



Teamwork is emphasised at every level of the Property Division.

**DATO' ROSZALI OTHMAN**  
*Director, Property Operations*

**AZMAR TALIB**  
*Chief Operating Officer, Negara Properties (M) Bhd.*

**ABD AZIZ MUHAMAD**  
*General Manager,  
Finance & Golden Hope Properties (Johor) Sdn. Bhd.*

**MAHMUD FAUZI HAJI MUDA**  
*General Manager, Golden Hope Properties Sdn. Bhd.*

**MOHD SHUKOR DATUK NASIR**  
*General Manager, Golden Hope Development Sdn. Bhd.*

**ABD RAHMAN MD. NOR**  
*General Manager, Golden Hope Builders Sdn. Bhd.*

**HARRIS HASHIM**  
*General Manager, Pulau Carey Properties Sdn. Bhd.*

# Property

## Our Strengths

- Premier Developer of Quality Townships
- Prominent Master Developer in Malaysia
- Developing Lifestyle, Creating Value
- To Be the Best Managed, Diversified Property and Construction Business

## Overview

In line with Golden Hope's new strategic direction as a pure plantation player, the period under review heralds the closing of a chapter on the Group's property development business and activities.

As an integral part of the rationalisation exercise, the Group has disposed its equity shares in the following properties to Island & Peninsular Berhad (I&P):

- 99% of Golden Hope Properties Sdn. Bhd. (GHPSB)
- 60% of Golden Hope Development Sdn. Bhd. (GHDSB)
- 100% of Golden Hope Properties (Johor) Sdn. Bhd. (GHP(J)SB)

I&P has already issued a Notice of Voluntary Offer dated 26 September 2003, informing Golden Hope's Board of its intention to acquire the entire issued and paid-up capital share of Negara Properties (M) Bhd. (NPMB). Nonetheless, Golden Hope will retain the Impian Golf and Country Club at Saujana Impian, Kajang. The Group will acquire from Negara Properties (M) Bhd. (NPMB) its stakes in Impian Golf Resort Berhad, the company that operates the golf resort.

With the completion of the rationalisation exercise by end-2004, the Group will continue to enhance the value of its estate land via a development process for properties with development potential. However, it will no longer participate in the physical activity of property development or investment in new properties.

For the financial year under review, the Property Division continued to turn in a very satisfactory financial performance. Turnover improved to RM249 million, a 44% increase from RM173 million recorded the previous financial year. The same period also achieved an increase in profit before tax (PBT) of 63% to RM80 million, compared with RM49 million previously registered.

*Garden Living &  
Child-Friendly concepts  
are incorporated in  
Kota Seriemas.*



## Property Development Projects

### Kota Seriemas, Nilai

Owned by Golden Hope Development Sdn. Bhd. (GHDSB) and developed by Negara Properties (M) Bhd. (NPMB), Kota Seriemas continued to take shape as a self-contained township in the rapidly growing Nilai district. Kota Seriemas is already living up to the promise of its master plan which incorporates Garden Living and Child-Friendly lifestyle concepts, complemented by unique architectural themes.

Borrowing from Mediterranean elements, the Marrakech Lakeview TwinVilla units were launched in January 2004. The response was favourable, with 25% of the unit available immediately sold. This followed in the footsteps of the successful launch of the Malaya Themed bungalows. Since its launch in the last financial year, GHDSB has achieved 95% sales. To date, a total of 329 residential units in the township have been successfully completed and handed over to purchasers.

Golden Hope, through its Property Division, has established a solid reputation in the property development business. In a very competitive business environment, what sets the Group apart is its strategy of product differentiation to meet the demands of a more discerning house-buying public. At Kota Seriemas for example, child-friendly elements are incorporated at every phase of the development. This is aptly demonstrated at Laman Ilmu, a recreational cum educational park that has been thoughtfully planned to develop based on the five human senses, thus promoting a learning lifestyle amidst conducive surroundings.

As a responsible developer, one of the Group's objectives is to ensure that the value of the properties it develops will appreciate over the years. The new township is well served by a comprehensive suite of infrastructure facilities that include road networks, water pipelines, electricity lines as well as a drainage system. Kota Seriemas also benefits from its strategic location within the vicinity of the Kuala Lumpur International Airport (KLIA) and residents

have easy access to schools, shops and a mosque at the neighbouring KLIA quarters. With the completion of the second entrance, the township can also be accessed via the Nilai and Salak South expressways.

**Kota Bayuemas, Klang**

The 200-acre township is strategically located at the intersection of the Shah Alam Expressway (KESAS) and the Klang-Banting (Jalan Langat) main road. Making the most of its surroundings and unique features, Kota Bayuemas offers residents a 'Riverine Green Lifestyle'.

During the year under review, the Group continued to make headway with the development of Phase 1. Under this phase, an international standard cricket pitch known as Bayuemas Oval and the Akademi Kriket Melayu Tuanku Jaafar were completed. The opening ceremony on 21 February 2004 was officiated by DYMM Tuanku Jaafar Ibni Almarhum Tuanku Abdul Rahman, the Yang di-Pertuan Besar of Negeri Sembilan and who is President of the Malay Cricket Association of Malaysia.



**Top:**  
Concrete imprint at the main entrance of KSE reduces the speed of vehicles automatically.

**Bottom:**  
The Tower Clock is used as reference by the official referees during the cricket game.



Marrakech Lakeview TwinVilla, Kota Seriemas.

Bayuemas Oval will provide the platform to help the Group promote sports, recreational and lifestyle activities as part of its corporate sponsorship programmes. With this objective in mind, a 31-acre parcel of development land housing the Cricket Club and the Akademi Kriket Tuanku Jaafar will not be included as part of the rationalisation exercise. Instead, its ownership will be transferred to the Group, thereby ensuring its corporate social responsibility programmes are carried through.

#### **Kota Seri Langat, Banting**

Like the Group's other development projects, the 2,900-acre Kota Seri Langat has been carefully differentiated to offer residents a 'Garden District Administrative Township'. When completed, the low-density township will have population of around 65,000.

Progress was made during the year on the development of the new Kuala Langat District Administrative Centre. Under a smart partnership arrangement, a Memorandum of Agreement was concluded between the Group and the Selangor State Government on 30 June 2003 to develop the centre. The ground-breaking ceremony was officiated by Selangor Menteri Besar, YAB Dato' Seri Mohd Khir Toyo on July 2003, paving the way for physical works to commence. As at todate the physical progress is well ahead and the building is expected to complete by middle of 2005.

Meanwhile, Phase 1 of the residential development comprising a mix of 'Growhomes', semi-detached and link houses is expected to be launched in the Financial Year 2004/2005. Upon obtaining the green light for land conversion, building plans are targeted for submission to the local authority for approval by February 2005.

The new development is expected to generate income by the fourth quarter of the Financial Year 2004/2005.

#### **Impian Morib Resort, Morib**

The Impian Morib Resort is owned and developed by Golden Morib Sdn. Bhd., a 70:30 joint venture between GHDSB and Permodalan Negeri Selangor Berhad. In line with the Selangor State Government's aspiration, the 840-acre beach resort will be the centrepiece of a new beachfront township. It will be a future tourist attraction.

Work on Phase 1 of the project, comprising a 50-room 3-star hotel, has commenced for targeted completion by middle of 2005. As a further boost to the land value and development potential of the beach resort, plans are in the pipeline for the construction of an 18-hole golf course. The layout plan has been targeted for submission to the local authority for approval by the next financial year. Other planned projects include canal-view houses, corporate enclave villas and golf-view residences.



*The proposed Impian Morib Resort, a 50-room 3-star hotel and centrepiece of a new beachfront township.*



A computer-generated illustration of the lobby area of "Morib Beach Resort" 3-star Hotel, currently under development.



**Top:**  
On-site briefing at Alam Impian during a site visit by the Mayor and members of the Shah Alam City Council.

**Bottom:**  
Verdant green and clear skies. Actual shot of Alam Impian.

### Alam Impian, Shah Alam

Alam Impian, formerly known as Haron Estate, is a proposed 1,430-acre residential and commercial township located 3 km from the city centre of Shah Alam. Envisioned and designed to be a premium residential address in the Selangor State capital, the township will eventually house a population of approximately 60,000 when fully completed in 10 years.

During the year under review, amendments to the Master Layout Plan have been approved by the State Government. These amendments were necessary as they have incorporated a rethinking of the overall development concept to create a more up market scheme and a more efficient road infrastructure as well as a lower density township in order to achieve a more appropriate market positioning to further improve financial returns. The amendments also incorporated essential adjustments to the proposed new 7 km toll highway connecting the KESAS Highway and the Federal Highway which will pass through the eastern border of Alam Impian.

The proposed new highway will have substantial impact on property values in Alam Impian. Not only will it improve visibility of the project, but future residents will have even easier access to a wide range of existing urban amenities in the Shah Alam city centre. More importantly, the highway will generate a new physical perspective of the township as primary road accesses to Alam Impian will bypass the surrounding low value areas.

Property products in Alam Impian are designed to newer market standards as well as more stringent planning standards. There is greater emphasis on the quality of the built-up environment with wider roads,

higher percentage of open and green areas, superior standard of product specifications, total 'under-grounding' concept for utilities, lower density as well as significantly more security-conscious designs.

Apart from the design and layout efforts, the natural topography of the township will be exploited to its fullest advantage for property development and to support projects targeted for the premium market.

During the year under review, negotiations were held with major retail chain operators for development of new commercial complexes in the proposed town centre of Alam Impian.

The first sales launch is expected by mid 2005.

### Bangi Emas, Bangi

The new township of Bangi Emas is strategically located adjacent to Universiti Kebangsaan Malaysia in Bangi. Based on the concept of 'resort homes in the rainforest', the development offers nature-lovers an opportunity to enjoy the splendor of Malaysia's lush tropical foliage on about 723 acres of reforested freehold land. In order to translate this concept into reality, the developers are working in close collaboration with the Forest Research Institute Malaysia (FRIM), Golden Hope Agrotech Consultancy and local universities.

The revised Layout Plan of Phase 1 for the proposed mixed residential and commercial development has been approved and is expected for launching in FY2004/2005. Bangi Emas is being developed by the Negara Properties Group through an unincorporated joint venture with Golden Hope Development Sdn. Bhd.

### **Melawati Township, Kuala Lumpur**

Melawati Township is Negara Properties Group's flagship project. Fronting the Middle Ring Road II, the 1,200-acre Melawati Township consists of Taman Melawati, Desa Melawati and Wangsa Melawati. For the year under review, the Group continued with efforts to transform the green and fashionable township into a more vibrant residential and commercial hub.

Kicking off this transformation was the launch of a business complex known as Melawati Urban 1 in Phase TM12TC at the Taman Melawati Town Centre. The Development Order for 138 units of condo villas in Phase DM2 in Desa Melawati has also been obtained, clearing the path for launching by the next financial year.

With the township nearing maturity, approvals and strategic business partnerships are being pursued for the development of projects on the remaining prime development land area of around 253 acres.

### **Saujana Impian Township, Kajang**

An award winning 600-acre resort township, Saujana Impian is located at the fringes of Kajang town. To date, the Group has completed the construction of 1,673 units of residential properties.

The year in review saw the completion of 24 units of 4-storey shop houses at the resort Business Park in Phase S13C. The coming financial year will see the launch of 276 units of up-market condominiums in Phases S12C2 and S12C3, along with 34 units of innovatively designed shop offices under Phase S17A1. When fully occupied, the commercial components will be a new commercial hub serving not only the township, but also surrounding areas.

Like Melawati township, Saujana Impian is nearing full maturity.

### **Nilai Utama Enterprise Park, Nilai**

The 685-acre mix development Nilai Utama Enterprise Park (NUEP) is another award winning township developed by the Negara Properties Group, comprising industrial, commercial and residential properties.

Progress continued to be made in the construction of a Workers Housing Complex under Phase NU5B, housing a total of 440 units. During the year under review, some 240 units have reached 80% completion. When fully completed by the end of 2004, these apartments will provide affordable homes for workers in the nearby areas.



*PROMAC, Kota Seriemas and Saujana Impian.*



**Top:**  
*Bayuemas Oval is one of the major landmarks at Kota Bayuemas, Klang.*

**Bottom:**  
*An artist's impression of the future development in Carey Island.*

The development of the NUEP has already reached a critical mass. This will provide the growth momentum for the development of the remaining 450 acres of available land.

#### **Nilai Impian, Nilai**

Strategically located within the rapidly expanding Southern Klang Valley Growth Corridor, the 680-acre Nilai Impian Lake Garden Township is well served by the Kuala Lumpur-Seremban Highway through the Nilai Interchange.

The 'Lavenda Twin Villa' in Phase N14 and 'Jasmine' Grow Homes in Phase N12B launched in 2003 have since been fully taken up. The two phases are on course for targeted completion and handing over by the end of 2004.

Three additional phases, comprising the 'Dahlia' GrowHomes, 'Lily' GrowHomes and 'Dillenia' Superlink were launched during the FY 2003/2004.

### **Construction Management**

Golden Hope Builders Sdn. Bhd. (GHBSB) is the principal construction arm of the Group. Over the years, Construction Management has played an important supporting role in helping to create and speed up the development potential of the Group's significant land bank. Notwithstanding the Rationalisation exercise, Construction Management will continue to remain within the streamlined Group.

Throughout the period under review, GHBSB continued to fulfil its contractual obligations and book orders from within and outside the Group. Major projects include the design and construction of the Kuala Langat District Office building at Kota Seri Langat, a 3-star hotel at Impian Morib Resort, Tesco Hypermarket at Saujana Impian, Kajang and the Puteri Nursing College at Kota Seriemas. The total contract value of these four projects amounted to about RM100 million.

### **Property Investment**

The Group's property investment portfolio is vested in Golden Hope Properties (Johor) Sdn. Bhd. (GHP(JSB)) one of the companies to be divested under the rationalisation exercise. GHP(JSB) owns strategic land banks and several leased properties.

In September 2003, the Company entered into an agreement with Puteri Nursing College, a subsidiary of KPJ Healthcare Bhd, to build and lease a nursing college in Kota Seriemas. When completed by end 2005, the nursing college can accommodate more than 600 students. The project is expected to generate a recurrent income with a reasonable yield of 8 to 9%.

The Company has also signed an agreement with Tesco Stores (Malaysia) Sdn. Bhd. to build and lease a hypermarket building at Saujana Impian, Kajang. The hypermarket is targeted to be operational by the first half of 2005, and is expected to generate a recurrent income with a 14% yield.



*Lakefront view at Kota Seriemas.*

## Facilities Management

The Group's Property Division also manages a portfolio of leisure and resort facilities. The properties owned and managed by the Group include the Impian Golf and Country Club, Impian Court Condominiums, the resort and leisure facilities at Carey Island and the international standard cricket pitch, Bayuemas Oval.

The Impian Golf and Country Club (IGCC) is rapidly joining the ranks of the other more established golf clubs in Malaysia. This was acknowledged by the Malaysia Professional Golf Association of Malaysia (MPGA) which named the IGCC as the Best Green in Malaysia for 2003. The club was voted as the tenth best Golf Courses in Malaysia by Golf Malaysia Publication.

A highlight of the year was "PNB: Classic One" an annual professional golf tournament hosted by IGCC and sanctioned by the MPGA.

## Human Resource Development

Training and development programmes organised during the year in review were aimed at bridging the skill gap in key areas identified by the Group. Safety is a paramount concern that is shared groupwide and the Group is committed to provide a safe and conducive work environment for its employees and the various communities in which it operates. In line with this commitment, an in-house Safety Officer Certification programme was jointly organised with the Golden Hope Academy. Aimed at creating a pool of certified safety officers

within the Group, the programme was organised in collaboration with the National Institute of Occupational Safety and Health (NIOSH) and sanctioned by the Department of Occupational Safety and Health, Malaysia.

The Division has also earned the status of a certified trainer for the CIDB Green Card Programme. This means that the Division can organise and conduct the mandatory 'Construction Induction Training' programme in-house for both internal staff as well as contractual workers.

## Strengthening Corporate Governance

The Property Division remains fully committed in ensuring that the principles and best practices of good governance set out in the Malaysian Code on Corporate Governance are applied and adhered to. This was reflected in the adoption of an effective governance framework that included among others a formal tender process (of approving tender awards), Directors' project visits, regular compliance status reports at Board Meetings, development advisory visits and reporting and internal quality audits.

Throughout the year, the Division made regular disclosures to the Board at each sitting on the status of compliance by each property company in its corporate stable. These disclosures were made in compliance with the Listing Requirements of Malaysia Securities Exchange Berhad, Policies and Guidelines of the Securities Commission, Companies Act 1965, Housing Development (Control and Licensing) Act 1966 (Act 188) & Regulations and other regulation in force.



*Golfing at the Impian Golf and Country Club.*

Corporate governance was also enforced through several dialogue sessions with investors and stakeholders. During the year, the platform for such dialogue was provided by the Business Presentation and Extraordinary General Meeting (EGM) of Negara Properties on 1 August 2003 and 7 August 2003 respectively, and the EGM of Golden Hope on 11 August 2003 for the proposed unincorporated joint venture to develop the Bangi and Old Lunderston Estates, part of Kota Bayuemas and part of Kota Seriemas.

The 44th Annual General Meeting of NPMB was held on 13 October 2003 to announce its financial year performance. An EGM was held on the same day to approve the proposed renewal of existing and proposed new shareholders' mandate and the proposed conversion of stock in the capital of NPMB into 58,832,634 ordinary shares of nominal value RM1.00 each credited as fully paid-up upon such conversion.

### Internal Control & Risk Management

The three ISO-certified centres within the Property Division have been satisfactorily managed based on the latest ISO 9001:2000 system. During audit by the Certification Body (SIRIM QAS Sdn. Bhd.), no major problems were reported. Among various improvements were recommendations made by the BPQM project to enhance the 'Market Development, Marketing and Sales' process. The services of an independent consultant were also deployed to carry out a diagnostic review on critical areas in the Division. The review has manifold



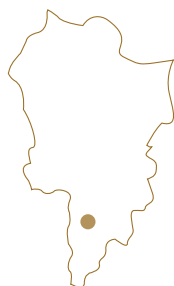
*The Property Division fully adheres to the MCCG.*

objectives; to improve the Division's financial performance, ensure the adoption of appropriate policies and processes, ensure the effective use of technology for business efficiency and to nurture the human resources into a cohesive workforce endowed with winning attitudes, skills and motivation.

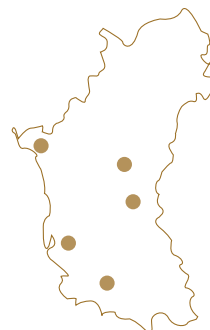
The year under review saw the launch of the Property Division's Corporate Governance Manual Volume 2, officiated by the former Group Chief Executive, YBhg. Dato' Wahab Maskan in December 2003. The manual is a manifestation of the Group's commitment to ensuring that internal policies, procedures, rules and regulations are effectively communicated and applied in the business operations.

A mini seminar on corporate governance was also held during the year as an integral curriculum on the Group's Learning & Growth programmes. The objective of the seminar was to instill awareness and understanding among employees on the importance of good corporate governance practices.

The practice of good governance and risk management was further reinforced through regular visits by the Development Advisory Department to the various subsidiaries and operating units within the Division. Valuable feedback obtained from these visits facilitated the formulation of new ideas and strategies to manage operational risks more effectively.



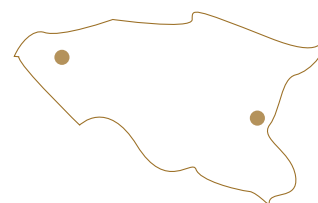
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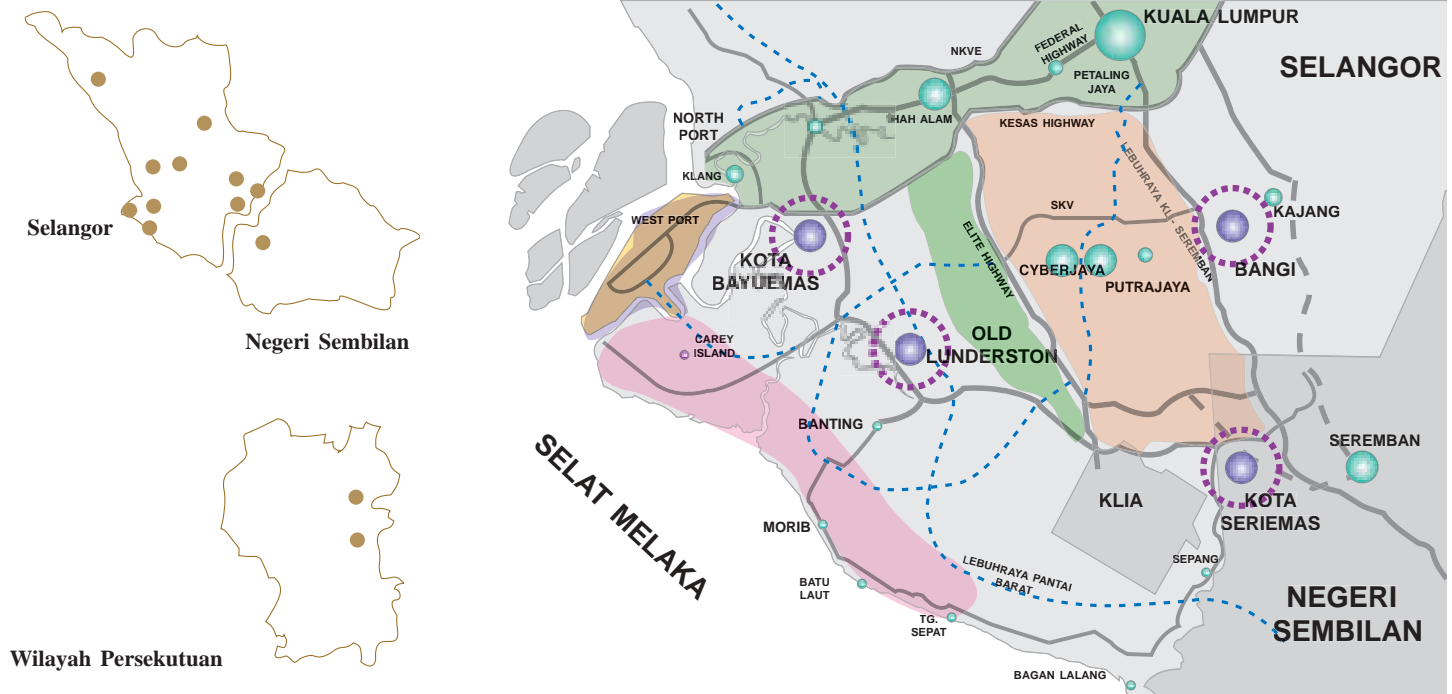


**Johor**



**Melaka**

Location of Property	Total Titled Area (Hectares)	Description	Tenure	Year of Expiry	Size Hectares (Properties)	Age of Building (Years)	Net Book Value As At 30 June 2004 RM'000
<b>Kedah</b>							
Victoria Estate, Kulim	28.69	Land held for future development*	Freehold	—	28.69	—	5,082
<b>Perak</b>							
Jin Seng Estate, Bagan Serai	1,091.18	Land held for future development*	Freehold	—	176.48	—	9,240
Elphil Estate, Sungai Siput	926.31	Land held for future development*	Freehold	—	364.38	—	5,587
Strathisla Estate, Ipoh	312.26	Land held for future development*	Freehold	—	193.23	—	27,554
Sungei Wangi Estate, Sitiawan	2,720.00	Land held for future development*	Freehold	—	379.04	—	37,385
Selaba Estate, Teluk Intan	1,266.08	Land held for future development*	Freehold	—	199.24	—	4,458
<b>Selangor</b>							
Melawati Townships							
– Taman Melawati,	10.32	Mixed residential and commercial development	Freehold	—		—	17,114
– Wangsa Melawati	0.1						22,116
– Desa Melawati	91.78						28,014
Ulu Klang							
Gasing Indah, Petaling Jaya	0.09	Mixed residential and commercial development	Freehold	—	0.09	—	1,634
Saujana Impian, Part of Phases.	58.17	Golf Club & Golf Course	Freehold	—	58.17	—	61,673
Impian Golf & Country Club, Kajang			Freehold	—		5	
Saujana Impian, Kajang	26.65	Golf Club & Golf Course commercial & residential resort development	Freehold	—	26.65	11	16,713
Bukit Belimbing/Bukit Badong	1,409.22	Land held for future development*	Freehold	—	1,405.45	—	28,295
Kuala Selangor Estates, Kuala Selangor							
Sungei Sedu Estate, Banting	2,048.14	Land held for future development*	Freehold	—	1,377.25	—	148,923
Glengownie Estate, Beranang	395.87	Land held for future development*	Freehold	—	391.01	—	
Dusun Durian Estate, Morib	2,344.09	Land held for future development*	Freehold	—	683.98	—	77,739
Semenyih Estate, Semenyih	316.85	Land held for future development*	Freehold	—	172.33	—	45,390
Bangi Estate, Bangi	334.12	Land held for future development*	Freehold	—	312.67	—	72,223
		Land held for future development*	Freehold	—	391.01	—	5,766
Saujana Impian Phase 3 and 7B, Kajang	5.27	Commercial development	Freehold	—	2.28	—	1,354
Haron Estate, Shah Alam	552.81	Mixed residential and commercial development	Freehold	—	562.92	—	576,939
Pendamar Indah, Kelang	0.04	Mixed residential and commercial development	Freehold	—	0.04	—	
Part of Kota Bayuemas, Kelang	7.39	Commercial Development	Freehold	—	7.39	—	



Location of Property	Total Titled Area (Hectares)	Description	Tenure	Year of Expiry	Size Hectares (Properties)	Age of Building (Years)	Net Book Value As At 30 June 2004 RM'000
<b>Wilayah Persekutuan</b>							
Wangsa Melawati, Phase WM 8A, D/3.54	3.54	Residential development	Freehold	—	—	—	23,275
Taman Melawati, Phase MCC 8, 11 & 19	2.12	Commercial development	Freehold	—	—	—	18,744
<b>Negeri Sembilan</b>							
Dataran Seriemas, Kota Seriemas, Negeri Sembilan	9.27	Themed residential & commercial	Freehold	—	9.27	—	
Nilai Townships							
– Nilai Utama Enterprise Park,	172.58	Integrated industrial and commercial development	Freehold	—	172.58	—	37,075
– Nilai Impian	161.41	Mixed residential and commercial development			161.41		116,495
Linsum & Paroi Estates, Ampangan	1,148.09	Land held for future development*	Freehold	—	586.00	—	93,017
KLIA Workers Housing Commercial Complex, Nilai	2.23	Commercial Complex	Freehold	—	2.84	3	8,110
Kota Seriemas, Nilai	780.02	Mixed development	Freehold	—	718.98	—	238,189
Nilai Utama Workers Housing Complex – Phase NU 5A, Nilai	2.53	Housing complex	Freehold	—	2.53	—	12,538
Nilai Utama Enterprise Park (NI 6D, E, F)	7.87	Commercial development	Freehold	—	9.87	—	26,829
Sungei Mahang Estate, Nilai	8.18	Commercial & Industrial development	Freehold	—	8.18	—	
<b>Melaka</b>							
Sungei Bahru Estate, Masjid Tanah	1,429.13	Land held for future development*	Freehold	—	437.42	—	6,676
Diamond Jubilee Estate, Jasin	2,847.77	Land held for future development*	Freehold	—	903.78	—	92,613
<b>Johor</b>							
Muar River Estate, Segamat	1,597.32	Land held for future development*	Freehold Leasehold	—	8.88 66.57	—	4,810
Tangkah Estate, Tangkak	1,842.48	Land held for future development*	Freehold	—	440.18	—	16,799
Kelan Estate, Kulai	1,667.72	Land held for future development*	Freehold	—	655.70	—	97,958

\* Estate operations are managed by Agribusiness Division



Wide angle view of our refinery in Unimills.

**DR. MOHD TUSIRIN MOHD NOR**

*Senior Director, Oils & Fats  
(effective 1 September 2004)*

**ZAZILI JAAFAR**

*General Manager,  
Strategic Unit, Oils & Fats/Oleochemical Division*

**FAUDZY ASRAFUDDEEN SAYED MOHAMED**

*General Manager, Commodity Sales & Marketing*

**JAN VAN-DRIEL**

*Managing Director, Unimills B.V*

**MUHAMMAD MOHAN KITTU ABDULLAH**

*General Manager, Golden Jomalina Food Industries Sdn. Bhd.*

**SULAIMAN ABDUL HAMID**

*General Director, Golden Hope-Nhabe Edible Oils Co. Ltd.*

**TANG QING**

*General Manager,  
Jiangying-Golden Hope Oils & Fats Co. Ltd., China*

**RAYMOND FREDERIC MOONEY**

*General Manager, Hudson & Knight (Pty) Ltd.*

# Oils & Fats

## Our Strengths

- Integrated operation in oils & fats ensures traceability of palm oil products to our customers.
- First Malaysian public listed group with down stream refineries and activities in oils & fats in Europe and South Africa.
- Combined capacities & facilities worldwide provide synergies for the introduction of new products and further growth in the oils & fats market share.



**Top:**  
*Delivery of customised products.*

**Bottom:**  
*The new facility at Golden Hope – Nhabe.*

## Overview

Golden Hope’s oils and fats businesses are both food or non-food based. The food-based operations are represented by its four refineries in edible oils and fats. In the non-food-based business, namely oleo chemicals, Golden Hope is represented by its 50% interest in Cognis Oleochemicals Sdn. Bhd. As reported last year, the newly consolidated Oils & Fats Division also integrates all the activities of the Group’s refineries in Malaysia (Golden Jomalina), Vietnam (Golden Hope-Nhabe), China (Jiangyin-Golden Hope) and The Netherlands (Unimills). However, refining operations in China were discontinued during the year under review, as economies of scale could not be achieved due to limited production.

The Division’s strategy is to add value to its palm products by capitalising on its expertise in oil refining, oil modifications and product formulations in both the food and non-food sectors. In the food sector, the Division manufactures products for food ingredients such as oleins, shortening, margarine, bakery fats and cooking oils. In the non-food sector, the main products are basic oleochemicals such as fatty acids and alcohols.

The Division subscribes to a customer-centric strategy to build brand loyalty and expand its customer base. By working closely with our customers, we fully understand their needs to tailor our products to suit individual requirements. As a value-added service, we also provide them with innovation solutions in their inventory, logistics and supply chain management. These efforts have provided the basis for the Division to produce differentiated products, which is our key business strategy. Efforts were also focussed on reducing costs through the in-house Black Belt programme. Kicked-off in July 2001, the programme has proven an effective platform to institute strategic improvements in the identified areas.

In tandem with the move towards producing higher value and higher margin differentiated products, the Division has continued to invest in increasing its processing capacities. During the last financial year, additional fractionation capacity was commissioned at Jomalina, while the construction of a new fractionation plant has commenced at Unimills. A new refinery and neutralising plant were also commissioned at Nhabe.

Plans are also in the pipeline for the Group to exploit unfolding opportunities in the growing oleochemicals market, particularly in Asia. The business expansion plan will also involve Cognis, one of the most experienced companies in the industry, and a joint venture partner of the Group for the past 20 years.

## Financial Performance

During the year in review, the business environment was characterised by increasing competitiveness, high crude oil prices and hence, lower margins. Further, some of the strategic business units incurred cost of restructuring as a result to downsizing, a move which will benefit the Company in the future. The good performance in the non-edible oleochemical sector helped offset the poor performance in the edible oil sector. This has enabled the Division to contribute positively to the Group's bottomline.

To improve the performance of the Division, we will strive to increase the sales of high margin non-commodity products. It is heartening to note that despite the low margin in our downstream operations, we indirectly managed to improve the prices of our palm products, namely CPO and kernel raw materials.

## Market Development

Addressing our customers' concerns on food safety, health and traceability remained a top priority. Attention was also focussed on measures and initiatives to ensure food safety and traceability covering the entire spectrum of the supply chain, from the plantation, refining and production operations right down to end delivery. Projects to implement trans-free products were also implemented during the period under review.

Coordinated by the Group Marketing Team (GMTf), efforts to foster closer relationship and cooperation with customers were stepped up. A better understanding of customers' needs and requirements supported the Division's key strategy of product differentiation.

Training in oils and fats processing technology has become a regular fixture on the Division's calendar of events, with the organisation of a second Oil Processing Technology Course at the Golden Hope Academy. The week-long course at Carey Island was attended by participants, not only from Malaysia, Vietnam and The Netherlands, but also from Russia, Australia and Tanzania. The course served as yet another platform to foster closer ties with key customers while strengthening internal competencies.



*Customers visiting the plantation.*

## Europe

### Operational Highlights

Unimills continued to lead the Group's charge to establish a stronger presence in the European market. Its main product line comprises blends and various types of modified oils customised for the margarine and baking industries and for technical applications. Unimills' principal markets are in Europe and to a smaller extent, North Africa.

Despite intensified competition, Unimills continued to hold its own in meeting the formidable challenges head-on. Adequate cost control measures in combination with a customer-centric focus, contributed towards an increase in output. However, with new challenges looming ahead by way of new capacities coming onstream in Rotterdam, the company has adopted various proactive measures. These include increasing the product range available with the construction of a new fractionation plant.

A long-term measure to meet future challenges will involve a group-wide restructuring plan that has already been approved by Management. The plan will allow for a leaner and more streamlined organisation, better positioned to increase its operational efficiencies. The exercise will reduce the total workforce by 10%. To reap the benefits of cross-cultural exchange of ideas and work methods, two managers from Golden Hope Malaysia joined the workforce in Zwijndrecht during the year in review.

Given the increasing geographical spread of its operations, one of the concerns of the Group is maintaining effective channels of communication. This concern was addressed in December 2003, when the Group Chairman officially launched the e-CRM system for Unimills. The pioneering system will pave the way for information sharing group-wide, more expediently and efficiently.

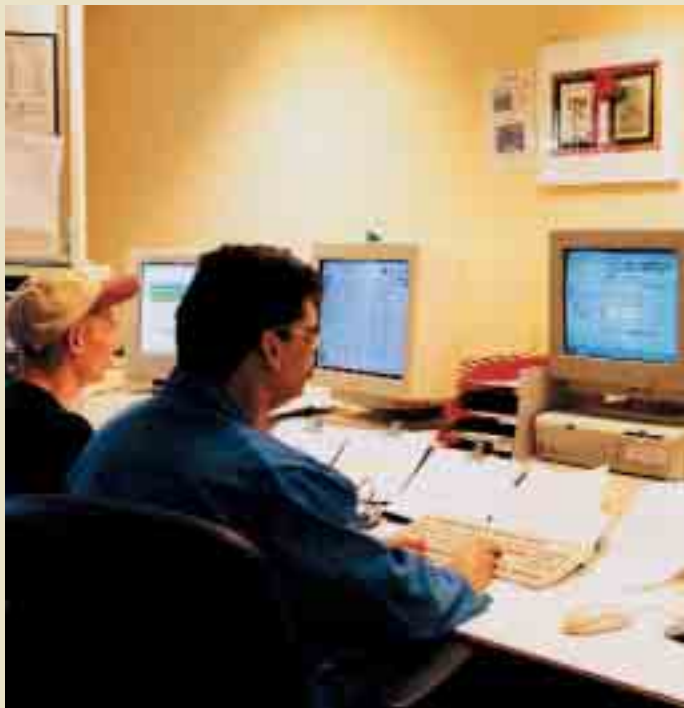
Unimills also made headway in implementing a Total Productive Maintenance (TPM) process in consultation with the Japanese Institute of Productive Maintenance. The Company has passed the pre-audit stage and is confident to receive approval of the final audit in September 2004.



*Inspection of critical control point for food safety during product loading.*



*Top:*  
*The Unimills chimney is one of the most prominent landmarks in Rotterdam.*



*Left:*  
*The use of technology is emphasised to ensure efficiency throughout the Group.*

## Malaysia

*New plant in operation at Jomalina.*



Golden Jomalina Food Industries Sdn. Bhd. (Jomalina) produces refined products of palm oil and palm kernel oil. Approximately 70% of the products consist of standard refined products, exported mainly as commodities. The balance is made up of packed products (such as shortening, industrial margarine, ghee and cooking oil) and customised palm oil products for frying, application in dairy products, colouring and as a food ingredient. Customised products cater to the domestic market as well as exports to Japan, Hong Kong and the Europe.

The year under review was a challenging one. Intensified competition in the CPO market, amidst a regime of high prices were among factors contributing towards lower and at times, negative margins. To improve its performance, Jomalina is focusing on special quality products targeted at niche markets for key customers. Dedicated key personnel have been appointed to service these accounts. Jomalina has also embarked on cost-saving projects under the Black Belt programme. The objective is to be cost effective without compromising on quality standards.

## Vietnam



*Continuous R&D for product and process improvement.*

Golden Hope-Nhabe produces and markets mainly cooking oil for the Vietnamese market and neighbouring countries. During the year under review, the Company successfully completed three major projects in physical refinery, neutralising plant and storage tanks.

The various plant improvement initiatives contributed towards a positive financial performance. This was despite the Company having recorded a decline in sales owing to increased competition in the local market and rising production costs resulting from the steep increase in crude oil prices.

Considerable inroads were also made into the Cambodian market, with a significant increase in sales of Marvella bottled oil. This was facilitated through an advertising and promotional blitz, organised with the help of distributors. The Company also participated in various activities organised by the Malaysian Consulate in Ho Chi Minh City as well as those organised by the Vietnamese authorities. These activities provided yet another avenue for the Company to enhance its profile in the local scene, while promoting and publicising its products.

Owing to the limited production, the Group has decided to discontinue its refining operations in China. However, the Group remains optimistic about the vast potential presented by the large Chinese market for oils and fats. As such, the Company is studying the viability of marketing oils and fats products in China, sourcing from within or outside the Group.

## China

Golden Hope has also established a foothold in Bangladesh, where its associate company, the Leverian Group, contributed positively to Group revenue for the period under review.

## Bangladesh

The year in review marked the Group's entry into the South African market, following the acquisition of the margarine and bakery fats manufacturing business from Unilever. The acquisition included Unilever's refining and blending facilities in Johannesburg. The Group's South African business portfolio would be operated by Hudson & Knight (PTY) Ltd (H&K).

## South Africa

The coming financial year will also see more focused action plans to support the brand equity of H&K's major brands such as Pastrex and Plento, among others.

*Latest addition to our overseas operation – H&K.*





A scenic view of one of the world's biggest pink guava plantations.

# OTHER Businesses

MASNO MASNAN  
*General Manager, FISB*

## Golden Hope Fruit Industries Sdn. Bhd.

### Financial Performance

For the period under review (July 2003 – June 2004), the Company posted a turnover of RM7,180,793, an increase of 14% from RM6,276,794 recorded in the previous corresponding period. However, turnover still fell short of expectations, being well below the budgeted turnover for the period under review. This was mainly attributed to a weak market, which had an adverse impact on prices, particularly during the first half of the financial year. Lower crop yields from Bukit Lawang was another contributing factor. The situation was aggravated when the Kelan Estate had to stop maintaining its guava fields owing to plant wilting and an outbreak of nematode worms. While addressing these unexpected problems, the Company took pains to ensure its contractual orders were met.

### Market Development

Market prospect for pink guava remain good as consumers globally are increasingly becoming more health-conscious. Guava has become an increasingly familiar ingredient in the production of food and beverages. This augurs well for the Company and its guava puree business.



*FISB guava juice has been well accepted worldwide.*



### Operational Highlights

The Company's new fruit-processing facility at Sungai Wang Estate was commissioned during the period under review, with trial production beginning in July 2003. The factory was officially opened by the Group's Chairman YBhg. Tan Sri Dato' Seri (Dr.) Ahmad Sarji bin Abdul Hamid on 4 September 2003. With the new facility operational, it is anticipated that the fruit processing plant in Bukit Lawang, Johor will cease operations by end-2004. All processing activities of pink guava and other juices will be consolidated at the new processing plant in Sitiawan by January 2005.

Pink guava is now an important fruit crop for the Company. Around 500 ha of land at the Sungai Wangi Estate have been planted with pink guava fruit trees. Upon reaching full maturity, the Company estimates that annual production of pink guava fruit will increase to 11,000 tonnes, from which 8,000 tonnes of puree can be produced. Given these projections and intensive marketing efforts underway, the Company has set a target to capture 25% of the global market for pink guava puree by the year 2007.

Like the other Divisions and operating companies within the Group, the Company has embarked on a journey of continuous improvement to enhance its global competitiveness. During the year under review, the Company successfully maintained its HACCP certification. It also upgraded its ISO certification to meet the more stringent requirements of the new ISO 9000-2000 standard. The quest for excellence also covered the business-critical area of occupational health and safety, where for the third consecutive year, the Company won the National Occupational Safety And Health (OSH) Excellence Award in the Manufacturing (SMI) Category. These awards are further manifestations of the Company's commitment to quality excellence, underscoring the effectiveness of the OSH system and TQMS in its operations.

# Harvik Rubber Industries Sdn. Bhd.

**MOHAMED NASIR WAN IDRUS**  
General Manager

## Overview

The Group's interest in the rubber based industries is represented by Harvik Rubber Industries Sdn. Bhd. (HARVIK), a company that has already made its mark in global markets as a leader in OEM manufacturing. The clear advantage of a highly trained and experienced workforce has enabled HARVIK to produce highly sophisticated safety, fire fighting and chainsaw-cut resistant boots that meet the most stringent world-class quality and conformance standards. Strategic market positioning has given HARVIK an edge in select segments that are less price sensitive and where there are fewer competitors.

## Financial Results

A challenging business environment impacted on HARVIK's financial performance for the FY 2003/2004. In the face of growing competition, HARVIK was still able to record a turnover of RM21.5 million, compared with RM20.5 million the previous financial year. Sales of safety footwear remained the mainstay of the Company's business, accounting for 54% of the total value of sales for the year under review. Efforts to diversify the customer base have met with some success, with the addition of new customers during the year under review.

## Operational Highlights

HARVIK's market share has shrunk considerably as a result of increased competition from the Eastern Bloc countries that have reaped the benefits of technology transfer from the more advanced European Union producers. Intensified market competition also dampened prices. To ensure the long-term viability of its business, HARVIK's strategy is to consolidate and reposition its business targeting the high-end and more specialised safety footwear segment.

In the meantime, various measures have also been implemented to improve profitability. A cost-efficiency approach has been adopted group-wide, and efforts were also intensified to develop new markets and improve HARVIK's distribution networks. Cost-cutting measures such as right-sizing, reduction in rejects, materials substitution and productivity improvements have contributed towards reducing the production cost by 6%. A significant achievement was the reduction in rejected items to 1.78% of production, from 3.79% the previous year. The measures put in place were complemented by the implementation of TQEM methodology, continual innovation, quality improvement initiatives and excellent teamwork displayed by employees throughout the year in review. The reduction in overall costs helped HARVIK to cushion the impact of increased rubber prices.



*Harvik boots go through stringent quality control to ensure customer satisfaction of its products.*

**HJ. ABDUL AZIZ ABDUL RAHMAN**  
*General Manager*

# Kapar Coconut Industries Sdn. Bhd.



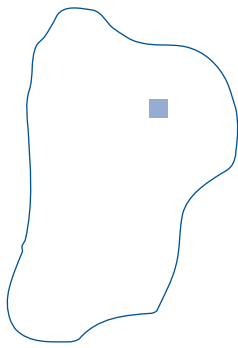
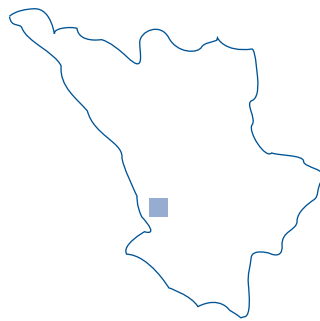
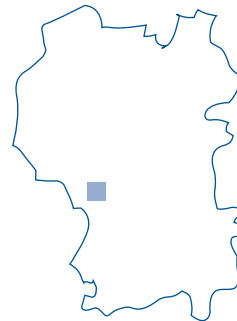
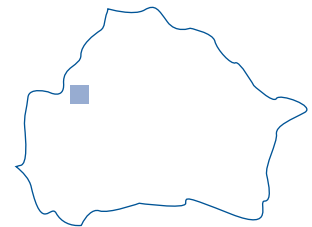
## Overview

Operationally, the year under review ended on a satisfactory note for Kapar Coconut Industries Sdn. Bhd. (KCI). Demand for two of the Company major products, coconut milk powder (CMP) and low fat desiccated coconut (LFDC) continued to grow. During the year, the Company repackaged and introduced its UHT coconut milk in a bigger one-litre catering pack. The product launch was met with favourable response from both the Malaysian and Singapore market, and some overseas agents have indicated their interest.



*KCI's manufacturing process is done in accordance to world's best practices.*

The group-wide quest to achieve global excellence continued to gain momentum in KCI during the year in review. The process of attaining HACCP certification for KCI's factory is progressing as planned to meet the December 2004 target.

**Penang****Selangor****Kuala Lumpur****Negeri Sembilan**

Location of Property	Tenure	Year of Expiry	Size Hectares	Age of Building (Years)	Description	Net Book Value As At 30 June 2004 RM'000
<b>Penang</b> Harvik Rubber Industries Sdn. Bhd. – Seberang Prai Tengah, Pulau Pinang	Leasehold	2030	8.1	31	Industrial land with factory	1,606
<b>Selangor</b> Golden Jomalina Food Industries Sdn. Bhd. A – Batu 9, Jalan Banting-Klang, 42500 Selangor	Leasehold	2086	4.0989	29	Industrial land with factory	632
<b>Kuala Lumpur</b> B – Pantai Tower Apartments 5-12A & 5-12C, Pantai Towers, Lorong Bukit Pantai, 59100 Kuala Lumpur	Freehold	—	1,630 sq. ft.	22	2 Apartments	187
<b>Negeri Sembilan</b> Golden Hope Parquet Sdn. Bhd. – Nilai, Negeri Sembilan	Freehold	—	4.04	7	Industrial land with factory	3,059



