

6. INDUSTRY OVERVIEW

Information in the ensuing sections 6.1, 6.2 and 6.3 herein has been extracted from the most recently available government publications and as such, does not take into consideration the impact of the recent war in the Middle East and the outbreak of Severe Acute Respiratory Syndrome ("SARS") and any possible consequential effects thereafter.

6.1 The World Economy

World growth expanded by a modest 3% in 2002 while world trade growth turned positive to grow by 2.9% (2001: -0.1%). The performance of the global economy was lower than expected although growth remained stronger than in 2001 (2.3%). Economic outturn was uneven throughout the course of the year and across regions. Recovery in the US was lower than earlier expectations and the performances of Japan and the euro area slowed down further, while growth in the East Asian region rebounded. The lower than expected growth in the US was due to the slow pick-up in investment amid continued excess capacity and uncertainties over the strength and sustainability of economic recovery, the threats of terrorist attacks, corporate scandals and declining stock prices. Co-ordinated accommodative monetary and fiscal policies have helped sustain consumer demand, which was the main driver of economic recovery. In the first-half year, overall growth in the major industrial economies recovered and turned positive (2H 2001: -0.5%) due mainly to stronger US growth, which accounted for about 42% of GDP of the major industrial countries. In the second half of the year, the improvement in the performances of other major industrial economies partially offset the slower growth in the US.

Recovery in the regional economies remained on track, with growth accelerating to 6.1% or double the global average. Growth was led by the People's Republic of China at a strong pace of 8%, followed by Korea with a 6.2% expansion, while the economies of Singapore and Chinese Taipei turned around to register positive growth rates. Overall, regional growth was broad based, underpinned by both external and domestic demand. Exports in the region revived, particularly in the electronics sector. At the same time, a rebound in world prices for some non-oil primary commodity exports like rubber, palm oil, sawn timber, rice and coconut products, lifted export revenues significantly. Domestic demand in the regional economies was also sustained at high rates, buoyed by low interest rates and the stimulus provided by expansionary fiscal operations. Of significance was the expansion in intra-regional trade, which gathered momentum in 2002, fuelled by rising domestic demand, especially from the People's Republic of China and Korea.

The global economic outlook continues to be affected by the geopolitical and economic uncertainties and the adverse impact of sharply rising oil prices on private sector consumption and investment. Underlying growth, however, remains positive, supported by fundamentals. While growth would likely remain positive, the magnitude of this growth would depend largely on the influences arising from the geopolitical tensions in the Middle East and the impact on consumers and businesses in the major industrial economies.

Given the greater uncertainties, global economic growth is expected to remain modest in 2003. Growth will be supported by a moderate expansion in the US and Asian regional economies as growth prospects for Japan and the euro area remain difficult. Under these circumstances, it is projected that world growth will expand modestly by 3.1% (2002: 3%) while world trade will increase by 3.5 – 4.5% in 2003. Growth in the major industrial countries as a group is estimated at 1.8% (2002: 1.6%).

(Source : Bank Negara Malaysia Annual Report 2002)

6.2 The Malaysian Economy in 2002

Recovery of the Malaysian economy gained momentum in 2002 amidst a more challenging external environment. Real economic growth turned positive in the first quarter and strengthened to 5.6% in the fourth quarter. For the year as a whole, real gross domestic product (GDP) expanded by 4.2% compared with 0.4% in 2001.

Economic growth was broad based, driven by strong domestic demand and reinforced by improved export performance. While public expenditure was strongly supportive of economic activity, growth was reinforced by sustained strength in consumer spending and external demand.

6. INDUSTRY OVERVIEW (cont'd)

Low interest rates, improved access to financing and the significant improvement in commodity prices provided strong stimuli for private sector expenditure to grow.

The agriculture sector registered slower growth of 0.3% in 2002 as growth in the production of crude palm oil slowed due to lower yields and the impact of higher replanting activities. However, the production of other major commodities was higher, stimulated by the increase in prices.

For the most part, the trends in the labour market mirrored that of the improving economic conditions. As the recovery gained momentum, the unemployment rate fell to 3.5% at the end of 2002. The decline in unemployment was due to both a significant decline in retrenchments as well as higher demand for labour. However, with excess capacity still affecting selected sectors, the pick-up in economic activity has not exerted undue pressure on wages. The latest indicators showed that increases in wage rates moderated while productivity improved in 2002.

(Source : Bank Negara Malaysia Annual Report 2002)

6.3 The Palm Oil Industry

Widespread cultivation of oil palm in Malaysia started in the early 1960s under the agricultural diversification programme to reduce the country's over dependence on rubber for export revenue. Since then, the palm oil industry has grown rapidly and has emerged as the leading export revenue earner for the agricultural-based industry since the early eighties (1980s). The palm oil industry has played a significant role toward the government's objective of eradicating poverty and uplifting the standards of living by providing employment opportunities for thousands of Malaysians.

The palm oil industry's contribution to the Malaysian economy has been significant, being the third export earner after timber and petroleum. During the past few years when the manufacturing, financial and property sectors were severely affected by the South East Asian currency and economic turmoil, the palm oil industry has benefited from the turmoil due to raising CPO prices brought about by the devaluation of the RM vis-à-vis the USD. Average CPO price registered a high of RM2,377.50 per MT in 1998 but it has since declined to an average of RM895 per MT for 2001 and is currently hovering at around RM1,400 to RM1,500 per MT.

Malaysia's efforts in researching high-yield oil palm and high-quality palm oil and the huge increase in plantation hectares had helped to elevate the status of palm oil as the market leader in the world's oils and fats production and export.

(Source : "Oil Palm Industry in Malaysia" and "The Malaysian Palm Oil Industry" published by PORLA; Statistics on CPO prices are sourced from MPOB website at www.mpob.gov.my)

6.3.1 The Oil Palm

The oil palm requires a humid tropical lowland climate. It grows well where there is annually about 80 inches of rainfall. The temperature should range between 20-30°C, with constant sunshine for at least 5 hours per day and the soil should be well textured volcanic, alluvial or marine clay. Malaysia is blessed with the ideal environment for the plantation of oil palm.

The oil palm is a perennial crop with an economic life of 20 to 30 years and yields continuously throughout the year. Oil palm starts to bear fruits, after approximately 3 years of planting. FFB produces two distinct oils, namely CPO which is obtained from the mesocarp and PKO which is extracted from the kernel or endosperm.

(Source : "Oil Palm Industry in Malaysia" published by PORLA)

6. INDUSTRY OVERVIEW (cont'd)

6.3.2 Industry Growth For the Past Five(5) Years

The growth of the palm oil industry in Malaysia for the past five (5) years from 1998 to 2002 were as follows :

	← Years Ended 31 December →				
	1998	1999	2000	2001	2002
Plantation Area ('000 Ha)					
Planted	3,078	3,313	3,377	3,499	3,670
Mature	2,597	2,857	2,942	3,005	3,188
Yield					
FFB (MT/ Ha)	15.98	19.26	18.33	19.14	17.95
OER - CPO (%)	18.91	18.60	18.86	19.22	19.91
OER - PK (%)	5.52	5.36	5.52	5.48	5.47
Production ('000 MT)					
CPO	8,320	10,554	10,842	11,804	11,909
PK	2,429	3,026	3,163	3,368	3,269
Export Volume ('000 MT)					
Palm oil	7,465	8,914	9,081	10,625	10,885
Export Values (RM million)					
Palm oil	17,651	14,418	10,217	10,132	14,997
Closing Stock ('000 MT)					
CPO	374	718	905	734	589
PK	52	93	166	120	123
Palm oil	826	1,177	1,417	1,213	1,136
Annual Average Price (RM/MT) :					
CPO (local delivered)	2,378	1,450	997	895	1,364
PK (ex-mill)	1,116	1,070	707	448	661

(Source : MPOB website at www.mpob.gov.my)

6.3.2.1 Plantation Area

The plantation area in Malaysia over the past five (5) years from 1997 to 2001 are set out in the table below :-

	← Palm Oil Plantation Area →					Matured Plantation 2002 (Ha)
	1998 (Ha)	1999 (Ha)	2000 (Ha)	2001 (Ha)	2002 (Ha)	
Peninsular Malaysia	1,987,190	2,051,595	2,045,500	2,096,856	2,187,010	1,926,546
Sabah	842,496	941,322	1,000,777	1,027,328	1,068,973	961,269
Sarawak	248,430	320,476	330,387	374,828	414,260	300,492
	3,078,116	3,313,393	3,376,664	3,499,012	3,670,243	3,188,307

(Source : MPOB website at www.mpob.gov.my)

Oil palm is a major agricultural crop in Malaysia. As at the end of 2002, the total oil palm planted area was 3,670,243 Ha, a net increase of 171,231 Ha or 4.89% over that in 2001.

Since the 1980s, there have been a gradual switch to oil palm plantation from the Peninsular Malaysia to Sabah and Sarawak due to the lack of suitable land in Peninsular Malaysia as well as better yield in the two East Malaysian states.

6. INDUSTRY OVERVIEW (cont'd)

For the year 2002, the state of Sarawak registered the highest percentage increase in plantation area of 39,432 Ha (an increase of 10.52%) as compared to a national increase of 171,231 Ha (an increase of 4.89%). Similarly, in term of matured plantation area, in 2002, there was a net increase of 183,040 Ha (an increase of 6.09%) of mature area, of which 41,875 Ha (an increase of 16.19% from year 2001) came from the state of Sarawak and 55,575 Ha (an increase of 6.14%) from the state of Sabah whilst the Peninsular Malaysia recorded a rise of 85,589 Ha (an increase of 4.65% compared to year 2001).

The Sarawak Government is actively promoting the development of oil palm plantation in the state. In the Eighth Malaysian Plan period, it is targeted that about 60,000 to 70,000 Ha of oil palm plantations will be developed every year and the total plantation area is expected to reach one (1) million Ha by 2010 (*Source: Land Development in Sarawak-Opportunities and Challenges in the Commercial Plantation Sector: A paper delivered by Abang Helmi bin Tan Sri Ikhwan, Permanent Secretary, Ministry of Land Development at the International Conference on "Sarawak Awakens" on 19-20 March 1997*).

Oil palm plantation is a capital intensive venture as substantial capital outlays are required for acquiring and developing the plantation land. Consequently, approximately 60% and 31% of the oil palm cultivations are operated by private estates and government schemes and agencies respectively who have the necessary financial resources and technical expertise to ensure the success of the oil palm plantation. The remaining 9% of the plantation land are held by smallholders (whose plantation land is less than 40.47 Ha/ 100 acres).

(*Source : MPOB website at www.mpob.gov.my*)

6.3.2.2 Yield, Production, Processing and Export

Yield

Yield of FFB is mainly dependent on weather and soil conditions, age of the oil palm trees as well as harvesting technique. In addition, the oil palm trees also undergo biological yield cycle whereby after a period of high yield, physiological stress on the palms will result in lower yield in subsequent years.

The average yield for oil palm estates for 2002 is set out in the table below :-

Yield	Sarawak	Sabah	Peninsular Malaysia	Malaysia
FFB (MT/ Ha)	12.65	20.57	17.45	17.95
OER - CPO (%)	21.57	21.72	18.84	19.91
OER - PK (%)	4.86	4.92	5.80	5.47

(*Source : MPOB website at www.mpob.gov.my*)

The average yield of FFB in 2002 dropped by 6% to 17.95 MT per Ha from 19.14 MT in 2001 whilst the OER for CPO recorded an impressive improvement from 19.22% to 19.91%.

Sarawak only started the development of oil palm plantations in the late 1980s. As such, its oil palm trees are still relatively young resulting in lower FFB yield per Ha. Its OER for CPO, however, is the highest among the three (3) regions.

6. INDUSTRY OVERVIEW (cont'd)**Production**

Consistent increase in plantation area, matured area and improving yields have resulted in the production quantity and export volume in 2001 exceeding the pre-El Nina level. The production of CPO in 2002 increased marginally by 0.89% to 11.91 million MT from 11.80 million MT in 2001 mainly due to expansion in matured area and a higher OER.

Based on the 2002 statistics from Oil World and MPOB, Malaysia is currently the largest producer (approximately 48% of world's production) and exporter (57% of world's export) of palm oil in the world. The tables below set out the major producers and exporters of palm oil for the past five (5) years from 1998 to 2002 :

← Major Producers of Palm Oil ('000 MT) →					
	1998	1999	2000	2001	2002 #
Malaysia	8,319	10,554	10,842	11,804	11,989
Indonesia	5,100	6,250	7,000	7,950	8,850
Nigeria	690	720	740	770	775
Others	2,810	3,107	3,243	3,500	3,433
	16,919	20,631	21,825	24,024	25,047

estimate

(Sources : Oil World website at www.oilworld.org and MPOB website at www.mpob.gov.my)

← Major Exporters of Palm Oil ('000 MT) →					
	1998	1999	2000	2001	2002 #
Malaysia	7,465	8,914	9,081	10,619	10,800
Indonesia	2,002	3,319	4,140	4,940	6,040
Papua New Guinea	235	254	336	326	330
Others	1,195	1,381	1,447	1,696	1,727
	10,897	13,868	15,004	17,581	18,897

estimate

(Source : MPOB website at www.mpob.gov.my)

Processing

At the end of 2002, there were 409 (2001 : 405) approved palm oil mills in Malaysia with total annual capacity of 78.98 (2001 : 75.99) million MT; 362 (2001 : 352) palm oil mills were in operation with a total capacity of 71.35 (2001 : 67.74) million MT while 4 (2001 : 8) mills with a total capacity of 0.95 (2001 : 1.84) million MT were not in operation. An additional 43 mills with a total capacity of 6.68 million MT were under planning and construction. The milling capacity utilisation rate for 2002 was lower at 83.82% compared to 90.67% in 2001.

In term of palm oil refineries, 47 (2001 : 46) refineries with a total capacity of 16.14 (2001 : 15.55) million MT of CPO per year were in operation in 2002 while 5 (2001 : 6) refineries with a total capacity of 0.47 (2001 : 0.69) million MT of CPO per year were not in operation. In 2002, a total of 12.16 million MT of CPO and CPKO were processed, a increase of 4.4% from the 11.65 million MT processed in 2001. The refining utilisation rate improved from 74.6% in 2001 to 76.1% in 2002.

(Source : MPOB website at www.mpob.gov.my)

6. INDUSTRY OVERVIEW (cont'd)

Export

The total exports of oil palm products, constituting of palm oil, palm kernel oil, palm kernel cake, oleochemicals and finished products increased marginally by about 60,000 MT or 0.4% to 14.68 million MT compared to 14.62 million MT in 2001. However, owing to higher prices of oil palm products, the total export value of oil palm products increased by a hefty 38% to RM19.62 billion in 2002 as against RM14.22 billion in 2001. The exports of palm oil increased by 260,400 MT or 2.5% to 10.88 million MT. The competitive price of palm oil, liberalization of export duties and the encouragement of counter-trades by the government had contributed to the higher exports.

For 2002, the six (6) largest export destination of Malaysian palm oil were China (1.8 million MT), India (1.7 million MT), European Union (1.5 million MT), Pakistan (1.1 million MT), Egypt (0.5 million MT) and Japan (0.4 million MT). Collectively, these six (6) importers accounted for approximately 64% of Malaysian palm oil export in 2002.

(Source : MPOB website at www.mpob.gov.my)

6.3.3 Industry Life-cycle

The Malaysian palm oil industry has generally undergone three distinct phases of growth, each reflecting a progress towards the overall establishment of the palm oil industry.

The first phase involved extensive planting of oil palm and construction of mills in response to the Government's initiatives in the 1970's to diversify Malaysia's agricultural sector. The second phase of growth involved the rapid establishment of downstream palm oil processing facilities and the establishment of the oleochemical sector in the 1980's. The third phase of development saw the emergence of joint venture projects undertaken by both the Government and private sector in palm oil marketing and investment in palm oil refineries abroad such as China, Vietnam, Egypt, Indonesia, UK, et cetera.

Currently, Malaysia is embarking on the next phase of its plan which was seeded in the early 1990's by the establishment of joint venture plantation companies in countries where oil palm can be cultivated, i.e. Indonesia, Philippines, South America.

Malaysia Palm Oil Promotion Council is also focusing on making Malaysia palm oil the world's leading vegetable oil.

(Source: ACNielsen (Malaysia) Sdn Bhd)

6.3.4 Government Legislation, Policies and Incentives

The Government has introduced various incentives for the palm oil industry. They are as follows:

- * In March 2001, in order to reduce the supply of palm oil, the government provided an oil palm replanting scheme which aimed to reduce 200,000 Ha of land planted with oil palm trees older than 25 years. A total of RM200 million was allocated for the scheme. The application period for the scheme has been extended to the end of June 2002;
- * In order to promote exports, a full waiver of export duties on one million MT of CPO is allowed and the 5 percent duty on exports of semi-processed palm oil is abolished.
- * Steps to enhance productivity as guided by the National Agriculture Policy (NAP) (1992 - 2010).

6. INDUSTRY OVERVIEW (cont'd)

- * Steps to increase exports via counter-trade and the Palm Oil Credit Payment arrangement scheme, which is extended to selected countries which are facing foreign exchange problems.

In an effort to consolidate the regulatory environment, the MPOB was incorporated by Act of Parliament with effect from 1 May 2000, to take over the functions of its two predecessors, PORIM and PORLA. In other words, to act as a "one-stop" centre for all things related to the palm oil industry.

Recognising that the critical success factors which made Malaysia the top producing nation of palm oil are no longer in abundance today i.e. land and labour are getting scarce and production costs are increasing, the MPOB will assist Malaysia in not being just a volume producer but also to emphasize on aspects such as quality, value addition, optimal use of resources and development in indigenous intellectual property. This is consistent with the national aspirations of becoming a knowledge-based or k-economy.

In addition, the Government through the Ministry of Primary Industries constantly monitors the global markets with a view to protect the interests of Malaysia in the domestic as well as global palm oil industry.

MPOPC was incorporated on 25 January 1990 to undertake the promotional activities of Malaysian palm oil. Its objectives are to assist in establishing a positive image for Malaysian palm oil products, disseminate technical information, generate and collate comprehensive market information and to enhance effective resource capacity in the wake of evolving global challenges and demand.

(Source: ACNielsen (Malaysia) Sdn Bhd)

6.3.5 Demand for Palm Oil and its Substitute and Complementary products

The world's demand for edible oils and fats are satisfied by 17 major sources. Palm oil, is ranked second in terms of total production after soyabean :-

	← World Production of Oils and Fats (MT'000) →				
	1998	1999	2000	2001	2002
Soyabean oil	24,038	24,809	25,546	27,797	29,855
Palm oil	16,919	20,631	21,825	24,024	25,047
PKO	2,168	2,557	2,688	2,940	2,990
10 other vegetable oils	38,659	39,575	42,261	41,092	40,048
4 animal Oils/Fats	20,930	22,150	22,357	22,193	22,731
	102,714	109,722	114,677	118,046	120,671

(Sources : Oil World website at www.oilworld.org and MPOB website at www.mpob.gov.my/)

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6. INDUSTRY OVERVIEW (cont'd)

Nevertheless, palm oil is the most traded commodity in the international market, controlling approximately 45% of the 2002 market share as shown in the table below :-

	← World Export of Oils and Fats (MT'000) →				
	1998	1999	2000	2001	2002
Palm oil	10,897	13,868	15,004	17,581	18,897
PKO	1,046	1,294	1,197	1,377	1,556
Soyabean oil	7,933	7,595	6,855	8,049	9,201
10 other vegetable oils	9,061	7,839	9,136	7,733	7,267
4 animal Oils/Fats	3,525	3,874	3,977	3,656	3,793
	32,462	34,470	36,169	38,396	40,714

(Sources : Oil World website at www.oilworld.org and MPOB website at www.mpob.gov.my)

Palm oil has been gaining acceptance worldwide even in Europe due to the realization of the nutritional goodness of edible palm oil. With the increase in the world population, where a total of 3 million MT of fats and oils are needed, palm oil is the best source to meet this demand.

(Source: ACNielsen (Malaysia) Sdn Bhd)

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7. FUTURE PROSPECTS, PLANS AND STRATEGIES OF BLDP GROUP

7.1 Outlook and Growth for the Industry

The palm oil industry is still growing as more and more land is being planted with oil palm. Nevertheless, there is still room for growth especially when the total land available for plantation in Sarawak is vast and the Sarawak Government is expecting to have 1 million Ha of oil palm plantation in the future.

The growth in world population is positive for the palm oil industry as increases in population ultimately lead to increase in demand for more oils and fats which include palm oil.

Palm oil prices are expected to remain stable as export demand is forecasted to further improve arising from higher world demand and a further depletion of world oils and fats stocks by 4.5% to 14.89 million MT. The supply of palm oil is expected to be around 12.2 million MT for 2003 (11.909 million MT in 2002 and 11.804 million MT in 2001). Moreover, the production of sunflower oil and rapeseed oil has on the decline since 2000. This will exacerbate the shortage of oil and fats.

On the exports of palm oil, China has pledged to import 2.4 million MT of palm oil for 2002 to fulfil its commitment in joining the WTO. Furthermore, the import will increase to 3.168 million MT in 2005 and effective from 1 January 2006, palm oil will have a tariff of only 9%. India's imports on palm oil remain high despite its import duty and India was pressurised to rationalise the import duty for palm oil vis-à-vis soyabean oil. This will accelerate the demand for palm oil.

Moreover, with the government's relentless effort to boost the oil palm industry, the outlook of the industry looks positive. With sound strategies being implemented by the government and the major plantation companies in the near future, this industry will soar to greater heights.

(Source: ACNielsen (Malaysia) Sdn Bhd)

The performance of the Malaysian oil palm industry is expected to be sustained and improve further in the year 2003. The production of CPO is expected to be around 12.2 million MT and export demand is forecast to further improve arising from higher world demand and a further depletion of world oils and fats stocks by 11.8% to a low of 13.1 million MT. Consequently, the prices of oil palm products is expected to strengthen further in 2003.

(Source : MPOB website at www.mpob.gov.my)

7.2 Future Plans and Strategies of BLDP Group

7.2.1 Plantation Division

Expansion of Oil Palm Plantation in Sibul

Apart from continuing its expansion in oil palm cultivation in the unplanted areas located in Miri-Bintulu areas in the next few years, BLDP Group also intends to venture into swamp land oil palm cultivation. In year 2000, BLDP Group acquired a peat soil agriculture land of approximately 21,805 Ha located in Sibul Division in 2000. A drainability study carried out by a professional agronomist firm has confirmed that the land is suitable for oil palm cultivations. Environmental Impact Assessment will commence and actual development will start once all the necessary approvals are in order.

Peat soils has the advantage of better terrain, as peat swamps are relatively flat. This is a bonus in comparison to the hills and mountains where the steep slopes and the associated erosion hazard may become the main limitations to agricultural utilisation.

(Source: Report on the Peat Soil Drainability Study of Lots 552-555, Kabang Land District, Sibul division, Sarawak for BLD dated August 2001 by Ecosol Consultancy Sdn. Bhd.)

7. FUTURE PROSPECTS, PLANS AND STRATEGIES OF BLDP GROUP (cont'd)

The yield of the palms planted on peat soil can be higher than those grown on hill soils. With good management and adequate input, yields of 30 MT/Ha or more had been recorded on peat soils. The average yield over 25 years is about 25 MT/Ha per annum.

(Source: Feasibility Study on the Proposed Oil Palm Plantations Lots 552-555, Kabang Land District, Sibuluan division for BLD dated March 2002 by Ecosol Consultancy Sdn. Bhd.)

BLDP Group plans to develop approximately 1,000 Ha of plantation land in 2003 and an average of approximately 2,000 Ha per annum over the next ten (10) years.

7.2.2 Milling Division

Diversification into downstream activities

BLDP also plans to venture into downstream activities such as recycling empty bunches for use as fuel for power generation and for organic fertilizer. The cost of setting up these downstream businesses is expected to be low, as the raw materials are by-products from the mill's CPO extraction process.

Currently, BLD also plans to embark on an integrated composting process in which waste products such as EFB, decanter solid and POME from the processing of palm oil fruits will be fully utilised to convert into organic fertilizer.

This process will convert all unused products into value added and environmentally friendly product. The use of organic fertilizer will reduce the input of chemical fertilizer and enhance the overall production of fruit bunches in the plantation. The composting system is expected to be set up by the end of 2003.

Acquisition of new, effective and environmental friendly process technology

BLDP Group plans to invest in new and environmental friendly process technology to enhance its operational capabilities and efficiencies. On 14 April 2003, BLD signed an Memorandum of Understanding with Curtin (Malaysia) Sdn Bhd (operator of Curtin University of Technology, Miri Campus) to jointly conduct a two-year research into POME de-oiling and suspended solid removal system to recover emulsified oil suspended in POME before discharge to POME treatment system.

7.2.3 Palm Oil Refinery

Going forward, BLDP Group, through Kirana has also planned to set up its own palm oil refinery in 2006 and the refinery is expected to be operational in year 2007/2008. Kirana has been awarded a licence by the MIDA to set up a palm oil refinery in Bintulu, located near the deep-sea Bintulu Port. The setting up of the palm oil refinery will transform BLDP Group into a greater integrated oil palm plantation concern with upstream plantation and downstream processing.

The diversification into palm oil refinery will allow BLDP Group to increase its exposure to the international palm oil markets and this is expected to enhance BLDP Group's earnings and profitability in the future.

The proposed refinery is expected to have an installed capacity of 1,200 MT of CPO per day.

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

BLDP Group is led by a strong and committed team consisting of the Promoters, Directors and senior management team with extensive experience in the oil palm plantation industry.

8.1 Promoters

The Promoters are Dato Sri Lau Hui Kang, Henry Lau Lee Kong and Tuan Haji Wan Abdillah bin Wan Hamid.

Profiles of Dato Sri Lau Hui Kang, Henry Lau Lee Kong and Tuan Haji Wan Abdillah bin Wan Hamid are set out in Section 8.4.1 of this Prospectus. The shareholdings of the Promoters in the Company is set out in Section 8.2.1 below.

8.2 Substantial Shareholders

8.2.1 Shareholdings in BLDP

The Substantial Shareholders (which are corporations incorporated in Malaysia or Malaysian individuals) of BLDP and their respective shareholdings in the Company before and after the Public Issue are as follows :-

Name	Designation	Before the Public Issue				After the Public Issue [#]			
		Direct	%	Indirect	%	Direct	%	Indirect	%
BLDH] Substantial] Shareholders] Syarikat] Payang] TWA	33,412,330	51.97	-	-	33,412,330	39.31	-	-
Syarikat Payang		15,017,470	23.36	-	-	15,017,470	17.67	-	-
TWA		3,254,487	5.06	-	-	3,254,487	3.83	-	-
Dato Sri Lau Hui Kang	Promoter, Director and Substantial Shareholder	21	*	36,957,181 ^a	57.49	470,021	0.55	37,427,181 ^a	44.03
Henry Lau Lee Kong	Promoter, Director and Substantial Shareholder	-	-	35,722,664 ^b	55.56	470,000	0.55	36,192,664 ^b	42.58
Lau Swee Nguong @ Lau Sui Guang	Substantial Shareholder	-	-	34,203,903 ^c	53.20	100,000	0.12	34,303,903 ^c	40.36
Tuan Haji Wan Abdillah bin Wan Hamid	Promoter, Director and Substantial Shareholder	21	*	17,187,107 ^d	26.73	470,021	0.55	17,187,107 ^d	20.22
YB Dato' Seri Law Hieng Ding	Substantial Shareholder	-	-	3,254,487 ^e	5.06	-	-	3,254,487 ^e	3.83
Robert Lau Hui Yew	Director and Substantial Shareholder	-	-	34,008,634 ^f	52.90	-	-	34,008,634 ^f	40.01

Notes:-

* negligible percentage

incorporating the proposed pink form allocation

^a deemed interested by virtue of his Substantial Shareholding in KTS, BLDH, C.A. Trading Sdn Bhd, CA, Faircom Enterprises Sdn Bhd and his family's interests in BLDP

^b deemed interested by virtue of his Substantial Shareholding in KTS, BLDH, C.A. Trading Sdn Bhd, CA and his family's interests in BLDP. He is also the son of Dato Sri Lau Hui Kang

^c deemed interested by virtue of his Substantial Shareholding in KTS, BLDH and Vasty Development Sdn Bhd and his family's interests in BLDP

^d deemed interested by virtue of his Substantial Shareholding in Syarikat Payang and Hamimas

^e deemed interested by virtue of his Substantial Shareholding in TWA

^f deemed interested by virtue of his Substantial Shareholding in KTS, BLDH and Vasty Development Sdn Bhd and his family's interests in BLDP. He is also the son of Lau Swee Nguong @ Lau Sui Guang

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.2.2 Profiles**

Dato Sri Lau Hui Kang, Henry Lau Lee Kong, Robert Lau Hui Yew and Tuan Haji Wan Abdillah bin Wan Hamid who are Substantial Shareholders of BLDP are also the Directors of the Company. Accordingly, their profiles are set out in Section 8.4.1 of this Prospectus. The profiles of the other Substantial Shareholders, namely BLDH, Syarikat Payang, TWA, Lau Swee Nguong @ Lau Sui Guang and YB Dato' Seri Law Hieng Ding are set out below :-

8.2.2.1 Information on BLDH

BLDH was incorporated in Malaysia under the Act on 16 May 2000. BLDH is principally an investment holding company.

The directors of BLDH and their respective shareholdings in BLDH are set out below:-

Directors	Shareholding			
	← Direct →		← Indirect →	
	No. of Shares	%	No. of Shares	%
Dato Sri Lau Hui Kang	-	-	12,052,117 ^a	75.67
Henry Lau Lee Kong	-	-	12,052,117 ^a	75.67
Lau Lee Kiong	-	-	12,052,117 ^a	75.67
Lau Lee Ming	-	-	12,052,117 ^a	75.67
Lau Swee Nguong @ Lau Sui Guang	-	-	12,398,350 ^b	77.84
Datuk Law Hieng Ing @ Lau Hieng Ing	-	-	-	-
Lau Hieng Su @ Lau Hieng Sii	-	-	-	-

Notes :

a deemed interested by virtue of their substantial interests in KTS, Izin Indah Sdn Bhd, CA and Hua Lim Holdings Bhd

b deemed interested by virtue of his substantial interests in KTS, Hwa Sen Holdings Bhd and Izin Indah Sdn Bhd

The Substantial Shareholders of BLDH and their respective shareholdings in BLDH are set out below :-

Substantial Shareholders	Shareholding			
	← Direct →		← Indirect →	
	No. of Shares	%	No. of Shares	%
KTS	7,557,992	47.45	2,980,000 ^a	18.71
Izin Indah Sdn Bhd	2,980,000	18.71	-	-
Hwa Sen Holdings Bhd	1,860,358	11.68	10,537,992 ^b	66.16
TWA	1,550,298	9.73	-	-
CA	1,049,035	6.59	-	-
Dato Sri Lau Hui Kang	-	-	12,052,117 ^c	75.67
Henry Lau Lee Kong	-	-	12,052,117 ^c	75.67
Lau Swee Nguong @ Lau Sui Guang	-	-	12,398,350 ^d	77.84
Robert Lau Hui Yew	-	-	12,398,350 ^d	77.84
YB Dato Seri Lau Hieng Ding	-	-	1,550,298 ^e	9.73

Notes :

a deemed interested by virtue of being the holding company of Izin Indah Sdn Bhd

b deemed interested by virtue of its substantial interests in KTS

c deemed interested by virtue of their substantial interests in KTS, Izin Indah Sdn Bhd, CA and Hua Lim Holdings Bhd

d deemed interested by virtue of their substantial interests in KTS, Hwa Sen Holdings Bhd and Izin Indah Sdn Bhd

e deemed interested by virtue of his substantial interest in TWA

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.2.2.2 Information on Syarikat Payang**

Syarikat Payang was incorporated in Malaysia under the Act on 27 February 1974. Syarikat Payang is principally involved in investment holding.

The directors of Syarikat Payang and their respective shareholdings in Syarikat Payang are set out below :-

Directors	Shareholding			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tuan Haji Wan Abdillah bin Wan Hamid	-	-	130,000 ^a	100
Tuan Haji Wan Mohd Shebli bin Wan Hamid	-	-	130,000 ^a	100

Note :-

a deemed interested by virtue of their Substantial Shareholdings in Syarikat Maslahat Sdn Bhd. Tuan Haji Wan Abdillah bin Wan Hamid and Tuan Haji Wan Mohd Shebli bin Wan Hamid are brothers

The Substantial Shareholders of Syarikat Payang and their respective shareholdings in Syarikat Payang are set out below :-

Substantial Shareholders	Shareholding			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Syarikat Maslahat Sdn Bhd	130,000	100	-	-
Tuan Haji Wan Abdillah bin Wan Hamid	-	-	130,000 ^a	100
Tuan Haji Wan Mohd. Shebli bin Wan Hamid	-	-	130,000 ^a	100

Note :-

a deemed interested by virtue of their Substantial Shareholdings in Syarikat Maslahat Sdn Bhd. Tuan Haji Wan Abdillah bin Wan Hamid and Tuan Haji Wan Mohd Shebli bin Wan Hamid are brothers

8.2.2.3 Information on TWA

TWA was incorporated in Malaysia under the Act on 15 September 1976. TWA is principally involved in investment holding.

The directors of TWA and their respective shareholdings in TWA are set out below :-

Directors	Shareholding			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
YB Dato' Seri Law Heng Ding	120,000	60	80,000 ^a	40
Datin Seri Ngui Soon Leng	40,000	20	160,000 ^a	80

Note:-

a deemed interested by virtue of their family's Substantial Shareholdings in the company

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

The Substantial Shareholders of TWA and their respective shareholdings in TWA are set out below :-

Substantial Shareholders	Shareholding			
	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
YB Dato' Seri Law Hieng Ding	120,000	60	80,000 ^a	40
Datin Seri Ngui Soon Leng	40,000	20	160,000 ^a	80
Law Sie Ling	20,000	10	180,000 ^a	90
Michael Law Sie Haur	20,000	10	180,000 ^a	90
	<u>200,000</u>	<u>100</u>		

Note:-

^a deemed interested by virtue of their family's Substantial Shareholdings in the company

8.2.2.4 Information on Lau Swee Nguong @ Lau Sui Guang

Lau Swee Nguong @ Lau Sui Guang, aged 71, is the Deputy Chairman of BLD. He has been with BLD since its incorporation in 1975. Over the past thirty (30) years, Lau Swee Nguong @ Lau Sui Guang has gain extensive knowledge and experience in the management of timber and plantation companies. He also sits on the board of several private companies.

8.2.2.5 Information on YB Dato' Seri Law Hieng Ding

YB Dato' Seri Law Hieng Ding, aged 68, graduated from the Nanyang University in Singapore with a Bachelor of Commerce degree in 1960. He joined KTS in 1962 as General Manager until 1973. YB Dato' Seri Law Hieng Ding was appointed as Parliamentary Secretary to the Ministry of Local Government and Housing in 1974 and over the years he was appointed first as Deputy Minister of Science Technology & Environment in 1987 and since 1990 is the Minister of Science Technology & Environment. He is a director and Substantial Shareholder of TWA.

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.2.3 Directorships and Substantial Shareholding in Other Public Corporations for the past two (2) years by the Substantial Shareholders**

Save as disclosed below and Section 8.4.3 of this Prospectus, none of the other Substantial Shareholders of BLDP has either directorships or Substantial shareholding or both in other public corporations for the past two (2) years :-

Substantial Shareholders	Public Corporations	Principal Activities	Percentage equity shareholding		Position held
			Direct (%)	Indirect (%)	
Lau Swee Nguong @ Lau Sui Guang	Glass Sand Co Bhd	Investment holding	-	-	Director
	Hock Tong Hin Sawmill Co Bhd	Investment in shares	-	6.73 ^a	Director
	Hua Aik Sawmill Co Bhd	Sawmilling and logging operations	-	81.57 ^b	Chairman
	Hua Lim Holdings Bhd	Investment holding	0.12	7.08 ^c	Director
	Hua Lim Sawmill Bhd	Sawmill and logging operation	-	100.00 ^d	Director
	Hua Seng Sawmill Co Bhd	Logging, sawmilling and shipping	-	85.15 ^d	Managing Director
	Hwa Sen Holdings Bhd	Management and investment holding	0.01	20.90 ^e	Managing Director
	KTS Timber Industries Bhd	Plywood products manufacturing	-	70.00 ^b	Director
	Kuching Timber Store Sawmills Bhd	Sawmilling and logging operation	-	-	Director
	Selamat Timber Co Bhd	Dormant	-	-	Director
	See Hua Realty Bhd	Investment in realty	-	-	Chairman
	Shin Hua Sawmill Co Bhd	Sawmilling and logging operations	-	-	Managing Director
Tanah Himpun Bhd	Investment holding	1.50	12.06 ^f	-	

Notes :-

- a* Deemed interested by virtue of his substantial interest in Vasty Development Sdn Bhd, Lau Nai Huo & Sons Sdn Bhd and his family's interest in the company
- b* Deemed interested by virtue of his substantial interest in KTS
- c* Deemed interested by virtue of his substantial interests in Hwa Sen Holdings Bhd and KTS
- d* Deemed interested by virtue of his substantial interest in Hwa Sen Holdings Bhd
- e* Deemed interested by virtue of his substantial interest in Lau Nai Huo & Sons Sdn Bhd, Nguong Ling Sdn Bhd, Vasty Development Sdn Bhd and his family's interest in the company
- f* Deemed interested by virtue of his substantial interests in KTS Holdings Sdn Bhd, Vasty Development Sdn Bhd and his family's interest in the company

8.3 Changes in Promoters and Substantial Shareholders' Shareholdings in the Company for the past three (3) years

Save as disclosed below, there were no other changes in Substantial Shareholders and their shareholdings in BLDP since incorporation :-

Promoters/ Substantial Shareholders	Date		No of Shares acquired/ (disposed)	Balance	%
	Acquired	Disposed			
Yong King Sung	19.10.2001	-	1	1	50.00
	-	05.05.2002	(1)	-	-
Lam Kam Wing	05.05.2002	-	1	1	50.00
Su Sieng Yieng	19.10.2001	-	1	1	50.00
BLDH	09.06.2003	-	33,412,330	33,412,330	51.97
Syarikat Payang	09.06.2003	-	15,017,470	15,017,470	23.36
TWA	09.06.2003	-	3,254,487	3,254,487	5.06

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

8.4 Board of Directors**8.4.1 Profiles of Directors**

A brief profile on the Board of Directors of BLDP are set out below :-

Tan Sri Datuk Amar Haji Bujang Mohd. Nor, aged 68, was appointed the Independent Non-Executive Chairman of BLDP on 9 June 2003. He obtained his Bachelor of Arts with Honours from University of Malaya in Singapore in 1959. He attended a one (1) year post graduate course in Economic Development at Cambridge University, United Kingdom. He also obtained a Diploma in Nasional Development from the Institute of Social Studies, The Hague, Netherlands. Upon his graduation, he started his career with the State Government of Sarawak, first as Sarawak Administrative Officer and over the years has served in various positions, including Magistrate (first class), District Officer (1962 - 1966), State Financial Secretary (1971 - 1984) and Sarawak State Secretary (1984 - 1992). Currently, he is the Executive Chairman of Harwood Timber Sdn Bhd, a wholly owned subsidiary of Sarawak Timber Industry Development Corporation. He is also a Board of Director of Bank Negara Malaysia and Permodalan Nasional Berhad and also sits on the boards of various charitable and religious organisations in Sarawak.

Dato Sri Lau Hui Kang, aged 77, was appointed Executive Deputy Chairman of BLDP on 9 June 2003. Dato Sri Lau has more than 40 years experience in the timber and oil palm industries. He is one of the founders of BLD and has been its Managing Director since incorporation. Under his stewardship, BLD has been successfully transformed from a timber-based company into a profitable oil palm plantation company. With his vast experience and foresight, Dato Sri Lau is expected to contribute to the continued success of BLDP Group.

Dato Sri Lau is also the Executive Chairman of KTS Group and is instrumental in developing KTS Group into a diversified corporation with business interests in logging, timber processing, manufacturing, tree plantation, food processing, insurance agency, feed mill operations, aquaculture, shipbuilding, property development, information technology, tourism, silica sand mining, trading of heavy equipments, and education.

Dato Sri Lau was the President of National Council for the Blind, Malaysia from 1996 to 2000 and President of Sarawak Society For the Blind from 1993 to 1998. He is currently the Hon. President of Sarawak Society For the Blind and Advisor of Sarawak Society For the Blind, Sibu Branch since 1999. Dato Sri Lau also sits on the boards of several companies, associations, educational, charitable and welfare organizations. In recognition of his contribution to the society, he was awarded the Panglima Negara Bintang Sarawak (PNBS) in July 1985 by the Sarawak Government.

Henry Lau Lee Kong, aged 51, was appointed Executive Director of BLDP on 2 May 2003. He is responsible for overseeing the overall management of BLDP Group and the formulation and implementation of BLDP Group's business strategies and development of future expansion plans for BLDP Group. He graduated from the University of Adelaide, Australia with a Bachelor of Engineering in 1978. Henry has been a director of BLD since 1982. Henry is also the Managing Director of KTS Group. Over the past twenty (20) years, Henry has gained vast experience and knowledge in the management of companies in various industries including timber, palm oil and manufacturing. He is also a member of the Association of Professional Engineers, Scientists and Managers Australia. He also sits on the boards of several other companies.

Tuan Haji Wan Abdillah bin Wan Hamid, aged 49, was appointed Executive Director of BLDP on 2 May 2003. He attended the Diploma in Accountancy course at Mara Institute of Technology (UiTM) in 1973. He was a Government Officer for about 19 years until 1994, last holding the position of Broadcasting Journalist with Radio Television Malaysia (RTM). He was appointed Director of BLD in 1990. He is actively involved in the formulating of corporate policy in the day-to-day operations of BLDP Group. He also sits on the boards of several other companies and is also a member of the Alliance of Approved Company Secretaries since June 1997.

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

Robert Lau Hui Yew, aged 38, was appointed Non-Executive Director of BLDP on 9 June 2003. He graduated from the University of Hull, England with Bachelor of Law (LLB) in 1988 and a Barrister-at-Law in 1989. Upon his graduation, he worked in a local law firm as an advocate from 1991 to 1992. In 1993, he became a partner of Messrs Stephen, Robert & Wong Advocates. From 1994 to 1996, he was appointed as the Managing Director of Sarawak House Sdn Bhd, a company involved in property management and hotel and operation of a departmental store.

Chong Chon Chee, aged 54, was appointed Independent Non-Executive Director of BLDP on 9 June 2003. He graduated from Universiti Sains Malaysia with Bachelor of Science, majoring in Biology and Chemistry in 1972. He then obtained his Master of Business Administration (MBA) from Heriot-Watt University, Edinburgh in 1999. He is also a Certified Financial Planner. Mr. Chong worked with Standard Chartered Bank Berhad from 1974 to 2002 and the last position he held was the Senior Manager, Corporate & Institutional (East Malaysia) for the bank. He has extensive experience and knowledge in banking, finance and accounting and was responsible for managing a team of dedicated relationship managers within the East Malaysian region towards developing profitable and quality business.

8.4.2 Directors' Shareholdings

The Directors of BLDP and their respective shareholding in the Company before and after the Public Issue are as follows :-

Directors	Designation	← Before the Public Issue →				← After the Public Issue # →			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Tan Sri Datuk Amar Haji Bujang Mohd. Nor	Independent Non-Executive Chairman	-	-	-	-	100,000	0.12	-	-
Dato Sri Lau Hui Kang	Deputy Executive Chairman	21	*	36,957,181 ^a	57.49	470,021	0.55	37,427,181 ^a	44.03
Henry Lau Lee Kong	Executive Director	-	-	35,722,664 ^b	55.56	470,000	0.55	36,192,664 ^b	42.58
Tuan Haji Wan Abdillah bin Wan Hamid	Executive Director	21	*	17,187,107 ^c	26.73	470,021	0.55	17,187,107 ^c	20.22
Robert Lau Hui Yew	Non-Executive Director	-	-	34,008,634 ^d	52.90	100,000	0.12	34,008,634 ^d	40.01
Chong Chon Chee	Independent Non-Executive Director	-	-	-	-	100,000	0.12	-	-

Notes:-

* negligible percentage

include pink-form entitlement

a deemed interested by virtue of his Substantial Shareholding in KTS, BLDH, C.A. Trading Sdn Bhd, CA, Faircom Enterprises Sdn Bhd and his family's interests in BLDP

b deemed interested by virtue of his Substantial Shareholding in KTS, BLDH, C.A. Trading Sdn Bhd, CA and his family's interests in BLDP. He is also the son of Dato Sri Lau Hui Kang

c deemed interested by virtue of his Substantial Shareholding in Syarikat Payang and Hamimas

d deemed interested by virtue of his Substantial Shareholding in KTS, BLDH and Vasty Development Sdn Bhd and his family's interests in BLDP

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.4.3 Directorships and Substantial Shareholding in Other Public Corporations for the past two (2) years by the Directors of BLDP**

Save as disclosed below, none of the other Directors has either directorships or Substantial shareholding or both in other public corporations for the past two (2) years :-

Directors	Public Corporations	Principal Activities	Percentage equity shareholding		Position held
			Direct (%)	Indirect (%)	
Tan Sri Datuk Amar Haji Bujang Mohd. Nor	<input type="checkbox"/> Amanah Saham Sarawak Berhad	Investment holding	-	-	Director
	<input type="checkbox"/> Permodalan Nasional Berhad	Investment holding	-	-	Director
Dato Sri Lau Hui Kang	<input type="checkbox"/> Glass Sand Co. Bhd	Investment holding	-	-	Chairman
	<input type="checkbox"/> Hock Tong Hin Sawmill Co. Bhd	Investment in shares	0.38	23.02 ^{a1}	Chairman
	<input type="checkbox"/> Hua Aik Sawmill Co. Bhd	Sawmilling and logging operations	0.27	81.57 ^{a2}	Deputy Chairman
	<input type="checkbox"/> Hua Lim Holdings Bhd	Investment holding	-	31.59 ^{a3}	Chairman
	<input type="checkbox"/> Hua Lim Sawmill Bhd	Sawmilling and logging operations	-	100.00 ^{a4}	Chairman
	<input type="checkbox"/> Hua Seng Sawmill Co. Bhd	Logging, sawmilling and shipping	-	-	Chairman
	<input type="checkbox"/> Hwa Sen Holdings Bhd	Management and investment holding	0.17	8.35 ^{a5}	Chairman
	<input type="checkbox"/> Katas Credit Leasing Bhd	Credit financing	-	100.00 ^{a6}	Chairman
	<input type="checkbox"/> Katas Holdings Bhd	Investment holding and provision of management services	-	60.68 ^{a7}	Chairman
	<input type="checkbox"/> KTS Timber Industries Bhd	Plywood products manufacturing	-	70.00 ^{a2}	Chairman
	<input type="checkbox"/> Kuching Lumber Holdings Bhd	Investment holding	-	8.91 ^{a8}	Chairman
	<input type="checkbox"/> Kuching Timber Store Sawmills Bhd	Sawmilling and logging operation	-	-	Chairman
	<input type="checkbox"/> Selamat Timber Co. Bhd	Dormant	-	100.00 ^{a4}	Chairman
	<input type="checkbox"/> Shin Hua Sawmill Co. Bhd	Sawmilling and logging operations	-	-	Chairman
<input type="checkbox"/> Tanah Himpun Bhd	Investment holding	3.00	22.72 ^{a9}	Chairman	
Henry Lau Lee Kong	<input type="checkbox"/> Hock Tong Hin Sawmill Co. Bhd	Investment in shares	1.63	20.55 ^{b1}	Director
	<input type="checkbox"/> Hua Aik Sawmill Co. Bhd	Sawmilling and logging operations	-	81.84 ^{b2}	Director
	<input type="checkbox"/> Hua Lim Holdings Bhd	Investment holding	1.19	28.80 ^{b3}	Director
	<input type="checkbox"/> Hua Lim Sawmill Bhd	Sawmilling and logging operations	-	100.00 ^{b4}	Director
	<input type="checkbox"/> Hua Seng Sawmill Co. Bhd	Logging, sawmilling and shipping	-	-	Director
	<input type="checkbox"/> Hwa Sen Holdings Bhd	Management and investment holding	0.01	3.06 ^{b5}	Director
	<input type="checkbox"/> Katas Credit Leasing Bhd	Credit financing	-	100.00 ^{b6}	Managing Director
	<input type="checkbox"/> Katas Holdings Bhd	Investment holding and provision of management services	4.01	49.56 ^{b7}	Secretary
	<input type="checkbox"/> KTS Timber Industries Bhd	Plywood products manufacturing	-	-	Managing Director
	<input type="checkbox"/> Kuching Lumber Holdings Bhd	Investment holding	-	8.94 ^{b8}	Director
	<input type="checkbox"/> Kuching Timber Store Sawmills Bhd	Sawmilling and logging operation	-	-	Director
<input type="checkbox"/> Selamat Timber Co. Bhd	Dormant	-	100.00 ^{b4}	Director	
<input type="checkbox"/> Tanah Himpun Bhd	Investment holding	3.00	19.22 ^{b9}	Secretary	

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

Directors	Public Corporations	Principal Activities	Percentage equity shareholding		Position held
			Direct (%)	Indirect (%)	
Tuan Haji Wan Abdillah bin Wan Hamid	<input type="checkbox"/> KTS Timber Industries Bhd	Plywood products manufacturing	-	30.00 ^{c1}	Director
	<input type="checkbox"/> Tanah Himpun Bhd	Investment holding	3.00	3.00 ^{c2}	Director
	<input type="checkbox"/> Yumas Corporation Bhd	Investment holding	-	100.00 ^{c3}	Chairman
Robert Lau Hui Yew	<input type="checkbox"/> Hwa Sen Holdings Bhd	Management and investment holding	*	10.45	Director

Notes :-

* Negligible Percentage

a1 deemed interested by virtue of his substantial interests CA Trading Sdn Bhd, CA, Nguong Dea Enterprise Sdn Bhd and Katas Holdings Bhd and his family's interest in the company

a2 deemed interested by virtue of his substantial interest in KTS

a3 deemed interested by virtue of his substantial interests CA Trading Sdn Bhd, CA, Faircom Enterprise Sdn Bhd, KTS, Katas Holdings Bhd, Nguang Dea Enterprise Sdn Bhd and his family's interest in the company

a4 deemed interested by virtue of his substantial interest in Hua Lim Holdings Bhd

a5 deemed interested by virtue of his substantial interests in CA Trading Sdn Bhd, CA, Faircom Enterprise Sdn Bhd and Nguong Dea Enterprise Sdn Bhd and his family's interest in the company

a6 deemed interested by virtue of his substantial interest in Katas Holdings Bhd

a7 deemed interested by virtue of his substantial interests in Bahagia Enterprises Sdn Bhd, CA Trading Sdn Bhd, CA, Gabung Trading Sdn Bhd, United Town Mortgage & Leasing Bhd and his family's interest in the company

a8 deemed interested by virtue of his substantial interest in Katas Sdn Bhd, CA and Nguong Dea Enterprise Sdn Bhd

a9 deemed interested by virtue of his substantial interest in CA Trading Sdn Bhd, KTS and his family's interests in the company

b1 deemed interested by virtue of his substantial interest in CA, Katas Holdings Bhd, Nguong Dea Enterprise Sdn Bhd and his family's interests in the company

b2 deemed interested by virtue of his substantial interest in KTS and his family's interest in the company

b3 deemed interested by virtue of his substantial interest in KTS, Katas Holdings Bhd, Nguong Dea Enterprise Sdn Bhd and his family's interest in the company

b4 deemed interested by virtue of his substantial interest in Hua Lim Holdings Bhd

b5 deemed interested by virtue of his substantial interest in CA, Nguong Dea Enterprise Sdn Bhd and his family's interest in the company

b6 deemed interested by virtue of his substantial interest in Katas Holdings Bhd

b7 deemed interested by virtue of his substantial interest in Bahagia Enterprise Sdn Bhd, CA, Gabung Trading Sdn Bhd, Teras Intergrasi Sdn Bhd and his family's interest in the company

b8 Deemed interested by virtue of his substantial interest in CA, Katas Holdings Bhd and Nguong Dea Enterprise Sdn Bhd

b9 deemed interested by virtue of his substantial interest in KTS and his family's interest in the company

c1 deemed interested by virtue of his substantial interest in Yumas Corporation Bhd and Yumas Enterprise Sdn Bhd

c2 deemed interested by virtue of his family's interest in the company

c3 deemed interested by virtue of his substantial interest in Yumas Enterprise Sdn Bhd

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.4.4 Aggregate Remuneration and Benefits of the Directors of BLDP**

For the financial years ended 31 December 2001 and 31 December 2002, a total of RM461,900 and RM2,383,296 respectively was paid to the Directors for services rendered to the Company and its subsidiary companies. For the financial year ending 31 December 2003, the amount payable is estimated to be RM1,975,690.

8.5 Management Team

The Board of Directors of BLDP is assisted by an experienced management team which include the following persons :-

Company	Name	Designation	Number of years in service
BLD	<input type="checkbox"/> Lau Hieng Su @ Lau Hieng Sii	General Operations Manager	27
	<input type="checkbox"/> Loo Tau Thong	Estate General Manager	13
	<input type="checkbox"/> Seng Cheak Chai	Financial Controller	11
	<input type="checkbox"/> Wong Lin Siong	Mill Manager	8
	<input type="checkbox"/> Kong Shaw Kian	Administrative Manager	25
	<input type="checkbox"/> Chang Sen Fin	Senior Estate Manager	1
	<input type="checkbox"/> Daniel Wong Yuk Chee	Estate Manager	16
	<input type="checkbox"/> Lau Kiew Liong	Estate Accounts Manager	23
	<input type="checkbox"/> Bakawi bin Ismail	Divisional Manager	8
	<input type="checkbox"/> Man Anoh	Divisional Manager	10
	<input type="checkbox"/> Musa bin Ismail	Senior Divisional Manager	13
GM	<input type="checkbox"/> Teng Tiong Kee	Senior Estate Manager	2
Niamas	<input type="checkbox"/> Simon Siar Ak Manyus	Estate Manager	3

8.5.1 Profiles of Management Team

Particulars on the management team are as follows:-

Lau Hieng Su @ Lau Hieng Sii, aged 56, is the General Operations Manager of BLDP Group. He has over 30 years of experience in the management of timber, sawmill, logging, oil palm plantations and stone quarry fields. He joined BLD in 1976 and is currently responsible in the implementing development strategies and daily operations for BLDP Group oil palm plantations. He is also responsible for the procurement of the necessary palm oil machinery, equipments and fertilizers. He oversees the deployment and recruitments of key officers and movement of plantation workers and is also responsible for the appointment of contractors for the plantations. He works closely with the Estate General Manager and Mill Manager in matters such as recruitment of foreign workers and purchase of oil palm seedlings, palm kernels and FFB from local suppliers. He is also a director of BLD and GM. Mr. Lau was awarded the Ahli Mangku Negara (A.M.N) by the Yang Di-Pertuan Agong in June 2003 in recognition of his service.

Loo Tau Thong, aged 61, is the Estate General Manager of BLDP Group. With more than 32 years working experience in plantation estates, he is responsible for the day to day development of BLDP Group's oil palm plantations. He is instrumental in implementing systematic planting, field supervision and maintenance, plantation budget expenditure, harvesting of oil palm fruits and recruitment of plantation staffs and workers and staff welfare and interest. Mr Loo had his early education at Batu Lintang Teachers College in Kuching in

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

1962 after obtaining a Senior Cambridge Certificate. He started his career in 1964 by joining the Government Service as Cadet Planter with the Federal Land Development Authority (FELDA) in Peninsular Malaysia. Five years later he was promoted as its Assistant Manager and continued to serve with FELDA in Gemas, Negeri Sembilan until he returned to Sarawak in 1973 and joined the Sarawak Land Development Board as a Scheme Manager in the same year and was later promoted to the position of Senior Scheme Manager in 1982 before his retiring from SLDB in 1990. Mr. Loo was recruited into BLD as Estate Manager in 1990 and was promoted to his present position in 1996. In recognition of his distinguished service, he was awarded the Pingat Perkhidmatan Bakti (PPB) by Sarawak Government in 1986.

Seng Cheak Chai, aged 45, is the Financial Controller of BLDP Group and is responsible for all financial and accounting matters of BLDP Group. He joined BLD in 1992, and is instrumental in implementing a cost effective and prudent accounting system in BLD. He is an associate member of the Chartered Institute of Management Accountants (UK) and a Chartered Accountant registered with the Malaysia Institute of Accountants (MIA).

Wong Lin Siong, aged 41, is the BLD Palm Oil Mill Manager. He is responsible for the day-to-day operations and maintenance of the mill. He also oversees the quality of FFB delivered to the mill and the CPO and for marketing. Under his close and strict supervision as Manager, BLD mill has since 1998 been achieving OER of over 21% which earned recognition and compliments from the MPOB. Mr. Wong has wide experience in palm oil mill operations and holds the British Institute of Malaysian Palm Oil Growers Council Certificate of Proficiency in Palm Oil Process Operations, the British Institute of Engineering Technology Certificate and Engineering Part 1 Certificate. He started his career with Sarawak Oil Palm Berhad, a company listed on the KLSE, as Assistant Engineer in 1982 to 1989. He then worked as a Plant Superintendent with a sago company in 1989 before rejoining Sarawak Oil Palms Bhd as Assistant Engineer and was promoted to the post of Assistant Palm Oil Mill Manager in 1991 and joined BLD in 1995 as a manager.

Kong Shaw Kian, aged 63, is the Administrative Manager of BLD's branch office in Miri. He graduated from the Nanyang University, Singapore with a Bachelor of Commerce in Accountancy in 1964. He joined Peat Marwick Mitchell & Co. in May 1965 as Audit Clerk and two years later joined Harry Wong & Co. Public Accountants firm as Audit Assistant. In October 1969, he joined Kong Thai Lumber Sdn Bhd, Sabah as Chief Accountant and was later transferred to Indonesia in 1971 as Chief Accountant of P.T. Kalimantan Sari, before joining Na'ah Trading Sdn Bhd, a contractor of BLD, in July 1978 as Chief Accountant cum Office Manager. He joined BLD in 1979. Mr. Kong has vast experience in administration, accounting and finance and is responsible for the overall management of the Miri branch office. Mr. Kong was awarded the Ahli Mangku Negara (A.M.N.) by the Yang Di-Pertuan Agong in 1995.

Teng Tiong Kee, aged 53, is the Senior Estate Manager in charge of the day-to-day plantation operations in GM. Mr. Teng started his career with the Department of Agriculture, Sarawak in 1966 after completion of his secondary school education. While with the Department, he completed Basic and Advanced Agriculture Training courses in the Agricultural Training Institute. He left the Department in 1995 and last held the position of Agriculture Assistant. From 1995 to 2001, he worked with Timrest Sdn Bhd, as Assistant Estate Manager and was later promoted to the position of Acting Estate Manager before joining GM in 2001.

Chang Sen Fin, aged 57, is the Senior Estate Manager of BLDP Group. He obtained his Diploma in Agriculture from the then Western Australia Institute of Technology (now Curtin University of Technology) in 1972. He has over 30 years of working experience in the field of agriculture, farming and plantation having worked with Kumpulan Guthrie Bhd for 28 years. Mr. Chang joined BLD in 2002 and is currently assisting BLDP Group's Estate General Manager to oversee the overall management of BLDP Group's plantation estates.

8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

Daniel Wong Yuk Chee, aged 53, is the Estate Manager and is currently in charge of the day-to-day plantation operations in Lot 87 of BLD. Mr. Wong graduated from the Agricultural University of India with a Bachelor of Science in Agriculture in 1973. He also obtained his Master of Science in Seed Technology from the Edinburgh University, Scotland in 1979. From 1975 to 1978, he worked in Kota Belud Sabah Vocational School as an Assistant Lecturer before joining Sabah Cocoa Project as an Agronomist in 1979. In 1983, he joined Hap Seng Plantation Sdn Bhd as an Estate Manager for one year before joining Sime Darby Plantation Sdn Bhd as Estate Assistant. He joined BLD in 1987 and has been the Estate Manager since then.

Lau Kiew Liong, aged 50, is the Estate Accounts Manager of BLD. He graduated with a Bachelor of Commerce in Accountancy and Business Administration from the University of Canterbury, New Zealand in 1979. He joined BLD as an Accounts Executive and was promoted to the current position in 1992. Mr. Lau is currently in charge of administrative and accounting work at the plantation office.

Musa bin Ismail, aged 47, is the Senior Divisional Manager in charge of the day-to-day plantation operations in Area 3 of BLD. After obtaining his secondary education, he joined Sarawak Land Development Board as a Field Assistant in 1973 and from 1984 to 1990, he was the Senior Field Assistant of Angkatan Nahtatul Islam Bersatu (ANIB) Plantation. He joined BLD in 1990 as a Senior Field Assistant in Area 1 of BLD and in 1997, he was promoted to Divisional Manager.

Bakawi bin Ismail, aged 48, is currently the Divisional Manager in charge of the day-to-day operations in Area 1 and Area 3B of BLD. After completion of his secondary education, Encik Ismail worked in the Department of Agriculture, Sarawak at Sessang Peat Research Centre as a clerk in 1976. In 1979, he left the department and joined Sarawak Land Development Board as Field Supervisor for 16 years before joining BLD in 1995 as an Assistant Manager. He was then promoted to become Acting Divisional Manager in July 2000 and assumed the current post in January 2001. Over the years, he has gained vast experience in the management of plantation operations.

Man Anoh, aged 34, graduated from Universiti Pertanian Malaysia (now Universiti Putra Malaysia) with a Diploma in Agriculture. He joined BLD in April 1993 as a Cadet Assistant and was later promoted to the position of Divisional Manager in 1999 in charge of the day-to-day plantation operations in Area 2 of BLD.

Simon Siar Ak Manyus, aged 47, is the Estate Manager of Niamas and is in charge of its day-to-day plantation operations. Simon holds an Advance Diploma in Plantation Industry from the Incorporated Society of Planters and a Diploma in Management from the Malaysian Institute of Management in 1997. From 1976 to 1981, he worked as a Trainee with Sarawak Oil Palms Bhd and joined Sime Darby Bhd in 1981 as an Assistant Estate Manager. He then rejoined Sarawak Oil Palms Bhd to work as a Divisional Manager in 1988. From 1989 to 1999, he was the Estate Manager of Keresa Plantation Sdn Bhd before joining BLD as Niamas Project Manager in 2000.

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.5.2 Management Team's Shareholdings**

The management team's shareholdings in the Company before and after the Public Issue are as follows :-

Key Management Team	Designation	Before the Public Issue				After the Public Issue *			
		Direct	%	Indirect	%	Direct	%	Indirect	%
Lau Hieng Su @ Lau Hieng Sii	General Operations Manager	-	-	650,898 ^a	1.01	100,000	0.12	650,898 ^a	0.77
Loo Tau Thong	Estate General Manager	-	-	-	-	190,000	0.22	-	-
Seng Cheak Chai	Financial Controller	-	-	-	-	190,000	0.22	-	-
Wong Lin Siong	Mill Manager	-	-	-	-	190,000	0.22	-	-
Kong Shaw Kian	Administrative Manager	-	-	-	-	190,000	0.22	-	-
Chang Sen Fin	Senior Estate Manager	-	-	-	-	70,000	0.08	-	-
Daniel Wong Yuk Chee	Estate Manager	-	-	-	-	20,000	0.02	-	-
Lau Kiew Liong	Estate Accounts Manager	-	-	-	-	20,000	0.02	-	-
Bakawi bin Ismail	Divisional Manager	-	-	-	-	20,000	0.02	-	-
Man Anoh	Divisional Manager	-	-	-	-	20,000	0.02	-	-
Musa bin Ismail	Senior Divisional Manager	-	-	-	-	190,000	0.22	-	-
Teng Tiong Kee	Senior Estate Manager	-	-	-	-	70,000	0.08	-	-
Simon Siar Ak Manyus	Estate Manager	-	-	-	-	11,000	0.01	-	-

Notes:-

a deemed interested by virtue of his Substantial Shareholding in Gannets Sdn Bhd which has interest in BLDP

*** incorporating proposed pink form allocation

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)**8.6 Employees**

As of 31 March 2003, BLDP Group has about 1,500 employees. The following is a table setting out information on the categorical breakdown of the number of years served by BLDP Group's employees :-

Category of employees	Number of employees		
	< 5 years	> 5 years	Total
General Managers	-	1	1
Senior & Key Managers	3	9	12
Engineers & Support	27	23	50
Executives	38	21	59
Administration	32	34	66
Plantation workers	1,320	-	1,320
Total	1,420	88	1,508

None of the employees are represented by any union. BLDP Group has not experienced any work stoppages and has enjoyed cordial relationships with their employees. BLDP Group believes that their continuous focus on training and career development will help motivate and retain employees. Employees in BLDP actively participate in ongoing educational programs, many of which are internally developed, to enhance their technical and management skills through field training. BLDP Group also provides opportunities for promotion and mobility within BLDP Group, as these are the key components of employee retention.

8.7 Audit Committee

BLDP has set up an Audit Committee on 13 June 2003 which comprises the following Board members:-

Name	Responsibility	Directorship
Tan Sri Datuk Amar Haji Bujang Mohd. Nor	Chairman	Independent Non-Executive Chairman
Chong Chon Chee	Member	Independent Non-Executive Director
Henry Lau Lee Kong	Member	Executive Director

The functions of the Audit Committee include the review of audit plan and audit report with the Auditors, review of the scope of internal audit procedures, review of balance sheets and profit and loss accounts, review the appointment of auditors, to assist the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the companies within BLDP Group and undertake such other responsibilities as may be agreed to by the Audit Committee and the Board.

The Audit Committee will also monitor all business transactions in the future to be entered into by BLDP Group with parties that are related to the Promoters, Directors and Substantial Shareholders to ensure that such transactions are based on commercial terms and not on terms that are detrimental to BLDP Group.

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8. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES (cont'd)

8.8 Declarations from the Directors and Key Management Team

No Director, key management or person nominated to become a Director or key management is or was involved in the following events:-

- (i) a petition under any bankruptcy laws filed against such person or any partnership in which he was or is a partner or any corporation of which he was or is an executive officer;
- (ii) a conviction in a criminal proceeding or is a named subject of a pending criminal proceeding; or
- (iii) the subject of any order, judgement or ruling of any court, tribunal or governmental body of competent jurisdiction permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution or engaging in any type of business practice or activity.

8.9 Family Relationship

Save as disclosed below, there is no family relationship among the other Promoters, Directors, Substantial Shareholders and key management of BLDP :-

- (i) Henry Lau Lee Kong is the son of Dato Sri Lau Hui Kang;
- (ii) Robert Lau Hui Yew is the son of Lau Swee Nguong @ Lau Sui Guang; and
- (iii) Lau Hieng Su @ Lau Hieng Sii is the brother of YB Dato' Seri Law Hieng Ding and Datuk Law Hieng Ing @ Lau Hieng Ing.

8.10 Service Contracts

None of the existing Directors of the Company has any current or proposed service contracts with the Company or any of its subsidiary companies which are not terminable by notice without payment of compensation.

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