



Anytime, Anywhere,
Wholesome Goodness You Can Share



annual report contents

Notice Of Annual General Meeting	2
Corporate Information	4
Corporate Structure	4
Chairman's Statement	5
Audit Committee	7
Financial Highlights	11
Financial Statements	13
List Of Properties	38
Analysis Of Shareholdings	41
Form Of Proxy	43

notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be held at Mezzanine Floor, The Katerina Hotel, 8 Jalan Zabedah, 83000 Batu Pahat, Johor Darul Takzim on Wednesday, 16 May 2001 at 10:30 a.m for the following purposes:-

AGENDA

1. To receive and adopt the Audited Statement of Accounts for the year ended 31 December 2000 together with the Reports of the Directors and Auditors thereon. Resolution 1
2. To approve the payment of final dividend comprising 3% less 28% tax and 5% Tax Exempt for the year ended 31 December 2000. Resolution 2
3. To approve the payment of Directors' fees and other emoluments. Resolution 3
4. To re-elect the following Directors who retire during the year in accordance with Article 83 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
 - Wee Hoe Soon @ Gooi Hoe Soon Resolution 4
 - Mazrina Binti Arifin Resolution 5
 - Teo Lee Teck Resolution 6
 - Norita Binti Ja'afar Resolution 7
 - Raja Khairul Anuar Bin Raja Mokhtar Resolution 8
5. To re-elect Ke (Kek) Kim Soon @ Kerk Choo Soon who retires by rotation in accordance with Article 76 of the Company's Articles of Association and being eligible, offers himself for re-election. Resolution 9
6. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 10
7. As Special Business to consider and if thought fit, to pass the following Ordinary Resolutions:-
 - Authority To Allot Shares** Resolution 11

"**THAT** subject to Companies Act, 1965, Articles of Association of the Company and approvals from Kuala Lumpur Stock Exchange and other governmental or regulatory bodies where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of Companies Act, 1965 to issue shares in the capital of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may in their discretion, deem fit provided always that the aggregate number of shares to be issued pursuant to this resolution, does not exceed 10% of the issued share capital of the Company for the time being."
 - Authority To Deal With Substantial Property Transactions Involving Directors** Resolution 12

"**THAT** in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to capital equipment and related machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in

notice of annual general meeting (cont'd)

the ordinary course of business, such authority will continue to be in force until the conclusion of the next Annual General Meeting and THAT for the avoidance of doubt, any such transactions entered into by the Company or its subsidiaries with the Directors or connected persons prior to the date of this resolution be and are hereby approved and ratified.”

8. To transact any other business for which due notice shall have been given.

By Order of the Board

LEONG OI WAH (f)

MAICSA NO. 7023802

LEONG SIEW FOONG (f)

MAICSA NO. 7007572

Secretaries

Johor Bahru

Dated: 20 April 2001

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 and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the proxy form must be executed under its Seal or under the hand of the attorney.
5. The instrument appointing a proxy must be deposited at the office of the Registered Office of the Company, Signet & Co Sdn.Bhd.at Suite 633, 6th Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor not less than forty-eight (48) hours before the time appointed for holding the Meeting.
6. Explanatory notes on Special Businesses
 - (a) The proposed resolution No.11 if passed is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This authority will expire at the next Annual General Meeting of the Company.
 - (b) The proposed resolution No.12 in respect of the Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangement or transaction with its directors or persons connected with such directors or connected persons any non-cash asset of the "requisite value" without prior approval of the Company in General Meeting. According to the Act, a non-cash assets, is considered to be of the "requisite value" if, at the time of arrangement or transaction, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net assets, subject to minimum of ten thousand ringgit.

corporate information

DIRECTORS

Kuo Choo Song (Executive Chairman)
Ke (Kek) Kim Soon @ Kerk Choo Soon (Executive Vice Chairman)
Keh (Kerk) Chu Koh (Managing Director)
Kerk Chiew Siong (Executive Director)
Kerk Chian Tung (Executive Director)
Teo Lee Teck
Norita Binti Ja'afar
Wee Hoe Soon @ Gooi Hoe Soon
Mazrina Binti Arifin
Raja Khairul Anuar Bin Raja Mokhtar

SECRETARIES

Leong Oi Wah
Leong Siew Foong

REGISTERED OFFICE

Suite 633, 6th Floor
PanGlobal Plaza
Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Ta'zim
Tel : (07) - 222 3536

PRINCIPAL PLACE OF BUSINESS

14 Jalan Kilang
Kawasan Perindustrian Tongkang Pecah
83010 Batu Pahat, Johor Darul Ta'zim

SHARE REGISTRAR

Signet Share Registration Services Sdn. Bhd.
11th Floor Tower Block, Kompleks Antarabangsa
Jalan Sultan Ismail, 50250 Kuala Lumpur
Tel : (03) - 2142 1341

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad

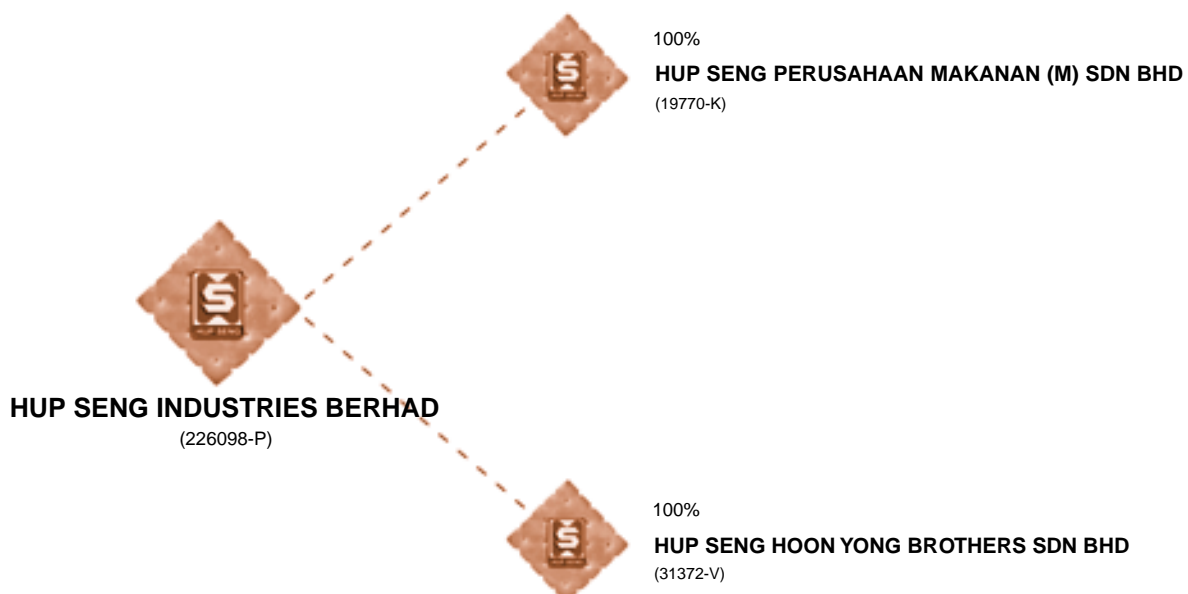
AUDITORS

Ernst & Young
Public Accountants

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange Main Board

corporate structure



chairman's statement

On behalf of the Board of Directors, I am pleased to present the Annual Reports and Audited Accounts of the Hup Seng Industries Berhad Group for the financial year ended 31 December 2000 after its successful listing on the Main Board of Kuala Lumpur Stock Exchange on 02 November 2000.

The food manufacturing and processing sector had generally improved and changed rapidly in tandem with the increase in the consumers' demands and expectations towards 'health' food products. Over the past few years, the consumers had started to place greater emphasis on 'health' food products such as organic based food products, cereals and grain based food products and etc. In fact, the Group has manufactured a breadth 'health' food products such as Calcium Enriched Crackers to cater its consumers' demands, both local and abroad.

DIVIDEND

The Board of Directors is pleased to recommend a final dividend comprising 3% less 28% tax and 5% tax exempt for the financial year ended 31 December 2000 for the approval of shareholders at the forthcoming Annual General Meeting.

RESULTS

The year under review is a challenging year for the Group as the Group had invested an initial outlay of about RM20 million for expansion purposes. The Group will continue to invest in advanced technologies to manufacture new biscuits to meet its consumers' taste and demands.

The Group has recorded a turnover and profit before tax of RM183.7 million and RM18.2 million representing an increase of 4.5% and 6.4% from previous financial year respectively. This result was mainly attributed to the lower cost of certain raw materials, higher export sales and aggressive promotion campaign.

PROSPECTS

The Group will continue its efforts in developing and expanding its products; monitoring its products quality, improving production efficiency and pursuing aggressive marketing both local and abroad.

The Group expected to continue to perform satisfactorily in the coming years with the various incentives and measures proposed by the Government coupled with the confidence and appreciation of consumers in the Group's products.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our gratitude and appreciation to all employees at all levels for their dedicated services, commitment, perseverance and teamwork during the year. To our shareholders, customers, selling agents, suppliers, business associates and relevant authorities, I would like to convey our sincere thanks for their continued support and confidence in the Group.

KUO CHOO SONG
Executive Chairman



HONOURABLE
 Achievement
 HONOURABLE
 Achievement
 HONOURABLE
 Achievement



• Gold Medal Awards-Monde Selection 世界精制食品評審會金牌獎

audit committee

The Audit Committee comprises the following Directors:-

Wee Hoe Soon @ Gooi Hoe Soon (Chairman)	-	Independent Non-executive Director
Mazrina Binti Arifin	-	Independent Non-executive Director
Keh (Kerk) Chu Koh	-	Managing Director

TERMS OF REFERENCE FOR AUDIT COMMITTEE

Constitution

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

Members of Audit Committee

The Committee shall be appointed by the Board from amongst their number (pursuant to a resolution of the Board of Directors) and shall consist of not fewer than three members of whom a majority shall be not be:

- executive directors of the Company or any related corporation;
- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation; or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Committee shall select a Chairman from amongst their number who is not an executive director or employee of the company or any related corporation.

If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as may be required to make up the minimum number of 3 members.

The Company Secretary shall be the Secretary of the Committee.

Authority

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

The Committee is authorised by the Board to obtain outside legal or other independent professional advice.



audit

committee (cont'd)

Functions

The function of the Committee shall be:

- a) to review-
 - (1) with the external auditor, the audit plan;
 - (2) with the external auditor, his evaluation of the system;
 - (3) with the external auditor, his audit report;
 - (4) the assistance given by the company's officers to the auditor;
 - (5) the scope and results of the internal audit procedures;
 - (6) the balance-sheet and profit and loss account of the company and if it is a holding company, the consolidated balance-sheet and profit and loss account, submitted to it by the company or the holding company, and thereafter to submit them to the directors of the company or the holding company;
 - (7) any related party transactions that may arise within the company or group; and
- b) to consider the nomination of a person as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Meeting and Reporting Procedure

- a) The Committee shall meet as the Chairman deems necessary but not less than two times a year.
- b) The Chairman shall be entitled, where deemed appropriate, to invite any person(s) to meetings of the Committee.
- c) The Secretary is responsible for -
 - (1) sending out notices of meetings; and
 - (2) preparing and keeping minutes of meetings
- d) The Committee meeting minutes are to be extended to the Chairman of Hup Seng Industries Berhad who will report to the Board of Directors.

Quorum

Two members of the Committee present at the meeting shall constitute a quorum.





financial highlights

