

Golden Hope Plantations Berhad
GROUP FIVE-YEAR CROP RECORD

YEAR ENDED 30TH JUNE		2000	1999	1998	1997	1996
oil palm						
CROP	(tonne)					
– Own		1,743,334	1,599,192	1,484,717	1,569,310	1,344,303
MATURE	(hectares)	85,620	76,212	72,825	67,088	66,017
IMMATURE	(hectares)	30,260	32,417	27,038	19,874	14,987
TOTAL PLANTED	(hectares)	115,880	108,629	99,863	86,962	81,004
YIELD PER MATURE HECTARE	(tonne FFB)	21.35	21.15	20.66	23.21	23.43
MILL PRODUCTION	(tonne)					
– Palm Oil		344,572	314,556	302,217	301,215	221,801
– Palm Kernel		96,017	87,844	86,089	84,615	65,788
EXTRACTION RATES	(%)					
– Palm Oil		19.7	19.5	19.6	19.8	19.1
– Palm Kernel		5.5	5.5	5.7	5.7	5.7
AVERAGE SELLING PRICES						
– Palm Oil	(RM per tonne ex-mill)	1,274	2,088	1,590	1,179	1,310
– Palm Kernel	(RM per tonne ex-mill)	992	1,129	858	782	819
PROFIT PER MATURE HECTARE	(RM)	2,162	5,686	3,635	2,779	3,227

Golden Hope Plantations Berhad
GROUP FIVE-YEAR CROP RECORD

YEAR ENDED 30TH JUNE		2000	1999	1998	1997	1996
rubber						
CROP	(tonne)					
– Own		19,062	30,103	28,652	30,597	29,436
MATURE	(hectares)	10,674	15,056	18,648	21,403	22,043
IMMATURE	(hectares)	7,354	7,307	6,382	4,973	6,370
TOTAL PLANTED	(hectares)	18,028	22,363	25,030	26,376	28,413
YIELD PER MATURE HECTARE	(kgs)	1,873	1,922	1,568	1,513	1,427
AVERAGE SELLING PRICE						
– All Grades	(sen per kg)	289	280	301	347	407
(LOSS)/PROFIT PER MATURE HECTARE	(RM)	(201)	652	659	873	1,777
coconut						
CROP (copra equivalent)	(tonne)					
– Own		2,040	2,845	3,749	4,309	4,171
MATURE HECTARES		750	2,380	2,379	2,403	2,464
IMMATURE HECTARES		31	31	31	108	289
TOTAL PLANTED HECTARES		781	2,411	2,410	2,511	2,753
YIELD PER MATURE HECTARE	(kgs)	943	1,195	1,576	1,793	1,693
AVERAGE SELLING PRICE	(RM per tonne)	1,540	1,526	867	835	840
(LOSS)/PROFIT PER MATURE HECTARE	(RM)	(126)	220	306	58	174

GROUP AGRO BUSINESS FIVE-YEAR PERFORMANCE HIGHLIGHTS



GROUP AGRO BUSINESS AREA STATEMENT

as at 30th June, 2000

Crop	Age In Years	Area In Hectares					% Under Crop	% of Total Planted Area
		Peninsular Malaysia	Sabah	Sarawak	Kalimantan Indonesia	Total		
Oil Palm	Above 20	15,975	5,937	—	—	21,912	19	16
	16 – 20	11,638	1,644	—	—	13,282	12	10
	11 – 15	12,694	3,425	—	—	16,119	14	12
	Below 10	19,410	10,675	3,716	506	34,307	29	25
	Total Mature	59,717	21,681	3,716	506	85,620	74	63
	Immature	11,790	4,556	7,457	6,457	30,260	26	22
Total planted oil palm area		71,507	26,237	11,173	6,963	115,880	100	85
Rubber	Above 20	3,247	293	—	—	3,540	20	3
	16 – 20	1,896	417	—	—	2,313	13	2
	11 – 15	3,145	—	—	—	3,145	17	2
	Below 10	1,613	63	—	—	1,676	9	1
	Total Mature	9,901	773	—	—	10,674	59	8
	Immature	4,712	2,642	—	—	7,354	41	5
Total planted rubber area		14,613	3,415	—	—	18,028	100	13
Other Crop	Cocoa, Coconut, Guava, Rattan	2,254	609	—	—	2,863	—	2
Less: Interplanted		1,130	—	—	—	1,130	—	—
Total planted area		87,244	30,261	11,173	6,963	135,641	—	100
Land held for Property Development included in planted area		14,365	—	—	—	14,365	—	—
Less: Land held for Property Development included in planted area		14,365	—	—	—	14,365	—	—
Plantations/property land left undeveloped as green/forest reserve in line with our environmental policy		108	102	158	—	368	—	—
Workers' compounds, roads, nurseries etc.		4,268	1,349	131	464	6,212	—	—
Land in the process of Plantation Development/Fallow/Reserves		223	642	473	26,573	27,911	—	—
Less: TOL/Planted Outside		231	174	—	—	405	—	—
Titled area		91,612	32,180	11,935	34,000	169,727	—	—

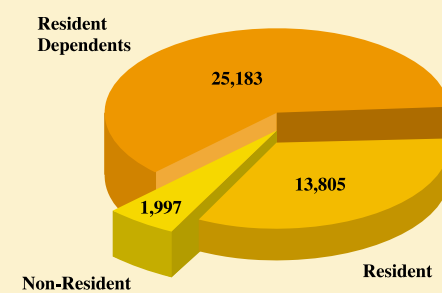
GROUP AGRO BUSINESS FIVE-YEAR PERFORMANCE SUMMARY

YEAR ENDED 30TH JUNE	2000 RM'000	1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
Turnover	838,703	1,065,492	862,392	739,263	620,683
Operating Profit	154,611	400,436	248,286	190,126	207,420

	1st Half Year Ended 31st December, 1999		2nd Half Year Ended 30th June, 2000		Year Ended 30th June, 2000	
	Tonnes	%	Tonnes	%	Tonnes	%
harvested crops						
FFB	881,764	51	861,570	49	1,743,334	100
Palm Oil	174,567	51	168,132	49	342,699	100
Palm Kernel	48,444	50	48,206	50	96,650	100
Rubber	11,523	60	7,539	40	19,062	100
Cocoa	70	47	79	53	149	100
Copra	1,283	63	757	37	2,040	100

GROUP NEW PLANTING AND REPLANTING EXPENDITURE

	2000			1999		
	New Planting RM'000	Replanting RM'000	Total RM'000	New Planting RM'000	Replanting RM'000	Total RM'000
Oil Palm	114,778	7,028	121,806	63,597	123	63,720
Rubber	3,408	4,861	8,269	9,977	17,851	27,828
Cocoa/Coconut	—	30	30	—	8,697	8,697
Rattan, Fruits and Others	2,544	—	2,544	2,146	912	3,058
Total	120,730	11,919	132,649	75,720	27,583	103,303

AGRO BUSINESS WORKERS' INFORMATION**Estate Workers And Dependents**

Staff housing under construction
at Desa Lavang, Bintulu, Sarawak.



The Group's Plantations Division has been renamed the Agro Business Division and will be structured under three businesses namely, palm, rubber/wood and food. The palm business is made up of oil palm that currently accounts for 85 per cent of the planted area. Wood business will, in addition to the conventional latex and dry rubber, cover rubber wood and agro forestry. The food business will cover fruits, coconuts, specialty crops such as herbs and aquaculture.

OIL PALM

As an edible vegetable oil, demand for palm oil will continue to increase with the increasing world population. Consumer preference for vegetable oils is on the increase and palm oil is the most cost competitive oil in terms of cost and yield per unit area among the vegetable oils. As such palm oil will continue to be the mainstay of Agro Business and we shall continue to seek opportunities for physical expansion in area either by the purchase of existing estates or green field land development.

For the palm business to remain profitable, palm oil yields and productivity have to be increased to counter ever-increasing production cost, particularly labour cost. The oil and kernel extraction ratios have to be increased through improved harvesting standards and milling efficiencies. IT and Human Resource Development will be used to drive the efficiency of plantation management.

Further collaboration on precision agriculture between the Group and available expertise has started to be put in place. In this connection more precise knowledge on the palms' reaction towards fertiliser inputs, water management and so on are being implemented. Research and Development (R&D) efforts into biotechnology and tissue culture and breeding for oil characteristics for specific functional purposes will be intensified. Further efforts in differentiating our quality palm oil from the bulk of world palm oil through branding are being continuously pursued and new value added products as well as markets will be developed.

The year under review saw a sharp decline in palm product prices, but stringent cost control and yield enhancement measures enabled the Division to report another year of good performance. The successful replication and implementation of several Quality Improvement Projects (QIPs) during the year proved to be a good start for the Division in the new millennium. Productivity enhancement has been translated into improved yields and extraction rates. Oil palm yield increased from 21.15 tonnes fresh fruit bunch (FFB) per hectare to 21.35 tonnes FFB per hectare, while oil extraction rate rose from 19.45 per cent to 19.69 per cent. Kernel extraction rate meanwhile rose from 5.45 per cent to 5.5 per cent.

At the Lavang project in Bintulu, Sarawak, a total of 11,173 hectares of oil palms have been planted of which 3,716 hectares have matured to date. The modern central township of Desa Lavang is near completion, and staff and workers have moved into the township since June 2000.

In West Kalimantan, Indonesia, the first phase of oil palm development has been satisfactorily completed with 6,963 hectares planted with oil palms. A total of 9,409 hectares have been granted Hak Guna Usaha (HGU), while the HGU for another 10,000 hectares is being processed by the Indonesian authorities.

In meeting the increasing demand for processing capacity of the Group's estates, three new oil mills will be built in Flemington and Chersonese Estates, Perak and Lavang, Sarawak. Construction works of these three mills will commence soon.

The Total Quality and Environment Management initiatives continue to take great strides on several estates and operating units. Numerous QIPs, Quality Planning Projects and Business Process Quality Management Projects have been successfully implemented and replicated, thus reinforcing teamwork and changing mindset at the workplace. These projects have resulted in improvements in key areas such as oil extraction rate and quality of palm oil. The financial gains from these improvements have been significant. During the year six new QIPs were undertaken and 14 quality control teams were established.

A recognition and rewards (R&R) system based on the Estate Performance Index and Mill Performance Index was introduced to reward the workers, staff and management of estates and mills with outstanding productivity related performances.

crude palm oil

After last year's sterling performance, CPO prices plummeted under the weight of a record crude palm oil production and high domestic palm oil stocks. The hike in Indian import duty from 16.5 per cent to over 44 per cent, coupled with a lowering of export duty on Indonesian palm oil products, sent local crude prices spiralling downwards.

Malaysia's CPO production rose from 8.32 million tonnes in 1998 to 10.55 million tonnes in 1999. To reduce the high stocks, the authorities temporarily allowed some quantities of CPO to be shipped with export duties fully exempted. The sudden demand for high quality CPO in Rotterdam, as replacement cargo to the diesel contaminated CPO from Indonesia, helped to stabilise prices.

In 1999, India was the largest importer of processed palm oil products at 2,384,946 tonnes. The EU was second at 1,064,104 tonnes with Pakistan trailing closely at 1,033,972 tonnes.

For the year under review, the Company achieved an average price of RM1,274 per metric tonne compared to RM2,088 per metric tonne the previous year.

palm kernel

Palm kernel prices declined during the year under review from a high of RM1,168.00 per metric tonne to RM902.00 in March, 2000. Production improved by 25 per cent to 3.025 million metric tonnes due to an increase in the new mature areas, resulting in palm kernel crushings to increase accordingly to 2.64 million tonnes in 1999. However, the oleochemical industry switched some of their raw material requirements to cheaper lauric oils from Indonesia and Philippines.

from left to right:-

High quality germinated oil palm seeds.

Healthy palm seedling.

Mechanisation programmes have been introduced in all Group estates.

Zero burning technique is the Group's pride in ensuring environmental friendly operation.

Effluent water sampling for lab testing.

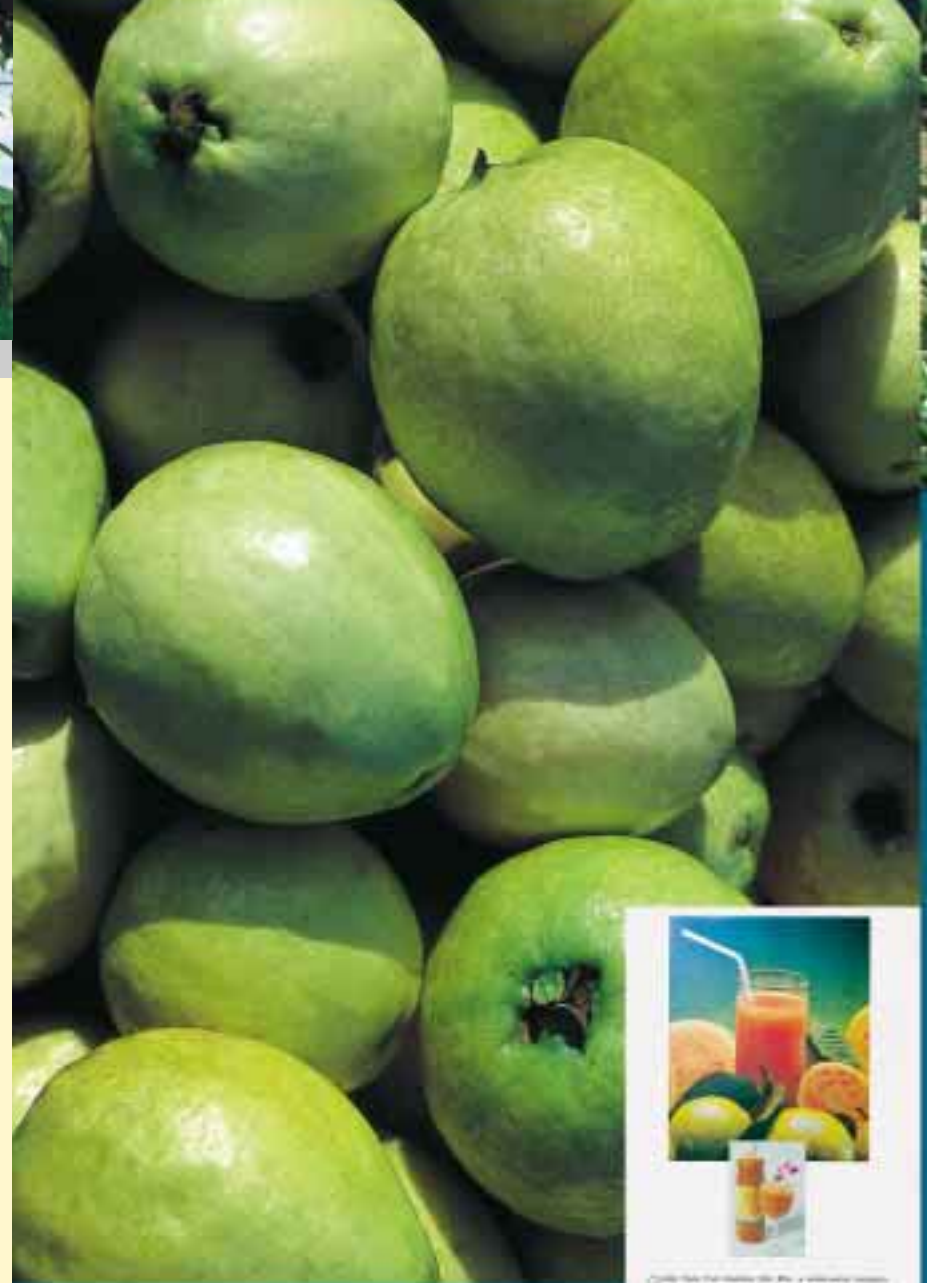


from left to right:-

Rubber wood from our sustainable forest management.

Sawn timber (cut wood) meant for our wood based industries.

Our guava plantation at Ladang Bukit Lavang.



from left to right:-

Our guava juice captures a sizeable share of the world market.

Gande Rusa... the Group's latest venture into specialty crops.

The high cake stocks which increased to 225,400 metric tonnes in July further aggravated the situation and pressured the expeller prices to RM126.00 per metric tonne in March, 2000 from a high of RM209.00 the previous year.

The Company achieved an average price of RM992 per tonne ex-mill for the financial year 1999/2000 compared to RM1,129.00 per tonne during the previous financial year.

RUBBER & WOOD

Development of rubber will be continued for latex and wood. About 12,800 hectares in Peninsular Malaysia have been retained as rubber plantations. This is to ensure the long term supply of rubber wood to our wood based industries and as a strategy to support the country's furniture industry. Thus in addition to rubber yields, wood supply will be a major consideration in the choice of clones. Meanwhile a new strategy undertaken to improve hectarage (in rubber), is the planting of rubber on land that is not in direct competition with oil palm. As such, Forest Management Units (FMU) have been identified for future agro forest development.

Sustainable forest development is receiving increased attention and the trend is for consumers to insist on tropical timbers traded in the international market to be sourced from sustainable managed forests. Efforts are being made to secure new land for integrated agro forestry plantations where forest species including rubber can be planted to supplement the supply or raw materials to wood based manufacturing industries including ours.

Outsourcing of raw material supply of rubber through smart partnerships with overseas production centres to augment our depleted rubber area is being pursued as alternative sources of supply. This move is to give support to our rubber products globally through branding.

rubber

The rubber market continued its downtrend during the period July/December, 1999 due to lethargic demand, high stock and a very bearish sentiment. Prices improved marginally from February, 2000 on tighter supplies due to wintering.

The contributing bearish factors were the Thai Government's disposal of about 258,000 tonnes of its stockpile and the dissolution of INRO on 13th October, 1999, which resulted in the disposal of INRO's stockpile of 138,000 tonnes by June, 2001. Prices drifted down to levels last seen during the past 30 years whilst the stock pile continued to rise.

To mitigate the rubber price decline, the Thai Government implemented a price support scheme from mid-June to mid-December, 1999 but this failed to lift prices. To ease the high stock situation, Malaysia had to impose quotas for latex concentrate from Thailand to Malaysian factories.

The Group achieved an average RSS1 price of 289 sen per kilogramme for the year under review compared to 280 sen per kilogramme for the previous year.

FOOD

fruits

Golden Hope continues to focus on its fruit project which was started in 1988. The project involves the production, processing and marketing of fruit juice or puree. Currently the Company owns some 300 hectares of guava plantation and fruit processing factory in Bukit Lavang, Kulai, Johor. The project is capable of producing 3,000 metric tonnes of guava puree per year, which is equivalent to about 15 per cent of the world export of guava puree. Golden Hope is one of the largest producers of fruit juices in the country. The product, pink guava puree is mainly for export. The Company is also involved in the production of downstream, value added fruit juices and is currently supplying the national carrier, Sistem Penerbangan Malaysia.



Golden Hope has decided to expand its fruit and beverage business to be a bigger player globally, and contribute to increasing market share of tropical juice businesses in the world's growing juice market. A new area in Perak has been identified, called the Integrated Fruit Zone (IFZ). The proposed project involves the planting of various fruits such as guava, passion and dragon fruit as well as coconuts. The expansion is in line with strong business prospects in the future, of production and processing of fruits and fruit products. It is expected to be more efficient and cost effective. The plan will also focus on the production of more downstream, value-added products which is anticipated to contribute to a higher profit margin.



from left to right:-

The increasing demand for processing capacity of the Group's estates has led to the building of 3 new mills.

Harvesting of red tilapia at the Group's aquaculture project in Bukit Berendam, Melaka.

aquaculture and fish products

The Group has also set up a new unit to study and prepare for a bigger business prospect in this sector. The Group's focus is on seeds and fry, fish and aqua feed, and downstream value added fish products. The year under review also saw the Group's R&D collaboration with the Fisheries Department at the latter's research centre at Batu Berendam, Melaka. The R&D effort, concentrates on the breeding of red tilapia and freshwater prawns, feeds using palm kernel cake (PKC), and management technology. Other aspects of this sector were also studied during the year.

The success of this R&D collaboration has prompted the Group to embark on cage culture of red tilapia at the Durian Tunggal Dam in Melaka. While R&D is still the main emphasis, the commercialisation of red tilapia is being seriously looked into if found to be viable.

The project is expected to provide opportunities for more efficient form of farming and sourcing of raw materials for the factory. It is expected that the proposed plan blends well with the State Government's development plan to develop Sitiawan area as an agro-based township.

specialty crops and herbs

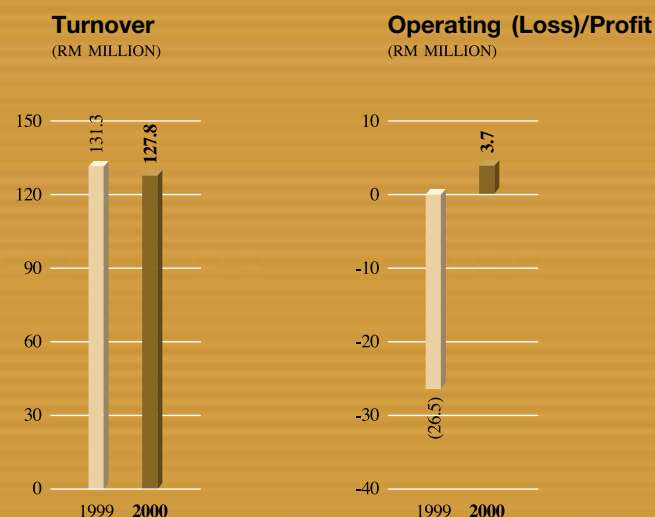
Specialty crops cover more than herbs, however. They include herbal medicines and food supplements, pharmaceutical, personal care, cosmetics and biological products, which are all fast growing businesses globally. Golden Hope has set up a unit to study this sector commercially and both the business and developmental evaluation are presently being undertaken. With its extensive experience in the plantation and manufacturing business the Group is poised to capture a segment of the market with the production of a variety of high value herbal products in the future.

Three categories of herbal products that are being looked at are, essential oils, culinary and medicinal herbs. In this regard, a 3.6 hectare Herbal Arboretum plot has been established, and a further 400 hectares Herbal Integrated Zone (HIZ) will be developed in Carey Island to prepare for the capability and competency of the Group, and in concurrent with faster business entry. This is in view of the rising global demand of "green" health care and food products.



OPERATIONS REVIEW

property



SEGMENTAL INFORMATION

(RM Million)	1999	2000
Operating (Loss)/Profit	(26.5)	3.7
Turnover	131.3	127.8

Financial Performance

The Division registered a turnover of RM127.8 million and improved its profit contribution to RM3.7 million for the year under review. The two main property subsidiaries of the Group, Negara Properties (M) Berhad and Golden Hope Development Sdn. Bhd. showed improved performances for the financial year under review.

OPERATIONS REVIEW

property

Even though Property Development activities particularly, development of townships have been the mainstay of the Division, it is strengthening its performances in Facilities Management and Construction Management to meet new growth objectives of the Group for the coming years.



from left to right:-

Moving into the IT era through electronic display of property products.

The proposed Melawati Life Centre.

The upcoming property marketing centre at Saujana Impian.



Kota Seriemas... a new township recently launched by our Property Division.

During the year under review, property market in general saw further improvement in line with overall improvements of the national economy. This improvement is more significant in the residential sector whilst in other sectors such as retail and office developments, the over supply situation continued to prevail. Continued efforts by the Government and the industry had also ensured availability of adequate credit and lower interest rate which ranged between 5 per cent to 8 per cent per annum, particularly for house buyers. Property Division expects the property market to continue to improve in the new financial year.

The Division presently has approximately 5,000 acres of land with master layout approval and approximately 22,000 acres of land with conversion approval in principle. This will enable the Group to create many neighbourhood and community townships in the years ahead. Apart from the established Melawati Township (1,200 acres) in Hulu Klang, Selangor and Gasing Indah (55 acres) in Petaling Jaya, Selangor, Property Division's other projects include Saujana Impian, Nilai Impian, Nilai Utama, Kota Seriemas and Kota Bayuemas.

The Division registered a turnover of RM127.8 million and improved its profit contribution to RM3.7 million for the year under review. Both the main property subsidiaries of the Group, Negara Properties (M) Berhad (Negara Properties) and Golden Hope Development Sdn. Bhd. (Golden Hope Development), showed improved performance for the year under review.

Property Division reclassified its activities in property business into 3 main areas, namely Property Development, Facilities Management and Construction Management. Even though Property Development activities particularly, development of townships have been the mainstay of the Division, it is strengthening its performances in Facilities Management and Construction Management to meet new growth objectives of the Group for the coming years.

PROPERTY DEVELOPMENT

The existing and planned township developments by the Division are located primarily within the growth areas of Selangor and Negeri Sembilan. As a strategy, the Division had sold selected approved development land and entered into smart partnerships with other sub-development companies to expedite property development and meet profit contribution objective of the Group.

SAUJANA IMPIAN, KAJANG (650 acres)

First launched in 1992, today this golf resort township which has been developed by Negara Properties, is a premier and sought after address in Kajang/Cheras area. Over the last seven years, it is about 80 per cent developed, and most residential properties within the scheme have doubled in value. Completion of the new KL-Kajang Highway has further contributed to its attractiveness. The next phase of development in this scheme will be higher value residential golf resort real estate as well as shophouses and other commercial developments.

NILAI UTAMA ENTERPRISE PARK, NILAI (700 acres)

Located adjacent to the Nilai Interchange of the North-South Highway, this industrial precinct which forms part of the greater Nilai Industrial Area, was launched in 1996 by Negara Properties. Industrial properties have experienced very competitive market since 1997 and the development progress has been re-strategised. Nevertheless, several prominent industrial companies such as Fiamma Berhad, Hydrogas (Malaysia) Sdn. Bhd., Autoblaster Sdn. Bhd., Aerotech and Concentrite Avenue Sdn. Bhd. are positioned in this industrial scheme.

operations review

property



from left to right:-

The interior of our Impian Golf Resort Condominium.

Saujana Impian, a premier and sought after address in Cheras/Kajang area.

Proposed riverine development theme in Kota Bayuemas.

NILAI IMPIAN, NILAI (600 acres)

Located next to Nilai Utama Enterprise Park, Nilai Impian is the residential community township of the greater Nilai Industrial Area. The next phase of the development will focus on the medium cost residential units.

During the year the Division secured building plan approvals for approximately 500 units comprising proposed 'grow homes', semi-detached houses and link-houses.

KOTA SERIEMAS, SEREMBAN (2,700 acres)

This project is another large township by the Division which was launched during the year under review. It is owned by the Group's wholly-owned subsidiary, Golden Hope Development. This mixed residential and commercial township is located within range of KLIA (Kuala Lumpur International Airport) and MSC (Multimedia Super Corridor). The master plan included the KLIA Staff Housing Complex which was fully completed and occupied during the year. This phase 1 of the development comprised 1,500 units of KLIA Staff Residential Accommodation as well as other amenities such as a mosque, schools, shops, clinic and a bus terminal. Phase 2 comprising 115 units of bungalow lots and 217 units double storey link houses were launched during the year under review. PNB (Permodalan Nasional Berhad) is also planning for a corporate complex on a 60-acre area. Other phases are being prepared for development which is expected to span over a period of about 20 years. Property Division expects demand will improve significantly in the future.

KOTA BAYUEMAS, KLANG (1,200 acres)

This development will capitalise on good accessibility via the KL-Shah Alam (KESAS) Expressway and the currently upgraded Klang-Banting trunk road and capture the growth potential of the nearby West Port and North Port. It is expected to be the Southern Klang township of the future.

This township will have at least two major attractions; riverine development theme and a distinctive active leisure and sporting complex. During the year under review, two parcels of approved development land for lower end residential were sold to 2 sub-developers who will commence physical development works in the near future.

The Division will focus on development of the more prime 800-acre area. Physical works for the development will start in financial year 2000/2001.

MORIB BEACH RESORT, MORIB (1,700 acres)

Morib Beach Resort City (MBRC) was envisaged by the State Government of Selangor as the premier sea-front resort township for the State of Selangor. The master plan as approved by the State will cover a land area of approximately 3,500 acres. Golden Hope Development with the largest land bank of 1,700 acres will be the key and strategic land owner and partner of the proposed scheme. A smart partnership strategy with the State through its investment has been formulated by both parties to speed up development.

The proposed development is expected to be launched within financial year 2000/2001. The proposed project will involve physical improvements to the beach and a maintenance programme. The proposed improvements of road infrastructure from Kuala Lumpur and other new infrastructures will further enhance accessibility. MBRC will include development components such as beach front retreat, resort villas, cultural and entertainment precinct, golf links, resort island and Golden Years precinct.

CAREY ISLAND RESORT HARBOUR CITY, KLANG (9,000 acres)

This township is described as the Vision and Heritage Harbour City. It is a long-term project for the Group. This resort harbour city envisions among others, a dedicated 2,000-acre area for "heritage island" as well as plantation homestead, beach front developments, an international standard golf links, "herbariums", a plantation heritage museum, research and development and education zone. The vision plan and master plan for the proposed development has been approved by the State Exco of Selangor.

Located next to the new West Port in Pulau Indah, this project will be cut across by the next segment of the South Klang Valley Expressway (SKVE). The SKVE will form a loop through Klang Valley connecting Pulau Carey to KL City, Putrajaya, Cyberjaya and back to Pulau Indah as well as Pulau Carey.

During the year under review works on the Plantation Heritage Museum, Heritage Walk, Herbarium and a new 12 km road within Pulau Carey were started. Meanwhile the detailed master layout plan of the Heritage Island is progressing. The project is expected to generate profit contribution in the new financial year. In terms of overall development strategy for the island, the Group is adopting an open and flexible position with regard to creative approaches.

The Division is continuously preparing other townships for future development apart from the above. Among others, prospective projects will be in Semenyih and Bangi areas in Selangor.



OPERATIONS REVIEW

industries



The proposed workers complex in Nilai to accommodate our employees in the Industries Division.

FACILITIES MANAGEMENT

Facilities Management activity represents a vertical diversification of property business and it entails building up of a strong portfolio of facilities and property investment assets as well as facilities management expertise. The portfolio of investment assets will comprise primarily of prime office properties, hospitality and leisure facilities, high value residential as well as industrial properties. Apart from expected gains in capital appreciation, this activity will also generate stable recurring income for the Division. There are various creative ways of building up this business in view of the 21st Century lifestyle.

In order to achieve quick growth in this sector, the Group may collaborate with other established business groups both locally and internationally. During the year under review the Division managed a limited number of facilities namely, Saujana Impian Golf & Country Club, Impian Court Golf Resort Service Apartments, condominiums, apartment blocks, homestead bungalows and shops. The Division expects the portfolio to be expanded in the new financial year.

CONSTRUCTION

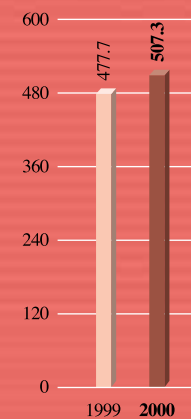
The construction activities for the Group focused primarily on 'packaged turnkey construction' projects for strategic reasons and good profit margins. In order to achieve faster growth in this business activity, the Division may embark on collaboration with established companies in construction sector. During the year, the Group achieved full completion and handing over of its RM300 million contract for the construction of KLIA Staff Housing Complex in Kota Seriemas. Other contracts undertaken include construction of Segment 2 of the new Nilai Interchange of the North-South Highway, and turnkey construction for selected parcels of residential development in Kota Seriemas and the proposed 360 units workers housing complex in Nilai Utama Enterprise Park. Several other contracts were considered during the year for future works order including infrastructure projects.

The Division expects better contribution from construction management activity in financial year 2000/2001.

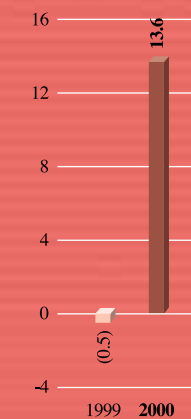
Financial Performance

The Division recorded a turnover of RM507 million for the year under review compared to RM478 million the previous year; while its operating profit was RM13.6 million against a loss of RM521,000 previously.

Turnover
(RM MILLION)

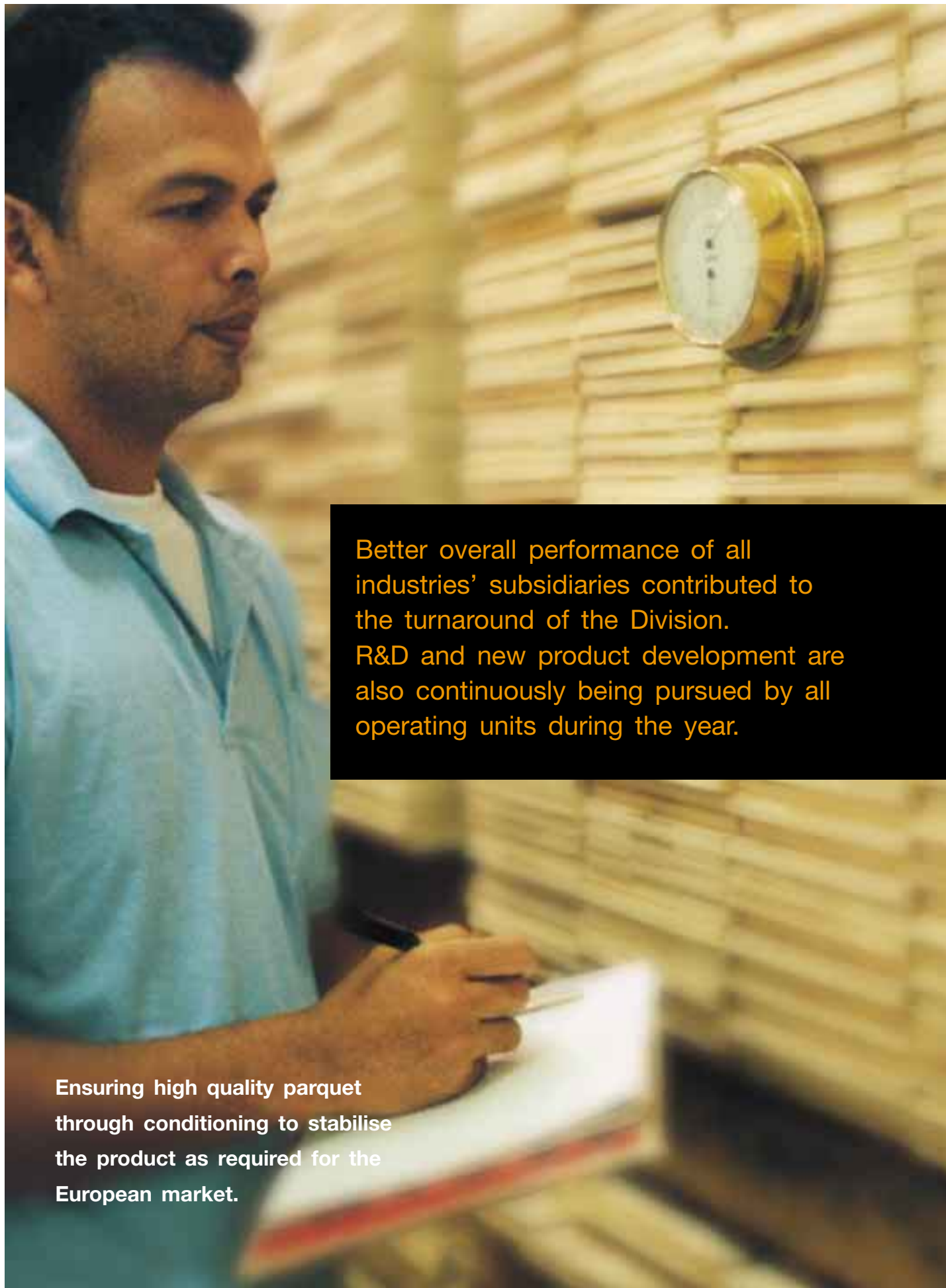


Operating (Loss)/Profit
(RM MILLION)



SEGMENTAL INFORMATION

(RM Million)	1999	2000
Operating (Loss)/Profit	(0.5)	13.6
Turnover	477.7	507.3



Better overall performance of all industries' subsidiaries contributed to the turnaround of the Division. R&D and new product development are also continuously being pursued by all operating units during the year.

Ensuring high quality parquet through conditioning to stabilise the product as required for the European market.



OPERATIONS REVIEW

industries

Mechanisation programme to increase efficiency and productivity is being prepared to enhance value-added activities throughout the factory and to achieve better throughput time. Through Quality Improvement initiatives and Work Team Excellence (WTE), cost of poor quality has been reduced and, thus, contribute to an increase in profit.

Intensive Research & Development (R&D) is continuously being carried out to develop a blast and fragment resistant combat boots that offer protection against anti-personnel landmines and thus, minimize permanent injuries.



from left to right:-
Our range of internationally recognised boots.
Our guava juice processing plant in Bukit Lawang Estate.

RUBBER BASED

Harvik Rubber Industries Sdn. Bhd. (Harvik), a 70 per cent subsidiary that produces and markets quality specialized rubber boots recorded better performance and profitability during the year under review. Successful implementation of appropriate marketing strategies, despite keen competition from the Eastern Bloc countries and China, have resulted in new market penetrations and increased sales of high value products. Newly established strategic partnerships in Europe, Middle East and Hong Kong will see further growth in these regions for the coming years.

With the overall demand for rubber products, Harvik is searching for greater growth globally. Given the high level of R&D, Harvik is strategically positioned to play a part in this growing segment.

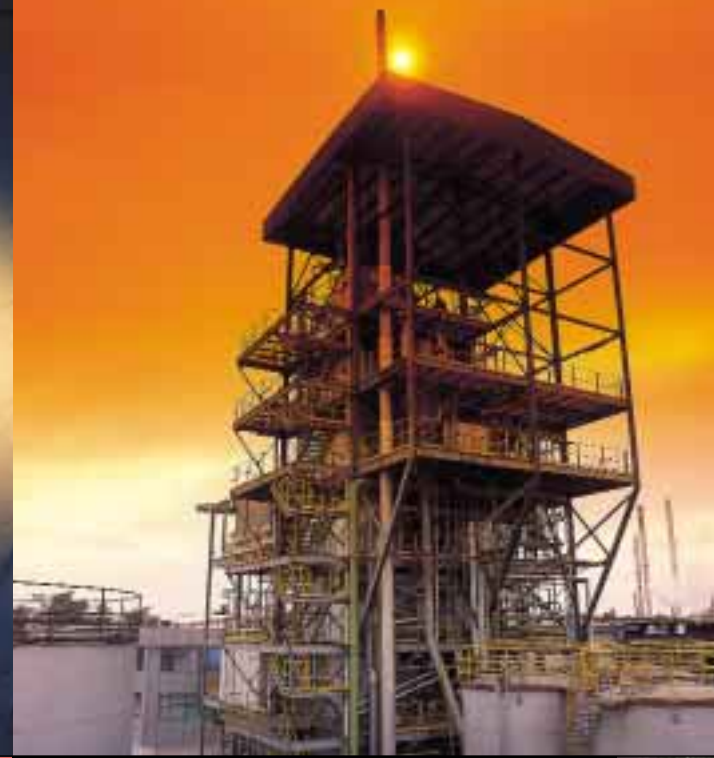
FOOD & BEVERAGE BASED

Kapar Coconut Industries Sdn. Bhd. (KCI) continued to enjoy good sales volume as compared to the same period in the last financial year. The market outlook remains bright for coconut milk products as coconut harvest in the past one year was good, and it is likely to persist in the coming year. This will stabilise raw material prices and maintain profit margin.

The company has identified another coconut milk product which is expected to enjoy good demand and provide potential growth area for KCI in the near future.

The performance of Golden Hope Fruit Industries Sdn. Bhd. (FISB), on the other hand, was lower due to lower sales volume as a result of reduced off-take of puree to Europe. In addition, the company also experienced lower puree selling price due to stiff competition from other suppliers, such as India, South Africa and Brazil, and higher freight cost to the USA.

Monitoring fractionation process trial at Golden Jomalina's R&D laboratory.



Vitamin E are underway and baring unforeseen circumstances production is expected to commence by year 2003.

WOOD BASED

The Group's 100 per cent subsidiary Golden Hope Fibreboard did well last year. It recorded substantially higher turnover and profit contribution due to higher production and sales volume and prices of MDF.

operations review industries

from left to right:-

Golden Jomalina's new semi-continuous plant.

Our rubberwood parquet is steadily gaining high reputation in the market.



Meanwhile, demand for tropical fruit juices including pink guava puree in the overseas market particularly in the USA and Europe remains steady. Market sources anticipate that yearly growth rate for tropical fruit juices will be about 5 per cent while guava puree is in the range of 5 to 6 per cent.

In view of this, Golden Hope will position itself to enhance its role. During the year Golden Hope focused on one specific area for an Integrated Fruit Zone (IFZ) to support this move. The IFZ is a 2,000 hectare integrated zone in Sungei Wangi Estate, Perak that will be developed into an integrated farming and processing of tropical fruits including pink guava.

PALM OIL BASED

For the year under review, Golden Jomalina Food Industries Sdn. Bhd., (Golden Jomalina) performed well despite the country's higher stockholding of crude palm oil, which depressed prices and refining margin.

The company reported a higher profit before tax, which was attributed to an increase in the total sales volume as well as an increase in the sales volume of its Special Quality (SQ) products. During the financial year, a first commercial production and sale of Jomalina Super Palm Oil (JSPO) was also recorded.

A major part of Golden Jomalina's modernisation project, such as cooling water towers, crude palm oil receipt shed and the new product dispatch, have been commissioned while the rest will be completed by the end of the next financial year. The new semi-continuous plant, which contributed to the increase in SQ product sales, was operational throughout the year under review.

Considerable attention was given towards getting certification of the Ministry of Health's Hazard Analysis Critical Control Point (HACCP). Training on HACCP was given priority to all personnel in order to meet the certification target in line with the global market expectation.

The Group's associate company, Henkel Oleochemicals (M) Sdn. Bhd., change its name to Cognis Oleochemicals (M) Sdn. Bhd. (COM) during the year. The change is in line with the transfer of Henkel KGaA chemical business segment into a separate legal entity called Cognis in August 1999.

COM Group started the year on a positive note following the strong upsurge in demand for oleochemicals in the last quarter of 1999, thanks to better economic fundamentals in both the USA and Europe. The impressive demand for oleochemicals augurs well for COM's business in the first quarter of 2000 as reflected in its favourable financial results in both turnover and profitability in this period.

The second quarter outlook remained buoyant based on the prevailing overall tight market in basic oleochemicals supply due to demand remaining strong in nearly all product categories.

Despite the positive outlook for the first half of 2000, the volatility of raw material process and intense market competition continued to be the major concerns in the oleochemicals business. However, the Group will continue its focus on the total cost management and implementations of appropriate business strategies to enhance its competitive productivity and profitability.

Product development on Tocotrienol Vitamin E continued to be pursued. The beneficial effects of tocotrienol Vitamin E in the inhibition of breast cancer, regression of atherosclerotic plaque, prevention of blood clots and skin protection against UV and ozone has caused significant increase in world interest in the product. Plans to commercialize palm tocotrienol



Continuous improvement in MDF factory operations achieved better efficiency resulting in lower direct unit cost of production despite rising cost of inputs. Meanwhile, the sourcing of wood raw material was well managed.

During the year, an upgrading of the computer control system for the entire MDF processing plant was undertaken to ensure Y2K compliance, improve reliability and enhance performance.

Industry sources confirmed that Golden Hope Fibreboard has maintained its position as the market leader on quality rubberwood MDF in the Asia Pacific region.

The demand for MDF continues to show strong growth in all markets with predictions for 15 per cent increase per year for the foreseeable future. In the Asia Pacific region, consumption is forecast to outstrip supply by 2003 based on known plans for capacity expansion. Hence a bullish period can be expected for the next few years.

Golden Hope Fibreboard is looking at further application of improved technology to increase plant capacity. A programme of research and development has also been formulated to introduce new MDF products and improve the efficiency of production processes.

The demand for sawn rubberwood timber is also strong based on the rapid growth of the furniture manufacturing industry which utilises predominantly rubberwood as raw material. Golden Hope Fibreboard has started the strategies to have a steady supply of wood raw material to supply its needs and the market in future.

Meanwhile, Golden Hope Parquet Sdn. Bhd. (Golden Hope Parquet) managed to broaden its market to include Japan via one of Japan's largest homebuilders. This marked a positive growth for the company especially in terms of production capability to match the product quality and differentiation in demand.

The performance of Golden Hope Parquet has improved slightly. It managed a reduction in product cost while quality issues was still an issue in the current year. The competitive export price had also affected the company's bottom line as the majority of our sales were for export especially to the EU countries.



from left to right:-

Ensuring high quality standards of parquet.

The new ultra-violet line at Golden Hope Furniture is one of the most environmental friendly application methods in the market.

During the under review, another subsidiary, Golden Hope Furniture Sdn. Bhd. (Golden Hope Furniture) installed a state-of-the-art ultra-violet (UV) finishing line. The line will decrease the finishing cost with up to one third of the present cost and at the same time double the present finishing capacity.

No solvent or toxic hardener is added into the finishing materials used and no chemicals emission, making this one of the most environmental friendly application method in the market. Since the method does not release any smell and very little heat, the workers' environment has also been vastly improved.

Golden Hope Furniture improved its performance slightly. It will continue to focus on improving its efficiency and productivity and widening the customer base, making full use of its new recognition as a "Total Quality" supplier.

The challenge for Golden Hope Furniture in the next financial year will be to hold the gains in total quality whilst increasing the number of designs in production with a minimum increase of workers and expanding its market network.

The Group's continuous research on the market growth in parquet business and changing trends in demand towards highly engineered and value-added products compared to the other types of flooring, provides ample opportunities for the company to improve its performance in the coming years.

The company will continue to focus on its competency to manufacture parquet and continuously increase its market share by broadening its market geographically via different distribution channels including e-Commerce.

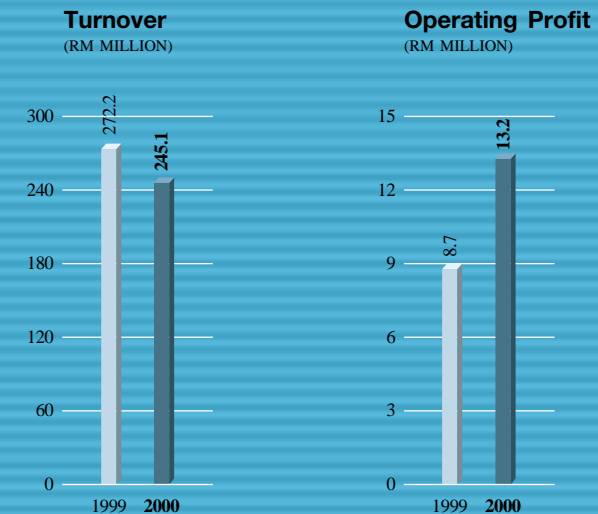
The production process and product quality are being continuously improved to meet the growth and changes in demand from mass production to customisation.

OPERATIONS REVIEW

international business

Financial Performance

The International Business Division recorded its best performance since the Group's overseas operations ventured into Germany, Vietnam, China and Bangladesh. The Division recorded its highest profit level to date and is poised to contribute a bigger role in the Group.



SEGMENTAL INFORMATION

(RM Million)	1999	2000
Operating Profit	8.7	13.2
Turnover	272.2	245.1

international business



germany

Paul Tiefenbacher GmbH (PTG), the 100 per cent subsidiary marketing company in Germany, experienced a drop in performance last year. During the year, Paul Tiefenbacher had to resolve its supply shortage of “HYRUB”. Efforts were made to source quality rubber from Thailand, Indonesia, India and even Cambodia, for the rubber to be marketed as “HYRUB”. This will help Paul Tiefenbacher expand its business in Europe. Paul Tiefenbacher will be reviewing its future enhanced role in other products in European Union (EU) in order to increase its contribution to the Division.

vietnam

Golden Hope-Nhabe Edible Oils C. Ltd. recorded more than double its operating profit during the year under review, to RM12.04 million. With the plant running at maximum capacity for most months of the year, Golden Hope-Nhabe is in the midst of implementing its plant expansion programme, to be commissioned by the first quarter of the next financial year. This will further strengthen Golden Hope-Nhabe’s brand of consumer packed cooking oils – “Marvela”. Meanwhile, other marketing efforts were made to strengthen market share in Vietnam through brand strategy. The Group is looking at a few business opportunities to expand Golden Hope’s operation in the country given our favourable experience, expertise and network as well as prospects.

china

Jiangyin Golden Hope Oils & Fats Co. Ltd.’s (Jiangyin) operation has also improved by more than double as a result of higher sales volume. Jiangyin is in the process of undertaking minor upgrading to both its crushing and refining plants. Greater marketing effort is required to realise the full potential of our brand “Golden Spring” as the country’s bottled oil consumption is on the rise.

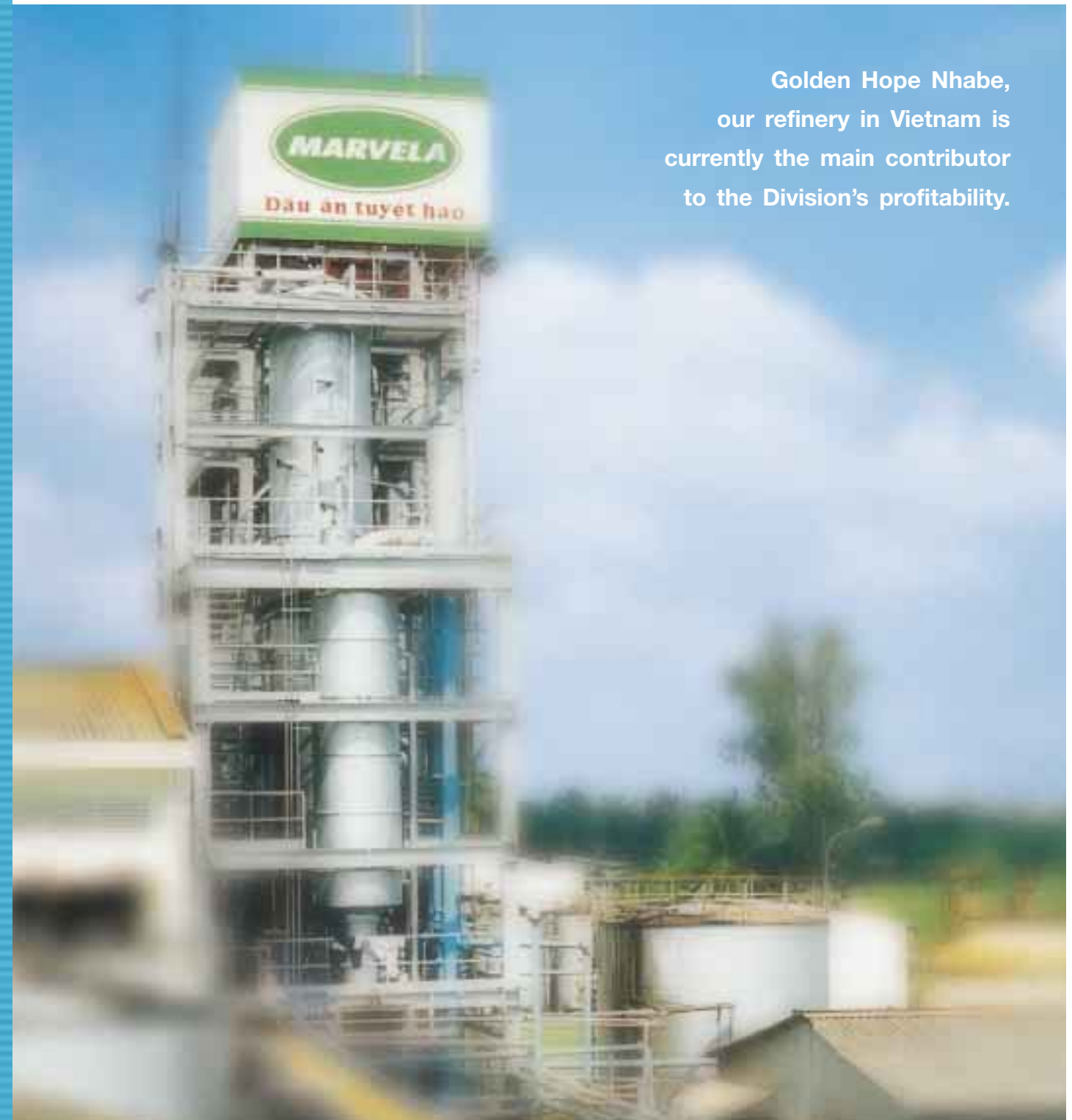
bangladesh

The operating profit of our associate company, Bangladesh Edible Oil Limited (BEOL) has improved greatly during the year. It has undergone upgrading of its plant and capacity. Its operation has firmly established its premium brand of “Rupchanda” – consumer packed cooking oils while another brand “Benio” was established for the mass market. The company is also looking at other investment projects to expand its earning base.

other countries

International Business is strategically positioned to increase its percentage contribution to the Group’s profitability. While verifying new market expansion, International Business plans to expand and diversify its product range to products other than oils and fats and its traditional products.

In view of the above, the Division is planning to establish a strong presence in West Asia, increase its activities in China and identify prospects for new overseas operations in, eg. India.



Golden Hope Nhabe, our refinery in Vietnam is currently the main contributor to the Division’s profitability.

from left to right:-

Paul Tiefenbacher... our trading arm in Europe.

Visiting newly arrived rapeseeds at Jiangyin-Golden Hope Oils and Fats Co. Ltd.

The automatic bottling plant at Golden Hope Nhabe.



The improved performances of our ventures have also caused the plants to run at maximum capacities for most months of the year.



global

networks & markets

