

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

Industry Average	----- Calendar year ----->		
	2004	2005	2006
Oil Extraction Rate (%)			
Sabah	21.31	21.34	21.12
Malaysia	20.03	20.15	20.04
PK Extraction Rate (%)			
Sabah	4.71	4.86	4.71
Malaysia	5.25	5.34	5.20

8.7.2 Storage Capacity

We store our CPO in storage tanks which are located within the compound of our mills and also within the vicinity of our jetties. Our PK are stored in silos which are located within the compound of our mills.

Below is a summary of our CPO storage capacity in tonnes as at 31 July 2007.

Mill	----- At Pangkalan (Jetty) ----->										
	Tank No 1	Tank No 2	Tank No 3	Tank No 4	Tank No 5	Tank No 6	Tank No 1	Tank No 2	Tank No 3	Tank No 4	Total Capacity
JPOM 1	500	2,000	2,000	-	-	-	1,000	-	2,000	1,000	8,500
JPOM 2	-	-	-	2,000	500	-	600	-	-	1,000	4,100
TPOM	550	1,000	550	550	2,000	1,000	-	-	-	-	5,650
BPOM	1,000	1,000	2,000	2,000	-	-	-	2,000	-	-	8,000
	Grand Total										26,250

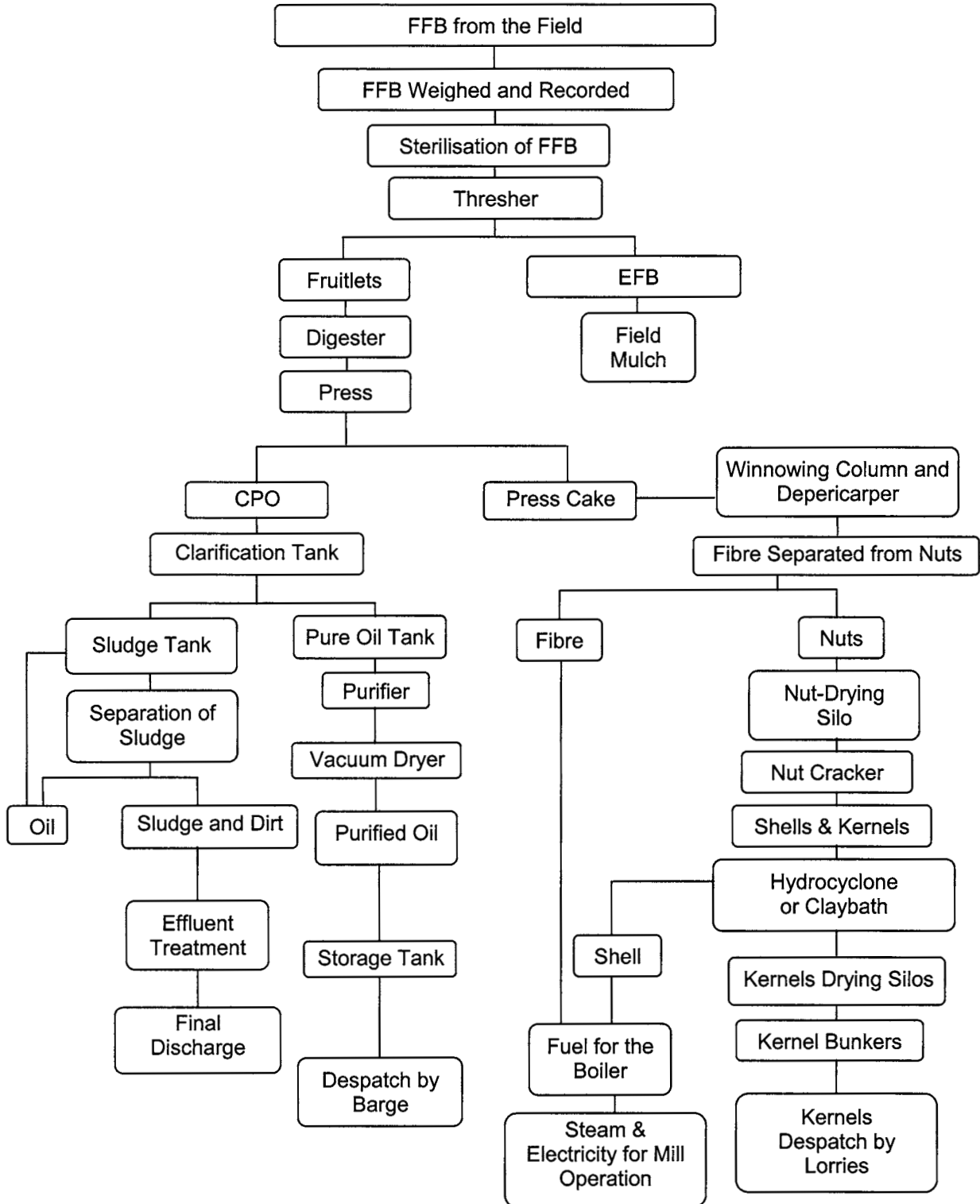
Below is a summary of our PK storage capacity in tonnes.

Mill	Silo 1	Silo 2	Silo 3	Silo 4	Silo 5	Silo 6	Silo 7	Silo 8	Total Capacity
JPOM 1	125	125	125	125	125	125	-	-	750
JPOM 2	140	140	-	-	-	-	-	-	280
TPOM	80	80	80	80	80	80	-	-	480
BPOM	60	60	60	60	60	60	60	60	480
	Grand Total								1,990

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

8.7.3 Production Process

The extraction of CPO and PK involves the following processes:



8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

The extraction of CPO and PK involves a series of processes known as milling. The main stages of extraction are sterilisation, bunch stripping, digestion, oil pressing, oil extraction, oil clarification and purification, depericarping and storage. A brief description of the production process is set out below:

(a) FFB Reception at the Mill

Our palm oil milling process starts with the reception of FFB at the weigh bridge at the main gate entrance of each mill. FFB is transported from the field using lorries and tractors. The FFB unloaded at the ramp of each mill is then graded and the quality is determined based on the ripeness and freshness of the fruits, the bunch size, length of the stalk, formation of the FFB and the percentage of loose fruits. The FFB must be processed as soon as possible to ensure the production of high quality palm oil as the undesirable free fatty acid content of the FFB starts to increase after harvesting. The FFB is transferred from the ramp to fruit cages via hydraulic controlled gate.

(b) Sterilisation

To enable efficient mechanical stripping of bunches and to obtain high oil yield from downstream processes, the fruits are sterilised in a pressure vessel for approximately ninety (90) minutes at a temperature of 145°C. Sterilisation deactivates acid-forming enzymes, loosens the fruits from the stalk and pre-conditions the mesocarp and nuts for further processing.

(c) Threshing

The sterilised FFB are emptied from the fruit cages into a thresher and then fed into a revolving slated steel drum by an auto-feeder. The non-oil bearing bunch stalks are oil absorbent and hence are removed to prevent any unnecessary loss of oil. FFB which are not fully stripped are sent for re-threshing to remove any entrapped fruits through a bunch crusher. During the threshing process, fruits loosened from FFB are dropped through a steel slat into a conveyor below the drum and are then transferred via a fruit elevator into a digester.

After separation, EFB are transported using a conveyor to the empty bunch hopper. EFB are sent back to the field for mulching and used as fertiliser as they contain high level of nutrients.

(d) Digestion

The purpose of a digester is to release the oil by rupturing oil bearing cells in the mesocarp, loosen the mesocarp from the nuts, raise the temperature of the mash to facilitate subsequent pressing and drain away free oil to reduce the volume to be pressed.

The fruits are transported to the digester via a fruit elevator and fruit distributing conveyor. In the digester, the fruits are mashed by sets of stirring arms which create relative circular and vertical movements of fruits. Steam is injected to maintain the temperature at 95°C.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

(e) Pressing/Oil Extraction

The mash passing through the digester is fed into a screw press with the screw turning within a perforated press cage and pushing the mash towards a pre-set cone. The pressure on the mash is gradually increased, forcing the oil and moisture to be squeezed from the mash through the perforated press cage, leaving behind a compact dried mass, consisting mainly of nuts and fibre, called the press cake. The crude oil sludge extracted from the mash is then fed into a sand trap-tank in which dirt particles and shell fragments are allowed to settle to the bottom.

(f) Oil Clarification and Purification

The free oil which has been drained from the digester together with the crude oil sludge from the screw press are allowed to flow past a vibrating screen to further remove any retained fibre and shell particles. The composition of crude oil varies in accordance to the composition of the fruits, but is generally made up of 60% oil and 40% sludge (dirt particles and water). At this composition, the crude oil is highly viscous and therefore difficult to separate effectively from the sludge. In order to reduce viscosity, hot water and steam are injected to accelerate the oil/sludge separation process. The process is achieved in the clarification tank with a retention time of about five (5) hours to ensure complete separation.

The crude oil is then skimmed off from the mixture and the oil extracted from the clarification contains approximately 0.6% water and 0.2% impurities. This is further reduced in a high speed centrifuge called a purifier to a moisture content of 0.3% and impurities of 0.02%.

The purified oil is then pumped through a vacuum dryer to reduce the moisture content down to about 0.15%.

(g) Oil Storage Tank

The purified and dried oil (now known as CPO) is then conveyed via pipes and stored in the oil storage tanks before despatch. The oil in the storage tank is heated using closed steam coils to maintain a temperature of 55°C. A constant homogeneity is maintained by using circulation pumps.

(h) Separation of Sludge

After the clarification process, the separated sludge is temporarily stored and heated in the sludge tank. The sludge will go through a second separation via a de-sander and a decanter at a temperature of 95°C. The decanter is used to recover the final trace amount of suspended oil in the sludge, thereby maximising oil recovery and achieving minimal oil loss in the sludge water discharge and solids. The recovered oil is pumped back to the crude oil clarification tank. The sludge water discharge is transported to the effluent treatment plant via a sludge pit. The solid sludge is put back into the field for utilisation as compost.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP *(Cont'd)*

(i) Depericarping

In the kernel recovery station, the nuts are separated from the fibre with the fibre being used as fuel to generate power for the mill.

The nuts are cracked and the kernel separated from the shell. The kernels are then dried prior to packing and the shell augments fibres are also used as fuel to generate power for the mills. The nuts are sent to the de-stoner to remove any stones and other foreign matter.

(j) Nut Drying Silo

The cleaned nuts are sent to the nut silo for drying. The moisture content of the nuts is reduced from 25% to 17% within a time period of fourteen (14) hours. The temperature of the hot air used for drying off the nuts is regulated to prevent discolouration of the kernel. Drying will detach the kernel inside the nut from the nut shell, which facilitates cracking and separation at a later stage. The nuts are graded into three (3) different sizes so as to maintain optimum cracking efficiencies in the ripple mills or crackers.

(k) Ripple Mills and Winnower

Dried nuts are fed into ripple mills for cracking. The cracked mixtures comprising kernels and shells are fed into a series of winnowers where the lighter shell fragments and any remaining fibre are blown off. The residue kernel and shell mixtures are then fed into the kernel grading drum. The whole kernel is then separated from the broken kernel and shell mixture in the drum before being conveyed to the kernel silo. The kernel and shell mixtures are then fed into a hydrocyclone via a conveyor.

(l) Hydrocyclone

The kernels and shells are separated in a hydrocyclone and separated shells are sent to the boiler and burnt as fuel. The residue kernel and shell mixtures are then sent to a claybath for separation of kernels from shell.

(m) Kernel Silo

The kernels are dried in hot air heated by steam in a heat exchanger in the kernel silo. The drying time and temperature is regulated to achieve uniform consistency and moisture content. The installed drying facility is capable of drying 20 tonnes PK per hour. The dried PK are stored in a bulking silo before despatch.

The separated shell is then sent to the boiler house as fuel.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (*Cont'd*)

8.8 Plantation Facilities

We have invested significant amount to build infrastructure and facilities on our plantation estate to improve our production processes, including road and river transportation systems, jetties and pipelines, storage facilities, nurseries, workshops, laboratories, power plants and effluent ponds. We regularly maintain and improve our infrastructure in order to achieve optimal operating results. For the financial year ended 31 January 2007 and six (6)-month period ended 31 July 2007, we spent approximately RM24.05 million and RM9.66 million respectively in constructing and improving our infrastructure and facilities.

Road and River Systems

We enjoy the geographical advantages of having two (2) rivers, Sungai Segama and Sungai Kretam, running through our estates that provide us with a source of water for irrigation and domestic use of onsite workers and the ability to transport CPO by barge directly from our plantation to our customers and our supplies to our plantation. We also own two (2) ferries to facilitate the crossing of the rivers by our land vehicles. The relatively flat terrain of our plantation land facilitates easier constructions, maintenance and improvement of our internal road system including the 17 km sealed main road from the mills to the jetty at Jeroco which is due to be completed by the end of financial year ending 31 January 2008.

Jetties and Pipelines

We built jetties and pipelines on the banks of these two (2) rivers and have also constructed CPO storage tanks within the vicinity of these jetties. We use pipelines to efficiently transport CPO from the storage tanks at the jetty to the barge. We currently have two (2) jetties, one located along the banks of Sungai Kretam in Jeroco and the other at Sungai Segama in Tomanggong.

Vehicles

We have a fleet of heavy vehicles such as oil tankers, lorries, trailers, ferries, tractors and trucks for transporting our FFB collections from our estates to our mills and our CPO to our storage facilities. We hire contract barge in addition to our own barge and tugboat to deliver CPO from our storage tanks to our customers and for transporting fertilisers and construction material to our plantation.

Storage Facilities

Our storage tanks have a combined storage capacity of 26,250 tonnes of CPO and our silos have a combined total storage capacity of 1,990 tonnes of PK. Each of our group estates has sufficient storage facilities for fertilisers and agri-chemicals.

Nurseries

We have two (2) nurseries to raise sufficient quality planting material to meet our requirements. We also stringently cull sub-standard seedlings to ensure only prime planting material is used in the fields.

Laboratories

We have a central laboratory which is supervised by our Chief Agronomist and staffed with qualified personnel who attend to the sampling and testing of our oil palm trees for the recommendation of dosage of fertilisers. Each of our mills also has a quality control laboratory to conducts tests on the CPO and PK produced in our mills to ensure that our products meet the quality requirements of our customers.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

Power Plants

We have our own power plant at each mill consisting of a steam boiler and steam turbine generators. The power generated at each plant is sufficient to run the operations of each mill and for domestic use. The power plant is powered with a combination of fuel and by-products from the CPO production process.

Airstrips

We have two (2) airstrips strategically located at Lokan Estate within JGOE and Tomanggong Estate, within TMGOE. These allow us to conduct aerial application of fertilisers and pest control activities in addition to normal air transportation.

Effluent Ponds

We have constructed holding ponds within the vicinity of our mills to treat effluent from our mills. Once our effluent is treated in the ponds and when the bio-oxygen demand decreases to less than 100 ppm (parts per million) or less, the treated effluent is discharged into the waterways. This meets the current requirements of Department of Environment of Malaysia.

8.9 Marketing, Trading and Distribution

8.9.1 Marketing, Trading and Distribution Network

Sales and marketing are centralised at HSP. We sell our CPO to local refineries located in the port areas in Sandakan and our PK to kernel crushers located in Lahad Datu. Sales are generally made through the following methods:

Spot Sales

We sell our CPO to refineries on a spot sale basis where selling price is determined during the point of sale. Sale negotiations are carried out by our marketing department and at prices agreed by both parties at that point in time. The price takes into consideration the demand, supply, market prices and any anticipated events or news which may affect the market.

Forward Contracts

(i) Formula price contracts

We enter into volume-based floating price sale and purchase agreements with our major buyers in respect of a portion of our CPO production. The amount payable will be based on monthly average prices of CPO published by MPOB (Sabah price) for the month of delivery.

(ii) Forward strategic sales contracts

We also enter into forward contracts with refineries where volume and price are predetermined. These forward contracts enable us to hedge against fluctuations in CPO prices.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP *(Cont'd)*

(iii) Criteria and steps taken before entering into forward contracts

We have a commodity trading division which undertakes the marketing of our CPO and PK production. This division is headed by an experienced senior manager and monitors the daily price movements of CPO and other major vegetable oils in the international markets.

The following factors are taken into consideration by the commodity trading division in making recommendations to the Managing Director and/or Executive Board on forward sales:

- (a) the best forward sales price obtainable in the market and the credibility of the potential buyers;
- (b) the difference between the forward sales prices and average prices achieved during the preceding one (1) to three (3) years;
- (c) the price assumption made in the budget for current financial year;
- (d) the profit margin of such forward sales price; and
- (e) the general market outlook of CPO and PK vis-à-vis other major vegetable oils.

Upon such recommendation and after careful deliberation of the aforesaid factors, our Managing Director and/or Executive Board would then form their view on whether to commit to such forward sales.

The average price realisation of our CPO sold for the first half of the financial year ending 31 January 2008, was RM1,870 per tonne.

As at the Latest Practicable Date, we have sold forward 75% of our forecast CPO production for the second half of the financial year ending 31 January 2008 at an average price of RM2,095 per tonne. As at the Latest Practicable Date, we have also sold forward 51% of our projected CPO production for the financial year ending 31 January 2009 at an average price of RM1,997 per tonne.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

8.9.2 Major Customers

Our Group's major customers are well established and have been in the business of CPO refinery and PK crushing for more than twenty (20) years. Payments for CPO and PK are made via cash or telegraphic transfers after deliveries to the refineries and crushing plants, within the credit period (which is usually seven (7) working days).

Our Group's major customers are CPO refineries and PK crushers with whom we have long-term relationships. We are not dependent on any single customer. Our major customers contributing more than 10% of our revenue for the three (3) financial years ended 31 January 2007 and six (6)-month period ended 31 July 2006 and 2007 are as follows:

Customers	Length of relationship (years)	Products sold	Financial year ended 31 January		6-month period ended 31 July							
			2006	2007	2006	2007						
			RM 000	% of total sales	RM 000	% of total sales						
Sandakan Edible Oils Sdn Bhd	more than 10	Sale of CPO	184,702	62.20	178,803	64.29	137,580	49.33	65,707	55.91	59,582	36.45
IOI Edible Oils Sdn Bhd	more than 10	Sale of CPO and PK	57,184	19.26	53,392	19.20	101,173	36.28	32,101	27.31	73,235	44.80
Total	-	-	241,886	81.46	232,195	83.49	238,753	85.61	97,808	83.22	132,817	81.25

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

8.9.3 Major Suppliers

We have long-term relationships with our suppliers mainly for the procurement of fertiliser, chemicals, spare parts, equipment and consumables for the plantation estates and are not dependent on any single supplier. Our major suppliers contributing 10% or more of purchases for the three (3) financial years ended 31 January 2007 and six (6)-month period ended 31 July 2006 and 2007 are set out in the table below:

Based on cost of sales category

Suppliers	Relationship (years)	Nature of transaction	Financial year ended 31 January		6-month period ended 31 July							
			2005	2006	2006	2007						
			RM 000	% of cost of sales	RM 000	% of cost of sales						
Hap Seng Fertilizers Sdn Bhd*	more than 20	Supply of fertiliser, chemicals and tools	32,316	28.47	31,195	24.55	25,599	20.11	14,412	22.36	12,804	19.87
Hap Seng (Oil & Transport) Sdn Bhd	more than 20	Supply of fuel and lubricant	^	^	^	^	13,906	10.93	6,763	10.49	6,456	10.02

Notes:

* Formerly known as Hap Seng Sasco Fertilizers Sdn Bhd.

^ The transaction for this supplier is less than 10%.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

Based on capital expenditure category

Suppliers	Relationship (years)	Nature of transaction	Financial year ended 31 January		6-month period ended 31 July					
			2005	2006	2007	2007				
			RM 000	% of capital expenditure	RM 000	% of capital expenditure	RM 000	% of capital expenditure		
Hap Seng Building Materials Sdn Bhd	more than 20	Hardware & building materials, construction of 17 km highway and supply water tanks	^	^	7,546	23.89	5,188	40.49	3,444	27.20
Si Khiong Industries Sdn Bhd	more than 20	Supplying motor vehicles, trucks and fabrication of cages	^	^	3,937	12.46	1,922	15.00	^	^
Kontraktor Soon Hing	more than 7	Building contractor	^	^	4,124	26.40	3,482	11.02	1,836	14.33
Tractor Malaysia (1982) Sdn Bhd	more than 20	Farm tractors	^	^	1,742	11.15	^	^	^	^
Hap Lee Enterprise	more than 10	Building contractor	3,618	21.80	^	^	-	-	-	-

Note:

^ The transactions for these suppliers are less than 10% of each of these purchase categories for the relevant years.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP *(Cont'd)*

8.10 Quality Control

We employ stringent quality control measures to ensure the quality of our FFB and CPO is maintained at the highest standard possible. Some of these measures are:

- implementing a merit point system to encourage loose fruits collection;
- ensuring timely harvesting of our FFB and transportation of the harvested FFB to the mills within twenty-four (24) hours;
- adhering to stringent FFB grading standards;
- regular training of our staff;
- upgrading of our equipment and machinery;
- ensuring that our mill machinery and equipment remain in good working order by operating a workshop at each mill to cater for the daily maintenance of our mill machinery and equipment;
- a quality control laboratory to conduct tests on our palm products to ensure that we meet our customers' requirements;
- ensuring that we have sufficient storage facilities for CPO (in storage tanks) and PK (in silos) and constantly monitoring the circulation, ventilation and temperature of our storage facilities to ensure that our CPO and PK maintain their freshness and quality; and
- adhering to a stringent standard of cleanliness, health and safety controls, for the entire process, commencing from the delivery of the FFB at the mills to the delivery of the CPO at the refineries, including compliance with Hazard Analysis and Critical Control Point (HACCP) Guidelines.

8.11 Location of Operations

	Address
Corporate Headquarters	No. 1A, Jalan 205, 46050 Petaling Jaya Selangor Darul Ehsan Malaysia
Plantation Headquarters	Off 40 km, Jalan Jeroco Lahad Datu Sabah Malaysia

The locations of our Group's plantations, estates and mills are disclosed in Section 9.3 of this Prospectus.

8.12 Research and Development ("R&D")

Currently we do not have a R&D department. We do however have an Agronomy Department where we rely on the expertise of three (3) agronomists for foliar and soil analysis to ensure optimal application of fertilisers and a chemist who ensures the integrity of the quality testing of our palm products, compliance with Occupational Safety and Health Act 1994 requirements and Roundtable on Sustainable Palm Oil guidelines.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

8.13 Employees

As at 31 August 2007, our Group has a workforce of 5,419 employees comprising the following:

Category	Number of employees	Average no. of years in employment
Management	100	10.72
Non-management	259	6.62
General estate workers	5,060	*
Total	5,419	

Note:

* Our general workers are mainly foreigners with employment contracts that are typically of three (3) years.

None of our employees are members of any labour union.

We have not been involved in any major industrial dispute in the two (2) years preceding this Prospectus.

Training

We provide training for our executive and operations staff namely our field staff, field conductors, assistant managers and mill personnel. The training syllabuses are drawn up by our senior management and comprise both theoretical and practical field training. All participants will sit for written assessments at the completion of their training and certificates will be awarded by our Company to successful participants.

8.14 Environmental Protection Initiatives

To ensure that our milling operations are as environmentally friendly as possible, we have implemented certain practices described below:

- mill effluent is treated to ensure compliance with the Department of Environment of Malaysia (under the Ministry of Nature Resources and Environment) requirements of the final discharge of less than 100 parts per million bio-oxygen demand and we monitor the treatment of the effluent by testing effluent pond samples regularly for degradation efficiencies;
- EFB are converted to bunch ash as another source of potash (a type of fertiliser). EFB is also applied onto the field as organic fertiliser;
- fibre and shells are recycled for use as fuel for the boiler which generates steam to sterilise FFB and to power the turbines to generate electricity for the mills and the domestic use of our plantation workers;
- the transfer of CPO using our pipelines to minimise spillage of CPO into the rivers; and
- looking into alternative source of energy such as solar and hydro-electricity.

8. BUSINESS OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP (Cont'd)

8.15 Our Achievements

Our Bukit Mas Palm Oil Mill was awarded the Malaysia Palm Oil Industry Award for achieving oil extraction rates above 21% in 1999.

Our Bukit Mas Palm Oil Mill also received an award from MPOB for High Standard of Milling Competency in 2000.

We were one of the recipients of the "Ladang Bahagia" award from the Ministry of Human Resources in recognition of our high standards of infrastructure and amenities for our staff and workers in 2004.

8.16 Business Interruption

There has been no interruption to our business which had a significant impact on the operations of our Group in the past twelve (12) months.

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9. ACQUISITIONS AND INFORMATION OF OUR GROUP

9.1 Acquisitions

In conjunction with, and as an integral part of our listing of and quotation for the entire issued and paid-up share capital of our Company on the Main Board of the Bursa Securities, we acquired the entire issued and paid-up share capital of Jeroco and River Estates on 7 September 2007.

9.1.1 Acquisition of Jeroco

Pursuant to a sale of shares agreement dated 16 May 2007, we acquired the entire issued and paid-up share capital of Jeroco comprising 121,431,763 ordinary shares of RM1.00 each for a purchase consideration of RM550.25 million which was satisfied by the issuance of 275,127,000 new ordinary shares of RM1.00 each in our Company at the issue price of RM1.80 each and cash consideration of approximately RM55.02 million.

9.1.2 Acquisition of River Estates

Pursuant to a sale of shares agreement dated 16 May 2007, we acquired the entire issued and paid-up share capital of River Estates comprising 30,807,000 ordinary shares of RM1.00 each for a purchase consideration of RM949.75 million which was satisfied by the issuance of 474,872,998 new ordinary shares of RM1.00 each in our Company at the issue price of RM1.80 each and cash consideration of approximately RM94.98 million.

The cash consideration for the Acquisitions was funded through bank borrowings.

Details on Jeroco and River Estates are set out in Sections 9.2.2 and 9.2.3 respectively.

9.1.3 Basis of Purchase Consideration

The purchase consideration of RM550.25 million and RM949.75 million for the Acquisition of Jeroco and Acquisition of River Estates respectively were agreed upon on a willing buyer-willing seller basis after taking into consideration the respective audited PAT for the financial year ended 31 January 2007 and the future earnings of Jeroco and River Estates.

9.1.4 Valuation Methodology

The total purchase consideration for the Acquisitions was derived based on PE Multiple of 15.8 times based on the audited PAT of Jeroco and River Estates for the financial year ended 31 January 2007 and their future earnings. Please refer to Sections 11 and 12 for further details on the historical results and future financials, respectively.

As the business of Jeroco and River Estates is derived from the plantation operations undertaken on the land owned by the companies, our Board believes that the extent of the ability to generate earnings and profitability from the operations on the land would be more relevant in determining the value and the purchase consideration of both companies. The earnings and profitability of our Group whilst influenced by the pricing of CPO is also dependent on the efficiency of the plantations operations as reflected by amongst others, our oil extraction rate and FFB yield. Hence, in the opinion of our Board of Directors, the earnings method of arriving at the purchase consideration of Jeroco and River Estates is a more appropriate indication of the plantation activities undertaken by Jeroco and River Estates. Please refer to Section 8.2 for further details on our key competitive strengths.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

The vendors of Jeroco and River Estates viewed that the application of PE Multiple in arriving at the purchase consideration for the Acquisitions would be a fair valuation methodology to reflect the total underlying value of plantation assets.

Premised on the above, our Board of Directors is of the opinion that the valuation of the plantation assets by an independent firm of valuers was not necessary.

9.1.5 Parting dividend and bonus issue of redeemable preference shares

Prior to the completion of the Acquisition of Jeroco, Jeroco declared and paid dividend on 22 August 2007 amounting to RM229.49 million to the Jeroco Vendors in accordance with their respective shareholding. In addition, Jeroco and River Estates also respectively undertook a bonus issue of RM54.00 million in value and RM96.00 million in value of redeemable preference shares of RM0.01 each ("RPS") at an issue price of RM200.00 per RPS. The details are as follows:

Companies	No of RPS issued	Total par value	Premium	Total value of RPS
		RM	RM 000	RM 000
Jeroco	270,000	2,700	53,997	54,000
River Estates	480,000	4,800	95,995	96,000

9.1.6 Completion

The Acquisitions were completed on 7 September 2007. The 749,999,998 new ordinary shares of RM1.00 each issued pursuant to the Acquisitions rank equally in all respects with our existing ordinary shares and carry all rights to receive in full all dividends and other distributions declared and paid subsequent to the allotment thereof. Simultaneous with the completion of the Acquisitions, HSCB acquired the two (2) subscribers' shares in our Company at their par value.

9.1.7 Redemption of RPS

On 10 September 2007, we subscribed for an additional 2,700 new ordinary shares of RM1.00 each in Jeroco at RM1.00 per share and 4,800 new ordinary shares of RM1.00 each in River Estates at RM1.00 per share. The proceeds from our subscription was utilised to redeem the par value of the RPS of Jeroco and River Estates respectively, with the premium thereof being funded via internally generated funds and bank borrowings.

9.2 Information of HSP Group

9.2.1 Hap Seng Plantations Holdings Berhad

Our Company was incorporated in Malaysia on 18 April 2007 under the Act as a private limited company under the name of Hap Seng Plantations Holdings Sdn Bhd and on 3 May 2007, we were converted to a public company limited by shares under our present name.

The principal activities of our Company are investment holding and carrying out marketing and trading activities for our Subsidiaries. Our Subsidiaries are involved in the cultivation of oil palm and processing of FFB.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

As at the date of this Prospectus, our share capital is as follows:

Type	No. of Shares	Par value	Total
		RM	RM
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	750,000,000	1.00	750,000,000

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

Date of allotment	No. of Shares	Par value	Consideration	Cumulative total
		RM		RM
18.04.2007	2	1.00	Cash	2
07.09.2007	749,999,998	1.00	Issued as part of consideration for the Acquisitions	750,000,000

Our Company does not have any outstanding warrants, options, convertibles or uncalled capital at the date of this Prospectus.

As at the date of this Prospectus, we have five (5) Subsidiaries, namely the River Estates, Jeroco, Wecan, Tampilit and Ladang Kawa.

Company	Date and place of incorporation	Issued and paid-up share capital	Par value	Effective equity interest	Principal activities
		RM	RM	%	
<u>Direct Subsidiaries</u>					
River Estates	13.04.1950 Malaysia	30,811,800	1.00	100.00	Cultivation of oil palm and processing of FFB
Jeroco	18.06.1980 Malaysia	121,434,463	1.00	100.00	Cultivation of oil palm and processing of FFB
<u>Indirect Subsidiaries</u>					
Tampilit	17.01.1985 Malaysia	16,002	1.00	100.00	Cultivation of oil palm
Wecan	15.10.1985 Malaysia	124,000	1.00	100.00	Cultivation of oil palm
Ladang Kawa	06.01.1975 Malaysia	20,000,000	1.00	100.00	Cultivation of oil palm

9.2.2 Jeroco Plantations Sdn Bhd

Jeroco was incorporated in Malaysia on 18 June 1980 under the Act as a private company limited by shares under its present name.

Jeroco became a subsidiary of HSCB in 1996 and subsequently became the subsidiary of HSP on 7 September 2007. Jeroco is principally involved in the cultivation of oil palm and processing of FFB.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Jeroco acquired its present plantation land in 1981 for cultivation and planting of four (4) major crops, namely oil palm, cocoa, jelutong and rattan. The area lies on the north-eastern side of the Lahad Datu/ Sandakan Highway and is contiguous to the plantation land owned by River Estates and its subsidiaries. Jeroco has two (2) mills with a FFB processing capacity of 60 tonnes and 30 tonnes per hour respectively.

The share capital of Jeroco as at the date of this Prospectus is as follows:

Type	No. of shares	Par value	Total
		RM	RM
Ordinary Shares			
Authorised	149,997,300	1.00	149,997,300
Issued and paid-up	121,434,463	1.00	121,434,463
RPS			
Authorised	270,000	0.01	2,700
Issued and paid-up	-	-	-

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

(a) Ordinary shares

Date of allotment	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
18.06.1980	2	1.00	Cash	2
14.07.1981	437,498	1.00	Cash	437,500
14.07.1981	43,750,000	1.00	Bonus issue	44,187,500
24.08.1981	1,200,000	1.00	Cash	45,387,500
25.02.1983	2,388,815	1.00	Cash	47,776,315
20.12.1983	45,148,795	1.00	Cash	92,925,110
05.02.1987	28,506,653	1.00	Cash	121,431,763
10.09.2007	2,700	1.00	Cash	121,434,463

(b) RPS

Date of allotment/ (redemption)	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
22.08.2007	270,000	0.01	Bonus Issue	2,700
10.09.2007	(270,000)	0.01	-	-

As at the date of this Prospectus, Jeroco does not have any subsidiary or associated company.

9.2.3 Hap Seng Plantations (River Estates) Sdn Bhd

River Estates was incorporated in the Colony of North Borneo on 13 April 1950 under the Indian Companies Act, VII of 1913 as a private company limited by shares under the name of The River Estates Limited. It subsequently changed its name to The River Estates Sdn Berhad on 15 April 1966 under the Act before changing to its present name on 29 August 2006.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

River Estates became a wholly-owned subsidiary of HSP on 7 September 2007.

River Estates is principally involved in the cultivation of oil palm and processing of FFB. It has three (3) wholly-owned subsidiaries namely, Wecan, Tampilit and Ladang Kawa.

Presently, River Estates together with its subsidiaries, Wecan and Tampilit hold two (2) group of estates namely TMGOE and SSGOE covering a total contiguous area of 22,237 ha. Ladang Kawa owns 1,276 ha of plantation land situated in Tawau, Sabah. River Estates has two (2) mills with a FFB processing capacity of 40 tonnes and 45 tonnes per hour respectively.

The share capital of River Estates as at the date of this Prospectus is as follows:

Type	No. of shares	Par value	Total
		RM	RM
<u>Ordinary Shares</u>			
Authorised	49,995,200	1.00	49,995,200
Issued and paid-up	30,811,800	1.00	30,811,800
<u>RPS</u>			
Authorised	480,000	0.01	4,800
Issued and paid-up	-	-	-

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

(a) Ordinary Shares

Date of allotment	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
13.04.1950	2	1.00	Cash	2
16.04.1950	49,998	1.00	Cash	50,000
31.12.1954	40,000	1.00	Cash	90,000
14.05.1955	100,000	1.00	Bonus Issue	190,000
23.05.1968	(75,000)	1.00	Capital reduction	115,000
29.07.1972	4,600,000	1.00	Bonus Issue	4,715,000
19.12.1994	26,092,000	1.00	Issued in consideration for acquisition of landed properties	30,807,000
10.09.2007	4,800	1.00	Cash	30,811,800

(b) RPS

Date of allotment/ (redemption)	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
22.08.2007	480,000	0.01	Bonus Issue	4,800
10.09.2007	(480,000)	0.01	-	-

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

As at the date of this Prospectus, River Estates has three (3) subsidiaries and no associated company. Details of the subsidiaries of River Estates are set out in the Sections 9.2.4, 9.2.5 and 9.2.6 of this Prospectus.

9.2.4 Hap Seng Plantations (Tampilit) Sdn Bhd

Tampilit was incorporated in Malaysia on 17 January 1985 under the Act as a private company limited by shares under the name of Tampilit Sdn Bhd and subsequently assumed its present name on 11 August 2006.

The principal activity of Tampilit is cultivation of oil palm. The share capital of Tampilit as at the date of this Prospectus is as follows:

Type	No. of shares	Par value	Total
		RM	RM
Authorised	25,000	1.00	25,000
Issued and paid-up	16,002	1.00	16,002

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

Date of allotment	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
17.01.1985	2	1.00	Cash	2
21.09.1991	16,000	1.00	Cash	16,002

As at the date of this Prospectus, Tampilit does not have any subsidiary or associated company.

9.2.5 Hap Seng Plantations (Ladang Kawa) Sdn Bhd

Ladang Kawa was incorporated in Malaysia on 6 January 1975 under the Act as a private company limited by shares under the name of Ladang Kawa Sdn Bhd and subsequently assumed its present name on 11 August 2006.

Ladang Kawa holds 1,276 ha of plantation land.

The principal activity of Ladang Kawa is cultivation of oil palm. The share capital of Ladang Kawa as at the date of this Prospectus is as follows:

Type	No. of shares	Par value	Total
		RM	RM
Authorised	25,000,000	1.00	25,000,000
Issued and paid-up	20,000,000	1.00	20,000,000

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

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

Date of allotment	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
06.01.1975	2	1.00	Cash	2
31.01.1977	79,999	1.00	Cash	80,001
31.01.1977	79,999	1.00	Non cash	160,000
19.11.1979	90,000	1.00	Cash	250,000
01.07.1982	19,750,000	1.00	Issued in consideration for acquisition of landed properties	20,000,000

As at the date of this Prospectus, Ladang Kawa does not have any subsidiary or associated company.

9.2.6 Hap Seng Plantations (Wecan) Sdn Bhd

Wecan was incorporated in Malaysia on 15 October 1985 under the Act as a private company limited by shares under the name of Wecan Enterprise Sdn Bhd and subsequently assumed its present name on 11 August 2006.

The principal activity of Wecan is cultivation of oil palm. The share capital of Wecan as at the date of this Prospectus is as follows:

Type	No. of shares	Par value	Total
		RM	RM
Authorised	125,000	1.00	125,000
Issued and paid-up	124,000	1.00	124,000

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

Date of allotment	No. of shares	Par value	Consideration	Cumulative total
		RM		RM
15.10.1985	2	1.00	Cash	2
01.04.1986	3,998	1.00	Cash	4,000
21.09.1991	120,000	1.00	Cash	124,000

As at the date of this Prospectus, Wecan does not have any subsidiary or associated company.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.3 Properties of our Group

We set out below the details of our properties as at the date of this Prospectus. We have not acquired any property during the two (2) years preceding the date of this Prospectus.

9.3.1 River Estates

River Estates is the registered owner/lessee of the following parcels of land, which are not subject to any encumbrances:

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years)	Existing Use	Conditions of Land Use	Restrictions in Interest
1.	Tabin	CL075359465 District of Sandakan Sg Segama Sabah	99 years/ 31.12.2076	1,430.67 ha*	- 1 to 23	<ul style="list-style-type: none"> Cultivation of oil palm Workers and staff quarters, fertiliser store and other amenities 	Cultivation of oil palm	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of the title
2.	Tabin	CL095324879 District of Kinabatangan Sg Segama Sabah	99 years/ 31.12.2093	182.10 ha	-	Jungle land. Not cultivated yet	Cultivation of an agricultural crop of economic value. Please refer to #4 below	Transfer, subdivision, sublease and charge of this title is prohibited except with the written permission from the Director of Lands and Surveys, Sabah
3.	Tomanggong	CL095324897 District of Kinabatangan Sg Segama Sabah	99 years/ 31.12.2094	567.80 ha	-	Jungle land. Not cultivated yet	Cultivation of an agricultural crop of economic value. Please refer to #5 below	Prescribed transfer conditions applicable. Please refer to #2 below

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years) [#]	Existing Use	Conditions of Land Use	Restrictions in Interest
4.	Tomanggong	CL095316304 District of Kinabatangan Sg Segama Sabah	999 years/ 01.04.2894	3,971.77 ha	- 1 to 40	<ul style="list-style-type: none"> • Cultivation of oil palm • Workers and staff quarters, fertiliser store, and other amenities 	Nil	Nil
				3.23 ha/ 11,060.7 sq m	38	<ul style="list-style-type: none"> • Palm Oil Mill (TPOM) 		
5.	Tomanggong Tabin Tagas	Lease No. 095310017 District of Kinabatangan Sg Segama Sabah	99 years/ 31.12.2067	2,611.89 ha*	- 1 to 31	<ul style="list-style-type: none"> • Cultivation of oil palm • Workers and staff quarters, fertiliser store, office and other amenities 	Cultivation of oil palm or any other not less economic crops approved by the Director of Agriculture	Transfer or sublease of this title is prohibited until such time as the land has been brought fully into cultivation in accordance with the title, unless the written permission of the Director of Lands & Surveys, Sabah is first obtained
6.	Tagas	CL075359438 District of Sandakan Sg Segama Sabah	99 years/ 31.12.2076	587.74 ha*	-	Cultivation of oil palm	Cultivation of oil palm	Transfer and sublease of this title is prohibited until such time the said land has been fully developed in accordance with the terms and conditions in the title
7.	Litang	CL075359447 District of Sandakan Sg Segama Sabah	99 years/ 31.12.2076	262.92 ha*	- 2 to 24	<ul style="list-style-type: none"> • Cultivation of oil palm • Staff quarters, fertiliser store, office and other amenities 	Cultivation of oil palm	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions in the title

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years)	Existing Use	Conditions of Land Use	Restrictions in Interest
8.	Litang	CL075359456 District of Sandakan Sg Segama Sabah	99 years/ 31.12.2076	146.90 ha*	-	Cultivation of oil palm	Cultivation of oil palm	Transfer and sublease of this title is prohibited until such time the said land is fully developed in accordance with the terms and conditions in the title
9.	Litang	CL095321092 District of Kinabatangan Sg Segama Sabah	99 years/ 31.12.2091	366.80 ha	-	Cultivation of oil palm	Cultivation of an agricultural crop of economic value	Transfer, sublease, subdivision and charge of this title is prohibited without the written permission of the Director of Lands & Surveys, Sabah
10.	Bukit Mas II Litang	CL095316340 District of Kinabatangan Sg Segama Sabah	999 years/ 15.07.2887	1,434 ha	- 1 to 12	<ul style="list-style-type: none"> • Cultivation of oil palm • Staff quarters 	Nil	Nil
11.	Litang	CL095316359 District of Kinabatangan Sg Segama Sabah	999 years/ 28.11.2900	380 ha	-	Cultivation of oil palm	Nil	Nil

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years)	Existing Use	Conditions of Land Use	Restrictions in Interest
12.	Sg Segama I Sg Segama II	CL095317605 District of Kinabatangan Litang Kinabatangan Sabah	99 years/ 31.12.2089	3,843 ha	- 1 to 15	<ul style="list-style-type: none"> Cultivation of oil palm Workers Quarters, Plantation Central Office and club house 	Cultivation of an agricultural crop of economic value	Prescribed transfer conditions applicable. Please refer to #3 below
13.	Bukit Mas I Bukit Mas II Sg Segama I Sg Segama II	CL095317614 District of Kinabatangan Litang Kinabatangan Sabah	99 years/ 31.12.2089	5,035.90 ha 8.10 ha/ 20,762.9 sq m	- 2 to 23	<ul style="list-style-type: none"> Cultivation of oil palm Workers and staff quarters, housing complex, workshop /central store and other amenities Palm Oil Mill (BPOM) 	Cultivation of an agricultural crop of economic value	Prescribed transfer conditions applicable. Please refer to #3 below

Notes:

* The land area as set out in the title deed is in acres. For the purpose of this Prospectus, we have converted the land area into ha for ease of reference.

#1 As our plantation is not under the jurisdiction of any municipal councils, we are not required to obtain a certificate of fitness for any of our buildings. Our housing quarters for our workers however were built in accordance with building plans approved by the Labour Department of Sabah.

#2 (a) Not less than 30% of the undivided share of the said land or not less than 30% of the equity of the registered owner (where the registered owner is a company incorporated or registered under the Act or any re-enactment thereof) shall be transferred to or held by or registered in the name of native(s) not later than five (5) years from the date of completion of development as stipulated in the development covenant or any amendment thereto and such percentage of undivided share of equity shall at all times thereafter remain so held by or registered in the name of native(s). For the purpose of the above, native(s) shall include any state government agency duly approved by the Secretary of Natural Resources as such.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

(b) Except as provided above, transfer, charge, subdivision and sublease of the title is prohibited except with the written permission of the Director of Lands & Surveys, Sabah who will impose additional premium and enhance rent and any other conditions.

We have been advised by a firm of solicitors in Sabah that the registered owner's obligation to transfer the said 30% of the land to native has not arisen as the said land has not been fully developed and hence the five (5) years period has not commenced.

#3 (a) Not less than 30% of the undivided share of the said land or not less than 30% of the equity of the registered owner (where the registered owner is a company incorporated or registered under the Act or any re-enactment thereof) shall be transferred to or held by or registered in the name of native(s) not later than five (5) years from the date of completion of development as stipulated in the development covenant or any amendment thereto and such percentage of undivided share of equity shall at all times thereafter remain so held by or registered in the name of native(s). For the purpose of the above, native(s) shall include any state government agency duly approved by the Secretary of Natural Resources as such.

(b) Except as provided above, transfer and sublease of the title is prohibited until such time the said land has been fully developed in accordance with the terms and conditions in the title.

We have been advised by a firm of solicitors in Sabah that the registered owner's obligation to transfer the said 30% of the land to native has not arisen as the said land has not been fully developed and hence the five (5) years period has not commenced.

#4 The land shall be brought into cultivation in two (2) stages with the last stage at not less than 75% of the area being cultivated before January 2003. We have on 7 June 2007 applied to the Director of Lands & Surveys, Sabah for an extension of time until 2012 to comply with this requirement. A subsequent follow-up letter dated 23 August 2007 was issued to the Director of Lands & Surveys, Sabah to enquire on the status of our application.

#5 The land shall be brought into cultivation in three (3) stages with the last stage at not less than 75% of the area being cultivated before January 2007. We have on 7 June 2007 applied to the Director of Lands & Surveys, Sabah for an extension of time until 2012 to comply with this requirement. A subsequent follow-up letter dated 23 August 2007 was also issued to the Director of Lands & Surveys, Sabah to enquire on the status of our application.

At Group level, the total net book value for Tabin, Tomanggong, Tagas, Litang, Sg Segama I, Sg Segama II, Bukit Mas I and Bukit Mas II Estate as at 31 July 2007 is RM942,553,000. This value is recognised as a result of business combination based on fair value at acquisition date. No valuation has been conducted on the land. The net book value of the land was based on fair value accounting which has been reviewed by our Reporting Accountants.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.3.2 Jeroco

Jeroco is the registered owner/lessee of the following parcels of land, which are not subject to any encumbrances:

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area ^{#2}	Approx. Age of Building (years) ^{#1}	Existing Use	Conditions of Land Use	Restrictions in Interest
14.	Batangan Lokan	CL095311005 District of Kinabatangan Kretam Sabah	99 years/ 31.12.2078	4,046.94 ha*	- 1 to 25	<ul style="list-style-type: none"> Cultivation of oil palm and rottan Workers quarters, offices, workshops and other amenities 	Cultivation of agricultural crops of economic value and rottan	Subdivision of this title is prohibited until such time as the said land has been fully developed
15.	Batangan Lutong	CL095311014 District of Kinabatangan Kretam Sabah	99 years/ 31.12.2078	4,046.94 ha*	- 1 to 25	<ul style="list-style-type: none"> Cultivation of oil palm and jelutong Workers quarters, fertiliser store and other amenities 	Cultivation of jelutong and agricultural crops of economic value	Subdivision of this title is prohibited until such time as the said land has been fully developed
16.	Lokan Kapis Lungmanis	CL095310973 District of Kinabatangan Kretam Sabah	99 years/ 31.12.2078	6,056.24 ha* 12.15 ha/ 37,837.5 sq m	- 4 to 20 20 11	<ul style="list-style-type: none"> Cultivation of oil palm Workers quarters, fertiliser store, office, air control tower and other amenities Palm Oil Mill - JPOM 1 - JPOM 2 	Cultivation of cocoa and/or agricultural crops of economic value	Subdivision of this title is prohibited until such time as the said land has been fully developed

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years)	Existing Use	Conditions of Land Use	Restrictions in Interest
17.	Lutong	CL095332282 District of Kinabatangan Tenegang Kecil Sabah	99 years/ 31.12.2099	15.18 ha	-	Cultivation of oil palm	Cultivation of oil palm	<ul style="list-style-type: none"> Subdivision of this title is prohibited without the written permission from the Director of Lands & Surveys, Sabah Transfer or sublease of this title is prohibited before fulfilment of the covenant or without written permission from the Director of Lands & Surveys, Sabah
18.	Lutong	CL095332264 District of Kinabatangan Tenegang Kecil Sabah	99 years/ 31.12.2098	5.98 ha	-	Cultivation of oil palm	Cultivation of oil palm	Transfer or sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of the title
19.	Lutong	CL095332273 District of Kinabatangan Tenegang Kecil Sabah	99 years/ 31.12.2098	6.07 ha	-	Cultivation of oil palm	Cultivation of oil palm	Transfer or sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of the title

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land/ Built- up area	Approx. Age of Building (years)	Existing Use	Conditions of Land Use	Restrictions in Interest
20.	Lufong	CL095332291 District of Kinabatangan Tenegang Kecil Sabah	99 years/ 31.12.2099	15.17 ha	-	Cultivation of oil palm	Cultivation of oil palm	<ul style="list-style-type: none"> Subdivision of this title is prohibited without written permission from the Director of Lands & Surveys, Sabah Transfer or sublease of this title is prohibited before fulfilment of the covenant herein or the without written permission from the Director of Lands & Surveys, Sabah

Notes:

* The land area as set out in the title deed is in acres. For the purpose of this Prospectus, we have converted the land area into ha for ease of reference.

#1 As our plantation is not under the jurisdiction of any municipal councils, we are not required to obtain certificate of fitness for any of our buildings. Our housing quarters for our workers however were built in accordance to building plans approved by the Labour Department of Sabah.

#2 This land area includes 87 ha that has been gazetted as forest reserve.

At Group level, the total net book value for Batangan, Lokan, Lutong, Kapis and Lungmanis estates as at 31 July 2007 is RM676,980,000. This value is recognised as a result of business combination based on fair value at acquisition date. No valuation has been conducted on the land. The net book value of the land was based on fair value accounting which has been reviewed by our Reporting Accountants.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.3.3 Ladang Kawa

Ladang Kawa is the registered owner/lessee of the following parcels of land, which are not subject to any encumbrances:

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years) [#]	Existing Use	Conditions of Land Use	Restrictions in Interest
21.	Muul Hill Estate ("MHE")	Lease No 105320161 District of Tawau Sabah	99 years/ 31.12.2068	194.13 ha*	- 25	<ul style="list-style-type: none"> Cultivation of oil palm Workers quarters and office 	Cultivation of oil palm and/or cocoa	Transfer and sublease of this title is prohibited until such time as the said land has been brought fully into cultivation in accordance with the terms and conditions of the title
22.	MHE	Lease No 105315955 District of Tawau Sabah	99 years/ 31.12.2062	90.35 ha*	- 25	<ul style="list-style-type: none"> Cultivation of oil palm Fertilisers store 	Cultivation of cocoa provided that any other crop which is considered not less economic and which is approved by the Director of Agriculture, may on application be registered in substitution thereto or in addition thereto. Please refer to #2 below	Nil
23.	MHE	Lease No 105315900 District of Tawau Sabah	99 years/ 31.12.2063	87.00 ha*	-	Cultivation of oil palm	Cultivation of cocoa provided that any other crop which is considered not less economic and which is approved by the Director of Agriculture, may on application be registered in substitution thereto or in addition therein. Please refer to #2 below	Nil

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)#	Existing Use	Conditions of Land Use	Restrictions in Interest
24.	MHE	Lease No 105316032 District of Tawau Sabah	99 years / 31.12.2065	39.69 ha*	-	Cultivation of oil palm	Cultivation of trees bearing edible fruit. Please see to #2 below	Transfer and sublease of this title is prohibited until such time as the said land has been brought fully into cultivation in accordance with the terms and conditions of the title
25.	MHE	CL105342532 District of Tawau Balung Sabah	99 years/ 31.12.2071	19.79 ha*	- 25	• Cultivation of oil palm • Workers quarters	Cultivation of cocoa and agricultural crops of economic value	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of this title
26.	MHE	CL105342541 District of Tawau Balung Sabah	99 years/ 31.12.2071	18.76 ha*	-	Cultivation of oil palm	Cultivation of an agricultural crop of economic value	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions in the title and Section 53 of the Land Ordinance, Cap 68
27.	MHE	CL105342550 District of Tawau Balung Sabah	99 years/ 31.12.2073	12.10 ha*	-	Cultivation of oil palm	Cultivation of agricultural crop of economic value	Transfer and sublease is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of this title

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)#	Existing Use	Conditions of Land Use	Restrictions in Interest
28.	MHE	CL105351915 District of Tawau Balung Sabah	99 years/ 31.12.2072	180.77 ha*	-	Cultivation of oil palm	Cultivation of cocoa. Please refer to #2 below	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions of this title
29.	MHE	Lease No 105315857 District of Tawau Balung Sabah	99 years/ 31.12.2062	81.06 ha*	-	Cultivation of oil palm	Cultivation of agricultural crops of economic value which is approved by the Director of Agriculture, may on application, be registered in substitution therefore or in addition thereto. Please refer to #2 below	Nil
30.	Apas Claremont Estate ("ACE")	Lease no. 105319775 District of Tawau Sabah	99 years/ 31.05.2058	185.95 ha*	-	Cultivation of oil palm	Cultivation of cocoa. Please refer to #3 below	Transfer and sublease of this title is prohibited until such time as the said land has been brought fully into cultivation in accordance with the terms and conditions of the title
31.	ACE	CL105334049 District of Tawau Sabah	99 years/ 31.05.2058	80.85 ha*	-	Cultivation of oil palm	Cultivation of cocoa and nutmeg. Please refer to #3 below	<ul style="list-style-type: none"> Subdivision of this title is prohibited Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein and Section 53 of the Sabah Land Ordinance, Cap 68

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)#	Existing Use	Conditions of Land Use	Restrictions in Interest
32.	ACE	CL105343762 District of Tawau Sg Air Terjun Quoin Hill Sabah	99 years/ 31.12.2064	13.95 ha*	- 25	<ul style="list-style-type: none"> Cultivation of oil palm Guests house 	Cultivation of cocoa. Please refer to #3 below	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein
33.	ACE	CL105246179 District of Tawau Sabah	99 years/ 06.08.2061	34.96 ha*	-	Cultivation of oil palm	Cultivation of rubber or such other crops as may be approved by the Director of Agriculture. Please refer to #2 below	Nil
34.	ACE	PL106261330 District of Tawau Sabah	99 years/ 16.03.2061	60.32 ha*	-	Cultivation of oil palm	Cultivation of rubber or such other crops as may be approved by the Director of Agriculture. Please refer to #2 below	Nil
35.	ACE	PL106261349 District of Tawau Sabah	99 years/ 06.08.2061	34.05 ha*	-	Cultivation of oil palm	Cultivation of rubber or such other crops as may be approved by the Director of Agriculture. Please refer to #2 below	Nil
36.	ACE	PL106260833 District of Tawau Sabah	99 years/ 31.12.2061	36.90 ha*	-	Cultivation of oil palm	Cultivation of cocoa. Please refer to #3 below	Nil

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years) ^{#1}	Existing Use	Conditions of Land Use	Restrictions in Interest
37.	ACE	CL105350909 District of Tawau Quion Hill Rd Sabah	99 years/ 31.05.2058	105.50 ha*	- 3 to 25	<ul style="list-style-type: none"> • Cultivation of oil palm • Staff and workers quarters 	Cultivation of cocoa. Please refer to #3 below	Transfer and sublease of this title is prohibited until such time as the said land has been brought fully developed in accordance with the terms and conditions of the title

Notes:

* The land area as set out in the title deed is in acres. For the purpose of this Prospectus, we have converted the land area into ha for ease of reference.

#1 As our plantation is not under the jurisdiction of any municipal councils, we are not required to obtain a certificate of fitness for any of our buildings. Our housing quarters for our workers however were built in accordance with building plans approved by the Labour Department of Sabah.

#2 We have on 7 June 2007 applied to the Director of Lands & Surveys, Sabah for a variation of these conditions to include the cultivation of oil palm.

#3 We have on 28 April 2007 applied to the Director of Lands & Surveys, Sabah for a variation of these conditions to include the cultivation of oil palm. We have further on 23 August 2007 written a follow-up letter to the Director of Lands & Surveys, Sabah to enquire the status of our application in relation to land held under Lease No 105319775, CL 105343762, CL 105350909, PL 106260833 and CL 105334049.

At Group level, the total net book value for MHE and ACE as at 31 July 2007 is RM60,587,000. This value is recognised as a result of business combination based on fair value at acquisition date. No valuation has been conducted on the land. The net book value of the land was based on fair value accounting which has been reviewed by our Reporting Accountants.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.3.4 Wecan

Wecan is the registered owner/lessee of the following parcel of land, which is not subject to any encumbrances:

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)*	Existing Use	Conditions of Land Use	Restrictions in Interest
38.	Wecan	CL095317427 District of Kinabatangan Silabukan Sabah	99 years/ 31.12.2084	1,078 ha	-	Cultivation of oil palm	Agricultural crop of economic value. Please refer #2 below	Not less than 30% of the undivided share of the said Land, or where the registered owner hereof is a company incorporated/ registered under the Act, not less than 30% of the undivided share of the said land or not less than 30% of the equity of the company, shall be transferred to/ held by/ registered in the name of native/s on or before July 1991 and such percentage of undivided share or equity, as the case may be, at all times thereafter remain so held by or registered in the name of native/s. Except as provided above, transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions in the title. Transfer and sublease of 52% or more of the undivided share of this title to non-natives is prohibited. Please refer to #3

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Notes:

- #1 There is no building constructed on this parcel of land owned by Wecan.
- #2 The Land shall be brought into cultivation in three (3) stages with the last stage at not less than 75% of the area shall be cultivated before January 1994. We have on 7 June 2007 applied to the Director of Lands & Surveys, Sabah for an extension of time until 2012 to comply with this requirement. A subsequent follow-up letter dated 23 August 2007 was also issued to the Director of Lands & Surveys, Sabah to enquire the status of our application.
- #3 We have on 7 June, 2007 applied to the Director of Lands & Surveys, Sabah for an extension of time until 2012 to comply with this requirement. In the event that we are unable to obtain the said extension, we may be required to effect such transfer within a limited grace period, the impact however to our operating results is expected to be immaterial. In any event, we would attempt to transfer the said 30% at the prevailing market value. A subsequent follow-up letter dated on 23 August 2007 was issued to the Director of Lands & Surveys, Sabah to enquire the status of our application.

At Group level, the total net book value for Wecan Estate as at 31 July 2007 is RM48,819,000. This value is recognised as a result of business combination based on fair value at acquisition date. No valuation has been conducted on the land. The net book value of the land was based on fair value accounting which has been reviewed by our Reporting Accountants.

9.3.5 Tampilit

Tampilit is the registered owner/lessee of the following parcel of land, which is not subject to any encumbrances:

No.	Estate	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)#	Description/ Existing Use	Conditions of Land Use	Restrictions in Interest
39.	Tampilit	CL095317418 District of Kinabatangan Silabukan Sabah	99 years/ 31.12.2084	201.7 ha	-	Cultivation of oil palm	Cultivation of an agricultural crop of economic value	Transfer and sublease of this title is prohibited until such time as the said land has been fully developed in accordance with the terms and conditions herein

Note:

- #1 There is no building constructed on this parcel of land owned by Tampilit.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

At Group level, the net book value for Tampilit Estate as at 31 July 2007 is RM9,119,000.00. This value is recognised as a result of business combination based on fair value at acquisition date. No valuation has been conducted on the land. The net book value of the land was based on fair value accounting which has been reviewed by our Reporting Accountants.

9.3.6 Native Land

The following are the particulars of the native land in Tabin Estate under the TMGOE which were subleased to River Estates:

No.	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)	Registered Owner	Existing Use	Conditions of Land Use	Restrictions in Interest
1.	NT 093079353 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.06 ha	-	Aluha Bt Wahab	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
2.	NT 093079246 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.71 ha	-	Masran B Hassim	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
3.	NT 093079335 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.98 ha	-	Minah Bt Wahab	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
4.	NT 093079371 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.03 ha	-	Malek B Abdul Rahim	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
5.	NT 093079317 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.83 ha	-	Rosli B Ibrahim	Not cultivated yet	Please refer to #1 below	Please refer to #2 below

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)	Registered Owner	Existing Use	Conditions of Land Use	Restrictions in Interest
6.	NT 093079291 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.01 ha	-	Dasa Bt Mamat	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
7.	NT 093079282 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.84 ha	-	Rohaya Bt Kabirun	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
8.	NT 093079326 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.04 ha	-	Camp @ Daimah Bt Tangki	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
9.	NT 093079273 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.01 ha	-	Amran B Hashim	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
10.	NT 093079344 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.02 ha	-	Yasni B Wahab	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
11.	NT 093079433 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.89 ha	-	D Hussein B Ashek	Not cultivated yet	Please refer to #1 below	Please refer to #2 below

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)	Registered Owner	Existing Use	Conditions of Land Use	Restrictions in Interest
12.	NT 093079308 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.94 ha	-	Sarimah Bt Wahab	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
13.	NT 093079424 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.89 ha	-	Biduri Bt Ayuh	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
14.	NT 093079255 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.02 ha	-	Hassim B Gani	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
15.	NT 093079406 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.94 ha	-	Masdan B Guyau	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
16.	NT 093079380 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.85 ha	-	Madsah Samad @ Aman	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
17.	NT 093079415 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.90 ha	-	Wahad B Abdul Rahman	Not cultivated yet	Please refer to #1 below	Please refer to #2 below

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Title/Location	Tenure/ Expiry of Lease	Land Area	Approx. Age of Building (years)	Registered Owner	Existing Use	Conditions of Land Use	Restrictions in Interest
18.	NT 093079264 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.66 ha	-	Mayau Paradui	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
19.	NT 093079237 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.92 ha	-	Jamaliah Bt Hassim	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
20.	NT 093079399 District of Kinabatangan Sabah	99 years/ 29.12.2097	6.06 ha	-	Dayang Norah Bt Awang	Not cultivated yet	Please refer to #1 below	Please refer to #2 below
21.	NT 093079362 District of Kinabatangan Sabah	99 years/ 29.12.2097	5.54 ha	-	Ahmad B Likap	Not cultivated yet	Please refer to #1 below	Please refer to #2 below

Notes:

#1 Cultivation of an agricultural crop of economic value.

#2 Transfer and sublease of this title deed is prohibited unless the written permission of the Director of Lands & Surveys, Sabah is first obtained.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.4 Approvals, Major Licences and Permits of our Group

We set out below the major licences for the operations of our Group. None of these licences contain any equity conditions.

Company	Estate/Mill	Authority	Date of Issue	Date of Expiry	Type of Licence
Jeroco	Batangan Estate	MPOB	23.05.2007	31.03.2008	To sell and move oil palm fruit
	Lokan Estate	MPOB	23.04.2007	29.02.2008	To sell and move oil palm fruit
	Lutung Estate	MPOB	10.04.2007	31.03.2008	To sell and move oil palm fruit
	Kapis Estate	MPOB	11.05.2006	30.04.2011	To sell and move oil palm fruit
	Lungmanis Estate	MPOB	13.11.2006	30.11.2011	To sell and move oil palm fruit
River Estates	Lokan Estate	MPOB	10.05.2007	31.03.2008	(i) To sell and move oil palm fruit, CPO, PK and sludge palm oil; (ii) To purchase and move the oil palm fruit; (iii) To store the CPO, PK and sludge palm oil; (iv) To mill palm oil fruit; and (v) To export the CPO
	Ladang Kapis	MPOB	13.08.2007	31.07.2008	To produce, sell, move and store the oil palm seedlings
	Segama Estate	MPOB	17.07.2006	31.07.2011	To sell and move oil palm fruit
	BPOM	MPOB	08.05.2007	31.03.2008	(i) To sell and move CPO, PK and sludge palm oil; (ii) To purchase and move the oil palm fruit; (iii) To store the CPO, PK and sludge palm oil; and (iv) To mill oil palm fruit
Ladang Kawa	Ladang Kawa Estate	MPOB	11.12.2006	30.11.2011	To sell and move oil palm fruit

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Company	Estate/Mill	Authority	Date of Issue	Date of Expiry	Type of Licence
River Estates	TMGOE	MPOB	24.05.2007	31.03.2008	To sell and move oil palm fruit
	TPOM	MPOB	08.05.2007	31.03.2008	(i) To sell and move CPO, PK and sludge palm oil; and (ii) To purchase and move oil palm fruit
River Estates	Ladang Tagas	MPOB	04.08.2007	31.07.2008	To produce, sell, move and store oil palm seedlings
	Tomanggong	Department of Civil Aviation Malaysia ("DCA")	08.12.2006	31.12.2007	Licence for Ground Handling
Jeroco	-	DCA	03.05.2007	-	Aerodrome Registration issued in accordance with Airport Standards Directive 104
Jeroco	-	Domestic Shipping Licensing Board Regulations 1981	07.03.2007	11.03.2008	Domestic Shipping Licence for the ship under the name Jeroco No.3
	-	Marine Department of Sabah ("MDS") (Sandakan Branch)	-	-	Pursuant to a letter dated 5 July 2007, MDS has extended the approval for Local Freeboard for barge "Jeroco No.3" to 31 October 2007, pending the issuance of the certificate
	-	MDS (Sandakan Branch)	08.03.2006	06.03.2008	Tug Boat Licence for Mercedes Star No.15
River Estates	-	MDS (Sandakan Branch)	17.07.2007	14.07.2008	Boat Licence for River 1 (Ferry)
	-	MDS (Sandakan Branch)	10.07.2007	06.07.2008	Boat Licence for River 2 (Ferry)
Jeroco	JPOM	Department of Environment under the Ministry of Nature Resources and Environment ("DOE")	05.06.2007	30.06.2008	Licence issued under Section 18(1) of the Environmental Quality Act 1974

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Company	Estate/Mill	Authority	Date of issue	Date of Expiry	Type of Licence
River Estates	BPOM	DOE	29.05.2007	30.06.2008	Licence issued under Section 18(1) of the Environmental Quality Act 1974
	TPOM	DOE	10.05.2007	30.06.2008	Licence issued under Section 18(1) of the Environmental Quality Act 1974
	BPOM	DOE	18.11.1997	Not applicable	Certificate of approval for the erection/installation of the fuel burning equipment (boiler and chimney) (incinerator)
Jeroco	-	Royal Malaysian Customs	16.05.2007	31.12.2007	Private jetty licence to load and unload CPO at the jetty located at Lot CL095311014 Sungai Kretam, Kinabatangan
River Estates	Tomanggong	Royal Malaysian Customs	-	-	Awaiting issuance of private jetty licence by Royal Malaysian Customs. Please refer to #1
Jeroco	JPOM 1	Department of Occupational Safety and Health ("DOSH")	24.05.2006	23.08.2007	Boiler (PMD 5175) ^{#2} <ul style="list-style-type: none"> Renewal fee was paid on 8 February 2007 via receipt No. S432811 Awaiting issue of Certificate of Fitness for machine ("CFM") from DOSH
	JPOM 1	DOSH	09.04.2005	01.03.2006	Boiler (PMD 5177) ^{#2} <ul style="list-style-type: none"> DOSH inspection was conducted on 23 August 2007 Awaiting renewal fee notification from DOSH. CFM will be issued after payment of fee

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Company	Estate/Mill	Authority	Date of Issue	Date of Expiry	Type of Licence
Jeroco	JPOM 1	DOSH	03.11.2003	28.04.2004	Boiler (PMD 5199) ^{#2}
					<ul style="list-style-type: none"> DOSH inspection was conducted on 10 November 2006 Renewal fee was paid on 27 July 2007 Awaiting issue of CFM by DOSH
					Boiler (PMD 10325) ^{#2}
	JPOM 1	DOSH	01.08.2005	15.05.2006	Boiler (PMD 5210) ^{#2}
					<ul style="list-style-type: none"> DOSH inspection was conducted on 24 May 2006 Renewal fee was paid on 8 February 2007 via receipt No. S432811 Awaiting issue of CFM from DOSH
					Boiler (PMD 10301) ^{#2}
JPOM 1	DOSH	19.04.2005	24.02.2006	Boiler (PMD 5210) ^{#2}	
				<ul style="list-style-type: none"> DOSH inspection was conducted on 18 April 2007 Awaiting renewal fee notification from DOSH. CFM will be issued after payment of fee 	
				Boiler (PMD 10301) ^{#2}	
JPOM 2	DOSH	22.07.2006	23.04.2007	Boiler (PMD 10301) ^{#2}	
				<ul style="list-style-type: none"> DOSH inspection was conducted on 17 May 2007 Payment of renewal of CFM was made 1 September 2007 Awaiting issue of CFM from DOSH 	

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

Company	Estate/Mill	Authority	Date of Issue	Date of Expiry	Type of Licence
River Estates	BPOM	DOSH	21.05.2007	23.08.2007	Boiler (PMT 10358) #2 <ul style="list-style-type: none"> DOSH inspection was conducted on 2 August 2007 Awaiting renewal fee notification from DOSH. CFM will be issued after payment of fee
	TPOM	DOSH	14.10.2003	08.01.2005	Boiler (PMD 10507) #2 <ul style="list-style-type: none"> DOSH inspection was conducted on 29 May 2007 Awaiting renewal fee notification from DOSH. CFM will be issued after payment of fee

Notes:

- #1 On 3 August 2007, we have applied to the Royal Malaysian Customs for a private jetty licence for our jetty located within the compound of our TPOM. Pending the issuance of the licence from Royal Malaysian Customs, we pay RM50 attendance fee per shipment for the use of jetty.
- #2 Under the Regulation 10(3) of the Factories and Machineries (Notification, Certificate of Fitness and Inspection) Regulations 1970 enacted under the Factories and Machinery Act 1967, it provides that the period of validity of every CFM shall ordinarily be fifteen (15) calendar months from the date of inspection or such longer period not exceeding three (3) years as the Chief Inspector in his discretion may consider appropriate. However, where any steam boiler is out of service for a long period immediately subsequent to an inspection by reason of dismantling or repair of any defect, the Chief Inspector may issue a certificate effective from the date when such machinery is replaced in service.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

9.5 Approvals for Our IPO and Listing

The IPO and Listing have been approved by the following authorities:

Authority	Date of approval
SC and SC (under the Guidelines on the Acquisition of Interests, Mergers and Take-Overs by Local and Foreign Interests issued by the FIC)	23 July 2007, 7 September 2007 and 26 September 2007
MITI	6 August 2007
Bursa Securities	27 September 2007
The shareholders of HSCB at its Extraordinary General Meeting	5 September 2007

Further, based on our Subsidiaries' latest proforma audited financial statements for the financial year ended 31 January 2007, the SAC of the SC had via its letter dated 8 August 2007, classified HSP's shares as Syariah-compliant. The classification is valid until a reassessment is made by the SC based on the next audited financial statements of the HSP Group.

The conditions imposed by the SC, MITI and Bursa Securities together with the status of compliance are set out as follows:

(a) SC's approval letter dated 23 July 2007

No.	Conditions imposed	Status of compliance
(i)	All amounts owing to HSP Group by its substantial shareholders and directors, or parties related to them, should be settled prior to the issuance of the Prospectus of HSP;	Complied on 29 August 2007.
(ii)	The proceeds raised from the Public Issue which is undertaken as part of the Listing of HSP should not be utilised, either directly or indirectly, to fund the parting dividend by Jeroco and redemption of RPS to be issued by Jeroco and River Estates;	HSP will ensure that none of the proceeds from the Public Issue will be utilised either directly or indirectly, to fund the parting dividend by Jeroco and redemption of RPS by Jeroco and River Estates.
(iii)	The pricing of HSP Shares which will be offered under the Public Issue and Offer for Sale to all Bumiputera investors for the purpose of meeting the National Development Policy ("NDP") requirement should be fixed at the same price;	Complied. The IPO Shares are offered to all Bumiputera investors at the same price.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Conditions imposed	Status of compliance
(iv)	Any allocation of HSP Shares to parties connected to CIMB under the Bumiputera Offering should only be in respect of allocation which is over and above the total number of shares required to be in the hands of public shareholders in order to meet Bursa Securities' public shareholding spread requirements;	The SC has, via its letter dated 26 September 2007, granted waiver to CIMB from complying with this requirement in relation to placement made to Khazanah Nasional Berhad.
(v)	An underwriting agreement should be entered into with regard to the HSP Shares which will be offered by way of bookbuilding, once the Institutional Price has been determined;	To be complied with.
(vi)	HSP and CIMB should submit a legal opinion to the SC with regard to the proposal by HSP to allow multiple applications for the Offer for Sale and Public Issue Shares by the eligible directors and employees of HSP Group, HSCB group and Gek Poh vis-à-vis the applicability of Section 87A of the Securities Industry Act 1983 or any other legislation which may come into effect;	Complied. Letter from Zul Rafique & Partners has been submitted to the SC. <i>Note: Securities Industry Act 1983 is now replaced with CMSA. Hence, Section 87A of the Securities Industry Act 1983 is now referred to in Section 179 of the CMSA.</i>
(vii)	The Board of Directors of HSP should provide its view and justifications in the Prospectus of HSP on the following: <ul style="list-style-type: none"> (a) The valuation methodology and basis of the purchase consideration adopted to support the purchase consideration of Jeroco and River Estates by HSP; and (b) The reasons why the plantations owned by these two (2) acquiree companies have not been valued by an independent firm of valuers as a benchmark to determine the appropriateness of the purchase consideration of Jeroco and River Estates by HSP; 	Complied. Please refer to Section 9.1 of this Prospectus.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Conditions imposed	Status of compliance
(viii)	HSP should comply with the following conditions with regard to its properties:	To be complied with.
	Identification of the landed properties	Conditions imposed
	CL 095317427, District of Kinabatangan, Sabah (Litang Estate)	HSP should resolve the issue on the requirement to transfer 30% of Litang Estate / Company equity to natives within six (6) months from the date of the SC's approval letter
	CL 105343762, CL105246179, PL 106261330, PL 106261349, PL 106260833, CL 105350909, Lease No 105319775 and CL 105334049, District of Tawau, Sabah (ACE)	HSP should obtain approvals for the change of land use of ACE and MHE to the use suitable for oil palm plantation within six (6) months from the date of the SC approval letter
	Lease No 105315955, Lease No 105315900, Lease No 105316032, CL 105351915 and Lease No 105315857, District of Tawau, Sabah (MHE)	
(ix)	HSP should comply with the NDP requirement whereby Bumiputera investors holding at least 30.00% of the enlarged share capital of HSP to be recognised and approved by the MITI;	MITI had, via its letter dated 6 August 2007, recognised Bumiputera investors holding a total of 20.63% of the enlarged issued and paid-up share capital of HSP as its approved Bumiputera investors in HSP upon Listing. MITI had also via its letter dated 17 September 2007 approved the allocation of 77,749,000 HSP Shares to MITI's approved Bumiputera investors.
(x)	HSP and CIMB should provide the SC with the status of compliance with the NDP requirement upon completion of the listing exercise; and	To be complied with after the Listing.

9. ACQUISITIONS AND INFORMATION OF OUR GROUP (Cont'd)

No.	Conditions imposed	Status of compliance
(xi)	HSP and CIMB should comply with the relevant requirements relating to the implementation of the flotation proposal as stipulated in the SC Guidelines.	To be complied with.

The SC (under the Guidelines on the Acquisition of Interests, Mergers and Take-Over by Local and Foreign Interests issued by the FIC), has noted that the equity structure of HSP upon Listing is as shown in the following table:

	Before IPO	After IPO [#]
	%	%
Bumiputera	-	30.53*
Non-Bumiputera	100.00	55.74
Foreign	-	13.73
Total	100.00	100.00

Notes:

* Subject to the MITI's approval.

This is the equity structure of HSP upon Listing pursuant to the SC's approval letter dated 7 September 2007.

(b) MITI's approval letter dated 6 August 2007

Details of conditions imposed	Status of compliance
MITI's approval is required for the disposal/ transfer of the shares under the Bumiputera Offering save for the Tier 1 Bumiputera institutional investors (i.e. Bumiputera investors who are categorised by the MITI as Tier 1). However, the Bumiputera investors whom will be allocated shares by the MITI may dispose off / transfer up to 30% of the said shares without obtaining the MITI's prior approval.	Not Applicable to HSP. To be observed by respective recognised Bumiputera investors.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER

10.1 Board of Directors

Within the limits set by our Articles of Association, our Board of Directors is responsible for the governance and management of our Group. The Board explicitly assumes the following six (6) specific responsibilities, which facilitate the discharge of the Board's stewardship responsibilities:

- (i) reviewing and adopting strategic plans for the Company;
- (ii) overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- (iii) identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- (iv) succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- (v) developing and implementing an appropriate investor relations programme or shareholder communications policy for the Company; and
- (vi) reviewing the adequacy and integrity of the Company's internal control systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Under our Articles of Association, we must have at least two (2) but not more than twelve (12) directors at any time. At least three (3) of our Directors or one-third (1/3) of our Board of Directors, whichever is higher, must also at all times be Independent Directors.

As at the date of this Prospectus, our Board of Directors consists of eight (8) Directors, three (3) of whom are Independent Directors.

In accordance with our Articles of Association, our Directors shall retire after a maximum term of three (3) years but are eligible for re-election. Under our Articles of Association one third (1/3) of our Directors are subject to retirement at each annual general meeting of shareholders but are eligible for re-election. The Directors to retire in each year are those who have been in office longest.