



Golden Hope

2001 Annual Report

Strengthening Corporate Governance



Golden Hope Plantations Berhad

(29992-U)
Incorporated in Malaysia

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our corporate philosophy

Group Vision

“to excel as a global world class organisation focused on businesses that enhance lifestyle”

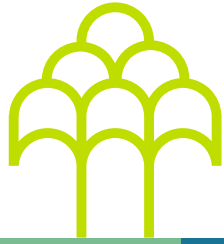
our corporate key strategies

- Committed to synergistic growth to enhance shareholder value
- Expansion, diversification and/or divestment to maximise growth in markets and profits
- Developing a high performance organisation with a committed and competent workforce capable of delivering business results
- Business-driven R&D for competitive edge
- Enhancing market position of Golden Hope's products through brand recognition and preferred global supplier
- Maximising the use of technology focussing on Information & Communication Technology and automation to drive business improvements
- Total commitment to Corporate Governance, Quality, Safety, Health and Environment

our values

We, at Golden Hope, are fully committed to the following values that guide us to be a quality-driven world class conglomerate:

- **BUSINESS EXCELLENCE** – We strive to be the best in class
- **SPEED** – We factor time as a measurement of success
- **CUSTOMERS** – We put the needs of our customers as our highest priority
- **EMPLOYEE DEVELOPMENT** – We are committed to the continuing development of our employees
- **HONESTY, INTEGRITY & ACCOUNTABILITY** – We conduct our business with utmost honesty and integrity. We are accountable for all our actions
- **COMMUNITY** – We are a responsible corporate citizen, sensitive to the needs and expectations of the community
- **ENVIRONMENT** – We are committed to the protection of the environment and sustainable development
- **SAFETY & HEALTH** – We are committed to providing a safe and healthy work environment for our employees and stakeholders



Golden Hope

total quality management policy

We at Golden Hope are fully committed to quality. We strive for excellence and pledge to provide our customers with products and services that meet or exceed their quality requirements.

To be a quality driven world class conglomerate, we shall:

- Adopt Total Quality Management principles and practices
- Continuously improve our processes, products and services
- Establish and maintain formal quality management systems
- Promote a culture that motivates employees to be committed, skillful and creative

environment policy

We at Golden Hope recognise our responsibility to safeguard the environment in the course of conducting our business operations. Environment will be a primary consideration in all aspects and at all stages of our business.

To protect the environment, we shall:

- Prevent or minimise any potential adverse environmental impacts arising from our operations, products and services
- Review and improve continuously our protocols, operations, products and services to enhance our environmental performance
- Encourage employees to conduct their occupational and personal activities in an environmentally-responsible manner
- Promote high environmental performance standards amongst our stakeholders and the industry at large

occupational safety & health policy

We at Golden Hope are committed to secure safety and health of all our employees at work. In the conduct of our activities, we strive to maintain a safe and healthy working environment for all our employees, customers and the public, the starting point being the complete compliance with legislative requirements. We value our Safety and Health Policy as primary and equal to our business objectives and that Line Management are responsible for implementing them.

To maintain a safe and healthy working environment we shall:

- Provide continuous training and supervision to all employees at all levels to build and promote a safe and healthy working culture
- Equip employees with adequate and appropriate personal protective equipment
- Develop individual personal responsibility and accountability for their own, as well as the personal and facilities under their charge
- Require Contractors and Suppliers working on our behalf, to adhere to our Safety and Health standards

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at Ballroom 1, Level 2, Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia, on Thursday, 11th October, 2001 at 11.30 a.m. for the following purposes:

Ordinary Business

- | | |
|---|------------------------------|
| 1. To receive and adopt the Report of the Directors, the Audited Financial Statements for the year ended 30th June, 2001 and the report of the Auditors thereon. | <i>Ordinary Resolution 1</i> |
| 2. To declare a final dividend for the financial year ended 30th June, 2001. | <i>Ordinary Resolution 2</i> |
| 3. To approve the Directors' fees for the financial year ended 30th June, 2001. | <i>Ordinary Resolution 3</i> |
| 4. To re-elect the following Directors pursuant to Article 94 of the Company's Articles of Association as Directors of the Company: | |
| i. Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid | <i>Ordinary Resolution 4</i> |
| ii. Tuan Haji Mohammad bin Abdullah | <i>Ordinary Resolution 5</i> |
| 5. To re-appoint Encik Washington SyCip pursuant to Section 129(6) of the Companies Act, 1965, as Director of the Company to hold office until the conclusion of the next Annual General Meeting. | <i>Ordinary Resolution 6</i> |
| 6. To re-appoint Messrs Ernst & Young as the Company's auditors and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 7</i> |
| 7. To transact any other ordinary business of the Company of which due notice has been received. | |

Notice of Dividend Entitlement

NOTICE IS ALSO HEREBY GIVEN that the Register of Members will be closed by 5.00 pm on 17th October, 2001 to determine shareholders' entitlement to the dividend payment.

A depositor shall qualify for entitlement only in respect of:

- Shares deposited into the depositor's securities account before 12.30 pm on 15th October, 2001 (in respect of shares which are exempted from mandatory deposit);
- Shares transferred to the depositor's securities account before 12.30 pm on 17th October, 2001 in respect of ordinary transfers; and
- Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of Kuala Lumpur Stock Exchange.

By Order of the Board,

NORLIN BINTI ABDUL SAMAD
(LS 000981)
Secretary

Kuala Lumpur
19th September, 2001

Notes:

- A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies, but not exceeding two to attend and vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the Meeting in person to vote. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of an officer of the corporation duly authorised in that behalf.
- All forms of proxy should be deposited at the Company's registered office, 13th Floor, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur, not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Kuala Lumpur Stock Exchange: Particulars of Directors seeking re-election or re-appointment at the Annual General Meeting

I. Attendance at Board Meetings held during the financial year ended 30th June, 2001 of Directors seeking re-election or re-appointment at the Annual General Meeting:

A total of eight Board Meetings were held during the financial year as follows:

No. of Meeting	Date	Time	Place
BOD-5/2000	25th August, 2000	10.00 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
BOD-6/2000	28th September, 2000	9.30 a.m.	Hotel Nikko Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur, Malaysia
BOD-7/2000	27th November, 2000	8.30 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
BOD-1/2001	18th January, 2001	10.30 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
BOD-2/2001	23rd February, 2001	10.30 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
*SP/BOD-3/2001	18th April, 2001	10.00 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
BOD-4/2001	24th May, 2001	10.30 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur
BOD-5/2001	28th June, 2001	9.00 a.m.	13th Floor, Golden Hope Plantations Berhad, Menara PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur

**Special Board Meeting*

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid and Tuan Haji Mohammad bin Abdullah are seeking re-election while Encik Washington SyCip is seeking re-appointment at the Annual General Meeting. Their attendance at the abovementioned Board Meetings was as follows:

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid

Attended all the Board Meetings set out above except for Meeting No. BOD-1/2001.

Tuan Haji Mohammad bin Abdullah

Attended all the Board Meetings set out above except for Meeting No. SP/BOD-3/2001.

Encik Washington SyCip

Attended all the Board Meetings set out above except for Meeting Nos. BOD-7/2000, BOD-1/2001, BOD-2/2001, SP/BOD-3/2001 and BOD-5/2001.

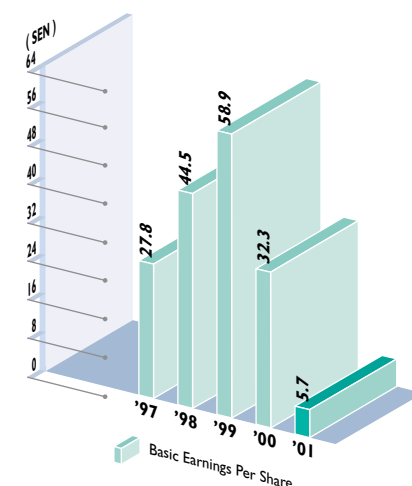
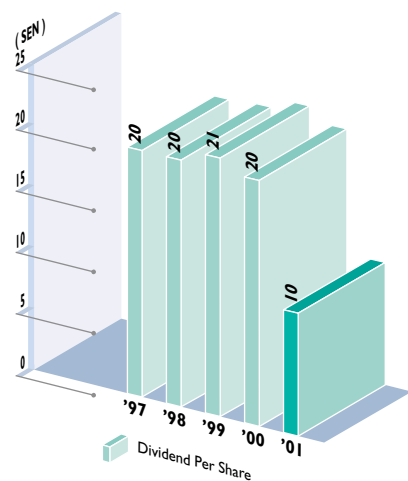
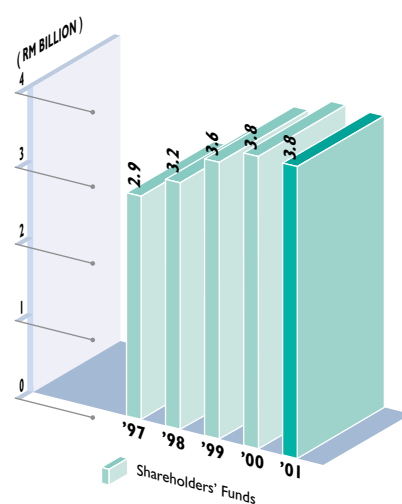
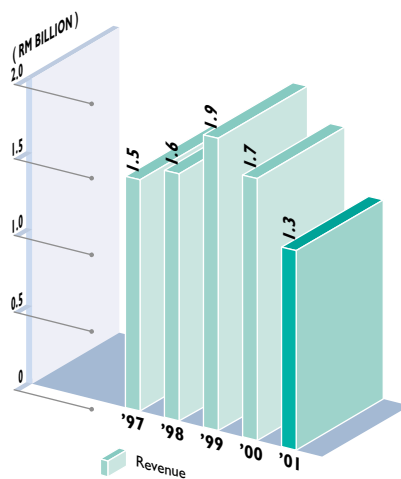
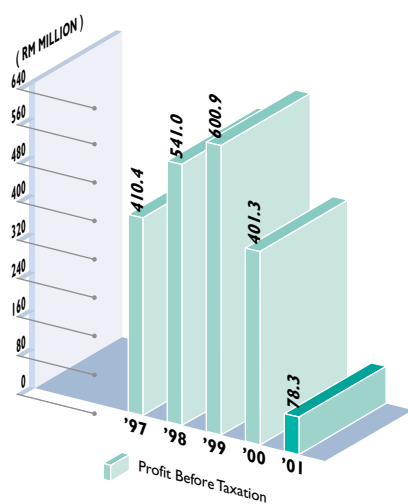
Statement Accompanying Notice of Annual General Meeting Pursuant To Paragraph 8.28(2) Of The Listing Requirements Of Kuala Lumpur Stock Exchange: Particulars of Directors seeking re-election or re-appointment at the Annual General Meeting

2. Further Details of Directors seeking re-election or re-appointment at the Annual General Meeting:

Name	Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid	Tuan Haji Mohammad bin Abdullah	Encik Washington SyCip
Age	63	60	80
Nationality	Malaysian	Malaysian	American
Qualification	Master in Public Administration	Member of the Malaysian Association of Certified Public Accountants (MACPA) and the Malaysian Institute of Accountants (MIA)	Master of Science In Commerce
Position on the Board	Non-Independent Non-Executive	Non-Independent Non-Executive	Independent Non-Executive
Date first appointed on the Board	10th August, 1998	3rd June, 1983	21st April, 1997
Membership of Board Committees	<ul style="list-style-type: none"> Executive Committee Remuneration Committee Nomination Committee 	<ul style="list-style-type: none"> Audit Committee Employees' Share Option Scheme Committee Share Buy Back Committee 	<ul style="list-style-type: none"> Audit Committee Remuneration Committee Nomination Committee
Directorships of other public companies	<ul style="list-style-type: none"> Northport Corporation Berhad MNI Holdings Berhad Sime Darby Berhad Petaling Garden Berhad 	<ul style="list-style-type: none"> Negara Properties (M) Berhad Malayan Banking Berhad 	Nil
Securities holdings in Golden Hope and its subsidiaries	Nil	Nil	Nil
Family relationship with any director and/or major shareholder of and conflict of interest with Golden Hope Plantations Berhad	No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad except by virtue of being Chairman of Permodalan Nasional Berhad and a nominee Director of Permodalan Nasional Berhad.	No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad except by virtue of being a nominee Director of Permodalan Nasional Berhad.	No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad.
Convictions for offences within the past 10 years other than traffic offences	Nil	Nil	Nil

GROUP FIVE-YEAR FINANCIAL SUMMARY

	YEAR ENDED 30TH JUNE				
	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Revenue	1,317,421	1,718,915	1,946,770	1,552,806	1,511,800
Profit Before Taxation	78,252	401,261	600,875	541,982	410,387
Shareholders' Funds	3,833,685	3,786,281	3,608,398	3,169,564	2,861,540
Basic Earnings Per Share (sen)	5.7	32.3	58.9	44.5	27.8
Dividend Per Share – Gross (sen)	10.0	20.0	21.0	20.0	20.0



GROUP FIVE-YEAR FINANCIAL RECORD

	YEAR ENDED 30TH JUNE				
	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Revenue					
Palm Products	413,200	571,869	818,714	650,851	487,641
Rubber	40,015	57,592	81,747	93,036	105,166
Copra	241	622	755	21,671	35,611
Fees and Commissions	2,156	1,226	3,551	2,381	3,072
Others	107,795	207,394	160,725	94,453	107,773
Agro-Business	563,407	838,703	1,065,492	862,392	739,263
Property	107,556	127,788	131,303	173,394	438,122
Industries	472,286	507,339	477,741	348,409	244,793
International Business	174,172	245,085	272,234	168,611	89,622
Total	1,317,421	1,718,915	1,946,770	1,552,806	1,511,800
Operating Profit					
Palm Products	38,644	185,132	433,344	264,684	186,423
Rubber	1,133	(2,141)	9,821	10,974	18,676
Copra	(582)	(258)	523	4,182	2,278
	39,195	182,733	443,688	279,840	207,377
Less: Replanting	38,609	39,723	54,647	47,017	30,856
	586	143,010	389,041	232,823	176,521
Fees and Commissions	1,470	1,604	2,715	5,516	1,468
Others	7,189	9,997	8,680	9,947	12,137
Agro-Business	9,245	154,611	400,436	248,286	190,126
Property	5,070	3,731	(26,502)	10,245	174,692
Industries	(943)	13,642	(521)	(13,310)	(21,165)
International Business	(4,505)	13,206	8,708	1,543	(3,166)
Total	8,867	185,190	382,121	246,764	340,487
Earnings					
Profit Before Taxation	78,252	401,261	600,875	540,982	410,387
Exceptional Items	6,719	143,558	127,980	240,490	35,597
Profit Attributable to Shareholders	57,829	325,933	591,565	446,785	279,016
Dividends – Net of Tax	*79,180	162,282	151,849	144,605	143,552
Profit Retained	20,452	163,651	439,716	302,180	135,464

* Included final dividend of RM42,460,000 to be proposed at the forthcoming Annual General Meeting.

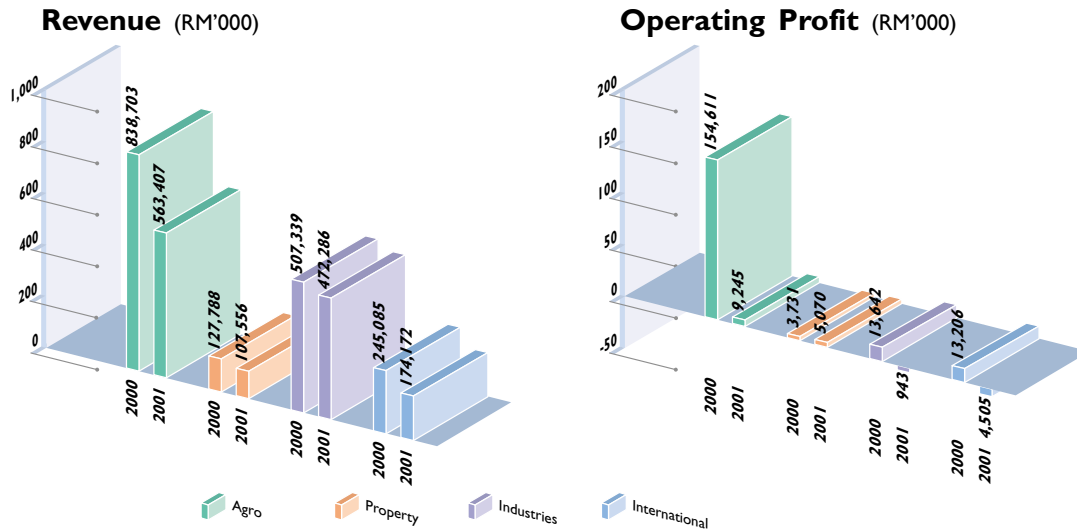
Group Five-Year Financial Record

	AS AT 30TH JUNE				
	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000
Financed By					
Share Capital	1,020,671	1,010,230	1,004,322	1,004,203	1,003,827
Reserves	2,813,014	2,776,051	2,604,076	2,165,361	1,857,713
Shareholders' Funds	3,833,685	3,786,281	3,608,398	3,169,564	2,861,540
Minority Interests	166,525	168,844	157,668	154,407	161,838
Deferred Liabilities	45,952	44,992	46,897	47,176	51,644
Total	4,046,162	4,000,117	3,812,963	3,371,147	3,075,022
Assets Employed					
Property, Plant and Equipment	2,330,616	2,268,363	2,217,544	2,092,730	2,027,896
Associated Companies	146,371	116,837	98,656	90,834	104,237
Investments	50,686	50,686	40,636	40,636	22,246
Development Properties	436,049	306,781	429,775	531,084	471,515
Net Current Assets	1,082,440	1,257,450	1,026,352	615,863	449,128
Total	4,046,162	4,000,117	3,812,963	3,371,147	3,075,022
Capital Expenditure					
Land and New Planting	84,558	122,587	75,720	81,092	27,917
Buildings, Equipment, etc.	54,858	73,604	78,736	84,307	46,500
Financial Statistics					
Operating Profit to Revenue (%)	5.9	10.8	19.6	15.9	22.5
Dividend Per Share – Gross (sen)	10.0	20.0	21.0	20.0	20.0
Dividend Cover (times)	0.7	2.0	3.9	3.1	1.9
Market Price (RM)	3.32	4.22	3.26	3.80	4.34
Dividend Yield – Gross (%)	3.0	4.7	6.4	5.3	4.6
Price-earning Ratio	58.2	13.1	5.5	8.5	15.6
Earnings Per Share (sen)	5.7	32.3	58.9	44.5	27.8
Net Tangible Assets Per Share (RM)	3.75	3.75	3.59	3.16	2.85

Notes:

1. The earnings per share and dividend cover are based on profit after taxation and minority interests.
2. Net tangible assets per share comprise issued capital and reserves less intangible assets, if any.
3. The market prices are based on the prices of shares quoted on the last trading day of June.

GROUP DIVISIONAL RESULTS



GROUP HALF-YEARLY RESULTS

	1st Half Year Ended 31st December, 2000		2nd Half Year Ended 30th June, 2001		Year Ended 30th June, 2001	
	RM'000	%	RM'000	%	RM'000	%
Revenue	642,193	49	675,228	51	1,317,421	100
Investment and Other Income	18,211	63	10,738	37	28,949	100
Operating Profit	36,255	96	1,561	4	37,816	100
Associated Companies	15,624	46	18,093	54	33,717	100
Exceptional Items	1,276	19	5,443	81	6,719	100
Profit Before Taxation	53,155	68	25,097	32	78,252	100
Taxation	13,612	65	7,472	35	21,084	100
Profit After Taxation	39,543	69	17,625	31	57,168	100
Minority Interests	(3,227)	488	2,566	(388)	(661)	100
Profit Attributable to Shareholders	42,770	74	15,059	26	57,829	100
	Sen Per Share	%	Sen Per Share	%	Sen Per Share	%
Basic Earnings Per Share	4.2	74	1.5	26	5.7	100

GROUP FINANCIAL HIGHLIGHTS

	2001 RM'000	2000 RM'000
Revenue	1,317,421	1,718,915
Profit:		
Before Taxation	78,252	401,261
After Taxation	57,168	330,008
Attributable To Shareholders	57,829	325,933
Net Dividend:		
Interim	36,720	50,290
Final	42,460*	111,933
Share Capital	1,020,671	1,010,230
Shareholders' Funds	3,833,685	3,786,281
Capital Expenditure:		
Land and New Planting	84,558	122,587
Buildings, Equipment, Etc.	54,858	73,604
Dividend Per RMI Ordinary Share:		
Gross	10 sen	20 sen
Net Cover (times)	0.7	2.0
Basic Earnings Per RMI Ordinary Share:		
Before Tax	7.7 sen	39.7 sen
After Tax	5.7 sen	32.3 sen
Net Tangible Assets Per RMI Ordinary Share	RM3.75	RM3.75
Return On Shareholders' Funds (%)	1.5	8.6
Share Prices:		
Kuala Lumpur Stock Exchange		
High	RM4.20	RM4.54
Low	RM2.68	RM3.12

* To be proposed at the forthcoming Annual General Meeting.

GROUP CORPORATE STRUCTURE

Agro



SUBSIDIARIES

Golden Hope Plantations (Peninsular) Sdn. Bhd.	100%
Golden Hope Plantations (Sabah) Sdn. Bhd.	100%
Golden Hope Plantations (Sarawak) Sdn. Bhd.	100%
Tohunsug Plantations Sdn. Bhd.	100%
Mostyn Palm Processing Sdn. Bhd.	100%
The Glengowrie Rubber Company Berhad	90%
Chermang Development (Malaya) Sdn. Berhad	84%
P.T. Budidaya Agro Lestari	75%
P.T. Sandika Natapalma	75%
Golden Hope Latex Sdn. Bhd.	100%
Golden Hope Agrotech Consultancy Sdn. Bhd.	100%
Perkhidmatan Komputer Perladangan Sdn. Bhd.	100%

Property



SUBSIDIARIES

Negara Properties (M) Berhad	62%
Melawati Development Sdn. Bhd.	62%
Negara Properties Services Sdn. Bhd.	62%
Sungai Kantan Development Sdn. Bhd.	62%
Negara Properties Realty Sdn. Bhd.	62%
Negara Properties Leisure Management Sdn. Bhd.	62%
Impian Golf Resort Berhad	62%
Negara Properties Landscaping Sdn. Bhd.	62%
Negara Properties Builders Sdn. Bhd.	62%
Melawati Resort Berhad	62%
Negara Properties Harta Sdn. Bhd.	62%
Negara Properties Smarthomes Sdn. Bhd.	62%

Industries



SUBSIDIARIES

Golden Jomalina Food Industries Sdn. Bhd.	100%
Golden Hope Fruit Industries Sdn. Bhd.	100%
Golden Hope Fibreboard Sdn. Bhd.	100%
Golden Hope Furniture Sdn. Bhd.	100%
Golden Hope Parquet Sdn. Bhd.	100%
Harvik Rubber Industries Sdn. Bhd.	70%

International



SUBSIDIARIES

Golden Hope Overseas Sdn. Bhd.	100%
Golden Hope Plantations (Deutschland) GmbH	100%
Paul Tiefenbacher GmbH	100%
Golden Hope – Nhabe Edible Oils Co. Ltd.	51%
Jiangyin – Golden Hope Oils and Fats Co. Limited	60%

* Dusun Durian Plantations Limited	100%
* The London Asiatic Rubber and Produce Company, Limited	100%
* The Pataling Rubber Estates, Limited	100%
* Hoscote Rubber Estates Limited	100%
* The Straits Plantations, Limited	100%
* Sabah Plantations Limited	100%
* Castlefield (Klang) Rubber Estate PLC	100%
* Holyrood Rubber PLC	100%
* The Kuala Selangor Rubber PLC	100%
* Kinta Kellas Rubber Estates PLC	100%
* The Sungei Bahru Rubber Estates PLC	100%
* Nalek Rubber Estate Limited	100%
* Edensor Rubber Estate Limited	100%
* Shelford Rubber Estate Limited	100%
* Sogomana Rubber Estate Limited	100%
* Trolak Estates Limited	100%
* Bakasawit Sdn. Bhd.	100%

ASSOCIATES

Mentakab Rubber Company (Malaya) Berhad	47.1%
Tenom Crumb Sdn. Bhd.	49%
Cocoahouse Industries Sdn. Bhd.	40%
Cocoahouse Processing Sdn. Bhd.	40%

* Under an internal reorganisation scheme of the group's agro-business the plantations land, business, assets and investments of these companies were transferred to Golden Hope Plantations (Peninsular) Sdn. Bhd. and Tegas Setia Sdn. Bhd.

NP Development Sdn. Bhd.	43%
Golden Hope Development Sdn. Bhd.	100%
Golden Hope Staff Bungalows Sdn. Bhd.	100%
Pulau Carey Properties Sdn. Bhd.	100%
Golden Hope Properties (Johor) Sdn. Bhd.	100%
Golden Hope Properties (Pahang) Sdn. Bhd.	100%
Golden Hope Properties (Melaka) Sdn. Bhd.	100%
Golden Hope Properties (Perak) Sdn. Bhd.	100%
Golden Hope Properties (Negeri Sembilan) Sdn. Bhd.	100%
Golden Hope Properties (Selangor) Sdn. Bhd.	100%
Prang Besar Properties Sdn. Bhd.	100%

ASSOCIATE

Bitaria Sdn. Bhd.	14.9%
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Entree Sdn. Bhd.	60%
Kapar Coconut Industries Sdn. Bhd.	51%
Golden Hope Biogenic Sdn. Bhd.	100%
Binuang Palm Oil Refinery Sdn. Bhd.	100%
Rubiatec Sdn. Bhd.	100%
Centrifugal Process Sdn. Bhd.	100%

ASSOCIATES

Cognis Oleochemicals (M) Sdn. Bhd.	50%
Cognis Kimianika (M) Sdn. Bhd.	50%
Cognis Chemicals (M) Sdn. Bhd.	50%
Cognis Rika (M) Sdn. Bhd.	27.5%

ASSOCIATES

Leverian Holdings Pte. Ltd.	40%
Bangladesh Edible Oil Limited	40%
Intertrade (Bangladesh) Private Limited	40%

Strengthening
Corporate
Governance

A STATEMENT ON THE APPLICATION BY THE COMPANY OF THE PRINCIPLES AND PRACTICES OF THE MALAYSIAN CODE ON CORPORATE GOVERNANCE PURSUANT TO PARAGRAPH 15.26 OF THE LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

The Board of Golden Hope is pleased to report to shareholders on the manner the Group has applied the Principles, and the extent of compliance with the Best Practices of good governance as set out in Part 1 and Part 2 respectively of the Malaysian Code on Corporate Governance (the Code) pursuant to Paragraph 15.26 of the Listing Requirements of Kuala Lumpur Stock Exchange (the Listing Requirements). Any areas where the Group has not complied with the Code are explained in this report.

I. The Board of Directors

I.1 Composition

The Board is composed of ten directors; three of whom are independent non-executive directors within the meaning of Chapter 1.01 of the Listing Requirements. The Board is required under Paragraph 15.02 of the Listing Requirements to ensure that it has one-third independent directors. The Board will increase the number of independent non-executive directors by 31st December, 2001.

I.2 Duties and Responsibilities

The Company is led by a strong and experienced Board under a Chairman who is a non-executive director. The roles of the Chairman and Group Chief Executive are separate and each has a clearly accepted division of responsibilities to ensure a balance of power and authority. The Board has within it, professionals drawn from varied backgrounds; bringing indepth, and diversity in experience, expertise and perspectives to the Group's business operations. The profiles of the members of the Board are set out in this Annual Report on pages 31 to 33. The Board is ensured of a balanced and independent view at all Board deliberations largely due to the presence of its non-executive directors who form a majority of the Board. More importantly, the Board has as members, independent non-executive directors who are independent from Management and major shareholders of the Company. The independent directors are also free from any business or other relationships that could materially interfere with the exercise of their independent judgement. Together with the executive directors who have intimate knowledge of the Company's business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities. As part of its commitment, the Board supports the highest standards of corporate governance and the development of best practices for the Group.

Strengthening Corporate Governance

The Board retains full and effective overall control of and responsibility for the Company. This includes the following 6 specific responsibilities in the discharge of its duties:

- reviewing and adopting a strategic plan for the Company through the development of the Group's White Book (Strategic Business Plan).
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed. The Board plays a supportive yet watchful role over the performance of Management.
- identifying principal risks to ensure the implementation of appropriate systems to manage these risks.
- developing and implementing an investor relations programme for the Company, as it is important that the Company is able to communicate effectively with its shareholders and stakeholders.
- reviewing the adequacy and the integrity of the Company's internal control systems and Management systems; including systems for compliance with applicable laws, regulations rules, directives and guidelines.

2. Board Meetings

The Board meets at least six times a year and has a formal schedule of matters reserved to it. Additional meetings are held as and when required. It also meets at the end of every quarter of the financial year, whereat, the Group's financial statements and results are deliberated and considered. The Board and its committees are supplied with full and timely information to enable them to discharge their responsibilities. During these meetings, the Board also appraises new investment and business proposals, reviews the management or performance of the business of operating units, or existing investment and any other strategic issues that affect or may affect the Group's business.

During the financial year, the Board met eight times; whereat it deliberated and considered a variety of matters including the Group's financial results, major investment and strategic decisions, the Business plan and direction of the Group. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. The Board papers are comprehensive and encompass all aspects of the matters being considered enabling the Board to look at both the quantitative and qualitative factors so that informed decisions are made.

Directors have access to all information within the Company and to the advice and services of the Group Secretary who is responsible for ensuring that Board Meeting procedures are followed and that applicable rules and regulations are complied with.

The attendance of the Directors at the Board Meetings set out on page 5 of this Report pursuant to Paragraph 9.25 (1) of the Listing Requirement was as follows:-

Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid: attended seven Board Meetings. He did not attend Meeting No. BOD-1/2001.

Dato' Abd. Wahab bin Maskan: attended all the eight Board Meetings.

Encik Zain Azahari bin Zainal Abidin: attended six Board Meetings. He did not attend Meeting Nos. BOD-7/2000 and BOD-5/2001.

Tuan Hj. Mohammad bin Abdullah: attended seven Board Meetings. He did not attend Meeting No. SP/BOD-3/2001.

Dr. Ng Chong Kin: attended all the eight Board Meetings.

Datuk Maznah binti Abdul Hamid: attended seven Board Meetings. She did not attend Meeting No. BOD-7/2000.

Encik Washington SyCip: attended three Board Meetings. He did not attend Meeting Nos. BOD-7/2000, BOD-1/2001, BOD-2/2001, SP/BOD-3/2001 and BOD-5/2001.

Tuan Hj. Megat Dziauddin bin Megat Mahmud: attended seven Board Meetings. He did not attend Meeting No. SP/BOD-3/2001.

Dato' Dr. Abdul Halim bin Haji Ismail: attended all the eight Board Meetings.

Encik Henry Sackville Barlow: attended five Board Meetings. He did not attend Meeting Nos. BOD-1/2001, SP/BOD-3/2001 and BOD-4/2001.

3. Re-Election of Directors

At least one-third of the directors are required to retire by rotation each financial year in accordance with the Company's Articles of Association and can offer themselves for re-election at the Annual General Meeting. Directors who are appointed by the Board to fill a casual vacancy are subject to election by shareholders at the next Annual General Meeting following their appointment. The Company's Articles of Association will be amended to provide that Executive Directors will also be subject to re-election by rotation once every three years to comply with Paragraph 7.28 of the Listing Requirements.

In this Annual Report, details of directors seeking re-election or re-appointment (as the case may be) pursuant to Paragraph 8.2 of the Listing Requirements such as their age, relevant experience, list of directorships, date of appointment, details of participation in Board Committees and the fact that they are independent are disclosed in a separate statement, i.e. in a statement accompanying the Notice of the Annual General Meeting.

4. Directors' Training

During the financial year, Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid, Dato' Abd. Wahab bin Maskan, Encik Zain Azahari bin Zainal Abidin, Tuan Haji Mohammad bin Abdullah, Dato' Abdul Halim bin Haji Ismail and Tuan Haji Megat Dziauddin bin Megat Mahmud attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM); an affiliate company of Kuala Lumpur Stock Exchange. Encik Henry Sackville Barlow, Dr. Ng Chong Kin, Datuk Maznah binti Abdul Hamid and Encik Washington SyCip are expected to attend the MAP by December 2001.

5. Directors' Remuneration

Non-executive directors are paid attendance allowance for each Board or Committee Meeting they attend. Directors fees are paid to non-executive directors and these are approved by shareholders at the Annual General Meeting. Executive Directors are not paid attendance allowance and directors fees.

Details of remuneration for Directors are as follows:

Executive Directors	RM1,207,157
Non-Executive Directors	RM371,500

The number of Directors whose total remuneration falls within the following bands is as follows:

Range of Remuneration	Executive Directors	Non-Executive Directors
Below RM50,000	—	7
RM50,001 to RM100,000	—	1
RM450,001 to RM500,000	1	—
RM700,001 to RM750,000	1	—

Strengthening Corporate Governance

6. Board Committees

As appropriate, the Board has delegated certain responsibilities to Board committees which operate within clearly defined terms of reference. These committees are:

6.1 Audit Committee

Golden Hope's Audit Committee assists and supports the Board's responsibility to oversee the Group's operations in the following manner:-

- provides a means for review of the Group's processes for producing financial data, its internal controls and independence of the Group's external and internal auditors.
- reinforces the independence of the Company's external auditors.
- reinforces the objectivity of the Group's Internal Audit Department.

The Audit Committee comprises, four non-executive directors (three of whom, including the Chairman, are independent non-executive directors). The members are:

1. Dr. Ng Chong Kin (*Independent, Non-Executive Director*) – Chairman
2. Encik Washington SyCip (*Independent, Non-Executive Director*)
3. Datuk Maznah binti Abdul Hamid (*Independent, Non-Executive Director*)
4. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*)

The Committee's terms of reference include the review of and deliberation on the Group's financial statements, the audit findings of the External auditors arising from their audit of the Group's financial statements and the audit findings and issues raised by Internal Audit together with the Management's responses thereon. The Group Chief Executive, Director, Internal Audit and Group Director, Finance attend meetings at the invitation of the Audit Committee. The Committee also invites Heads of Divisions/Departments and operating units and the External Auditors. Agendas of the meetings of the Audit Committee will usually include audit findings of operating units; departments or support service units of the Group; and investigations carried out by Internal Audit.

The Committee also reviews the Group's Interim and Final Unaudited Statements (Quarterly) and Final Audited (twelve months) statements before they are considered, deliberated and approved by the Board.

The Audit Committee Report for the financial year pursuant to Paragraph 15.16 of the Listing Requirements is contained on page 27 to 29 of this Annual Report.

An independent Audit Committee provides a forum for regular and private discussions between the Group's external auditors and the directors who have no significant relationship with management. In the Group, the Audit Committee provides this assurance and platform for the Group's external auditors to discharge their responsibilities unimpaired.

Best Practices BB Part 2 and Part 4 of the Code and Paragraph 15.13 of the Listing Requirements spell out the duties of an Audit Committee. The scope of duties of Golden Hope's Audit Committee includes primarily the duties detailed therein.

The terms of reference of the Audit Committee, its activities during the financial year, details of attendance of each member of the Committee and the number of meetings held are set out on pages 27 to 29 of this Annual Report.

6.2 Executive Committee

The Executive Committee comprising four non-executive directors and one executive director (the Group Chief Executive), examines investment and strategic proposals and makes appropriate recommendations to the Board. The Executive Committee which meets at least six times a year also decides on yearly Bonus and Increment awards for executives of the Group; reviews terms and conditions of service and policies of Group employees, scholarship awards, payment of retirement gratuities, and matters relating to the welfare of Group employees. The members are:

1. Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (*Non-Independent, Non-Executive Director*) – Chairman
2. Encik Zain Azahari bin Zainal Abidin (*Non-Independent, Non-Executive Director*)
3. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*)
4. Dato' Dr. Abdul Halim bin Haji Ismail (*Non-Independent, Non-Executive Director*)
5. Encik Henry Sackville Barlow (*Non-Independent, Non-Executive Director*)

6.3 Nomination Committee

In compliance with the Listing Requirements, a Nomination Committee was established by the Board on 24th May, 2001. The Committee comprises three non-executive directors, two of whom are independent. The members are:

1. Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (*Non-Independent, Non-Executive Director*) – Chairman
2. Encik Washington SyCip (*Independent, Non-Executive Director*)
3. Dr. Ng Chong Kin (*Independent, Non-Executive Director*)

The Committee's responsibility among others, is to propose new nominees for the Board and Board Committees, to assess directors on an on-going basis, and to annually review the required skills and core competencies of non-executive directors.

6.4 Remuneration Committee

In compliance with the Listing Requirements, the Board established a Remuneration Committee on 24th May, 2001, comprising mainly non-executive directors, two of whom are independent. The Committee's primary responsibility is to recommend to the Board, the remuneration of directors (executive and non-executive) in all its forms, drawing from outside advice if necessary. Nevertheless, the determination of remuneration packages of Directors is a matter for the Board as a whole and individuals are required to abstain from discussion of their own remuneration. The members are:

1. Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid (*Non-Independent, Non-Executive Director*) – Chairman
2. Dato' Abd. Wahab bin Maskan (*Non-Independent, Executive Director*)
3. Dr. Ng Chong Kin (*Independent, Non-Executive Director*)
4. Encik Washington SyCip (*Independent, Non-Executive Director*)

6.5 Employees Share Option Scheme Committee (Option Committee)

The Option Committee comprises three non-executive directors (one of whom is independent) and administers the Company's Employees Share Option Scheme (Scheme) introduced in April 1999. The Committee has power to administer the Scheme in such manner as it shall in its discretion deem fit; including such powers and duties conferred upon it under the Bye-Laws of the Scheme. The Committee ensures that the Scheme is administered in accordance with the Bye-Laws. The members are:

1. Encik Zain Azahari bin Zainal Abidin (*Non-Independent, Non-Executive Director*) – Chairman
2. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*)
3. Dr. Ng Chong Kin (*Independent, Non-Executive Director*)

Subject to approval of the Board, the Committee will be dissolved upon the expiry of the Scheme in 2004.

Strengthening Corporate Governance

6.6 Share Buy Back Committee

The Board established a Share Buy Back Committee on 24th May, 2001 comprising two non-executive directors and one executive director, pursuant to approval of the shareholders given at an Extraordinary General Meeting (EGM) of the Company on 8th May, 2001 for the Company to purchase its own shares in accordance with Section 67A of the Companies Act, 1965. The Committee's primary responsibility is to carry into effect the resolutions approved in respect of the share buy back.

The members are:-

1. Dato' Dr. Abdul Halim bin Haji Ismail (*Non-Independent, Non-Executive Director*) – *Chairman*
2. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*)
3. Dato' Abd. Wahab bin Maskan (*Non-Independent, Executive Director*)

The authority given to the Committee by the shareholders will conclude at the Annual General Meeting (AGM) of the Company. The Board will seek the shareholders' mandate to renew its authority at an EGM to be convened immediately after the adjournment of the AGM.

7. Accountability and Audit

7.1 Financial Reporting:

Statement of Directors' Responsibility in respect of Audited Financial Statements pursuant to Paragraph 15.27 (a) of the Listing Requirements.

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the financial statements; the Chairman's Statement and Divisional Operations Review in the Annual Report.

Directors are required pursuant to Section 169 (15) of the Companies Act, 1965 to state whether the Group's financial statements drawn for the financial year are drawn up in accordance with approved accounting standards so as to give a true and fair view of the Group's state of affairs and of the results the Group's business (operations) for the financial year. This statement is signed by the Chairman, Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid and the Group Chief Executive, Dato' Abd. Wahab bin Maskan for and on behalf of the Board and is set out on page 138 of this Annual Report.

In preparing the above financial statement, the Directors have:

- adopted suitable accounting policies and then apply them consistently;
- made judgements and estimates that are prudent and reasonable
- ensured applicable accounting standards have been followed, subject to any material departures
- disclosed and explained in the financial statements and
- prepared the financial statements on an ongoing basis.

The Group's quarterly, half yearly and annual results announcement which are released to shareholders; within the stipulated time frame reinforce the Board's commitment to provide a true and fair view of the Group's operations. These announcements are posted on the Company's website at www.goldenhope.com.my, while summaries of the results are published in the New Straits Times and Business Times.

7.2 Internal Audit

The Group's internal audit function is independent of the activities, they audit and is performed with impartiality, proficiency and due professional care.

Internal audit review of operating units by Internal Audit; under the Group's Internal Audit Department, is an independent objective assessment of a unit's compliance with internal controls.

An internal audit review highlights major weaknesses in control procedures and makes recommendations for improvements. Internal Audit also investigates complaints of misuse and abuse of the Company's systems and processes, mismanagement of Company property/assets and other instances of fraud and malpractice. The Director, Internal Audit reports to the Audit Committee to ensure independence of his position and that of the Internal Audit Department.

7.3 External Audit

The Group's independent external auditors fill an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

The external Auditors have an obligation to bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

8. Relations with Shareholders and Investors

The Annual General Meeting (AGM) is the principal forum for dialogue with individual shareholders and investors. It is a crucial mechanism in shareholder communication for the Company. At the Company's AGM which is generally well attended; shareholders have direct access to the Board and are given the opportunity to ask questions during the lengthy open question and answer session prior to the motion moving for approval of the Company's Audited Statements and Directors Report for the financial year. The shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general. Where it is not possible to provide the questions with an immediate answer to a significant question; the Chairman will undertake to provide him/her with a written answer after the AGM. The Chairman of the Board also addresses the shareholders on the review of the Group's operations for the financial year and outline the prospects (of the Group) for the new financial year. Copies of the address are given out to shareholders and the press before the AGM.

Additionally, a press conference is held immediately after the AGM whereat the Chairman advises members of the media of the resolutions passed, and answers questions on the Group operations fielded by the reporters. The Group Chief Executive and Group Director, Finance are also present at the press conference to clarify and explain any issue.

"One to one" or individual briefings to selected fund managers and analysts are also held during the year. The direct dialogue has given investors and interested parties on the one hand, a better appreciation and understanding of the Group's performance and its strategic direction, and on the other, awareness of the expectations and concern of the investors and such interested parties. Additionally, the Company's website, www.goldenhope.com.my provides easy access to the latest corporate information of the Group. A Corporate Website Committee assigned with ensuring timely and accurate information of the Group's activities has also been set up.

Strengthening Corporate Governance

9. Compliance with the Code

Save for the exceptions set out below, the Group is in substantial compliance, throughout the financial year, with the Principles and Best Practices of the Code:

- a. The appointment of an independent director pursuant to Best Practices Provision AA III, who is a person within the meaning of Chapter 1.01 of the Listing Requirements will be made before 31st December, 2001, the deadline for compliance with Paragraph 15.02 of the Listing Requirements.
- b. The appointment of a senior independent non-executive director to whom concerns may be conveyed pursuant to Best Practices Provision AA VII has not been made because of the fact that the Board's composition has a majority of non-executive directors and the Chairman maintains an active and objective dialogue with Board members and encourages full deliberation of all matters submitted to the Board and Board Committee Meetings.
- c. Pursuant to Best Practices Provision AA I the Board is expected, in the discharge of its stewardship responsibilities, to identify principal risks and ensure implementation of appropriate systems to manage these risks. The need for proper risk assessment which is a critical component of a sound system of internal control is essential. At present, the Group has in place, an effective internal control system which has ensured the following:
 - effectiveness and efficiency of Group operations
 - reliability of financial information
 - compliance with laws and regulations.

Nevertheless, the Board is of the view that a more structured approach to formalise the existing process by which risks are identified, assessed, controlled and reviewed, and the Board's involvement in the process, should be undertaken. In formulating this process, the Board will be guided by the "Guidance for Directors of Public Listed Companies" issued by the Task Force on Internal Control in December 2000. The guidance will assist the Board in evaluating the adequacy and integrity of the Group's system of internal control. The Board will also be assisted by the Risk Compliance Committee which was set up in June 2001. The Committee is tasked with the responsibility of coordinating the internal control and risk management activities of the Group and ensuring that regular gap analysis is carried out to identify gaps in internal control and providing reports to the Audit Committee. The creation of this Committee will extend the Company's system of internal control and risk management and will enhance the Board's ability to perform its responsibilities with respect to internal control.

A STATEMENT ON INTERNAL CONTROL PURSUANT TO PARAGRAPH 15.27(b) OF THE LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

Principle D11 in Part I of the Code places the onus for internal control on the Board. It states: "The Board should maintain a sound system of internal control to safeguard shareholders' investment and the company's assets".

Paragraph 15.27 (b) of the Listing Requirements has made it mandatory for the Board to make a statement in this Annual Report about the state of internal control in the Company as a Group.

The Board believes that the Group's systems of internal controls, financial or otherwise should provide reasonable assurance regarding the achievement of the Group's objectives in

- effectiveness and efficiency of operations
- reliability of financial information
- compliance with laws and regulations

The Board acknowledges its responsibility for maintaining a sound system of internal control. However, it recognises that reviewing of the Group's systems of internal control is a concerted continuing process, designed to manage rather than eliminate the risk of failure to achieve business objectives. The Group's system of internal control can only provide reasonable but not absolute assurance against material loss.

The Board believes that internal control is a means to an end and not an end, in itself. It is effected by employees at every level; not wholly by policy manuals, which can sometimes place inadvertent importance on the "form rather than the substance" of policies and their implementation.

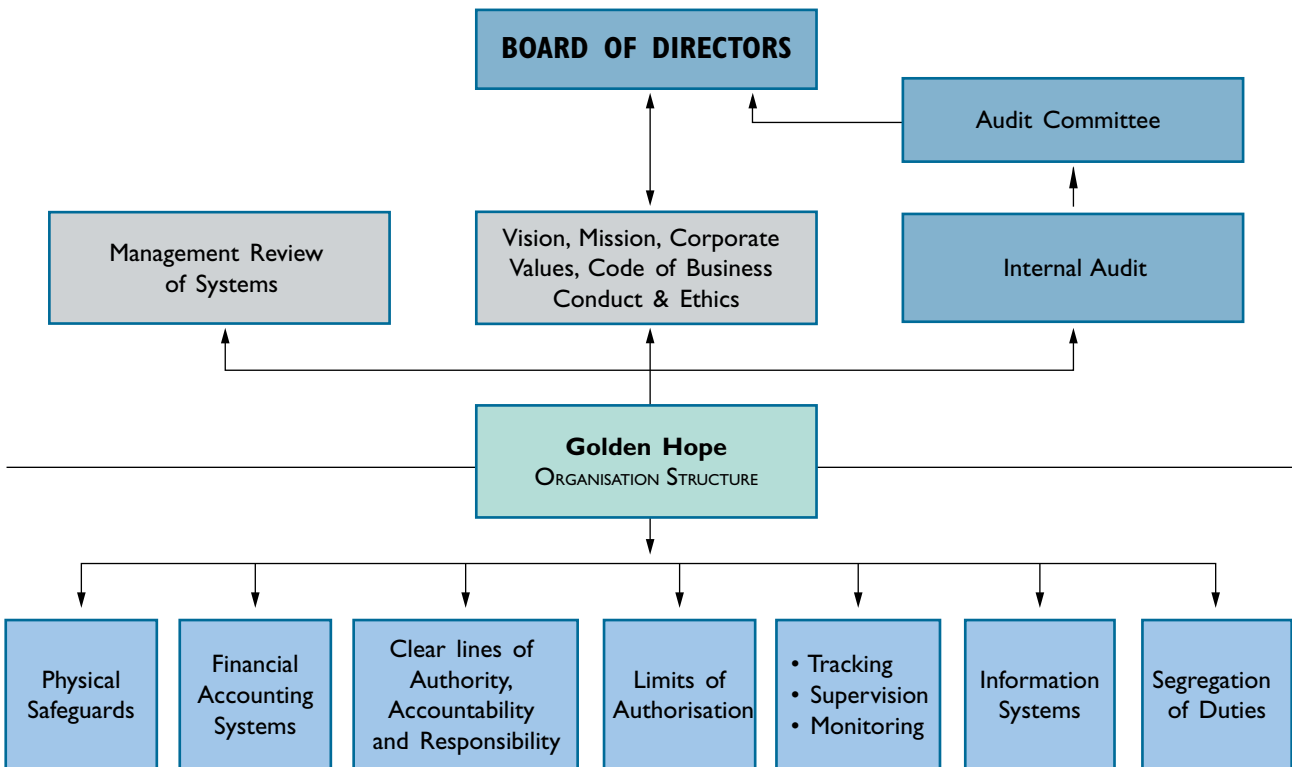
In order to achieve sound internal control it is first necessary to provide an environment that is conducive to this objective. It means that the Board, Management and all levels of employees understand the importance of internal control system to the organisation.

The corporate environment in Golden Hope has within it, the following elements:-

- an effective Board which retains control over the Company and monitors Management
- corporate values, policies and procedures which are communicated effectively to employees
- strong organisation structure to achieve Company objectives
- clearly defined authorities and responsibilities, segregation of duties
- physical safeguards (eg. limit access to assets, systems and records, establish clear control of assets and custodial responsibility)
- information systems which are adequate in providing data
- sound Management review of systems, processes, procedures established
- strong and independent Internal Audit

Strengthening Corporate Governance

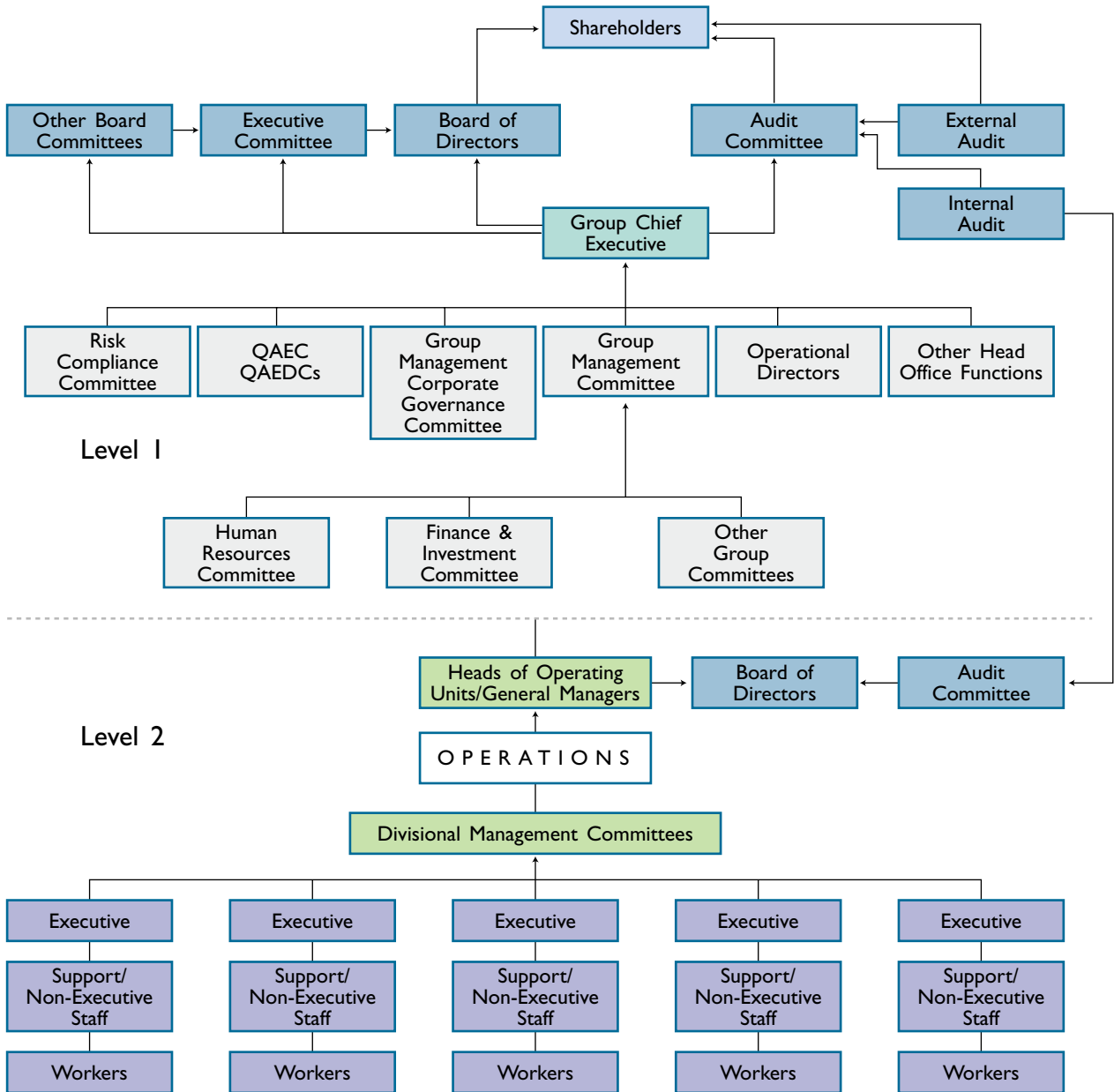
The elements of internal control present in the Group can be illustrated as follows:-



At present, the process fundamentally used by the Board to review the effectiveness of the Group's system of internal control is effected by way of and through the Audit Committee and Internal Audit. The review covers the financial operational and compliance controls of the Group.

The Group's internal governance framework spells out the relationships and clear reporting and accountability lines between the shareholders, the Board, the Audit Committee, Internal Audit and Management. The monitoring and tracking system in place give reasonable assurance that the structure of controls and operation is appropriate to the Group.

The Internal Governance Framework of the Group can be illustrated as follows:



To assist the Board in complying with Paragraph 15.27 (b), a Risk Compliance Committee at Management level was established in June 2001, comprising two executive directors (the Group Chief Executive and Group Director, Finance) and Director, Internal Audit. The Committee's responsibility includes assessing, identifying, evaluating, reviewing and monitoring, the effectiveness of the Group's system of internal control (operational and financial) and risk management activities and modifying and improving where necessary, weaknesses in the system.

The creation of the Risk Compliance Committee will extend the Group's system of internal control and risk management and enhance the Board's ability to perform its responsibilities with respect to internal control.

Strengthening Corporate Governance

Other than the Committees established by the Board whose functions are explained on pages 18 to 19 of this Annual Report; the Group has in place the following Committees set up by Management:

Name of Committee	Functions
Quality, Assurance and Environment Council (QAEC)	Responsible for issues on quality, safety, health, environment and innovation.
Group Management Committee	Responsible for monitoring and evaluating of operating units' performance and examining all strategic matters affecting the Group.
Group Management Corporate Governance Committee	Responsible for ensuring compliance to the Malaysian Code on Corporate Governance, the Listing Requirements of Kuala Lumpur Stock Exchange and other regulatory/legal requirements.
Risk Compliance Committee	Interalia identifying, evaluating, reviewing, monitoring effectiveness of the Group's system of risk management and internal control.
Finance & Investment Committee	Responsible for overall Group financial and investment matters/proposals.
New Business Committee	Examines and appraises proposals on new businesses, investment in new ventures and new products in the market.
Human Resources Committee	Responsible for human resources investment and development.
White Book Committee	Responsible for tracking White Book's (Group Master Plan) strategic implementation.
K-Commerce Committee	Responsible for information, communication and technology performance.
Technology and Development Committee	Responsible for new processes, new product development, innovations etc.
Quality, Assurance & Environment Divisional Councils (QAEDCs)	Responsible for issues on quality, safety, health, environment and holding the gains on Divisional basis.

As explained on page 22 of this Annual Report, the Board intends to review and reinforce existing procedures and processes. The Board will adopt a formal process to review the adequacy and integrity of the Group's internal control. The Board will focus on the key areas that it needs to pay attention to, particularly the key commercial, financial risks facing the Group's business operations. The Board will be guided by the "Guidance for Directors of Public Listed Companies" issued by the Task Force on Internal Control. The Board will, in compliance with Paragraph 15.24 of the Listing Requirements, also ensure that the Company's external auditors, Messrs Ernst & Young review the Board's Statement of Internal Control and report to the Board the results thereof.

REPORT ON THE **ACTIVITIES** OF THE **AUDIT COMMITTEE** FOR THE **CURRENT** FINANCIAL YEAR PURSUANT TO PARAGRAPH 15.26 OF THE LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

1. Role of Audit Committee

An independent Audit Committee assists, supports and implements the Board's responsibility to oversee the Company's operations in the following manner:-

- provides a means for review of the Company's processes for producing financial data, its internal controls and independence of the Company's external and internal auditors.
- reinforces the independence of the Company's external auditors.
- reinforces the objectivity of the Company's Internal Audit Department.

2. Terms of Reference

The Board resolved to establish a Committee of the Board to be known as the Audit Committee on **28th February, 1994**.

• **Composition**

The Committee shall comprise at least three Non-Executive Directors, a majority of whom shall be independent. The Chairman shall be an Independent Non-Executive Director. One member must be a professional accountant.

• **Quorum**

The quorum shall be three, the majority of whom (ie two) shall be independent non-executive directors.

• **Attendance At Meeting**

The Group Chief Executive, Group Director, Finance and the Director, Internal Audit of Golden Hope Plantations Berhad shall attend meetings by invitation of the Committee. Other Board members shall have the right of attendance. At least once a year the Committee shall meet with the external auditors without Executive Board members present.

• **Frequency Of Meetings**

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary.

• **Authority**

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

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- **Duties**

The duties of the Committee shall be:

- (a) to recommend to the Board the appointment of the external auditors and the audit fee thereof;
- (b) to make appropriate recommendations to the Board on matters of resignation or dismissal of external auditors;
- (c) to discuss with the external auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- (d) to review the quarterly, half year and annual financial statements of the Company before submission to the Board of Directors, focusing particularly on:
 - (i) public announcement of results and dividend payment
 - (ii) any changes in accounting policies and practice
 - (iii) major judgmental areas
 - (iv) significant adjustments resulting from the audit
 - (v) the going concern assumption
 - (vi) compliance with accounting standards
 - (vii) compliance with stock exchange and legal requirements
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss (in the absence of Management where necessary).
- (f) to review the external auditors' letter to Management and Management's response;
- (g) to review the Company's statement on internal control systems prior to endorsement by the Board;
- (h) to review the internal audit programme, ensure co-ordination between the internal and external auditors, ensure that the internal audit function is adequately resourced and has appropriate standing within the Company and the necessary authority to carry out its work;
- (i) to consider the findings of internal audit and investigations and Management's response;
- (j) to consider other topics, as defined by the Board;
- (k) to consider any related party transactions that may arise within the Company or Group.

- **Reporting Procedures**

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.

Detailed audit reports by Internal Auditors and the respective Management response are circulated to members of the Committee before each Meeting of the Committee at which the said reports are tabled.

3. Membership and Meetings of the Committee

The Committee's composition was reconstituted during the financial year, following the requirement of Paragraph 15.10 of the Listing Requirements that a majority of its members must be independent non-executive directors. The members of the Committee prior to the change in its composition on 24th May, 2001, were;

1. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*) – *Chairman*
2. Encik Zain Azahari bin Zainal Abidin (*Non-Independent, Non-Executive Director*)
3. Dr. Ng Chong Kin (*Independent, Non-Executive Director*)

During its tenure, the Committee met four times during the financial year; from August 2000 until May 2001. There was full attendance for all the Meetings except for the Meeting held in November 2001 (Encik Zain Azahari bin Zainal Abidin was absent) and February 2001 (Tuan Haji Mohammad bin Abdullah was absent) respectively.

The membership of the Committee as at 24th May, 2001 is as follows:

1. Dr. Ng Chong Kin, Chairman (*Independent, Non-Executive Director*)
2. Encik Washington SyCip (*Independent, Non-Executive Director*)
3. Datuk Maznah binti Abdul Hamid (*Independent, Non-Executive Director*)
4. Tuan Haji Mohammad bin Abdullah (*Non-Independent, Non-Executive Director*)

Since their appointment, and as at the date of this Annual Report, the Committee has met once, ie on 22nd August, 2001, to consider and review interalia the Unaudited Results for the financial year, the Final Dividend recommendations and the Fourth Quarter Results for the Company and Group.

4. Internal Audit Function

The Company has an Internal Audit Department whose internal audit function is independent of the activities or operation of its auditees. The Department undertakes the audit of the Group's operating units; reviewing the units' compliance to internal control procedures; highlighting weaknesses and making appropriate recommendations for improvements. Internal audit also investigates complaints submitted to it on matters affecting the Group's operations. The Department is headed by the Director, Internal Audit. The Department also assists Negara Properties (M) Berhad, a subsidiary of the Company, in providing it with internal audit function.

5. Activities During The Year

The Audit Committee met at scheduled times; with due notices of meetings issued, and with agendas planned and itemised so that issues raised in the audit reports by the Internal Auditors or in respect of financial statements were deliberated and discussed in a focused and detailed manner.

At every Meeting of the Committee during the financial year; Internal Audit Reports of the Group's subsidiary companies (incorporating therein, the audit findings, Internal Audit recommendations and Management's responses) were tabled and deliberated. In its undertaking of each audit, the Internal Auditors reviewed the internal control system and performed relevant compliance and substantive audit procedures of the auditee company.

The reviews of the Group's quarterly, half yearly and twelve monthly financial statements were held before the Board Meetings at which the financial statements were to be approved. During the respective Board Meetings, the Chairman of the Audit Committee briefed the Board on issues raised in respect of the financial statements and the recommendations of the Committee thereon.

During the review of the Group's twelve month's financial results; representatives of the External Auditors, Messrs Ernst & Young, were invited to discuss the Group Accounts for the year ended 30th June, 2001 (audited by them); Management's response to all pertinent issues and findings that had been raised and noted by the External Auditors during their examination of the said Group Accounts; together with recommendations in respect of the findings.

CORPORATE INFORMATION

Board of Directors

Chairman

TAN SRI DATO' SERI (DR.)

AHMAD SARJI BIN

ABDUL HAMID

– Non-Independent,
Non-Executive Director

Directors

DATO' ABD. WAHAB

BIN MASKAN

– Non-Independent,
Executive Director

ZAIN AZAHARI

BIN ZAINAL ABIDIN

– Non-Independent,
Non-Executive Director

MOHAMMAD BIN ABDULLAH

– Non-Independent,
Non-Executive Director

DR. NG CHONG KIN

– Independent,
Non-Executive Director

DATUK MAZNAH

BINTI ABDUL HAMID

– Independent,
Non-Executive Director

MEGAT DZIAUDDIN

BIN MEGAT MAHMUD

– Non-Independent,
Executive Director

WASHINGTON SYCIP

– Independent,
Non-Executive Director

DATO' DR. ABDUL HALIM

BIN HAJI ISMAIL

– Non-Independent,
Non-Executive Director

HENRY SACKVILLE BARLOW

– Non-Independent,
Non-Executive Director

Secretary

Norlin binti Abdul Samad

Audit Committee

Chairman

Dr. Ng Chong Kin

Members

Washington SyCip
Datuk Maznah binti Abdul Hamid
Mohammad bin Abdullah

Secretary

Norlin binti Abdul Samad

Executive Committee

Chairman

Tan Sri Dato' Seri (Dr.)
Ahmad Sarji bin Abdul Hamid

Members

Dato' Abd. Wahab bin Maskan
Zain Azahari bin Zainal Abidin
Dato' Dr. Abdul Halim
bin Haji Ismail
Henry Sackville Barlow

Secretary

Norlin binti Abdul Samad

Remuneration Committee

Chairman

Tan Sri Dato' Seri (Dr.) Ahmad
Sarji bin Abdul Hamid

Members

Dato' Abd. Wahab bin Maskan
Dr. Ng Chong Kin
Washington SyCip

Secretary

Norlin binti Abdul Samad

Nomination Committee

Chairman

Tan Sri Dato' Seri (Dr.)
Ahmad Sarji bin Abdul Hamid

Members

Washington SyCip
Dr. Ng Chong Kin

Secretary

Norlin binti Abdul Samad

Employees Share Option Scheme Committee

Chairman

Zain Azahari bin Zainal Abidin

Members

Mohammad bin Abdullah
Dr. Ng Chong Kin

Secretary

Norlin binti Abdul Samad

Share Buy Back Committee

Chairman

Dato' Dr. Abdul Halim
bin Haji Ismail

Members

Mohammad bin Abdullah
Dato' Abd. Wahab bin Maskan

Secretary

Megat Dziauddin bin
Megat Mahmud

Registered Office

13th Floor, Menara PNB
No. 201-A, Jalan Tun Razak
50400 Kuala Lumpur
Telephone : 03-2161 9022
Facsimile : 03-2161 8221
Website :
<http://www.goldenhope.com.my>

Registrar

Signet Share Registration
Services Sdn. Bhd.
10th & 11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Telephone : 03-245 4337
Facsimile : 03-242 1353

Auditors

Ernst & Young
401, Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur

Principal Bankers

Bumiputra Commerce
Bank Berhad
Tingkat 1, Menara PNB
No. 201-A, Jalan Tun Razak
50400 Kuala Lumpur

Malayan Banking Berhad
Lot 1.01,
Ampang Park Complex
Jalan Ampang
50450 Kuala Lumpur

Solicitors

Zain & Co.
Tingkat 6 & 7
Bangunan MNI-Takaful
Jalan Melaka
50100 Kuala Lumpur

Stock Exchange Listing

Kuala Lumpur Stock Exchange

Group Management Committee

Group Chief Executive
Dato' Abd. Wahab bin Maskan

Group Director – Finance
Megat Dziauddin
bin Megat Mahmud

Group Director – Agro-Business
Sabri bin Ahmad

Group Secretary
Norlin binti Abdul Samad

BOARD OF DIRECTORS

TAN SRI DATO' SERI (DR.) AHMAD SARJI BIN ABDUL HAMID

Aged 63. Malaysian. Non-Independent Non-Executive Director. Chairman of Golden Hope Plantations Berhad since 10th August, 1998. Chairman of Executive Committee, Remuneration Committee, Nomination Committee of Golden Hope Plantations Berhad. Also Chairman of Permodalan Nasional Berhad, Northport Corporation Berhad, Syarikat Perumahan Pegawai Kerajaan Sdn. Bhd., Petaling Garden Berhad, MNI Holdings Berhad, Sime Darby Berhad and Institute of Islamic Understanding Malaysia. Formerly, Chief Secretary to the Government. Holds a Master's degree in Public Administration from Harvard University. Also a Fellow of Malaysian Institute of Directors, Malaysian Institute of Management, Institute of Quality Control Malaysia and the National Institute of Public Administration. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad, except by virtue of being Chairman of Permodalan Nasional Berhad and a nominee Director of Permodalan Nasional Berhad. Attended seven Board Meetings held in the financial year.



DATO' ABD. WAHAB BIN MASKAN

Aged 50. Malaysian. Non-Independent Executive Director. Group Chief Executive of Golden Hope Plantations Berhad since 1st April, 1999. Appointed to the Board in 1996. Member of Executive Committee, Remuneration Committee, Employees' Share Option Scheme Committee and Share Buy Back Committee of Golden Hope Plantations Berhad. Also Board member of Negara Properties (M) Berhad, Mentakab Rubber Company (Malaya) Berhad, Pelaburan Hartanah Nasional Berhad and Perak Corporation Berhad. Also the Vice-President of the Business Council for Sustainable Development. Holds a Bachelor of Science in Management (Real Estate) from the University of Reading, England and is a Fellow of the Institution of Surveyors. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad. Attended all the eight Board Meetings held in the financial year.



ZAIN AZAHARI BIN ZAINAL ABIDIN

Aged 66. Malaysian. Non-Independent Non-Executive Director. Was appointed to the Board on 19th July, 1982. A senior partner of the legal firm of Zain & Co. Chairman of Employees' Share Option Scheme Committee and Member of Executive Committee of Golden Hope Plantations Berhad. Chairman of Maruichi Malaysia Steel Tube Berhad. Was admitted to Lincoln's Inn, London, and was called to the English Bar in 1958. No family relationship with/not related to any major director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad. Attended six Board Meetings held in the financial year.

MOHAMMAD BIN ABDULLAH

Aged 60. Malaysian. Non-Independent Non-Executive Director. Was appointed to the Board on 3rd June, 1983. Member of Audit Committee, Employees' Share Option Scheme Committee and Share Buy Back Committee of Golden Hope Plantations Berhad. Chairman of Negara Properties (M) Berhad, Malaysian National Reinsurance Berhad, Labuan Reinsurance (L) Limited, Malaysian Rating Corporation Berhad, Mayban Discount Berhad and Malaysia Equity Fund Limited. Director of Malayan Banking Berhad, Mayban Finance Berhad, MIMOS Berhad and a number of private limited companies in the finance, IT and property development industries. With more than 33 years experience in the accounting profession, he is a member of the Malaysian Association of Certified Public Accountants (MACPA) and the Malaysian Institute of Accountants (MIA) since 1986. Former Chairman of Coopers & Lybrand, Malaysia and Executive Chairman of Malaysian Electronic Payment System Sdn. Bhd. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad. Attended seven Board Meetings held in the financial year.



DR. NG CHONG KIN

Aged 53. Malaysian. Independent Non-Executive Director. Was appointed to the Board on 8th August, 1990. Chairman of Audit Committee and Member of Remuneration Committee, Nomination Committee and Employees' Share Option Scheme Committee of Golden Hope Plantations Berhad. A medical practitioner. Holds a Bachelor of Medicine and a Bachelor of Surgery from the University of Malaya. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad. Attended all the eight Board Meetings held in the financial year.



DATUK MAZNAH BINTI ABDUL HAMID

Aged 46. Malaysian. Independent Non-Executive Director. Was appointed to the Board on 1st July, 1996. Member of Audit Committee of Golden Hope Plantations Berhad. Executive Chairman of Kumpulan Securiforce Sdn. Bhd. and Chairman of Danau Lumayan Sdn. Bhd. Director of Perbadanan Usahawan Nasional Berhad (PUNB), and Board of Trustees of Yayasan Sultanah Bahiyah, Kedah. Holds various positions in social, educational and industrial organisations. She is on the Board of Directors of Universiti Utara Malaysia (UUM) and Adjunct Fellow of School of Social Development, Universiti Utara Malaysia, an Exco member of Wanita UMNO Malaysia and also the President of USAHAWATI. At the international level, Datuk Maznah is the Vice-President of the Women World Entrepreneurs Association (FCEM) and a member of the Board of Advisors of Excellerated Business Schools Inc. (USA). No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad. Attended seven Board Meetings held in the financial year.



MEGAT DZIAUDDIN BIN MEGAT MAHMUD

Aged 55. Malaysian. Non-Independent Executive Director. Group Director-Finance of Golden Hope Plantations Berhad. Was appointed to the Board on 1st July, 1995. Alternate Director to Dato' Abd. Wahab bin Maskan in Perak Corporation Berhad. Also a Board member of several of the Group's subsidiaries. An Economics graduate from the Queen's University of Belfast, a Fellow of the Institute of Chartered Accountants in Ireland and a Registered Accountant with the Malaysian Institute of Accountants (MIA). Had previously served as a Treasury Accountant in the Accountant-General's Department, Finance Manager with Bank Simpanan Nasional and General Manager – Investment with Arab Malaysian Merchant Bank Berhad. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad. Attended seven Board Meetings held in the financial year.

WASHINGTON SYCIP

Aged 80. American. Independent Non-Executive Director. Was appointed to the Board on 21st April, 1997. Member of Audit Committee, Remuneration Committee and Nomination Committee of Golden Hope Plantations Berhad. Holds a Master of Science in Commerce Degree from Columbia University. Founded the SGV Group in 1946, and remained its Chairman until 1996. Member of the Boards of several major Philippine corporations and sits on International Advisory Boards of several established foreign companies such as American International Group, New York; The Chase Manhattan Bank, New York; Pacific Dunlop Limited, Australia and VIAG Ag, Germany. He is the Chairman of the Asia Pacific Advisory Committee of the New York Stock Exchange, Inc. and the Board of Governors and Board of Trustees of the Asian Institute of Management. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad. Attended three Board Meetings held in the financial year.



DATO DR. ABDUL HALIM BIN HAJI ISMAIL

Aged 62. Malaysian. Non-Independent Non-Executive Director. Was appointed to the Board on 16th September, 1998. Member of Executive Committee and Share Buy Back Committee of Golden Hope Plantations Berhad. Executive Chairman of BIMB Securities Sdn. Bhd., Director of BIMB Unit Trust Management Bhd, BIMB Holdings Sdn. Bhd. and Institute of Islamic Understanding Malaysia. A member of the Syariah Advisory Councils at the Securities Commission and Bank Negara Malaysia. Was the former Managing Director of Bank Islam Malaysia Berhad and General Manager and Chief Economist at Bank Bumiputera Malaysia Berhad. Holder of a Doctor of Philosophy (D.Phil) in Economics from the University of Oxford, England. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad. Attended all the 8 Board Meetings held in the financial year.



HENRY SACKVILLE BARLOW

Aged 56. British. Non-Independent Non-Executive Director. Was appointed to the Board on 2nd December, 1998. Member of the Executive Committee of Golden Hope Plantations Berhad. Director of Guthrie Ropel Berhad and Hongkong Bank Berhad. Was the former Finance Director of Barlow Boustead Estates Agency and Joint Managing Director of Highland & Lowlands Para Rubber Co. Limited. Educated at Eton College and Trinity College, University of Cambridge. A Council Member of Incorporated Society of Planters, Honorary Secretary of Heritage of Malaysia Trust and Council of the Malaysian Branch of the Royal Asiatic Society. No family relationship with/not related to any director and/or major shareholder of Golden Hope Plantations Berhad and does not have any conflict of interest with Golden Hope Plantations Berhad, except by virtue of being a nominee Director of Permodalan Nasional Berhad. Attended five Board Meetings held in the financial year.



NORLIN BINTI ABDUL SAMAD

Secretary

FINANCIAL CALENDAR

Announcement of Quarterly Results

	2001	2000
1st Quarter 3 months	27th November, 2000	30th November, 1999
2nd Quarter 6 months	23rd February, 2001	24th February, 2000
3rd Quarter 9 months	24th May, 2001	25th May, 2000
4th Quarter 12 months	23rd August, 2001	25th August, 2000

Dividends Payable

	2001	2000
Interim	19th April, 2001	19th April, 2000
Final	29th October, 2001	20th October, 2000
Annual Report Issued	19th September, 2001	12th September, 2000
Annual General Meeting	11th October, 2001	28th September, 2000

CHAIRMAN'S STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS OF GOLDEN HOPE PLANTATIONS BERHAD, I AM DELIGHTED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2001.



**TAN SRI DATO' SERI
(DR.) AHMAD SARJI
BIN ABDUL HAMID**
Chairman

During the year under review one of the major themes for the Group was to enhance and strengthen corporate governance. This was in view of our businesses which have to be continuously more competitive and credible to global customers and stakeholders. We have continued strengthening our foundation and platform to gear ourselves for increased competitiveness and improved earnings. We have reinforced further the role of corporate governance, Information and Communications Technology (ICT), best practices in our internal business processes and research and innovation in our operations.

During the year, we launched two significant Books of the Group, namely the Group White Book and the Corporate Governance Manual. The White Book was a medium to long term strategic and master plan of the Group adopted by the Board following a quality development process participated by Management and the Board.

This White Book was launched (by me) at the first Group Conference 2000 that I attended on 29th September, 2000. At the Conference, I also informed participants on some of the directions and philosophies that were needed to be complied with. I am happy to inform that during the year, some of these have been followed through and implemented. Meanwhile, the first Corporate Governance Manual 2001 was launched on 26th June, 2001. It introduced the principles and applications of corporate governance to be applied and complied with by the whole Group including Management and employees. This commendable approach was followed through with the formation of the Group Corporate Governance Committee which will monitor corporate governance performances Group-wide.

Chairman's Statement

As stated in our corporate plan, we have at the sametime, heightened our efforts to search for opportunities in furthering new business development of our Group's core-businesses. There have been some good prospects to expand and strengthen our activities. We have considered them carefully and expect positive results in the future.

It is heartening to note that ICT has made some inroads into ICT driven businesses during the year through Perkhidmatan Komputer Perladangan Sdn. Bhd. (PKP). PKP has been able to secure e-business services for several Malaysian and Indonesian plantation companies. This augers well with our plan to develop new opportunities that could in the future, be one of our core businesses.

Agro-Business

On the operation front, the year under review has not been an easy year for us. The global economy gave very varying signals of a slowdown. The Agro-Business Division experienced very tough trading conditions. Amongst the reasons that affected its performance were the increased production of oils and fats world wide and high stock levels held throughout the country which depressed crude palm oil prices severely to the lowest level in more than a decade. These factors in turn, resulted in eroding profits. However, proactive measures taken to enhance productivity and to reduce cost mitigated the impact, resulting in the Division still returning a profit for the year. Meanwhile, it is heartening to note that the government's and industry's recovery efforts have begun to show some positive impact in the later part of the year, which we expect will assist us, next year.

Our efforts to ensure continued viability of our major crop encouraged us to embark on a more strategic and comprehensive review of the plantation management cost focusing on significant cost efficiency and higher productivity measures. We have started to put some measures in place and I am pleased to inform that these measures have managed to reduce direct estates cost by at least 10 per cent during the year.

OUR EFFORTS TO ENSURE CONTINUED VIABILITY OF OUR MAJOR CROP ENCOURAGED US TO EMBARK ON A MORE STRATEGIC AND COMPREHENSIVE REVIEW OF THE PLANTATION MANAGEMENT COST

Self-reliance in palm oil milling capacity has been an important strategy in our estate operations. The 3 new mills constructed in Lavang, Flemington and Chersonese Estates will fulfil this strategy in catering to our increasing FFB production. The progress to date has been satisfactory and the construction of the new mills is expected to be completed next year.

Further downstream activities in bulking installation and refinery in Sabah and Sarawak were pursued actively during the year under review. We can expect to see some results from this strategic plan next year.

Upstream expansion of landbank was also pursued in the meantime, with a more open stance. We managed to purchase 3 estates totaling about 700 hectares adjacent to our existing estates in Kunak, Sabah. The estates will be planted with oil palm. This purchase should improve the productivity of these estates. Other purchases were also carefully considered during the year.

For the food and fruit cultivation and processing strength, our repositioning of location to the new Integrated Fruit Zone (IFZ) in Agro City, Sitiawan, Perak was implemented as planned. About 200 hectares were planted with guava, passion and dragon fruit. This plan is expected to assist in strengthening our global supply of pink guava and other tropical fruit crops to capture a more significant share of the market. The planning and design of a new fruit juices processing and manufacturing plant are presently in progress.

Property

During the year under review, the government undertook measures to consolidate the present status of the economy. Generally, all sectors in the property market remained soft. The core business of property development remained very competitive and selective. Despite these circumstances the main property subsidiaries of the Group, namely, Negara Properties (M) Berhad (Negara Properties) and Golden Hope Development Sdn. Bhd. (Golden Hope Development) achieved improved performances for the year under review.

I am pleased to highlight that during the year under review, the Group Property Division continued its strategy to be a premier developer of quality townships. As planned, Golden Hope Development started initial physical infrastructural works on a new riverine residential township covering an area of approximately 825 acres in Klang called Kota Bayuemas which is strategically located at the interchange of Kuala Lumpur-Shah Alam Expressway (KESAS) and the Klang-Banting highway. It should tap the growth potential of Northport, Pulau Indah and the urban growth of Klang. The development is expected to be the new prime urban area for Klang Selatan, Selangor. This new township is another addition to the Golden Hope stable of townships, which includes Kota Seriemas, introduced last financial year.

DURING THE YEAR UNDER REVIEW, THE GROUP PROPERTY DIVISION CONTINUED ITS STRATEGY TO BE A PREMIER DEVELOPER OF QUALITY TOWNSHIPS

Meanwhile, our 2,800 acres township of Kota Seriemas enjoyed good sales during the year under review. In the second phase, all 23 units of Grow Homes launched during the year were sold while 161 units of bungalow lots and 203 units of double storey link houses achieved 95 per cent and 60 per cent sales respectively. The Division's strategic plans to re-engineer its landbank to be more strategic in terms of location and quality of development remained on course. Of the 39,000 acres of property landbank, about 27,000 acres have obtained various stages of development approvals. Part of these lands have been strategically sold to generate earnings and revenue to be used to finance the development of our townships and to acquire better projects and landbank. During the year, we considered some very good prospects that were appraised very carefully.

Manufacturing Industries

The food and beverage business represented by Kapar Coconut Industries Sdn. Bhd. (KCI) and Golden Hope Fruit Industries Sdn. Bhd. (FISB) recorded good sales volume compared to last year. For the year under review, the coconut milk powder (CMP) industry suffered a severe drop by about one third due to high stock and oversupply as a result of increased production by existing and new players in the region. FISB posted higher turnover and profit before tax (PBT) during the year under review and this was mainly attributed to the higher demand for Golden Hope guava puree in Europe and the United States of America (USA), higher selling prices to the non-traditional markets such as, Australia and Jamaica and cost saving measures introduced by FISB.

Chairman's Statement

Our palm-based manufacturing was, however, affected by the depressed prices and downward trend of refining margin. Under these circumstances, the PBT for our wholly owned subsidiary, Golden Jomalina Food Industries Sdn. Bhd. was lower for the year under review compared to the previous year. However, sales and tolling volume increased by 23 per cent to 522,600 metric tonnes. Sales volume of special quality (SQ) products grew at 13 per cent compared to the last financial year. The growth in the sales volume of SQ products was mainly due to consistent off take by our existing overseas customers.

In the wood based manufacturing, Golden Hope Fibreboard Sdn. Bhd.'s (Golden Hope Fibreboard) turnover and PBT declined significantly during the year under review due to a sharp downturn in demand for medium density fibreboard (MDF) in key markets, especially Malaysia and the Far East. The downturn was primarily the result of the weakening United States economy, with a slump in orders for new furniture. To help combat the reduced earnings, Golden Hope Fibreboard implemented several strategies to reduce costs, improve efficiency, expand customer base and extend product range. Golden Hope Furniture Sdn. Bhd. (Golden Hope Furniture) improved its performance and recorded a reduced loss. Changes in product range, machinery investments and a revamp of its human resources structure have begun to yield results and the prospects for next year appear to be encouraging. The commissioning of a new Ultra Violet finishing line has increased the plant's capacity, as well as lowered total cost, making the company more competitive on certain products. During the year, greater emphasis was also put on widening customer range, thereby lowering the risk of being too dependent on IKEA Pacific Ltd. (IKEA) as a customer.

INTERNATIONAL BUSINESS WILL NOT ONLY BE FOCUSING ON BEING AN EDIBLE OIL PLAYER BUT ALSO ON OTHER BUSINESSES

The slowdown in the parquet market affected by the downturn in the global economy, resulted in low demand for parquet towards the end of 2000, has forced Golden Hope Parquet Sdn. Bhd. (Golden Hope Parquet) to reduce its production to save costs and to avoid overstocking. However, the market began to show improvement from April 2001. Despite the market situation, Golden Hope Parquet

continued to take steps to improve its bottom line via product development and quality improvements. The new product strategy is to move from only producing hevea to other niche tropical and temperate species for better market acceptability, sales price and margin and innovation in the products that customers want.

Meanwhile the oleochemical industry performed well. Our 50 per cent associated company, Cognis Oleochemical (M) Sdn. Bhd., recorded its best performance since inception. This has contributed significantly to the Group results for the year under review.

International Division

Our fourth Division, International Business experienced a big decline in contribution from its China and Vietnam operations due to the low selling price of edible oils and the over supply of edible oils in the world market. This created a downward pressure on price in all major markets. Since a majority of the Group's overseas activities is in edible oil, the Division's profit was considerably reduced despite its operating units maintaining their production capacities.

Similarly, its operation in Germany did not perform well. The Division plans to expand its coverage to other countries and regions, for instance, India, Thailand, West Asia, Europe and in other areas related to our core business. These initiatives are expanded to bring the Division back on track to significantly contribute to the Group's earnings in years to come.

During the year, the Division considered opportunities for strategic alliances or joint ventures to expand the rubber boots business, in China. The focus will be on specialised safety boots, where Golden Hope will provide the technology whilst our partner will provide the other resources such as, manpower, building, distribution network etc.

Group Results

On behalf of the Board, I wish to inform that the Group achieved a turnover of RM1,317 million and PBT of RM78 million for the year ended 30th June, 2001. This represents a decrease of 80 per cent compared to RM401 million earned during the last financial year. Although performance of the Property Division had improved, profit from Agro-Business had declined drastically.

WE HAVE REINFORCED FURTHER THE ROLE OF CORPORATE GOVERNANCE, INFORMATION AND COMMUNICATION TECHNOLOGY (ICT), BEST PRACTICES IN OUR INTERNAL BUSINESS PROCESSES, R&D AND INNOVATION IN OUR OPERATIONS

Dividend

An interim dividend of 5 sen per share less tax at 28% was paid on 19th April, 2001. Your directors recommend a final dividend of 5 sen per share comprising 2 sen tax exempt and 3 sen less tax at 28% payable on 29th October, 2001, making a total of 10 sen per share for the year ended 30th June, 2001. The total dividend for the year just ended will amount to RM79 million compared to RM162 million paid out in the last financial year.

Prospects

Group results are expected to be higher than those earned during the last financial year. This is mainly due to expected higher earnings from Agro-Business, Property, Industries and International Business Divisions. Selling prices of palm products are expected to be higher than those achieved during the last financial year and with the increase in crop production would contribute to the improvement in earnings of Agro-Business.

Acknowledgement

On behalf of the Board of Directors, I extend our gratitude to all employees at all levels, for their dedicated services during the year. I would also like to convey our sincere thanks to our shareholders, customers, business associates and the relevant authorities for their continued support and confidence in the Group.



Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid
Chairman