ANNUAL REPORT 1999 LAPORAN TAHUNAN



# Contents

| Corporate Information            | 2  |
|----------------------------------|----|
| Audit Committee                  | 3  |
| Notice of Annual General Meeting | 4  |
| Chairman's Statement             | 6  |
| Directors' Report                | 10 |
| Profit and Loss Accounts         | 18 |
| Balance Sheets                   | 19 |
| Consolidated Cash Flow Statement | 21 |
| Notes to the Accounts            | 23 |
| Statement by Directors           | 41 |
| Statutory Declaration            | 41 |
| Report of the Auditors           | 42 |
| Other Information                | 43 |
| Form of Proxy                    |    |

# **Corporate Information**

# Board of Directors

Sharifatul Hanizah Binti Said Ali Ting Yew Tong Dato' Seri Abdul Ghani Bin Abdul Aziz Tan Jooi Kyang Tai Pet Song Tan Kok Aun Su, Lung-Chun

## **Company Secretaries**

Lim Phooi Kee (MIA 2759) Lee Peng Khoon (MIA 2251)

#### Auditors

Messrs PricewaterhouseCoopers 11th Floor, Wisma Sime Darby Jalan Raja Laut P. O. Box 10192 50706 Kuala Lumpur

#### Registrars

Malaysian Share Registration Services Sdn Bhd 7th Floor, Exchange Square Bukit Kewangan 50200 Kuala Lumpur Tel : 03-2068099

#### **Registered Office**

10th Floor-Tower Block Kompleks Antarabangsa Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03-2454337

# Principal Bankers

RHB Bank Berhad Malayan Banking Berhad

#### Listing

The Kuala Lumpur Stock Exchange (Main Board)

# **Audit Committee**

## Composition of Members

Tai Pet Song (Independent Non-Executive Director)

Su, Lung-Chun (Independent Non-Executive Director)

## Terms of Reference

- To review with the external auditors, the overall scope of the external audit and discuss the results of their examination and their evaluation of the system of internal accounting controls.
- To review the scope and results of the internal audit procedures.
- To review the external audit report on the financial statements.
- To review the financial statements with management and the auditors prior to them being approved by the Board.
- To review the effectiveness of the internal control systems.
- To recommend to the Board of Directors the appointment and re-appointment of the external auditors.
- To consider other topics such as health and safety issues.

# **Notice of Annual General Meeting**

**NOTICE IS HEREBY GIVEN THAT** the Twenty-First Annual General Meeting of the Company will be held at the Bilik Perdana, 3rd Floor, Wisma Idris, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 30 December, 1999 at 10.00 a.m. for the purpose of transacting the following business :-

# AGENDA

#### **Ordinary Business**

- To receive and consider the Audited Accounts for the year ended 30 June, 1999 together with the Directors' and Auditors' Reports thereon.
- 2) To declare a Final Dividend of 5% less tax 28% for the year ended 30 June, 1999.
- 3) To re-elect Directors retiring in accordance with the Company's Articles of Association.
- To re-appoint Messrs. PricewaterhouseCoopers, the retiring Auditors, and to authorise the Board of Directors to fix their remuneration.

#### Special Business

5) To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolutions :-

#### (a) Ordinary Resolution

- Appointment of Director over 70 years of age

"THAT pursuant to Section 129 of the Companies Act, 1965, Tan Sri Abdul Aziz Bin Mohd Zain who is over 70 years of age be and is hereby appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."

#### (b) Ordinary Resolution

#### - Authority to Directors to issue shares

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

#### Any Other Business

6) To transact any other business of the Company of which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

BY ORDER OF THE BOARD C.I. HOLDINGS BERHAD

# LEE PENG KHOON

**Company Secretaries** 

Kuala Lumpur Date : 11 December, 1999

#### Notes:

- 1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.
- 3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor-Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.

#### Explanatory Notes on Special Business

#### 1. Appointment of Director over 70 years of age

The proposed resolution under item 5 is in accordance with Section 129(6) of the Companies Act, 1965 which requires that a separate resolution be passed to appoint Tan Sri Abdul Aziz Bin Mohd Zain who is over 70 years of age as a Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company. This resolution must be passed by a majority of not less than three-fourths of such members of the Company as being entitled to vote in person or where proxies are allowed, by proxy at the Annual General Meeting of the Company.

#### 2. Authority to Directors to issue shares

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earnings potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued share capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is proposed that the Directors be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

## Introduction

On behalf of the Board of Directors, it is my pleasure to present the Annual Report and Audited Accounts of the Group and the Company for the financial year ended 30 June 1999.

#### **Financial Performance**

Against a depressed economic environment triggered by the regional instability in the financial markets, turnover of the group declined from RM370.6 million to RM249.7 million, a decrease of 33%. At the operating profit level, the Group achieved an operating profit before taxation of RM27.1 million as compared to RM41.2 million for the previous year, a reduction which is in line with the decrease in turnover. These results are commendable given the difficult conditions in which the Group operated during the year. After accounting for an exceptional gain on disposal of shares in subsidiary and associated companies of RM21.4 million, the Group achieved a profit before taxation of RM48.5 million as compared to RM41.3 million for the previous year.

In view of the tax waiver on income received in 1999 and the abovementioned exceptional gain, the Group reported a net profit attributable to shareholders of RM38.7 million as compared to RM23.0 million in the previous year.

# **Operational Review**

#### Tapware Division

During the year under review the division operated under a tough environment caused by the economic downturn exacerbated by stiff competition from cheap imports. As a result the Division experienced severe erosion of margin and decline in sales volumes.

In response to the economic situation the Division carried out a strategic downsizing exercise throughout its entire workforce. Greater emphasis was placed on increase in productivity in all departments, particularly production and sales.

The Division additionally focused on quality systems and improvements. This resulted in the award of ISO 9002 quality system by SIRIM in June 1999, given only a protracted time frame of 7 months to get all the systems implemented and running.

In line with its position as market leader, the Division introduced its new single lever basin tap in the domestic and export markets. The response has been very encouraging.

#### Quarries Division

The Quarries Division also recorded adverse results mainly due to lower sales volume and erosion of selling prices as a result of the economic downturn, which badly affected the construction industry.During the year the Division continued to focus on the expansion of the number of quarries in

order to create critical mass and economy of scale. In doing so, the Division did not compromise with its societal and community responsibility. It is the policy of the Division to constantly improve and innovate its production flow processes in order to mitigate the adverse impacts of the operations on the community in particular and the environment at large. Furthermore being a responsible and caring corporate citizen, the Division also took initiatives to implement added environmental control and safety measures.

On 5 March 1999, the Quarries Division was certified to be an ISO 9002 company together with its Central Quarry in Semenyih. The Division is in the process of implementing the same in its Northern and Southern Quarries.

The Division will continue its product rationalization, downstream activities and related industries as part of its diversification programme.

#### Readymix Division

The Readymix Division also faced difficulties caused by the onset of the economic crisis which affected the building and construction industry. Both sales revenue and volume were not spared.

The construction industry contracted by nearly 23% in the financial year under review which almost caused a standstill to the industry except for some leftover jobs to be completed, low to medium cost residential development and government projects in the infrastructure and academic facilities.

To cushion the impact of the operating loss for the financial year the Division took decisive cost down measures by closing down unproductive batching plants and reducing operating costs at all sectors.

The Division foresee greater competition in the year ahead with the entry into the market of new foreign readymix companies.

With fully computerized ready mixed batching plants strategically located throughout Peninsular Malaysia and continuous efforts in improving customer service, the Division has been able to provide its customers with quality ready mixed concrete in an efficient manner. The Division will continue to be a distinctive manufacturer and supplier of excellent quality readymixed concrete in the building and construction industry in Malaysia.

#### The Asphalt Division

The Singapore-based Asphalt Division managed to perform well in spite of the difficulties caused by the adverse economic situation. Continued support from the Singapore authorities for infrastucture development in that country gave the Division another reasonable volume for the current financial year.

Subsequent to the financial year end the whole Asphalt Division was disposed off in November 1999.

#### **Corporate Developments**

During the year, the Company completed the disposal of several subsidiaries and associated companies on 10 June 1999 for a total cash consideration of RM118 million, details of which were set out in a circular to shareholders dated 15 March 1999.

Subsequent to year end, the Company completed the disposal of the entire issued and paid-up capital of Hume Redland Trading (S) Pte Ltd for a total revised cash consideration of S\$27.5 million in November 1999, details of which were sent out in a Circular to Shareholders dated 8 October 1999.

Also, subsequent to year end, Hume Industries (Malaysia) Berhad ceased to be the holding company of the Company following the disposals of its equity interests in the Company.

On 24 August 1999, the Company acquired 60% equity interest in Hwee Ann Credit & Leasing Sdn Bhd for a total cash consideration of RM4,799,942. On that day, the Company also entered into a conditional sale and purchase agreement to acquire 100% equity interest in Capital Aim Sdn Bhd, a company involved in quarrying, for a cash consideration of RM25 million subject to the approval of Foreign Investment Committee.

I am pleased to report that on 28 October 1999, the Company announced that a conditional sale and purchase agreement had been entered into with Punca Ibarat Sdn Bhd for the proposed acquisition of 100% equity interest in Mawar Seroja Sdn Bhd which, in turn, shall, have beneficial ownership of 57 million ordinary shares of RM1.00 each in KFC Holdings (Malaysia) Berhad for a total investment cost to the Company of RM450 million. In conjunction with this proposed acquisition, the Company had also announced a proposed bonus issue, a proposed bonds with warrant issue and a proposed restricted offer for sale of warrants. Full details of these proposals will be set out in a Circular to Shareholders for convening a general meeting in due course.

#### Y2K Compliance

The Group has put in place structured action plans to address the potential exposure to the Y2K problem and does not foresee any major impact to its business operations.

The inventorisation and risk assessment on all the Group's computer hardware and software, plant and machinery and office equipment indicated that the Group business systems have low Y2K exposure risk. Following the completion on testing of its IT and non-IT systems, it is concluded that there are minimum uncertainties associated with the Y2K problem that would affect the Group's businesses with the advent of Year 2000.

Due to the inherent unpredictability and scope of the Y2K problem, there can be no absolute assurance that the Group's Y2K programme will be completely successful or that the date change from 1999 to 2000 will not effect the Group's operations.

#### Dividend

Your Directors have recommended a final dividend of 5% less tax in respect of the year ended 30 June 1999. Combined with the interim dividend of 13% less tax paid on 12 April 1999, the total dividend will be 18% less tax totaling RM7,436,167.

#### Prospects

The Board of Directors expect the coming financial year to be another challenging year. The existing activities of granite quarrying, production, sale of readymixed concrete and manufacturing and trading

of water taps and other plumbing activities are not expected to improve substantially until the effects of the economic recovery and the Government's spending stimulus are sustained to turnaround the property and construction sectors.

Although the Board of Directors is reasonably confident of the prospects of KFC Holdings (Malaysia) Bhd in the light of increasing consumer spending and growing consumer confidence, the contribution arising from the proposed investment in KFC Holdings (Malaysia) Bhd is not expected to have any effect for the current financial year as the completion thereof is expected towards the end of the financial year.

#### Directorate

Since the date of the previous Annual Report, there has been several changes to the Board. During the year, Mr Pee Kang Seng @ Lim Kang Seng had resigned on 14 April 1999.

Subsequent to year end and following the substantial disposals by Hume Industries (Malaysia) Berhad of its equity interests in the Company, Dato' Dr. Mokhzani bin Abdul Rahim, Tan Sri Quek Leng Chan, Roger Tan Kim Hock, Chew Kong Seng @ Chew Kong Huat, Dato' Rahmat bin Jamari and Dato' Razman Md Hashim bin Che Din Md Hashim resigned from the Board.

Tengku Kamal Ibni Sultan Sir Abu Bakar and Lim Hong Sang were appointed to Board on 22 July 1999 while Tan Kok Aun, Tan Jooi Kyang , Tai Pet Song and Su Lung-Chun were appointed on 16 August 1999.

On 25 November 1999, Tengku Kamal Ibni Sultan Sir Abu Bakar and Lim Hong Sang resigned from the Board; and Tan Kok Aun, Tan Jooi Kyang , Tai Pet Song and Su Lung-Chun who are retiring in accordance with Article 93 of the Company's Articles of the Company's Association are not offering themselves for election.

To each of the abovementioned Directors who have held office, I would like to place on record the appreciation and gratitude of the Board and shareholders for their contribution and guidance.

The Board would like welcome the appointment of Ting Yew Tong on 25 November 1999 and I look forward to his contribution to the Group.

#### Acknowledgement

On behalf of the Board, I would like to express our appreciation to all staff of the Group for their commitment, contribution and dedication, I would also like to extend our thanks to our business associates, customers, suppliers and financiers for their continued and unwavering support and confidence in the Group.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ Chairman

# **Directors' Report**

The Directors have pleasure in submitting their report together with the audited accounts of the Group and of the Company for the year ended 30 June 1999.

#### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. It also provides management services to its subsidiary companies.

The principal activities of the subsidiary companies are described in Note 10 to the accounts.

There have been no significant changes in these activities during the year except for the cessation of certain activities following the disposal of several subsidiaries as mentioned in Note 10 to the accounts.

#### **FINANCIAL RESULTS**

|  | Group<br>RM′000 | Company<br>RM′000 |
|--|-----------------|-------------------|
| Profit after taxation                      | 43,728          | 12,162            |
| Minority interests                         | (5,001)         | -                 |
| Profit attributable to shareholders        | 38,727          | 12,162            |
| Retained profits brought forward           | 135,008         | 61,551            |
| Net transfer to non-distributable reserves | (2,320)         | -                 |
| Profits available for appropriation        | 171,415         | 73,713            |
| Dividends - net<br>Interim dividend        |                 |                   |
| Proposed final dividend                    | 5,371           | 5,371             |
|  | 2,066           | 2,066             |
|  | (7,437)         | (7,437)           |
| Retained profits carried forward           | 163,978         | 66,276            |

#### DIVIDENDS

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 14% less tax totalling RM5,783,686 in respect of the year ended 30 June 1998 on 17 November 1998; and
- (ii) an interim dividend of 13% less tax totalling RM5,370,565 in respect of the year ended 30 June 1999 on 12 April 1999.

The final dividend recommended by the Directors in respect of the year ended 30 June 1999 is 5% less tax totalling RM2,065,602.

#### **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves and provisions during the year except as disclosed in the accounts.

#### DIRECTORS

The Directors who have held office during the period since the date of the last report are:

| Dato' Seri Abdul Ghani bin Abdul Aziz<br>Mr Ting Yew Tong<br>Mr Tai Pet Song<br>Mr Tan Jooi Kyang<br>Mr Su Lung-Chun | (appointed on 25.11.1999)<br>(appointed on 25.11.1999)<br>(appointed on 16.8.1999)<br>(appointed on 16.8.1999)<br>(appointed on 16.8.1999) |
|--|--|
| Mr Tan Kok Aun   | (appointed on 16.8.1999)   |
| Puan Sharifatul Hanizah binti Said Ali   |  |
| Tengku Kamal Ibni Sultan Sir Abu Bakar   | (appointed on 22.7.1999;<br>resigned on 25.11.1999)  |
| Mr Lim Hong Sang   | (appointed on 22.7.1999;<br>resigned on 25.11.1999)  |
| Mr Pee Kang Seng @ Lim Kang Seng   | (resigned on 14.4.1999)  |
| Tan Sri Quek Leng Chan   | (resigned on 20.7.1999)  |
| Mr Chew Kong Seng @ Chew Kong Huat   | (resigned on 16.8.1999)  |
| Mr Roger Tan Kim Hock  | (resigned on 16.8.1999)  |
| Dato' Dr. Mokhzani bin Abdul Rahim   | (resigned on 16.8.1999)  |
| Dato' Rahmat bin Jamari  | (resigned on 16.8.1999)  |
| Dato' Razman Md Hashim bin Che Din Md Hashim   | (resigned on 16.8.1999)  |

In accordance with Article 93 of the Company's Articles of Association, Dato' Seri Abdul Ghani bin Abdul Aziz, Mr Ting Yew Tong, Mr Tai Pet Song, Mr Tan Jooi Kyang, Mr Su Lung-Chun and Mr Tan Kok Aun retire at the forthcoming Annual General Meeting. Dato' Seri Abdul Ghani bin Abdul Aziz and Mr Ting Yew Tong being eligible offer themselves for election.

Mr Tai Pet Song, Mr Tan Jooi Kyang, Mr Su Lung-Chun and Mr Tan Kok Aun have indicated their intentions not to seek election as directors of the Company at the forthcoming Annual General Meeting.

#### **DIRECTORS' INTERESTS**

No Director of the Company has since the end of the previous year received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for Tan Sri Quek Leng Chan, who may be deemed to derive a benefit by virtue of those transactions, contracts and agreements for the acquisitions and/or disposal of stocks and shares, stocks-in-trade, products, parts, accessories, plants, chattels, fixtures, buildings, land and other properties or any interest in any properties; and/or the provision of services; and/or the provision of construction contracts, leases, tenancy, dealership and distributorship agreements; and/or the provision of treasury functions, advances and the conduct of normal trading, insurance, investment, stockbroking and/or other businesses between the Company and its related corporations or corporations in which Tan Sri Quek Leng Chan is deemed to have interest.

There were no arrangements during and at the end of the year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate. All transactions between the Company or a related corporation and companies in which Directors have interests are conducted on an arm's-length, commercial basis in the ordinary course of business.

#### **DIRECTORS' INTERESTS**

The holdings in the ordinary shares/stock units/Euro Convertible Bonds ("Bonds") of related corporations of those who were Directors at year-end are as follows:

|  | Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants* |                               |        |        |                               |
|--|--|-------------------------------|--------|--------|-------------------------------|
| Shareholdings/stockholdings<br>in which Directors have direct<br>interests:    | Nominal<br>value<br>per share/<br>stock unit<<br>RM  | At<br>1.7.1998                | Bought | Sold   | At<br>30.6.1999               |
| Interests of<br>Tan Sri Quek Leng Chan in:                                     |  |                               |        |        |                               |
| Hong Leong Company<br>(Malaysia) Berhad  | 1.00   | 390,000                       | -      | -      | 390,000                       |
| Hong Leong Credit Berhad   | 1.00   | 3,218,000<br>496,000*         | -      | -      | 3,218,000<br>496,000*         |
| Hong Leong Bank Berhad   | 1.00   | 20,000                        | -      | -      | 20,000                        |
| Hong Leong Industries Berhad   | 0.50   | 256,000<br>40,000*            | -      | -      | 256,000<br>40,000*            |
| Malaysian Pacific Industries<br>Berhad   | 0.50   | 53,500                        | -      | -      | 53,500                        |
| Guolene Packaging Industries<br>Berhad   | 1.00   | 36,000                        | -      | -      | 36,000                        |
| Hume Industries (Malaysia)<br>Berhad   | 1.00<  | 50,000                        | -      | -      | 50,000                        |
| Interests of<br>Mr Roger Tan Kim Hock in:                                      |  |                               |        |        |                               |
| HLG Capital Berhad<br>Hong Leong Credit Berhad<br>Hong Leong Properties Berhad | 1.00<br>1.00<br>0.50   | 2,291,666<br>45,000<br>20,000 | -<br>- | -<br>- | 2,291,666<br>45,000<br>20,000 |

The deemed holdings in the ordinary shares of the Company and the ordinary shares/stock units/ Bonds of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year-end are as follows:

# Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants\*

|   | Nominal<br>value<br>per share/<br>stock unit<<br>RM | At<br>1.7.1998       | Bought     | Sold       | At<br>30.6.1999      |
|---|---|----------------------|------------|------------|----------------------|
| Shareholdings/stockholdings<br>in which Director has indirect<br>interests: |   |                      |            |            |                      |
| Interests of<br>Tan Sri Quek Leng Chan in:                                  |   |                      |            |            |                      |
| Hong Leong Company  |   |                      |            |            |                      |
| (Malaysia) Berhad<br>Brisk & Kindle Property Limited                        | 1.00<br>£1.00                                       | 7,487,100<br>120,000 | -          | -          | 7,487,100<br>120,000 |
| Allied Precision Components   | £1.00   | 120,000              | -          | -          | 120,000              |
| Sdn Bhd   | 1.00  | 10                   | -          | -          | 10                   |
| Hong Leong Fund Management<br>Sdn Bhd                                       | 1.00  | 1,400,000            | _          | _          | 1,400,000            |
| Beachline Holdings Sdn Bhd  | 1.00  | 70,000               | -          | -          | 70,000               |
| M & E Hexatech Sdn Bhd  | 1.00  | 1,300,000            | -          | -          | 1,300,000            |
| MEHY Sdn Bhd  | 1.00  | 650,000              | -          | -          | 650,000              |
| Hong Leong Credit Berhad  | 1.00  | 339,880,645          | 11,273,000 | 14,155,000 | 336,998,645          |
|   |   | 48,697,200*          | -          | 90,000*    | 48,607,200*          |
| Hong Leong Assurance Berhad   | 1.00  | 90,000,000           | -          | -          | 90,000,000           |
| Bradstock Insurance Brokers<br>Sdn Bhd                                      | 1.00  | 750,000              | -          | -          | 750,000              |
| Bradstock Asia Insurance  | 1.00  | ,00,000              |            |            | ,,                   |
| Brokers (L) Bhd   | USD1.00   | 300,000              | -          | -          | 300,000              |
|   |   | 1,500                | -          | -          | 1,500                |
| Duadata da Asura ya kasuwa ya   |   | (preference)         |            |            | (preference)         |
| Bradstock Aurora Insurance<br>Brokers Inc<br>Bradstock Suntek Insurance     | P100  | 1,600                | 28,400     | -          | 30,000               |
| Brokers Pte Ltd   | S\$1.00   | 255,000              | -          | -          | 255,000              |
| HLG Capital Berhad  | 1.00  | 98,302,545           | -          | 5,712,000  | 92,590,545           |
| HLG Futures Sdn Bhd   | 1.00  | 3,500,000            | -          | -          | 3,500,000            |
| Hong Leong Bank Berhad  | 1.00  | 414,915,584          | 1,320,000  | 4,661,000  | 411,574,584          |
| Hong Leong Properties Berhad  | 0.50  | 369,091,211          | 26,000     | -          | 369,117,211          |
| a   |   | 35,401,420*          | -          | 1,079,000* | 34,322,420*          |
| Guoman Hotel & Resort<br>Holdings Sdn Bhd                                   | 1.00  | 120,000,000          | _          | -          | 120,000,000          |
| HLL-Gucco Vietnam Co. Limited   | ^   | 5,000,592            | -          | -          | 5,000,592            |
| Treacher Development Sdn Bhd  | 1.00  | 14,000,000           | -          | -          | 14,000,000           |
| Guoland Sdn Bhd   | 1.00  | 701                  | 299        | -          | 1,000                |
| Hong Leong Industries Berhad  | 0.50  | 138,139,800          | 7,037,000  | 12,297,000 | 132,879,800          |
|   |   | 36,893,296*          | -          | 30,000*    | 36,863,296*          |
| Hong Leong Yamaha<br>Distributors Sdn Bhd                                   | 1.00  | 10,360,000           | -          | -          | 10,360,000           |
| Hong Leong Yamaha   | 4.00  | 17.050.070           |            |            |                      |
| Motor Sdn Bhd<br>Guocera Tile Industries (Meru)                             | 1.00  | 17,352,872           | -          | -          | 17,352,872           |
| Sdn Bhd   | 1.00  | 17,920,000           | -          | -          | 17,920,000           |
| Hong Leong Maruken Sdn Bhd  | 1 .00   | 1,750,000            | -          | -          | 1,750,000            |

# Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants\*

|  | Nominal<br>value<br>per share/<br>stock unit<<br>RM | At<br>1.7.1998         | Bought     | Sold      | At<br>30.6.1999 |
|--|---|------------------------|------------|-----------|-----------------|
| Shareholdings/stockholdings<br>in which Director has indirect<br>interests:                |   |                        |            |           |                 |
| Interests of<br>Tan Sri Quek Leng Chan in:   |   |                        |            |           |                 |
| Guocera Tile Industries  |   |                        |            |           |                 |
| (Labuan) Sdn Bhd   | 1.00  | 13,090,001             | -          | -         | 13,091,001      |
| Quayline Fairprice Sdn Bhd   | 1.00  | 9,600,000              | -          | -         | 9,600,000       |
| HLI Vinyl Industries Sdn Bhd<br>Akoko Sdn Bhd  | 1.00<br>1.00  | 3,500,000<br>2,400,000 | -          | -         | 3,500,000       |
| RZA Logistics Sdn Bhd  | 1.00  | 2,400,000<br>4,515,000 | -          | 2,400,000 | 4,515,000       |
| Autonet Sdn Bhd  | 1.00  | 1,260,000              | -          | -         | 1,260,000       |
| Malaysian Pacific Industries   | 1.00  | 1,200,000              |            |           | 1,200,000       |
| Berhad   | 0.50  | 126,609,547            | 998,462    | 512,000   | 127,096,009     |
| Carter Realty Sdn Bhd  | 1.00  | 7                      | -          | -         | 7               |
| Carsem (M) Sdn Bhd   | 1.00  | 10,500,000             | 31,500,000 | -         | 42,000,000      |
| Carsem Semiconductor Sdn Bhd   | 1.00  | 28,000,000             | 42,000,000 | -         | 70,000,00       |
| Guolene Packaging Industries<br>Berhad   | 1 00  | 115 450 270            | 1 029 666  |           | 116 406 044     |
| Guolene Industrial Paper   | 1.00  | 115,458,278            | 1,038,666  | -         | 116,496,944     |
| Products Sdn Bhd   | 1,000.00  | 2,340                  | -          | -         | 2,340           |
| Guolene Plastic Films Sdn Bhd  | 1.00  | 9,350,002              | -          | -         | 9,350,002       |
| Hume Industries (Malaysia)<br>Berhad   | 1.00<   | 123,531,455            | 248,000    | 148,000   | 123,631,455     |
| The Asia Engineering Industries<br>(Malaysia) Sdn Bhd (in voluntary                        |   |                        |            |           |                 |
| liquidation)   | 1.00  | 102,000                | -          | -         | 102,000         |
| Hume Fibreboard Sdn Bhd  | 1.00  | 42,000,000             | -          | -         | 42,000,000      |
| Hume Cemboard Berhad   | 1.00  | 37,076,000             | -          | -         | 37,076,000      |
| Hume Smallholders Industries<br>Sdn Bhd  | 1.00  | 2,400,000              | -          | -         | 2,400,000       |
| C.I. Holdings Berhad   | 1.00  | 33,584,335             | -          | -         | 33,584,335      |
| C.I. Building Industries Sdn Bhd<br>(formerly known as Hume Redland<br>Industries Sdn Bhd) | 1.00  | 49,700,002             | _          | _         | 49,700,002      |
| C.I. Readymix Sdn Bhd<br>(formerly known as Hume   |   |                        |            |           |                 |
| Redland Readymix Sdn Bhd)  | 1.00  | 6,306,306              | -          | -         | 6,306,306       |
| C.I. Damansara Quarry Sdn Bhd<br>(formerly known as Hume<br>Damansara Quarry Sdn Bhd)      | 1.00  | 65,000                 | -          | -         | 65,000          |
| Nanyang Press Holdings Berhad<br>(formerly known as Nanyang                                |   | 20,000                 |            |           |                 |
| Press (Malaya) Berhad  | 1.00  | 41,840,902             | -          | -         | 41,840,902      |
| The China Press Berhad   | 1.00  | 4,234,201              | -          | -         | 4,234,201       |
| CittaBella (Malaysia) Sdn Bhd  | 1.00  | 510,000                | -          | -         | 510,000         |
| O.Y.L. Industries Bhd  | 1.00  | 84,868,828             | -          | -         | 84,868,828      |
| O.Y.L Condair Industries<br>Sdn Bhd  | 1.00  | 5,100,000              | -          | -         | 5,100,000       |

# Number of ordinary shares/stock units/new shares to be issued arising from the exercise of warrants\*

| Shareholdings/stockholdings<br>in which Director has indirect<br>interests: | Nominal<br>value<br>per share/<br>stock unit<<br>RM | At<br>1.7.1998 | Bought    | Sold | At<br>30.6.1999 |
|---|---|----------------|-----------|------|-----------------|
| Interests of<br>Tan Sri Quek Leng Chan in:                                  |   |                |           |      |                 |
|   |   |                |           |      |                 |
| York (Malaysia) Sales &<br>Service Sdn Bhd                                  | 1.00  | 700,000        | -         | -    | 700,000         |
| O.Y.L. Steel Centre Sdn Bhd   | 1.00  | 3,750,000      | -         | -    | 3,750,000       |
| AAF Manufacturing (M) Sdn Bh  | id 1.00   | 825,000        | -         | -    | 825,000         |
| McQuay Asia (Hong Kong)<br>Limited<br>Wuhan McQuay                          | HK\$1.00  | 44,696,250     | -         | -    | 44,696,250      |
| Air-conditioning &  |   |                |           |      |                 |
| Refrigeration Co. Ltd   | ٨   | 2,500,000      | 5,000,000 | -    | 7,500,000       |
| McQuay Air-Conditioning Limit   | ed HK\$1.00   | 2,265,000      | -         | -    | 2,265,000       |
| O.Y.L J.M. Co. Ltd  | NT\$10.00   | 1,800,000      | -         | -    | 1,800,000       |
| 8   | Rp2,106,000<br>or USD1,000                          | 1,200          | -         | -    | 1,200           |
| Shanghai McQuay Air   |   |                |           |      |                 |
| Conditioning Co. Ltd  | ٨   | 248,500        | -         | -    | 248,500         |
| Shenzhen O.Y.L. Electrical  |   |                |           |      |                 |
| Co. Ltd.  | ^   | 6,040,000      | -         | -    | 6,040,000       |
| AAF Korea Company Ltd   | W5000   | 68,400         | -         | -    | 68,400          |
|   |   |                |           |      |                 |

^ Capital contribution in USD

None of the other Directors holding office at 30 June 1999 had any interest in the ordinary shares of the Company or the ordinary shares/stock units/Bonds of its related corporations during the year.

#### HOLDING COMPANY

As of 30 June 1999, the holding company is Hume Industries (Malaysia) Berhad and the ultimate holding company is Hong Leong Company (Malaysia) Berhad. Both companies are incorporated in Malaysia.

Subsequent to year end, Hume Industries (Malaysia) Berhad disposed substantially its equity interests in the Company and consequently ceased to be the holding company of the Company.

#### STATUTORY INFORMATION ON THE ACCOUNTS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the year.

#### **OTHER STATUTORY INFORMATION**

The Directors state that:

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the accounts which would render any amount stated in the accounts misleading.

In the opinion of the Directors,

- (a) the results of the operations of the Group and of the Company during the year were not substantially affected by any item, transaction or event of a material and unusual nature except for the exceptional item disclosed in Note 5 to the accounts and the significant event during the year as disclosed in Note 30 to the accounts; and
- (b) there has not arisen in the interval between the end of the year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the year in which this report is made except as disclosed in Note 31 to the accounts.

#### AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ DIRECTOR

TING YEW TONG DIRECTOR

Kuala Lumpur Date :

17

# **Profit And Loss Accounts**

For The Year Ended 30 June 1999

|  |      | Group          |                | Company        |                |  |
|--|------|----------------|----------------|----------------|----------------|--|
|  | Note | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |  |
| TURNOVER                                       | 3    | 249,742        | 370,648        | 18,756         | 13,637         |  |
| Operating profit before taxation               | 4    | 27,134         | 41,248         | 15,432         | 11,390         |  |
| Share of (loss)/profit of associated companies |      | (97)           | 41             | -              | -              |  |
| Exceptional item                               | 5    | 21,427         | -              | -              | -              |  |
| Profit before taxation                         |      | 48,464         | 41,289         | 15,432         | 11,390         |  |
| Taxation                                       | 6    | (4,736)        | (10,720)       | (3,270)        | (1,613)        |  |
| Profit after taxation                          |      | 43,728         | 30,569         | 12,162         | 9,777          |  |
| Minority interests                             |      | (5,001)        | (7,612)        | -              | -              |  |
| Net profit attributable to shareholders        |      | 38,727         | 22,957         | 12,162         | 9,777          |  |
| Retained profits brought forward               |      | 135,008        | 123,205        | 61,551         | 62,928         |  |
| Net transfer from non-distributable reserves   |      | (2,320)        | -              | -              | -              |  |
| Profits available for appropriation            |      | 171,415        | 146,162        | 73,713         | 72,705         |  |
| Dividends                                      | 7    | (7,437)        | (11,154)       | (7,437)        | (11,154)       |  |
| Retained profits carried forward               |      | 163,978        | 135,008        | 66,276         | 61,551         |  |
| EARNINGS PER SHARE - SEN                       | 8    | 67             | 40             |                |                |  |

The notes on pages 23 to 40 form part of these accounts.

# **Balance Sheets**

As At 30 June 1999

|   | Note | Gi<br>1999<br>RM′000 | roup<br>1998<br>RM′000 | Cor<br>1999<br>RM'000 | npany<br>1998<br>RM′000 |
|---|------|----------------------|------------------------|-----------------------|-------------------------|
| ASSETS EMPLOYED:                          |      |                      |                        |                       |                         |
| FIXED ASSETS                              | 9    | 62,866               | 185,643                |                       | 1,071                   |
| SUBSIDIARY COMPANIES                      | 10   |                      | -                      | 103,830               | 103,858                 |
| ASSOCIATED COMPANIES                      | 11   | -                    | 2,265                  | -                     | -                       |
| CURRENT ASSETS                            |      |                      |                        |                       |                         |
| Stocks                                    | 12   | 7,313                | 27,574                 | -                     | -                       |
| Amount due from holding<br>company        |      | 1,583                | 1,941                  | 110                   | -                       |
| Amounts due from subsidiary               |      |                      | ·                      |                       |                         |
| companies                                 | 10   | -                    | -                      | -                     | 162                     |
| Amounts due from related<br>companies     | 13   | 75,769               | 41,732                 | 55,862                | 34,660                  |
| Dividends receivable from<br>subsidiaries | 10   | -                    |                        | -                     | 2,148                   |
| Debtors                                   | 14   | 161,497              | 81,564                 | 80                    | 354                     |
| Deposits with licensed                    |      |                      |                        |                       |                         |
| financial institutions                    | 15   | 24,039               | 36,300                 | -                     | -                       |
| Cash and bank balances                    |      | 6,714                | 11,693                 | 2,241                 | 36                      |
|   |      | 276,915              | 200,804                | 58,293                | 37,360                  |
| CURRENT LIABILITIES                       |      |                      |                        |                       |                         |
| Creditors                                 | 16   | 36,488               | 66,203                 | 1,631                 | 1,526                   |
| Amounts due to related companies          | 17   | 62                   | 54                     | -                     | 3,537                   |
| Amount due to subsidiary companies        | 10   | -                    | -                      | 11,741                | -                       |
| Short-term borrowings (unsecured)         | 18   | 14,292               | 3,061                  | 11,000                | -                       |
| Taxation                                  |      | 7,981                | 19,728                 | 402                   | 885                     |
| Proposed dividend                         |      | 2,066                | 5,783                  | 2,066                 | 5,783                   |
|   |      | 60,889               | 94,829                 | 26,840                | 11,731                  |
| NET CURRENT ASSETS                        |      | 216,026              | 105,975                | 31,453                | 25,629                  |
|   |      | 278,892              | 293,883                | 135,283               | 130,558                 |

|                                   |       | Group          |                | Company        |                |
|-----------------------------------|-------|----------------|----------------|----------------|----------------|
|                                   | Note  | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
|                                   | 11010 |                |                |                |                |
| FINANCED BY:                      |       |                |                |                |                |
| SHARE CAPITAL                     | 19    | 57,378         | 57,378         | 57,378         | 57,378         |
| RETAINED PROFITS                  | 20    | 163,978        | 135,008        | 66,276         | 61,551         |
| RESERVES                          | 21    | 53,756         | 22,822         | 11,629         | 11,629         |
| SHAREHOLDERS' FUNDS               |       | 275,112        | 215,208        | 135,283        | 130,558        |
| MINORITY INTERESTS                |       | 2,745          | 73,248         | -              | -              |
| DEFERRED TAXATION                 | 22    | 1,035          | 5,427          | -              | -              |
|                                   |       | 278,892        | 293,883        | 135,283        | 130,558        |
| NET TANGIBLE ASSET PER SHARE - RM |       | 4.79           | 3.75           |                |                |

20

# **Consolidated Cash Flow Statement**

For The Year Ended 30 June 1999

|   | Note | 1999<br>RM′000 | 1998<br>RM′000 |
|---|------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES              |      |                |                |
| Profit before taxation                            |      | 48,464         | 41,289         |
| Adjustments for:                                  |      |                |                |
| Depreciation of fixed assets                      |      | 19,065         | 22,434         |
| Share of loss/(profit) of associated companies    |      | 97             | (41)           |
| Interest expense                                  |      | 864            | 292            |
| Interest income                                   |      | (6,239)        | (5,842)        |
| Gain on disposal of fixed assets                  |      | (780)          | (618)          |
| Gain on disposal of short-term investments        |      | -              | (17)           |
| Provision for diminution in value of fixed assets |      | 389            | 1,503          |
| Gain on disposal of shares in subsidiary          |      |                |                |
| and associated companies                          |      | (21,427)       | -              |
|   |      | 40,433         | 59,000         |
| Decrease in stocks                                |      | 6,203          | 1,458          |
| Decrease in debtors                               |      | 2,967          | 24,467         |
| Decrease in creditors                             |      | (2,692)        | (5,265)        |
| Increase in intercompany balances                 |      | (33,671)       | (41,129)       |
| Net cash generated from operations                |      | 13,240         | 38,531         |
| Interest paid                                     |      | (864)          | (292)          |
| Interest received                                 |      | 6,239          | 5,842          |
| Taxation paid                                     |      | (11,941)       | (10,589)       |
| Net cash generated from operating activities      |      | 6,674          | 33,492         |
| CASH FLOWS FROM INVESTING ACTIVITIES              |      |                |                |
| Purchase of fixed assets                          |      | (11,320)       | (31,171)       |
| Proceeds from sale of fixed assets                |      | 3,536          | 1,458          |
| Decrease in cash from disposal of subsidiary      |      |                |                |
| and associated companies                          | 23   | (1,966)        | -              |
| Proceeds from sale of short-term investments      |      | -              | 77             |
| Net cash used in investing activities             |      | (9,750)        | (29,636)       |

21

|   | Note | 1999<br>RM′000      | 1998<br>RM′000   |
|---|------|---------------------|------------------|
| CASH FLOWS FROM FINANCING ACTIVITY  |      |                     |                  |
| Dividends paid  |      | (11,154)            | (11,396)         |
| Net cash used in financing activity   |      | (11,154)            | (11,396)         |
| NET DECREASE IN CASH AND CASH<br>EQUIVALENTS<br>Effect of exchange rate changes |      | (14,230)<br>(2,047) | (7,540)<br>1,797 |
| CASH AND CASH EQUIVALENTS AT THE<br>BEGINNING OF THE YEAR                       |      | 45,888              | 51,631           |
| CASH AND CASH EQUIVALENTS AT THE<br>END OF THE YEAR                             | 24   | 29,611              | 45,888           |

# **Notes To The Accounts**

30 June 1999

#### 1. BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets in accordance with the applicable approved Accounting Standards in Malaysia.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies of the Group are summarised below:

#### (a) Basis of consolidation

Subsidiary undertakings, which are those companies in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated.

The consolidated accounts include the results of the Company and its subsidiary companies made up to the end of the year. The results of the subsidiary companies acquired or disposed during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the date of disposal respectively. Intercompany transactions are eliminated on consolidation and the consolidated accounts reflect transactions external to the Group only.

#### (b) Goodwill

The difference between the cost of acquisition and the fair value of net assets of the subsidiary companies at the dates of acquisition are included in the Group accounts as goodwill or capital reserve arising on consolidation, where appropriate.

#### (c) Associated companies

An associated company is a company, other than a subsidiary company, in which the Group has a long-term equity interest of between 20% and 50% and where the Group has representation on the Board and is in a position to exercise significant influence over its financial and operating policy decisions.

The consolidated profit and loss account includes the Group's share of results of the associated companies based on the latest audited or management accounts of the companies concerned. In the consolidated balance sheet, the Group's interest in the associated companies is stated at cost plus the Group's share of post-acquisition results and reserves, except where the Directors are of the opinion that there is a permanent diminution in the value of investment in the associated company, in the event of which provision is made for the diminution in value.

#### (d) Foreign currency transactions

Foreign currency transactions are converted into Ringgit Malaysia at rates ruling at transaction dates. Realised gains or losses on exchange are included in the profit and loss account. Foreign currency assets and liabilities at the year end are translated into Ringgit Malaysia at the rates of exchange ruling at that date and differences are taken to the profit and loss account.

The assets and liabilities and trading results of foreign subsidiary companies are translated into Ringgit Malaysia, at the rates of exchange ruling at the balance sheet date. Exchange differences arising from restatement of the opening net investments in foreign subsidiary companies at rates ruling at the balance sheet date are dealt with through reserves.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Fixed assets

Fixed assets are stated at cost/valuation less depreciation.

The Directors have applied the transitional provisions of International Accounting Standards No. 16 (Revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the long term leasehold land and buildings to be stated at their valuations mentioned in Note 9 less depreciation. Accordingly, these valuations have not been updated.

Freehold land and construction in progress are not amortised. Leasehold land is amortised over the period of the lease. Quarry improvements are written off over a period of two years. Depreciation of other fixed assets is calculated on the straight line basis to write off the cost or valuation of the assets over their estimated useful lives.

The principal annual rates of depreciation are as follows:

| Buildings                     | 1.05% to 12.5% |
|-------------------------------|----------------|
| Plant, equipment and vehicles | 5% to 20%      |
| Access road                   | 10% to 20%     |

#### (f) Investments in subsidiaries

Investments in subsidiaries are stated at cost unless in the opinion of the Directors there has been a permanent diminution in value, in which case, provision is made for the diminution in value.

#### (g) Stocks

Stocks are stated at the lower of cost and net realisable value, cost being determined on a weighted average basis. In the case of finished goods and work-in-progress, cost represents raw materials, direct labour and an appropriate proportion of overheads.

#### (h) Taxation

The taxation charge in the profit and loss account is calculated at current tax rates based on the estimated chargeable income for the year.

Deferred taxation is provided for using the liability method in respect of all material timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely.

#### (i) Finance lease

Lease where substantially all risk and rewards of ownership of assets are transferred to the Group are accounted for as finance leases.

Fixed assets acquired under finance lease are included in tangible fixed assets and are amortised in accordance with Note 2(e). Obligations under such agreements are treated as liabilities. Finance charges are allocated to the profit and loss account over the period of the lease agreements.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Income recognition on financial activities

Leases are accounted for under the financing method. The excess of the aggregate rentals over the cost of leased property (reduced by estimated residual values at the termination of the leases) is taken as income over the term of the lease using the "sum of digits" methods.

Interest on hire purchase is taken as income over the term of the hire purchase using the "sum of digits" method.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise of bank deposits with maturity periods less than 3 months, cash and bank balances less bank overdrafts.

#### 3 TURNOVER

Turnover for the Group represents sales of goods and services outside the Group, net of discounts and allowances, and includes interest income from finance related activities.

Turnover for the Company represents income from investments, interest income and fees from management services rendered.

#### **4 OPERATING PROFIT BEFORE TAXATION**

Operating profit before taxation is arrived at after charging/(crediting):

| Gr             | oup  | Com  | ipany  |
|----------------|--|--|--|
| 1999<br>RM′000 | 1998<br>RM'000   | 1999<br>RM′000   | 1998<br>RM'000   |
| 205            | 209  | 12   | 12   |
| 19,065         | 22,434   | 231  | 432  |
| -              | 185  | -  | 150  |
| 578            | 662  | 24   | 18   |
| 864            | 292  | 850  | 174  |
|                |  |  |  |
| 389            | 1,503  | -  | -  |
| 1,258          | 2,313  | -  | -  |
| -              | (17)   | -  | (17)   |
| (6,239)        | (5,842)  | (3,726)  | (3,175)  |
| (780)          | (618)  | 103  | (294)  |
|                |  |  |  |
| -              | -  | (13,301)   | (8,529)  |
|                | 1999<br>RM'000<br>205<br>19,065<br>-<br>578<br>864<br>389<br>1,258<br>-<br>(6,239) | RM'000 RM'000   205 209   19,065 22,434   - 185   578 662   864 292   389 1,503   1,258 2,313   - (17)   (6,239) (5,842) | 1999<br>RM'000     1998<br>RM'000     1999<br>RM'000       205     209     12       19,065     22,434     231       185     -     185       578     662     24       864     292     850       389     1,503     -       1,258     2,313     -       (6,239)     (5,842)     (3,726)       (780)     (618)     103 |

25

#### 5 EXCEPTIONAL ITEM

6

|   | Gre            | oup            | Com            | pany           |
|---|----------------|----------------|----------------|----------------|
|   | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| Exceptional item consists of:<br>Gain on disposal of shares in subsidiary<br>and associated companies | 21,427         | -              | -              | -              |
| TAXATION  |                |                |                |                |
|   |                | oup            | Com            |                |
|   | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| The taxation charge for the year arises:  |                |                |                |                |
| In Malaysia   |                |                |                |                |
| Company and subsidiary companies:   |                |                |                |                |
| Current taxation  | -              | 7,102          | 3,270          | 1,613          |
| Overprovision in prior years  | (25)           | (458)          | -              | -              |
|   | (25)           | 6,644          | 3,270          | 1,613          |
| Deferred taxation   |                |                |                |                |
| Charge for the year   | 1,233          | 1,370          | -              | -              |
| Overprovision in prior years  | (312)          | (393)          | -              | -              |
| Net charge of deferred taxation (Note 22)   | 921            | 977            | -              | -              |
| Associated companies:   |                |                |                |                |
| Current taxation  | -              | 191            | -              | -              |
|   | -              | 191            | -              | -              |
| Outside Malaysia  |                |                |                |                |
| Subsidiary companies:   |                |                |                |                |
| Current taxation  | 3,840          | 2,908          | -              | -              |
|   | 4,736          | 10,720         | 3,270          | 1,613          |

In accordance with Income Tax (Amendment) Act 1999, assessment of income tax based on the income received in the preceding year be changed to that of the current financial year beginning from the year of assessment 2000, and that tax on income received in 1999 will be waived. In view of this, no provision for taxation is required in respect of the Group's earnings for the year ended 30 June 1999. The tax waived for the Group amounts to approximately RM4,645,900.

The current taxation for the Company comprises taxation in respect of dividend income.

#### 7 DIVIDENDS

|   | Gr             | oup            | Con            | npany          |
|---|----------------|----------------|----------------|----------------|
|   | 1999<br>RM′000 | 1998<br>RM'000 | 1999<br>RM′000 | 1998<br>RM'000 |
| Interim dividend of 13 sen gross per share,<br>less tax at 28% (1998: 13 sen gross<br>per share, less tax at 28%)       | 5,371          | 5,371          | 5,371          | 5,371          |
| Proposed final dividend of 5 sen<br>gross per share, less tax at 28%<br>(1998: 14 sen gross per share, less tax at 28%) | 2,066          | 5,783          | 2,066          | 5,783          |
|   | 7,437          | 11,154         | 7,437          | 11,154         |

#### 8 EARNINGS PER SHARE

The earnings per share has been calculated based on the Group's profit after tax and minority interests of RM38,727,000 (1998: RM22,957,000) and on the number of ordinary shares of RM1 each in issue during the year of 57,377,835 (1998: 57,377,835).

#### 9 FIXED ASSETS

|                                  | As at<br>1.7.1998<br>RM'000 | Disposal<br>of subsidiary<br>companies<br>RM′000 | Additions<br>RM′000 | Disposals<br>RM′000 | Reclass<br>in/(out)<br>RM′000 | Exchange<br>differences<br>on translatio<br>RM'000 | As at<br>n 30.6.1999<br>RM′000 |
|----------------------------------|-----------------------------|--|---------------------|---------------------|-------------------------------|--|--------------------------------|
| Group                            |                             |  |                     |                     |                               |  |                                |
| 1999                             |                             |  |                     |                     |                               |  |                                |
| At valuation                     |                             |  |                     |                     |                               |  |                                |
| Freehold land                    | 2,298                       | (2,298)  | -                   | -                   | -                             | -  | -                              |
| Long-term                        |                             |  |                     |                     |                               |  |                                |
| leasehold land                   | 1,437                       | (980)  | -                   | -                   | -                             | -  | 457                            |
| Buildings                        | 5,363                       | (4,347)  | -                   | -                   | -                             | (44)   | 972                            |
|                                  | 9,098                       | (7,625)  | -                   | -                   | -                             | (44)   | 1,429                          |
| At cost                          |                             |  |                     |                     |                               |  |                                |
| Freehold land                    | 45,881                      | (22,601)   | 3,027               | -                   | -                             | -  | 26,307                         |
| Long-term<br>leasehold land      | 7,615                       | (7,615)  | -                   | -                   | -                             | -  |                                |
| Buildings                        | 37,985                      | (32,608)   | 70                  | -                   | -                             | (145)  | 5,302                          |
| Plant, equipment<br>and vehicles | 221,274                     | (97,270)   | 4,343               | (16,374)            | 219                           | (3,157)  | 109,035                        |
| Access road                      | 1,489                       | -  | 132                 | -                   | -                             | -  | 1,621                          |
| Quarry improvements              | 2,796                       | -  | 99                  | -                   | 1,096                         | -  | 3,991                          |
| Construction                     |                             |  |                     |                     |                               |  |                                |
| in progress                      | 1,296                       | -  | 3,649               | -                   | (219)                         | (113)  | 4,613                          |
|                                  | 318,336                     | (160,094)  | 11,320              | (16,374)            | 1,096                         | (3,415)  | 150,869                        |
| Total                            | 327,434                     | (167,719)  | 11,320              | (16,374)            | 1,096                         | (3,459)  | 152,298                        |

| (Continued)    |
|----------------|
| 1999           |
| June           |
| 30             |
| Accounts       |
| The            |
| T <sub>o</sub> |
| Notes          |

|                                  | As at<br>1.7.1998<br>RM*000 | Disposal<br>of subsidiary<br>companies<br>RM′000 | Charge for<br>the year<br>RM′000 | Release on<br>disposal<br>RM'000 | Reclass<br>in/(out)<br>RM′000 | Exchange<br>differences<br>on translation<br>RM'000 | Provision for<br>diminution<br>in value<br>RM'000 | As at<br>30.6.1999<br>RM′000 |
|----------------------------------|-----------------------------|--|----------------------------------|----------------------------------|-------------------------------|---|---|------------------------------|
| Accumulated depreciation         |                             |  |                                  |                                  |                               |   |   |                              |
|                                  |                             |  |                                  |                                  |                               |   |   |                              |
| Long-term leasehold land         | 355                         | (281)  | 22                               |                                  | ·                             | ı   |   | 96                           |
|                                  | 2,017                       | (1,444)  | 98                               | ı                                | ı                             | (44)  | ı   | 627                          |
|                                  | 2,372                       | (1,725)  | 120                              | I                                |                               | (44)  | I   | 723                          |
|                                  |                             |  |                                  |                                  |                               |   |   |                              |
|                                  |                             |  |                                  |                                  |                               |   |   |                              |
| Long-term leasehold land         | 394                         | (492)  | 98                               | ı                                | I                             | ı   | ı   | ı                            |
|                                  | 6,555                       | (3,759)  | 660                              | ı                                | ı                             | (100)   | ı   | 3,356                        |
| Plant, equipment<br>and vehicles | 128,838                     | (50,912)   | 17.653                           | (13,617)                         | ı                             | (2.122)   | 389   | 80,229                       |
|                                  | 1,061                       | ı  | 254                              | I                                | ı                             | ı   | ·   | 1,315                        |
| Quarry improvements              | 2,571                       | I  | 280                              | ,                                | 958                           | I   | ·   | 3,809                        |
|                                  | 139,419                     | (55,163)   | 18,945                           | (13,617)                         | 958                           | (2,222)   | 389   | 88,709                       |
|                                  | 141,791                     | (56,888)   | 19,065                           | (13,617)                         | 958                           | (2,266)   | 389   | 89,432                       |

| Group<br>1998            | As at<br>1.7.1997<br>RM′000 | Additions<br>RM′000 | Disposals/<br>write off<br>RM′000 | Reclass<br>in/(out)<br>RM′000 | Exchange<br>differences<br>on<br>translation<br>RM′000 | As at<br>30.6.1998<br>RM′000 |
|--------------------------|-----------------------------|---------------------|-----------------------------------|-------------------------------|--|------------------------------|
| At valuation             |                             |                     |                                   |                               |  |                              |
| Freehold land            | 2,298                       | -                   | -                                 | -                             | -  | 2,298                        |
| Long-term leasehold land | 1,437                       | -                   | -                                 | -                             | -  | 1,437                        |
| Buildings                | 5,131                       | -                   | -                                 | -                             | 232  | 5,363                        |
|                          | 8,866                       | -                   | -                                 | -                             | 232  | 9,098                        |
| At cost                  |                             |                     |                                   |                               |  |                              |
| Freehold land            | 45,836                      | 45                  | -                                 | -                             | -  | 45,881                       |
| Long-term leasehold land | 7,615                       | -                   | -                                 | -                             | -  | 7,615                        |
| Buildings                | 27,198                      | 24                  | (42)                              | 10,137                        | 668  | 37,985                       |
| Plant, equipment         |                             |                     |                                   |                               |  |                              |
| and vehicles             | 179,890                     | 13,554              | (6,223)                           | 23,043                        | 11,010   | 221,274                      |
| Access road              | 1,481                       | 8                   | -                                 | -                             | -  | 1,489                        |
| Quarry improvements      | 2,516                       | 280                 | -                                 | -                             | -  | 2,796                        |
| Construction in progress | 17,216                      | 17,260              | -                                 | (33,180)                      | -  | 1,296                        |
|                          | 281,752                     | 31,171              | (6,265)                           | -                             | 11,678   | 318,336                      |
| Total                    | 290,618                     | 31,171              | (6,265)                           | -                             | 11,910   | 327,434                      |
| Accumulated depreciation |                             |                     |                                   |                               |  |                              |
| At valuation             |                             |                     |                                   |                               |  |                              |
| Long-term leasehold land | 334                         | 21                  | -                                 | -                             | -  | 355                          |
| Buildings                | 1,687                       | 98                  | -                                 | 232                           | -  | 2,017                        |
|                          | 2,021                       | 119                 | -                                 | 232                           | -  | 2,372                        |
| At cost                  |                             |                     |                                   |                               |  |                              |
| Long-term leasehold land | 295                         | 99                  | -                                 | -                             | -  | 394                          |
| Buildings                | 5,422                       | 709                 | (40)                              | 464                           | -  | 6,555                        |
| Plant, equipment and     |                             |                     | (=)                               |                               |  |                              |
| vehicles                 | 105,050                     | 20,529              | (5,385)                           | 7,141                         | 1,503  | 128,838                      |
| Access road              | 823                         | 238                 | -                                 | -                             | -  | 1,061                        |
| Quarry improvements      | 1,831                       | 740                 | -                                 |                               | -  | 2,571                        |
|                          | 113,421                     | 22,315              | (5,425)                           | 7,605                         | 1,503  | 139,419                      |
| Total                    | 115,442                     | 22,434              | (5,425)                           | 7,837                         | 1,503  | 141,791                      |

|                | 1999<br>RM′000 | 1998<br>RM′000 |
|----------------|----------------|----------------|
| Group          |                |                |
| Net book value |                |                |

| At valuation:                 |        |         |
|-------------------------------|--------|---------|
| Freehold land                 | -      | 2,298   |
| Long-term leasehold land      | 361    | 1,082   |
| Buildings                     | 345    | 3,346   |
|                               | 706    | 6,726   |
|                               |        |         |
| At cost:                      |        |         |
| Freehold land                 | 26,307 | 45,881  |
| Long-term leasehold land      | -      | 7,221   |
| Buildings                     | 1,946  | 31,430  |
| Plant, equipment and vehicles | 28,806 | 92,436  |
| Access road                   | 306    | 428     |
| Quarry improvements           | 182    | 225     |
| Construction in progress      | 4,613  | 1,296   |
|                               | 62,160 | 178,917 |
| Total                         | 62,866 | 185,643 |

The valuations of land and buildings were based on open market valuations carried out by professional firms of valuers in the following years:

|                  | 1999<br>RM′000 | 1998<br>RM′000 |
|------------------|----------------|----------------|
| 1983 and earlier | 1,429          | 3,889          |
| 1984             | -              | 5,099          |
| 1988             | -              | 110            |
|                  | 1,429          | 9,098          |

Had the freehold land, long-term leasehold land and buildings been carried at historical cost less depreciation the carrying amount of the revalued assets that would have been included in the accounts at the end of the year are as follows:

|                          | 1999<br>RM′000 | 1998<br>RM′000 |
|--------------------------|----------------|----------------|
| Freehold land            | -              | 1,622          |
| Long-term leasehold land | 52             | 590            |
| Buildings                | 157            | 2,435          |
|                          | 209            | 4,647          |

In 1995, the land and buildings of the Group were valued at RM3.7 million by an independent firm of professional valuers on an existing use basis. The surplus on revaluation of RM2.0 million as of 7 August 1995 has not been incorporated in the accounts.

A subsidiary company had previously entered into a lease agreement with a company (landowner) to remove rocks from a hill situated on its property. Prior to the expiration of the lease, the landowner signed a Sale and Purchase Agreement with a third party who is claiming damages from the subsidiary company for trespass and removal of rocks. This matter is now pending litigation (see Note 25(b) to the accounts). Fixed assets with a net book value of RM1,003,790 are situated on this piece of lease land for which full provision for diminution in value was made in the previous year.

In addition, a provision for diminution in value totalling RM389,000 (1998: RM499,000) was made by certain subsidiaries to reduce the carrying value of certain fixed assets to their recoverable amounts.

|                          | As at<br>1.7.1998<br>RM′000 | Additions<br>RM′000              | Disposal<br>RM′000               | As at<br>30.6.1999<br>RM′000 |
|--------------------------|-----------------------------|----------------------------------|----------------------------------|------------------------------|
| Company                  |                             |                                  |                                  |                              |
| 1999                     |                             |                                  |                                  |                              |
| At cost                  |                             |                                  |                                  |                              |
| Equipment and vehicles   | 2,347                       | 1                                | (2,348)                          | -                            |
|                          | As at<br>1.7.1998<br>RM′000 | Charge for<br>the year<br>RM′000 | Release<br>on disposal<br>RM′000 | As at<br>30.6.1999<br>RM′000 |
| Accumulated depreciation |                             |                                  |                                  |                              |
| Equipment and vehicles   | 1,276                       | 231                              | (1,507)                          | -                            |
| 1998<br>At cost          | As at<br>1.7.1997<br>RM′000 | Additions<br>RM′000              | Disposals<br>RM′000              | As at<br>30.6.1998<br>RM′000 |
| Equipment and vehicles   | 2,996                       | 258                              | (907)                            | 2,347                        |
|                          | As at<br>1.7.1997<br>RM′000 | Charge for<br>the year<br>RM′000 | Release<br>on disposal<br>RM′000 | As at<br>30.6.1998<br>RM′000 |
| Accumulated depreciation |                             |                                  |                                  |                              |
| Equipment and vehicles   | 1,463                       | 432                              | (619)                            | 1,276                        |
| Net book value           |                             |                                  | 1999<br>RM′000                   | 1998<br>RM′000               |
| Equipment and vehicles   |                             |                                  | -                                | 1,071                        |

#### **10 SUBSIDIARY COMPANIES**

|   | Company        |                |
|---|----------------|----------------|
|   | 1999<br>RM′000 | 1998<br>RM′000 |
| Unquoted shares at cost   | 103,874        | 103,874        |
| Less: Provision for diminution in value                               | (44)           | (44)           |
|   | 103,830        | 103,830        |
| Amount due (to)/from subsidiary companies                             | (11,741)       | 190            |
|   | 92,089         | 104,020        |
| Amount due to/(from) subsidiary companies                             |                |                |
| - Due within twelve months classified as current liabilities/(assets) | 11,741         | (162)          |
|   | 103,830        | 103,858        |

The Group's equity interests in the subsidiary companies, their respective principal activities and countries of incorporation are set out below:

|   |   |   |      | ctive            |
|---|---|---|------|------------------|
|   | Name of company                           | Principal activities  | 1999 | interest<br>1998 |
|   | Incomparated in Malausia                  |   | %    | %                |
|   | Incorporated in Malaysia                  |   |      |                  |
|   | Doe Industries Sdn. Bhd.                  | Manufacture and trading of water taps and other plumbing accessories. | 100  | 100              |
| + | Express Housing Construction<br>Sdn. Bhd. | Dormant   | -    | 100              |
| + | Doe Enterprise Berhad                     | Dormant   | -    | 100              |
| # | Monier (Malaysia) Sdn. Bhd.               | Manufacture, sale and fixing of roofing tiles and paving blocks       | -    | 71               |
| # | Monier Roofing Sdn. Bhd.                  | Investment holding and trading of roofing tiles                       | -    | 71               |
| # | Hume Redland Tiles Sdn. Berhad            | Manufacture and sale of roofing tiles                                 | -    | 71               |
| # | Hume Redland Tiles (Johor)                |   |      |                  |
|   | Sdn. Bhd.                                 | Manufacture and sale of roofing tiles                                 | -    | 71               |
| # | Hume Redland Transport Sdn. Bhd.          | Provision of transportation services                                  | -    | 71               |
| # | Daya Leasing Sdn. Bhd.                    | Leasing, factoring and hire purchase financing                        | -    | 71               |
| # | Pantile Sendirian Berhad                  | Property rental   | -    | 71               |
| # | Hume Redland Realty Sdn. Bhd.             | Property holding and rental   | -    | 71               |
| # | C.I. Trusses Sdn. Bhd.                    | Dormant   | -    | 71               |
| # | Perak Brickworks Sdn. Bhd.                | Dormant   | -    | 71               |
| # | Aik Wai Realty Sdn. Bhd.                  | Dormant   | -    | 71               |
| # | C.I. Property & Development<br>Sdn. Bhd.  | Dormant   | -    | 71               |

#### 10 SUBSIDIARY COMPANIES (CONTINUED)

|   | Name of company  | ompany Principal activities   |                                      | re<br>erest<br>1998<br>% |
|---|--|---|--------------------------------------|--------------------------|
|   | Incorporated in Malaysia   |   |                                      |                          |
| # | LAS Industries Sdn. Bhd.   | Property holding and rental   | -                                    | 71                       |
|   | C.I. Building Industries Sdn. Bhd.<br>(formerly known as Hume<br>Redland Industries Sdn. Bhd.)         | Investment holding  | 100                                  | 71                       |
|   | C.I. Quarrying & Marketing<br>Sdn. Bhd. (formerly known as<br>Hume Quarrying & Marketing<br>Sdn. Bhd.) | Granite quarrying   | 100                                  | 71                       |
|   | C.I. Quarries Sdn. Bhd.<br>(formerly known as Hume<br>Redland Quarries Sdn. Bhd.)                      | Granite quarrying and manufacture of bitumen hot premix for road surfacing  | 100                                  | 71                       |
|   | C.I. Readymix Sdn. Bhd.<br>(formerly known as Hume<br>Redland Readymix Sdn. Bhd.)                      | Production and sale of readymix concrete  | 91                                   | 64                       |
|   | C.I. Damansara Quarry Sdn. Bhd<br>(formerly known as Hume<br>Damansara Quarry Sdn. Bhd.)               | Granite quarrying and manufacture of bitumen hot premix for road surfacing  | 65                                   | 46                       |
|   | Name of company  | Principal activities  | Effectiv<br>equity inte<br>1999<br>% | -                        |
|   | Incorporated in the<br>Republic of Singapore   |   |                                      |                          |
| * | HIPL Holdings Pte. Ltd. (formerly<br>known as Hume Redland<br>Trading (S) Pte. Ltd.)                   | Agents for import and export<br>of building materials and investment<br>holding                                   | 100                                  | 71                       |
| * | Highway International Private<br>Limited   | Manufacture of asphalt<br>premix for road and runway<br>pavements, road rehabilitation and<br>bituminous products | 100                                  | 71                       |

\*Subsidiary companies not audited by PricewaterhouseCoopers, Malaysia.

#Subsidiary companies disposed of on 10 June 1999.

+Subsidiary companies struck off during the year.

33

#### 11 ASSOCIATED COMPANIES

|   | Group          |                |
|---|----------------|----------------|
|   | 1999<br>RM′000 | 1998<br>RM′000 |
| Unquoted shares at cost                   | -              | 1,600          |
| Group's share of post-acquisition results | -              | (29)           |
| Total interest in associated companies    | -              | 1,571          |
| Amount due from associated company        | -              | 694            |
|   | -              | 2,265          |

The Group's equity interests in the associated companies, their principal activities and country of incorporation are set out below:

| Name of company | Principal activities                   | Effective<br>equity interest               |           |           |
|-----------------|--|--|-----------|-----------|
|                 |  |  | 1999<br>% | 1998<br>% |
|                 | Incorporated in Malaysia               |  |           |           |
| *               | Ceramic Roofing Industries<br>Sdn. Bhd | Manufacture and sale of roofing tiles      | -         | 28        |
|                 | Kayangan Pereka Sdn. Bhd.              | Supply and installation of roofing systems | -         | 35        |

\* The financial year end of this company is 30 September.

The above associated companies were disposed of on 10 June 1999.

#### 12 STOCKS

|                                     | Group          |                |  |
|-------------------------------------|----------------|----------------|--|
|                                     | 1999<br>RM′000 | 1998<br>RM′000 |  |
| Finished goods/trading stocks       | 3,140          | 10,914         |  |
| Work-in-progress                    | 914            | 2,301          |  |
| Raw materials and consumable stores | 3,259          | 14,359         |  |
|                                     | 7,313          | 27,574         |  |

Included in finished goods/trading stocks is an amount of RM Nil (1998: RM870,000) held by a subsidiary company which are situated on leasehold land for which the renewal of the lease is now pending litigation (see Note 25(b) to the accounts).

#### 13 AMOUNTS DUE FROM RELATED COMPANIES

Included in amounts due from related companies are loans amounting to RM71.2 million (1998: RM40.55 million) which are unsecured, bear interest rates ranging from 5.0% to 15.2% (1998: 8.1% to 12.7%) per annum and with no fixed term of repayment.

Subsequent to the year end, loans due were fully repaid.

#### 14 DEBTORS

|                               | Group          |                | Com            | pany           |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| Trade debtors                 | 55,681         | 85,452         | -              | -              |
| Other debtors and prepayments | 113,904        | 8,476          | 80             | 354            |
|                               | 169,585        | 93,928         | 80             | 354            |
| Less: Provisions              | (8,088)        | (12,364)       | -              | -              |
|                               | 161,497        | 81,564         | 80             | 354            |

#### 15 DEPOSITS WITH LICENSED FINANCIAL INSTITUTIONS

|  | Gr             | Group          |                | pany           |
|--|----------------|----------------|----------------|----------------|
|  | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| Deposits with licensed banks           | 23,889         | 30,053         | -              | -              |
| Deposits with other licensed financial |                |                |                |                |
| institutions                           | 150            | 6,247          | -              | -              |
|  | 24,039         | 36,300         | -              | -              |

#### 16 CREDITORS

|                              | Group          |                | Company        |                |
|------------------------------|----------------|----------------|----------------|----------------|
|                              | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| Trade creditors              | 24,171         | 33,897         | -              | -              |
| Other creditors and accruals | 12,317         | 32,306         | 1,631          | 1,526          |
|                              | 36,488         | 66,203         | 1,631          | 1,526          |

#### 17 AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, non-interest bearing and have no fixed terms of repayment.

#### 18 SHORT-TERM BORROWINGS (UNSECURED)

|                    | Group          |                | Company        |                |
|--------------------|----------------|----------------|----------------|----------------|
|                    | 1999<br>RM′000 | 1998<br>RM′000 | 1999<br>RM′000 | 1998<br>RM′000 |
| Bank overdrafts    | 1,142          | 2,105          | -              | -              |
| Bankers acceptance | 2,150          | 956            | -              | -              |
| Short-term loan    | 11,000         | -              | 11,000         | -              |
|                    | 14,292         | 3,061          | 11,000         | -              |

The short-term borrowings carry interest rates ranging from 3.4% to 14.2% (1998: 10.0% to 13.9%) per annum.
#### **19 SHARE CAPITAL**

|   | Group and      | Group and Company |  |  |
|---|----------------|-------------------|--|--|
|   | 1999<br>RM′000 | 1998<br>RM′000    |  |  |
| Authorised:                             |                |                   |  |  |
| 100,000,000 ordinary shares of RM1 each | 100,000        | 100,000           |  |  |
|   |                |                   |  |  |
| Issued and fully paid:                  |                |                   |  |  |
| 57,377,835 ordinary shares of RM1 each  | 57,378         | 57,378            |  |  |

#### 20 RETAINED PROFITS

The Company has sufficient tax exempt income and tax credits under Section 108 of the Income Tax Act, 1967 to frank approximately RM12,382,000 (1998: RM7,464,500) and RM27,200,000 (1998: RM17,820,000) respectively of its retained profits as at 30 June 1999 if paid out as dividends. The tax exempt income account is subject to agreement by the Inland Revenue Board.

Pursuant to the requirements of subsection 365 (1A) of the Companies Act, 1965, the future distribution of dividends out of the Company's retained profits may only be declared for a financial year up to an amount not exceeding the after-tax profit of that financial year, or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater.

#### 21 RESERVES

| NEGENVEG  |                            |                              | Non-distri                       | butable                      |                             |                 |
|---|----------------------------|------------------------------|----------------------------------|------------------------------|-----------------------------|-----------------|
| -   | Share<br>premium<br>RM'000 | Capital<br>reserve<br>RM'000 | Revaluation<br>reserve<br>RM'000 | Special<br>reserve<br>RM'000 | Other<br>reserves<br>RM'000 | Total<br>RM'000 |
| Group   |                            |                              |                                  |                              |                             |                 |
| 1999  |                            |                              |                                  |                              |                             |                 |
| Balance at beginning of year                              | 1,007                      | 7,924                        | 1,635                            | 3,080                        | 9,176                       | 22,822          |
| Transfer (to)/from<br>distributable reserve               | -                          | -                            | (1,635)                          | 4,168                        | (213)                       | 2,320           |
| Exchange loss arising from translation of opening reserve | ə -                        | -                            | -                                | -                            | (2,787)                     | (2,787)         |
| Arising from acquisition of<br>interest in subsidiaries   | -                          | 31,401                       | -                                | -                            | -                           | 31,401          |
| Balance at end of year                                    | 1,007                      | 39,325                       | -                                | 7,248                        | 6,176                       | 53,756          |
| 1998  |                            |                              |                                  |                              |                             |                 |
| Balance at beginning of year                              | 1,007                      | 7,924                        | 1,635                            | 3,080                        | 1,684                       | 15,330          |
| Exchange gain arising from translation of opening reserve | es -                       | -                            | -                                | -                            | 7,492                       | 7,492           |
| Balance at end of year                                    | 1,007                      | 7,924                        | 1,635                            | 3,080                        | 9,176                       | 22,822          |

#### 21 RESERVES (CONTINUED)

|                       | Com            | Company        |  |
|-----------------------|----------------|----------------|--|
|                       | 1999<br>RM′000 | 1998<br>RM′000 |  |
| Non-distributable:    |                |                |  |
| Share premium reserve | 1,007          | 1,007          |  |
| Special reserve       | 10,622         | 10,622         |  |
|                       | 11,629         | 11,629         |  |

#### 22 DEFERRED TAXATION

|  | Group          |                |
|--|----------------|----------------|
|  | 1999<br>RM′000 | 1998<br>RM′000 |
| At 1 July  | 5,427          | 4,450          |
| Disposal of subsidiary companies   | (5,313)        | -              |
| Charge for the year (Note 6)   | 921            | 977            |
| At 30 June   | 1,035          | 5,427          |
| Deferred tax provided for in the accounts comprise the tax effects of:     |                |                |
| Excess of capital allowances over book depreciation                        | 1,034          | 6,419          |
| Other short-term timing differences  | 1              | (992)          |
|  | 1,035          | 5,427          |
| Deferred tax not provided for in the accounts comprise the tax effects of: |                |                |
| Revaluation of fixed assets which are held for long-term use               | 34             | 291            |

#### 23 DISPOSAL OF SUBSIDIARY AND ASSOCIATED COMPANIES

On 10 June 1999, C.I. Holdings Berhad disposed of certain subsidiary and associated companies.

|   | Group<br>1998<br>RM′000 |
|---|-------------------------|
| Net assets disposed                         | 96,573                  |
| Profit on disposal                          | 21,427                  |
| Total disposal consideration                | 118,000                 |
| Represented by amount due from other debtor | (106,200)               |
| Amount discharged by cash                   | 11,800                  |
| Less: Cash and cash equivalents disposed    | (13,766)                |
| Cash flow on disposal                       | (1,966)                 |

As at 30 June 1999, RM106,200,000 of the total consideration for the disposal remained outstanding. The outstanding amount was received on 1 July 1999.

The assets and liabilities disposed are as follows:

#### 23 DISPOSAL OF SUBSIDIARIES (CONTINUED)

|                                   | Group<br>1998<br>RM′000 |
|-----------------------------------|-------------------------|
| Property, plant and equipment     | 110,832                 |
| Associated companies              | 1,474                   |
| Stocks                            | 13,982                  |
| Receivables                       | 22,397                  |
| Cash and bank deposits            | 13,766                  |
| Minority interests                | (39,876)                |
| Payables                          | (20,689)                |
| Deferred taxation                 | (5,313)                 |
| Fair value of net assets disposed | 96,573                  |

#### 24 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

|   | Group          |                |
|---|----------------|----------------|
|   | 1999<br>RM′000 | 1998<br>RM′000 |
| Deposits with licensed financial institutions | 24,039         | 36,300         |
| Cash and bank balances                        | 6,714          | 11,693         |
| Short-term borrowings                         | (1,142)        | (2,105)        |
|   | 29,611         | 45,888         |

### 25 CONTINGENT LIABILITIES - UNSECURED

|     |   | Company |        |
|-----|---|---------|--------|
|     |   | 1999    | 1998   |
|     |   | RM′000  | RM′000 |
| (a) | Guarantees for bank overdrafts and other credit |         |        |
|     | facilities of subsidiary companies              | -       | 2,700  |

(b) A subsidiary of the Company is involved in litigation in respect of claims for trespassing on and removing rocks from the plaintiff's property, which has resulted in the cessation of the subsidiary company's quarry operations with effect from 1991. The subsidiary company has sought legal advice and is challenging this claim. In addition, the subsidiary company is counter claiming for damages in respect of the closure of the quarry. Management is currently unable to estimate the probable financial outcome of the pending litigation.

#### 26 CAPITAL COMMITMENTS

|                                   | Gro    | Group  |  |
|-----------------------------------|--------|--------|--|
|                                   | 1999   | 1998   |  |
|                                   | RM′000 | RM′000 |  |
| Authorised and contracted for     | -      | 2,680  |  |
| Authorised but not contracted for | 12,484 | 20,313 |  |

#### 27 SIGNIFICANT INTERCOMPANY TRANSACTIONS

|  | Group  |        | Company |        |
|--|--------|--------|---------|--------|
|  | 1999   | 1998   | 1999    | 1998   |
|  | RM′000 | RM′000 | RM'000  | RM′000 |
| Sales to holding company                 | 2,851  | 8,567  | -       | -      |
| Sales to related companies               | 6,683  | 13,911 | -       | -      |
| Purchases from related companies         | 21,275 | 48,313 | -       | -      |
| Interest receivable from related company | 4,720  | -      | 3,711   | -      |
| Interest receivable from holding company | -      | 3,423  | -       | 2,954  |
| Management fees receivable from          |        |        |         |        |
| subsidiary companies                     | -      | -      | 1,082   | 1,188  |

### 28 SEGMENTAL INFORMATION

The analysis of results and assets employed by geographical location are as follows:

|           | Turnover |         | Profit before taxation |        | Net assets employed |         |
|-----------|----------|---------|------------------------|--------|---------------------|---------|
|           | 1999     | 1998    | 1999                   | 1998   | 1999                | 1998    |
|           | RM'000   | RM'000  | RM'000                 | RM'000 | RM'000              | RM'000  |
| Malaysia  | 162,970  | 281,210 | 34,155                 | 30,126 | 234,784             | 179,402 |
| Singapore | 86,772   | 89,438  | 14,309                 | 11,163 | 40,328              | 35,806  |
|           | 249,742  | 370,648 | 48,464                 | 41,289 | 275,112             | 215,208 |

The financial information by activity is not presented as the Group is principally involved in the manufacture and sale of building and construction related products being one industry segment.

#### 29 HOLDING COMPANY

As of 30 June 1999, the holding company is Hume Industries (Malaysia) Berhad and the ultimate holding company is Hong Leong Company (Malaysia) Berhad. Both companies are incorporated in Malaysia.

Subsequent to year end, Hume Industries (Malaysia) Berhad disposed substantially its equity interests in the Company and consequently ceased to be the holding company of the Company.

#### 30 SIGNIFICANT EVENT

On 10 June 1999, C.I. Building Industries Sdn. Bhd. ("CIBI") (a subsidiary of C.I. Holdings Berhad, formerly known as Hume Redland Industries Sdn. Bhd.) disposed its equity interests in several subsidiary and associated companies (as indicated in notes 10 and 11) to Redland International Limited ("RIL"). On the same date, C.I. Holdings Berhad acquired the remaining 20,300,000 ordinary shares of RM1.00 each representing 29% equity interest in CIBI not already held by the company from RIL.

39

#### 31 SUBSEQUENT EVENTS

On 1 July 1999, C.I. Building Industries Sdn. Bhd. (formerly known as Hume Redland Industries Sdn. Bhd.), a wholly owned subsidiary of the Company entered into a Conditional Shares Sale Agreement with Malenia Pte. Ltd. to dispose of 2,000,000 ordinary shares of SGD1.00 each representing the entire issued and paid-up share capital of HIPL Holdings Pte. Ltd. (formerly known as Hume Redland Trading (S) Pte. Ltd.) for a total cash consideration of SGD27,500,000. The proposed disposal was completed on 25 October 1999.

On 24 August 1999, the Company entered into a sale and purchase agreement to acquire 2,399,971 ordinary shares of RM1.00 each representing 60% equity interest in Hwee Ann Credit & Leasing Sdn Bhd for a total cash consideration of RM4,799,942. On that day the Company also entered into a conditional sale and purchase agreement to acquire 250,001 ordinary shares of RM1.00 each representing 100% equity interest in Capital Aim Sdn Bhd ("CASB") for a cash consideration of RM25 million. The acquisition of CASB is subject to Foreign Investment Committee approval.

On 28 October 1999, the Company entered into a conditional sale and purchase agreement with Punca Ibarat Sdn Bhd for the proposed acquisition of 100% equity interest in Mawar Seroja Sdn Bhd which, in turn, shall have beneficial ownership of 57 million ordinary shares of RM1.00 each in KFC Holdings (Malaysia) Bhd for a total investment cost to the Company of RM450 million. In conjunction with this proposed acquisition, the Company announced a proposed bonus issue, a proposed bonds with warrant issue and a proposed restricted offer for sale of warrants. The proposed acquisition and the proposed issuance of bonus shares, bonds with warrants and the proposed restricted offer for sale of warrants is subject to the approval of the shareholders of the Company.

#### 32 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's accounts presentations.

## **Statement By Directors**

Pursuant To Section 169(15) Of The Companies Act, 1965

We, Dato' Seri Abdul Ghani bin Abdul Aziz and Mr Ting Yew Tong, two of the Directors of C.I. Holdings Berhad, state that, in the opinion of the Directors, the accounts set out on pages 10 to 40 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia.

Signed on behalf of the Board in accordance with a resolution of the Directors.

DATO' SERI ABDUL GHANI BIN ABDUL AZIZ DIRECTOR MR TING YEW TONG DIRECTOR

Kuala Lumpur 30 November 1999

## **Declaration Pursuant To**

Section 169(16) Of The Companies Act, 1965

I, Lee Peng Khoon, the Officer primarily responsible for the financial management of C.I. Holdings Berhad, do solemnly and sincerely declare that the accounts set out on pages 10 to 40 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

LEE PENG KHOON

Subscribed and solemnly declared by the abovenamed Lee Peng Khoon at Kuala Lumpur in Malaysia on 30 November 1999

Before me,

41

# **Report Of The Auditors To The Members**

We have audited the accounts set out on pages 10 to 40. These accounts are the responsibility of the Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the accounts give a true and fair view of the state of affairs of the Group and Company as at 30 June 1999 and of the results of the Group and Company and cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Group and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 10 to the accounts. We have considered the accounts of these subsidiaries and the auditors' reports thereon.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's accounts are in the form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the accounts of the subsidiaries were not subject to any qualifications and did not include any comments made under Section 174(3) of the Act.

PRICEWATERHOUSECOOPERS (No. AF: 1146) Public Accountants

ERIC OOI LIP AUN (No. 1517/6/00 (J)) Partner of the firm

Kuala Lumpur 30 November 1999

# **Other Information**

Properties Help By The Group As At 30 June 1999

| Tenure                                 | Location   | Approximate<br>Area<br>(sq ft) | Approximate<br>Age of<br>Buildings<br>(Year) | Net<br>Book<br>Value<br>(RM'000) |
|--|--|--------------------------------|--|----------------------------------|
| WILAYAH PERS                           | EKUTUAN  |                                |  |                                  |
| Freehold                               | Industrial land at Lot 1178, 1313-1316,<br>1318-1319, 1119-1120<br>Daerah Hulu Langat<br>Mukim of Semenyih         | 3,789,023                      | -  | 26,369                           |
| NEGERI SEMBI                           | LAN DARUL KHUSUS   |                                |  |                                  |
| Leasehold<br>99 years<br>expiring 2077 | Land with buildings at HS(D) 658 PT 1342<br>Senawang Industrial Estate<br>Seremben                                 | 130,680                        | 20   | 2,078                            |
| JOHOR DARUL                            | ТАКΖІМ   |                                |  |                                  |
| Freehold                               | Vacant land at Lot 2799<br>Mukim of Senai<br>Kulai<br>Johor Bahru  | 214,533                        | -  | 57                               |
| SINGAPORE                              |  |                                |  |                                  |
| 15 Years lease<br>expiring 2006        | Land with buildings at Mukim XI Lot 466<br>Site No. 4319<br>Sungei Kadut Industrial Estate                         | 87,164                         | 20   | 363                              |
| 28 Years lease<br>expiring 2025        | Land with buildings under contruction<br>at Mukim XI Lot 1639 PT Plot A 4319 (B)<br>Sungei Kadut Industrial Estate | 87,134                         | Under<br>Construction                        | 4,613                            |

43

| Size of<br>Shareholdings |           | No. of<br>Shareholders | % of<br>Shareholders | No. of<br>Shares Held | % of<br>Shareholdings |  |
|--------------------------|-----------|------------------------|----------------------|-----------------------|-----------------------|--|
| 1 -                      | 499       | 15                     | 0.76                 | 2,195                 | 0.00                  |  |
| 500 -                    | 5,000     | 1,571                  | 79.58                | 2,887,732             | 5.03                  |  |
| 5,001 -                  | 10,000    | 152                    | 7.70                 | 1,277,000             | 2.23                  |  |
| 10,001 -                 | 100,000   | 195                    | 9.88                 | 5,858,000             | 10.21                 |  |
| 100,001 -                | 1,000,000 | 25                     | 1.27                 | 7,537,573             | 13.14                 |  |
| 1,000,001 and            | l above   | 16                     | 0.81                 | 39,815,335            | 69.39                 |  |
|                          | TOTAL     | 1,974                  | 100.00               | 57,377,835            | 100.00                |  |

#### ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 NOVEMBER, 1999

### ANALYSIS OF SHAREHOLDINGS

Class of Shares : Ordinary Shares of RM1.00 each Voting Rights by show of hand : One vote for every member Voting Rights by poll : One vote for every share held

| 1 Abd Rashid Bin VK Abd Majid 5,309,000 9.25   2 Tan Kim San @ Tan Kim Sun 2,100,000 3.66   3 Prestawarga Sdn Bhd 1,797,000 3.13   4 Ooi Ah Teik 1,825,000 3.18   5 Kwek Kooi Hian 2,013,000 3.51   6 HDM Nominees (Tempatan) Sdn Bhd 5,265,000 (a) 9.18 |  |
|--|--|
| 3 Prestawarga Sdn Bhd 1,797,000 3.13   4 Ooi Ah Teik 1,825,000 3.18   5 Kwek Kooi Hian 2,013,000 3.51  |  |
| 4   Ooi Ah Teik   1,825,000   3.18     5   Kwek Kooi Hian   2,013,000   3.51   |  |
| 5 Kwek Kooi Hian 2,013,000 3.51  |  |
|  |  |
| 6 HDM Nominees (Tempatan) Sdn Bhd 5,265,000 (a) 9.18   |  |
|  |  |
| 7 JB Nominees (Tempatan) Sdn Bhd 6,740,000 (a) 11.75   |  |
| 8 OSK Nominees (Tempatan) Sdn Berhad 6,082,000 (a) 10.60   |  |
| 9 Land Management Sdn Bhd 1,415,000 2.47   |  |
| 10 Khor Chei Yong   1,415,000 (b)   2.47   |  |
| 11 Tan Eng Lam   1,415,000 (b)   2.47  |  |
| 12 Assets Nominees (Tempatan) Sdn Bhd3,490,335 (a)6.08   |  |
| 13 Chase Malaysia Nominees (Asing) Sdn Bhd1,191,000 (a)2.08  |  |
| 14 Smith Zain Nominees (Tempatan) Sdn Bhd3,318,000 (a)5.78   |  |
| 15 Dato' Syed Ibrahim Bin Syed Mohamed   433,000   0.75   2,007,000 (b)   3.50   |  |
| 16 Syed Ibrahim Sdn Bhd   1,300,000   2.27   |  |
| 17 Yip Tsui Yoke 4,987,000 (b) 8.69  |  |
| 18 Ng Chin Hoo   4,987,000 (b)   8.69  |  |
| 19 Exa Corporate Services Sdn Bhd4,387,000 (b)2.42   |  |
| 20 HLG Nominee (Tempatan) Sdn Bhd   3,685,000 (a)   6.42   |  |
| 21 Hume Roofing Industries Sdn Bhd2,091,8353.65  |  |
| 22 Permodalan Nasional Berhad2,663,0004.64   |  |
| 23 Yayasan Pelaburan Bumiputra2,663,000 (b)4.64  |  |
| 24 Amanah Raya Berhad11,972,00020.87- Skim Amanah Saham Bumiputera   |  |
| 25 Hong Leong Company (Malaysia) Berhad3,490,335 (c)6.08   |  |
| 26 Hume Industries (Malaysia) Berhad3,490,335 (e)6.08  |  |
| 27 HL Holdings Sdn Bhd   3,490,335 (d)   6.08  |  |

| Substantial Shareholders as at 30 November, 1999 | Direct No.<br>of shares | Percentage<br>(%) | Indirect<br>No. of<br>shares | Percentage<br>(%) |
|--|-------------------------|-------------------|------------------------------|-------------------|
| 28 Tan Sri Quek Leng Chan                        |                         |                   | 3,490,335 (d)                | 6.08              |
| 29 Hong Leong Investment Holdings Pte Ltd        |                         |                   | 3,490,335 (d)                | 6.08              |
| 30 Hong Realty (Private) Limited                 |                         |                   | 3,490,335 (d)                | 6.08              |
| 31 Kwek Holdings Pte Ltd                         |                         |                   | 3,490,335 (d)                | 6.08              |
| 32 Kwek Leng Beng                                |                         |                   | 3,490,335 (d)                | 6.08              |

#### Notes

(a) Bare trustees for various beneficial owners

(b) Deemed interest by virtue of Section 6A(4) of the Companies Act, 1965

(c) Deemed interest through Hume Industries (Malaysia) Berhad

(d) Deemed interest through Hong Leong Company (Malaysia) Berhad

(e) Inclusive of shares held by Hume Roofing Industries Sdn Bhd

#### **TWENTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER, 1999**

| N  | DS. NAMES   | SHAREHOLDINGS | %     |
|----|---|---------------|-------|
| 1  | AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD<br>A/C SKIM AMANAH SAHAM BUMIPUTERA | 11,972,000    | 20.87 |
| 2  | SMITH ZAIN NOMINEES (TEMPATAN) SDN BHD<br>A/C ABD RASHID BIN V.K. ABD MAJID | 3,284,000     | 5.72  |
| 3  | JB NOMINEES (TEMPATAN) SDN BHD<br>A/C EXA CORPORATE SERVICES SDN BHD        | 2,837,000     | 4.94  |
| 4  | PERMODALAN NASIONAL BERHAD  | 2,663,000     | 4.64  |
| 5  | OSK NOMINEES (TEMPATAN) SDN BERHAD<br>A/C TAN KIM SAN @ TAN KIM SUN         | 2,100,000     | 3.66  |
| 6  | ASSETS NOMINEES (TEMPATAN) SDN BHD<br>A/C HUME ROOFING INDUSTRIES SDN BHD   | 2,091,835     | 3.65  |
| 7  | HDM NOMINEES (TEMPATAN) SDN BHD<br>A/C ALAF TERAJU SDN BHD                  | 2,063,000     | 3.60  |
| 8  | OSK NOMINEES (TEMPATAN) SDN BERHAD<br>A/C ABD RASHID BIN V.K. ABD MAJID     | 2,000,000     | 3.49  |
| 9  | HDM NOMINEES (TEMPATAN) SDN BHD<br>A/C KWEK KOOI HIAN                       | 1,835,000     | 3.20  |
| 10 | JB NOMINEES (TEMPATAN) SDN BHD<br>A/C PRESTAWARGA SDN BHD                   | 1,797,000     | 3.13  |
| 11 | OSK NOMINEES (TEMPATAN) SDN BERHAD<br>A/C LAND MANAGEMENT SDN BHD           | 1,415,000     | 2.47  |
| 12 | HDM NOMINEES (TEMPATAN) SDN BHD<br>A/C OOI AH TEIK                          | 1,300,000     | 2.27  |
| 13 | SYED IBRAHIM SDN BHD  | 1,300,000     | 2.27  |
| 14 | JB NOMINEES (TEMPATAN) SDN BHD<br>A/C EXA CORPORATE SERVICES SDN BHD        | 1,100,000     | 1.92  |

A/C EXA CORPORATE SERVICES SDN BHD

### TWENTY LARGEST SHAREHOLDERS AS AT 30 NOVEMBER, 1999 (CONTINUED)

| N  | OS. NAMES   | SHAREHOLDINGS | %    |
|----|---|---------------|------|
| 15 | DU AIN SDN BHD  | 1,057,000     | 1.84 |
| 16 | ASSETS NOMINEES (TEMPATAN) SDN BHD<br>A/C HUME INDUSTRIES (MALAYSIA) BERHAD | 1,000,500     | 1.74 |
| 17 | JB NOMINEES (TEMPATAN) SDN BHD<br>A/C NG CHIN HOO                           | 1,000,000     | 1.74 |
| 18 | DUCLOS SDN BHD  | 950,000       | 1.66 |
| 19 | OSK NOMINEES (TEMPATAN) SDN BERHAD<br>A/C LEONG CHOON ONN                   | 485,000       | 0.85 |
| 20 | KE-ZAN SECURITIES SDN BHD<br>A/C ERIC A/L EE YANG @ AI LIAN                 | 461,000       | 0.80 |



(37918-A) (Incorporated in Malaysia)

#### FORM OF PROXY

I/We .....being a member/members of C.I. HOLDINGS BERHAD hereby appoint ..... of ..... of failing him/her, .... or failing him/her, the Chairman of the meeting as my/our proxy to attend and to vote for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company, to be held at the Bilik Perdana, 3rd Floor, Wisma Idris, 17, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 30 December, 1999 at 10:00 a.m. and at any adjournment thereof.

|    | Ordinary Resolution  | For | Against |
|----|--|-----|---------|
| 1. | To receive and consider the Audited Accounts for the financial year ended 30 June 1999 together with the Directors' and Auditors' Report thereon.  |     |         |
| 2. | To declare Final Dividend of 5% less tax at 28% for the year ended 30 June, 1999.  |     |         |
| 3. | To re-elect the following as Directors pursuant<br>to the Company's Articles of Association :<br>Dato' Seri Abdul Ghani Bin Abdul Aziz<br>Mr Ting Yew Tong<br>Mr Tai Pet Song<br>Mr Tan Jooi Kyang<br>Mr Su, Lung-Chun<br>Mr Tan Kok Aun |     |         |
| 4. | To re-appoint Messrs PricewaterhouseCoopers<br>as the Auditors of the Company and to authorise<br>the Board of Directors to fix their remuneration.  |     |         |
| 5. | To appoint Tan Sri Abdul Aziz Bin Mohd<br>Zain who is over 70 years of age.  |     |         |
| 6. | To consider and if thought fit, pass the Ordinary<br>Resolution to give authority to the Director to<br>allot and issue shares pursuant to<br>Section 132D of the Companies Act, 1965.   |     |         |
| 7. | To transact any other business.  |     |         |

Please indicate with an [X] how you wish your vote to be cast.

Dated this.....day of.....1999.

[Number of Ordinary Shares Held]

#### Signature / Common Seal of Member(s)

#### Notes:

- 1. A member of the Company who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2. In the case of a corporate member, the instrument appointing a proxy shall be under its Common Seal or under the hand of some officer of the corporation duly authorised in that behalf.
- 3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
- 4. The instrument appointing a proxy must be deposited at the Company's registered office at 10th Floor-Tower Block, Kompleks Antarabangsa, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or at any adjournment thereof.