

VII. INFORMATION ON THE MHC GROUP

1. INCORPORATION AND BUSINESS

MHC, which was founded by the late Dato' Seri Mah Pooi Soo, was incorporated in the Federation of Malaya on 31 December 1960, under the Companies Ordinance, 1940-1946, with the name Mah Hock Cheong Company Limited. It assumed the name Mah Hock Cheong Company Sdn. Berhad with effect from 15 April 1966 under the Companies Act, 1965. It subsequently assumed the name of MHC Plantations Sdn. Berhad on 9 July 1998 and was converted to a public limited company under the name MHC Plantations Bhd. on 21 August 1998.

The principal activities of the Company are investment holding, oil palm cultivation and operation of a hotel whilst the principal activities of its subsidiaries are detailed in Section VII(6) below.

2. RESTRUCTURING AND LISTING SCHEME

As an integral part of the listing of and quotation for the entire issued and paid-up ordinary shares of MHC on the Main Board of the KLSE, the Company undertook a restructuring exercise involving the following:-

(i) Disposal

Pursuant to the listing exercise, MHC undertook two (2) disposals of its property development assets thus resulting in the Group becoming a plantation based entity. The details of the said disposals are as follows:-

(a) IC

On 25 July 2000, MHC entered into a conditional sale and purchase agreement with Behrang Properties Sdn. Bhd., a subsidiary of DMPSR, for the disposal of its wholly-owned property development subsidiary, IC, for a total cash consideration of RM258,936, being the audited NTA of IC as at 31 December 1997. The IC Disposal was completed on 24 August 2000.

(b) Land

On 25 July 2000, AOI entered into a conditional sale and purchase agreement with Wawasan Keunggulan Sdn. Bhd. for the disposal by AOI of a landed property intended for property development purposes. The details of the Land Disposal are as follows:-

Property	Beneficial owner	NBV RM	Disposal consideration RM
Grant Nos. 35309, 35310 and 55772, Lot Nos. 1679, 1680 and 2188, all in Bandar Georgetown, Daerah Timur Laut, State of Pulau Pinang	AOI	1,365,750	2,000,000

The disposal consideration of the landed property is at a premium of RM634,250 or 46.4% over the NBV of the said property as at 31 December 1997. The Land Disposal was completed on 24 August 2000.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The Land Disposal resulted in a gain to AOI as follows:-

	RM
Disposal consideration	2,000,000
Less: NBV of the land	(1,365,750)
Less: Real Property Gains Tax payable	(82,267)
Profit on disposal of land	<u>551,983</u>

(ii) CP Subscription

On 25 July 2000, MHC subscribed for 1,900,000 ordinary shares of RM1.00 each in CP at par. Pursuant to the CP Subscription, the resultant shareholding in CP is as follows:-

Shareholder	No. of shares held	%
MHC	1,900,000	95.00
Rare Properties Sdn. Bhd.	99,998	5.00
Datin Seri Ooi Ah Thin	1	-*
Dato' Mah King Thian	1	-*
	<u>2,000,000</u>	<u>100.00</u>

Note:-

* Less than 0.01%.

The CP Subscription was completed on 24 August 2000.

(iii) Bonus Issue

MHC also undertook a bonus issue of 28,228,286 new MHC Shares on the basis of approximately 2.431 new MHC Shares for every one (1) existing MHC Shares held. The 28,228,286 new MHC Shares rank pari passu in all respects with the then MHC Shares. However, prior to the bonus issue DMPSR made a gift of one (1) share to each of the 48 employees and associates of the MHC Group.

The Bonus Issue was completed on 18 August 2000.

(iv) MPP Acquisition

On 25 July 2000, MHC entered into conditional sale and purchase agreements with the vendors of MPP for the acquisition of the entire issued and paid-up share capital of MPP comprising 4,600,000 ordinary shares of RM1.00 each for a total purchase consideration of RM10,230,129 which was satisfied by the issuance of 1,000,000 MHC Shares at approximately RM3.07 per share and RM7,161,090 in cash.

Details of the acquisition are as follows:-

Shareholder	No. of shares held	%	Cash consideration RM	New shares issued by MHC as consideration
DMPSR	3,220,000	70.00	7,161,090	-
Syarikat Majuperak Berhad	1,380,000	30.00	-	1,000,000
	<u>4,600,000</u>	<u>100.00</u>	<u>7,161,090</u>	<u>1,000,000</u>

The 1,000,000 new MHC Shares rank pari passu in all respects with the then MHC Shares.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The purchase consideration of RM10,230,129 was arrived based on the audited NTA of MPP as at 31 December 1997 of RM4,395,935 and after taking into account the market value of the landed properties of MPP based on the valuation as approved by the SC as detailed in Section VII(7).

The MPP Acquisition was completed on 24 August 2000.

(v) YLH Acquisition

On 25 July 2000, MHC entered into a conditional sale and purchase agreement with the vendor of YLH for the acquisition of approximately 50.00% of the issued and paid-up share capital of YLH that it did not already own comprising 3,445,165 ordinary shares of RM1.00 each for a purchase consideration of RM21,564,774 which was satisfied wholly in cash. Details of the acquisition are as follows:-

Shareholder	No. of shares held	%	Purchase consideration RM
DMPSR	3,445,165	50.00	21,564,774

The purchase consideration of RM21,564,774 was arrived at based on the audited NTA of YLH and its subsidiaries as at 31 December 1997 of RM18,602,785 after taking into account the market value of the landed properties and subsidiaries of YLH based on the valuation as approved by the SC as detailed in Section VII(7). Upon completion of the YLH Acquisition, YLH became a wholly-owned subsidiary of MHC.

The YLH Acquisition was completed on 24 August 2000.

(vi) AOI Acquisition

On 25 July 2000, MHC entered into a conditional sale and purchase agreement with the vendors of AOI for the acquisition of 20.99% of the issued and paid-up share capital of AOI comprising 2,103,281 ordinary shares of RM1.00 each in AOI that it did not already own for a purchase consideration of RM8,015,656 which was satisfied wholly in cash. Details of the acquisition are as follows:-

Shareholders	No. of shares held	%	Purchase consideration RM
DMPSR	188,354	1.88	717,822
The estate of Dato' Seri Mah Pooi Sooi	5,279	0.05	20,118
TLKH	973,160	9.71	3,708,737
Tan Sri Dato' Dr. Tan Lai Kim	31,392	0.32	119,635
MKWH	194,632	1.94	741,747
Mah King Woon Sdn. Bhd.	671,794	6.70	2,560,224
Dato' Mah King Seng	31,392	0.32	119,636
Dato' Mah King Thian	1,000	0.01	3,811
Mah Gok Lee	6,278	0.06	23,296
Total	2,103,281	20.99	8,015,656

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The purchase consideration of RM8,015,656 was arrived at based on the audited NTA of AOI as at 31 December 1997 of RM25,740,154 and after taking into account the market value of the landed properties of AOI based on the valuation as approved by the SC as detailed in Section VII(7) and the gain arising from the Land Disposal of RM551,983. Upon completion of the AOI Acquisition, AOI became a 97.8% subsidiary of MHC.

The AOI Acquisition was completed on 24 August 2000.

(vii) Public and Special Issues

In conjunction with the flotation of MHC on the Main Board of the KLSE, the Company will undertake the Public and Special Issues of 17,975,000 and 4,423,000 new MHC Shares at an issue price of RM1.40 per share to the following parties:-

	No. of shares offered
<i>Special Issue</i>	
Bumiputera investors approved by MITI	15,525,000
Individual shareholders of Syarikat Majuperak Berhad	2,450,000
<i>Public Issue</i>	
Eligible employees and Directors of MHC	532,000
Malaysian public	3,891,000
	22,398,000

The utilisation of proceeds from the Public and Special Issues is as detailed in Section V(7) of this Prospectus.

The approvals of the FIC, MITI and SC respectively were granted subject to the following conditions:-

Authority	Date of approval	Conditions	Status of compliance
FIC	11 February 1999 and 20 March 2000	<ul style="list-style-type: none"> 30% of the equity interest in MHC has to be held directly by Bumiputera investors prior to the Listing. 	<ul style="list-style-type: none"> To be met prior to the Listing
		<ul style="list-style-type: none"> To obtain the approval of the MITI for the restructuring exercise. 	<ul style="list-style-type: none"> Met
MITI	25 March 1999 and 22 January 2000	Allocation of the MHC Shares under the Bumiputera investors is subject to the approval of MITI.	<ul style="list-style-type: none"> Met
SC	9 May 2000	<ul style="list-style-type: none"> DMP SR is to repay all of the loans owing to MHC prior to the issue of this Prospectus. 	<ul style="list-style-type: none"> Met
		<ul style="list-style-type: none"> The promoters and Directors of MHC are to furnish the SC with a written undertaking that they will not be involved in any business that will be in competition with or cause them to be in a position of conflict of interest with the business of MHC. Any such involvement will have to be disclosed in this Prospectus. 	<ul style="list-style-type: none"> Met

VII. INFORMATION ON THE MHC GROUP (Cont'd)

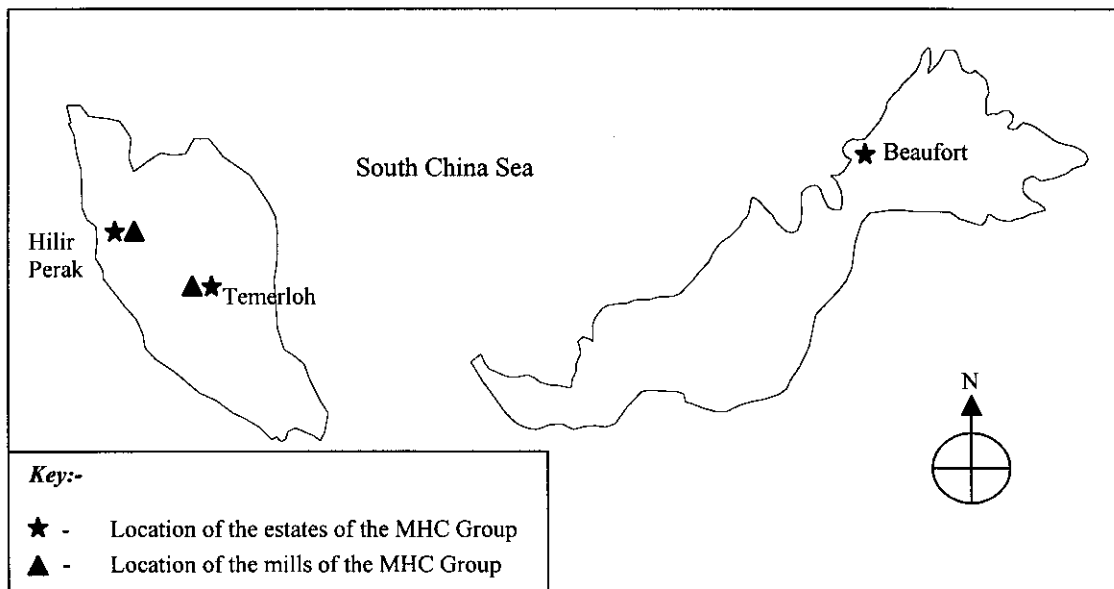
Authority	Date of approval	Conditions	Status of compliance
		<ul style="list-style-type: none"> Future dealings between the MHC Group and the shareholders or Directors of MHC have to be dealt with on an 'arms-length' basis. An independent member of the Audit Committee of MHC will have to observe and report such transactions in the annual report of MHC. To comply with the relevant requirements in the Policies and Guidelines on Issue/Offer of Securities in relation to listing of a Company issued by the SC, particularly to chapters 7, 10, 11 and 25 of the said guidelines. 	<ul style="list-style-type: none"> The Directors of MHC will adhere to this condition. Continuing obligations imposed by the SC on listed companies will be adhered to. Other requirements will be met prior to the Listing.

3. BUSINESS OVERVIEW

The MHC Group is mainly involved in the production of palm oil.

Production

Presently the Group has eleven (11) oil palm estates with a total area of 15,709 acres and two (2) palm oil mills. Nine (9) of the estates and a palm oil mill are located in Perak, one (1) of the estates and mills are located in Pahang and the remaining estate is located in Sabah as follows:-



VII. INFORMATION ON THE MHC GROUP (Cont'd)

The breakdown of the plantations and the usage of the estates as at 15 September 2000 hereof are as follows:-

Estate	Land Owner	-----Planted-----		Unplanted ⁽¹⁾ Acres	Total Acres
		Mature Acre	Immature Acres		
<i>Estates in Hilir Perak</i>					
Batang Padang Estate	MHC	718.0	100.0	31.8	849.8
Sungai Timah Estate	MHC	608.0	82.0	12.6	702.6
Langkap Estate	AOI	914.0	-	-	914.0 ⁽²⁾
Kuala Bikam Estate	AOI	966.0	-	26.3	992.3
Majuperak Estate	MPP	1,005.0	-	20.0	1,025.0 ⁽³⁾
Yew Lee Estate	YLH	698.0	281.0	15.0	994.0 ⁽³⁾
HMP Estate	HMP	950.0	-	28.9	978.9
Muzwin Estate	Muzwin	940.0	-	60.0	1,000.0
Champion Point Estate	CP	193.3	-	-	193.3
<i>Estate in Temerloh</i>					
Kemayan Estate	MKP	2,187.0	1,575.0	297.5	4,059.5
<i>Estate in Beaufort</i>					
LM-K Estate	LM-K	-	1,120.0	2,880.0	4,000.0
		9,179.3	3,158.0	3,372.1	15,709.4

Notes:-

- ⁽¹⁾ Some of the unplanted areas are occupied by building sites, roads, garages, workers' housing, etc.
- ⁽²⁾ This includes seven (7) acres of land held under a Temporary Occupied Licence which are not reflected in the title details.
- ⁽³⁾ This includes 25 acres of land held under a Temporary Occupied Licence which are not reflected in the title details.

From the above estates, the total production of FFB from the mature areas for the past five (5) years ended 31 December 1999 and the average yield per acre are as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
FFB Production (MT)	49,036	47,835 ⁽¹⁾	65,587 ⁽²⁾	61,139 ⁽³⁾	68,407
Mature acreage (acres)	6,545	6,525	8,851	9,314	9,314
Average yield per acre (MT/acre)	7.49	7.33	7.38	6.56	7.34

Notes:-

- ⁽¹⁾ The decline in FFB production in 1996 was due primarily to the after-effects of bagworm attacks in 1994/95 in the Kuala Bikam and Yew Lee estates.
- ⁽²⁾ The increase in FFB production in 1997 was due primarily to the purchase by the Group of the Kemayan Estate, a 4,059.5 acre plantation land in Pahang, in April 1997 and the trees in the Kuala Bikam and Yew Lee estates which recovered from the bagworm attacks.
- ⁽³⁾ The decrease in FFB production in 1998 was primarily due to the El-Nino induced drought which affected the production of FFB throughout the country.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

In general, the production of FFB is cyclical and related to the amount of humidity and rainfall. Generally periods of heavy rainfall and prolonged dry weather result in low FFB yields. Hence, the period from December to March are the lowest yielding months whilst that from June to September are the highest yielding months. In addition, annual FFB production is also affected by the biological cycle that affects oil palm trees. The cycle includes periods of high FFB yields and periods of tree stress, when oil palm trees produce more male inflorescence resulting in the decrease in the formation of FFB.

The operations of the Group can generally be divided into the production of FFB and the production of CPO and PK. The estates of the Group produce FFB, which are then processed at the AOI and MKP mills to CPO and PK which are then sold to local palm oil refineries. As such, the end products of the Group are CPO and PK. The FFB processed by the Group are sourced both internally and externally, ie. from small holder estates located around the AOI and MKP mills. The production of CPO and PK for the past five (5) financial years ended 31 December 1999 are as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
Intake of FFB (MT):-					
Internal Group produce ⁽¹⁾	46,265	44,161	64,024 ⁽²⁾	58,330	65,203
Third party purchase	9,948	7,141	72,541 ⁽²⁾	72,555	92,446
	<u>56,213</u>	<u>51,302</u>	<u>136,565</u>	<u>130,885</u>	<u>157,649</u>
Output (MT):-					
CPO	10,100	9,126	25,030 ⁽²⁾	23,586	28,153
PK	3,044	2,570	8,025 ⁽²⁾	8,078	9,496

Notes:-

⁽¹⁾ This differs from the total amount of FFB produced by the Group as a small amount of FFB is sold to external parties every year.

⁽²⁾ The increase was due primarily to the purchase by the Group of the Kemayan Estate, a 4,059.5 acre plantation land in Pahang, in April 1997.

For the financial year ended 31 December 1999, the total production of CPO and PK of the MHC Group was 28,153 MT and 9,496 MT respectively.

In 1999, the total amount of CPO and PK produced in Malaysia was approximately 10.55 million MT and 3.03 million MT respectively. (Source: PORLA)

From the table above, more than half of the FFB processed by the said mills are derived from third party purchase as there is excess capacity in the AOI and MKP mills. However, the Company envisages that as more trees in the Kemayan Estate mature, the amount of FFB to be purchased from third parties for milling as a percentage of the total FFB processed would decrease.

The MHC Group has been fortunate in that it has enjoyed good and long-standing (ranging between 10 to 30 years) relationships with the majority of its suppliers. This has put the Group in good stead in times of low FFB production.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The major suppliers of the MHC Group (each which contributed more than 10% of the total supply to the Group for the financial year ended 31 December 1999) are as follows:-

Supplier	Location	Mill supplied	Length of relationship years	Contribution to total external supply for the year ended 31 December 1999 %
Ladang Kampung Banjar Sdn. Bhd.	Teluk Intan, Perak Darul Ridzuan	AOI	30	13.89
Malaysian Agricultural Products Sdn. Bhd.	Temerloh, Pahang Darul Makmur	MKP	26	12.33
Sin Kian Huat	Triang, Pahang Darul Makmur	MKP	14	19.08
				45.30

As both the AOI and MKP mills are located in close proximity of numerous small holder estates, the Directors of the Company do not envisage much difficulties in obtaining alternate sources of FFB.

Production Process

The production process for CPO and PK can be summarised as follows (Please refer to page 40 for a diagrammatic illustration of the production process):-

(i) Fruit reception

Incoming fruits are weighed by a weighbridge clerk. A grader will then inspect the quality of the FFB which is mainly determined by the ripeness and freshness of the fruits, the bunch size, lengths of the stalk, dirt content and formation of the FFB and the amount of loose fruit.

(ii) Fruit storage

After the inspection, the FFB is temporarily stored in the mills before being transferred into 1½ MT cages mounted on boogies to be sterilised.

(iii) Fruit sterilization

The 1½ MT cages mounted on the boogies which are on rails are pushed into the horizontal steriliser using a rail. Steam is then injected into the steriliser. The mills use the triple peak sterilisation method to sterilise the FFB. This process involves de-aeration and a series of pressure build-up and release with the aim of:-

- (a) Destroying the lipolytic enzyme to stop the deterioration of the palm oil;
- (b) Loosening the fruits from the bunches to facilitate removal during the stripping process;
- (c) Softening the pericarp to allow easier digestion and facilitate oil release during digestion and clarification;
- (d) Dehydrating the fruits to achieve better water to oil ratio in the pericarp;
- (e) Heating the partially dehydrated nuts and slightly shrinking the kernel for easier kernel and shell separation later; and

VII. INFORMATION ON THE MHC GROUP (Cont'd)

- (f) Coagulating proteinaceous mucilage to make oil recovery easier during the clarification stage.

(iv) Stripping (Threshing)

The bunch stalks which are absorbent and non-oil bearing are removed to prevent further absorption of oil and to reduce the volume passing through the process, while the sterilised fruits are emptied from the cages into a stripper and are fed into the revolving slated steel drum by an auto feeder.

As the drum revolves the fruits are lifted up the side of the drum by friction and centrifugal forces until gravity causes them to fall back against the steel slat. This action effectively separates the fruits from the bunch stalk. The loose fruitlets drop through the steel slat into a conveyor at the bottom and are later transferred via a fruit elevator into the digester. The empty bunches which comprise approximately 25% of the total FFB will drop into a conveyor at the far end of the stripper to be taken to the incinerator.

(v) Disposal of empty fruit bunches

Empty fruit bunches are then either used to produce mulching as they retain high quantity of nutrients or are subject to slow burning in the incinerator to produce an ash high in potash that may be used as fertiliser.

(vi) Fruit digestion

The mass passing from the stripper into the digester is subject to constant stirring and heating. The aim of this process is:-

- (a) To release the oil from the pericarp cells;
- (b) To raise the temperature of the mash to facilitate subsequent pressing; and
- (c) To drain away free oil to reduce the volume to be pressed.

(vii) Pressing

The mass passing through the digester is fed into a screw press where two (2) helical screws turning within a perforated press cage push the mash towards a pre-set cone. The pressure on the mash is gradually increased, forcing the oil through the perforated press cage leaving behind a dried mass called the press cake.

(viii) Crude oil purification and clarification

The free oil which was drained from the digester together with the oil from the screw press flow towards a vibrating screen to remove particles of fibres and shell. The crude oil is diluted and heated to facilitate separation. This is then passed through a clarifier where the oil is allowed to separate over a period of time by gravitation. The pure oil is then skimmed off. The pure oil which is skimmed from the clarification contains approximately 0.5% water and significant amount of impurities. This is then run through a high speed centrifuge called a purifier after which the water and impurities are reduced to acceptable levels.

(ix) Disposal of factory effluent

The condensate and sludge are channelled to a series of sludge pits and oil traps. The oil collected from the oil traps is sold as sludge oil which is mainly used for soap making. The water portion passes through a series of anaerobic and aerobic ponds where the bio-oxygen demand is brought down to a level required by the Department of Environment before being disposed.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

(x) Storage of oil

Oil which leaves the purification system is passed into a storage tank where it is stored prior to despatch to the refinery. To prevent oil fractionation, the storage tank is fitted with a steam heated coil which keeps the oil in suitable condition for pumping.

(xi) Treatment of pressed residue

The pressed cake is broken up and fed into an air stream where the lighter fibres are separated from the nuts. The nuts are polished in a polishing drum (depericarper) and stored in a nut bin.

(xii) Nut drying and cracking

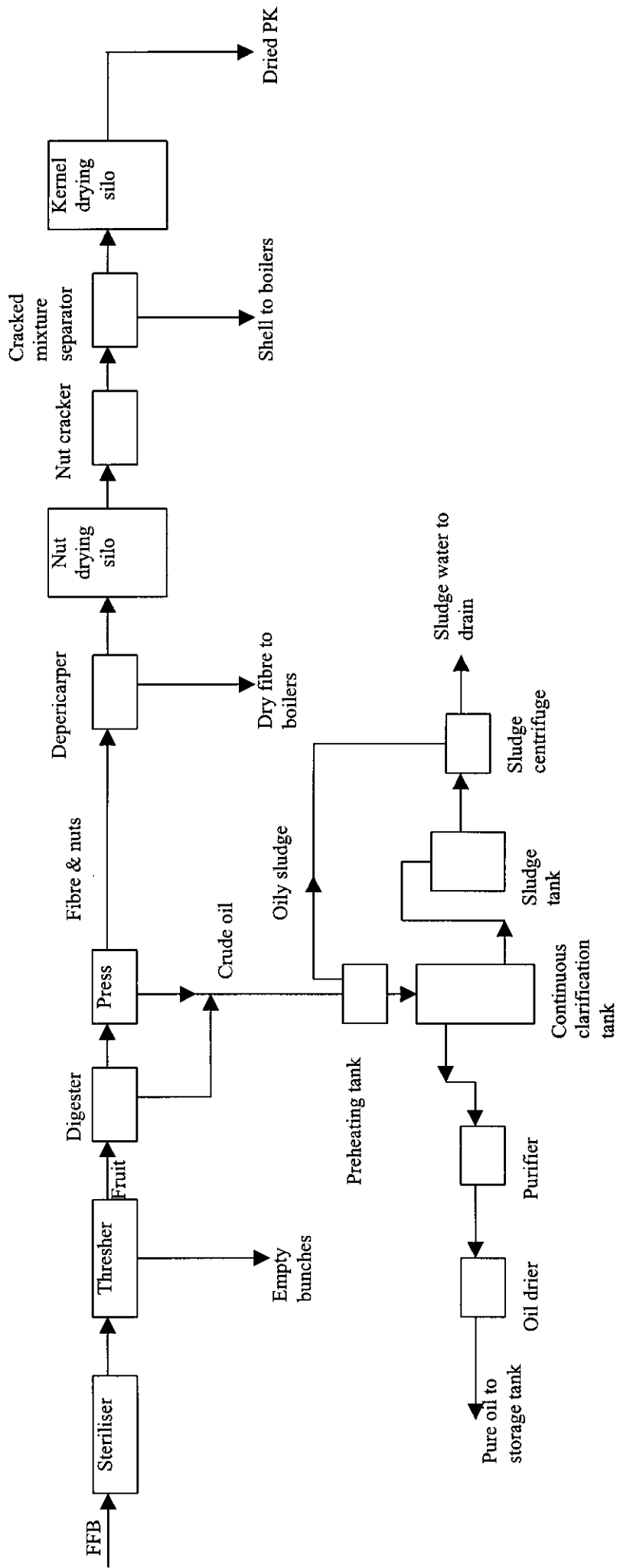
Nuts are stored in a nut bin to shrink the kernels for easier separation. When they are sufficiently dried, they are fed into a ripple mill where the shells are cracked. The cracked mixture comprising kernel and shell is fed into an air stream where the lighter shell fragments and any remaining fibre are blown off.

(xiii) Shell and kernel separation

Separation is carried out using the principle of specific gravity. A suspension of clay (kaolin) and water is made up to the correct specific gravity so that the shell sinks whilst the kernel floats to the surface. The kernel is then separated, wash, dried and stored.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The processes involved in converting FFB to CPO and PK can be summarised in the following diagram:-



VII. INFORMATION ON THE MHC GROUP (Cont'd)

Business

With over 30 years in the palm oil industry, MHC has established a reputation of being a producer with quality output and timely delivery. As such, the Group has established good and long-term relationships with its key customers. The Group realises the importance of these relationships and will step up its efforts to continue nurturing such relationships.

All of the CPO and PK produced by the Group are sold locally. The major customer of the MHC Group is the Federal Flour Mills Bhd. ("Federal") and its subsidiary, Pasir Gudang Edible Oils Sdn. Bhd. ("PGE"). Together they contributed approximately 68.33% of the turnover of the Group for the financial year ended 31 December 1999. However, as at the date of this Prospectus, the operations of Federal has been shifted to its subsidiary, PGE. Apart from Federal and PGE, the Group also supplies CPO and PK to other mills. A summary of the main mills to which the MHC Group is a supplier are as follows:-

Customer	Product sold	Length of relationship (years)	Contribution to turnover for the year ended 31 December 1999 (%)
Federal	CPO	8	63.31
Hup Lee Oil Mill Sdn. Bhd.	PK	10	3.65
Lee Oil Mills Sdn. Bhd.	CPO and PK	2	7.52
PGE	CPO	3	5.02
Pohlee Edible Oil Industries Sdn. Bhd.	PK	2	4.06
Sang Kee Oil Mill Sdn. Bhd.	PK	8	5.82
			81.67

As can be seen from above, the Group possesses a small customer base. However, this is unlikely to pose problems for the Group because in general in Malaysia, the demand from palm oil refiners exceeds the available supply of CPO.

Based on the palm oil production statistics for the year 1999 which was released by PORLA, the refineries in operation at the end of 1999 have the total refining capacity of approximately 14 million MT of CPO per annum. However, for the year 1999, the total CPO produced was only approximately 10.5 million MT and as such there was an excess of refining capacity in 1999. In addition, from the experience of the management of MHC for over 30 years, the Company never had much difficulty in finding purchasers for its CPO.

In view of the length of relationship between MHC and its customers and the reputation of the Group as a palm oil producer after over 30 years of operations, the Company does not consider it a need to incur excessive expenditure to market its products.

Most of MHC's sales are conducted vide short-term contracts entered into between the Company and its customers for delivery of CPO or PK within a month. Upon delivery, the CPO or PK is transported from the mills of the Group to the mills of the purchasers.

In general, the aforementioned short-term contracts contain the following salient terms, depending on the products sold:-

(a) CPO

Generally, the sale of CPO is done in accordance with the conditions for "Domestic Sales and Conditions Contract for Malaysian Crude Unbleached Palm Oil in Bulk" which was issued jointly by the Malaysian Oil Palm Grower's Council and PORAM.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Any differences or disputes in connection with the relevant contract or the execution of such contract shall be settled amicably by negotiation. In case of failure to reach an agreement through negotiation, the case shall be referred to an arbitrator that is acceptable to both parties, whose decision shall be final and binding on both parties. The Arbitration Law of Malaysia shall apply in such events.

The selling price of the CPO is usually based on the price announced by PORLA. In addition, the CPO sold has to meet the quality standards set by the MPOB, ie. to contain not more than five per centum (5%) of free fatty acids and 0.25% of moisture and impurities.

(b) PK

The selling price of PK is determined on a negotiated basis, while the quality of the PK sold is based on the quality standards set by the MPOB, ie. the dirt and shell present in the dried PK shall not exceed six per centum (6%) and the moisture content in the PK shall be seven per centum (7%) and should not exceed ten per centum (10%) in any case.

The Group tests the quality of the CPO and PK via random sampling to ensure that the quality of the CPO and PK produced by the Group complies with the requirements set by the authorities and its customers.

4. MHC

As at 15 September 2000, the Company owns approximately 1,552 acres of oil palm estate land, of which approximately 1,508 acres have been planted with oil palm trees with a weighted age of approximately 12.4 years and the age range between one (1) to 29 years. In view that some of its trees are close to 30 years old (oil palm trees are considered old after the age of 26), the Company has undertaken a replanting programme in its estates, which is expected to be completed by the year 2002.

The unplanted area of approximately 44 acres is occupied by roads, staff and labour housing, drains and garages.

The details of the estates belonging to MHC are as follows:-

Name	Location	Area acres	Status
Batang Padang Estate	Mukim of Durien Sebatang	849.8	Grant in perpetuity
Sungei Timah Estate	Mukim of Durien Sebatang	702.6	Grant in perpetuity

The FFB yield of the estates of MHC for the past five (5) years ended 31 December 1999 was as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
FFB production (MT)	10,300	10,647	11,307	9,787	10,603
Mature plantation acreage	1,430	1,284	1,226	1,202	1,180
Yield per mature acre (MT)	7.20	8.29	9.22	8.14	8.99

The estates had an average annual yield of 8.78 MT of FFB per mature acre for the past three (3) years.

In addition to the palm oil related operations, MHC also operates a 51-room hotel in Teluk Intan under the name of Hotel Anson. The size of the operations of the hotel is relatively small and contributes about five per centum (5%) to the total revenue of the Company.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

As at 15 September 2000, MHC has a total workforce of 83 employees.

5. SHARE CAPITAL

The authorised share capital of MHC is RM100,000,000 comprising 100,000,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of MHC as at 15 September 2000 is RM40,840,086 comprising 40,840,086 ordinary shares of RM1.00 each.

The changes in the issued and paid-up share capital of the Company since its incorporation are set out below:-

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration/Type of issue	Total issued and paid-up share capital RM
31.12.1960	2	100	Subscribers' shares	200
24.02.1961	98	100	Cash	10,000
24.11.1961	4,216	100	Cash	431,600
30.11.1961	400	100	Cash	471,600
24.12.1961	1,350	100	Cash	606,600
31.12.1961	290	100	Cash	635,600
05.03.1962	4,000	100	Cash	1,035,600
28.12.1962	248	100	Cash	1,060,400
27.11.1963	254	100	Cash	1,085,800
30.10.1964	488	100	Cash	1,134,600
06.11.1965	273	100	Cash	1,161,900
02.10.1966	348	100	Cash	1,196,700
08.11.1967	100	100	Cash	1,206,700
28.12.1969	506	100	Cash	1,257,300
30.12.1970	329	100	Cash	1,290,200
23.01.1976	103,216	100	Bonus issue of 8 shares for every 1 share	11,611,800
20.08.1998	Not applicable	1	Sub-division of ordinary shares of RM100 each to RM1 each	11,611,800
18.08.2000	28,228,286	1	Bonus issue of approximately 2.431 shares for every 1 share	39,840,086
23.08.2000	1,000,000	1	Issued pursuant to the MPP Acquisition	40,840,086

VII. INFORMATION ON THE MHC GROUP (Cont'd)**6. SUBSIDIARIES AND ASSOCIATED COMPANIES**

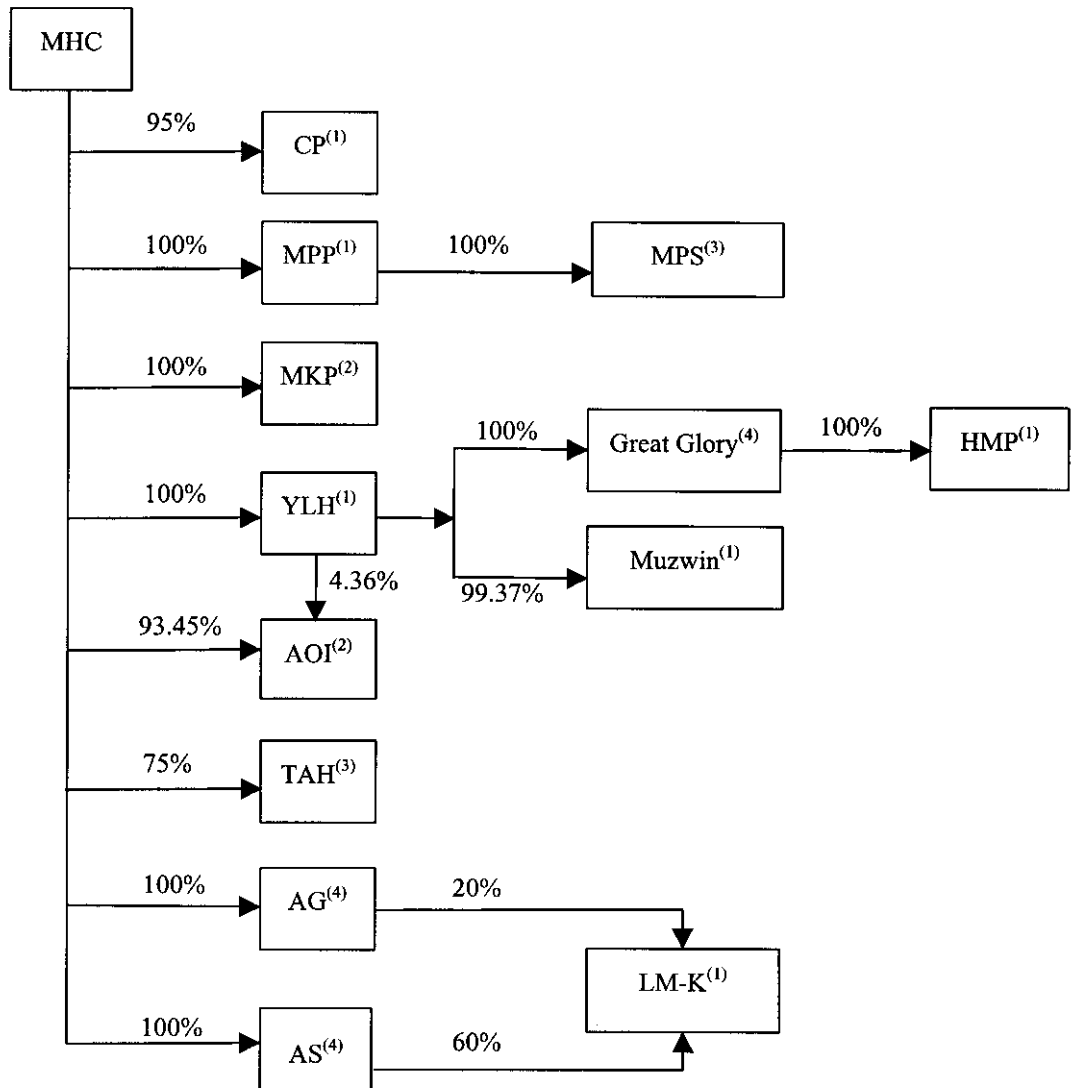
The details of the subsidiaries of MHC, all of which are incorporated in Malaysia, are as follows:-

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activities
MKP	12.09.1979	100,000	100.00	Oil palm cultivation and operation of a mill
AOI	13.10.1969	10,021,000	97.81	Oil palm cultivation and operation of a mill
MPP	16.12.1991	4,600,000	100.00	Oil palm cultivation
YLH	11.12.1973	6,890,350	100.00	Oil palm cultivation
HMP	21.06.1973	408,000	100.00	Oil palm cultivation
Muzwin	07.08.1972	790,000	99.37	Oil palm cultivation
CP	29.04.1995	2,000,000	95.00	Oil palm cultivation
LM-K	24.05.1995	100,000	80.00	Oil palm cultivation
Great Glory	16.11.1992	850,000	100.00	Investment holding
AS	16.03.1995	2	100.00	Investment holding
AG	16.03.1995	2	100.00	Investment holding
MPS	17.05.1989	9,000	100.00	Dormant
TAH	04.09.1981	750,000	75.00	Dormant

As at the date hereof, MHC does not have any associated companies.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The structure of the MHC Group is as follows:-



Key:-

- (1) Subsidiaries involved in oil palm cultivation.
- (2) Subsidiaries involved in oil palm cultivation and operation of a mill.
- (3) Dormant subsidiaries.
- (4) Subsidiaries involved in investment holding.

Further details of the subsidiaries of MHC are as follows:-

(i) MKP

MKP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 12 September 1979 under the name of Kok Siew Sun Sdn. Berhad. On 1 July 1992, it assumed the name of Close Link Sdn. Bhd. before changing its name to MKP on 26 June 1997. As at the date of this Prospectus, MKP is a wholly-owned subsidiary of MHC.

The company is principally engaged in oil palm cultivation and the operation of a palm oil mill.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

As at 15 September 2000, the company owns approximately 4,060 acres of oil palm estate land of which approximately 2,938 acres have been replanted with oil palms with a weighted average age of approximately 3.66 years while 824 acres are currently undergoing replanting. MKP will complete its replanting programme next year.

The details of the estate belonging to MKP is as follows:-

Name	Location	Area acres	Status	Date of expiry
Kemayan Estate	Mukim of Bera	4,059.5	Leasehold	30.07.2073

The FFB yields of the estate belonging to MKP for the past five (5) years ended 31 December 1999 are as follows:-

	Year ended 31 December				
	1995	1996	1997	1998	1999
FFB production (MT)	20,667	17,525	13,840	13,333	15,311 ⁽¹⁾
Mature plantation acreage	3,761	3,136	2,333	2,187	2,187
Yield per mature acre (MT)	5.50	5.59	5.93	6.10	7.00

Note:-

⁽¹⁾ *The Company believes that FFB yield for the financial year ended 31 December 1999 increased mainly due to more favourable weather conditions when compared to the previous financial year, when the FFB yield were affected by the prolonged drought brought about by the El Nino phenomenon.*

The estate has had an average annual yield of 6.34 MT of FFB per mature acre for the past three (3) years. The total yield for the year ended 31 December 1998 decreased significantly from the prior year mainly as a result of a replanting scheme undertaken by MKP.

The palm oil mill belonging to MKP is located on the grounds of the Kemayan Estate. The mill has a floor area of 25,320 square feet and has been licensed by PORLA to process 96,000 MT of FFB per annum and is currently operating at full capacity.

A breakdown of MKP's palm oil production for the past five (5) years ended 31 December 1999 is as follows:-

	Year ended 31 December				
	1995	1996	1997	1998	1999
Intake of FFB (MT)					
Internal produce	20,667	17,525	13,840	13,333	15,311
Third party purchases	76,977	73,209	63,388	60,260	77,835
	<u>97,644</u>	<u>90,734</u>	<u>77,228</u>	<u>73,893</u>	<u>93,146</u>
Output (MT)					
CPO	18,418	17,239	14,448	13,531	16,548
PK	6,893	6,039	4,884	4,894	6,018

As at 15 September 2000, MKP has a total workforce of 188 employees.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Share Capital

The present authorised share capital of MKP is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of MKP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
12.09.79	2	Subscribers' shares	2
21.03.97	99,998	Cash	100,000

Subsidiaries and associated companies

As at the date hereof, MKP does not have any subsidiaries or associated companies.

(ii) AOI

AOI was incorporated in Malaysia under the Companies Act, 1965 as a public limited company on 13 October 1969. It was subsequently converted to a private limited company on 23 January 1978 and was re-converted to a public limited company on 14 February 1990. As at the date of this Prospectus, AOI is a 97.8% subsidiary of MHC.

AOI is principally involved in the business of oil palm cultivation and the operation of a palm oil mill.

As at 15 September 2000, the company owns approximately 1,906 acres* of oil palm estate land, of which approximately 1,880 acres* have been planted with oil palm trees with a weighted average age of approximately 22.1 years and the age range between 11 to 27 years. In view that some of its trees are older than 26 years, AOI will be undertaking a replanting programme in its estates over the next six (6) years.

The unplanted area of approximately 26 acres is occupied by roads, staff and labour housing and other infrastructure.

The details of the estates belonging to AOI are as follows:-

Name	Location	Area acres	Status	Date of expiry
Langkap Estate	Mukim Hutan Melintang	914.0*	Leasehold	24.05.2033
Kuala Bikam Estate	Mukim Changkat Jong	992.3	Leasehold	28.08.2039

Note:-

* This includes approximately seven (7) acres which are held under a Temporary Occupied Licence which are not reflected in the title details.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The FFB yield of the estates belonging to AOI for the past five (5) years ended 31 December 1999 is as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
FFB production (MT)	12,568	12,943	16,233	14,372 ⁽¹⁾	15,336 ⁽²⁾
Mature plantation acreage	1,880	1,880	1,880	1,880	1,880
Yield per mature acre (MT)	6.69	6.88	8.63	7.64	8.16

Notes:-

- ⁽¹⁾ The Company believes that the FFB yield for the financial year ended 31 December 1998 decreased mainly as a result of the prolonged drought brought about by the El Nino phenomenon.
- ⁽²⁾ The Company believes that the FFB yield for the financial year ended 31 December 1999 showed the recovery of the FFB yield for the Group from the El Nino phenomenon.

The estate has had an average annual yield of 8.14 MT of FFB per mature acre for the past three (3) years.

The palm oil mill belonging to AOI is located in Teluk Intan. The mill, which has a floor area of approximately 27,552 square feet, has been licensed by PORLA to process 72,000 MT of FFB per annum. In 1999 the mill processed approximately 64,503 MT of FFB.

A breakdown of AOI's palm oil production for the past five (5) years ended 31 December 1999 is as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
Intake of FFB (MT):-					
Internal Group produce	46,265	44,161	50,184	44,997	49,892
Third party purchase	9,948	7,141	9,153	12,295	14,611
	<u>56,213</u>	<u>51,302</u>	<u>59,337</u>	<u>57,292</u>	<u>64,503</u>
Output (MT):-					
CPO	10,100	9,126	10,582	10,055	11,605
PK	3,044	2,570	3,141	3,184	3,478

As at 15 September 2000, the company has a total workforce of 115 employees.

Share Capital

The authorised share capital of AOI is RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each of which 10,021,000 ordinary shares of RM1.00 each has been issued and fully paid-up.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

The changes in the issued and paid-up share capital of AOI since its incorporation are as follows:

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
13.10.69	3	Subscribers' shares	3
10.12.69	5,997	Cash	6,000
09.12.70	823,000	Cash	829,000
05.04.71	2,000	Cash	831,000
17.05.71	172,750	Cash	1,003,750
01.06.71	220,000	Cash	1,223,750
10.06.71	159,000	Cash	1,382,750
03.11.71	100,000	Cash	1,482,750
28.12.71	110,000	Cash	1,592,750
31.10.75	1,592,750	1 for 1 Bonus Issue	3,185,500
20.03.82	4,778,250	3 for 2 Bonus Issue	7,963,750
09.09.83	2,036,250	2.557 for 10 Bonus Issue	10,000,000
18.10.83	1,000	Cash	10,001,000
29.09.94	20,000	Cash	10,021,000

Subsidiaries and associated companies

As at the date hereof, AOI does not have any subsidiaries or associated companies.

(iii) MPP

MPP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 December 1991 under the name of Kinta Teguh Sdn. Bhd.. It subsequently changed its name to MPP on 5 September 1995. As at the date of this Prospectus, MPP is wholly-owned subsidiary of MHC.

The company is principally engaged in oil palm cultivation. Details of its wholly-owned subsidiary, MPS, is set out in Section VII(6)(xii) below.

As at 15 September 2000, the company owns approximately 1,025* acres of oil palm estate land of which 1,005* have been planted with oil palm trees with a weighted average age of approximately 5.3 years and the age range between five (5) to six (6) years.

The details of the estate belonging to MPP are as follows:-

Name	Location	Area acres	Status	Date of expiry
Majuperak Estate	Mukim Hutan Melintang	1,025*	Leasehold	11.01.2055

VII. INFORMATION ON THE MHC GROUP (Cont'd)**Note:-**

- * *This includes approximately 25 acres which are held under Temporary Occupied Licence which are not reflected in the title details*

As oil palm trees only mature and start bearing fruits 2½ to 3 years after field planting, the trees on the Majuperak Estate only began to be harvested in April 1998. As such there is no record of the yields of the estate prior to that period.

The FFB harvest of the Majuperak Estate for the past two (2) years ended 31 December 1999 are as follows:-

	-----Year ended 31 December-----	
	1998	1999
FFB Production (MT)	2,475 ⁽¹⁾	3,645
Mature plantation (acreage)	700	1,005
Yield per mature acre (MT)	3.54	3.63

Note:-

- ⁽¹⁾ *On an annualised basis. The actual production of the Majuperak Estate is 1,650 MT for a period of eight (8) months.*

As at 15 September 2000, the estate has a total workforce of 23 employees.

Share Capital

The authorised share capital of MPP is RM10,000,000 comprising 10,000,000 ordinary shares of RM1.00 each, of which 4,600,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of MPP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.12.91	2	Subscribers' shares	2
14.02.95	3,909,998	Cash	3,910,000
29.06.95	690,000	Issued pursuant to lease of land from Perbadanan Kemajuan Negeri Perak	4,600,000

Subsidiaries and associated companies

Details of the subsidiary of MPP as at the date hereof are as follows:-

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activity
MPS	17.05.89	9,000	100.00	Dormant

As at the date hereof, MPP does not have any associated companies.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

(iv) YLH

YLH was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 11 December 1973. As at the date of this Prospectus, YLH is a wholly-owned subsidiary of MHC. The company is principally engaged in oil palm cultivation.

As at 15 September 2000, the company owns approximately 994 acres* of oil palm estate land of which approximately 979 acres* have been planted with oil palm trees with a weighted average age of approximately 18.9 years and the age range between one (1) to 26 years. In view that some of its trees are about 26 years old, YLH has commenced a replanting programme in its estates and the programme is expected to extend until the year 2005.

The details of the estate belonging to YLH are as follows:-

Name	Location	Area acres	Status	Date of expiry
Yew Lee Estate	Mukim Changkat Jong	994.0	Leasehold	01.03.2038

Note:-

* This includes approximately 25 acres which are held under a Temporary Occupied License which are not reflected in the title details.

The FFB yield of the Yew Lee Estate for the past five (5) years ended 31 December 1999 are as follows:-

	Year ended 31 December				
	1995	1996	1997	1998	1999
FFB production (MT)	6,140	6,420	8,364	6,621	7,500
Mature plantation acreage	954	954	954	954	979
Yield per mature acre (MT)	6.44	6.73	8.77	6.94	7.66

The estate has had an average annual yield of 7.79 MT of FFB per mature acre for the past three (3) years.

As at 15 September 2000, the company has a total workforce of 41 employees.

Share Capital

The authorised share capital of YLH is RM15,000,000 comprising 15,000,000 ordinary shares of RM1.00 each, of which 6,890,350 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of YLH since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
11.12.73	10	Subscribers' shares	10
10.07.74	1,001,000	Allotment otherwise than cash	1,001,010
30.09.74	50,000	Allotment otherwise than cash	1,051,010
18.12.76	157,651	Allotment otherwise than cash (Scrip dividend of 15 for 100)	1,208,661

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
18.12.76	1,418,864	135 for 100 bonus issue	2,627,525
24.06.78	262,805	Allotment otherwise than cash (Scrip dividend of 1 for 10)	2,890,330
04.07.90	4,000,000	Cash	6,890,330
02.01.93	20	Cash	6,890,350

Subsidiaries and associated companies

Details of the subsidiaries of YLH as at the date hereof are as follows:-

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activity
HMP	21.06.1973	408,000	100.00	Oil palm cultivation
Great Glory	16.11.1992	850,000	100.00	Investment holding
Muzwin	07.08.1972	790,000	99.37	Oil palm cultivation

(v) HMP

HMP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 21 June 1973. As at the date of this Prospectus, HMP is a wholly-owned subsidiary of Great Glory, which in turn is a wholly-owned subsidiary of YLH. The company is principally engaged in oil palm cultivation.

As at 15 September 2000, the company owns approximately 979 acres of oil palm estate land of which approximately 950 acres have been planted with oil palm trees with a weighted average age of approximately 14.0 years and the age range between 11 to 16 years.

The details of the estate belonging to HMP are as follows:-

Name	Location	Area acres	Status	Date of expiry
Hutan Melintang Plantations	Mukim Hutan Melintang	978.9	Leasehold	24.07.2033

The FFB yield of Hutan Melintang Plantations for the past five (5) years ended 31 December 1999 is as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
FFB production (MT)	6,378	7,136	8,523	7,546	7,610
Matured plantation acreage	950	950	950	950	950
Yield per mature acre (MT)	6.71	7.51	8.97	7.94	8.01

The estate has an average annual yield of 8.31 MT of FFB per mature acre for the past three (3) years.

As at 15 September 2000, the company has a total workforce of 13 employees.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Share Capital

The authorised share capital of HMP is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 408,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of HMP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
21.06.73	3	Subscribers' shares	3
03.11.73	109,997	Cash	110,000
26.07.84	93,500	Cash	203,500
18.09.84	6,000	Cash	209,500
30.06.88	198,500	Cash	408,000

Subsidiaries and associated companies

As at the date hereof, HMP does not have any subsidiaries or associated companies.

(vi) Muzwin

Muzwin was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 7 August 1972. As at the date of this Prospectus, Muzwin is a 99.4% subsidiary of YLH. The company is principally engaged in oil palm cultivation.

As at 15 September 2000, the company owns approximately 1,000 acres of oil palm estate land of which approximately 940 acres have been planted with oil palm trees with a weighted average age of approximately 19.6 years and the age range between 18 to 22 years. Muzwin plans to undertake a replanting programme commencing from the year 2004.

The details of the estate belonging to Muzwin are as follows:-

Name	Location	Area acres	Status	Date of expiry
Ladang Muzwin Estate	Mukim Hutan Melintang	1,000	Leasehold	16.11.2032

The FFB yield of the Ladang Muzwin Estate for the past five (5) years ended 31 December 1999 is as follows:-

	-----Year ended 31 December-----				
	1995	1996	1997	1998	1999
FFB production (MT)	6,983	7,308	7,485	6,506	6,917
Mature plantation acreage	940	940	940	940	940
Yield per mature acre (MT)	7.43	7.77	7.96	6.92	7.36

The estate has had an average annual yield of 7.41 MT of FFB per mature acre for the past three (3) years.

As at 15 September 2000, the company has a total workforce of 18 employees.

VII. INFORMATION ON THE MHC GROUP (Cont'd)***Share Capital***

The authorised share capital of Muzwin is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 790,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Muzwin since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
07.08.72	6	Subscribers' shares	6
26.07.74	149,994	Cash	150,000
24.04.76	390,000	Cash	540,000
20.09.77	134,000	Cash	674,000
20.09.78	116,000	Cash	790,000

Subsidiaries and associated companies

As at the date hereof, Muzwin does not have any subsidiaries or associated companies.

(vii) CP

CP was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 29 April 1995. As at the date of this Prospectus, CP is a 95.0% subsidiary of MHC. The remaining five per centum (5%) is owned by Rare Properties Sdn. Bhd., a company controlled by the family members of the late Dato' Seri Mah Pooi Soo. CP is principally engaged in oil palm cultivation.

As at 15 September 2000, the company owns approximately 194 acres of oil palm estate land of which all have been planted with oil palm trees with a weighted average age of approximately 25.1 years and the age range between 24 to 27 years. In view that some of its trees are close to 30 years old, CP intends to replant all its oil palm trees in the year 2002.

The details of the estate belonging to CP are as follows:-

Name	Location	Area acres	Status	Date of expiry
Champion Point Estate	Mukim Durien Sebatang	193.3	Grant in perpetuity	Not applicable

The annual FFB yield of the Champion Point Estate for the past five (5) years ended 31 December 1999 is as follows:-

	Year ended 31 December				
	1995	1996	1997	1998	1999
FFB production (MT)	1,604	1,737	1,537	1,331	1,485
Mature plantation acreage	194	194	194	194	194
Yield per mature acre (MT)	8.27	8.95	7.92	6.86	7.65

The estate has an average annual yield of 7.48 MT of FFB per mature acre for the past three (3) years.

As at 15 September 2000, the company has a total workforce of nine (9) employees.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Share Capital

The authorised share capital of CP is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each, of which 2,000,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of CP since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
29.04.1995	2	Subscribers' shares	2
23.07.1996	99,998	Cash	100,000
23.08.2000	1,900,000	Cash	2,000,000

Subsidiaries and associated companies

As at the date hereof, CP does not have any subsidiaries or associated companies.

(viii) LM-K

LM-K was incorporated in Malaysia under the Companies Act, 1965 as a private limited company under the name of KCB Land Sdn. Bhd. on 24 May 1995. Subsequently, the company was acquired by AS and AG through subscription of new shares and the company's name was changed to LM-K on 14 June 1999. The company is principally engaged in oil palm cultivation.

As at the date of this Prospectus, the major shareholders of LM-K are as follows:-

Shareholder	% of shareholding in LM-K
AG	20.0
AS	60.0
Korporasi Pembangunan Desa Sabah	20.0
Kemayan Corporation Berhad	_(1)
	100.0

Note:-

(1) Kemayan Corporation Berhad owns two (2) shares in LM-K

As at 15 September 2000, the company owns a 8/10 undivided share of a piece of 5,000 acre oil palm estate land of which 1,120 acres have been planted with oil palm trees with a weighted average age of one (1) year. MHC intends to fully cultivate the LM-K estate by the year 2001.

The details of the estate belonging to LM-K are as follows:-

Name	Location	Area acres	Status	Date of expiry
LM-K Estate	District of Beaufort	4,000	Provisional Lease	31.12.2087

VII. INFORMATION ON THE MHC GROUP (Cont'd)

As the oil palm trees in the LM-K Estate was planted only in 1999, there is no record of the yields of the estate prior to that period.

As at 15 September 2000, the estate does not have any employees and the operations of the estate are carried out by a contractor.

Share Capital

The authorised share capital of LM-K is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 100,000 ordinary shares of RM1.00 each have been issued and fully paid up.

The changes in the issued and paid-up share capital of LM-K since its incorporation are as follows:-

Date of Allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/ Type of issue	Total issued and paid-up share capital RM
24.05.1995	2	Subscribers' shares	2
14.04.1999	59,998	Cash	60,000
10.05.1999	40,000	Cash	100,000

Subsidiaries and associated companies

As at the date hereof, LM-K does not have any subsidiaries or associated companies.

(ix) **Great Glory**

Great Glory was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 November 1992. As at the date of this Prospectus, Great Glory is a wholly-owned subsidiary of YLH. The company's principal activity is investment holding.

Share Capital

The authorised share capital of Great Glory is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which 850,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of Great Glory since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.11.92	2	Subscribers' shares	2
13.01.93	349,998	Cash	350,000
09.06.97	500,000	Cash	850,000

VII. INFORMATION ON THE MHC GROUP (Cont'd)***Subsidiaries and associated companies***

Details of the subsidiary of Great Glory as at the date hereof are as follows:-

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activity
HMP	21.06.1973	408,000	100.00	Oil palm cultivation

As at the date hereof, Great Glory does not have any associated companies.

(x) AG

AG was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 March 1995. As at the date of this Prospectus, AG is a wholly-owned subsidiary of MHC. The company's principal activity is investment holding.

Share Capital

The authorised share capital of AG is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

Details of the issued and paid-up share capital of AG since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.03.1995	2	Subscribers' shares	2

Subsidiaries and associated companies

As at the date hereof, AG does not have any subsidiaries. Details of the associated company of AG as at the date hereof is as follows:-

Associated company	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activity
LM-K	24.05.1995	100,000	20.00	Oil palm cultivation

(xi) AS

AS was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 16 March 1995. As at the date of this Prospectus, AS is a wholly-owned subsidiary of MHC. The company's principal activity is investment holding.

Share Capital

The authorised share capital of AS is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which 2 ordinary shares of RM1.00 each have been issued and fully paid-up.

VII. INFORMATION ON THE MHC GROUP (Cont'd)

Details of the issued and paid-up share capital of AS since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
16.03.1995	2	Subscribers' shares	2

Subsidiaries and associated companies

Details of the subsidiary of AS as at the date hereof are as follows:-

Subsidiary	Date of incorporation	Issued and paid-up share capital RM	Effective shareholding %	Principal activity
LM-K	24.05.1995	100,000	60.00	Oil palm cultivation

As at the date hereof AS does not have any associated companies.

(xii) MPS

MPS was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 17 May 1989 with the name Pari Mutiara Sdn. Bhd.. On 11 May 1992 it assumed the name of Ladang Majuperak Sdn. Bhd. and subsequently, on 5 September 1995, it changed its name to Majuperak Sawit Sdn. Bhd.. MPS is a wholly-owned subsidiary of MPP. MPS is currently dormant.

Share Capital

The authorised share capital of MPS is RM25,000 comprising 25,000 ordinary shares of RM1.00 each, of which 9,000 ordinary shares of RM1.00 each have been issued and fully paid-up.

The changes in the issued and paid-up share capital of MPS since its incorporation are as follows:-

Date of allotment	No. of ordinary shares of RM1.00 each allotted	Consideration/Type of issue	Total issued and paid-up share capital RM
17.05.89	2	Subscribers' shares	2
31.12.94	8,998	Cash	9,000

Subsidiaries and associated companies

As at the date hereof, MPS does not have any subsidiaries or associated companies.

(xiii) TAH

TAH was incorporated in Malaysia under the Companies Act, 1965 as a private limited company on 4 September 1981. As at the date of this Prospectus, TAH is a 75.0% subsidiary of MHC. The remaining 25% is owned by Mah Hock Company Sdn. Berhad, a company controlled by the family members of the late Dato' Seri Mah Pooi Soo. TAH is currently dormant.