work with you in return?

JT: I would describe my style as being firm and decisive on all matters after prudent analysis.

My motivation is the satisfaction of steering the business to greater heights and I motivate others around me by practising mutual respect, trust and being transparent in all actions and communications by working as a team.

We are also proud of the fact that our staff turnover is extremely low. Due to the support and training we provide, many have actually grown and improved greatly compared to the day when they first started with us. 



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(661215-V)

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Since the official launch of our Planter's Scheme in September 2011, our Trustee has

**already paid
out quarterly
returns three
times ...**

By 30th September 2012 our investors will receive their fourth quarterly returns again, directly from our Trustee.

1. With EWOPS, your investment for 1 acre is only RM 20,000, compared to other schemes which asks for no less than RM35,000 per acre.
2. In Sabah, RM 20,000 is sufficient to develop and maintain an acre of oil palm up to 8 years with good profits such that we are able to share the quarterly returns and full capital pay back at the end of the investment period.
3. All investors' funds are paid into TMF Trustee's Trust Account and released to East West One Consortium Bhd progressively solely for the development of the plantation, thus ensuring the funds are utilised properly.
4. Sabah has proven to be the Highest Yielding area for oil palm, according to MPOB, the authority on palm oil in Malaysia. (MPOB's published figures showed that the yield in Sabah is about twice that of other states).
5. Production costs in Sabah is the lowest in Malaysia - which is an important component of plantation expenditure.
6. At East West One Consortium Bhd we have an experienced management team who practices good corporate governance and understands cost management and control - thus will ensure higher Profits to Guarantee the declared quarterly returns as well as the Full Capital refund.
7. The overwhelming responses to Phase 1 and Phase 2 of our Premier Blocks, which were completely sold out last month is testament to the high level of confidence in our Planter's Scheme. (We are pleased to announce that Phase 3 is now open for sale).

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