

A n n u a l R e p o r t 2 0 0 4



漢 聯 機 構 有 限 公 司



C O N T E N T S

2	.....	Notice of Annual General Meeting
4	.....	Statement accompanying Notice of Annual General Meeting
5	.....	Corporate Information
6	.....	Profile of Directors
8	.....	Chairman's Statement
12	.....	Statement of Corporate Governance
17	.....	Additional Compliance Information
18	.....	Report of the Audit Committee
21	.....	Statement on Internal Control
23	.....	Financial Statements 2004
62	.....	List of Properties of the Group
63	.....	Analysis of Shareholdings
67	.....	Analysis of Warrantholdings
71	.....	Form of Proxy





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Harn Len Corporation Bhd ("Harn Len" or "the Company") (502606-H) will be held at Hall 4, Fourth Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru on Thursday, the 23rd day of June, 2005 at 11.00 a.m. for the following purposes:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2004 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To approve the payment of Directors' fees for the financial year ended 31 December 2004. *(Resolution 2)*
3. To re-elect Mr Low Quek Kiong, a director retiring in accordance with Article 84 of the Company's Articles of Association. *(Resolution 3)*
4. To re-elect Mr Low Kueck Shin, a director retiring in accordance with Article 84 of the Company's Articles of Association. *(Resolution 4)*
5. To re-elect Mr Low Kwek Lee, a director retiring in accordance with Article 84 of the Company's Articles of Association. *(Resolution 5)*
6. To consider and if thought fit, pass the following resolution:
"That pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Low Nam Hui who is over 70 years of age be re-appointed Director of the Company to hold office until the next Annual General Meeting."
(Resolution 6)
7. To re-appoint the retiring Auditors, Messrs KPMG as Auditors and to authorise the Directors to fix their remuneration. *(Resolution 7)*

Special Business :

To consider and, if thought fit, pass with or without modification, the following **Ordinary Resolutions**:

8. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 ("Authority to allot and issue shares")
"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
(Resolution 8)
9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH SERI CEMERLANG PLANTATION (PAHANG) SDN BHD ("Proposed Shareholders' Mandate I")

"That, subject always to the Bursa Malaysia Listing Requirements, the Company and/ or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.2 of the Circular dated 1 June 2005 with Seri Cemerlang Plantation (Pahang) Sdn Bhd subject further to the following:-

- i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders; and
 - ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirement and as set out in Section 2.2 of the Circular dated 1 June 2005;
 - iii) that the shareholders' mandate shall continue in force until:-
 - a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - c) revoked or varied by resolution passed by the shareholders on general meeting;whichever is the earlier; and
 - iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." *(Resolution 9)*
10. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH PENGANGKUTAN LOW NAM HUI SDN BHD ("Proposed Shareholders' Mandate II")
That, subject always to the Bursa Malaysia Listing Requirements, the Company and/ or its subsidiary shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature as specified in Section 2.2 of the Circular dated 1 June 2005 with Pengangkutan Low Nam Hui Sdn Bhd subject further to the following:-

- i) the recurrent related party transactions are in the ordinary course of business which are necessary for the day to day operations and are on terms not more favourable than those generally available to the public and are made on an arm's length basis and on normal commercial terms and are not detrimental to the shareholders; and
- ii) disclosure is made in the annual report of the recurrent related party transactions conducted pursuant to the shareholders' mandate during the financial year in the manner required under the Bursa Malaysia Listing Requirements and as set out in Section 2.2 of the Circular dated 1 June 2005;
- iii) that the shareholders' mandate shall continue in force until:-
 - a) the date of the next Annual General Meeting of the Company at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to section 143(1) of the Companies Act 1965 (but shall not extend to such extension as may be allowed pursuant to section 143(2) of the Companies Act 1965; or
 - c) revoked or varied by resolution passed by the shareholders on general meeting;
 whichever is the earlier; and
- iv) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." (Resolution 10)

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

By Order of The Board

Woo Min Fong (MAICSA No : 0532413)
 Fong Siew Kim (MAICSA No : 7022188)
 Company Secretaries

Johor Bahru
 1 June 2005

NOTES:-

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The Proxy Form must be deposited with the Company Secretary at the Registered Office, 6th Floor, Johor Tower, 15, Jalan Gereja, 80100 Johor Bahru, Johor, not less than 48 hours before the time set for the Meeting.
7. **Explanatory Notes on Special Business :**

Resolution 8 - Authority to allot and issue shares

The Ordinary Resolution proposed in Agenda 8 above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting, unless previously revoked or varied at a general meeting, to issue shares in the Company up to an aggregate number not exceeding ten per centum of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company.

Resolutions 9 & 10 - Proposed Shareholders Mandate I & II

The Ordinary Resolutions Nos 9 & 10 proposed in Agenda 9 & 10 above, if passed, will renew the mandates for the Company and/or its subsidiaries to enter into the categories of recurrent transactions of a revenue or trading nature with Seri Cemerlang Plantation (Pahang) Sdn Bhd and Pengangkutan Low Nam Hui Sdn Bhd respectively as specified in Section 2.2 of the Circular to Shareholders dated 1 June 2005, which is sent out together with the Company's Annual Report 2004. The mandates shall continue in force until the date of the next of Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to renewal.





Statement Accompanying Notice of Annual General Meeting

Name of Directors who are standing for re-election and re-appointment:

1. Mr. Low Quek Kiong
2. Mr. Low Kueck Shin
3. Mr. Low Kwek Lee
4. Tan Sri Dato' Low Nam Hui

Detail of attendance of Directors at Board Meetings

* Please refer to Statement of Corporate Governance on page 13 of the Annual Report.

Fifth Annual General Meeting of Harn Len Corporation Bhd

Place : Hall 4, Fourth Floor, Johor Tower, 15 Jalan Gereja, 80100 Johor Bahru

Date and Time : Thursday, 23 June, 2005 at 11.00 a.m.

Securities holdings in the Company by the directors standing for re-election and re-appointment.

The Directors' shareholdings as at 27 April 2005

No.	Name Of Shareholders	Direct		Deemed interest in shares	
		No. of shares	%	No. of shares	%
1.	Low Quek Kiong	20,000	0.01	109,320,758 ^{*1}	58.94
2.	Low Kueck Shin	-	-	109,340,158 ^{*2}	58.95
3.	Low Kwek Lee	-	-	109,113,058 ^{*3}	58.83
4.	Tan Sri Dato' Low Nam Hui	-	-	115,340,758 ^{*4}	62.19

Note:-

- *1. By virtue of his interests in Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Low Nam Hui (C&E) Sdn Berhad and the shares held by his sibling, Dato' Liew Kuek Hin pursuant to Section 6A of the Companies Act, 1965.
- *2. By virtue of his interests in Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd and Low Nam Hui (C&E) Sdn Berhad and the shares held by his siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *3. By virtue of his interests in Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd and LNH Enterprise Sdn Bhd and the shares held by his siblings, Dato' Liew Kuek Hin and Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.
- *4. By virtue of his interests in Lian Hup Manufacturing Company Sdn Berhad, Syarikat Senang Oil Palm Estate Sdn Bhd, Perdana Properties Berhad, Low Nam Hui & Sons Sdn Bhd, LNH Enterprise Sdn Bhd, Low Nam Hui (C&E) Sdn Berhad, Yong Yaow Properties Sdn Bhd and the shares held by his sons, Dato' Liew Kuek Hin and Mr Low Quek Kiong pursuant to Section 6A of the Companies Act, 1965.

Profile of Directors standing for re-election and re-appointment

* Please refer to the section on Profile of Directors on page 6 of the Annual Report.



Corporate Information



*From left to right:
(Front)*

Low Quek Kiong
Brig. Jen. (B) Dato' Ali Bin Hj Musa,
Tan Sri Dato' Low Nam Hui,
Loh Wann Yuan,
Low Kueck Shin

(Back)

Law Piang Woon,
Low Kwek Lee,
Low Kuek Kong,
Lee Chon Sing

DIRECTORS

Tan Sri Dato' Low Nam Hui (Executive Chairman)
Low Quek Kiong
Low Kueck Shin
Low Kwek Lee
Low Kuek Kong
Lee Chon Sing
Loh Wann Yuan
Brig. Jen. (B) Dato' Ali Bin Hj Musa
Law Piang Woon

REGISTERED OFFICE/ BUSINESS ADDRESS

6th Floor, Johor Tower
15 Jalan Gereja
80100 Johor Bahru
Telephone : 07- 2221777
Facsimile : 07- 2249213

SECRETARIES

Fong Siew Kim (MAICSA No. 7022188)
Woo Min Fong (MAICSA No. 0532413)

SHARE REGISTRAR

Messrs Chua, Woo & Company Sdn Bhd (122754-U)
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Telephone : 07- 3322088
Facsimile : 07- 3328096

AUDITORS

KPMG
Chartered Accountants
Level 14, Menara Ansar
80000 Johor Bahru
Johor, Malaysia

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Public Bank Berhad

STOCK EXCHANGE LISTING

Second Board of Bursa Malaysia Securities Berhad
("Bursa Malaysia")





Profile of Directors

TAN SRI DATO' LOW NAM HUI

EXECUTIVE CHAIRMAN, NON-INDEPENDENT

Tan Sri Dato' Low Nam Hui, aged 87, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Chairman on 1 August 2003. Currently, he is also the Chairman and Managing Director of Low Nam Hui & Sons Group of Companies ("LNHS Group"). An entrepreneur immediately after the Second World War, he started off as a timber trader and then ventured into transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Tan Sri Dato' Low is the Honorary Adviser to the Johor Bahru Chinese Chamber of Commerce and Industry, Johore Associated Chinese Chamber of Commerce and Industry and The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Tan Sri Dato' Low is the father of Mr Low Quek Kiong, Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. He is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 24 of the Financial Statements.

LOW QUEK KIONG

NON-INDEPENDENT, EXECUTIVE

Low Quek Kiong ("Low QK"), aged 53, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. He joined his family-owned business which have major interest in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations, property development and hotel operations after completing his education in the early 1970s and has gained invaluable business experience.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low QK is the son of Tan Sri Dato' Low and the brother of Mr Low Kueck Shin, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. Mr Low QK is a substantial shareholder of the Company by virtue of his direct and indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 24 of the Financial Statements.

LOW KUECK SHIN

NON-INDEPENDENT, EXECUTIVE

Low Kueck Shin ("Low KS"), aged 48, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low obtained his Higher National Diploma in Business Studies from Croydon Technical College, London, England. He has more than 20 years' experience in the oil palm plantation business. Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Besides his involvement in Harn Len, Mr Low KS is the Honorary Treasurer of Johor Bahru Chinese Chambers of Commerce and Industry and Deputy President of Johore Associated Chinese Chambers of Commerce and Industry. He is currently also a National Council Member of The Associated Chinese Chambers of Commerce and Industry of Malaysia.

Mr Low KS is the son of Tan Sri Dato' Low and the brother of Mr Low Quek Kiong, Mr Low Kwek Lee and Mr Low Kuek Kong who are all directors of the Company. Mr Low KS is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 24 of the Financial Statements.

LOW KWEK LEE

NON-INDEPENDENT, EXECUTIVE

Low Kwek Lee ("KL Low"), aged 46, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr KL Low obtained his Higher National Diploma in Business Studies from Brighton Technical College, London, England in 1980. He joined his family-owned diversified business with major interests in logging, transportation, sawmilling, plywood manufacturing, oil palm plantations and palm oil mill operations and hotel operations after completing his education.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr KL Low is the son of Tan Sri Dato' Low and the brother of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kuek Kong who are all directors of the Company. Mr KL Low is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 24 of the Financial Statements.

LOW KUEK KONG

NON-INDEPENDENT, EXECUTIVE

Low Kuek Kong ("Low KK"), aged 38, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003 and was subsequently appointed the Executive Director on 1 August 2003. Mr Low KK graduated with a Degree in Economics in 1993. Prior to joining his family-owned transportation business in 1996, he was a Production Manager in an electronics firm.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia. He holds directorship in several private limited companies.

Mr Low KK is the son of Tan Sri Dato' Low and the brother of Mr Low Quek Kiong, Mr Low Kueck Shin and Mr Low Kwek Lee who are all directors of the Company. Mr Low KK is a substantial shareholder of the Company by virtue of his indirect interest in shareholdings held by his family-owned companies. He is deemed interested in related party transactions carried out in the ordinary course of business between the Company and his family-owned companies which details are found in Note 24 of the Financial Statements.

LEE CHON SING

NON-INDEPENDENT, EXECUTIVE

Lee Chon Sing, aged 63, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002 and was subsequently appointed the Group General Manager of Harn Len on 1 August, 2003. He is a member of the Audit Committee and Remuneration Committee. He graduated from Nanyang University, Singapore with a Degree in Economics in 1965. He joined the LNHS Group in 1966 and was the General Manager of LNHS Group until July 2003.

Mr Lee is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

LOH WANN YUAN

INDEPENDENT, NON EXECUTIVE

Loh Wann Yuan, aged 37, a Malaysian, was appointed to the Board of Harn Len on 15 April 2002. He is the Chairman of Audit Committee and Nomination Committee and also sits on the Remuneration Committee.

Mr Loh graduated from University of London with a Bachelor of Law Degree and Masters in Law. He was admitted and enrolled as an advocate and solicitor of the High Court of Malaya in 1994. He has been in active practice for the past 9 years with considerable experience in conveyancing and corporate laws. He is a member of the Johor Bar Committee serving also as Chairman of the Conveyancing Sub-Committee. He is also a member of the Conveyancing Practice Committee and Corporate & Banking Law Committee of the Bar Council.

Mr. Loh is a director of Johor Bahru Chinese Chamber of Commerce and Industry serving also as Chairman of the Commerce Committee.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Mr Loh is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

BRIG. JEN. (B) DATO' ALI BIN HJ MUSA

INDEPENDENT, NON-EXECUTIVE

Brig. Jen. (B) Dato' Ali Bin Hj Musa, aged 63, a Malaysian, was appointed to the Board of Harn Len on 25 February, 2003. Brig. Jen. (B). Dato' Ali is the Chairman of the Remuneration Committee and also sits on the Nomination Committee.

Brig. Jen. (B) Dato Ali was an officer in the Malaysian Armed Forces until his retirement in July 1997. During his service as Brigadier General commanding an infantry Brigade in Kelantan, he commanded up to 6,000 men and handled materials worth millions of ringgit.

Apart from his directorship in the Company, he does not hold any directorship in other listed companies in Malaysia.

Brig. Jen. (B) Dato' Ali is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

LAW PIANG WOON

INDEPENDENT, NON-EXECUTIVE

Law Piang Woon, aged 64, a Malaysian, was appointed to the Board of Harn Len on 5 August 2003. He is currently a member of the Audit Committee and Nomination Committee. He holds a Bachelor in Commerce (Accountancy). Mr Law has been practicing as a Public Accountant. Apart from his qualification as a Chartered Accountant of Malaysia, he holds various qualifications including Certified Public Accountant (Australia), Certified Public Accountant (Singapore) and Fellow of Taxation Institute, Inc[FTII(M)].

Mr Law is also an Independent Non-Executive Director of White Horse Berhad.

He is not related to any director or substantial shareholder of Harn Len and does not have any conflict of interest in any business arrangement involving the Company.

CONVICTION OF OFFENCE

None of the Directors have been convicted of any offence within the past 10 years other than traffic offences.



Chairman's Statement

On behalf of the Board of Directors, I am pleased to present to the shareholders the second annual report for Harn Len Corporation Bhd ("Harn Len") and an overview of the performance and results of the Company for the financial year ended 31 December 2004 and an assessment of the prospects for the forthcoming year.



Financial Performance

I am pleased to report that the Harn Len Group has recorded its maiden financial year profit after the completion of the restructuring scheme for Sportma Corporation Berhad. The Group has recorded a profit after tax and minority interests of RM4,785,841 in the financial year 31 December 2004 as compared to loss after tax and minority interests of RM16,623,103 for financial year 31 December 2003 due to exceptional items of the restructuring scheme. The Group recorded an improved turnover of RM72,487,302 in financial year 2004. This was mainly due to continued strong oil palm prices in the financial year ended 31 December 2004.

Profit before taxation increased by 9.16% to RM10,603,036 for FY2004 as compared to RM5,744,536 (before taking into account the abovementioned exceptional items) while provision for tax increased in FY2004 to RM5,817,195 from RM2,106,387 in FY2003 due in part to underprovision for tax liabilities in the previous financial year.

While the performance of the Group has been encouraging, the Board does not recommend any dividend payment for this financial year.

Prospects

The financial performance of the Group for the forthcoming year will again largely depend on the outlook for the oil palm industry. The Malaysian oil palm industry recorded another impressive performance in 2004 with production of crude palm oil soaring to its highest level in the history of the Malaysian oil palm industry, increasing by 4.7% or 0.63 million tonnes to 13.98 million tonnes from 13.35 million tonnes in 2003.





Total exports of oil palm products, constituting palm oil, palm kernel oil, palm kernel cake, oleochemicals and finished products increased marginally by 3.1% or 0.53 million tonnes to 17.35 million tonnes in 2004 from 16.82 million tonnes in 2003. China, the European Union, Pakistan and India remain the biggest markets for Malaysian palm oil. Average prices of oil palm products sustained its upward trend in 2004, influenced mainly by supply tightness especially during the first half of the year, moderate export growth and strength of soyabean oil prices in the world market. Average CPO price increased by 4.3% to RM1,610 per metric tonne as against RM1,544 per metric tonne in the previous year.

During FY2004, planting of the Company's Masranti Plantations in Sarawak progressed well and it is expected that some portions of the planted areas will begin to yield palms for harvesting in the forthcoming financial year.

The Board remains cautiously optimistic about the prospects of the palm oil industry in the forthcoming financial year.

Corporate Development

In FY2004, the following corporate exercises were completed:-

- i) acquisition of the entire issued and paid-up capital of Desamawar Runding Sdn Bhd, Pelita Pertama Sdn Bhd, Suen Tai (Sabah) Sdn Bhd by Harn Len for a total cash consideration of RM28,146,798;

- ii) acquisition of estate equipment from Lian Hup Manufacturing Company Sdn Berhad and Syarikat Senang Oil Palm Estate Sdn Bhd by Harn Len for a cash consideration of RM755,000 and RM660,000 respectively;
- iii) subscription by Harn Len to 16,024,010 new ordinary shares of RM1.00 each in Masranti Plantation Sdn Bhd at an issue price of RM1.38 per share; and
- iv) management agreement between Tropical Inn Sdn Bhd ("TISB") and Harn Len to appoint TISB as the manager and operator of Tropical Inn Hotel.

The exercises have resulted in a significant increase in the acreage of estate land held by the Group and facilitated the operations of the plantations presently held by the Group.

On 3 September 2004, a joint venture agreement was entered into between Premium Dragon Sdn Bhd, a wholly-owned subsidiary of the Company, with Pelita Holdings Sdn Bhd to facilitate co-operation for purposes of developing several parcels of land covering a gross area of approximately 23,500 hectares in Sarawak into oil





palm plantations. The joint venture will allow Harn Len to expand its oil palm plantation acreage by way of a joint venture with the Sarawak government and to reduce the need to incur substantial outlay by the Group for the acquisition of new land for the development of oil palm plantations. At the same time, it will enable our joint venture partners to tap into our experience and expertise in nurturing and developing oil palm estates.

Appreciation

On behalf of the Board of Directors, I would like to extend our gratitude to the management and staff for their continued dedication and commitment to the Company and also our sincere appreciation to our customers, business associates, suppliers, shareholders and the authorities for their continued support. In particular, the Board would like to record its appreciation for the contributions of Dato' Liew Kuek Hin who resigned as Non-Independent Non-Executive Director on 1 January 2005. Finally, my thanks and gratitude to my fellow Board members for their invaluable advice and contribution to the Company.

TAN SRI DATO' LOW NAM HUI
Executive Chairman
26 April 2005



主席报告书

前言

本人谨代表董事部向诸位股东提呈汉联机构有限公司(汉联)的第二次年报及回顾截至公元2004年12月31日的公司表现及业绩并评估来年的业务展望。

财务报告

本人非常高兴的宣布汉联于本财政年度里取得首次自 Sportma重组后的盈利。集团在本财政年度截至2004年12月31日取得课税后及少数股东权益后为数RM4,785,841的盈利比较公元2003年财政年度,因重组计划必须拨出特别项目准备金而导致集团的蒙受课税后及少数股东权益后为数RM16,623,103的亏损。本集团也同时在连续的强劲棕油价格的推动下取得较高的营业额即达 RM72,487,302。

本集团的课税前盈利(在未提供以上所示的特别项目准备金的情况下)较2003财政年度的RM5,744,536增长9.16%至RM10,603,036。另一方面,课税准备金也因去年课税数额低估而必须较去年的RM2,106,387增加至RM5,817,195。



虽然集团本财政年度的表现较去年优异，董事部没有推荐发放任何股息。

未来展望

集团的来年展望取决于棕油业的整体表现。马来西亚的棕油业于2004年取得傲人的表现。其棕油产量创下历史新高即增长4.7%或63万公吨至1千3百98万公吨。2003年为1千3百35万公吨。

棕油产品即包括棕油，棕仁油，棕仁膏，化学油脂及成品的总出口额稍微增长3.1%或53万公吨至1千7百32万公吨。2003年为1千6百82万公吨。中国，欧盟，巴基斯坦和印度依然是马来西亚棕油的最大市场。棕油产品的平均价格于2004年仍然保持上升势头，主要受前半年的供应紧缩，中和的出口增长及世界大豆油的强劲价格所影响。原棕油的平均价格增长4.3%至每公吨RM1,610，比较2003年的每公吨RM1,544。

在2004财政年度里，公司位于砂拉越的Masranti园丘的种植计划进展顺利。预计该园丘部分的果树已开始结果并将于来年为公司提供鲜果收成。

董事部对于来年棕油业的前景保持谨慎乐观态度。

企业发展

在2004年财政年度里，集团顺利完成以下的企业活动：

- i) 以 RM28,146,798 收购 Desamawar Runding Sdn Bhd, Pelita Pertama Sdn Bhd 及 Suen Tai (Sabah) Sdn Bhd 的所有发行及缴足资本；
- ii) 分别以 RM755,000 及 RM660,000 收购 Lian Hup Manufacturing Company Sdn Bhd 及 Syarikat Senang Oil Palm Estate Sdn Bhd 的园丘设备；
- iii) 以每股RM1.38 的发行价订购 Masranti Plantation Sdn Bhd 的16,024,010股每股面值 RM1.00 的普通股。
- iv) 与 Tropical Inn Sdn Bhd (TISB) 立管理协议委 TISB为Tropical Inn Hotel 的经理及操作员。

以上的企业活动已全面增加集团的园丘面积并有助于集团的现有园丘操作。

于2004年9月3日，集团的子公司，Premium Dragon Sdn Bhd 与 Pelita Holdings Sdn Bhd 订立共同经营协议，合作发展于砂拉越面积约23,500的几个棕油园丘地段。该共同经营协议将促使本集团有机会以共同经营方式增加园丘面积并同时与砂拉越政府合作发展园丘，减少集团对种植土地收购所需的资本投资。于此同时，该共同经营协议也让该投资伙伴有机会利用我们在培育及发展棕油园丘方面的经验及专长。

致谢

本人谨代表董事部感谢股东们的支持，感谢管理层及集团旗下员工们的贡献。本人也同时要感谢集团的客户，生意伙伴，供应商，政府官员们的支持。董事部更要特别记录对在2005年1月1日辞职的非独立，非执行董事，拿督刘国兴的贡献给予最崇高的敬意与谢意。最后，我要对所有董事部成员们的宝贵意见及奉献给予万二分的谢意。

丹斯里拿督刘南辉
执行主席
2005年4月26日

