

X. DIRECTORS' REPORT

Registered Office:-

MHC Plantations Bhd.
21 & 23, Jalan Hussein
(Ground Floor)
30250 Ipoh
Perak Darul Ridzuan

28 September 2000


The Shareholders
MHC Plantations Bhd.

Dear Sir/Madam


On behalf of the Board of Directors of MHC Plantations Bhd. ("MHC"), we report after due enquiry that during the period from 31 May 2000 (being the date to which the last audited accounts of MHC and its subsidiaries ("Group") have been made) to 28 September 2000 (being a date not earlier than fourteen days before the issue of this Prospectus):-

- (a) the business of the Group has, in the opinion of the Board of Directors of MHC, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the trading or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section VIII(1) of this Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees given by the Group; and
- (e) save as disclosed in this Prospectus, there have been no changes in the published reserves or any unusual factors affecting the profit of the Group.

Yours faithfully
For and on behalf of the Board of Directors
MHC Plantations Bhd.



Dato' Mah King Seng
Executive Director



Dato' Mah King Thian
Executive Director

XI. VALUATION CERTIFICATE
(Prepared for inclusion in this Prospectus)

Azmi & Co. Sdn. Bhd.
B9-2, Jalan Ampang Utama 2/2
One Ampang Avenue
68000 Ampang
Selangor Darul Ehsan

28 September 2000

The Board of Directors
MHC Plantations Bhd
21 & 23, Jalan Hussein
(Ground Floor)
30250 Ipoh
Perak Darul Ridzuan

Dear Sirs,

**VALUATION OF PROPERTIES BELONGING TO MHC PLANTATIONS BHD. ("MHC")
AND ITS SUBSIDIARIES ("MHC GROUP")**

This Certificate has been prepared for inclusion in the Prospectus of MHC to be dated 30 September 2000 in connection with the special issue of 17,975,000 ordinary shares of RM1.00 each in MHC to the Bumiputera investors approved by the Ministry of International Trade and Industry and the public issue of 4,423,000 ordinary shares of RM1.00 each in public issue of MHC at the issue price of RM1.40 per share and the listing of and quotation for the entire issued and paid-up share capital of MHC on the Main Board of the Kuala Lumpur Stock Exchange.

In accordance with your instructions, we have assessed the Market Value of the landed properties set out below in conjunction with the proposed restructuring and subsequent listing of MHC Plantations Berhad on the Main Board of the Kuala Lumpur Stock Exchange. The details of the aforesaid valuation are set out in our valuation reports dated 30 September 1998 in relation to the properties located in Perak Darul Ridzuan and Pahang Darul Makmur and our valuation report dated 22 December 1998 in relation to the property located in Sabah.

The inspection of the properties was carried out at the respective dates (please refer to the following schedule) for the purpose, as the case may be, of ascertaining the nature of the general location, access, topography and building improvements both of the agricultural estates and of the other lands occupied by buildings such as a palm oil mill and a 6½-storey commercial building. In the case of the building improvements of the two (2) palm oil mills of the MHC Group as well as the abovementioned 6½-storey commercial building, internal and external inspections were also carried out and details that are visible from inspection such as usage, accommodation, building construction, state of repairs and access to amenities and services were noted.

The valuation reports dated 30 September 1998 have been prepared based on the guidelines on assets valuation issued by the Securities Commission and professional standards prescribed by the Board of Valuers, Appraisers and Estate Agents and other recognised professional bodies. The valuation report dated 22 December 1998 has also been prepared based on professional valuation standards as mentioned herein but as it has been prepared for corporate management purposes only certain contents of the said report are not in accordance with the guidelines on assets valuation issued by the Securities Commission. The basis of valuation for the purpose of the valuation report, is on MARKET VALUE as defined in the MALAYSIAN VALUATION STANDARDS: STANDARD 1 – Market Value Basis of Valuation.

XI. VALUATION CERTIFICATE (Cont'd)

We have valued the properties listed below in their existing use and with title free from all legal encumbrances, using the comparison, investment, profits and cost methods of valuation and are of the opinion that the market value of these properties which are held for owner occupation are as follows:-

Ref. No.	1) Property 2) Land Ownership	1) Title Particulars 2) Land Area	Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of 1) Inspection 2) Valuation
V. 206/97.2 (SC)/SGK	1) Kemayan Estate 2) MHC KEMAYAN PLANTATION SDN. BHD.	1) H.S(D) Nos. 509, 510, 1289 to 1292 (incl.) and 2388 (formerly Q.T.(R) 15) for Lot P.T. Nos. 2036, 2037, 2327 to 2330 (incl.) and an unnumbered lot, respectively, Mukim of Bera, District of Temerloh, State of Pahang Darul Makmur Leasehold for a term of 99 years expiring on 10 May 2066 for an unnumbered lot, 29 June 2070 for Lot P. T. Nos. 2036 and 2037 and 30 July 2073 for Lot P. T. Nos. 2327 to 2330 (incl.) (68, 72 and 75 years unexpired term) 2) 4,059.5 acres or 1,642.85 hectares	Oil Palm Estate with a 20-tonne palm oil mill Age of palm trees as at date valuation: 1 - 3 years (41.5%) 25 - 30 years (58.5%) Yield of palm trees for 1995 - 1997 are 6.59 - 8.85 metric tonne ("MT") per acre An area of approximately 210.04 acres or 85.0 hectares is under swamp land which constitutes about 5.2% of the total acreage of the Kemayan Estate	Comparison Approach	35.65 million (Land) 3.00 million (Factory and mill improvements) 1.35 million (Plant and Machinery)	1) 12 September 1998 2) 30 September 1998
V.214/97.2 (SC)/SGK	1) Yew Lee Estate 2) YEW LEE HOLDINGS SDN. BHD.	1) Pajakan Negeri 115254 for Lot No. 7328, Mukim of Changkat Jong, District of Hilir Perak, State of Perak Darul Ridzuan. Leasehold for a term of 60 years expiring on 1 March 2038 (39½ years unexpired term) 2) 969.028 acres or 392.15205 hectares	Oil Palm Estate Age of palm trees as at date of valuation: 22 - 23 years Yield of palm trees for 1995 - 1997 are 6.44 - 8.77 MT per acre	Investment Approach	10.1 million	1) 21 September 1998 2) 30 September 1998

XI. VALUATION CERTIFICATE (Cont'd)

Ref. No.	1) Property	1) Title Particulars 2) Land Area	Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of
	2) Land Ownership					1) Inspection 2) Valuation
V.215/97.2 (SC)/SGK	1) Kuala Bikam Estate	1) Pajakan Negeri 112809 for Lot No. 7279, Mukim of Changkat Jong, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Investment Approach	10.1 million	1) 21 September 1998
	2) ANSON OIL INDUSTRIES BERHAD	Leasehold for a term of 60 years expiring on 28 August 2039 (41 years unexpired term) 2) 992.2536 acres or 401.5511 hectares	Age of palm trees as at date of valuation: 23 – 24 years Yield of palm trees for 1995 – 1997 are 7.17 – 9.96 MT per acre			2) 30 September 1998
V.216/97.2 (SC)/SGK	1) Muzwin Estate	1) H.S.(D) LP 13366 for Lot No. P.T. 68 Mukim of Hutan Melintang, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Investment Approach	11.5 million	1) 22 September 1998
	2) SYARIKAT MUZWIN BERSAUDARA SDN. BHD.	Leasehold for a term of 60 years expiring on 16 November 2032 (34 years unexpired term) 2) 1,000 acres or 404.69 hectares	Age of palm trees as at date of valuation: 15 – 19 years Yield of palm trees for 1995 – 1997 are 7.43 – 7.96 MT per acre			2) 30 September 1998
V.217/97.2 (SC)/SGK	1) Langkap Estate	1) Pajakan Negeri 67764 for Lot No. 6872, Mukim of Hutan Melintang, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Investment Approach	10.6 million	1) 22 September 1998
	2) ANSON OIL INDUSTRIES BERHAD	Leasehold for a term of 60 years expiring on 24 May 2033 (34½ years unexpired term) 2) 906.937 acres or 367.025 hectares	Age of palm trees as at date of valuation: 7 years (20.4%) 15 – 19 years (79.6%) Yield of palm trees for 1995 – 1997 are 5.93 – 7.34 MT per acre			2) 30 September 1998

XI. VALUATION CERTIFICATE (Cont'd)

Ref. No.	1) Property	1) Title Particulars 2) Land Area	Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of
	2) Land Ownership					1) Inspection 2) Valuation
V.218/97.2 (SC)/SGK	1) Hutan Melintang Plantations	1) Pajakan Negeri 43374 for Lot No.6879, Mukim of Hutan Melintang, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Investment Approach	11.85 million	1) 22 September 1998
	2) HUTAN MELINTANG PLANTATIONS SDN. BHD.	Leasehold for a term of 60 years expiring on 24 July 2033 (35 years unexpired term)	Age of palm trees as at date of valuation: 8 – 13 years Yield of palm trees for 1995 – 1997 are 6.71 – 8.97 MT per acre			2) 30 September 1998
		2) 978.947 acres or 396.166 hectares				
V.219/97.2 (SC)/SGK	1) Maju Perak Estate	1) Pajakan Negeri 121702 for Lot No. 10471, Mukim of Hutan Melintang, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Comparison Approach	10.0 million	1) 22 September 1998
	2) PERBADANAN KEMAJUAN NEGERI PERAK	Leased to MAJU PERAK PLANTATIONS SDN. BHD. from 12 January 1995 to 11 January 2055 (56 years unexpired term)	Age of palm trees as at date of valuation: 2 – 3 years Yield of palm trees: 0 MT per acre as the oil palm trees have yet to mature			2) 30 September 1998
		2) 1,000.528 acres or 404.9 hectares				

XI. VALUATION CERTIFICATE (Cont'd)

Ref. No.	1) Property 2) Land Ownership	1) Title Particulars 2) Land Area	Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of 1) Inspection 2) Valuation
V.220/97.2 (SC)/SGK	1) Batang Padang Estate 2) MHC PLANTATIONS BERHAD	1) Grant for Land Nos. 13932 & 14038, EMR 6341, Geran 10395, Grant for Land Nos. 15478, 17084, 17085 & 16613, Grant Nos. 479 to 525 (incl.), GM Nos. 2604 & 2607 for Lot Nos. 2768, 3502, 3537, 4471, 4475, 5228, 5229, 5936, 9249 to 9295 (incl.), 12657 & 12658, respectively, Mukim of Durien Sebatang, District of Hilir Perak, State of Perak Darul Ridzuan. Freehold interest 2) 849.8275 acres or 343.913 hectares	Oil Palm Estate Age of palm trees as at date of valuation: Under 1 year (30.1%) 7 – 14 years (24.7%) 16 - 18 years (19.2%) 26 – 28 years (26.0%) Yield of palm trees for 1995 – 1997 are 8.43 – 8.66 MT per acre	Profits & Comparison Approaches	16.7 million	1) 21 September 1998 2) 30 September 1998
V.221/97.2 (SC)/SGK	1) Sungei Timah Estate 2) MHC PLANTATIONS BERHAD	1) Grant for Land 12381, C. T. 7305, Grant for Land 16149, C.T. 24521 and Geran 37846 for Lot Nos. 2327, 5299, 5300, 8275 and 16413, respectively, Mukim of Durien Sebatang, District of Hilir Perak, State of Perak Darul Ridzuan Freehold interest 2) 702.5925 acres or 284.329 hectares	Oil Palm Estate Age of palm trees as at date of valuation: 1 – 3 years (23.2%) 8 – 15 years (53.0%) 23 - 26 years (23.8%) Yield of palm trees for 1995 – 1997 are 7.45 – 9.91 MT per acre	Profits & Comparison Approaches	12.6 million	1) 21 September 1998 2) 30 September 1998

XI. VALUATION CERTIFICATE (Cont'd)


Ref. No.	1) Property 2) Land Ownership		1) Title Particulars 2) Land Area		Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of	
								1) Inspection	2) Valuation
V.223/97 (SC)/SGK	1) Champion Point Estate	1) Geran Nos. 13649, 13650 and 13652 to 13659 (incl.) for Lot Nos. 10065, 10066, 10068, 10069 and 10071 to 10076 (incl.), respectively, Mukim of Durien Sebatang, District of Hilir Perak, State of Perak Darul Ridzuan	Oil Palm Estate	Profits & Comparison Approaches	5.8 million	1) 22 September 1998			
	2) CHAMPION POINT SDN. BHD.	Freehold interest	Age of palm trees as at date of valuation: 21 – 25 years	Yield of palm trees for 1995 – 1997 are 7.92 – 8.95 MT per acre		2) 30 September 1998			
V.224/97 (SC)/SGK	1) Anson Oil Mill	1) C.T. 3788 for Lot No. 2555 (part), Mukim of Durien Sebatang, District of Hilir Perak, State of Perak Darul Ridzuan	20-tonne palm oil mill	Investment Approach	3.7 million	1) 22 September 1998			
	2) ANSON OIL INDUSTRIES SDN. BHD.	Held under a Tenancy Agreement dated 01 June 1998 made between ANSON OIL PROPERTIES SDN. BHD. (the Landlord) and ANSON OIL INDUSTRIES BERHAD (the Tenant) for a period of 3 years and subject to renewal for a further 3 years to an aggregate not exceeding 57 years expiring on 31 May 2058				2) 30 September 1998			
		2) 6.95 acres or 2.812 hectares							

XI. VALUATION CERTIFICATE (Cont'd)

Ref. No.	1) Property 2) Land Ownership	1) Title Particulars 2) Land Area	Description of Property & Existing Use	Method of Valuation	Market Value RM	Date of 1) Inspection 2) Valuation
	V.225/97 (SC)/SGK	1) Wisma Mah Hock Cheong 2) MHC PLANTATIONS BERHAD	1) H.S. (D) LP Nos. 60/77 & 56/77 and Pajakan Negeri Nos. 87591 to 87594 (incl.) for Lot Nos. 3318, 3319, and 3342 to 3345 (incl.) respectively, Town of Teluk Intan, District of Hilir Perak, State of Perak Darul Ridzuan Leasehold for a term of 999 years expiring on 21 February 2883 (884½ years unexpired term) 2) 10,142 square feet or 942.3 square metres (Land area) 48,320 square feet or 4,489.08 square metres (Gross Floor Area)	6½-storey commercial structure partly used as a hotel known as HOTEL ANSON and partly as office premises	Investment & Cost Approaches	4.7 million
V. 5609/98/ SGK	1) LM-K Estate 2) LADANG MHC-KPD SDN. BHD.	1) Provisional Lease No. 176291473, Locality of Kg. Lingkungan, District of Beaufort, State of Sabah. Leasehold for a term of 99 years expiring on 31 December 2087 (89 years unexpired term) 2) 4,000.000 acres or 1,618.745 hectares	Agricultural land under rubber trees and forest to be fully planted with oil palm	Comparison Approach	6.4 million	1) 30 September 1998 2) 22 December 1998
TOTAL					<u>154.05 million</u>	

We certify that, in our opinion, the total Market Value for the Existing Use of the above properties belonging to the MHC Group amounts to RM154.05 million.

Yours faithfully
AZMI & CO. SDN. BHD. (77155-D)
(No. Pendaftaran Bersiri: V(1)0011)


S.GOPALA KRISHNAN, SMS, P.J.K, FRICS, FIS (M)
Registered Valuer (V-054)