

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

The members of our Board of Directors, as at the date of this Prospectus are set forth below:

Name	Age	Date of Appointment	Designation
Tan Sri Ahmad bin Mohd Don	60	09.08.2007	Independent Non-Executive Chairman
Edward Lee Ming Foo	52	15.05.2007	Managing Director
Soon Seong Keat	46	15.05.2007	Executive Director
Au Yong Siew Fah	56	31.07.2007	Executive Director
Tan Sri Abdul Hamid Egeh	74	09.08.2007	Non-Independent Non-Executive Director
Datuk Simon Shim Kong Yip	51	09.08.2007	Non-Independent Non-Executive Director
Dato' Jorgen Bornhoft	65	09.08.2007	Independent Non-Executive Director
Wong Yuen Kuai, Lucien	54	09.08.2007	Independent Non-Executive Director

10.1.1 Profile of Directors

- (a) **Tan Sri Ahmad bin Mohd Don**, aged 60, was appointed as our Independent Non-Executive Director on 9 August 2007 and subsequently became the Chairman of our Company on 18 September 2007. He holds a degree in Economics and Business from the University of Wales, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Certified Public Accountants. Tan Sri Ahmad bin Mohd Don has had an extensive career in finance and banking, having worked in various capacity with Pernas Securities, Permodalan Nasional Berhad and Malayan Banking Berhad. He served as the Group Managing Director and Chief Executive Officer of Malayan Banking Berhad from 1991 to 1994. Tan Sri Ahmad bin Mohd Don was the Governor of Bank Negara Malaysia from May 1994 to August 1998. He is a director of MAA Holdings Berhad, Hing Yiap Knitting Industries Berhad, United Malacca Berhad, KAF Investment Bank Berhad and J.P. Morgan Chase Bank Berhad. He is currently an associate director of Messrs. Sekhar & Tan, a public accountancy firm in Kuala Lumpur.
- (b) **Edward Lee Ming Foo**, aged 52, was appointed as our Executive Director on 15 May 2007 and subsequently became the Managing Director of our Company on 18 September 2007. He graduated with a Bachelor of Arts degree from McMaster University in Canada in 1977. He joined the Malaysian Mosaics Berhad Group in 1980 and has held various senior management positions within the Malaysian Mosaics Berhad Group. He was promoted to assume the position of General Manager, Trading Division in 1986 and thereafter became the Group Chief Operating Officer in 1995, a position he assumed until his appointment as the Managing Director of Malaysian Mosaics Berhad in 2005. He ceased to be the Managing Director of Malaysian Mosaics Berhad on 31 January 2007 and was appointed as the Alternate Director to Thomas Karl Rapp, the Executive Chairman of Malaysian Mosaics Berhad on 1 February 2007. He is presently also the Managing Director of HSCB.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

- (c) **Soon Seong Keat**, aged 46, was appointed as our Executive Director on 15 May 2007. He is a Chartered Accountant of Malaysian Institute of Accountants and a member of Malaysian Institute of Certified Public Accountants. He started his professional career with KPMG Peat Marwick (now known as KPMG) from 1981 to 1988 during which he acquired his professional qualifications. He joined Hong Leong Group of Companies in 1988 and became the Group Financial Controller of Malaysian Pacific Industries Berhad in 1993. Shortly thereafter in 1994, he was promoted to become the Group Financial Controller of Hong Leong Industries Berhad ("HLI") Group of Companies. From 2001 to 2005, he was appointed the Group Financial Controller of both HLI and Hume Industries Berhad. He is presently also the Executive Director and the Group Chief Financial Officer of HSCB and its related company, Malaysian Mosaics Berhad.
- (d) **Au Yong Siew Fah**, aged 56, was appointed as our Executive Director on 31 July 2007. He attended the Royal Military College Boys Wing from 1966 until 1969. He obtained his Cambridge Higher School Certificate in 1969 and received the Diploma of the Associate of Incorporated Society of Planters in 1975. He attended the General Management Course, which was organised by the Ashridge Management College, United Kingdom in 1979 and also participated in the Royal Agriculture Convention in Stoneleigh, United Kingdom in 1986.

Mr Au Yong Siew Fah started his career as a Cadet Planter with Yule Catto Plantations Sdn Bhd in Kluang, Johor in 1969 and when he left in 1991, he was holding the post of Estate Controller. He was appointed the Planting Adviser to Jeroco from 1991 to 1997 and between 1997 to 2001, he was the General Manager of United Malacca Bhd. Mr Au Yong Siew Fah was appointed the Chief Operating Executive, Group Plantations for HSCB in 2001 and was subsequently promoted to Chief Executive, Group Plantations in 2002.

Mr Au Yong Siew Fah has more than thirty-seven (37) years of experience in all aspects of management of large plantations for major crops such as oil palm, rubber, cocoa and coconuts and in the development of mature plantations land from initial purchase of jungle land, establishment of palm oil mills and marketing of produce. He is also one of the founder members of the MPOA and is also the Honorary Secretary of the MPOA since April 2006.

- (e) **Tan Sri Abdul Hamid Egoh**, aged 74, was appointed as our Non-Independent Non-Executive Director on 9 August 2007. He started his career in 1956 with Colonial Civil Service. He graduated with a Bachelor of Arts (Honours) from University of Adelaide, Australia in 1965. He also served with the Commonwealth Public Service in Australia between 1964 to 1965. He assumed the position of Private Secretary and Aide-de Camp to the Yang DiPertua Negeri Sabah between 1966 to 1967 after which he was appointed Secretary of Defence for Sabah until 1971. He served as Under Secretary of the State of Sabah between 1971 to 1975 and assumed the position of State Secretary of Sabah from 1975 to 1988.

Tan Sri Abdul Hamid Egoh is currently a member of Tun Razak Foundation and board member of Malaysia Japanese Economic Association. He is also the Chairman of Steel Industries (Sabah) Sdn Bhd, Inti College Kinabalu Sdn Bhd and University Malaysia Sabah. Presently, he is also a director of Hap Seng (Oil & Transport) Sdn Bhd and consultant to Si Khiong Industries Sdn Bhd.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

- (f) **Datuk Simon Shim Kong Yip**, aged 51, was appointed as our Non-Independent Non-Executive Director on 9 August 2007. He holds a Master Degree in law from University College London, London University and is a Barrister-at-law of the Lincoln's Inn, London, an Advocate and Solicitor of the High Court in Sabah and Sarawak, a Notary Public and a Justice of the Peace in Sabah. He is a Fellow of the Chartered Institute of Arbitrators and a Fellow of the Malaysian Institute of Arbitrators. He is also a member of Malaysia Institute of Corporate Governance, a member of the Malaysian Corporate Law Reform Committee and its Working Group on Corporate Governance and Shareholders' Right.

Datuk Simon Shim Kong Yip is currently the Managing Partner of Messrs. Shim, Pang & Co. He is also a Non-Independent Non-Executive Director of Malaysian Mosaics Berhad and HSCB. He is currently a Non-Executive Director of Paos Holdings Berhad and an Independent Non-Executive Director of Lam Soon (Thailand) Public Company Limited.

- (g) **Dato' Jorgen Bornhoft**, aged 65, was appointed as our Independent Non-Executive Director on 9 August 2007. He holds a degree in Accountancy and Finance (Bachelor of Commerce) from the Copenhagen Business School. He was the Chief Executive Officer of Carlsberg Brewery Malaysia Berhad from April 1991 and was the Managing Director from October 1995. He was the Chief Executive Officer of Carlsberg Asia Pte Ltd, Singapore from January 2003 to June 2004. Prior to his appointment to Carlsberg Brewery Malaysia Berhad, he was Vice-President in Carlsberg International A/S, Denmark, responsible for foreign subsidiaries and new projects.

Dato' Jorgen Bornhoft is presently the Independent Non-Executive Chairman of HSCB. He is also a director of ABN AMRO Bank Berhad, Mega First Corporation Berhad and Carlsberg Brewery Malaysia Berhad.

- (h) **Wong Yuen Kuai, Lucien**, aged 54, was appointed as our Independent Non-Executive Director on 9 August 2007. He is currently the Managing Partner of Allen & Gledhill LLP. He was called to Singapore Bar in 1979. Specialising in banking, corporate and financial services work, Wong Yuen Kuai, Lucien has extensive experience in debt and equity issues, mergers and acquisitions, banking transactions and securitisations.

Mr Wong Yuen Kuai, Lucien is a board member of the Monetary Authority of Singapore and a member of the board of Trustees for SingHealth Endowment Fund and the National University of Singapore. He also sits on the board of directors of Cerebos Pacific Limited and Singapore Airlines Limited.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

10.1.2 Directors' Shareholding

The table below sets forth our Directors and their interests in our Shares before and after the IPO as at the date of this Prospectus.

Directors	<-----Before the IPO----->				<-----After the IPO*----->			
	<-----Direct----->		<-----Indirect-->		<-----Direct----->		<-----Indirect-->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Tan Sri Ahmad bin Mohd Don	-	-	-	-	110,000	0.014	-	-
Edward Lee Ming Foo	-	-	-	-	110,000	0.014	-	-
Soon Seong Keat	-	-	-	-	110,000	0.014	-	-
Au Yong Siew Fah	-	-	-	-	110,000	0.014	-	-
Tan Sri Abdul Hamid Egeh	-	-	-	-	110,000	0.014	-	-
Datuk Simon Shim Kong Yip	-	-	-	-	110,000	0.014	-	-
Dato' Jorgen Bornhoft	-	-	-	-	110,000	0.014	-	-
Wong Yuen Kuai, Lucien	-	-	-	-	110,000	0.014	-	-

Note:

* This assumes that they fully subscribe for the HSP Shares allocated under the Preferential Allocation Scheme as described in Section 4.3.2(a) of this Prospectus but excludes such number of HSP Shares they may take up under the Restricted Offering as described in Section 4.3.2(c) of this Prospectus or successful application under the Bumiputera Offering and Retail Public Offering.

10.1.3 Directorships and Substantial Shareholdings in All Other Public Corporations for the Past Two (2) Years

Save as disclosed below, none of our Directors has held any directorships or have substantial shareholdings in other public corporations in the two (2) years preceding the date of this Prospectus.

Directors	Public Corporations	Designation	Date appointed/ (resigned)	Substantial Shareholdings			
				<-----Direct----->		<-----Indirect----->	
				No. of shares	%	No. of shares	%
Tan Sri Ahmad bin Mohd Don	MAA Holdings Berhad	Director	13.10.2006	-	-	-	-
	Hing Yiap Knitting Industries Berhad	Director	01.01.2004	-	-	-	-
	United Malacca Berhad	Director	01.10.2006	-	-	-	-
	KAF Investment Bank Berhad	Director	24.01.2005	-	-	-	-
	J.P. Morgan Chase Bank Berhad	Director	06.12.2004	-	-	-	-

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Directors	Public Corporations	Designation	Date appointed/ (resigned)	Substantial Shareholdings			
				<-----Direct----->		<-----Indirect----->	
				No. of shares	%	No. of shares	%
<i>Edward Lee Ming Foo</i>	HSCB	Director	01.11.2000	-	-	-	-
	Malaysian Mosaics Berhad	Director	04.08.2004/ (Resigned on 31.01.2007)	-	-	-	-
	Malaysian Mosaics Berhad	Alternate Director	01.02.2007	-	-	-	-
	AIB Mega Berhad (formerly known as Aviva Insurance Berhad)	Director	17.07.1997/ (Resigned on 30.06.2006)	-	-	-	-
<i>Soon Seong Keat</i>	HSCB	Director	01.02. 2007	-	-	-	-
	Malaysian Mosaics Berhad	Director	01.02.2007	-	-	-	-
<i>Au Yong Siew Fah</i>	-	-	-	-	-	-	-
<i>Tan Sri Abdul Hamid Egoh</i>	-	-	-	-	-	-	-
<i>Datuk Simon Shim Kong Yip</i>	HSCB	Director	16.02.1996	-	-	-	-
	Malaysian Mosaics Berhad	Director	31.12.2002	-	-	-	-
	Paos Holdings Berhad	Director	31.01.2007	-	-	-	-
	Lam Soon (Thailand) Public Company Limited	Director	26.04.2007	-	-	-	-
<i>Dato' Jorgen Bornhoft</i>	HSCB	Director	24.01.2005	40,000	0.007	-	-
	Malaysian Mosaics Berhad	Director	15.12.2005/ (Resigned on 31.01.2007)	-	-	-	-
	ABN AMRO Bank Berhad	Director	09.12.1999	-	-	-	-
	Mega First Corporation Berhad	Director	15.05.2006	175,000	0.073	-	-
	Carlsberg Brewery Malaysia Berhad	Director	24.04.2006	-	-	-	-

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Directors	Public Corporations	Designation	Date appointed/ (resigned)	Substantial Shareholdings			
				<-----Direct---->		<-----Indirect----->	
				No. of shares	%	No. of shares	%
<i>Wong Yuen Kuai, Lucien</i>	Cerebos Pacific Limited	Director	28.01.2004	-	-	-	-
	Singapore Airlines Limited	Director	01.09.2007	-	-	-	-
	CapitaLand Limited	Director	20.11.2000/ (Resigned on 02.01.2006)	-	-	-	-
	Singapore Technologies Engineering Limited	Director	01.10.1997/ (Resigned on 01.07.2007)	-	-	-	-
	National University of Singapore	Trustee	01.04.2006	-	-	-	-

10.1.4 Involvement of our Executive Directors in Other Businesses/ Corporations

As at the Latest Practicable Date, none of our Executive Directors are involved in other businesses or corporations which are not dormant, save as disclosed in section 10.1.3 and below:

Edward Lee Ming Foo

Company	Principal Activities
<u>Gek Poh group</u>	
Gek Poh	Investment holding and insurance agent
Malaysian Mosaics Berhad	Investment holding and the manufacture and sale of mosaic and ceramic tiles
Pembangunan Melati Sdn Bhd	Investment holding
Lip Soon Enterprise Sdn Bhd	Property development and property investment
HSCB	Investment holding
<u>HSCB group</u>	
Hap Seng Land Development (Kluang) Sdn Bhd	Property development
Hap Seng (Oil & Transport) Sdn Bhd	Trading in petroleum products
Hap Seng Commercial Development Sdn Bhd	Property development
Hap Seng Credit Sdn Bhd	Provision of financial services
Hap Seng Land Development Sdn Bhd	Investment holding

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Company	Principal Activities
Hap Seng Land Sdn Bhd	Property development and investment holding
Hap Seng Properties Development Sdn Bhd	Property development and investment holding
Hap Seng Property Investment Sdn Bhd	Property investment
Hap Seng Realty (Auto) Sdn Bhd	Property investment
Hap Seng Realty Sdn Bhd	Property investment and investment holding
Hap Seng Trading Sdn Bhd	Investment holding
Macro Arch (M) Sdn Bhd	Investment holding
Menara Hap Seng Sdn Bhd	Property investment
Hap Seng Building Materials Sdn Bhd	Manufacturing and trading of bricks, operating of stone quarries, trading in building materials and construction of roads
Palms Edge (M) Sdn Bhd	Investment holding
Hap Seng Fertilizers Sdn Bhd (formerly known as Hap Seng Sasco Fertilizers Sdn Bhd)	Trading and distribution of fertilisers and agrochemicals
Si Khiong Industries Sdn Bhd	Trading in motor vehicles and spare parts, servicing of motor vehicles and investment holding
Si Khiong Star Sdn Bhd	Trading in motor vehicles, spare parts and servicing of motor vehicles
Hap Seng Realty (Autohaus) Sdn Bhd	Property investment
Hap Seng Land Development (Sandakan) Sdn Bhd	Property development
Hap Seng Management Services Sdn Bhd	Provision of management services
Hap Seng Automotive Acceptance Sdn Bhd (formerly known as Capital Chip (M) Sdn Bhd)	To carry out the business of automotive financing
Hap Seng Land Development (OKR) Sdn Bhd (formerly known as Base Chip (M) Sdn Bhd)	Property development
Hap Seng Land Development (JTR) Sdn Bhd (formerly known as Excel Podium Sdn Bhd)	Property development
Vintage Heights Sdn Bhd	Property development & operation of an oil palm estate
Konsep Sistemik (M) Sdn Bhd	Carrying out of quarrying operations
Aceford Food Industry Pte Ltd	Packing, marketing and wholesale trading of edible oil and food products

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (*Cont'd*)

The involvement of Edward Lee Ming Foo in the aforesaid companies which are part of the Gek Poh group, HSCB group and Malaysia Mosaics Berhad do not affect his contribution to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be, able to fulfill and discharge his duties and responsibilities effectively as our Managing Director.

Soon Seong Keat

Company	Principal Activities
<u>Gek Poh group</u>	
Malaysian Mosaics Berhad	Investment holding and the manufacture and sale of mosaic and ceramic tiles
HSCB	Investment holding
<u>Malaysian Mosaics Berhad group</u>	
MML Marketing Sdn Bhd	Trading and distribution of mosaic and ceramic tiles
MML Marketing Pte Ltd	Trading and distribution of mosaic and ceramic tiles
<u>HSCB group</u>	
Hap Seng Management Services Sdn Bhd	Provision of management services
Hap Seng Land Development Sdn Bhd	Investment holding
Hap Seng Land Sdn Bhd	Property development and investment holding
Hap Seng Properties Development Sdn Bhd	Property development and investment holding
Hap Seng Realty (Autohaus) Sdn Bhd	Property investment
Hap Seng Realty Sdn Bhd	Property investment and investment holding
Hap Seng Fertilizers Sdn Bhd (formerly known as Hap Seng Sasco Fertilizers Sdn Bhd)	Trading and distribution of fertilisers and agrochemicals
Si Khiong Industries Sdn Bhd	Trading in motor vehicles and spare parts, servicing of motor vehicles and investment holding
Si Khiong Star Sdn Bhd	Trading in motor vehicles, spare parts and servicing of motor vehicles
Hap Seng (Oil & Transport) Sdn Bhd	Trading in petroleum products
Hap Seng Automotive Acceptance Sdn Bhd (formerly known as Capital Chip (M) Sdn Bhd)	To carry out the business of automotive financing
Konsep Sistemik (M) Sdn Bhd	Carrying out of quarrying operations

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Company	Principal Activities
Hap Seng Land Development (OKR) Sdn Bhd (<i>formerly known as Base Chip (M) Sdn Bhd</i>)	Property development
Hap Seng Land Development (JTR) Sdn Bhd (<i>formerly known as Excel Podium Sdn Bhd</i>)	Property development
EAC Holdings (Malaysia) Sdn Bhd (Alternate Director)	Investment holding and rental of properties
Aceford Food Industry Pte Ltd	Packing, marketing and wholesale trading of edible oil and food products
Wintercorn Edible Products Pte Ltd	Packing and marketing of edible oil and food products
Wintercorn Edible Products Pty Ltd	Wholesale trading of edible oil products
<u>Others</u>	
Soonwoo Holdings Sdn Bhd	Investments holdings

The involvement of Soon Seong Keat in the aforesaid companies does not affect his contribution to our Group and would not be expected to affect the operations of our Group. He has been and has ensured that he would be able to fulfill and discharge his duties and responsibilities effectively as our Executive Director.

10.1.5 Service Contracts with Directors

As at the date of this Prospectus, there are no existing or proposed service contracts between our Directors and our Company or our Subsidiaries.

10.1.6 Remuneration of Directors

The aggregate remuneration and benefits proposed to be paid to our Directors for services to be rendered to our Group in all capacities is forecast at RM1,300,000 for the financial year ending 31 January 2008.

The remuneration which includes our Directors' salaries, bonus, fees and allowances as well as other benefits of our Directors, must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board of Directors. Our Directors' fees must be further approved by our shareholders at a general meeting.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

The remuneration and benefits paid/estimated to be paid to our Directors are as follows:

Directors	Remuneration band of our Directors for the financial year ending 31 January 2008 (Forecast)
Tan Sri Ahmad bin Mohd Don	} Less than RM50,000 each
Tan Sri Abdul Hamid Egoh	
Datuk Simon Shim Kong Yip	
Dato' Jorgen Bornhoft	
Wong Yuen Kuai, Lucien	
Soon Seong Keat	Between RM50,000 and RM100,000
Edward Lee Ming Foo	Between RM100,000 and RM150,000
Au Yong Siew Fah	Between RM900,000 and RM950,000

10.2 Relevant Committees

10.2.1 Audit Committee

Our present Audit Committee was established on 7 September 2007 and its members are appointed by our Board of Directors from amongst our Directors. Our Audit Committee comprises three (3) members, a majority of whom are Independent Directors.

Our Audit Committee is primarily responsible for assisting our Board in the discharge of its statutory duties and responsibilities in the following areas:

- (i) reviewing of financial statements that give a true and fair view of the Group's affairs and results and recommending the same for approval by the Board;
- (ii) managing our Group's affairs in compliance with laws and regulations and proper standards of conduct;
- (iii) establishing and maintaining internal controls for areas of risk to provide reasonable assurance for safeguarding of assets and reliable financial information;
- (iv) minimising the number of Directors who need to become involved in detailed reviews of financial statements and results of internal and external audits;
- (v) providing a forum for Independent Non-Executive Directors to keep abreast of the Group's operations and thus enabling them to perform a more active role;
- (vi) giving additional emphasis to the audit functions performed by the internal and external auditors; and
- (vii) providing a formal contact between the Independent Non-Executive Directors who are members of the Audit Committee and the external auditors.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Our Audit Committee currently comprises the following members:

Name	Position	Directorship
Tan Sri Ahmad bin Mohd Don	Chairman of the committee	Independent Non-Executive Chairman
Dato' Jorgen Bornhoft	Member of the committee	Independent Non-Executive Director
Soon Seong Keat	Member of the committee	Executive Director

10.2.2 Risk Management Committee

Our present Risk Management Committee was established on 18 September 2007 and the members are appointed by our Board of Directors. Our Risk Management Committee comprises four (4) members, made up of Executive Directors and senior manager(s) of the Company.

Our Risk Management Committee is primarily responsible for, amongst others, the following:

- (i) to assist our Board to ensure the overall effectiveness of the Company's risk management and internal control systems through establishing, directing and supervising the operation of a risk management framework that adequately manages the various risks faced by the Group;
- (ii) to develop the risk management policies and processes which include:
 - (a) identification of risks;
 - (b) evaluate and prioritise risks; and
 - (c) managing risks through control, sharing or transferring, avoidance, modification or acceptance;
- (iii) to provide a forum to discuss and exchange ideas related to the major risks faced by the Group and its impact. In this respect, the Heads of the Operating Divisions and the Corporate Departments will be directed to identify, evaluate and prioritise the strategic risks that may affect the achievement of its objectives. Such risks and the mitigation strategies shall be presented for the consideration by the Risk Management Committee;
- (iv) to review the regular reports furnished by the Internal Audit Department on the key risks profile developed and signed off by the Group's business units and functional managers. The adequacy of the internal control procedures in managing the key operational risks will be assessed and discussed at the Risk Management Committee meeting;
- (v) to ensure Heads of Business Unit and Corporate Departments regularly review their profile and maintain an update database or risk register for major strategic and operational business risks. The risk register shall capture specific risk information such as likelihood of their occurrence, severity of impact of occurrence, internal control procedures available, overall risk evaluation, management action plan and the agreed timeline;

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

- (vi) to periodically monitor and reassess the key business risks to ensure the internal controls that are embedded in the various processes remain relevant and effective to mitigating risks facing the Group; and
- (vii) to remind Heads of Business Unit and Corporate Departments that risk management is an on-going process.

Our Risk Management Committee currently comprises the following members:

Name	Position	Directorship
Edward Lee Ming Foo	Chairman of the committee	Managing Director
Soon Seong Keat	Member of the committee	Executive Director
Au Yong Siew Fah	Member of the committee	Executive Director
Ng Seng Wee	Member of the committee	Group Internal Audit

10.2.3 Nominating Committee

Our present Nominating Committee was established on 7 September 2007 and its members are appointed by our Board of Directors from amongst our Directors. Our Nominating Committee comprises three (3) members, all of whom are Non-Executive Directors.

Our Nominating Committee is primarily responsible for, amongst others, the following:

- (i) to nominate and recommend for appointment to our Board of Directors suitable candidates with the required mix skills, experience and other qualities including core competencies which Non-Executive Directors should bring to our Board of Directors;
- (ii) to nominate and recommend qualified Directors to be Audit Committee members and to sit on Board Committees from time to time;
- (iii) to consider candidates for directorships proposed by the Managing Director's office and, within bounds of practicability, by any other senior executive or any Director or shareholder;
- (iv) to annually assess the effectiveness of our Board of Directors and contribution of each individual Director;
- (v) to determine the appropriate board size and number of participating Non-Executive Directors in order to comply with Listing Requirements; and
- (vi) to ensure that all our new Directors participate in Director's training programme.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Our Nominating Committee currently comprises the following members:

Name	Position	Directorship
Tan Sri Ahmad bin Mohd Don	Chairman of the committee	Independent Non-Executive Chairman
Dato' Jorgen Bornhoft	Member of the committee	Independent Non-Executive Director
Datuk Simon Shim Kong Yip	Member of the committee	Non-Independent Non-Executive Director

10.2.4 Remuneration Committee

Our present Remuneration Committee was established on 7 September 2007 and its members are appointed by our Board of Directors from amongst our Directors. Our Remuneration Committee comprises three (3) members, a majority of whom are Non-Executive Directors.

Our Remuneration Committee is primarily responsible for, amongst others, the following:

- (i) to review the annual remuneration packages for each of the Executive Director such that the levels of remuneration are sufficient to attract and retain the necessary Executive Directors needed to manage our Company successfully; and
- (ii) to recommend to the Board of Directors the remuneration packages of our Executive Directors.

Our Remuneration Committee currently comprises the following members:

Name	Position	Directorship
Tan Sri Ahmad bin Mohd Don	Chairman of the committee	Independent Non-Executive Chairman
Datuk Simon Shim Kong Yip	Member of the committee	Non-Independent Non-Executive Director
Edward Lee Ming Foo	Member of the committee	Managing Director

10.3 Key Management

Our key management is responsible for our Group's day-to-day management and operations. Our key management consists of experienced personnel in charge of matters relating to the technical and operations services, project, safety, and finance and administration management.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

The members of our key management, all of whom are Malaysians, as at the date of this Prospectus are set forth below:

Name	Age	Designation
Au Yong Siew Fah	56	Chief Executive
Chua Teck Yong	50	Chief Engineer
Sam Swee Ping	50	Financial Controller (Plantations)
P. Mani Vannan	45	Senior Manager of Personnel & Administration (Plantations)
Gurcharan Singh a/l Sardar Singh	49	Group Estate Manager (TMGOE)
Hiew Yin Foh	49	Group Estate Manager (SSGOE)
Lo Koon Wai	47	Group Estate Manager (JGOE)
Sylvester Jepol Jepin	47	Senior Manager – Ladang Kawa estates
Zulkifli bin Usuf	49	Chief Agronomist
Tohet Gable	55	Senior Manager – Special Operations
Tan Kai Hin	62	Senior Manager – Commodities Trading

10.3.1 Profile of Our Key Management

- (a) **Au Yong Siew Fah**, please refer to Section 10.1.1 of this Prospectus for his profile.
- (b) **Chua Teck Yong**, aged 52, graduated with a Diploma in Mechanical Engineering and Diploma in Electrical Engineering from Bedford Technical College in 1984 and 1998 respectively. He further obtained a Steam Engineer Certificate - Grade 1 in year 2005. He started off his career in the milling industry as a mill conductor in 1979 with Kemayan Palm Oil Mill until year 1981. Thereafter, he joined Coronation Palm Oil Mill from 1981 to 1983. He later joined Top Plantation Management Sdn Bhd as Senior Mill Assistant in 1983 but left in 1990. From 1991 to 1993, he was with Boustead Estate Agency Sdn Bhd as Junior Assistant Manager and subsequently promoted as the Mill Manager. He was the Mill Manager for JC Chang Group, TSH Plantation Sdn Bhd and Unico Desa Plantations Bhd prior to joining HSP as the Chief Engineer. He has over twenty-seven (27) years of experience in the milling industry.
- (c) **Sam Swee Ping**, aged 50, holds a qualification from the United Kingdom's Chartered Association of Certified Accountants in 1994 and is responsible for the Finance Department of our Company. She started off her career in 1982 as a tax clerk in Ernst & Young, Kuala Lumpur and three (3) years later was transferred to the firm's Audit Department. She remained in the firm until 1988. Thereafter, she joined Marco Polo Hotel in Tawau, Sabah as the Financial Controller and left the hotel in 1989. From 1989 to 1995, she was with Sabah Softwood Sdn Bhd, which is a plantation-based company, as the Senior Accountant overseeing the Finance Department. She later joined HSCB in 1995 as a team member of the company's Finance Department but left in 1999 to join Tingkayu Plantations Sdn Bhd as an Accountant overseeing two (2) plantation subsidiaries of a listed company. She re-joined HSCB in 2004 as the Financial Controller, Plantations Division.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

- (d) **P. Mani Vannan**, aged 45, graduated with a Degree in Agricultural Engineering in 1988 from University Putra Malaysia. He joined Jeroco in 1989 as an Agricultural Assistant and held various positions prior to his appointment as the Senior Manager of Personnel and Administration (Plantations) in 2003. He has over eighteen (18) years of experience in the plantation industry.
- (e) **Gurcharan Singh a/l Sardar Singh**, aged 49, obtained his Higher School Certificate in 1978 and started off his career in 1980 as a Cadet Planter with The East Asiatic Company (Malaysia) Berhad and since has been in continuous service with HSCB. He is currently the Group Estate Manager of TMGOE, whose responsibilities include managing the operations of four (4) estates covering 12,000 ha and FFB quality check. He has over twenty-six (26) years of experience in the plantation industry.
- (f) **Hiew Yin Foh**, aged 49, completed the Agricultural Vocational Course from Institute Pertanian Sabah in 1981 and received the Diploma of the Associate of Incorporated Society of Planters in 1989. He started off his career as a Cadet Planter with North Borneo Plantations Sdn Bhd in 1981 to 1986. He joined Bal Plantation Sdn Bhd as the Assistant Manager in 1986 and left in 1989. Thereafter, he joined P.T. Hasfam Indonesia as the Management Advisor in 1990 prior to joining Jeroco as the Assistant Manager in 1992. In year 2000, he was promoted to Group Estate Manager of SSGOE managing four (4) estates covering 9,906 ha. He has over twenty-six (26) years of experience in the plantation industry.
- (g) **Lo Koon Wai**, aged 47, completed his secondary education in 1977 and commence his career as a Cadet Planter in 1978 with Ladang Koko Yayasan Tun Fuad & Tun Razak and when he left in 1992, he was holding the post of Senior Assistant Manager. He was appointed as the Assistant Manager in IOI Berhad from 1992 to 1993. Thereafter, he joined Jeroco as an Assistant Manager and held various positions before being promoted as the Group Estate Manager of JGOE in 2003 managing five (5) estates covering 14,117 ha. He has over twenty-eight (28) years of experience in the plantation industry.
- (h) **Sylvester Jepol Jepin**, aged 47, obtained his Malaysian Certificate of Education in 1977 and Diploma of the Associate of Incorporated Society of Planters from the Incorporated Society of Planters in 1991. He started off his career with Kumpulan Permodalan Plantation ("KPD") in 1982 up to 1989. He joined Jeroco in 1989 as an Assistant Manager and subsequently moved to Borneo Samudera Sdn Bhd in 1998 as an Estate Manager. He was subsequently attached to KTS Holding in 2005 as the Senior Plantation Manager prior to rejoining HSCB in 2006 as the Senior Manager of Ladang Kawa estate. He has over eighteen (18) years of experience in the plantation industry.
- (i) **Zulkifli Bin Usuf**, aged 49, graduated with a Bachelor of Agronomy Science from Bogor Agriculture University, Indonesia in 1986. He started off his career in plantation in 1988 when he joined Sawit Kinabalu Berhad as an Agronomist and was made the Head of Oil Palm Seed Production from 1998 to 2000. In October 2000, he joined HSCB as the Chief Agronomist whose responsibilities include estate advisory services, fertiliser recommendations, pests and diseases control and liaison with the relevant authorities such as Occupational Safety and Health Authority and Department of Environment. He is also involved in the Round Table on Sustainable Palm Oil (RSPO).

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

- (j) **Tohet Gable**, aged 55, completed his Higher School Certificate in 1973 and started off his planting career in plantation industry with Golden Hope Plantation for almost ten (10) years since 1985 in charge of the main division of supplying FFB for processing prime quality oil. He joined River Estates in 1996 as the Senior Assistant of Litang Estate and was promoted to Manager in 1999. He was subsequently promoted to Senior Manager in 2006. He is currently the Senior Manager for Special Operations whose responsibilities include field audit visits of ten (10) estates and FFB quality check. He has over twenty-two (22) years of experience in the plantation industry.
- (k) **Tan Kai Hin**, aged 62, graduated with a Bachelor of Arts Degree from University of Malaya in 1970. He started off his career in 1970 as the Assistant Sales Manager of timber exporters with Moiz Yusof & Co. Pte Ltd. He joined Sime Darby Plantations Berhad in 1971 as Marketing Executive and gained experience in the marketing and export of rubber, cocoa, crude palm oil and palm kernel and was promoted to Marketing Manager in 1976. In 1985 he was seconded to their New York and London offices for a two (2)-year period where he was particularly involved with cocoa trading and gained direct experience of international commodity markets. On his return in 1987, he spent one (1) year supervising the marketing of their refinery known as Kempas Edible Oil's dealing with refined palm oil products. In 1988, he was elected to the Board of the Commodities Trading Malaysia, a division of Sime Darby group. He left Sime Darby group in 1993. In 1996, he joined Insan Delima Sdn Bhd as the Trading Director and retired in 2000. He joined HSCB as the Senior Manager of the Commodities Trading Division in 2005 and subsequently transferred to HSP on 7 September 2007.

10.3.2 Our Key Management's Shareholding

The table below sets forth our key management's interest in our Shares before and after the IPO based on their shareholdings as at the date of this Prospectus.

Key Management	<-----Before the IPO----->				<-----After the IPO**----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Au Yong Siew Fah	-	-	-	-	*	*	-	-
Chua Teck Yong	-	-	-	-	35,000	0.004	-	-
Sam Swee Ping	-	-	-	-	35,000	0.004	-	-
P. Mani Vannan	-	-	-	-	55,000	0.007	-	-
Gurcharan Singh a/l Sardar Singh	-	-	-	-	55,000	0.007	-	-
Hiew Yin Foh	-	-	-	-	55,000	0.007	-	-
Lo Koon Wai	-	-	-	-	55,000	0.007	-	-
Sylvester Jepol Jepin	-	-	-	-	35,000	0.004	-	-
Zulkifli bin Usof	-	-	-	-	35,000	0.004	-	-
Tohet Gable	-	-	-	-	35,000	0.004	-	-
Tan Kai Hin	-	-	-	-	35,000	0.004	-	-

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (*Cont'd*)

Notes:

- * *Excludes Au Yong Siew Fah's allocation which is described in Section 10.1.2 of this Prospectus.*
- ** *This assumes that they fully subscribe for the HSP Shares allocated under the Preferential Allocation Scheme as described in Section 4.3.2(a) of this Prospectus but exclude such number of HSP Shares they may take up under the Restricted Offering as described in Section 4.3.2(c) of this Prospectus or successful application under the Bumiputera Offering and Retail Public Offering.*

10.3.3 Employment Contracts of Key Management

All of our key management as set out in Section 10.3.1 have employment contracts with us. The employment contracts contain the normal terms of employment.

There is no existing or proposed service agreement between our Company or our Group and our Directors and key management.

10.3.4 Involvement of Key Management in Other Businesses/Corporations

None of our key management is involved in other businesses/corporations in an executive capacity.

10.3.5 Management Succession Plans

We recognise the need to ensure continuity in management in order to maintain our competitive edge over our competitors. Our Board of Directors believes that the continued success of our Company depends, amongst others, on the support and dedication of its management personnel. We have in place human resource strategies which include, amongst others, suitable compensation packages and structured succession planning. Our Company's initiatives on succession planning include:

- Identifying key competencies and requirements for managers and higher positions. Job and candidate profiles are developed for management position in line with the business goals, strategies and culture of our Group; and
- Taking a proactive approach towards addressing talent management to ensure the organisation has talent readily available to undertake leadership positions throughout the organisation.

In addition, our middle management are constantly exposed to various aspects of our business activities in order to ensure that they have a full understanding of the responsibilities and the decision making process and are equipped with the knowledge necessary for them to succeed to senior management positions.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

10.4 Substantial Shareholders

10.4.1 Shareholdings

The table below sets forth our substantial shareholders' interest in our Shares before and after the IPO based on our Register of Members as at the Latest Practicable Date.

Substantial Shareholders	<-----Before the IPO----->				<-----After the IPO----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	000		000		000		000	
HSCB	656,649	87.55	-	-	406,649	50.83*	-	-
Innoprise	82,538	11.01	-	-	119,978	15.00	-	-
Gek Poh	-	-	656,649 ⁽ⁱ⁾	87.55 ⁽ⁱ⁾	-	-	406,649 ⁽ⁱ⁾	50.83 ⁽ⁱ⁾

Notes:

* Assuming that the Offer for Sale will be fully taken up.

⁽ⁱ⁾ Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in HSCB.

Save for the foregoing, we are not aware of any other person who directly or indirectly, jointly or severally, has significant influence over us.

10.4.2 Changes in Shareholding

Save for the following, there has been no change in our substantial shareholders' and/or our Promoter's interest in our Shares since our incorporation up to the Latest Practicable Date.

Substantial Shareholders	As at our incorporation date on 18 April 2007				<-----As at 18 September 2007----->				<-----After IPO----->			
	<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->		<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
	000		000		000		000		000		000	
Lim Guan Nee	1	50.00	-	-	-	-	-	-	-	-	-	-
Ou Chee Voi	1	50.00	-	-	-	-	-	-	-	-	-	-
HSCB	-	-	-	-	656,649	87.55	-	-	406,649	50.83*	-	-
Innoprise	-	-	-	-	82,538	11.01	-	-	119,978	15.00	-	-
Gek Poh	-	-	-	-	-	-	656,649 ⁽ⁱ⁾	87.55 ⁽ⁱ⁾	-	-	406,649 ⁽ⁱ⁾	50.83 ⁽ⁱ⁾

Notes:

* Assuming that the Offer for Sale will be fully taken up.

⁽ⁱ⁾ Deemed interest pursuant to Section 6A of the Act by virtue of its shareholding in HSCB.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

10.4.3 Details on Substantial Shareholders

HSCB

Our substantial shareholder, HSCB, was incorporated in Malaysia on 24 March 1976 under the Act, as a public company under the name of East Asiatic Plantations Berhad. East Asiatic Plantations Berhad changed its name to The East Asiatic Company (Malaysia) Berhad on 28 February 1977, before changing to its present name on 5 March 1996.

The principal activity of HSCB is investment holding.

The substantial shareholders of HSCB and their respective shareholdings as at the Latest Practicable Date are as follows:

Substantial Shareholders	←----- Direct -----→		←----- Indirect -----→	
	No. of shares	% ^(iv)	No. of shares	%
Gek Poh	322,975,886 ⁽ⁱ⁾	56.39	7,480,400 ⁽ⁱⁱⁱ⁾	1.31
Amanah Raya Nominees (Tempatan) Sdn Bhd for Skim Amanah Saham Bumiputera	40,904,900	7.14	-	-
Kenderaan Dan Kejuruteraan Laris Sdn Bhd	40,200,700	7.02	-	-
Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	-	-	330,456,286 ⁽ⁱⁱⁱ⁾	57.70

Notes:

⁽ⁱ⁾ Interest of 312,016,000 (54.48%) ordinary shares are held through Maybank Securities Nominees (Tempatan) Sdn Bhd – Maybank International (L) Ltd for Gek Poh and the remaining 10,959,886 (1.91%) ordinary shares are held directly in the name of Gek Poh.

⁽ⁱⁱ⁾ Deemed interest through its interest in its wholly-owned subsidiary, Pembangunan Melati Sdn Bhd, pursuant to Section 6A of the Act.

⁽ⁱⁱⁱ⁾ Deemed interest through his interest in Gek Poh pursuant to Section 6A of the Act.

^(iv) For the purpose of computing the percentage shareholding above, the number of ordinary shares used was 572,761,600 which was arrived at by deducting 49,898,400 treasury shares held by HSCB from its issued and paid-up capital of 622,660,000 as at 18 September 2007.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

The directors of HSCB and their respective shareholdings as at the Latest Practicable Date are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	% ^(a)	No. of shares	%
Dato' Jorgen Bornhoft	40,000	0.007	-	-
Datuk Henry Chin Poy-Wu	-	-	-	-
Edward Lee Ming Foo	-	-	-	-
Lee Wee Yong	-	-	-	-
Soon Seong Keat	-	-	-	-
Datuk Simon Shim Kong Yip	-	-	-	-
Lt. Gen. (R) Datuk Abdul Aziz Hasan	-	-	-	-
Lau Teong Jin	-	-	-	-
Sim Siew Meng (Alternate to Lee Wee Yong)	-	-	-	-
Quan Sheet Mei (Alternate to Soon Seong Keat)	-	-	-	-

Note:

^(a) For the purpose of computing the percentage of shareholdings above, the number of ordinary shares used was 572,761,600, which was arrived at by deducting 49,898,400 treasury shares held by HSCB from its issued and paid-up capital of 622,660,000 as at 18 September 2007.

Save as disclosed below, HSCB does not have any substantial shareholding in other public corporations in the two (2) years preceding the date of this Prospectus:

Public Corporations	<-----Substantial Shareholdings----->			
	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Paos Holdings Berhad	30,151,692	24.96	-	-
Lam Soon (Thailand) Public Company Limited	164,000,020	20.00	-	-
Hop Hing Holdings Limited*	25,602,332	5.93	-	-

Note:

* As at 18 September 2007, HSCB holds 4,267,055 of unexercised warrants and together with the shares of 21,335,277 HSCB has 5.93% equity in Hop Hing Holdings Limited.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Innoprise

Our substantial shareholder, Innoprise, was incorporated in Malaysia on 17 August 1988 under the Act, as a private limited company.

The principal activities of Innoprise are investment holding and provision of management services.

The substantial shareholder of Innoprise and its shareholding as at the Latest Practicable Date are as follows:

Substantial Shareholder	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Board of Trustees Yayasan Sabah	65,999,998	100.00	-	-

The directors of Innoprise and their respective shareholdings as at the Latest Practicable Date are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Tan Sri Datu Khalil bin Datu Hj. Jamalul, JP	-	-	-	-
Datuk Seri Panglima Hj. Ampong bin Hj. Puyon	-	-	-	-
Anson Bin Kunjan @ George Kunjan	-	-	-	-
Datuk Mohd. Sapari bin Manan @ Safari Manan	-	-	-	-
Datuk Sam Mannan @ Sham Mannan	-	-	-	-

Save as disclosed below, Innoprise does not have any substantial shareholding in other public corporations in the two (2) years preceding the date of this Prospectus:

Public Corporations	<-----Substantial Shareholdings----->			
	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Sinora Industries Berhad	46,608,000	46.61	-	-
Sabah Softwoods Berhad	35,000,000	70.00	-	-

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

Gek Poh

Gek Poh was incorporated in Malaysia on 15 October 1974 under the Act, as a private limited company. Its principal activities are investment holding and provision of insurance agency services.

The substantial shareholders of Gek Poh and their respective shareholdings as at the Latest Practicable Date are as follows:

Substantial Shareholders	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	28,000,000	56.00	-	-
HSBC (Malaysia) Trustee Berhad for An Soon Unity Malaysia Trust [#]	22,000,000	44.00	-	-

Note:

[#] HSBC (Malaysia) Trustee Berhad is the trustee for An Soon Unity Malaysia Trust, a discretionary trust.

Save for HSCB and as disclosed below, Gek Poh does not have any substantial shareholding in any other public corporations in the two (2) years preceding the date of this Prospectus:

Public Corporations	<-----Substantial Shareholdings----->			
	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Malaysian Mosaics Berhad	39,561,280	50.49	11,888,926*	15.17

Note:

* Deemed interest through its interest in its wholly-owned subsidiary, Pembangunan Melati Sdn Bhd pursuant to Section 6A of the Act.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

The directors of Gek Poh and their respective shareholdings as at the Latest Practicable Date are as follows:

Directors	<-----Direct----->		<-----Indirect----->	
	No. of shares	%	No. of shares	%
Tan Sri Datuk Seri Panglima Lau Gek Poh	-	-	-	-
Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak	28,000,000	56.00	-	-
Puan Sri Datin Seri Panglima Lau Nee Khoo Geuh Noi @ Koh Gueh Noi	-	-	-	-
Liew Soong Cheng @ Lau Soong Cheng	-	-	-	-
Sim Siew Meng	-	-	-	-
Edward Lee Ming Foo	-	-	-	-
Liew Cho Boon	-	-	-	-

Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak

Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak, a Malaysian, aged 71, is the Deputy Governing Director of Gek Poh, the deemed major shareholder of HSCB. Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak is an entrepreneur with vast experience in the core business of the Group.

10.4.4 Amount Paid/Benefit Given to Our Substantial Shareholders

Save as disclosed in Section 9.1.6 in this Prospectus, dividends payable to our Promoter and substantial shareholders and the trading commission payable to the Promoter in the ordinary course of business, no other amounts or benefits has been paid or intended to be paid to our Promoter and substantial shareholders within the two (2) years preceding the date of this Prospectus.

10.5 Promoter

HSCB is the promoter for our IPO.

Please refer to Sections 10.4.2 and 10.4.3 of this Prospectus for further details of HSCB's shareholding in our Company and for further information on HSCB.

HSCB group's involvement in oil palm industry began with the acquisition of River Estates in 1978, followed by the acquisition of 60.61% equity interests in Jeroco in 1996, which was subsequently increased to 66.07% in 1998. With the aforesaid acquisitions, HSCB as our holding company, has continued to support and groom our Group into a leading player within the oil palm industry by recruiting experienced senior management with established track record, to lead and develop the plantation business.

10. INFORMATION ON OUR DIRECTORS, KEY MANAGEMENT, SUBSTANTIAL SHAREHOLDERS AND PROMOTER (Cont'd)

In 2001, by adding Hap Seng Fertilizers Sdn Bhd, a major importer and distributor of fertiliser to the plantation industry in Malaysia and Indonesia, to the HSCB's stable of companies, HSCB also provided synergistic support to our Group and further enhanced our Group's position in the plantation industry.

10.6 Relationships or Associations between Our Directors, Key Management, Substantial Shareholders and Promoter

Save for Dato' Jorgen Bornhoft, Edward Lee Ming Foo, Soon Seong Keat and Datuk Simon Shim Kong Yip who are common directors of HSP and HSCB, there are no family relationships/associations between our Directors, key management, substantial shareholders and Promoter.

10.7 Declaration by Our Directors, Key Management and Promoter

None of our Directors, key management or Promoter is or has been involved in the following events (whether in or outside Malaysia):

- (a) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a Director or key personnel; or
- (b) disqualified from acting as a director of any corporation or from taking part, directly or indirectly, in the management of any corporation; or
- (c) charged and/or convicted in a criminal proceeding or is a named subject of pending criminal proceeding; or
- (d) any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of an order, judgment or ruling of any court of competent jurisdiction, temporarily enjoining him from acting as an investment adviser, dealer in securities, Director or employee of a financial institution and engaging in any type of business practice or activity.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our proforma consolidated financial statements and the related notes included in the Accountants' Report under Section 14 of this Prospectus. Our proforma consolidated financial statements have been prepared in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board, which may differ in certain aspects from generally accepted accounting principles in other countries. The proforma consolidated financial statements were reviewed by KPMG, our Reporting Accountants, and the report of the same which is included under Section 14 of this Prospectus provides a description of the adjustments and assumptions used. The proforma consolidated financial statements were prepared for illustrative purposes and may not be indicative of the actual financial condition or results of operations of our Group.

We acquired the entire issued and paid-up share capital of Jeroco and River Estates as part of the Listing scheme and the Acquisitions were completed on 7 September 2007. Further details on the Acquisitions are set out under Section 9 of this Prospectus.

Our proforma consolidated income statements were prepared for illustrative purposes, assuming that the Acquisitions had occurred at the beginning of financial year ended 31 January 2005.

This discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those discussed in the forward-looking statements. Factors that might cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in the Prospectus, particularly in the Risk Factors under Section 5 of this Prospectus.

Except as otherwise indicated, statistical and certain other information relating to the palm oil industry contained in this section is based on or derived from data in the Review of the Malaysian Oil Palm Industry 2004-2006, published by the MPOB. The information has not been independently verified by us, or our advisers, the Managing Underwriter and Underwriter, the Placement Agent nor the Joint Global Co-ordinators and Joint Bookrunners. Much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with the appropriate caution.

11.1 Factors Affecting Our Operations

11.1.1 Total Planted Area

We operate our plantations on one (1) contiguous block of land of approximately 36,354 ha located between Lahad Datu and Sandakan, in addition to a smaller plantation in Tawau measuring 1,276 ha, with a combined area of 37,630 ha. Our total planted area as set out in the table below has remained fairly stable throughout the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2007.

The typical economic life span of an oil palm tree is approximately twenty-five (25) years. An oil palm tree will first reach production age approximately thirty (30) months after field planting when harvesting shall begin. At the initial stage of harvesting, the yield from oil palm trees is relatively low. As the oil palm trees mature, the yield will increase, generally reaching prime production in years seven (7) through seventeen (17). Hence, it is crucial for us to have planted area with a high proportion of more mature oil palm trees.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

We set out below the age profile of our oil palm trees as at 31 January 2005, 2006 and 2007 and 31 July 2007.

	<-----As at 31 January ----->			As at 31
	2005	2006	2007	July
	(ha)	(ha)	(ha)	(ha)
Immature (less than 30 months)	1,623	1,574	2,447	1,535
Young Mature (30 months to less than 7 years)	4,293	1,908	1,020	2,034
Prime Mature (7 years to less than 17 years)	18,116	20,102	20,637	20,637
Mature (17 years onwards)	8,755	9,207	8,648	8,489
Total	32,787	32,791	32,752	32,695

The increase of prime mature area from 18,116 ha as at 31 January 2005 to 20,102 ha as at 31 January 2006 resulted in a corresponding increase in production. The decrease of the total planted area between financial years 2006 to 2007 and as at 31 July 2007 was due to replanting.

In our effort to ensure continuous productivity of our oil palm plantations, we typically conduct replanting activities at an average rate of 4.00% of the total planted area per annum. We believe that conducting these replanting activities using superior planting material should increase the yield of our oil palm trees in the future.

11.1.2 Production

The amount of FFB we harvest per hectare varies from year to year principally due to fluctuations in the average maturity of our oil palm trees. In addition, the amount of FFB which we are able to harvest is also affected by the following factors:

- (a) quality of the planting materials;
- (b) soil condition and topography of the land;
- (c) local and global weather patterns;
- (d) oil palm tree density;
- (e) fertiliser application;
- (f) harvesting technique;
- (g) upkeep programme;
- (h) pests and diseases;
- (i) availability of labour; and
- (j) natural disasters.

We have enhanced our FFB yield per hectare by providing training and incentives to our plantation workers to improve loose fruit collection from the ground for processing together with harvested FFB. These loose fruits have higher oil content than that of FFB harvested directly from oil palm trees.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

We set out below the amount of FFB harvested and the total mature planted hectares for the three (3) financial years ended 31 January 2007 and six (6)-month period ended 31 July 2006 and 2007.

	Financial year ended			6-month period ended	
	<-----31 January----->			<-----31 July----->	
	2005	2006	2007	2006	2007
Total mature area (ha)	31,164	31,217	30,305	30,305	31,160
FFB yield per ha (tonnes)	24.36	25.51	25.37	11.09	10.85

With our effort to continuously improve our plantation operations, we have managed to increase our FFB yield from 24.36 tonnes per hectare in financial year ended 31 January 2005 to 25.51 tonnes per hectare in financial year ended 31 January 2006. The FFB yield decreased from 25.51 tonnes per hectare in financial year ended 31 January 2006 to 25.37 tonnes per hectare in financial year ended 31 January 2007 due to lower fruits collected as a result of flood.

Although the total mature area increased from 30,305 ha in the six (6)-month period ended 31 July 2006 to 31,160 ha in the six (6)-month period ended 31 July 2007, our FFB yield per hectare decreased from 11.09 tonnes per hectare to 10.85 tonnes per hectare mainly due to the increase in young mature oil palm trees that have yet to reach its prime mature age.

11.1.3 Milling Operations

We have four (4) mills, namely, Jeroco Palm Oil Mill 1 ("JPOM 1"), Jeroco Palm Oil Mill 2 ("JPOM 2"), Tomanggong Palm Oil Mill ("TPOM") and Bukit Mas Palm Oil Mill ("BPOM") and operate these mills on our contiguous plantation area. We set out below the details of our mills for the three (3) financial years ended 31 January 2007 and six (6)-month period ended 31 July 2006 and 2007:

Mills	Year built	Age of mill	Capacity	Mill Utilisation Rate (%)				
				Financial year ended			6-month period	
				<-----31 January----->			<--ended 31 July-->	
		Years	FFB tonnes / hour	2005	2006	2007	2006	2007
JPOM 1	1987	20	60	92.50	92.70	91.86	90.94	92.39
JPOM 2	1996	11	30	92.73	92.52	91.68	91.31	92.43
TPOM	1969	38	40	91.61	82.83	81.79	76.07	77.34
BPOM	1998	9	45	81.17	82.61	85.86	84.24	85.76

The amount of CPO we extract from FFB depends primarily on the quality and ripeness of the FFB. In addition, FFB must be transported from the field to our mills within twenty-four (24) hours, otherwise the CPO quality will be affected. Furthermore, the efficiency of our mills also affects our extraction rates. Our mills are regularly maintained to ensure they are operating efficiently. As oil palm trees mature, the extraction rates for CPO and PK generally increase. We expect our oil extraction rate to increase as our planted, higher-yielding oil palm trees mature. Further, as mentioned above, we also expect our oil extraction rate to increase because of the improved collection of loose fruit during the harvesting process and the reduction of oil loss at the processing facilities during the extraction process. We subsequently use EFB as fertiliser.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

We set out below our CPO and PK extraction rates for the three (3) financial years ended 31 January 2007 and six (6)-month period ended 31 July 2006 and 2007.

	Financial year ended			6-month period ended	
	<-----31 January----->			<-----31 July----->	
	2005	2006	2007	2006	2007
Extraction rates					
Oil extraction rate (%)	21.75	21.95	21.87	21.76	22.18
Kernel extraction rate (%)	4.64	4.88	4.80	4.86	4.73

Our oil extraction rate increased from 21.75% in financial year ended 31 January 2005 to 21.95% in financial year ended 31 January 2006 due to improvement of loose fruits collection and implementation of the FFB grading standard higher than MPOB's. The oil extraction rate decreased from 21.95% in financial year ended 31 January 2006 to 21.87% in financial year ended 31 January 2007 due to higher moisture content of the FFB as a result of wet weather and flooding in our estates.

For the six (6)-month period ended 31 July 2006 and 2007, our oil extraction rate increased from 21.76% in six (6)-month period ended 31 July 2006 to 22.18% for the same period in 2007 and our kernel extraction rate decreased from 4.86% in six (6)-month period ended 31 July 2006 to 4.73% for the same period in 2007 mainly due to the improved collection of loose fruit during the harvesting process.

11.1.4 Contractual Arrangements

We sell our CPO in both the spot market and through forward sales in Malaysia. These spot sales are conducted at the current market price which can be volatile as it moves with world edible oil commodity prices. We sell a portion of our expected annual production on a "forward" basis in order to hedge against commodity price risk. The forward contracts are entered into to lock in future revenue depending on market conditions. However, forward sales may also limit our ability to benefit from rising CPO prices.

11.2 Prices of CPO, PK and FFB in Malaysia

The palm oil industry is capital intensive and operating margins in this industry have been volatile. Margins are sensitive to supply and demand of the global market for edible oil and the demand for CPO, FFB and PK which are linked generally to the level of global consumption of edible oil.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The table below sets out local commodity prices for CPO, PK and FFB for the three (3) calendar years 2004, 2005 and 2006. Save for the average price for FFB per tonne, the information in this section has been extracted from Review of the Malaysian Oil Palm Industry 2004-2006, published by MPOB while the average prices for the half year up to 30 June 2007 was computed based on the simple average monthly prices from January 2007 to June 2007 published by MPOB.

	←-----Calendar Year-----→			
	2004	2005	2006	January to June 2007
	RM	RM	RM	RM
Average local prices				
CPO per tonne	1,610	1,394	1,511	2,174
PK per tonne	1,063	1,017	892	1,229
FFB per 1% extraction rate ⁽ⁱ⁾	17.3	14.6	15.4	*
FFB per tonne	346	294	308	*

Notes:

⁽ⁱ⁾ This represents the rate paid per percentage of extraction rate per tonne of FFB. This rate is prescribed by MPOB while the quantum of extraction rate is arrived at through negotiations between the buyer and seller of FFB.

* Not available.

11.2.1 CPO

CPO prices showed an upward momentum during the first quarter in 2004 as a result of the decline in production and better export performance. During the second quarter, the domestic market witnessed extreme price volatility arising from negative developments taking place in PR China namely the tightening of credit by the Chinese government and rumours that the Chinese importers were canceling several soy bean and palm oil cargoes contracted at higher prices. During the third quarter, the overall CPO prices stabilised although prices in July decreased due to the seasonal increase in production and lower soybean oil prices. However, towards the end of the last quarter of 2004, prices decline to RM1,420.00 due to the concern over the supply of palm oil which would outpace exports.

The average price of CPO continued to decline during the first quarter in 2005, reaching a low of RM1,305.00 in February, driven by persistent concerns over uninspiring export demand and rising stocks. During the second quarter, prices stabilised and were mainly locked within a narrow trading range. The improvement in exports, supply tightness and the price volatility in Chicago Board of Trade (CBOT) owing to weather play during the US soybean planting season also impacted the market. As a result, the CPO prices gained 4.7% to RM1,417.00 in the second quarter. However, the market sentiments weakened in the following months on speculation that palm oil stocks would reach 1.6 million tonnes by end of the year due to weak pace of exports. The CPO prices nevertheless rebounded in October underpinned by improving export demand and optimism over the palm oil usage in biodiesel production. As a result, the average price in the fourth quarter rose slightly by 3.3% to RM1,426.50.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (*Cont'd*)

In February 2006, the average price reached RM1,444.50 driven by persistent concerns over export demand and the Government's Biofuel Policy. However, the rising palm oil supply during the second quarter hampered palm oil prices from its upward trend. At the end of the second quarter, the CPO prices fell by 1.4% to RM1,410.00. The CPO prices stabilised during the third quarter and were locked within a narrow trading range. The CPO prices firmed by 8.8% to RM1,553.50 during the third quarter mainly supported by strong export demand from consuming countries for the festive seasons. Subsequently prices rebounded mainly due to persistent fears of supply disruption after torrential rains in major oil producing states. As a result, the average CPO price in the fourth quarter rose by 9.6% to RM1,680.00.

11.2.2 PK

During the period from 2004 to 2006, the average price of PK has been consistently declining due to the strong growth in production, higher stock levels and lower crude PK oil prices.

11.2.3 FFB

Both CPO and PK prices have a significant impact on the price of FFB because of the industry's pricing mechanism and the price of FFB generally moves in tandem with the CPO and PK prices.

11.3 Cost of Sales

The primary components of our cost of sales include:

- fertiliser costs;
- transportation and fuel costs;
- labour costs;
- mill costs (including labour, energy and maintenance);
- infrastructure maintenance including road works; and
- replanting costs.

Of these costs, we face significant price volatility for fertilisers, transportation and fuel cost as these items are impacted by global commodity price movements. For the financial year ended 31 January 2007 and the six (6)-month period ended 31 July 2007, the manuring costs of RM24.70 million and RM16.97 million made up of 19.41% and 26.34% of our total cost of sales respectively.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.4 Proforma Results of Operation and Financial Conditions

The following table sets out the summary of our proforma consolidated income statements for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2007 prepared based on the audited financial statements of our Subsidiaries and the audited financial statements of our Company for the period from 18 April 2007 (date of incorporation) to 31 July 2007 after incorporating such adjustments considered necessary and on the assumption that our current Group has been in existence throughout the financial years and period under review. The proforma consolidated income statement for the six (6)-month period ended 31 July 2006 has been reviewed in accordance with the Malaysian Approved Standards on Auditing AI 2400 and has been prepared for illustrative purposes only as a comparison to the proforma consolidated income statement for the six (6)-month period ended 31 July 2007.

	Financial year ended 31 January 2007		6-month period ended 31 July 2007		6-month period ended 31 July 2006		6-month period ended 31 July 2005	
	RM 000	USD 000 Equivalent	RM 000	USD 000 Equivalent	RM 000	USD 000 Equivalent	RM 000	USD 000 Equivalent
Revenue	296,927		278,104	81,545	117,532		163,477	47,800
Cost of Sales	(113,510)		(127,280)	(37,216)	(64,463)		(64,433)	(18,840)
Gross Profit	183,417		151,043	44,329	53,069		99,044	28,960
Other operating income	5,477		1,391	407	718		338	99
Distribution costs	(17,373)		(22,539)	(6,591)	(8,829)		(17,237)	(5,040)
Administrative expenses	(6,843)		(6,404)	(1,873)	(3,032)		(2,782)	(814)
Other operating expenses	(2,300)		(2,287)	(662)	(1,254)		(1,154)	(337)
Results from operating activities	162,378		121,788	35,610	40,672		78,209	22,868
Interest income	4,977		7,771	2,272	3,024		4,602	1,346
Interest expense	(142)		(50)	(7)	(14)		-	-
PBT	167,213		129,534	37,875	43,682		82,811	24,214
Taxation	(44,279)		(34,366)	(8,357)	(11,970)		(21,531)	(6,296)
PAT	122,934		100,952	29,518	31,712		61,280	17,918
<i>Gross profit margin (%)</i>	61.77		54.36	54.36	45.15		60.59	60.59
<i>Net profit margin (%)</i>	41.40		36.20	36.20	26.98		37.49	37.49
<i>Effective tax rate (%)</i>	26.48		26.87	22.07	27.40		26.00	26.00

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Notes:

- (i) *There were no extraordinary items for the financial years/periods under review.*
- (ii) *There were no exceptional items for the financial years/periods under review except for a gain of RM4.58 million arising from the disposal of non-core properties included under other operating income in the financial year ended 31 January 2005.*
- * *Reviewed in accordance with Malaysian Approved Standards on Auditing A12400.*
- ** *For illustrative purposes only.*

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11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Proforma Revenue by Products for the three (3) financial years ended 31 January 2007 and for the six (6)-month period ended 31 July 2006 and 2007

The following table sets out our proforma consolidated revenue by product for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2006 and 2007.

	<-----Financial year ended 31 January----->				<-6-month period ended 31 July-->		
	2005	2006	2007	2007	2006	2007	2007
	RM 000	RM 000	RM 000	USD 000 Equivalent	RM 000	RM 000	USD 000 Equivalent
Revenue							
CPO	251,854	232,195	238,423	69,714	97,478	132,817	38,835
PK	33,666	35,483	28,941	8,462	14,661	22,480	6,573
FFB	11,407	10,426	11,521	3,369	5,393	8,180	2,392
Total Revenue	296,927	278,104	278,885	81,545	117,532	163,477	47,800

Average selling prices of our products for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2006 and 2007

The following table sets out our proforma average selling price by products for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2006 and 2007.

	<-----Financial year ended 31 January----->				<--6-month period ended 31 July-->		
	2005	2006	2007	2007	2006	2007	2007
	RM	RM	RM	USD Equivalent	RM	RM	USD Equivalent
Average prices / tonne							
CPO	1,621	1,352	1,460	427	1,381	1,870	547
PK	1,014	941	839	245	841	1,213	355
FFB	317	271	301	88	269	501	146

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Gross Profit Margin Analysis

The following table sets out our proforma cost of sales and the corresponding gross profit margin for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2006 and 2007.

	<-----Financial year ended 31 January----->				<---6-month period ended 31 July-->		
	2005	2006	2007	2007	2006	2007	2007
	RM	RM	RM	USD Equivalent	RM	RM	USD Equivalent
Cost of sales (000)	113,510	127,061	127,280	37,216	64,463	64,433	18,840
Cost of sales per tonne of CPO	644	666	672	196	796	819	239
Cost of sales per tonne of PK	84	91	104	30	101	102	30
Cost of sales per tonne of FFB	118	125	117	34	126	130	38
Gross profit margin (%)	61.77	54.31	54.36	54.36	45.15	60.59	60.59

Production Volume, Sales Volume and Other Operational Data

The following table sets out a summary of our proforma production volume, sales volume and other operational data for the three (3) financial years ended 31 January 2007 and the six (6)-month period ended 31 July 2006 and 2007.

	<-----Financial year ended 31 January----->			6-month period ended	
	2005	2006	2007	2006	2007
	tonnes	tonnes	tonnes	tonnes	tonnes
Production volume					
- CPO	158,735	168,375	162,145	69,596	72,856
- PK	33,854	37,471	35,607	15,549	15,545
- FFB	759,116	796,498	768,716	335,948	338,199
Sales volume					
- CPO	155,334	171,801	163,357	70,564	71,032
- PK	33,190	37,717	34,486	17,423	18,536
- FFB	35,968	38,432	38,247	20,050	16,332
Extraction rates (%)					
- Oil extraction rate	21.75	21.95	21.87	21.76	22.18
- Kernel extraction rate	4.64	4.88	4.80	4.86	4.73
FFB (tonnes/ha)	24.36	25.51	25.37	11.09	10.85
CPO (tonnes/ha)	5.30	5.60	5.55	2.41	2.41

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

11.4.1 Six (6)-Month Period Ended 31 July 2007 Compared to Six (6)-Month Period Ended 31 July 2006Revenue

Revenue for the six (6)-month period increased by 39.09% to RM163.48 million in 2007 as compared to the same period in 2006. The increase was mainly attributable to the higher global market price of oil palm products as a result of bullish demand, leading to an overall increase in our average selling prices of CPO, PK and FFB.

Our sales volume of CPO and PK increased by 468 tonnes and 1,113 tonnes representing 0.66% and 6.39% respectively for the six (6)-month period ended 31 July 2006 and 2007 due to the higher production volume thereby contributing to the increase in total revenue.

Gross Profit Margin

Our gross profit margin increased from 45.15% for the six (6)-month period ended 31 July 2006 to 60.59% for the same period in 2007 mainly due to higher average selling prices of oil palm products.

Other Operating Income

Our other operating income decreased by 52.92% from RM0.72 million for the six (6)-month period ended 31 July 2006 to RM0.34 million for the same period in 2007 mainly due to lower sales of bunch ash which was used as fertiliser as part of our cost saving measures.

Distribution Costs

Distribution costs increased by 95.23% to RM17.24 million for the six (6)-month period ended 31 July 2007 from RM8.83 million for the same period in 2006 primarily due to higher Sabah CPO sales tax paid which increased in tandem with the increase in revenue. Cooking oil stabilisation cess which took effect from 1 June 2007 also contributed to higher distribution cost during this period.

Administrative Expenses

Administrative expenses include employment expenses, general and administrative expenses and other expenses. Administrative expenses decreased by 8.25% to RM2.78 million for the six (6)-month period ended 31 July 2007 from RM3.03 million for the same period in 2006 mainly due to lower office expenses incurred.

Interest Income

Interest income increased by 52.18% to RM4.60 million for the six (6)-month period ended 31 July 2007 from the previous corresponding period of RM3.02 million. This was due to an increase in the amount due from our immediate holding company, HSCB and an increase in interest rate charged on such advances.

PBT, Taxation and PAT

PBT and PAT for the six (6)-month period ended 31 July 2006 and 2007 increased by approximately 89.58% to RM82.81 million and 93.24% to RM61.28 million respectively. The increase was in tandem with the higher gross profit and was partially offset by higher distribution costs.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Our effective tax rate for the six (6)-month period ended 31 July 2007 of 26% was lower than that for the same period in 2006 of 27% due to the reduction in the corporate income tax rate to 26% for the year of assessment 2008 onwards.

11.4.2 Financial Year Ended 31 January 2007 Compared to Financial Year Ended 31 January 2006**Revenue**

Revenue remained fairly constant in financial year 2007 at RM278.89 million as compared to RM278.10 million in financial year 2006 as a RM6.23 million increase in CPO revenue and RM1.10 million increase in FFB revenue were offset by a RM6.54 million decrease in PK revenue.

CPO revenue increased as a result of an increase in our average selling price to RM1,460.00 in 2007 from RM1,352.00 in 2006. The increase in selling price was offset by the decrease in CPO production and sales in line with the decrease in our production of FFB by 3.49% to 768,716 tonnes in 2007 from 796,498 tonnes in 2006 as our total planted area of mature trees declined by 2.92% to 30,305 ha as at 31 January 2007 from 31,217 ha as at 31 January 2006.

PK revenue decreased as a result of a decrease in average selling prices as well as a decrease in the amount of PK sold.

Gross Profit Margin

Our gross profit margin in financial year 2007 was maintained at 54.36%. We carried out a replanting programme on a larger area in financial year 2007 compared to financial year 2006 which resulted in an increase in replanting costs. However, this was mainly offset by the lower infrastructure, maintenance and manuring costs.

Distribution Costs

Distribution costs mainly comprise sales tax, stabilisation cess, selling commission and storage and despatch expenses. Distribution costs increased by 5.75% to RM22.54 million in 2007 from RM21.31 million in financial year 2006 mainly due to the increase in Sabah CPO sales tax, which was in line with the increase in CPO revenue.

Administrative Expenses

Administrative expenses include employment expenses, general and administrative expenses and other expenses. Employment expenses, representing executive salaries and costs of our staff in our head office decreased to RM4.06 million in financial year 2007 from RM4.41 million in financial year 2006 mainly due to lower head count as a result of improved efficiency and productivity.

Interest Income

Interest income increased by 33.41% to RM7.77 million in financial year 2007 from RM5.83 million in financial year 2006 primarily as a result of an increase in amount due from our immediate holding company HSCB and an increase in the interest rate earned on such advances.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

PBT, Taxation and PAT

In financial year 2007, the PBT and PAT increased by approximately 1.26% to RM129.53 million and 7.91% to RM100.95 million respectively. Increase in PAT is due to lower effective tax rate.

Our effective tax rate in financial year 2007 was lower than the applicable statutory tax rate mainly due to reversal of deferred tax liabilities following the reduction in corporate income tax rate from 28% to 26% for the year of assessment 2008 onwards.

11.4.3 Financial Year Ended 31 January 2006 Compared to Financial Year Ended 31 January 2005Revenue

Revenue decreased 6.34% to RM278.10 million in financial year 2006 from RM296.93 million in financial year 2005. The decrease in revenue was mainly attributable to the lower global market price of oil palm products as a result of over supply in the global market, leading to a decrease in our average selling prices of CPO, PK and FFB.

The decrease however, was partially offset by an increase in the sales volume of our CPO, FFB and PK. Our increase in sales volume was due to our higher FFB production volume.

Gross Profit Margin

Our gross profit margin decreased from 61.77% in 2005 to 54.31% in 2006 due to lower average CPO selling price and higher cost of sales.

Our cost of sales increased 11.94% to RM127.06 million in financial year 2006 from RM113.51 million in financial year 2005 primarily due to an overall increase in manuring costs as a result of increased fertilisers and diesel prices.

Other Operating Income

Our other operating income decreased to RM1.22 million in financial year 2006 from RM5.48 million in financial year 2005 mainly as a result of the RM4.58 million gain from disposal of non-core properties in financial year 2005.

Distribution Costs

Distribution costs increased by 22.68% to RM21.31 million in financial year 2006 from RM17.37 million in financial year 2005 primarily as a result of the significant increase in Sabah CPO sales tax rate from 5.00% to 7.50%.

Administrative Expenses

Administrative expenses include employment expenses, general and administrative expenses and other expenses. Employment expenses, representing executive salaries and costs of our staff in the head office decreased to RM4.41 million in financial year 2006 from RM4.87 million in financial year 2005 mainly due to lower head count as a result of improved efficiency and productivity.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Interest Income

Interest income increased by 17.04% to RM5.83 million in financial year 2006 from RM4.98 million in financial year 2005 primarily as a result of an increase in amount due from our immediate holding company, HSCB.

PBT, Taxation and PAT

In financial year 2006, the PBT and PAT decreased by approximately 23.50% to RM127.92 million and 23.90% to RM93.56 million respectively, as a result of lower gross profit and higher distribution costs.

Our effective tax rate in financial year 2005 and financial year 2006 are fairly consistent.

11.5 Capital Expenditure

The table below sets forth our Group's capital expenditures for the three (3) financial years ended 31 January 2007 and for the six (6)-month period ended 31 July 2006 and 2007.

Financial year ended 31 January	Roads and infrastructure	Buildings	Plant and equipment	Asset under construction*	Total
	RM 000	RM 000	RM 000	RM 000	RM 000
2005	1,551	7,114	3,812	4,119	16,596
2006	3,588	4,870	6,711	453	15,622
2007	5,949	9,129	7,540	8,968	31,586
6-month period ended 31 July					
2006	-	2,739	3,267	6,807	12,813
2007	611	1,356	3,004	7,691	12,662

Note:

* Upon completion, these assets under construction will be reclassified under the respective categories of assets.

Our capital expenditure over the years has mainly been plant and equipment upgrade and work in progress incurred in relation to buildings (changing wooden structures to brick structures), roads and general infrastructure. For the financial year ended 31 January 2007, our primary cost of capital expenditure was the construction of staff and worker quarters and our 17 km sealed main road, a one-off investment, the construction of which commenced in financial year ended 31 January 2007 and expected to be completed by the end of the financial year ending 31 January 2008.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

For the financial year ending 31 January 2008, our capital expenditure is forecast to be RM47,397,000 which would primarily comprise cost for the improvement of our roads and infrastructure (in particular for the completion the aforementioned sealed main road and upgrading of bridges) and staff and worker quarters. The details and breakdowns are as follows:

	RM 000
Roads and Infrastructure	26,963
Buildings	7,534
Plant and equipment	12,900
Total	47,397

11.6 Biological Assets

The table below sets forth the increase in biological assets of our Group for the three (3) financial years ended 31 January 2007 and for the six (6)-month period ended 31 July 2006 and 2007.

	Financial year ended			6-month period ended	
	<-----31 January----->			<-----31 July----->	
	2005	2006	2007	2006	2007
	RM 000	RM 000	RM 000	RM 000	RM 000
Plantation development expenditure	494	316	83	39	116

Plantation development expenditure comprises capitalisation of new planting expenditure incurred during the year and the field upkeep and maintenance on the immature area prior to maturity (30th month from the date of field planting). New planting of 72 ha was carried out in the financial year ended 31 January 2005 and preliminary work for the new planting of 200 ha has commenced during the six (6)-month period ended 31 July 2007.

11.7 Seasonality

FFB yield tends to be cyclical. Factors such as rainfall, dry seasons and other climatic factors may contribute to the cyclical in FFB production. Hence, our revenue is typically higher during second half of the year, primarily due to the seasonality of the crops, whereas low crops season usually occurs during first half of the year.

11.8 Market Risks

Our exposures to market risk principally relate to fluctuations in commodity prices and, to a lesser extent, fluctuations in interest rates and exchange rates.

CPO price risk

We are exposed to fluctuations in the price of CPO. Although we manage price volatility through the use of forward sales contracts, we expect fluctuations in the CPO price to continue to have a significant effect on our business, results of operations and financial condition and prospects. Please refer to Section 5.1.2 Risk Factors: Risks Relating to Our Business - Price Fluctuation in this Prospectus.

11. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Foreign currency risk

Our foreign currency exposures give rise to market risk associated with exchange rate movements against the Ringgit, our functional and reporting currency. Although our sales are paid in Ringgit, the price at which we sell CPO is linked to the global USD price of CPO. Our cost of sales and other expenses are denominated and paid substantially in Ringgit. If the Ringgit were to appreciate against the US dollar, our gross profit may decrease.

Interest rate risk

As at 31 January 2007 and 31 July 2007, we do not have any bank borrowings, hence, we are not exposed to any interest rate risk.

However, upon completion of the Acquisitions, we will be exposed to interest rate risk. As at the Latest Practicable Date, we have bank borrowings of RM270,000,000. Our interest expense is affected by changes in the general level of interest rates.

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12. FUTURE FINANCIAL INFORMATION

12.1 Consolidated Profit Forecast

Our Directors forecast that our consolidated profit forecast for the financial year ending 31 January 2008 will be as follows:

	Pre – acquisition Profit Estimate**	Post – acquisition Profit Forecast**	Full Year Profit Forecast*	Full Year Profit Forecast*
	RM 000	RM 000	RM 000	^USD 000 Equivalent
Revenue	<u>208,478</u>	<u>195,848</u>	<u>404,326</u>	<u>118,224</u>
PBT	111,619	101,549	213,168	62,330
Tax expense	<u>(28,910)</u>	<u>(26,580)</u>	<u>(55,490)</u>	<u>(16,225)</u>
PAT	<u>82,709</u>	<u>74,969</u>	<u>157,678</u>	<u>46,105</u>
Negative goodwill***	-	<u>77,318</u>	-	-
PAT after negative goodwill adjustment	-	<u>152,287</u>	-	-
Number of ordinary shares of RM1.00 each in issue (000 units)	-	322,192 #	800,000 ##	800,000 ##
EPS				
- based on PBT	-	31.52 sen	26.65 sen	7.79 cents
- based on PAT	-	23.27 sen	19.71 sen	5.76 cents
- based on PAT after negative goodwill adjustment	-	47.27 sen	-	-
IPO Price	-	-	RM2.65	USD0.77
PE Multiple (times)	-	-	13.44	13.44

Notes:

* The consolidated full year profit forecast for the financial year ending 31 January 2008 is presented for illustrative purposes only based on the assumption that our Group has been in existence since 1 February 2007.

** Pre-acquisition consolidated profit estimate is in respect of operating results for the period from 1 February 2007 to Completion Date.

Post-acquisition consolidated profit forecast is in respect of operating results for the period from the Completion Date to 31 January 2008.

*** Negative goodwill of RM77,318,000 (USD22,608,000) arising from the Acquisitions is non-recurring and represents the excess of the fair values of the net identifiable assets acquired as at the Completion Date over the cost of Acquisitions. In accordance with Financial Reporting Standard (FRS) 3: Business Combination, negative goodwill is recognised immediately in the income statement.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

This is based on the weighted average number of shares of our enlarged issued and paid-up share capital, assumed to be issued for the period commencing from the Completion Date to 31 January 2008.

This is based on the assumption that our enlarged issued and paid-up share capital has been issued on 1 February 2007 and is for illustrative purposes only.

^ *For illustrative purposes only.*

Please refer to Section 12.5 of this Prospectus for detailed information on the principal assumptions upon which the consolidated profit forecast has been prepared.

12.2 Dividend Forecast and Policy

We have not declared or paid any dividends since our incorporation on 18 April 2007. It is our policy to recommend dividends in the future to allow our shareholders to participate in the profits of our Group and at the same time balance the reserves and funds required for the future growth of our Group. We conduct all of our plantation operations through our Subsidiaries and, accordingly, the only source of our income, and an important factor in our ability to pay dividends, is dividends and other distributions from our Subsidiaries.

In considering the level of dividends payment (if any), upon recommendation of our Board of Directors, we intend to take into account the following factors:

- (i) our level of cash, gearing, return on our equity and retained earnings;
- (ii) the availability of tax credits to frank dividends;
- (iii) our expected results of operations;
- (iv) our projected levels of capital expenditure and other investment plans; and
- (v) our working capital requirements.

It is the present intention of our Company to distribute up to 60% of our Group's PAT annually to our shareholders after taking into consideration the factors outlined above.

Notwithstanding the above, our Directors have full discretion to propose the waiver of any future dividend payment as and when deemed necessary, if it is in the best interests of our Company.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

The following is the dividend forecast for financial year ending 31 January 2008.

	Post-acquisition Profit Forecast	<---For illustrative purpose--->	
		Full Year Profit Forecast	Full Year Profit Forecast USD 000 Equivalent
	RM 000	RM 000	
Revenue	195,848	404,326	118,224
PBT	101,549	213,168	62,330
Tax expense	(26,580)	(55,490)	(16,225)
PAT	74,969	157,678	46,105
Negative goodwill	77,318	-	-
PAT after negative goodwill adjustment	152,287	157,678	46,105
Less: Proposed final dividend [^]	(91,000)	(94,500)	(27,632)
Retained profit for the year	61,287	63,178	18,473
Number of ordinary shares in issue (000 units)	800,000*	800,000	800,000
Gross dividend			
Gross dividend per Share (sen)	15.37	15.96	4.67
Gross dividend yield (%)	5.80	6.02	6.02
Gross dividend cover (times)	1.45	1.67	1.67
Net dividend			
Net dividend per Share (sen)	11.38	11.81	3.45
Net dividend yield (%)	4.29	4.46	4.46
Net dividend cover (times)	1.67	1.67	1.67

Note:

[^] Calculated based on 60% of the PAT after negative goodwill adjustment rounded down to the nearest five hundred thousand Ringgit.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

12.3 Sensitivity Analysis

The principal bases and assumptions upon which the sensitivity analysis on our Group's full year profit forecast have been made are as follows:

- (i) The selected variable will vary +15% and – 15% from the base case; and
- (ii) Except for the selected variable items, the same assumptions for the other items in the base case shall apply.

The following scenario attempts to show the impact on profit resulting from changes in production volume, cost of sales and CPO prices.

(i) Change in CPO production

Consolidated profit forecast for the financial year ending 31 January 2008

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT*	128,664	138,335	148,007	157,678	167,349	177,021	186,692

Note:

* There is no MI for HSP.

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in sales volume by 5%, 10% and 15% respectively;
 - (ii) The revenue and the cost of sales fluctuate by the same percentages; and
 - (iii) All other components assumed to remain constant/unchanged.
- (ii) **Change in cost of sales - manuring cost**

Consolidated profit forecast for the financial year ending 31 January 2008

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT*	160,591	159,620	158,649	157,678	156,707	155,736	154,765

Note:

* There is no MI for HSP.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in manuring cost only by 5%, 10% and 15% respectively; and
- (ii) All other components assumed to remain constant/unchanged.

(iii) Change in CPO Prices

Consolidated profit forecast for the financial year ending 31 January 2008

	-15%	-10%	-5%	0%	+5%	+10%	+15%
	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000	RM 000
PAT*	149,485	152,216	154,947	157,678	160,409	163,140	165,871

Note:

- * There is no MI for HSP.

Comments

The sensitivity analysis is prepared based on the following assumptions:

- (i) Movement in both directions in CPO prices by 5%, 10% and 15% only on CPO sales volume other than those arising from forward sale contracts; and
- (ii) All other components assumed to remain constant/unchanged.

12.4 Directors' Analysis and Commentary on Our Profit Forecast

Our Directors have reviewed the bases and assumptions used in arriving at our consolidated profit forecast for the financial year ending 31 January 2008. Our Directors have also analysed our consolidated profit forecast for the financial year ending 31 January 2008 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future plans, strategies and objectives of our Group as set out in Section 8.3 of this Prospectus and after taking into consideration the expected level of gearing, liquidity, capital expenditure and working capital requirements of our Group.

Our Group's revenue is forecast to increase by 44.98% to RM404.33 million for the financial year ending 31 January 2008 as compared to previous year's proforma consolidated revenue of RM278.89 million. This is attributed to the favourable CPO and PK prices which are forecast to increase from an average of RM1,460 per tonne and RM839 per tonne to an average of RM1,998 per tonne and RM1,200 per tonne respectively. Sales volume of CPO and PK are forecast to increase from 163,357 tonnes and 34,486 tonnes to 171,467 tonnes and 36,618 tonnes respectively which also contributed to the increase in our forecast revenue.

Our Group's PBT is forecast to increase from RM129.53 million in 2007 to RM213.17 million for the financial year ending 2008 primarily due to higher CPO and PK prices.

12. FUTURE FINANCIAL INFORMATION (Cont'd)

PATAMI is forecast to increase to RM157.68 million for the financial year ending 31 January 2008 from RM100.95 million for the financial year ended 31 January 2007 primarily due to the favourable CPO and PK prices and the increase in sales volume of CPO and PK as mentioned above.

The consolidated profit forecast has been prepared on bases and accounting principles consistent with those adopted by our Group.

Nevertheless, these bases and assumptions over future periods for which there are inherent risks and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies, which are often, outside our control. Therefore, certain assumptions used in the preparations of the consolidated profit forecast may differ significantly from the actual situation. In addition, you are advised to refer to the risk in relation to Significant Variation in the Profit Forecast as set out in Section 5.3.3 of this Prospectus.

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12. FUTURE FINANCIAL INFORMATION (Cont'd)

12.5 Reporting Accountants' Letter on Our Consolidated Profit Forecast For The Financial Year Ending 31 January 2008



KPMG (Firm No. AF 0758)
Chartered Accountants
Wisma KPMG
Jalan Dungun, Damansara Heights
50490 Kuala Lumpur, Malaysia

Telephone +60 (3) 2095 3388
Fax +60 (3) 2095 0971
Internet www.kpmg.com.my

The Board of Directors
Hap Seng Plantations Holdings Berhad
No 1A Jalan 205
46050 Petaling Jaya
Selangor Darul Ehsan

26 September 2007

Dear Sirs

**Hap Seng Plantations Holdings Berhad (“HSP” or “the Company”)
Reporting accountants' letter on the consolidated profit forecast for the financial year
ending 31 January 2008**

We have reviewed the consolidated profit forecast of HSP and its subsidiaries (“HSP Group”) for the financial year ending 31 January 2008 as set out in the accompanying statement, which we have stamped for the purpose of identification, in accordance with the Malaysian Approved Standards on Auditing AI 3400 – The Examination of Prospective Financial Information applicable to the review of forecast. The consolidated profit forecast has been prepared for inclusion in the Prospectus to be dated 22 October 2007 in connection with the listing of HSP on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should not be relied upon for any other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors of HSP and is presented on a basis consistent with the accounting policies adopted and disclosed by the HSP Group. The Directors of HSP are solely responsible for the preparation and presentation of the consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

12. FUTURE FINANCIAL INFORMATION (Cont'd)



Hap Seng Plantations Holdings Berhad
Reporting accountants' letter on the consolidated profit forecast
for the financial year ending 31 January 2008

Subject to the matter stated in the preceding paragraph:

- i. nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- ii. in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by HSP Group.

Yours faithfully,

A handwritten signature in black ink that reads 'KPMG'.

KPMG
Firm No. AF 0758
Chartered Accountants

A handwritten signature in black ink, appearing to be 'Lee Hean Kok'.

Lee Hean Kok
Partner
Approval Number: 2700/12/07(J)

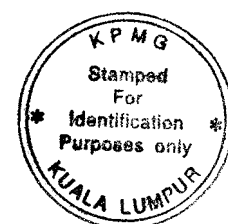
12. FUTURE FINANCIAL INFORMATION (Cont'd)

**HAP SENG PLANTATIONS HOLDINGS BERHAD
AND ITS SUBSIDIARIES (“HSP GROUP”)**

**CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2008**

Barring unforeseen circumstances, the Directors forecast that the consolidated profit of HSP Group for the financial year ending 31 January 2008 will be as follows:

	Pre – acquisition profit estimate** RM'000	Post – acquisition profit forecast** RM'000	<i>For illustrative purposes only</i>	
			Full year profit forecast* RM'000	Full year profit forecast* USD'000 equivalent
Revenue	208,478	195,848	404,326	118,224
Profit before tax	111,619	101,549	213,168	62,330
Tax expense	(28,910)	(26,580)	(55,490)	(16,225)
Profit after tax	82,709	74,969	157,678	46,105
Negative goodwill***	-	77,318	-	-
Profit after tax and after negative goodwill adjustment	-	152,287	-	-
Number of ordinary shares of RM1.00 each in issue ('000 units)	-	# 322,192	## 800,000	## 800,000
Earnings per share (sen/cents)				
- based on profit before tax	-	31.52	26.65	7.79
- based on profit after tax	-	23.27	19.71	5.76
- based on profit after tax and after negative goodwill adjustment	-	47.27	-	-
Offer price (RM/USD)	-	-	2.65	0.77
Price-earning multiple (times)	-	-	13.44	13.44



12. FUTURE FINANCIAL INFORMATION (Cont'd)

**HAP SENG PLANTATIONS HOLDINGS BERHAD
AND ITS SUBSIDIARIES (“HSP GROUP”)**

**CONSOLIDATED PROFIT FORECAST
FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2008**

- * The consolidated full year profit forecast for the financial year ending 31 January 2008 is presented for illustrative purposes only based on the assumption that HSP Group has been in existence since 1 February 2007. The financial information presented in United States Dollar (“USD”) is computed based on a conversion rate of USD1 : RM3.42. No representation is made that the Ringgit Malaysia (“RM”) amounts actually represent such USD amounts or could have been or could be converted into USD at the rate indicated.
- ** Pre-acquisition consolidated profit estimate is in respect of operating results for the period from 1 February 2007 to the completion date of Acquisitions as stated in 1.1 below (“Completion Date”).
- Post-acquisition consolidated profit forecast is in respect of operating results for the period from the Completion Date to 31 January 2008.
- *** Negative goodwill of RM77,318,000 (USD22,608,000) arising from the Acquisitions is non-recurring and represents the excess of the fair values of the net identifiable assets acquired as at the Completion Date over the cost of acquisitions. In accordance with Financial Reporting Standard (FRS) 3: Business Combination, negative goodwill is recognised immediately in the income statement.
- # This is based on the weighted average number of shares of the enlarged issued and paid-up share capital of HSP, assumed to be issued for the period commencing from Completion Date until 31 January 2008.
- ## This is based on the assumption that the enlarged issued and paid-up share capital of HSP has been issued on 1 February 2007 and is for illustrative purposes only.

1. Details of the Proposals

1.1 Acquisitions

On 16 May 2007, HSP entered into sale of shares agreements (“SSAs”) for the following Acquisitions:

- a. Acquisition of the entire equity interests in Jeroco, comprising 121,431,763 ordinary shares of RM1.00 each (“Jeroco Shares”), for a total purchase consideration of RM550.25 million satisfied by the issuance of 275,127,000 new ordinary shares of RM1.00 each in HSP (“HSP Shares”) at an issue price of RM1.80 per share credited as fully paid-up and a cash consideration approximately RM55.02 million; and

