

8. INFORMATION ON THE NPC GROUP

8.1 History

NPC was incorporated in Malaysia under the Companies Act, 1965 on 28 December 1999 as a private limited company under the name of Synergy Series Sdn. Bhd.. On 4 May 2000, it changed its name to NPC Resources Sdn. Bhd.. It was subsequently converted to a public limited company on 23 May 2000 and adopted its present name.

The venture into palm oil business started in 1981 when the founders of the Group, namely Loo Ngin King and Wong Siew Ying, acquired a controlling stake in Growth. In 1981, Growth commenced its oil palm plantation activities with an initial planted hectareage of 161.88 hectares. Over the years, the Group aggressively expanded its oil palm plantation land bank by acquiring controlling stakes in companies which owned plantation lands within the vicinity of Sabah. Under the close management and commitment of the founders, the plantation lands acquired were subsequently developed into oil palm plantations.

The founders, together with some business associates, through Berkat, diversified its oil palm plantation activity into palm oil milling in 1986 by constructing a mill with a capacity of processing 30 metric tonnes of FFB per hour at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut. The Berkat mill commenced operations in May 1989, to cater mainly for the FFB processing requirement of the Group and other smaller FFB suppliers in the vicinity. The mill's processing capacity was subsequently doubled to 60 metric tonnes of FFB per hour by operating two processing lines in 1997 as a result of the increase in supplies of FFB. In 1995, an additional mill was constructed at Kilometre 87, Sandakan-Lahad-Datu Highway in the district of Kinabatangan, known as the SROPP mill, to cater for the FFB processing requirement in the district of Kinabatangan. The SROPP mill, which commenced operations in October 1997, has a processing capacity of 45 metric tonnes of FFB per hour, which can be upgraded to accommodate a processing capacity of 90 metric tonnes of FFB per hour.

In 1997, the Group went through a restructuring exercise whereby the whole of the Group's plantation and mill operations, excluding Natural, were transferred to NKH. Subsequently in 1998, the Group underwent another restructuring exercise and further expanded its oil palm plantation land bank, through Natural, by acquiring the controlling stakes in NKH, Growth, Wenow, Summer Focus and Emashijau, and subsequently made Natural the ultimate holding company of the group then. Furthermore, in an effort to increase its plantation land bank, the Group, through Berkat, had entered into a Memorandum of Sublease with Koperasi Kakitangan Perkhidmatan Pelajaran Sabah Berhad on 7 May 1999, which encompasses a total plantation land area of 1,006 hectares. The lease has a tenure of 28 years, expiring on 6 May 2027.

8.2 Share Capital

The authorised and issued and fully paid-up share capital of NPC as at the date hereof are as follows:-

	No. of shares	Par Value RM	Total share capital RM
Authorised:-			
Ordinary shares	500,000,000	1.00	500,000,000
Issued and fully paid-up:-			
Ordinary shares	72,000,000	1.00	72,000,000

8. INFORMATION ON THE NPC GROUP (Cont'd)

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

Date of allotment	No. of ordinary shares allotted	Par value RM	Consideration	Issued and paid-up share capital RM
28.12.1999	2	1.00	Cash; Subscribers' shares	2
12.05.2000	49	1.00	Cash	51
30.01.2002	71,999,949	1.00	Issued pursuant to the Acquisitions	72,000,000

8.3 Restructuring and Listing Exercise

In conjunction with, and as an integral part of the Listing, the Company implemented a restructuring exercise which was approved by the FIC, MITI and SC on the dates set out below:-

Authority	Date of approval
SC	31 May 2001 and 27 December 2001
FIC	9 August 2000, 16 July 2001 and 18 March 2002
MITI	6 September 2000, 21 May 2001 and 19 November 2001

The details of the restructuring and Listing exercise are as follows:-

8.3.1 Acquisitions

The Conditional Sale and Purchase Agreement dated 12 June 2000 ("the Conditional SPA"), the Supplemental Conditional Sale and Purchase Agreement dated 29 June 2001 ("the Supplemental Conditional SPA"), the Deed of Termination dated 28 January 2002 ("the Deed of Termination") and the new Conditional Sale and Purchase Agreement dated 29 January 2002 ("the New Conditional SPA") are agreements entered between NPC and the shareholders, more particularly described in Section 20.6 of this Prospectus, for the following acquisitions -

(i) Acquisition of Berkat

Pursuant to the Conditional SPA, NPC agreed to acquire from certain shareholders of Berkat 34.00% equity interest in Berkat ("the 34.00% Shareholders of Berkat"), comprising 680,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM9,740,023, to be satisfied wholly by the issuance of 9,740,023 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of RM1.00 per new NPC share. Subsequently, NPC and the 34.00% Shareholders of Berkat entered into the Supplemental Conditional SPA to revise the purchase consideration to RM10,298,750, to be satisfied wholly by the issuance of 6,654,568 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.55 per new NPC share. The revision was made after taking into consideration the valuation of landed properties as approved by the SC vide its letter dated 4 April 2001. NPC and the 34.00% Shareholders of Berkat then entered into the Deed of Termination to terminate both the Conditional SPA and the Supplemental Conditional SPA. On 29 January 2002, NPC and the 34.00% Shareholders of Berkat entered into the New Conditional SPA to acquire the abovementioned equity interest for a purchase consideration of RM10,887,749, to be satisfied wholly by the issuance of 7,853,311 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.39 per new NPC share. The Acquisition of Berkat was completed on 30 January 2002.

8. INFORMATION ON THE NPC GROUP (Cont'd)

The 34.00% Shareholders of Berkat, their respective shareholdings therein and the number of NPC shares issued to them pursuant to the Acquisition of Berkat are as follows:-

Shareholders	-Shareholdings in Berkat-		No. of new NPC ordinary shares issued as consideration
	No. of shares held	% held	
P. Nagammal a/p Sithamparrappillai	380,000	19.00	4,388,615
Richard Koh Kin Lip	300,000	15.00	3,464,696
	680,000	34.00	7,853,311

The revised purchase consideration of RM10,887,749 was arrived at on a willing-buyer willing-seller basis after taking into consideration the following:-

	RM
Market value of Berkat's landed properties (other than its palm oil mill) as approved by the SC after the retention of the requisite reserve	2,874,163
Value of Berkat's palm oil mill based on its earnings potential	23,842,548
Net book value of capital expenditure as at 31 December 1999 in relation to the development agreement entered into with Koperasi Kakitangan Perkhidmatan Pelajaran Sabah Berhad	2,734,686
Adjusted NTA value of investment in a subsidiary	2,571,393
	32,022,790

Details on the valuation of Berkat's landed properties are set out in Section 8.7 of this Prospectus.

As part of the Acquisition of Berkat, the 680,000 ordinary shares of RM1.00 each in Berkat were transferred to Growth resulting in Growth holding 95.5% effective equity interest in Berkat upon completion of the Acquisitions.

(ii) Acquisition of NKH

Pursuant to the Conditional SPA, NPC agreed to acquire from certain shareholders of NKH approximately 19.82% equity interest in NKH ("the 19.82% Shareholders of NKH"), comprising 1,104,200 ordinary shares of RM1.00 each, for a total purchase consideration of RM6,876,000, to be satisfied wholly by the issuance of 6,876,000 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of RM1.00 per new NPC share. Subsequently, NPC and the 19.82% Shareholders of NKH entered into the Supplemental Conditional SPA to revise the purchase consideration to RM6,946,146, to be satisfied wholly by the issuance of 4,488,505 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.55 per new NPC share. The revision was made after taking into consideration the valuation of landed properties as approved by the SC vide its letter dated 4 April 2001. NPC and the 19.82% Shareholders of NKH then entered into the Deed of Termination to terminate both the Conditional SPA and the Supplemental Conditional SPA. On 29 January 2002, NPC and the 19.82% Shareholders of NKH entered into the New Conditional SPA to acquire the abovementioned equity interest for a purchase consideration of RM7,343,405, to be satisfied wholly by the issuance of 5,296,783 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.39 per new NPC share. The Acquisition of NKH was completed on 30 January 2002.

8. INFORMATION ON THE NPC GROUP (Cont'd)

The 19.82% Shareholders of NKH, their respective shareholdings therein and the number of NPC shares issued to them pursuant to the Acquisition of NKH are as follows:-

Shareholders	--Shareholdings in NKH--		No. of new NPC ordinary shares issued as consideration
	No. of shares held	% held	
Loo Pang Kee	552,100	9.91	2,648,391
Wong Siew Ying	331,260	5.95	1,589,035
Loo Ngin Kong	220,840	3.96	1,059,357
	<u>1,104,200</u>	<u>19.82</u>	<u>5,296,783</u>

The revised purchase consideration of RM7,343,405 was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NTA of NKH as set out below:-

	RM
NTA of NKH based on its audited financial statements as at 31 December 1999	30,049,988
Net surplus arising from revaluation of investment in subsidiaries*	6,994,236
Adjusted NTA	<u>37,044,224</u>

Note:-

* The investment in subsidiaries have been valued on the basis of their respective NTA values as at 31 December 1999 and after incorporating the net surplus arising from revaluation of its landed properties as approved by the SC, save for its investments in Berkat and SROPP.

The valuation of Berkat was arrived at after taking into consideration the factors disclosed in Section 8.3.1(i) whilst the valuation of SROPP was arrived at after taking into consideration the market value of its landed properties (other than in relation to the palm oil mill) as approved by the SC after the retention of the requisite reserve, the earnings potential of its palm oil mill and the adjusted NTA value of its investment in subsidiaries. In addition, the valuation of SROPP also took into account SROPP's 73.5% equity interest in Zupakeja. SROPP acquired an additional 61.0% equity interest in Zupakeja for a cash consideration of RM707,112, based on the adjusted NTA value of Zupakeja as at 31 December 1999 after taking into consideration the net surplus arising from revaluation of Zupakeja's landed property as approved by the SC. The acquisition of the additional 61.0% equity interest in Zupakeja, which was conditional to the Acquisitions, was completed on 30 January 2002.

As part of the Acquisition of NKH, the 1,104,200 ordinary shares of RM1.00 each in NKH were transferred to Natural resulting in NKH becoming a wholly-owned subsidiary of Natural upon completion of the Acquisitions.

8. INFORMATION ON THE NPC GROUP (Cont'd)

(iii) Acquisition of Natural

Pursuant to the Conditional SPA, NPC agreed to acquire from all the shareholders of Natural the entire equity interest in Natural ("the Shareholders of Natural"), comprising 100,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM74,741,000, to be satisfied wholly by the issuance of 74,741,000 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of RM1.00 per new NPC share. Subsequently, NPC and the Shareholders of Natural entered into the Supplemental Conditional SPA to revise the purchase consideration to RM74,217,238, to be satisfied wholly by the issuance of 47,959,025 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.55 per new NPC share. The revision was made after taking into consideration the valuation of landed properties as approved by the SC vide its letter dated 4 April 2001. NPC and the Shareholders of Natural then entered into the Deed of Termination to terminate both the Conditional SPA and the Supplemental Conditional SPA. On 29 January 2002, NPC and the Shareholders of Natural entered into the New Conditional SPA to acquire the abovementioned equity interest for a purchase consideration of RM78,461,817, to be satisfied wholly by the issuance of 56,594,347 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.39 per new NPC share. The Acquisition of Natural was completed on 30 January 2002.

The Shareholders of Natural, their respective shareholdings therein and the number of NPC shares issued to them pursuant to the Acquisition of Natural are as follows:-

Shareholders	-Shareholdings in Natural-		No. of new NPC ordinary shares issued as consideration
	No. of shares held	% held	
Loo Ngin Kong	1,106*	1.11	625,933
Wong Siew Ying	30,711**	30.71	17,380,690
Loo Pang Kcc	57,557 [#]	57.56	32,574,008
Lim Chau Thye @ Lim Yoke Mooi	2,126 ^{##}	2.13	1,203,196
Loo Mun Kin	2,125 ^{##}	2.13 [@]	1,202,630
Loo Ban Teng	2,125 ^{##}	2.12	1,202,630
Loo Ban Hen	2,125 ^{##}	2.12	1,202,630
Loo Mun San	2,125 ^{##}	2.12	1,202,630
	100,000	100.00	56,594,347

Notes:-

* Excluding shares held in trust for Loo Pang Kee, Lim Chau Thye @ Lim Yoke Mooi, Loo Mun Kin, Loo Ban Teng, Loo Ban Hen and Loo Mun San.

** Excluding shares held in trust for Loo Pang Kee.

Held in trust by Loo Ngin Kong and Wong Siew Ying.

Held in trust by Loo Ngin Kong.

@ Rounded-up to add to a total of 100%.

8. INFORMATION ON THE NPC GROUP (Cont'd)

The revised purchase consideration of RM78,461,817 was arrived at on a willing-buyer willing-seller basis after taking into consideration the adjusted NTA of Natural as set out below:-

	RM
NTA of Natural based on its audited financial statements as at 31 December 1999	235,305
Net surplus arising from revaluation of landed properties of Natural	894,279
Net surplus arising from revaluation of investment in subsidiaries*	77,332,233
Adjusted NTA	<u>78,461,817</u>

Note:-

* *The investment in subsidiaries have been valued on the basis of their respective NTA values as at 31 December 1999 and after incorporating the net surplus arising from revaluation of landed properties as approved by the SC, save for its investments in Berkat and SROPP.*

The valuation of Berkat was arrived at after taking into consideration the factors disclosed in Section 8.3.1(i) whilst the valuation of SROPP was arrived at after taking into consideration the market value of its landed properties (other than in relation to the palm oil mill) as approved by the SC after the retention of the requisite reserve, the earnings potential of its palm oil mill and the adjusted NTA value of its investment in subsidiaries. In addition, the valuation of SROPP also took into account SROPP's 73.5% equity interest in Zupakeja. SROPP acquired an additional 61.0% equity interest in Zupakeja for a cash consideration of RM707,112, based on the adjusted NTA value of Zupakeja as at 31 December 1999 after taking into consideration the net surplus arising from revaluation of Zupakeja's landed property as approved by the SC. The acquisition of the additional 61.0% equity interest in Zupakeja, which was conditional to the Acquisitions, was completed on 30 January 2002.

Details on the valuation of Natural's landed properties are set out in Section 8.7 of this Prospectus.

(iv) Acquisition of Sebuda

Pursuant to the Conditional SPA, NPC agreed to acquire from certain shareholders of Sebuda approximately 50.00% equity interest in Sebuda ("the 50.00% Shareholders of Sebuda"), comprising 749,999 ordinary shares of RM1.00 each, for a total purchase consideration of RM2,282,000, to be satisfied wholly by the issuance of 2,282,000 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of RM1.00 per new NPC share. Subsequently, NPC and the 50.00% Shareholders of Sebuda entered into the Supplemental Conditional SPA to revise the purchase consideration to RM2,324,000, to be satisfied wholly by the issuance of 1,501,769 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.55 per new NPC share. The revision was made after taking into consideration the valuation of landed properties as approved by the SC vide its letter dated 4 April 2001. NPC and the 50.00% Shareholders of Sebuda then entered into the Deed of Termination to terminate both the Conditional SPA and the Supplemental Conditional SPA. On 29 January 2002, NPC and the 50.00% Shareholders of Sebuda entered into the New Conditional SPA to acquire the abovementioned equity interest for a purchase consideration of RM2,456,912, to be satisfied wholly by the issuance of 1,772,166 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.39 per new NPC share. The Acquisition of Sebuda was completed on 30 January 2002 .

8. INFORMATION ON THE NPC GROUP (Cont'd)

The 50.00% Shareholders of Sebuda, their respective shareholdings therein and the number of NPC shares issued to them pursuant to the Acquisition of Sebuda are as follows:-

Shareholders	-Shareholdings in Sebuda-		No. of new NPC ordinary shares issued as consideration
	No. of shares held	% held	
P. Nagammal a/p Sithamparrappillai	371,590	24.77	878,027
Loganathan a/l Ponnambalam	378,409	25.23	894,139
	749,999	50.00	1,772,166

The revised purchase consideration of RM2,456,912 was arrived at on a willing-buyer willing-seller basis based on the audited NTA of Sebuda as at 31 December 1999 of RM2,564,087 and after taking into consideration the net surplus of RM2,349,744 arising from the revaluation of its landed properties as approved by the SC.

Details on the valuation of Sebuda's landed properties are set out in Section 8.7 of this Prospectus.

As part of the Acquisition of Sebuda, the 749,999 ordinary shares of RM1.00 each in Sebuda were transferred to Growth, resulting in Sebuda becoming a wholly-owned subsidiary of Growth upon completion of the Acquisitions.

(v) Acquisition of Seraya

Pursuant to the Conditional SPA, NPC agreed to acquire from a shareholder of Seraya for the acquisition of approximately 50.00% equity interest in Seraya ("the 50.00% Shareholder of Seraya"), comprising 5,000 ordinary shares of RM1.00 each, for a total purchase consideration of RM629,926, to be satisfied wholly by the issuance of 629,926 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of RM1.00 per new NPC share. Subsequently, NPC and the 50.00% Shareholder of Seraya entered into the Supplemental Conditional SPA to revise the purchase consideration to RM633,850, to be satisfied wholly by the issuance of 409,082 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.55 per new NPC share. The revision was made taking into consideration the valuation of landed properties as approved by the SC vide its letter dated 4 April 2001. NPC and the 50.00% Shareholder of Seraya then entered into the Deed of Termination to terminate both the Conditional SPA and the Supplemental Conditional SPA. On 29 January 2002, NPC and the 50.00% Shareholder of Seraya entered into the New Conditional SPA to acquire the abovementioned equity interest for a purchase consideration of RM670,101, to be satisfied wholly by the issuance of 483,342 new ordinary shares of RM1.00 each in NPC, credited as fully paid-up, at an issue price of approximately RM1.39 per new NPC share. The Acquisition of Seraya was completed on 30 January 2002.

8. INFORMATION ON THE NPC GROUP (Cont'd)

The 50.00% Shareholder of Seraya, her shareholding therein and the number of NPC shares issued to her pursuant to the Acquisition of Seraya are as follows:-

Shareholder	-Shareholdings in Seraya-		No. of new NPC ordinary shares issued as consideration
	No. of shares held	% held	
P. Nagammal a/p Sithamparrappillai	5,000	50.00	483,342

The revised purchase consideration of RM670,101 was arrived at on a willing-buyer willing-seller basis based on the audited net liabilities of Seraya as at 31 December 1999 of RM13,404 and after taking into consideration the net surplus of RM1,353,740 arising from the revaluation of its landed properties as approved by the SC.

Details on the valuation of Seraya's landed properties are set out in Section 8.7 of this Prospectus.

As part of the Acquisition of Seraya, the 5,000 ordinary shares of RM1.00 each in Seraya were transferred to Growth, resulting in Seraya becoming a wholly-owned subsidiary of Growth upon completion of the Acquisitions.

(vi) Acquisition of Soon Tai

On 12 June 2000, NPC entered into a Conditional Sale and Purchase Agreement with Loo Pang Kee for the acquisition of 0.1% equity interest in Soon Tai, comprising 1 ordinary share of RM1.00 each, for a cash consideration of RM1.00. The parties hereto subsequently extended the conditional period to 30 June 2002 via a Letter of Consent and Acknowledgement dated 29 June 2001. Subsequently, NPC and Loo Pang Kee had, on 28 January 2002 entered into a Deed of Termination to terminate both the Conditional Sale and Purchase Agreement and the Letter of Consent and Acknowledgement dated 12 June 2000 and 29 June 2001 respectively. On 29 January 2002, NPC and Loo Pang Kee entered into a new Conditional Sale and Purchase Agreement incorporating the same terms and conditions. The Acquisition of Soon Tai was completed on 30 January 2002.

The purchase consideration of RM1.00 was arrived at on a willing-buyer willing-seller basis based on the audited NTA of Soon Tai as at 31 December 1999 of RM363,207 and after taking into consideration the net surplus of RM339,906 and RM1,351,778 arising from the revaluation of its landed properties as approved by the SC and investment in associated company respectively.

Details on the valuation of Soon Tai's landed properties are set out in Section 8.7 of this Prospectus.

As part of the Acquisition of Soon Tai, the 1 ordinary share of RM1.00 each in Soon Tai was transferred to Growth, resulting in Soon Tai becoming a wholly-owned subsidiary of Growth upon completion of the Acquisitions.

8. INFORMATION ON THE NPC GROUP (Cont'd)

(vii) Acquisition of Summer Focus

On 29 January 2002, NPC entered into a conditional Sale and Purchase Agreement with Loo Ngin Kong and Loganathan s/l Ponnambalam for the acquisition of 0.2% equity interest in Summer Focus, comprising 2 ordinary shares of RM1.00 each, for a cash consideration of RM2.00. The Acquisition of Summer Focus was completed on 30 January 2002.

The purchase consideration of RM2.00 was arrived at on a willing-buyer willing-seller basis based on the audited NTA of Summer Focus as at 31 December 2000 of RM29,720.

As part of the Acquisition of Summer Focus, the 2 ordinary shares of RM1.00 each in Summer Focus were transferred to Natural, resulting in Summer Focus becoming a wholly-owned subsidiary of Natural upon completion of the Acquisitions.

All the ordinary shares acquired in Berkat, NKH, Natural, Sebuda, Seraya, Soon Tai and Summer Focus were acquired free from all claims, charges, liens, encumbrances and equities whatsoever together with all rights attached thereto excluding all dividends, rights and distributions declared, paid or made in respect of the respective companies' ordinary shares before the completion date of the acquisition of the respective companies.

The 71,999,949 new ordinary shares of RM1.00 each in NPC issued pursuant to the Acquisitions rank pari passu in all respects with the existing ordinary shares of NPC and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof.

Upon completion of the Acquisitions, the issued and fully paid-up share capital of NPC increased from RM51 comprising 51 ordinary shares of RM1.00 each to RM72,000,000 comprising 72,000,000 ordinary shares of RM1.00 each.

8.3.2 Arrangement

Loo Pang Kee and Wong Siew Ying will transfer a portion of their shareholdings totalling 25,600,000 ordinary shares of RM1.00 each in NPC, representing 32.0% of the enlarged issued and paid-up share capital of NPC after the issuance of the Prospectus but prior to the Public Issue, to JVSB, by way of a share swap in the proportions set out below. Details of the Arrangement are as follows:-

	No. of NPC shares to be transferred	No. of JVSB shares to be issued	Resultant shareholdings -----in JVSB#-----	
			No. of shares	%
Loo Pang Kee	20,480,000	79,999	80,000	80.00
Wong Siew Ying	5,120,000	19,999	20,000	20.00
	25,600,000	99,998	100,000	100.00

Note:-

The two (2) initial subscribers' shares in JVSB held by Mok Chik Luk and Wong Chai Yong @ Stefanie will be transferred to Loo Pang Kee and Wong Siew Ying respectively after the issuance of the Prospectus but prior to the Public Issue.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.3.3 Public Issue

NPC is now making a public issue of 8,000,000 new ordinary shares of RM1.00 each in NPC at an issue price of RM1.30 per new ordinary share, of which 1,000,000 ordinary shares of RM1.00 each have been reserved for eligible Directors and employees of the NPC Group, 2,000,000 ordinary shares of RM1.00 each will be made available for application by Malaysian public, whilst the balance of 5,000,000 ordinary shares of RM1.00 each to identified investors (by way of private placement).

Upon completion of the Public Issue, the issued and fully paid-up share capital of NPC will increase from RM72,000,000 comprising 72,000,000 ordinary shares of RM1.00 each to RM80,000,000 comprising 80,000,000 ordinary shares of RM1.00 each.

8.3.4 Offer for Sale

In conjunction with the Public Issue, the Offerors will undertake an offer for sale of RM24,600,000 comprising 24,600,000 ordinary shares of RM1.00 each in NPC at an offer price of RM1.30 per share, of which 20,600,000 ordinary shares of RM1.00 each to Bumiputera investors approved by MITI, whilst the balance of 4,000,000 ordinary shares of RM1.00 each will be placed to identified investors.

8.3.5 Listing and Quotation

Listing of and quotation for the 80,000,000 ordinary shares of RM1.00 each, representing the entire enlarged issued and fully paid-up share capital of NPC, will be on the Main Board of KLSE.

8.3.6 Disposal of Non-Operational Assets

Certain subsidiaries of NPC entered into several conditional Sale and Purchase Agreements to dispose off their non-operational assets pursuant to the Listing for a total cash consideration of approximately RM9.187 million to three (3) shareholders and companies related to the shareholders of NPC as follows:-

Subsidiary	Purchaser	Particular of assets	Consideration RM'000
Natural	CMH Loo Sdn. Bhd. ¹	A bungalow bearing the address of Lot 14, Jalan Rentaka 2, Taman Sri Tebrau, Johor Bahru, Johor Darul Takzim	701
SROPP	Loo Ngin Kong	A leasehold land held under title no. CL 075337629 located at Mile 12, Jalan Labuk, Sandakan, Sabah together with a warehouse erected thereon	348
	Loo Ngin Kong	A leasehold land held under title no. CL 077503890 located at Jalan Buli Sim Sim, Sandakan, Sabah	216
	Wong Siew Ying	An office lot bearing the address of Lot 10, Block A, 2nd Floor, Bandar Kim Fung, Mile 4, Jalan Labuk, Sandakan, Sabah	68
	Wong Siew Ying	An apartment bearing the address of Lot A2-8, Block A, 8th Floor, Wangsa Putri Condominium, Skudai, Johor Bahru, Johor Darul Takzim	181

8. INFORMATION ON THE NPC GROUP (Cont'd)

Subsidiary	Purchaser	Particular of assets	Consideration RM'000
Growth	Loo Ngin Kong	A leasehold land held under title no. CL 085385643 located at Mile 11, Jalan Labuk, Sandakan, Sabah	21
	Loo Ngin Kong	A bungalow bearing the address of Lot PTD 57062, Taman Bukit Tiram, 8, Jalan Resam 8, Mukim of Tebrau, Johor Bahru, Johor Darul Takzim	641
	Pedoman Pasifik Sdn. Bhd. ²	A leasehold land held under title No. CL 015079848 located at Likas, Kota Kinabalu, Sabah	1,613
	Loo Pang Kee	A bungalow at TL 077528146/55, Mile 1½, Jalan Labuk, Sandakan, Sabah	153
Soon Tai	Wong Siew Ying	An office lot bearing the address of Lot 11, Block A, 2nd Floor, Bandar Kim Fung, Mile 4, Jalan Labuk, Sandakan, Sabah	66
Bintang	Loo Pang Kee	A bungalow bearing the address of Detached House, CL 075318697, Taman Tshun Ngen, Mile 5, Jalan Labuk, 90000 Sandakan, Sabah	2,009
Ballerina	Loo Ngin Kong	An apartment bearing the address of Lot 2/4/5, 4th Floor, Api-Api Centre, Kota Kinabalu, Sabah	107
Berkat	Everise Victory Sdn. Bhd. ³	Sin Siah Radio Sdn. Bhd., a wholly-owned subsidiary of Berkat, which holds a piece of land held under Mukim Geran 8, Lot No. 2880, Mukim Plentong, Johor Darul Takzim	3,063
			9,187

Notes:-

- (1) The shareholders are Loo Ngin Kong, Wong Siew Ying, Loo Pang Chieng and Loo Mun May, each holding one (1) share.
- (2) The shareholders are Loo Ngin Kong, Wong Siew Ying and Loo Pang Kee, each holding one (1) share.
- (3) The shareholders are Loo Ngin Kong, Richard Koh Kin Lip and Loganathan a/l Ponnambalam, each holding 66,000, 15,000 and 19,000 shares respectively.

The Disposal of Non-Operational Assets is expected to be completed within fourteen (14) days after the Listing. The gross proceeds of approximately RM9.187 million to be received by the respective subsidiaries of NPC will be utilised in the following manner:-

	RM'000
Payment of consideration for acquisition of 61.0% equity interest in Zupakeja by SROPP*	707
Payment of dividend declared prior to completion of the Acquisitions	4,880
Working capital	3,600
	9,187

Note:-

- * The payment for the acquisition of 61.0% equity interest in Zupakeja by SROPP was paid out of internally generated funds whilst awaiting for the receipt of proceeds from the Disposal of Non-Operational Assets.

The aforementioned cash consideration was arrived at based on the respective non-operational assets' net book value as at 31 December 1999.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4 Business Overview

8.4.1 Background

NPC is principally an investment holding company while its subsidiaries are involved in investment holding, provision of management services, operation of oil palm plantations and palm oil mills, trading of FFB, plantation development contractor, provision of transportation services and subleasing of leasehold land.

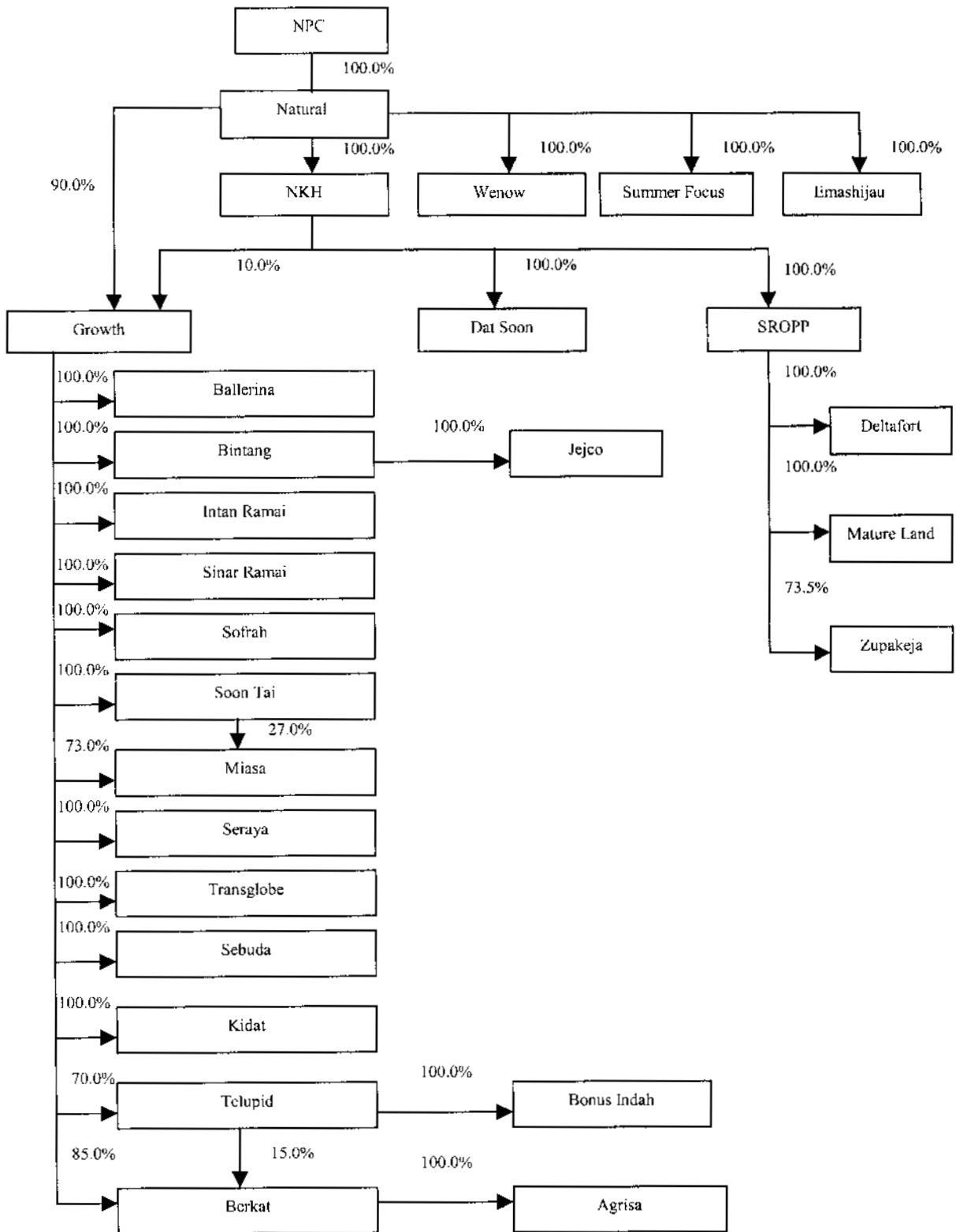
The contribution of the various business activities towards the proforma revenue of the NPC Group for the past five (5) years ended 31 December 1996 to 2000 and nine (9) months ended 30 September 2001 are as follows:-

	-----Year ended 31 December-----					9 months ended 30 September
	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %
Sales of CPO	77.26	78.98	88.03	82.31	85.32	88.17
Sales of PK	11.90	11.09	10.29	14.78	13.72	11.02
Sales of FFB	10.14	9.42	0.05	0.10	0.77	0.34
Plantation support services	0.70	0.51	1.63	2.81	0.19	0.47
	100.00	100.00	100.00	100.00	100.00	100.00

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8. INFORMATION ON THE NPC GROUP (Cont'd)

The current structure of the NPC Group is follows:-



8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4.2 Business

The Group currently operates approximately 8,225 hectares of plantation land and two (2) palm oil processing mills which have a combined production capacity of 105 tonnes of FFB per hour, all of which are located in the state of Sabah. The palm oil processing mills owned by the Group are located at Kilometre 87, Sandakan-Lahad Datu Highway, Segaliud Lokan in the district of Kinabatangan ("SROPP mill") and at Kilometre 70, Sandakan-Telupid-Kota Kinabalu Highway in the district of Labuk-Sugut ("Berkat mill"). The SROPP mill covers an area of approximately 35.39 hectares and has a processing capacity of 45 tonnes of FFB per hour. To cater for future increases in production output, the mill can be upgraded to operate two (2) processing lines with a combined processing capacity of 90 tonnes of FFB per hour. The Berkat mill commenced operations in May 1989 with a processing capacity of 30 tonnes of FFB per hour. Since then, the mill's processing capacity has been upgraded and accordingly its current processing capacity is 60 tonnes of FFB per hour. The Berkat mill covers an area of approximately 22.38 hectares of which 4.05 hectares belong to the Group and the balance of 18.33 hectares are subleased pursuant to a sublease agreement entered into by Berkat on 12 June 2000. Both mills are equipped with facilities for the processing of CPO, consisting of FFB reception plant, sterilising plant, stripping plant, empty bunch plant, press plant, clarification plant, nut and kernel plant, boiler plant, power plant, water treatment plant and effluent treatment plant.

Furthermore, in an effort to increase its plantation land size, on 7 May 1999, Berkat entered into a Memorandum of Sublease with Koperasi Kakitangan Perkhidmatan Pelajaran Sabah Berhad in which a total land area of 1,006 hectares was subleased to Berkat for a period of 28 years expiring 6 May 2027 to the extent of 51% of the total land area, represented by 51/100 undivided shares.

Total land area planted with oil palm amounts to approximately 6,855 hectares or 83.34% of total land area operated by the Group of which approximately 4,257 hectares comprises mature palm (planted for 4 years onwards), approximately 2,598 hectares of oil palm are still in the immature stage (planted for less than 4 years) and approximately 822 hectares consists of plantable reserves and jungle land.

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8. INFORMATION ON THE NPC GROUP (Cont'd)

Details of the Group's plantation hectarage and maturity of crops as at 30 September 2001 are as follows:-

Company	Natural Hectares	Growth [#] Hectares	Soon Tai Hectares	Jejco Hectares	Bintang ^{##} Hectares	SROPP Hectares	Ballerina Hectares
Immature (less than 4 years)	-	32.71	-	-	-	5.65	-
Matured and young (4 - less than 7 years)	-	161.37	-	-	17.32	40.06	72.84
Matured and prime (7 - less than 12 years)	97.13	9.75	-	-	174.02	86.20	-
Mature (12 years onwards)	-	161.88	36.42	40.47	-	128.68	72.84
Total area planted	97.13	365.71	36.42	40.47	191.34	260.59	145.68
Plantable reserve	-	-	-	-	342.98	-	-
Jungle land	-	-	-	-	-	-	-
Fruit orchard	-	-	-	-	-	7.70	-
Road, buildings and utilities	5.06	19.74	1.61	0.24	61.45	36.14	17.45
Mill site	-	-	-	-	-	35.39	-
	5.06	19.74	1.61	0.24	404.43	79.23	17.45
Total area	102.19	385.45	38.03	40.71	595.77	339.82	163.13

Company	Sebuda Hectares	Telupid Hectares	Berkat Hectares	Bonus Indah Hectares	Miasa Hectares	Seraya Hectares	Transglobe Hectares
Immature (less than 4 years)	-	-	374.00	611.44	-	91.87	146.03
Matured and young (4 - less than 7 years)	-	593.28	-	352.89	213.34	83.51	146.03
Matured and prime (7 - less than 12 years)	82.56	630.51	-	-	208.01	-	-
Mature (12 years onwards)	210.85	-	-	-	-	-	-
Total area planted	293.41	1,223.79	374.00	964.33	421.35	175.38	292.06
Plantable reserve	-	-	58.50	-	-	-	-
Jungle land	-	-	-	-	-	-	-
Fruit orchard	-	-	-	-	-	-	-
Road, buildings and utilities	22.59	156.16	-	35.27	19.55	6.41	10.74
Mill site	-	-	4.05*	-	-	-	-
	22.59	156.16	62.55	35.27	19.55	6.41	10.74
Total area	316.00	1,379.95	436.55	999.60	440.90	181.79	302.80

8. INFORMATION ON THE NPC GROUP (Cont'd)

Company	Sinar Ramai Hectares	Intan Ramai Hectares	Sofrah Hectares	Zupakeja Hectares	Agrisa Hectares	Total land owned by the Group Hectares	Land in which Group has 51% interest [^] Hectares	Land not owned by the Group [†] Hectares	Total Hectares
Immature (less than 4 years)	-	-	18.04	-	338.24	1,617.98	980.14	-	2,598.12
Matured and young (4 - less than 7 years)	-	-	178.06	199.92	-	2,058.62	-	-	2,058.62
Matured and prime (7 - less than 12 years)	-	-	-	-	-	1,288.18	-	259.14	1,547.32
Mature (12 years onwards)	-	-	-	-	-	651.14	-	-	651.14
Total area planted	-	-	196.10	199.92	338.24	5,615.92	980.14	259.14	6,855.20
Plantable reserve	-	120.00	-	-	-	521.48	-	-	521.48
Jungle land	192.30	108.10	-	-	-	300.40	-	-	300.40
Fruit orchard	-	-	-	-	-	7.70	-	-	7.70
Road, buildings and utilities	-	-	19.04	2.18	56.26	469.89	25.86	4.81	500.56
Mill site	-	-	-	-	-	39.44	-	-	39.44
	192.30	228.10	19.04	2.18	56.26	1,338.91	25.86	4.81	1,369.58
Total area	192.30	228.10	215.14	202.10	394.50	6,954.83	1,006.00	263.95	8,224.78*

Notes:-

Inclusive of 202.40 hectares of land subleased from Mature Land of which 32.71 hectares are immature and 161.37 hectares are crops less than seven (7) years maturity whilst the balance 8.32 hectares comprise road, buildings and utilities.

Inclusive of 400.30 hectares of land subleased from Deltafort of which 17.32 hectares are crops less than seven (7) years maturity, 342.98 hectares are plantable reserves and the balance comprise road, buildings and utilities.

^ Through a Memorandum of Sublease with Koperasi Kakitangan Perkhidmatan Pelajaran Sabah Berhad for a period of 28 years to the extent of 51% of total land area.

† The Group has the right to develop and cultivate the land pursuant to development and cultivation agreements entered into between a subsidiary of NPC and the land owners. Under the said development and cultivation agreements, the Group has the rights to all FFB harvested from the land.

* Excludes 18.33 hectares subleased pursuant to a sublease agreement entered into by Berkat on 12 June 2000.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4.3 Production and Operations

The main output of the NPC Group is FFB from its oil palm plantations and CPO and PK from its palm oil processing mills.

Production of FFB for the past five (5) financial years ended 31 December 1996 to 2000 and nine (9) months ended 30 September 2001 are as follows:-

	-----Year ended 31 December-----					9 months ended 30 September 2001
	1996	1997	1998	1999	2000	
Matured area #						
Oil palm (hectares)	1,871	2,454	2,521	2,843	3,701	4,257
Crop production						
FFB (metric tonnes)	34,672	38,689	34,270	52,465*	62,187**	51,344**
Yield						
FFB (metric tonnes per hectares)	18.53	15.77	13.59	18.45	16.80	16.08 [†]

Notes:-

Annualised

- * Excludes crop production from a plantation land sold in February 1999 and scout harvesting amounting to 111 metric tonnes and 1,090 metric tonnes respectively.
- ** Excludes crop production from scout harvesting amounting to 1,418 metric tonnes and 113 metric tonnes for the financial year ended 31 December 2000 and nine (9) months ended 30 September 2001 respectively.
- # Includes 259.14 hectares of estates belonging to small landowners for which development and cultivation agreements had been entered into between Growth and the respective owners of the estates.
- (i) For purposes of computing yield of FFB, oil palm trees exceeding 48 months old are considered matured.
- (ii) The low yield for the two (2) financial years ended 31 December 1997 and 1998 were due to the recent maturity of the trees and the El Nino weather effect.

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8. INFORMATION ON THE NPC GROUP (Cont'd)

The production records of the two (2) mills for the past five (5) financial years ended 31 December 2000 and nine (9) months ended 30 September 2001 are as follows:-

	-----Year ended 31 December-----					9 months ended 30 September 2001
	1996	1997	1998	1999	2000	
Intake of FFB (metric tonne)						
SROPP mill						
- NPC Group	-	2,612	24,352	25,154	5,509	4,488
- Other estates	-	37,618	125,760	113,583	175,885	135,640
Sub-total	-	40,230	150,112	138,737	181,394	140,128
Berkat mill						
- NPC Group	34,672	36,077	9,918	28,512	58,096	46,969
- Other estates	245,039	221,715	138,068	116,926	124,887	99,193
Sub-total	279,711	257,792	147,986	145,438	182,983	146,162
Total	279,711	298,022	298,098	284,175	364,377	286,290
Output of CPO and PK (metric tonne)						
SROPP mill						
- CPO	-	8,240	29,743	29,502	37,975	29,511
- PK	-	1,964	7,649	6,603	9,118	7,416
Berkat mill						
- CPO	53,891	50,536	30,143	31,056	38,798	30,752
- PK	12,555	13,304	8,123	7,246	9,519	7,806
Average extraction rate						
SROPP mill						
- CPO	-	20.48%	19.81%	21.26%	20.94%	21.06%
- PK	-	4.88%	5.10%	4.76%	5.03%	5.29%
Berkat mill						
- CPO	19.27%	19.60%	20.37%	21.35%	21.20%	21.04%
- PK	4.49%	5.16%	5.49%	4.98%	5.20%	5.34%

Note:-

The SROPP mill only commenced operations in October 1997.

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8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4.4 Production Processes

The extraction of CPO involves a series of processes known as milling. The main stages of extracting CPO are sterilisation, bunch stripping, digestion, oil and palm kernel extraction, oil clarification and purification, and storage of products.

Sterilisation

At the sterilisation stage, FFB collected from the various oil palm plantations are sterilised to remove external impurities. This stage involves steaming of fruit bunches at about 145 degrees Celsius for a period of approximately 90 minutes. The main objectives are to deactivate lipolytic enzymes responsible for the rise of free fatty acids, to detach/loosen the fruits from the bunches, to soften the mesocarp of the fruits and to pre-condition the nuts for easy kernel recovery.

Bunch Stripping

The bunch stripping stage involves the fruits being stripped and separated from the bunch in a rotary drum stripper. The sterilised bunches are fed into the drum. In the drums, the fruits are knocked out of the bunch by repetitive lifting and dropping of bunches as they pass through the stripper. The detached fruits fall through the perforation on the drum wall and are collected in a screw conveyor, which are then fed into the digester.

Digestion

The digestion process primarily involves decorticing of the fruitlets before the oil extraction process and mashing up of the fruits under steam heated conditions. The digester is a vertical cylindrical vessel fitted with a rotating shaft carrying a number of stirring arms. The action of the stirring arms breaks up the oil-bearing cells of the fleshy layer of the fruit wall to form a digested mash, a soft pulpy mixture.

Oil and Palm Kernel Extraction

The oil extraction stage is known as the twin screw presses process which is generally used to press out the oil from the digested mash under high pressure. Hot water is added to reduce the viscosity of the crude slurry oil and the raw crude oil is pumped into the clarification tank for the removal of other impurities. The fibre and nut, also known as the press cake, are conveyed to the depericarper for separation by the pneumatic column process. At the kernel recovery station, the nuts are cracked and separated from the fibre. After several repetitive pneumatic columns and hydro-cyclones processes, the kernel detaches itself from the shell. The kernels are dried prior to bulk despatch to external refineries and the shell and fibre are used as boiler fuel.

Oil Clarification and Purification

The clarification and purification processes are employed to minimise the levels of moisture, dirt and other impurities. The CPO mixture from the screw press consist of a mixture of crude oil, water, fibrous materials and other solids in varying proportions. The clarification process is a post extraction process whereby the CPO mixture is left in the clarification tank for approximately five (5) hours and thereafter the oil is continuously skimmed from the top of the tank while the denser impurities settle at the base of the tank. Under the post extraction process, the CPO mixture is pumped into a continuous clarification tank and the oil is maintained at about 95 degrees Celsius to enhance the process of oil separation.

8. INFORMATION ON THE NPC GROUP (Cont'd)

The purification process involves a secondary processing to remove free fatty acids, phosphatides and other impurities. Subsequently the oil is passed through a high speed centrifuge and a vacuum dryer to a moisture and impurities contents not exceeding 0.25%, and discharged into the storage tank.

Storage of Products

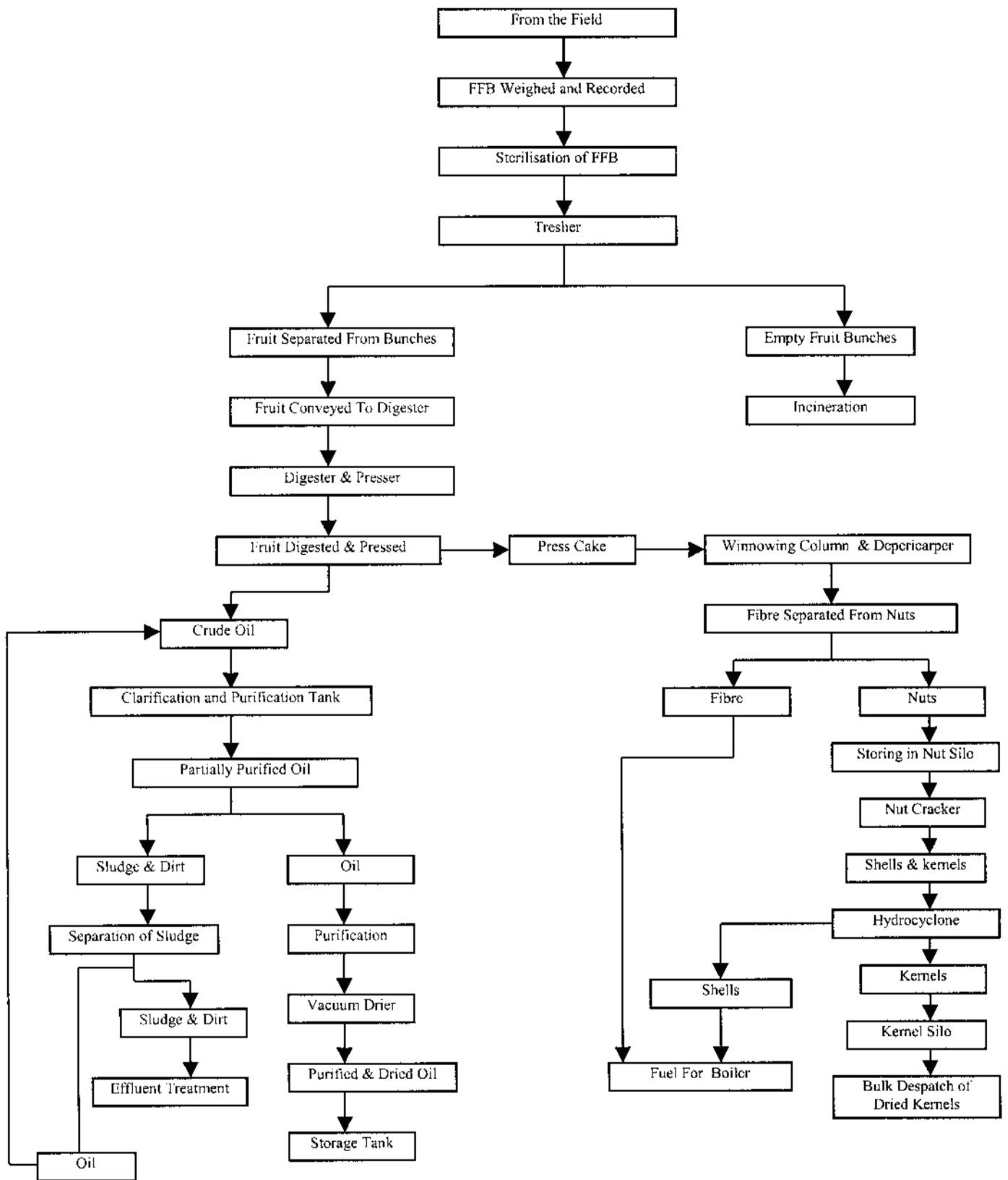
The purified oil is subsequently pumped into the storage tanks, with a storage capacity ranging from 500 tonnes to 2,000 tonnes, and transported by oil tankers to the oil refineries. The kernel, with moisture and dirt levels not exceeding 7% and 6% respectively, is stored in silos and bulk dispatched to kernel crushing plants by lorries.

Last but not least, the oil palm biomass waste, such as palm oil sludge from the clarification and purification processes, and the residue cakes after the extraction of oil, are dried and converted into organic fertilisers. To prevent ecological and pollution hazards, these effluents from the mills are also used for improving soil structure and water holding capacity which reduces soil erosion and soil temperature respectively.

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8. INFORMATION ON THE NPC GROUP (Cont'd)

Set out below is the summary of the production process:-



8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4.5 Marketing and Distribution

At present, all FFB collected from the plantations of the NPC Group are sent to the nearer of the two (2) palm oil processing mills owned and operated by the Group which is either the SROPP mill or Berkat mill as both mills have sufficient capacity to process all of the Group's FFB harvest. The CPO and PK produced by the NPC Group are sold entirely to domestic customers comprising major refineries located in the state of Sabah. The major customers of the NPC Group (contributing 10% or more of the Group's revenue) for the nine (9) months ended 30 September 2001 are as follows:-

Customers	Length of relationship (years)	Revenue for nine months -----ended 30 September 2001-----	
		RM'000	Percentage of total revenue (%)
Sandakan Edible Oils Sdn. Bhd. ("SEO")	13	26,669	49.3
Kwantas Oil Sdn. Bhd. ("Kwantas")	5	12,642	23.4
Lahad Datu Edible Oils Sdn. Bhd.	3	8,067	14.9
IOI Edible Oil Sdn. Bhd.	4	6,347	11.7
Others		410	0.7*
		<u>54,135</u>	<u>100.0</u>

Note:-

* *Rounded down*

The Group had executed supply agreements with two (2) of its major customers, namely SEO and Kwantas, for the supply of CPO and PK that are automatically renewed on a yearly basis unless terminated by either party by giving prior notice of termination.

The salient features of the above agreements are as follows:-

Kwantas ("Buyer")

(i) CPO

- (a) SROPP ("Seller") shall sell and the Buyer shall buy the total production or part from the Seller's oil mill;
- (b) Price fixing shall either be based on :-

(aa) Spot month

Based on either monthly National PORLA average delivered price for delivery month less a fixed amount (in RM) per tonne or Daily National PORLA CPO average delivered price for that particular day less a fixed amount (in RM) per tonne; or

8. INFORMATION ON THE NPC GROUP (Cont'd)

(bb) Forward months

Seller has the option to price-fix up to two (2) months forward on any market day based on either Daily National PORLA CPO average delivered price quoted for the relevant month on that particular price-fixing day less a fixed amount (in RM) per tonne or mutually agreed price in the event the PORLA price for the relevant delivery month is not available for any market day elected as the price fixing day;

(c) Payment to be made in full within a fixed period from the receipt of Seller's fax/telex invoice in which Seller shall invoice Buyer once every week; and

(d) The contract will be automatically renewed on a yearly basis unless terminated by either party giving an agreed fixed period notice of termination.

(ii) PK

(a) Seller shall sell its total production on a delivered basis of which delivery will be made monthly and in bulk;

(b) Price fixing shall either be based on:-

(aa) Monthly National PORLA PK average price per metric tonne ex Buyer's Kernel Crushing Plant, less discount of a fixed amount (in RM) per metric tonne; or

(bb) For forward pricing, the price is to be mutually agreed between Seller and Buyer, less discount of a fixed amount (in RM) per metric tonne; or

(cc) Daily National PORLA average delivered price for the particular day less a fixed amount (in RM);

(c) Payment to be made in full within a fixed period from the date of receipt to fax/telex invoice from Seller; and

(d) The contract will be automatically renewed on a yearly basis unless terminated by either party giving an agreed fixed period notice of termination.

SEO ("Buyer")

(i) CPO

(a) Berkat ("Seller") shall sell its full production to the Buyer. Seller has the option to sell elsewhere if Buyer refuses to buy any quantity exceeding the estimated quantity notified to the Buyer two (2) months prior to delivery;

(b) Price shall be based on Daily National PORLA average price for the particular day less a fixed amount (in RM) or National PORLA monthly average price for a particular month less a fixed amount (in RM);

8. INFORMATION ON THE NPC GROUP (Cont'd)

- (c) Payment to be made in full within a fixed period from the date of receipt of invoice from Seller; and
 - (d) The contract will be automatically renewed unless terminated by either party giving an agreed fixed period notice of termination.
- (ii) **PK**
- (a) Seller shall sell its total production on a delivered basis of which delivery will be made monthly and in bulk;
 - (b) Price shall be based on Monthly PORLA National PK average traded price per tonne (ex-mill basis), less discount of a fixed amount (in RM) per metric tonne or mutually agreed price in the event of spot pricing. In the event a price cannot be mutually agreed upon, the price will be based on Daily National PORLA PK price per metric tonne (ex-mill basis) less discount of a fixed amount (in RM) per metric tonne;
 - (c) Payment shall be made within an agreed fixed period on receipt of Seller's fax/telex invoice at Buyer's office in which Seller shall invoice the Buyer once every week; and
 - (d) The contract will be automatically renewed unless terminated by either party giving an agreed fixed period notice of termination.

8.4.6 Quality Control

All processes, ranging from the picking of the FFB to the storage of the extracted CPO, are closely checked and monitored by the Group's trained personnel. Emphasis is given to the freshness of the FFB and the smooth running of the production process to ensure that quality is consistently maintained throughout. At the estates, random physical quality checking are conducted on the FFB, while at the mills, both the SROPP mill and Berkat mill observe strict quality control procedures and complies with the maximum acidity or Free Fatty Acid ("FFA") content benchmark as prescribed by the MPOB, a regulatory body in the local palm oil industry.

The colour of the CPO, usually a bright orange-red colour, is an indication of its quality which is measured by the Lovibond comparator. The Lovibond comparator is a widely used system by which the colour of the oil can be measured. The essential features of this comparator system are a light source, calibrated coloured glasses forming the standard of references and an instrument to match against the oil.

8.4.7 Sourcing of Raw Materials

Both mills source their FFB from the NPC Group's plantations as well as other plantations as the existing volume of FFB harvested from the NPC Group's plantations are insufficient to meet the mills' production requirements.

8. INFORMATION ON THE NPC GROUP (Cont'd)

None of the external suppliers of FFB to the Group constitute more than ten per centum (10%) of the Group's total purchases for the nine (9) months ended 30 September 2001. Details of the Group's larger external suppliers of FFB, including the percentage of total purchases from each supplier based on total purchases for the nine (9) months ended 30 September 2001, are as follows:-

Suppliers	Length of relationship (years)	RM'000	Percentage of total purchases (%)
Malbumi Estate Sdn. Bhd.	2	2,638	7.91
Agroco Plantation Sdn. Bhd.	12	1,375	4.12
Pertama Land & Development Sdn. Bhd.	6	1,039	3.12
Syarikat Pertanian Emmal Sdn. Bhd.	3	1,011	3.03
Tan Boon Bak (Sabah) Sdn. Bhd.	10	860	2.58
Others		26,425	79.24
Total		33,348	100.00

The supply of FFB from the NPC Group is expected to increase in the future with the increasing maturity of its oil palm trees as well as the development and cultivation of its existing plantable reserves to increase its planted hectareage. For the nine (9) months ended 30 September 2001, the NPC Group supplies approximately 18% of the total FFB processed by the mills whilst the balance 82% was supplied by external plantations. In view of its need for external sourcing of FFB, the Group operates nine (9) collecting stations at strategic locations in the districts of Sandakan, Labuk-Sugut, Kinabatangan and Lahad Datu. Furthermore, the Group had also executed fifty (50) plantation development and cultivation agreements between 1989 to 1994 with various small land owners whereby the Group would develop and carry out oil palm cultivation on these lands. In return for the development of the land, the Group is entitled to the FFB harvest. At present, the total land area under such development and cultivation agreements amount to 263.95 hectares, of which 259.14 hectares are planted with matured oil palm with FFB supply averaging 22 tonnes per hectare per annum for the nine (9) months ended 30 September 2001. These small land owners may terminate their respective development and cultivation agreement and take possession of their respective land and all oil palm planted thereon at any time giving three (3) months' notice in writing and payment of compensation between RM3,900 to RM4,500 per acre subject to the terms and conditions of the respective development and cultivation agreement.

On 7 May 1999, Berkat had entered into a development and cultivation agreement with Koperasi Kakitangan Perkhidmatan Pelajaran Sabah Berhad ("Koperasi") to develop and cultivate oil palm on the said land on a pre-determined profit sharing ratio for a period of 28 years ending 6 May 2027 (and which is renewable for another 28 years). In the first 28 years of the agreement, Berkat is entitled to 74% of profits generated from the development project whilst in the subsequent 28 years, Berkat's profit sharing ratio is 60%. However, in the event of a loss suffered in developing this land, Berkat will bear all the losses. On 7 May 1999, Berkat had also entered into a Memorandum of Sublease with Koperasi as mentioned in Section 8.4.2 of this Prospectus.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.4.8 Research and Development

At present, the Group is paying monthly and quarterly fees to the MPOB to contribute towards the active research and development activities conducted by MPOB. MPOB's policies and directions are geared towards yield enhancement of oil palm and other related palm products, as follows:-

- (a) Improvement in planting materials and procedures for crop planting;
- (b) Improvement in production processes, materials and production technologies for CPO extraction;
- (c) Genetic development of new seedlings; and
- (d) Improvement in pest controls.

8.4.9 Management and Employees

The Directors of NPC are supported by a team of qualified management staff who are experienced in their respective field. As at 28 February 2002, the Group has a total workforce of 1,328 employees. The employees do not belong to any labour union and enjoy a cordial relationship with the management.

Its employees could be generally segregated into three (3) categories, namely:-

Category	No. of employees	Average range of no. of years in services
Managerial/ Professional	10	3 - 4
Technical/ Supervisory	79	2 - 5
Clerical, general and factory workers	1,239	2 - 5
Total	<u>1,328</u>	

The Group promotes the upgrading of its employees' skills through appropriate on-the-job training as well as participation in various external career development programmes.

8.4.10 Location of Principal Place of Business, Production Facilities and Principal Assets

The locations of the Group's principal place of business and production facilities are as follows:-

- Principal place of business : Lot 8 & 9, T3
Taman Tshun Ngen
Mile 5, Jalan Labuk
90000 Sandakan
Sabah
- Production facilities : (i) SROPP Mill
Kilometre 87
Sandakan-Lahad Datu Highway
Segaliud Lokan, Kinabatangan
Sabah

8. INFORMATION ON THE NPC GROUP (Cont'd)

- (ii) Berkat Mill
Kilometre 70
Sandakan-Telupid-Kota Kinabalu Highway
Labuk-Sugut
Sabah

The principal assets of the Group are its oil palm plantations, particulars of which are as set out in Section 8.7 of this Prospectus. The other assets of the Group are located in its principal place of business and production facilities.

8.5 Subsidiaries and Associated Companies

Details of NPC's subsidiaries as at the date hereof, all of which were incorporated in Malaysia, are as follows:-

Subsidiaries	Date of incorporation	Authorised share capital RM	Issued and paid-up capital RM	Effective Equity interest %	Principal activities
Natural	17.10.83	5,000,000	4,500,000	100.00	Operation of an oil palm plantation and investment holding
Subsidiaries of Natural					
Growth	20.11.79	5,000,000	1,704,440	100.00 ⁺	Operation of oil palm plantations
NKH	09.03.96	10,000,000	5,570,200	100.00	Investment holding and the provision of management services
Emashijau	14.05.76	100,000	2	100.00	Provision of management services on purchasing of consumable stores
Wenow	15.08.94	100,000	3	100.00	Trading of FFB and provision of transportation services
Summer Focus	24.04.98	100,000	1,000	100.00	Plantation development contractor
Subsidiaries of NKH					
Dat Soon	02.11.74	250,000	208,000	100.00	Trading of FFB
SROPP	24.10.84	5,000,000	3,000,000	100.00	Operation of oil palm plantations and palm oil mill
Subsidiaries of Growth					
Ballerina	25.11.80	500,000	250,000	100.00	Operation of an oil palm plantation
Bintang	05.04.79	500,000	360,504	100.00	Operation of oil palm plantations
Intan Ramai	29.10.84	500,000	250,000	100.00	Operation of an oil palm plantation
Miasa	18.02.81	2,000,000	1,153,302	100.00*	Operation of an oil palm plantation
Sinar Ramai	24.04.85	500,000	250,000	100.00	Operation of an oil palm plantation

8. INFORMATION ON THE NPC GROUP (Cont'd)

Subsidiaries	Date of incorporation	Authorised share capital RM	Issued and paid-up capital RM	Effective Equity interest %	Principal activities
Subsidiaries of Growth (Cont'd)					
Soon Tai	11.10.79	200,000	1,000	100.00	Operation of an oil palm plantation
Sofrah	02.10.78	500,000	300,000	100.00	Operation of an oil palm plantation
Transglobe	12.12.81	500,000	250,000	100.00	Operation of an oil palm plantation
Kidat	22.08.80	3,000,000	720,009	100.00	Provision of transportation services
Telupid	26.12.89	5,000,000	2,674,855	70.00	Operation of oil palm plantations
Berkat	08.11.79	2,000,000	2,000,000	95.50 [#]	Operation of palm oil mill and oil palm plantations
Seraya	27.07.76	200,000	10,001	100.00	Operation of an oil palm plantation
Sebuda	12.04.79	2,000,000	1,500,000	100.00	Operation of an oil palm plantation
Subsidiaries of SROPP					
Deltafort	31.12.85	500,000	250,000	100.00	Subleasing of its leasehold land
Mature Land	21.07.89	500,000	250,000	100.00	Subleasing of its leasehold land
Zupakeja	23.05.78	700,000	8,000	73.50	Operation of an oil palm plantation
Subsidiary of Bintang					
Jejco	02.06.79	25,000	3	100.00	Operation of an oil palm plantation
Subsidiary of Berkat					
Agrisa	11.06.83	5,000,000	1,470,000	95.50	Operation of an oil palm plantation
Subsidiary of Telupid					
Bonus Indah	23.09.85	5,000,000	2,000,000	70.00	Operation of an oil palm plantation

Notes:-

- + 10.00% of its equity is held by NKII.
- * 27.00% of its equity is held by Soon Tai.
- # 15.00% of its equity is held by Telupid.

As at the date hereof, NPC does not have any associated company. Details on the subsidiaries of NPC are set out in Section 10 of this Prospectus.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.6 Proforma Consolidated Income Statements

The following is a summary of the proforma consolidated income statements of the NPC Group for the past five (5) financial years ended 31 December 1996 to 2000 and the nine (9) months ended 30 September 2001, which have been prepared based on the audited financial statements of NPC and its subsidiaries for the relevant financial years/period are provided for illustrative purposes, on the assumption that the current structure of NPC Group had been in existence throughout the financial years and period under review and after making such adjustments considered necessary:-

	Financial year ended 31 December					9 months ended 30 September 2001
	1996 RM'000	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000
Revenue						
Sales of CPO	61,811	80,945	141,847	78,386	69,474	48,121
Sales of PK	9,516	11,360	16,577	14,072	11,172	6,014
Sales of FFB	8,111	9,656	82	99	623	184
Plantation support services	563	524	2,626	2,680	157	258
	<u>80,001</u>	<u>102,485</u>	<u>161,132</u>	<u>95,237</u>	<u>81,426</u>	<u>54,577</u>
Profit before finance cost, depreciation and taxation	13,133	16,475	21,381	20,199	16,381	11,471
Finance cost	(1,153)	(1,819)	(4,151)	(2,933)	(1,990)	(1,415)
Depreciation	(3,067)	(3,434)	(4,308)	(4,338)	(4,148)	(4,458)
Profit before taxation, exceptional item and minority interests	8,913	11,222	12,922	12,928	10,243	5,598
Exceptional item	-	-	-	(47)	(812)	-
Profit before taxation and minority interests	8,913	11,222	12,922	12,881	9,431	5,598
Taxation	(1,946)	(1,888)	563	365	(741)	(590)
Profit after taxation but before minority interests	6,967	9,334	13,485	13,246	8,690	5,008
Minority interests	(451)	(507)	(886)	(587)	(325)	(153)
Profit after taxation and minority interests	<u>6,516</u>	<u>8,827</u>	<u>12,599</u>	<u>12,659</u>	<u>8,365</u>	<u>4,855</u>
No. of ordinary shares assumed in issue ('000)*	72,000	72,000	72,000	72,000	72,000	72,000
Net EPS (RM)	0.09	0.12	0.17	0.18	0.12	0.09 [^]
Dividend rate						
- Gross (%)	-	-	-	5.37 [#]	2.85 [#]	2.92 [#]
- Tax exempt (%)	-	-	-	1.80 [#]	-	0.11 [#]

Notes:-

[^] Annualised

* The assumed issued and paid-up share capital of 72,000,000 ordinary shares of RM1.00 each is based on the issued and paid-up share capital of NPC after the Acquisitions but before the Public Issue.

[#] Based on the number of ordinary shares assumed in issue of 72,000,000.

8. INFORMATION ON THE NPC GROUP (Cont'd)

- (i) The increase in revenue and profit before taxation for the financial year ended 31 December 1997 was due to the increase in FFB harvest from its maturing estates coupled with the global improvement in CPO prices.
- (ii) The increase in revenue and profit before taxation for the financial year ended 31 December 1998 was due to the commencement of operations of SROPP's mill in October 1997 coupled with the global improvement in CPO prices.
- (iii) The decrease in revenue for the financial year ended 31 December 1999 was due to the decrease in prices and volume of CPO and PK sold. However, profit before taxation remained relatively constant mainly due to the increase in production of FFB from the Group's maturing estates, the improvement in the oil extraction rate of CPO, and a decrease in the finance costs of the Group. The exceptional item was due to the shortfall in insurance payout for damages to one of its estates.
- (iv) The decrease in revenue and profit before taxation for the financial year ended 31 December 2000 was mainly due to falling CPO and PK prices. The exceptional item was due to the shortfall in insurance payout for damages to one of its estates.
- (v) The decrease in revenue and profit before taxation for the financial period ended 30 September 2001 was mainly due to falling CPO and PK prices.
- (vi) There was no extraordinary item in respect of the financial years and period under review.

8.7 Landed Properties

The summary of the information on landed properties of the NPC Group are as follows:-

Registered owner	Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Net book value as at 30.09.2001 RM	Revised market value# RM	Valuation as approved by the SC RM	Revaluation surplus/ (deficit) as approved^^ RM
Plantation land							
<u>Division One</u>							
Growth	Oil palm estate, CL 085317406, CL 085321571 & CL 085321820, District of Labuk-Sugut, Sabah	183.05	99 years lease expiring 31 December 2077 and 31 December 2086	667,999	4,072,215	3,400,000	2,732,001
Soon Tai	Oil palm estate, CL 085311271, District of Labuk-Sugut, Sabah	38.03	99 years lease expiring 31 December 2077	15,356	868,216	700,000	684,644
Jejco	Oil palm estate, CL 085311280, District of Labuk-Sugut, Sabah	40.71	99 years lease expiring 31 December 2077	84,307	825,467	700,000	615,693
Bintang	Oil palm estate, CL 085311299, District of Labuk-Sugut, Sabah	195.47	99 years lease expiring 31 December 2078	499,973	6,104,622	5,100,000	4,600,027

8. INFORMATION ON THE NPC GROUP (Cont'd)

Registered owner	Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Net book value as at 30.09.2001 RM	Revised market value# RM	Valuation as approved by the SC RM	Revaluation surplus/ (deficit) as approved^^ RM
<u>Division One (Cont'd)</u>							
SROPP	Oil palm estates and 7.7 hectares of durian orchard, CL 085312376, CL 085311566 & CL 085312385, District of Labuk-Sugut, Sabah	224.94	99 years lease expiring 31 December 2077 & 31 December 2080	3,158,992	5,540,690	4,800,000	1,641,008
<u>Division Two</u>							
Ballerina	Oil palm estate, CL 095311256, District of Kinabatangan, Sabah	82.23	99 years lease expiring 31 December 2077	62,813	1,696,371	1,696,371	1,633,558
	Oil palm estate, CL 095310464, District of Kinabatangan, Sabah	80.90	99 years lease expiring 31 December 2077	1,279,431	1,789,897	1,789,897	510,466
Sebuda	Oil palm estate, CL 095311078, District of Kinabatangan, Sabah	316.00	99 years lease expiring 31 December 2078	1,054,764	5,625,776	5,625,776	4,571,012
Telupid	Oil palm estate, PL 096290363, District of Kinabatangan, Sabah	374.30	99 years lease expiring 31 December 2078	1,478,016	7,624,671	7,624,671	6,146,655
<u>Division Three</u>							
Telupid	Oil palm estate, CL 085312312, District of Labuk-Sugut, Sabah	1,005.65	99 years lease expiring 31 December 2078	6,189,529	21,736,000	21,736,000	15,546,471
<u>Division Four</u>							
Bonus Indah	Oil palm estate, CL 085325079 & CL 085325355, District of Labuk-Sugut, Sabah	999.60	99 years lease expiring 31 December 2091	20,921,701	20,729,000	20,729,000	(192,701)
Berkat	Oil palm estate, CL 085314398, CL 085314405 & CL 085325953, District of Labuk-Sugut, Sabah	432.50	99 years lease expiring 31 December 2083 and 31 December 2093	1,871,469	3,936,000	3,936,000	2,064,531

8. INFORMATION ON THE NPC GROUP (Cont'd)

Registered owner	Description/ Title/Location	Land area Hectars (unless otherwise stated)	Tenure (years)	Net book value as at 30.09.2001 RM	Revised market value# RM	Valuation as approved by the SC RM	Revaluation surplus/ (deficit) as approved^^ RM
Division Five							
Natural	Oil palm estate, CL 085313088, CL 085313097, CL 085313104, CL 085313113, CL 085313122, & CL 085313131, District of Labuk- Sugut, Sabah	102.19	99 years lease expiring 31 December 2079	489,384	2,302,000	2,302,000	1,812,616
Miasa	Oil palm estate, CL 085313551 & PL 086290459, District of Labuk- Sugut, Sabah	440.90	99 years lease expiring 31 December 2079 and 31 December 2081	2,168,462	8,845,000	8,845,000	6,676,538
Seraya	Oil palm estate, CL 085314058, CL 085314067, CL 085314076, CL 085314085, CL 085314094, CL 085314101, CL 085314110, CL 085314129 & CL 085314138, District of Labuk- Sugut, Sabah	181.79	99 years lease expiring 31 December 2080	1,255,832	3,612,000	3,612,000	2,356,168
Transglobe	Oil palm estate, CL 085320467, District of Labuk- Sugut, Sabah	302.80	99 years lease expiring 31 December 2082	2,185,880	6,140,000	6,140,000	3,954,120
Sinar Ramai	Secondary jungle, CL 085324116, District of Labuk- Sugut, Sabah	192.30	99 years lease expiring 31 December 2086	72,221	1,346,000	1,346,000	1,273,779
Intan Ramai	Felled and secondary jungle, CL 085324125, District of Labuk- Sugut, Sabah	228.10	99 years lease expiring 31 December 2086	78,544	1,633,000	1,633,000	1,554,456
Division Six							
Deltafort (sublease to Bintang)	Oil palm estate, CI. 095317650, District of Kinabatangan, Sabah	400.30	99 years lease expiring 31 December 2087 ^{##}	2,487,451	4,821,000 ^{##}	4,821,000	2,333,549
Mature Land (sublease to Growth)	Oil palm estate, CL 095324833, District of Kinabatangan, Sabah	202.40	99 years lease expiring 31 December 2093 ^{##}	3,067,762	4,567,000 ^{##}	3,285,000	217,238

8. INFORMATION ON THE NPC GROUP (Cont'd)

Registered owner	Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Net book value as at 30.09.2001 RM	Revised market value# RM	Valuation as approved by the SC RM	Revaluation surplus/ (deficit) as approved^^ RM
<u>Division Six (Cont'd)</u>							
Zupakeja	Oil palm estate, CL 075382133, District of Sandakan, Sabah	202.10	99 years lease expiring 31 December 2079	1,667,972	4,522,000	3,500,000	1,832,028
SROPP	Oil palm estate, CL 095310348, District of Kinabatangan, Sabah	40.47^	99 years lease expiring 31 December 2077	932,538	1,108,000	1,000,000	67,462
	Oil palm estate, CI. 075201231, District of Sandakan, Sabah	39.02	99 years lease expiring 31 December 2060	1,118,856	1,690,000	1,690,000	571,144
Sofrah	Oil palm estate, CL 075409737 & CL 075412672, District of Sandakan, Sabah	215.14	99 years lease expiring 31 December 2082 & 31 December 2079	1,242,629	4,381,000	3,300,000	2,057,371
Agrisa	Oil palm estate, CL 115367201, District of Lahad Datu, Sabah	394.50	99 years lease expiring 31 December 2085	4,015,913	5,400,000	5,400,000	1,384,087
<u>Other landed properties</u>							
Ballerina	2 adjoining double storey shophouses with a built-up area of 782.13m ² , CL 075318384 & CL 075318375, District of Sandakan, Sabah Approximate age of buildings = 27 years	395.55m ²	999 years lease expiring 9 July 2887	242,722	912,000	912,000	669,278
				58,310,516	131,827,925	125,623,715	67,313,199
SROPP	Palm oil mill including civil works together with labourers' quarters with a mill built-up area of 6,232m ² , located on CL 095310348, District of Kinabatangan, Sabah Approximate age of mill = 7 years	35.39	99 years lease expiring 31 December 2077	7,623,983	*	*	*

8. INFORMATION ON THE NPC GROUP (Cont'd)

Registered owner	Description/ Title/Location	Land area Hectares (unless otherwise stated)	Tenure (years)	Net book value as at 30.09.2001 RM	Revised market value# RM	Valuation as approved by the SC RM	Revaluation surplus/ (deficit) as approved^^ RM
Berkat	Palm oil mill, including civil works with a mill built-up area of 4,193.80m ² , CL 085317413, District of Labuk- Sugut, Sabah Approximate age of mill = 16 years	4.05	60 years lease expiring 31 December 2044	5,910,729	*	*	*

Notes:-

m² square metre

* The palm oil mills were valued based on the earnings potential of the respective mills. As such, the net book value of the palm oil mills will not be adjusted for revaluation purposes.

Market value as per the letter from C.H. Williams, Talhar & Wong (Sabah) Sdn. Bhd. dated 19 October 2000.

Properties identified as CL095317650 and CL 095324833 are sub-leased by Deltafort and Mature Land for 92 years with effect from 1 January 1996 to 31 December 2087 and 97 years with effect from 1 January 1997 to 31 December 2093, to Bintang and Growth respectively.

⊙ The aggregate of the sub-lease interests of Bintang and Deltafort amounting to RM3,425,000 and RM1,396,000 respectively.

⊙ The aggregate of the sub-lease interests of Growth and Mature Land amounting to RM3,882,000 and RM685,000 respectively.

^ Excluding the land area of 35.39 hectares on which the mill is situated.

^^ Computed based on net book values as at 30 September 2001 and the valuation as approved by the SC.

The market valuation of the above landed properties was carried out by C.H. Williams, Talhar & Wong (Sabah) Sdn. Bhd. ("CH Williams"), a firm of independent and professional valuers, using the Comparison method, and where relevant, Cost and Investment methods, based on the material date valuation of 1 March 2000. Subsequently, on 19 October 2000, CH Williams revised the market valuation of certain properties after taking into consideration the outlook of the palm oil industry. The Valuation Certificate is set out in Section 18 of this Prospectus.

The market values ascribed by the Valuers for the above properties and the valuation as approved by the SC on 4 April 2001 are as set out above. The revaluation deficit/surplus, computed based on the net book value of the respective properties as at 30 September 2001, is provided for illustrative purposes only. The actual revaluation deficit/surplus will be incorporated in the accounts of the respective subsidiaries of NPC for the financial year ending 31 December 2002, pursuant to the completion of the Acquisitions.

Transaction on the Acquisition of the Landed Properties during the past two (2) years

There was no transaction involved in the purchase of the properties listed above during the past two (2) years preceding the date of this Prospectus.

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.8 Major Approvals, Licences and Permits

Company	Details	Equity conditions	Status of compliance
SROPP	License to mill oil palm fruit and to carry out all other related activities issued by Palm Oil Registration and Licencing Authority (now known as Malaysian Palm Oil Board)	At least 70% of SROPP's shares are to be held by Malaysians including at least 30% to be reserved for Bumiputera's participation	Will be met. On completion of the Public Issue and Offer, NPC, the holding company of SROPP, will effectively meet the conditions as set.
	Licence to sell and move oil palm fruit issued by MPOB	None	N/A
	Two (2) licences to sell, purchase and move oil palm fruit at different locations issued by MPOB	None	N/A
Berkat	Licence to mill oil palm fruit and to carry out all other related activities issued by MPOB	The majority of Berkat's shares are to be held by Malaysians (at least 70%) including at least 30% to be reserved for Bumiputera's participation	Will be met. On completion of the Public Issue and Offer, NPC, the holding company of Berkat, will effectively meet the conditions as set.
	Two (2) licences to sell, purchase and move oil palm fruit at different locations issued by MPOB	None	N/A
Dat Soon	Three (3) licences to sell, purchase and move oil palm fruit at different locations issued by MPOB	None	N/A
Wenow	Licence to sell, purchase and move oil palm fruit issued by MPOB	None	N/A
Growth/ Ballerina/ Miasa/ Telupid/ Jejco/ Natural/ Bintang/ Sebuda/ Soon Tai/ Deltafort/ Scraya/ Transglobe/ Sofrah/ Bonus Indah/ Berkat/ Zupakeja/ Mature Land	Licence to sell and move oil palm fruit issued by MPOB	None	N/A
Natural	Licence to sell and move oil palm planting material (seedlings only) issued by MPOB	None	N/A

Note:-

N/A Not applicable

8. INFORMATION ON THE NPC GROUP (Cont'd)

8.9 Working Capital, Material Commitments for Capital Expenditure, Borrowings and Contingent Liabilities
(i) Working Capital

The Directors of NPC are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cashflow forecast and the banking facilities available and the net proceeds from the Public Issue and Disposal of Non-Operational Assets, the Group will have adequate working capital for its present foreseeable requirements.

(ii) Material Commitments for Capital Expenditure

Save as disclosed below, there are no material commitments for capital expenditure contracted or known to be contracted by NPC or its subsidiaries, which may have a substantial impact on the financial position of the Group as at 12 March 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus):-

	Amount RM'000
Approved and contracted for	145
Approved but not contracted for	-
	145

(iii) Borrowings

As at 12 March 2002 (being the latest practicable date of which such amounts could be calculated prior to the printing of this Prospectus), the Group has total borrowings amounting to RM53.91 million, all of which are interest bearing, of which approximately RM35.39 million are long term whilst the balance of RM18.52 million are short term in nature.

(iv) Contingent Liabilities

There are no material contingent liabilities incurred by NPC and its subsidiaries as at 12 March 2002 (being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus), other than those incurred in the ordinary course of business.

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT

9.1 Major Shareholders

9.1.1 Major Shareholders and their Shareholdings

The major shareholders (holding 5% or more of the issued and paid-up share capital of NPC) and their respective shareholdings, before and after the Public Issue and Offer, are as follows:-

Shareholders	Designation	Nationality/ Country of Incorporation	—Before the Public Issue and Offer—				—After the Public Issue and Offer—			
			No. of ordinary shares of RM1.00 each held		%		No. of ordinary shares of RM1.00 each held		%	
			Direct	%	Indirect	%	Direct	%	Indirect	%
JVSB ¹	-	Malaysia	25,600,000	35.56	-	-	25,600,000	32.00	-	-
Loo Pang Kee	Managing Director	Malaysian	14,742,399	20.48	25,600,000*	35.56	6,295,657	7.87	25,600,000*	32.00
Wong Siew Ying	Executive Director	Malaysian	13,849,725	19.24	25,600,000*	35.56	5,914,445	7.39	25,600,000*	32.00
P. Nagammal a/p Sithamparappillai	-	Malaysian	5,749,984	7.99	-	-	2,455,498	3.07	-	-

Notes:-

The shareholdings disclosed above do not include any allocations of the Issue Shares reserved for eligible Directors and employees of the NPC Group pursuant to the Public Issue.

1 JVSB was incorporated in Malaysia under the Companies Act, 1965 on 11 April 2000 as a private limited company. It is principally an investment holding company.

The Directors, who will be the major shareholders of JVSB, and their respective shareholdings therein pursuant to the Arrangement are as follows:-

Shareholders	No. of ordinary shares held	% of issued and paid-up share capital
Loo Pang Kee	80,000	80.0
Wong Siew Ying	20,000	20.0
	<u>100,000</u>	<u>100.0</u>

* Deemed interested through JVSB pursuant to the Arrangement.

9.1.2 Changes in Major Shareholders and their Shareholdings

Shareholders	—At Incorporation—				—After the Acquisitions—				—After the Arrangement—			
	No. of ordinary shares of RM1.00 each held		%		No. of ordinary shares of RM1.00 each held		%		No. of ordinary shares of RM1.00 each held		%	
	Direct	%	Indirect	%	Direct	%	Indirect	%	Direct	%	Indirect	%
Ivy Wee Swee Moi	1	50.00	-	-	1	#	-	-	1	#	-	-
Leong Kok Wai	1	50.00	-	-	1	#	-	-	1	#	-	-
Loo Pang Kee	-	-	-	-	35,222,399	48.92	-	-	14,742,399	20.48	25,600,000*	35.56
Wong Siew Ying	-	-	-	-	18,969,725	26.35	-	-	13,849,725	19.24	25,600,000*	35.56
JVSB	-	-	-	-	-	-	-	-	25,600,000	35.56	-	-
P. Nagammal a/p Sithamparappillai	-	-	-	-	5,749,984	7.99	-	-	5,749,984	7.99	-	-

Notes:-

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible Directors and employees of the NPC Group pursuant to the Public Issue.

On 12 May 2000, NPC allotted 49 new ordinary shares to 49 individual shareholders. Hence, prior to the Acquisitions, NPC has 51 individual shareholders, all of whom were holding one (1) ordinary share of RM1.00 each NPC, representing approximately 1.96% of the issued and paid-up share capital therein.

Negligible.

* Deemed interested through JVSB pursuant to the Arrangement.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.1.3 Other Directorships and Major Shareholdings

None of the major shareholders of NPC hold other directorships and/or have major shareholdings in other public companies incorporated in Malaysia for the past two (2) years as at 28 February 2002.

9.2 Promoters

Loo Ngin Kong, Wong Siew Ying and Loo Pang Kee, who are Directors of the Company, individually and collectively are promoters of the Company.

Their details are set out in Section 9.1.1 and 9.3.1 of this Prospectus. The profiles of the respective promoters are set out in Section 9.3.3 of this Prospectus. None of the promoters hold other directorships and has major shareholdings in other public companies incorporated in Malaysia, for the past two (2) years, as at 28 February 2002.

9.3 Directors

9.3.1 Shareholdings

The Directors of NPC and their shareholdings before and after the Public Issue and Offer, are as follows:-

Directors	—Before the Public Issue and Offer—				—After the Public Issue and Offer—			
	—No. of ordinary shares of RM1.00 each held—		—No. of ordinary shares of RM1.00 each held—		—No. of ordinary shares of RM1.00 each held—		—No. of ordinary shares of RM1.00 each held—	
	Direct	%	Indirect	%	Direct	%	Indirect	%
Loo Ngin Kong	1,685,290	2.34	-	-	719,694	0.90	-	-
Tengku Danik Dr. Zainal Adlin bin Tengku Mahamud	1	#	-	-	1	#	-	-
Loo Pang Kee	14,742,399	20.48	25,600,000*	35.56	6,295,657	7.87	25,600,000*	32.00
Wong Siew Ying	13,849,725	19.24	25,600,000*	35.56	5,914,445	7.39	25,600,000*	32.00
Lim Ted Hing	-	-	-	-	-	-	-	-
Dr. Lidmond Fernandez	-	-	-	-	-	-	-	-

Notes:-

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible Directors of the NPC Group pursuant to the Public Issue.

Negligible.

* Deemed interested through JWSB pursuant to the Arrangement.

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.3.2 Other Directorships and Shareholdings

Other than the Directors set out below, none of the other Directors of NPC hold other directorships and has major shareholdings in other public companies incorporated in Malaysia, for the past two (2) years, as at 28 February 2002:-

Name	Company	Directorship		Shareholdings			
		Date appointed	Date resigned	Direct No. of shares	%	Indirect No. of shares	%
Tengku Datuk Dr. Zainal Adlin bin Tengku Mahamood	FACB Resorts Berhad	2 July 2001	-	-	-	-	-
Lim Ted Hing	Cepatwasan Group Berhad	31 December 2001	-	3,634,488	1.92	-	-
	Tekala Corporation Berhad	20 June 1996	-	350,000	0.23	-	-
	Borneo Golf Rcsort Berhad	12 October 1994	-	1	*	-	-

Note:

* Negligible

9.3.3 Profiles

The details of the Directors of NPC are as follows:-

Loo Ngin Kong, aged 66, was appointed as Executive Chairman of NPC on 31 January 2002. He has over 30 years' experience in the fields of oil palm plantation and palm oil milling. He started his business venture in the plantation industry in the 1960s and 1970s when he was involved in oil palm cultivation and contracting works for Federal Land Development Authority ("FELDA") in Pahang Darul Makmur and Low Nam Hui Sdn. Bhd. and its subsidiaries and Johor Tenggara Development Authority in Johor Darul Takzim. He expanded his business to Sabah in 1981 when he acquired Growth, a small plantation-based company in Sandakan, Sabah. He also sits on the Board of various private limited companies.

Tengku Datuk Dr. Zainal Adlin bin Tengku Mahamood, aged 62, was appointed as Non-Executive Deputy Chairman of NPC on 31 January 2002. He obtained his Advanced Course in Local Government Administration Certificate from the University of Birmingham, United Kingdom and Institute of Local Government Studies, Sigtuna, Sweden in 1967. In 1981, he obtained the Top Management Programme Certificate from the Asian Institute of Management and in 1995, obtained his Doctor of Philosophy (Hon.) from University Kebangsaan Malaysia. He began his career as a professionally trained pilot from 1959 to 1960. He subsequently served in the Kelantan Civil Service and the Malaysian Home and Diplomatic Service in the capacity of Assistant District Officer, acting District Officer and Assistant State Secretary of Kelantan from 1961 to 1967 and was seconded to the Sabah State Government for five (5) years from 1968 to 1973 in the capacity of Chief Executive Officer of the Sabah State Housing Commission. From 1974 to prior to retirement from Government service in 1996, he served the Yayasan Sabah in various capacities including Group Projects Development Manager, Deputy Director and Corporate Advisor. At present, he is the Executive Chairman of Lintasan Mayang Sdn. Bhd., Lintasan Mayang Development Sdn. Bhd. and Triomac Engineering Sdn. Bhd., the Chairman of FACB Resorts Berhad as well as Chairman of Karambunai Resort Sdn. Bhd. and Sabah Tourism Promotion Corporation.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Loo Pang Kee, aged 33, was appointed as Managing Director of NPC on 31 January 2002. He joined the Group after the completion of his education in Singapore. He has over ten (10) years of working experience in the field of plantation-based activities. His exposure in oil palm cultivation and plantation development work was greatly enhanced over the last decade as he was involved directly in the estate development and rapid expansion of the Natural group of companies' land bank. His experience in the palm oil milling activities started in the late 1980s when the Natural group of companies ventured into palm oil milling business in 1989 through Berkat. His responsibilities include overseeing the overall management activities of the Group, and the formulation and implementation of the Group's business strategies.

Wong Siew Ying, aged 48, was appointed as Executive Director of NPC on 31 January 2002. She has played an instrumental role in the expansion of the Natural group of companies over the last 20 years and her areas of responsibility includes managing the Group's financial affairs, project funding requirements and credit management. She is also in charge of the administrative functions of the Group.

Lim Ted Hing, aged 47, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He is a member of the Malaysian Institute of Accountants and a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"). He obtained his Fundamentals of Accounting from the North East London Polytechnic in 1977. Upon completion, he joined Malvern & Co., a firm of public accountants based in London, as an Articled Clerk during which he completed the ICAEW professional examinations in 1983. He joined Ernst & Young in 1985 and was the Senior Manager of its office in Sandakan prior to joining Syarikat Tekala Sdn. Bhd. in 1994 as the Group Financial Controller. Later in June 1996, he was promoted to Executive Director/Chief Operating Officer of Tekala Corporation Berhad, a company listed on the Main Board of KLSE, and its subsidiaries. Other than his business interest in Tekala Group, he also holds directorships in Cepatwawasan Group Berhad, a company listed on the Second Board of KLSE, since December 2001 and sits on the board of Borneo Golf Resort Berhad as well as several other private limited companies.

Dr. Edmond Fernandez, aged 48, was appointed as the Independent Non-Executive Director of NPC on 25 February 2002. He graduated in 1981 from the University of Mysore, India. He started his medical practice in 1982 as a Medical Officer in Queen Elizabeth Hospital, Kota Kinabalu, Sabah and later in 1984, he was posted to Health Sandakan Health Department, Sabah as the Area Medical Officer. From 1988 onwards, he practised as a Private Medical Practitioner with Klinik Elopura Sdn. Bhd. ("KESB") and he was appointed as the Director of KESB since 1995. In 2001, he obtained his Licentiate of the Faculty of Occupational Medicine from Ireland and he was also appointed as a committee member of the Sandakan Water Watch Committee. He is the founding President of the Sandakan Toastmaster Club.

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9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.4 Key Management

9.4.1 Shareholdings

The key management personnel of NPC and their shareholdings after the Public Issue and Offer are as follows:-

Names	Designation	-----After the Public Issue and Offer-----			
		No. of ordinary shares of RM1.00 each held			
		Direct	%	Indirect	%
Lim Kee Fah @ Robert Lim+	Administration Manager	1	*	-	-
Tan Yun Su+	Group Accountant	1	*	-	-
Lok Kong @ Loh Tong Weng	Chief Engineer	1	*	-	-
Wong Yee Ling++	Mill Manager	-	-	-	-
Loh Yin Fah	Workshop Manager	-	-	-	-
David Thien Ming Soon+	Estate Manager	1	*	-	-
Chiang King Hong+	Senior Estate Manager	1	*	-	-
Imbau bin Taunangoi @ Imbau Kaangui	Division Manager	1	*	-	-

Notes:-

+ Lim Kee Fah @ Robert Lim, Tan Yun Su, David Thien Ming Soon and Chiang King Hong have 2%, 10%, 4% and 2% equity interest respectively in Success Parade Sdn. Bhd. ("SPSB"). SPSB has signed a placement agreement on 26 February 2002 with CIMB to subscribe for 500,000 of the 4,000,000 Offer Shares in NPC to be privately placed

++ Wong Yee Ling has signed a placement agreement on 18 February 2002 with CIMB to subscribe for 250,000 of the 4,000,000 Offer Shares in NPC to be privately placed

* Negligible

The shareholdings disclosed above do not include allocations of the Issue Shares reserved for eligible employees of the NPC Group pursuant to the Public Issue and the private placement to identified investors.

9.4.2 Profiles

The management team of the NPC Group is headed by Loo Pang Kee. The other members of the senior management team are as follows:-

Lim Kee Fah @ Robert Lim, aged 46, is the Administration Manager and is responsible for the human resources and administrative functions of the NPC Group. In 1975, he started his career as a Service Receptionist with Champion Motors Sdn. Bhd., Kota Kinabalu, Sabah. He was subsequently appointed as a Service Advisor in 1980 before he became a Parts and Service Supervisor in 1981. He was responsible for the procurement of vehicle parts and supervised the vehicle service team in vehicle services activities. In 1982, he joined Si Khiong Industries Sdn. Bhd., Sandakan Branch as a Service Executive and was subsequently promoted as Branch Manager in 1986 where he was responsible for the profitability of the branch in the sales of vehicles and related vehicle services activities. His current responsibilities include ensuring that the proper administrative procedures of the Head Office are adhered to, attending to the office administrative matters and to liaise with the relevant Government Departments. He is also in charge of several FFB collecting stations to ensure that the FFB supplied are of good quality and acts as a liaison with FFB suppliers to ensure constant supply of FFB to the Group's mills for processing.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Tan Yun Su, aged 36, joined the NPC Group in October 1998 as Group Accountant. After completing his G.C.E. 'A' Level at Raffles Junior College, Singapore in 1986, he returned to Malaysia and joined KPMG, Sandakan Office as an audit trainee in 1987. He obtained his professional qualification in Accountancy with the Malaysian Association of Certified Public Accountants ("MACPA") in June 1992. He is also a member of the Malaysian Institute of Accountants. In 1987, he started his career with KPMG as an audit trainee by signing a four (4)-year articleship with the firm to undertake the professional examinations of MACPA. He has about seven (7) years of audit working experience serving a wide variety of clients and was seconded to KPMG, Kuala Lumpur Office from 1990 to 1991 to gain more audit exposure. In 1994, he joined Coopers and Lybrand, Kota Kinabalu as an Assistant Audit Manager before joining Sabah Shipyard Sdn. Bhd., Labuan as Accountant in 1995. In 1997, he joined TimberMaster Timber Complex (Sabah) Sdn. Bhd. as Accountant where he was in charge of the finance and account department prior to joining the Natural group of companies. He is currently overseeing the finance and accounting functions of the NPC Group.

Lok Kong @ Loh Tong Weng, aged 57, joined Berkat as a Mill Manager in July 1998 and was subsequently promoted to Chief Engineer in June 1999. He obtained his Diploma in Mechanical Engineering from Singapore Polytechnic, Singapore in 1968 and Bachelor of Science (Hons) majoring in Mechanical Engineering from Strathclyde University, United Kingdom in 1975. He began his career with Penang Port Commission as a Technical Assistant from 1968 to 1972 before he left for the United Kingdom in 1973 for further studies at Strathclyde University. Upon graduation, he worked as an Engineer with Sime Darby Sdn. Bhd. in 1976. He was subsequently promoted to Mill Manager in 1986. During his tenure with the company, he was exposed to the daily operations of an oil mill while assisting in repair and maintenance of mill equipment. He was also responsible for checking and maintaining CPO and PK quality, and palm oil and kernel extraction rate. In 1990, he joined Asiatic Development Bhd. as Mill Manager where he worked for five (5) years. In 1996, he joined Unico-Desa Plantations Sdn. Bhd. as a Mill Manager prior to joining Berkat in the same capacity in July 1998. He was subsequently promoted to Chief Engineer in June 1999. During the course of his work in the CPO mill industry, he secured a First Class Steam Certificate from the Machinery and Factory Department. Currently, his responsibilities are to ensure that the Berkat mill is operating efficiently to maximise oil and kernel extraction rate, to maintain good relationships with FFB suppliers, to ensure adequate cost control and proper mill administration.

Wong Yee Ling, aged 51, joined SROPP as Mill Manager. He graduated with a Bachelor of Technology (Hons.) from Loughborough University, United Kingdom in 1978 and is currently a member of the Institute of Engineers, Malaysia since 1983. He is a recognised professional engineer registered with the Board of Engineers of Malaysia since 1985 and also a First Grade Steam Engineer in Malaysia. He started his career as a trainee engineer with Harrisons & Crosfield (M) Sdn. Bhd. and since then, has garnered about sixteen (16) years of experience in the capacity of mill manager in various corporations and two (2) years of experience as Head of Mills and Engineering with IOI Corporation Plantation Division (Sabah). In 1998, he joined Prolific Yield Sdn. Bhd. as General cum Mill Manager prior to joining SROPP in April 2001. Currently, his responsibilities are to ensure that the SROPP mill is operating efficiently to maximise oil and kernel extraction rate, to maintain good relationships with FFB suppliers, to ensure adequate cost control and proper mill administration.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

Loh Yin Fah, aged 49, joined the NPC Group in March 1997 as Workshop Manager. After completing his Malaysian Certificate of Education in 1971, he began his career in 1972 as a Field Supervisor for contractors involved in oil palm cultivation and estate contracting works for FELDA, Federal Land Consolidation and Rehabilitation Authority and Johor Tenggara Development Authority in Johor Darul Takzim and Pahang Darul Makmur. He was appointed as Field-in-Charge in 1982 where he was responsible for supervising contract workers in estate contracting works and oil palm cultivation. In 1986, he ventured into his own business as a contractor engaged in estate contract works for oil palm plantation estates in various parts of West Malaysia prior to joining the Natural group of companies in March 1997 as Workshop Manager. During the course of his career, he has gained considerable experience in the operations of oil palm estate, maintenance of agricultural vehicle and machinery maintenance. His current responsibilities are to ensure the efficient use of the Group's fleet of vehicle, adequate cost control, and proper administrative procedures for all workshops, to act as a liaison with the vehicle and parts suppliers and to oversee the works of machine operators, drivers and mechanics.

David Thien Ming Soon, aged 39, is the Estate Manager for Divisions 1 and 2 of the Group's plantations. After completing his Sijil Pelajaran Malaysia, he began his career with Natural group of companies as a Field Supervisor from 1989 to 1992. He was promoted to Assistant Manager in 1994 before he assumed the position of Division Manager in 1995 and was subsequently promoted to his current position in March 2002. As one of the pioneer plantation management staff of the Natural group of companies, he has played a pivotal role in the plantation development of the group's plantations, which involved jungle clearing and management of nursery process and new planting. He is currently in charge of approximately 1,586 hectares of oil palm plantations under Divisions 1 and 2 which comprise Growth, Bintang, SROPP, Sebuda, Telupid and other smaller estates.

Chiang King Hong, aged 47, is the Senior Estate Manager for Divisions 3, 4 and 5 of the Group's plantations. He has vast experience in estate management. In 1979, he joined Evergreen Cocoa Estate Sdn. Bhd. in Tawau as an Assistant-in-charge prior to joining Ladang Tanming Estate Sdn. Bhd. as an Assistant Manager in 1986. He joined Pacific Cocoa Plantations Sdn. Bhd. in 1990 as an Assistant Manager where he worked for four (4) years. In 1994, he joined Tung Hup Enterprise Sdn. Bhd. as Manager where he was responsible for developing 15,000 acres of oil palm estates at Sungai Pin in Sabah. In 1999, he joined the Natural group of companies as Division Manager. He was promoted to his current position in March 2002. He is currently responsible for approximately 4,891 hectares of oil palm estates in Divisions 3, 4 and 5.

Imbau bin Taunangoi @ Imbau Kaangui, aged 35, is the of Division Manager for Division 6 of the Group's plantations. He obtained his Certificate of Agriculture from Institute Pertanian Sabah at Kota Belud, Sabah. He started his plantation career as a Field Supervisor with Pacific Cocoa Plantations Sdn. Bhd. in 1990. In 1993, he joined the IOI Group as a Field Supervisor and he was subsequently promoted as a Cadet Planter in 1995. He joined the Natural group of companies in 1996 as Assistant Manager and was promoted to Senior Assistant Manager in 1999. He was promoted to his current position in March 2002. He is currently in charge of managing approximately 1,529 hectares of matured and immature oil palm estates in Division 6.

9. INFORMATION ON MAJOR SHAREHOLDERS, PROMOTERS, DIRECTORS AND KEY MANAGEMENT (Cont'd)

9.5 Employees

As at 28 February 2002, the Group has a total workforce of 1,328 employees. The employees do not belong to any union and enjoy a cordial relationship with the management.

9.6 Family Relationship

Loo Ngim Kong is the father of Loo Pang Kee, husband to Wong Siew Ying and brother to Loh Yin Fah. Save as disclosed above, none of the major shareholders, promoters, Directors and senior management of NPC Group are related to one another.

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