



## **HWA TAI INDUSTRIES BERHAD**

Incorporated in Malaysia • Company No.: 19688-V

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HWA TAI INDUSTRIES BERHAD

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of the Company will be held at The Katerina Hotel, Diamond Room, Level 2, No. 8, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Monday, 26th June 2000 at 10.00 a.m.

### AGENDA

1. To receive and adopt the Audited Statement of Accounts for the year ended 31 December 1999 together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a first and final dividend of 5% less 28% income tax.
3. To approve payment of the increased Directors' fees of RM60,000.00.
4. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-

Soo Thien Ming @ Soo Thien See

Lee Kah Keng @ Lee Kah Heng

5. To appoint Auditors and authorise the Directors to fix their remuneration.
6. To transact any other business appropriate to an Annual General Meeting.
7. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following resolution:-

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Securities Commission and the Kuala Lumpur Stock Exchange and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution 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."

NOTICE IS ALSO GIVEN that, subject to the approval of the Shareholders at the Twenty-Fifth Annual General Meeting, the first and final dividend of 5% less 28% income tax in respect of the financial year ended 31 December 1999 will be paid to Shareholders on 28 July 2000. The entitlement date for the Dividend shall be on 6 July 2000.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- a) Shares transferred to the Depositor's securities account on and before 12.30 p.m. on 6 July 2000 in respect of ordinary transfers.
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

JESSICA CHIN TENG LI (MAICSA 7003181)

Secretary

Kuala Lumpur, Malaysia

8 June 2000

### NOTES:

A member entitled to attend and vote at the Meeting is entitled to appoint more than 2 proxies to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting.

### EXPLANATORY NOTES TO THE SPECIAL BUSINESS:

#### ORDINARY RESOLUTION

The proposed Ordinary Resolution, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.



HWA TAI INDUSTRIES BERHAD

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

- Soo Thien Ming @ Soo Thien See (*Chairman*)
- Lee Thye @ Lee Chooi Yoke (*Executive Director*)
- Lee Kah Keng @ Lee Kah Heng (*Chief Operating Officer*)
- Y.M. Raja Zainal Abidin Bin Raja Hussin
- Soo Suat Swon
- Wilson Ma Chi Hung

### SECRETARY

Jessica Chin Teng Li (MAICSA 7003181)

### REGISTERED OFFICE

No. 12 Jalan Jorak  
Kawasan Perindustrian Tongkang Pecah  
83010 Batu Pahat  
Johor Darul Takzim, Malaysia  
Tel. No.: 07-4151688

### REGISTRAR

Bina Management (M) Sdn. Bhd.  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

### AUDITORS

Monteiro & Heng  
*Public Accountants*  
22-1, Jalan Tun Sambanthan 3  
50470 Kuala Lumpur, Malaysia

### PRINCIPAL BANKERS

RHB Bank Berhad  
Bank of Commerce (M) Berhad  
Standard Chartered Bank Malaysia Berhad  
OCBC Bank (M) Berhad  
Arab-Malaysian Bank Berhad  
Ban Hin Lee Bank Berhad

### LISTING

The Kuala Lumpur Stock Exchange Second Board



HWA TAI INDUSTRIES BERHAD

## AUDIT COMMITTEE

### MEMBERS OF THE COMMITTEE

Y.M. Raja Zainal Abidin Bin Raja Hussin ( <i>Chairman</i> )	Independent Non-Executive Director
Wilson Ma Chi Hung	Independent Non-Executive Director
Lee Kah Keng @ Lee Kah Heng	Executive Director

### TERMS OF REFERENCE

#### Membership

1. An Audit Committee shall be appointed by the directors from among their number (pursuant to a resolution of the board of directors) and shall composed of not fewer than 3 members of whom a majority shall not be:-
  - a) executive directors of the Company or any related corporation;
  - b) A spouse, parent, brother, sister, son or adopted son or daughter of an executive director of the Company or of any related corporation; or
  - c) Any person having relationship which in the opinion of the board of directors, would interfere with the exercise of independent judgement in carrying out the functions of an audit committee.
2. A quorum shall be 2 members;
3. The members of the Audit Committee shall elect a chairman from among their number who is not an executive director or employee of the Company or any related corporation;
4. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a 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 of 3 members.

#### Meetings

1. The auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the committee when required to do so by the committee;
2. Upon the request of the auditor, the chairman of the Audit Committee shall convene a meeting of the committee to consider any matters the auditor believes should be brought to the attention of the directors or shareholders;
3. The accounts manager, the head of internal audit (if any) and a representative of the external auditors may be invited to attend meetings. If necessary, the Audit Committee shall meet with the external auditors without any executive board member present;
4. The company secretary shall be the secretary of the Audit Committee.



HWA TAI INDUSTRIES BERHAD

## AUDIT COMMITTEE

### Authority

1. The Audit 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 cooperate with any request made by the committee;
2. The Audit Committee is authorised by the board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### Duties

The duties of the Audit Committee shall be:

1. To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal;
2. To review:
  - a) with the auditor, the audit plan;
  - b) with the auditor, his evaluation of the system of internal accounting controls;
  - c) with the auditor, his audit report;
  - d) the assistance given by the Company's officers to the auditor;
  - e) the internal audit programme, consider the major findings of internal audit investigations and management's response and ensure co-ordination between the internal and external auditors;
  - f) the half-year and annual financial statements before submission to the board; and
  - g) any related party transactions that may arise within the Company or group.
3. To discuss problems and reservations arising from the interim and final audits, and matters the auditor may wish to discuss (in the absence of management where necessary);
4. To keep under review the effectiveness of internal control systems, and in particular review the external auditor's management letter and management's response;
5. To consider other topics, as agreed to by the Audit Committee and the board of directors.

### Procedures

Each Audit Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.



HWA TAI INDUSTRIES BERHAD

## CHAIRMAN'S STATEMENT/PENYATA PENERUSI

On behalf of the Board of Directors of Hwa Tai Industries Berhad, I am pleased to present the 25th Annual Report and Accounts of the Group and of the Company for the year ended 31st December 1999.

*Bagi pihak Ahli Lembaga Pengarah Hwa Tai Industries Berhad, saya dengan sukacitanya membentangkan Laporan Tahunan ke 25 dan Akaun Kumpulan Dan Syarikat bagi tahun berakhir 31 Disember 1999.*

### OPERATING RESULTS

1999 has seen HWA TAI achieving the highest turnover of RM97.3 million, an improvement of 3% over that of previous year of RM94.4 million. At the Company level, turnover increased by 49.8% to RM86.1 million as compared to RM57.5 million in 1998.

Group operating profit before tax and exceptional items stood at RM5.3 million compared to a loss of RM2.3 million in 1998, an improvement of 333%. At the Company level, operating profit before tax and exceptional items increased to RM16.3 million compared to RM1.5 million in 1998.

The achievement of the above results was mainly due to the full effects of our constructive cost cutting exercise, relaxing of the financial charges and aggressive promotion and marketing efforts.

Net loss per share was RM0.18 while net tangible asset per share was RM1.85.

### DIVIDENDS

Your Board is pleased to recommend a final gross dividend of 5 sens per share less 28% income tax for the year ended 31st December 1999 (1998: NIL).

### PENCAPAIAN OPERASI

*Hwa Tai telah mencapai perolehan yang paling tinggi pada tahun 1999, iaitu sebanyak RM97.3 juta, peningkatan sebanyak 3% berbanding dengan RM94.4 juta pada tahun sebelumnya. Perolehan syarikat juga meningkat sebanyak 49.8 % kepada RM86.1 juta, berbanding dengan RM57.5 juta pada tahun 1998.*

*Keuntungan operasi kumpulan sebelum cukai dan perkara yang luar biasa adalah RM5.3 juta, meningkat sebanyak 333% berbanding dengan kerugian sebanyak RM2.3 juta pada tahun 1998. Keuntungan operasi syarikat juga meningkat ke RM16.3 juta berbanding dengan RM1.5 juta pada tahun 1998.*

*Pencapaian tersebut merupakan hasil daripada langkah-langkah pengawalan kos yang berkesan, kos kewangan yang lebih rendah dan aktiviti pemasaran dan promosi yang agresif.*

*Kerugian bersih sesaham adalah RM0.18, manakala nilai bersih asset sesaham adalah RM1.85.*

### DIVIDEN

*Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir sebanyak 5 sen sesaham ditolak 28% cukai bagi tahun berakhir 31 Disember 1999 ( 1998 : Tiada ).*



HWA TAI INDUSTRIES BERHAD

## CHAIRMAN'S STATEMENT/PENYATA PENERUSI

### FUTURE PROSPECTS

Amidst the success of our new Luxury range of biscuit products, the surfacing of similar products pose a strong challenge to our sales.

We will endeavour to maintain consistent product quality, add value to the products, create more product line extensions and pursue aggressive promotion and marketing activities to create a strong brand awareness among the customers.

We shall further pursue the concept of value-for-money and health biscuits to tap the emerging trend and serve today's discerning and sophisticated consumers.

In view of the current improving economic situation, barring unforeseen circumstances, the Board expects the Group's performance for the year 2000 to maintain at a satisfactory level of profit.

The Board is also pleased to inform that our operating and financial systems are year 2000 compliant.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my appreciation to our valued customers, business associates, suppliers, bankers, regulatory authorities for their continued support and also the management and staff for their dedication, diligence and commitment to the Group.

**SOO THIEN MING @ SOO THIEN SEE**

*Chairman*

8 June 2000

### PROSPEK

*Sambil kita terus mencapai kejayaan dalam produk biskut Luxury yang mempunyai pelbagai rasa, kemunculan produk yang seakan-akan sama juga memberikan cabaran yang hebat keatas jualan kita.*

*Kita akan terus berusaha untuk mengekalkan kualiti produk, meningkatkan nilai produk, mencipta dan memperkenalkan lebih banyak produk untuk meningkatkan kepelbagaian produk Luxury dan menjalankan aktiviti pemasaran dan promosi yang agresif untuk mencapai jenama yang terkenal dan kukuh di kalangan pengguna kita.*

*Kita berikhtiar untuk meneruskan konsep keluaran yang bernilai dengan harga berpatutan, dan biskut yang berkhasiat untuk memenuhi keperluan tertentu dan permintaan pengguna-pengguna yang semakin peka dan bijak.*

*Memandangkan keadaan ekonomi yang sedang mengalami pemulihan, sekiranya tidak ada perkara yang tidak diingini berlaku, Lembaga Pengarah yakin Hwa Tai akan mencapai kadar keuntungan yang memuaskan pada tahun 2000.*

*Lembaga Pengarah juga dengan sukacitanya mengumumkan bahawa sistem operasi dan kewangan kita telah mematuhi Y2K.*

### PENGHARGAAN

*Bagi pihak Lembaga, saya ingin menyampaikan penghargaan saya kepada pelanggan, rakan perniagaan sekutu, pembekal, bank dan pihak penguatkuasa atas sokongan dan naungan mereka. Kami juga mengucapkan terima kasih kepada pihak pengurusan dan pekerja kerana dedikasi, kesetiaan dan komitmen mereka.*

**SOO THIEN MING @ SOO THIEN SEE**

*Pengerusi*

8 Jun 2000



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1999

The directors hereby submit their report and the audited accounts of the Group and of the Company for the year ended 31st December 1999.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiaries are disclosed in Note 3 to the accounts. There have been no significant changes in these principal activities during the financial year.

### RESULTS

	Group RM	Company RM
Operating profit	5,293,716	16,298,461
Exceptional items	(7,045,929)	(7,045,929)
(Loss)/profit before taxation	(1,752,213)	9,252,532
Taxation	(193,761)	(3,492,745)
(Loss)/profit for the year after taxation	(1,945,974)	5,759,787
Minority interest	(481,278)	–
(Loss)/profit attributable to shareholders of the Company	(2,427,252)	5,759,787
Unappropriated profit brought forward	16,893,061	4,006,101
Profit available for appropriation	14,465,809	9,765,888
Appropriation:		
Proposed final dividend of 5% less income tax	(476,280)	(476,280)
Unappropriated profit carried forward	13,989,529	9,289,608

### DIVIDEND

The directors propose a first and final dividend of 5% less income tax on the share capital of RM13,230,000/- amounting to RM476,280/- to be paid in respect of the current financial year.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the accounts.



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT

### DIRECTORS OF THE COMPANY

The directors who served since the date of the last report are:-

Y.M. Raja Zainal Abidin Bin Raja Hussin  
 Soo Thien Ming @ Soo Thien See  
 Soo Suat Swon  
 Lee Thye @ Lee Chooi Yoke  
 Wilson Ma Chi Hung  
 Lee Kah Keng @ Lee Kah Heng

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965, the undermentioned directors who held office at the end of the financial year had an interest in shares of the Company as detailed below:-

	Number of ordinary shares of RM1/- each			
	At 1.1.99	Bought	Sold	At 31.12.99
Soo Thien Ming @ Soo Thien See				
- direct	170,000	679,730	-	849,730
- indirect	421,000	-	-	421,000
Lee Thye @ Lee Chooi Yoke				
- direct	435,000	-	435,000	-
- indirect	1,385,000	-	202,000	1,183,000

None of the directors holding office at the end of the financial year had interest in shares of the subsidiaries during the financial year.

In accordance with the Articles of Association of the Company, Soo Thien Ming @ Soo Thien See and Lee Kah Keng @ Lee Kah Heng retire and being eligible, offer themselves for re-election.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in the accounts) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and that all known bad debts had been written off and that adequate provision had been made for doubtful debts;
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records have been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts, or the amount of provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the accounts of the Group or of the Company misleading; or
- (c) which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the accounts of the Group and of the Company which would render any amount stated in the respective accounts misleading.

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (b) any contingent liability of the Group or of the Company that has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors:-

- (a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as stated in the accounts, and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year.



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT

### AUDITORS

Messrs Monteiro & Heng have expressed their willingness to continue in office.

On behalf of the Board,

**LEE THYE @ LEE CHOOI YOKE**

**LEE KAH KENG @ LEE KAH HENG**

Kuala Lumpur  
18 April 2000



HWA TAI INDUSTRIES BERHAD

## BALANCE SHEETS

AS AT 31ST DECEMBER 1999

		Group		Company	
	Note	1999 RM	1998 RM	1999 RM	1998 RM
FIXED ASSETS	2	<b>32,132,952</b>	27,318,751	<b>22,279,152</b>	22,546,819
INTEREST IN SUBSIDIARIES	3	–	–	<b>21,441,649</b>	7,751,662
CURRENT ASSETS	4	<b>47,742,729</b>	58,836,917	<b>20,951,207</b>	30,856,116
Less:					
CURRENT LIABILITIES	8	<b>48,934,633</b>	53,009,385	<b>38,229,758</b>	39,754,470
NET CURRENT (LIABILITIES)/ASSETS		<b>(1,191,904)</b>	5,827,532	<b>(17,278,551)</b>	(8,898,354)
EXPENDITURE CARRIED FORWARD - at cost	11	<b>42,458</b>	33,748	–	–
GOODWILL ON CONSOLIDATION		<b>2,649,216</b>	2,649,216	–	–
		<b>33,632,722</b>	35,829,247	<b>26,442,250</b>	21,400,127
Financed by:					
SHARE CAPITAL	12	<b>13,230,000</b>	13,230,000	<b>13,230,000</b>	13,230,000
CAPITAL RESERVE	13	<b>7,664</b>	7,664	<b>7,664</b>	7,664
UNAPPROPRIATED PROFIT	14	<b>13,989,529</b>	16,893,061	<b>9,289,608</b>	4,006,101
SHAREHOLDERS' FUNDS		<b>27,227,193</b>	30,130,725	<b>22,527,272</b>	17,243,765
MINORITY INTEREST		<b>842,962</b>	361,684	–	–
LONG TERM LIABILITIES	15	<b>4,820,567</b>	4,795,838	<b>3,373,978</b>	3,615,362
DEFERRED TAXATION	16	<b>742,000</b>	541,000	<b>541,000</b>	541,000
		<b>33,632,722</b>	35,829,247	<b>26,442,250</b>	21,400,127

The accompanying notes to the accounts form an integral part of these accounts.



HWA TAI INDUSTRIES BERHAD

## PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1999

		Group		Company	
	Note	1999 RM	1998 RM	1999 RM	1998 RM
TURNOVER	17	<b>97,343,609</b>	94,386,788	<b>86,084,719</b>	57,456,015
Operating profit/(loss)	18	<b>5,293,716</b>	(2,274,280)	<b>16,298,461</b>	1,545,772
Exceptional items	19	<b>(7,045,929)</b>	(29,674,235)	<b>(7,045,929)</b>	(29,674,235)
(Loss)/profit before taxation		<b>(1,752,213)</b>	(31,948,515)	<b>9,252,532</b>	(28,128,463)
Taxation	20	<b>(193,761)</b>	(25,905)	<b>(3,492,745)</b>	(21,335)
(Loss)/profit after taxation		<b>(1,945,974)</b>	(31,974,420)	<b>5,759,787</b>	(28,149,798)
Minority interest		<b>(481,278)</b>	(361,684)	–	–
(Loss)/profit attributable to shareholders of the Company		<b>(2,427,252)</b>	(32,336,104)	<b>5,759,787</b>	(28,149,798)
Unappropriated profit brought forward		<b>16,893,061</b>	49,229,165	<b>4,006,101</b>	32,155,899
Profit available for appropriation		<b>14,465,809</b>	16,893,061	<b>9,765,888</b>	4,006,101
Appropriation:					
Proposed final dividend of 5% (1998 : Nil) less income tax	21	<b>(476,280)</b>	–	<b>(476,280)</b>	–
UNAPPROPRIATED PROFIT CARRIED FORWARD		<b>13,989,529</b>	16,893,061	<b>9,289,608</b>	4,006,101
Retained by:-					
The Company		<b>9,289,608</b>	4,006,101		
Subsidiaries		<b>4,699,921</b>	12,886,960		
		<b>13,989,529</b>	16,893,061		
(Loss)/earnings per ordinary share	25	<b>(0.18)</b>	(2.44)		

The accompanying notes to the accounts form an integral part of these accounts.



HWA TAI INDUSTRIES BERHAD

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1999

	1999 RM	1998 RM
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Loss before taxation but after minority interest	(2,233,491)	(32,310,199)
Adjustments for:		
Exceptional items	7,045,929	29,674,235
Bad debts written off	273,605	686,950
Depreciation	3,405,488	1,900,496
Fixed assets written off	118,960	2,583
Gain on foreign exchange	—	(6,567)
Interest income	(10,508)	(8,922)
Interest expenses	2,183,897	2,488,448
Minority interest	481,278	361,684
Gain on disposal of fixed assets	(163,661)	(242,733)
Provision for doubtful debts	2,094,256	601,170
Rental expenses	97,290	130,590
<b>Operating Profit Before Working Capital Changes</b>	<b>13,293,043</b>	<b>3,277,735</b>
(Increase)/decrease in stocks	(2,077,936)	7,349,897
Decrease in debtors	937,296	9,370,109
Increase/(decrease) in creditors	875,933	(6,020,788)
Decrease in amount owing by unconsolidated subsidiary	—	14,024
<b>Cash Generated From Operations</b>	<b>13,028,336</b>	<b>13,990,977</b>
Interest paid	(1,488,526)	(2,192,293)
Tax paid	(10,865)	(4,771,901)
Rental paid	(97,290)	(130,590)
Pre-operating expenses paid	(8,710)	(13,905)
<b>Net Cash From Operating Activities</b>	<b>11,422,945</b>	<b>6,882,288</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets *	(6,046,981)	(12,351,537)
Purchase of marketable securities	(51,993,970)	(6,093,587)
Proceeds from sale of fixed assets	377,477	475,151
Proceeds from sale of marketable securities	56,293,870	—
Interest received	10,508	8,922
<b>Net Cash Used In Investing Activities</b>	<b>(1,359,096)</b>	<b>(17,961,051)</b>



HWA TAI INDUSTRIES BERHAD

## CONSOLIDATED CASH FLOW STATEMENT

	1999 RM	1998 RM
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from revolving credit	-	2,000,000
Drawdown of term loan	-	4,500,000
Repayment of revolving credit	(2,000,000)	-
Repayments of term loan	(948,123)	(243,171)
Repayments of hire purchase creditors	(894,603)	(359,689)
Interest paid	(695,371)	(940,951)
Net Cash (Used In)/From Financing Activities	(4,538,097)	4,956,189
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,525,752	(6,122,574)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(18,382,402)	(12,259,828)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(12,856,650)	(18,382,402)
ANALYSIS OF CASH AND CASH EQUIVALENTS:		
Cash and bank balances	2,282,450	1,452,348
Fixed deposits	774,576	125,816
Short term borrowings	(15,913,676)	(19,960,566)
	(12,856,650)	(18,382,402)

\* During the year, the Group acquired fixed assets amounting to RM8,552,.465/- (1998 : RM13,050,265/-) of which RM3,269,043 /- (1998 : RM1,065,339/-) were acquired under hire purchase. Cash payments amounting to RM763,559/- (1998 : RM366,611 /-) were made towards the hire purchase.

The accompanying notes to the accounts form an integral part of these accounts.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The accounts of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets and comply with applicable approved accounting standards.

#### (b) Basis of Consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the end of the financial year.

The results of subsidiary companies are consolidated on the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated profit and loss account from the effective date of their acquisition or up to the date of their disposal. All significant inter-company transactions and balances are eliminated on consolidation.

The excess of purchase price over the fair value of the net assets of subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill on consolidation and is not amortised unless, in the opinion of the directors, there is a permanent diminution in the value of the investment.

#### (c) Depreciation

Freehold buildings are amortised on a straight line basis at 2% per annum. Capital work-in-progress will be depreciated once the assets are ready for use. The leasehold properties are amortised over the remaining period of the lease of 41 to 99 years.

All other fixed assets are depreciated over their estimated useful lives on a straight line basis. The principal annual rates used are as follows:-

Plant and machinery	10%
Office equipment, furniture and fittings and vehicles	10% - 20%
Renovation	10%

#### (d) Investments

Investments in subsidiaries are stated at cost. Provision for diminution in value is made when, in the opinion of the directors, there is a permanent impairment in the value of these investments.

#### (e) Marketable Securities

Marketable securities are stated at the lower of cost and market value.



## NOTES TO THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Stocks

Stocks are stated at the lower of cost and net realisable value, cost being determined on the first-in first-out basis.

Costs of finished goods and work-in-progress include direct materials, direct labour and an allocation of manufacturing overheads. Raw materials, packing materials and consumable stores comprise purchase price and carriage cost.

Contract work-in-progress is stated at cost which includes direct materials, labour and direct overheads.

#### (g) Expenditure Carried Forward

Preliminary and pre-operating expenses of the subsidiaries are written off upon commencement of operations of the subsidiaries concerned.

#### (h) Income Recognition

(i) Income from construction contracts is recognised on the percentage of completion method in cases where the outcome of the contract can be reliably estimated. In all cases, anticipated losses are provided for in full.

(ii) Dividends from subsidiaries are recognised as and when declared or proposed.

#### (i) Currency Translation

Transactions in foreign currencies are converted into Malaysian Ringgit at exchange rates prevailing at transaction dates. Unsettled amounts at balance sheet date have been converted into Malaysian Ringgit at the rates of exchange ruling at that date. Exchange differences arising therefrom have been transferred to the Profit and Loss Account.

#### (j) Deferred Taxation

Provision is made for deferred taxation, using the liability method, in respect of all material timing differences except where such differences are not expected to reverse in the foreseeable future.

#### (k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bills payable and short term, highly liquid investments in money instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



# NOTES TO THE ACCOUNTS

## 2. FIXED ASSETS

Group 1999	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>Cost</b> (except as stated otherwise)					
At 1st January 1999	10,028,558	22,423,390	7,608,163	419,516	40,479,627
Additions	4,425,125	365,359	2,038,229	1,723,752	8,552,465
Reclassification	-	1,750,570	254,346	(1,905,542)	99,374
Disposals	(28,041)	(725,641)	(1,053,295)	-	(1,806,977)
At 31st December 1999	14,425,642	23,813,678	8,847,443	237,726	47,324,489
<b>Accumulated Depreciation</b>					
At 1st January 1999	1,769,560	7,245,442	4,145,874	-	13,160,876
Charge for the year	225,272	1,998,397	1,181,819	-	3,405,488
Reclassification	-	-	99,374	-	99,374
Disposals	(8,185)	(551,455)	(914,561)	-	(1,474,201)
At 31st December 1999	1,986,647	8,692,384	4,512,506	-	15,191,537
<b>Net Book Value at 31st December 1999</b>	<b>12,438,995</b>	<b>15,121,294</b>	<b>4,334,937</b>	<b>237,726</b>	<b>32,132,952</b>
<b>1998</b>					
<b>Cost</b> (except as stated otherwise)					
At 1st January 1998	10,128,246	9,971,108	6,849,406	1,150,920	28,099,680
Additions	37,960	27,370	715,328	12,269,607	13,050,265
Reclassification	-	12,437,312	563,699	(13,001,011)	-
Disposals	(137,648)	(12,400)	(520,270)	-	(670,318)
At 31st December 1998	10,028,558	22,423,390	7,608,163	419,516	40,479,627
<b>Accumulated Depreciation</b>					
At 1st January 1998	1,543,840	6,371,029	3,790,100	-	11,704,969
Charge for the year	225,720	884,230	790,546	-	1,900,496
Reclassification	-	-	-	-	-
Disposals	-	(9,817)	(434,772)	-	(444,589)
At 31st December 1998	1,769,560	7,245,442	4,145,874	-	13,160,876
<b>Net Book Value at 31st December 1998</b>	<b>8,258,998</b>	<b>15,177,948</b>	<b>3,462,289</b>	<b>419,516</b>	<b>27,318,751</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 2. FIXED ASSETS (CONT'D)

Properties consist of:-

Group 1999	Freehold Land and Buildings RM	Long Leasehold Land and Buildings RM	Short Leasehold Land and Buildings RM	Short Leasehold Land and Buildings (At Valuation) RM	Renovation RM	Total RM
<b>Cost</b> (except as stated otherwise)						
At 1st January 1999	1,062,309	453,897	5,442,299	2,483,176	586,877	10,028,558
Additions	4,392,121	-	-	-	33,004	4,425,125
Disposals	-	-	(28,041)	-	-	(28,041)
At 31st December 1999	5,454,430	453,897	5,414,258	2,483,176	619,881	14,425,642
<b>Accumulated Depreciation</b>						
At 1st January 1999	32,004	10,980	779,980	704,927	241,669	1,769,560
Charge for the year	8,004	4,669	107,209	45,762	59,628	225,272
Disposals	-	-	(8,185)	-	-	(8,185)
At 31st December 1999	40,008	15,649	879,004	750,689	301,297	1,986,647
<b>Net Book Value at 31st December 1999</b>	<b>5,414,422</b>	<b>438,248</b>	<b>4,535,254</b>	<b>1,732,487</b>	<b>318,584</b>	<b>12,438,995</b>
<b>1998</b>						
<b>Cost</b> (except as stated otherwise)						
At 1st January 1998	1,199,957	453,897	5,442,299	2,483,176	548,917	10,128,246
Additions	-	-	-	-	37,960	37,960
Disposals	(137,648)	-	-	-	-	(137,648)
At 31st December 1998	1,062,309	453,897	5,442,299	2,483,176	586,877	10,028,558
<b>Accumulated Depreciation</b>						
At 1st January 1998	24,000	6,311	669,323	659,546	184,660	1,543,840
Charge for the year	8,004	4,669	110,657	45,381	57,009	225,720
Disposals	-	-	-	-	-	-
At 31st December 1998	32,004	10,980	779,980	704,927	241,669	1,769,560
<b>Net Book Value at 31st December 1998</b>	<b>1,030,305</b>	<b>442,917</b>	<b>4,662,319</b>	<b>1,778,249</b>	<b>345,208</b>	<b>8,258,998</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 2. FIXED ASSETS (CONT'D)

Company 1999	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>Cost</b> (except as stated otherwise)					
At 1st January 1999	6,355,066	22,419,225	3,776,065	419,516	32,969,872
Additions	6,850	365,359	716,093	1,723,752	2,812,054
Reclassification	-	1,750,570	254,346	(1,905,542)	99,374
Disposals	(28,041)	(725,641)	(726,476)	-	(1,480,158)
At 31st December 1999	6,333,875	23,809,513	4,020,028	237,726	34,401,142
<b>Accumulated Depreciation</b>					
At 1st January 1999	1,239,775	7,243,054	1,940,224	-	10,423,053
Charge for the year	141,128	1,997,981	570,475	-	2,709,584
Reclassification	-	-	99,374	-	99,374
Disposals	(8,185)	(551,455)	(550,381)	-	(1,110,021)
At 31st December 1999	1,372,718	8,689,580	2,059,692	-	12,121,990
<b>Net Book Value at 31st December 1999</b>	<b>4,961,157</b>	<b>15,119,933</b>	<b>1,960,336</b>	<b>237,726</b>	<b>22,279,152</b>
<b>1998</b>					
<b>Cost</b> (except as stated otherwise)					
At 1st January 1998	6,485,714	9,966,943	3,377,097	1,150,920	20,980,674
Additions	7,000	27,370	303,869	12,269,607	12,607,846
Reclassification	-	12,437,312	563,699	(13,001,011)	-
Transfer to subsidiary company	-	-	(219,474)	-	(219,474)
Disposals	(137,648)	(12,400)	(249,126)	-	(399,174)
At 31st December 1998	6,355,066	22,419,225	3,776,065	419,516	32,969,872
<b>Accumulated Depreciation</b>					
At 1st January 1998	1,096,367	6,369,057	1,983,102	-	9,448,526
Charge for the year	143,408	883,814	330,954	-	1,358,176
Reclassification	-	-	-	-	-
Transfer to subsidiary company	-	(9,817)	(210,462)	-	(220,279)
Disposals	-	-	(163,370)	-	(163,370)
At 31st December 1998	1,239,775	7,243,054	1,940,224	-	10,423,053
<b>Net Book Value at 31st December 1998</b>	<b>5,115,291</b>	<b>15,176,171</b>	<b>1,835,841</b>	<b>419,516</b>	<b>22,546,819</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 2. FIXED ASSETS (CONT'D)

Properties consist of:-

#### Company 1999

Cost (except as stated otherwise)

At 1st January 1999  
Additions  
Disposals

At 31st December 1999

#### Accumulated Depreciation

At 1st January 1999  
Charge for the year  
Disposals

At 31st December 1999

**Net Book Value at 31st December 1999**

#### 1998

Cost (except as stated otherwise)

At 1st January 1998  
Additions  
Transfer to subsidiary company  
Disposals

At 31st December 1998

#### Accumulated Depreciation

At 1st January 1998  
Charge for the year  
Transfer to subsidiary company  
Disposals

At 31st December 1998

**Net Book Value at 31st December 1998**

	Freehold Land and Buildings RM	Short Leasehold Land and Buildings RM	Short Leasehold Land and Buildings (At Valuation) RM	Renovation RM	Total RM
	132,516	3,771,407	2,183,176	267,967	6,355,066
	-	-	-	6,850	6,850
	-	(28,041)	-	-	(28,041)
	132,516	3,743,366	2,183,176	274,817	6,333,875
	-	487,596	631,344	120,835	1,239,775
	-	73,830	40,102	27,196	141,128
	-	(8,185)	-	-	(8,185)
	-	553,241	671,446	148,031	1,372,718
	132,516	3,190,125	1,511,730	126,786	4,961,157
	270,164	3,771,407	2,183,176	260,967	6,485,714
	-	-	-	7,000	7,000
	-	-	-	-	-
	(137,648)	-	-	-	(137,648)
	132,516	3,771,407	2,183,176	267,967	6,355,066
	-	410,316	591,624	94,427	1,096,367
	-	77,280	39,720	26,408	143,408
	-	-	-	-	-
	-	-	-	-	-
	-	487,596	631,344	120,835	1,239,775
	132,516	3,283,811	1,551,832	147,132	5,115,291



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 2. FIXED ASSETS (CONT'D)

As at balance sheet date, certificates of title to the freehold land and buildings costing RM4,392,121/- (1998 : RM Nil) is in the process of being issued in the name of a subsidiary company.

Included in fixed assets are the following assets acquired under hire purchase instalment plans:-

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
At cost				
Motor vehicles	2,571,412	1,657,424	565,359	-
Plant and machinery	2,370,377	622,920	2,370,377	622,920
Office equipment	129,663	-	-	-
	<b>5,071,452</b>	<b>2,280,344</b>	<b>2,935,736</b>	<b>622,920</b>

Details of independent professional valuations of fixed assets owned by the Group are as follows:-

	Year of Valuation	Description of Property	Amount RM	
The Company	1983	Short leasehold land	408,000	)
The Company	1983	Short leasehold buildings	1,775,176	)
Subsidiary	1985	Short leasehold land	300,000	)
			<b>2,483,176</b>	

### 3. INTEREST IN SUBSIDIARIES

	Company	
	1999 RM	1998 RM
Unquoted shares at cost	5,144,673	5,144,673
Less: Provision for diminution in value	(150,449)	(150,449)
	<b>4,994,224</b>	<b>4,994,224</b>
Amounts owing by subsidiaries	21,152,321	16,453,127
Less: Provision for doubtful debt	(513,996)	(513,996)
	<b>20,638,325</b>	<b>15,939,131</b>
Amounts owing to subsidiaries	25,632,549	20,933,355
	<b>(4,190,900)</b>	<b>(13,181,693)</b>
	<b>21,441,649</b>	<b>7,751,662</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 3. INTEREST IN SUBSIDIARIES (CONT'D)

The amounts owing by/to subsidiaries are unsecured, interest free and have no fixed terms of repayment except for an amount of RM5,766,533/- (1998 : RM291,856/-) owing by a subsidiary which bears interest at the rate of 1% on a monthly rest basis (1998 : 12% per annum).

The following information relates to the subsidiaries which are all incorporated in Malaysia except as stated otherwise:-

Name of Company	Equity Held		Principal Activities
	1999 %	1998 %	
Direct subsidiaries:-			
Epro Industries Sdn. Bhd.	100	100	Property holding
Suria Merah Manufactory (Segamat) Sdn. Bhd.	100	100	Property holding
Hwa Tai Food Industries (Sabah) Sdn. Bhd.	100	100	Property holding
Pan Tai Trading Sdn. Bhd.	100	100	Trading in confectionery
Satria Potensi Sdn. Bhd.	100	100	Contractor
Keris Intan Sdn. Bhd. *	100	100	Insurance agency
Hwa Tai (Sarawak) Sdn. Bhd. *	100	100	Dormant
Hwa Tai Distribution Sdn. Bhd. *	100	100	Dormant
Hwa Tai Services Sdn. Bhd. *	100	100	Dormant
Absolute Focus Sdn. Bhd. *	100	100	Dormant
Acetai Corporation Sdn. Bhd. *	60	60	Trading in confectionery
Indirect subsidiary:-			
Yield Luck International Limited *+	100	100	Dormant

\* Subsidiaries not audited by Monteiro & Heng.

+ Subsidiary incorporated in Hong Kong.

### 4. CURRENT ASSETS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Stocks (Note 5)	8,879,317	6,801,381	4,774,030	4,971,785
Marketable securities (Note 6)	5,141,918	16,487,747	5,141,918	16,487,747
Trade debtors (Note 7)	28,749,792	32,276,464	6,632,077	7,503,704
Sundry debtors, deposits and prepayments	1,914,676	1,693,161	1,559,069	1,411,012
Fixed deposits placed with a licensed bank	774,576	125,816	643,568	—
Cash and bank balances	2,282,450	1,452,348	2,200,545	481,868
	<b>47,742,729</b>	<b>58,836,917</b>	<b>20,951,207</b>	<b>30,856,116</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 5. STOCKS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Products:				
Raw materials	983,295	1,179,428	983,295	1,179,428
Work-in-progress	273,769	374,050	273,769	374,050
Finished goods	4,481,438	3,263,218	1,673,877	1,433,622
Packing materials	1,728,250	1,850,081	1,728,250	1,850,081
Consumable stores	114,839	134,604	114,839	134,604
Contract work-in-progress	1,297,726	–	–	–
	<b>8,879,317</b>	<b>6,801,381</b>	<b>4,774,030</b>	<b>4,971,785</b>

### 6. MARKETABLE SECURITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Shares quoted in Malaysia				
At cost	5,141,918	40,517,186	5,141,918	40,517,186
Provision for diminution in value	–	(24,029,439)	–	(24,029,439)
	<b>5,141,918</b>	<b>16,487,747</b>	<b>5,141,918</b>	<b>16,487,747</b>
Market value	<b>5,182,360</b>	<b>16,487,747</b>	<b>5,182,360</b>	<b>16,487,747</b>

### 7. TRADE DEBTORS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Trade debtors	31,121,935	33,404,351	8,354,799	8,221,970
Less: Provision for doubtful debts	(2,372,143)	(1,127,887)	(1,722,722)	(718,266)
	<b>28,749,792</b>	<b>32,276,464</b>	<b>6,632,077</b>	<b>7,503,704</b>

Included in trade debtors of the Group is an amount of RM5,252,283/- (1998 : RM8,951,519/-) owing by a contractor of a subsidiary. Pursuant to the agreement entered into between the subsidiary, the contractor and a third party dated 28th December 1998, the said sum is to be settled by way of completed units of shopoffice. As at the balance sheet date, the construction of the shopoffices are still in progress.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 8. CURRENT LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Trade creditors	15,814,602	18,708,219	11,306,084	10,598,944
Sundry creditors and accruals	7,117,796	3,348,246	4,875,816	2,100,904
Hire purchase creditors (Note 9)	973,273	428,792	660,901	176,004
Short term borrowings (Note 10)	21,059,056	27,012,398	20,909,224	26,862,218
Provision for taxation	3,493,626	3,511,730	1,453	16,400
Proposed dividend	476,280	–	476,280	–
	<b>48,934,633</b>	<b>53,009,385</b>	<b>38,229,758</b>	<b>39,754,470</b>

### 9. HIRE PURCHASE CREDITORS

Hire purchase obligations are repayable over the following periods:-

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Due within one year	1,252,865	539,811	847,364	217,620
Due between one and two years	1,018,323	392,929	723,973	217,620
Due between two and five years	1,071,939	345,193	534,087	120,090
Due more than five years	72,817	–	72,817	–
	<b>3,415,944</b>	<b>1,277,933</b>	<b>2,178,241</b>	<b>555,330</b>
Less: Finance charges	<b>(831,658)</b>	<b>(304,528)</b>	<b>(513,489)</b>	<b>(124,121)</b>
	<b>2,584,286</b>	<b>973,405</b>	<b>1,664,752</b>	<b>431,209</b>
Represented by:				
Current (Note 8)	973,273	428,792	660,901	176,004
Long term (Note 15)	1,611,013	544,613	1,003,851	255,205
	<b>2,584,286</b>	<b>973,405</b>	<b>1,664,752</b>	<b>431,209</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 10. SHORT TERM BORROWINGS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Trade financing facilities	15,531,186	13,258,272	15,531,186	13,258,272
Bank overdrafts	382,490	6,702,294	382,490	6,701,946
Term loan repayable within one year (Note 15)	1,145,380	1,051,832	995,548	902,000
Revolving credit	4,000,000	6,000,000	4,000,000	6,000,000
	<b>21,059,056</b>	<b>27,012,398</b>	<b>20,909,224</b>	<b>26,862,218</b>

The trade financing facilities, bank overdrafts and revolving credit are granted on the undertaking that the Company will not pledge or execute any charges on its assets, other than those assets under hire purchase. These borrowings bear interest at rates ranging from 8.3% to 9.55% (1998 : 9.80% to 17.90%) per annum.

### 11. EXPENDITURE CARRIED FORWARD - at cost

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Preliminary expenses	12,114	12,114	—	—
Pre-operating expenses	30,344	21,634	—	—
	<b>42,458</b>	<b>33,748</b>	<b>—</b>	<b>—</b>

Included in the pre-operating expenses during the year is auditors' remuneration of RM2,000/- (1998 : RM2,000/-).

### 12. SHARE CAPITAL

	Group and Company	
	1999 RM	1998 RM
Ordinary shares of RM1/- each		
Authorised	1,000,000,000	1,000,000,000
Issued and fully paid	13,230,000	13,230,000



HWA TAI INDUSTRIES BERHAD

**NOTES TO THE ACCOUNTS****13. CAPITAL RESERVE****Group and Company**

Capital reserve which arises from the revaluation of certain fixed assets is not distributable by way of dividends.

**14. UNAPPROPRIATED PROFIT - distributable**

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income to frank the payment of dividends out of its entire unappropriated profit as at 31st December 1999.

**15. LONG TERM LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Long term loans	<b>4,354,934</b>	5,303,057	<b>3,365,675</b>	4,262,157
Less: Repayable within one year (Note 10)	<b>1,145,380</b>	1,051,832	<b>995,548</b>	902,000
Repayable after one year	<b>3,209,554</b>	4,251,225	<b>2,370,127</b>	3,360,157
Hire purchase creditors repayable after one year (Note 9)	<b>1,611,013</b>	544,613	<b>1,003,851</b>	255,205
	<b>4,820,567</b>	4,795,838	<b>3,373,978</b>	3,615,362

The term loans of the Company are secured against negative pledges over all present and future assets of the Company, excluding machinery and equipment financed under hire purchase. The term loans bear interest at rates ranging from 1.25% to 1.5% (1998 : 1.25% to 1.5%) per annum above base lending rate of the commercial bank.

The term loans of a subsidiary are secured by the creation of a first legal charge over the subsidiary's freehold and leasehold land and buildings, and are also jointly and severally guaranteed by certain directors of the Company. The term loans bear interest at rates ranging from 1.25% to 1.75% (1998 : 1.25% to 1.75%) per annum above the base lending rate of the commercial bank.

**16. DEFERRED TAXATION**

	<b>Group and Company</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>
Balance at the beginning	<b>541,000</b>	541,000
Transfer from profit and loss account (Note 20)	<b>201,000</b>	—
Balance at the end	<b>742,000</b>	541,000

The deferred taxation is in respect of timing differences between capital allowances and depreciation.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 17. TURNOVER

#### Group

Turnover of subsidiaries comprises contract billings, net invoiced value of sales and rental income from landed properties.

#### Company

Turnover comprises net invoiced value of sales, rental income from landed properties and dividend income received from a subsidiary company.

### 18. OPERATING PROFIT

Operating profit is arrived at:-

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
After charging:-				
Auditors' remuneration				
• Statutory				
- current year	109,400	85,400	55,000	48,000
- overprovision in prior year	(1,500)	(3,750)	-	(2,250)
Bad debts written off	273,605	686,950	-	33,489
Directors' remuneration				
• fees	40,000	20,000	40,000	20,000
• other emoluments	793,950	607,230	328,650	216,000
Depreciation	3,405,488	1,900,496	2,709,584	1,358,176
Fixed assets written off	118,960	2,583	118,960	2,583
Hire of vehicles	288,067	152,322	268,278	135,436
Interest expenses				
- banker acceptance and bills payable	1,382,739	2,053,139	1,319,162	1,365,149
- bank overdrafts	105,787	133,307	105,787	132,120
- hire purchase	271,498	100,420	181,986	37,272
- term loan	423,873	195,735	325,812	54,676
- others	-	5,847	-	-
Loss on foreign exchange	46,644	-	40,030	-
Consultancy fee paid to directors	327,250	155,000	46,250	85,000
Provision for doubtful debts	2,094,256	601,170	1,854,456	526,609
Rental of premises	97,290	130,590	54,000	80,100
And crediting:-				
Dividend income	-	-	12,500,000	-
Gain on disposal of fixed assets	163,661	242,733	96,366	161,435
Gain on foreign exchange	-	237,697	-	222,279
Interest income	10,508	8,922	5,316	382
Bad debts recovered	398	1,617	-	-
Rental income	-	-	21,600	9,600



HWA TAI INDUSTRIES BERHAD

**NOTES TO THE ACCOUNTS****18. OPERATING PROFIT (CONT'D)**

The cost of sales of manufacturing and trading activities of the Group and the Company recognised as an expense for the financial year amounted to RM70,471,105/- (1998 : RM54,993,087/-) and RM57,168,730/- (1998 : RM46,886,504/-) respectively.

Directors' remuneration excludes estimated monetary value of benefits-in-kind of RM12,958/- (1998 : RM4,967/-).

**19. EXCEPTIONAL ITEMS**

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Diminution in value of marketable securities	-	(24,029,439)	-	(24,029,439)
Loss on disposal of quoted shares	(7,045,929)	-	(7,045,929)	-
Provision for forfeiture of earnest money	-	(5,000,000)	-	(5,000,000)
Interest incurred on earnest money	-	(644,796)	-	(644,796)
	<b>(7,045,929)</b>	<b>(29,674,235)</b>	<b>(7,045,929)</b>	<b>(29,674,235)</b>

**20. TAXATION**

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Income tax				
- current year	-	(6,140)	(3,500,000)	(2,400)
- underprovision in previous year	(16)	(5,765)	-	(4,935)
Deferred taxation (Note 16)	(201,000)	-	-	-
Real Property Gains Tax				
- current year	-	(14,000)	-	(14,000)
- overprovision in previous year	7,255	-	7,255	-
	<b>(193,761)</b>	<b>(25,905)</b>	<b>(3,492,745)</b>	<b>(21,335)</b>

There is no provision for taxation for the Group in view of the tax waiver for 1999 on the chargeable income of profitable subsidiaries for the current financial year in accordance with the provisions of Income Tax (Amendment) Act, 1999.

The provision for taxation of the Company for the current year is in respect of dividend income received from a subsidiary during the year.

As at 31st December 1999, the Group have estimated unabsorbed tax losses of approximately RM4,375,000/- (1998 : RM5,124,000/-) and capital and reinvestment allowances totalling RM4,965,000/- (1998 : RM8,430,000/-). The related tax benefits, if any, will be recognised on actual realisation.



HWA TAI INDUSTRIES BERHAD

**NOTES TO THE ACCOUNTS****21. DIVIDEND**

	<b>Group and Company</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>
Proposed final dividend of 5% (1998 : Nil) less income tax	<b>476,280</b>	<b>-</b>

**22. LOSS PER ORDINARY SHARE**

The loss per ordinary share for the year has been calculated based on the Group's loss after taxation and minority interest of RM2,427,252/- (1998 : RM32,336,104/-) and on the number of 13,230,000 (1998 : 13,230,000) ordinary shares in issue during the year.

**23. SIGNIFICANT RELATED PARTY TRANSACTIONS**

	<b>Group</b>		<b>Company</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Dividend income received from a subsidiary company	-	-	<b>12,500,000</b>	-
Purchase of marketable securities of a company in which certain directors and a former director have substantial financial interest	-	6,093,587	-	6,093,587
Sales to subsidiaries	-	-	<b>33,924,334</b>	26,292,947
Purchases from a subsidiary	-	-	<b>185,049</b>	33,523
Rental income from a subsidiary	-	-	<b>21,600</b>	9,600
Rental of premises paid to subsidiaries	-	-	<b>54,000</b>	54,000
Management and administration fees received/receivable from subsidiaries	-	-	<b>183,600</b>	255,600
Consultancy fee paid:				
- to a company in which a director has substantial interest	<b>149,812</b>	128,722	-	16,700
- to directors	<b>327,250</b>	155,000	<b>46,250</b>	85,000
Legal and professional fees paid to a firm in which a director is a partner	<b>1,050</b>	3,210	<b>1,050</b>	3,210
Purchase of fixed assets and services from a company in which a director has substantial financial interest	<b>73,990</b>	157,056	<b>73,990</b>	157,056
Disposal of fixed assets to a company in which a director has substantial financial interest	-	2,762	-	2,762
Sales commission paid to subsidiaries	-	-	<b>97,770</b>	-
Office expenses charged to a subsidiary company	-	-	<b>50,032</b>	-
Interest charged to a subsidiary company	-	-	<b>63,577</b>	687,990



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS

### 24. CONTINGENT LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Bank guarantees issued in favour of third parties - unsecured	297,000	299,000	297,000	299,000
Corporate guarantee issued in favour of third parties for facilities granted to a subsidiary company	-	-	3,120,661	-
	<b>297,000</b>	<b>299,000</b>	<b>3,417,661</b>	<b>299,000</b>

### 25. CAPITAL COMMITMENT

	Group and Company	
	1999 RM	1998 RM
Authorised capital expenditure contracted but not provided for in the accounts	198,050	819,021

### 26. SEGMENTAL INFORMATION

Group	Turnover RM	Profit/(Loss) before taxation RM	Total assets employed RM
<b>Analysis by activity</b>			
<b>1999</b>			
Manufacturing	73,563,119	3,791,772	38,088,441
Construction	385,600	94,210	13,200,560
Trading and others	23,394,890	(5,638,195)	31,278,354
	<b>97,343,609</b>	<b>(1,752,213)</b>	<b>82,567,355</b>
<b>1998</b>			
Manufacturing	57,446,415	1,495,865	36,904,188
Construction	20,356,428	(4,827,110)	17,928,703
Trading and others	16,583,945	(28,617,270)	34,005,741
	<b>94,386,788</b>	<b>(31,948,515)</b>	<b>88,838,632</b>



**HWA TAI INDUSTRIES BERHAD**

## **STATEMENT BY DIRECTORS**

We, LEE THYE @ LEE CHOOI YOKE and LEE KAH KENG @ LEE KAH HENG, being two of the directors of Hwa Tai Industries Berhad, do hereby state that in the opinion of the directors, the accounts set out on pages 12 to 31 are drawn up in accordance with applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31st December 1999 and of the results of the operations of the Group and of the Company and the cash flow of the Group for the year ended on that date.

On behalf of the Board,

**LEE THYE @ LEE CHOOI YOKE**

**LEE KAH KENG @ LEE KAH HENG**

Kuala Lumpur  
18 April 2000

## **STATUTORY DECLARATION**

I, LEE THYE @ LEE CHOOI YOKE, being the director primarily responsible for the financial management of Hwa Tai Industries Berhad, do solemnly and sincerely declare that the accounts set out on pages 12 to 31 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**LEE THYE @ LEE CHOOI YOKE**

Subscribed and solemnly declared by the abovenamed at  
Kuala Lumpur in the Federal Territory on 18 April 2000.

Before me,

**HARON HASHIM**  
**COMMISSIONER FOR OATH**



HWA TAI INDUSTRIES BERHAD

## REPORT OF THE AUDITORS

TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD  
(INCORPORATED IN MALAYSIA)

We have audited the accounts set out on pages 12 to 31. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company as at 31st December 1999 and of the results of their operations and the cash flow of the Group for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 3 to the accounts.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the accounts of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

**MONTEIRO & HENG**  
FIRM NO. AF 0117  
PUBLIC ACCOUNTANTS

**HENG JI KENG**  
APPROVAL NO: 578/5/00 (J/PH)  
PARTNER OF THE FIRM

Kuala Lumpur  
18 April 2000



HWA TAI INDUSTRIES BERHAD

## ANALYSIS OF SHAREHOLDINGS

AS AT 28TH APRIL 2000

Authorised Capital	: RM1,000,000,000
Issued and Fully Paid-Up Capital	: RM13,230,000
Class of Shares	: Ordinary shares of RM1.00 each fully paid
Voting Rights	: One vote per ordinary share

### SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 - 1,000	2,079	68.43	2,070,786	15.65
1,001 - 5,000	827	27.22	2,174,000	16.43
5,001 - 10,000	71	2.34	541,000	4.09
10,001 and above	61	2.01	8,444,214	63.83
<b>TOTAL</b>	<b>3,038</b>	<b>100.00</b>	<b>13,230,000</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members	No. of Shares	% of Shareholdings
1. Public Nominees (Tempatan) Sdn Bhd ( <i>A/C Soo Thien Ming @ Soo Thien See</i> )	679,730	5.14
2. Arab-Malaysian Finance Berhad ( <i>A/C Ang Cheng Ean</i> )	574,000	4.34
3. DB (Malaysia) Nominee (Asing) Sdn Bhd ( <i>A/C Flourish Holdings Limited</i> )	560,000	4.23
4. PM Securities Sdn Bhd	531,244	4.02
5. DB (Malaysia) Nominee (Asing) Sdn Bhd ( <i>A/C Promote International Limited</i> )	500,000	3.78
6. Arab-Malaysian Finance Berhad ( <i>A/C Soo Tian Chai @ Soo Kim Chey</i> )	450,000	3.40
7. DB (Malaysia) Nominee (Asing) Sdn Bhd ( <i>A/C Contend Investments Limited</i> )	433,000	3.27
8. DB (Malaysia) Nominee (Asing) Sdn Bhd ( <i>A/C Victory Capital Limited</i> )	359,000	2.71
9. Arab-Malaysian Finance Berhad ( <i>A/C Tan Hua Teck @ Tang Wah Teck</i> )	339,240	2.56
10. Cimsec Nominees (Tempatan) Sdn Bhd ( <i>A/C Koh Pee Kiat</i> )	330,000	2.49
11. Cimsec Nominees (Tempatan) Sdn Bhd ( <i>A/C New Soon Meng</i> )	330,000	2.49
12. Cimsec Nominees (Tempatan) Sdn Bhd ( <i>A/C Goh Teong Hoe</i> )	330,000	2.49
13. Arab-Malaysian Finance Berhad ( <i>A/C Koh Pee Kiat</i> )	292,000	2.21
14. DB (Malaysia) Nominee (Tempatan) Sdn Bhd ( <i>A/C See Ai Chin</i> )	229,000	1.73
15. Credit Corporation (Malaysia) Berhad	205,000	1.55
16. HLG Nominee (Asing) Sdn Bhd ( <i>A/C Shogun Investment Limited</i> )	200,000	1.51
17. HLG Nominee (Asing) Sdn Bhd ( <i>A/C Silver Arrow Investment Limited</i> )	196,000	1.48
18. Soo Thien Ming @ Soo Thien See	170,000	1.28
19. UMB Nominees (Tempatan) Sdn Bhd ( <i>A/C Pengkalen Securities Sdn Bhd</i> )	170,000	1.28
20. Thong & Kay Hian Nominees (Asing) Sdn Bhd ( <i>A/C Lim Suryanti</i> )	143,000	1.08
<b>TOTAL</b>	<b>7,021,214</b>	<b>53.04</b>



HWA TAI INDUSTRIES BERHAD

## ANALYSIS OF SHAREHOLDINGS

### SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders (beneficiaries only) as per Register of Substantial Shareholders	No. of Shares in which Shareholder has direct interest (A)	Other Shareholdings in which Shareholder is deemed interested (B)	Total Interest in No. of Shares (A + B)
Tan Hua Teck @ Tang Wah Teck	1,923,902	–	1,923,902
Soo Tian Chai @ Soo Kim Chey	762,000	421,000	1,183,000
Lee Thye @ Lee Chooi Yoke	–	1,183,000	1,183,000
Koh Pee Kiat	297,000	–	297,000
Soo Thien Ming @ Soo Thien See	849,730	421,000	1,270,730
Ang Cheng Ean	574,000	–	574,000
Flourish Holdings Limited	560,000	–	560,000
Promote International Limited	500,000	–	500,000
Contend Investments Limited	433,000	–	433,000
Paragon Coral Sdn Bhd	421,000	–	421,000
Victory Capital Limited	359,000	–	359,000
New Soon Meng	330,000	–	330,000
PM Securities Sdn Bhd	534,244	–	534,244
PAN Malaysia Holdings Berhad	–	534,244	534,244
PAN Malaysia Capital Berhad	–	534,244	534,244

### DIRECTORS' SHAREHOLDINGS

As at 21st January 2000

Name of Director	No. of Shares in Hwa Tai Industries Berhad		
	Direct (A)	Indirect (B)	Total (A + B)
Soo Thien Ming @ Soo Thien See	849,730	421,000	1,270,730
Lee Thye @ Lee Chooi Yoke	–	1,183,000	1,183,000

None of the other directors had any interest in the shares of the Company and its related companies.



HWA TAI INDUSTRIES BERHAD

## LIST OF GROUP PROPERTIES

HELD AS AT 31ST DECEMBER 1999

	Location	Land Area (Sq. ft)	Built Up Area (Sq. ft)	Tenure	Description	Date of Expiry (Year)	Estimated Age of Building	Net Book Value (RM)
1.	Lot No. PTD 1098 and PTD 1099 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor.	87,120	56,150	Leasehold	Factory land & industrial buildings (own occupation)	2037	22 years	1,811,708
2.	Lot No. PTD 881 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor.	21,780	6,600	Leasehold	Factory land & industrial building (own occupation)	2035	20 years	364,890
3.	Lot Pt 10024 at Mukim Kuala Kuantan, District of Kuantan, Pahang.	6,972	6,972	Leasehold	Warehouse (vacant)	2044	14 years	181,432
4.	Lot No. PTD 2680 & 2681 at Mukim Linau, District of Batu Pahat, Johor.	1,540 (per unit)	1,540 (per unit)	Freehold	2 units single storey terrace houses (own occupation)	–	8 years	132,516
5.	Lot No. PTD 1731 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor	43,560	23,745	Leasehold	Factory land & industrial building (own occupation)	2039	17 years	503,125
6.	Lot No. PTD 1171 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor.	43,560	19,670	Leasehold	Factory land & industrial building (own occupation)	2038	20 years	655,321
7.	Lot No. 40 & 41 Lok Kawi Light Industrial Estate, District of Kota Kinabalu, Sabah.	110,922	529,918	Leasehold	Factory land & industrial building (own occupation)	2042	8 years	2,789,979



HWA TAI INDUSTRIES BERHAD

## LIST OF GROUP PROPERTIES

	Location	Land Area (Sq. ft)	Built Up Area (Sq. ft)	Tenure	Description	Date of Expiry (Year)	Estimated Age of Building	Net Book Value (RM)
8.	Lot No. PT 25809 at Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan.	4,000	6,680	Freehold	2 <sup>1</sup> / <sub>2</sub> storey terraced factory (own occupation)	–	6 years	444,893
9.	Lot No. PT 25810 at Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan.	4,000	5,880	Freehold	2 <sup>1</sup> / <sub>2</sub> storey terraced factory (own occupation)	–	6 years	444,893
10.	Lot No. PT 133946 at Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	7,276	5,220	Leasehold	1 <sup>1</sup> / <sub>2</sub> storey detached factory (own occupation)	2094	4 years	399,533
11	Lot No. PT 1130 & 1131 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,540 (per unit)	4,613 (per unit)	Freehold	2 units 3 storey shop office (vacant)	–	1 year	692,885
12.	Lot No. PT 1132, 1133 & 1134, Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,540 (per unit)	4,613 (per unit)	Freehold	3 units 3 storey shop office (vacant)	–	1 year	1,470,000
13.	Lot No. PT 1135 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,990	5,977	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	625,967
14.	Lot No. PT 1136 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,908	5,737	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	602,036
15.	Lot No. PT 1137 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	3,176	9,540	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	1,001,233

## FORM OF PROXY



### HWA TAI INDUSTRIES BERHAD

I/We, .....

of .....

being member/members of HWA TAI INDUSTRIES BERHAD, hereby appoint .....

of .....

or failing him .....

of.....

as my / our proxy, to vote for me / us and on my / our behalf at the Twenty-Fifth Annual General Meeting of the Company to be held on 26th June 2000 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Please indicate with (X) how you wish your vote to be cast.	Resolutions relating to:	For	Against
	1. The adoption of Reports and Accounts		
	2. The declaration of a first and final dividend		
	3. The payment of Directors' fees		
	4. The re-election of Directors:- Soo Thien Ming @ Soo Thien See		
	Lee Kah Keng @ Lee Kah Heng		
	5. Appointment of Auditors and their remuneration		
	6. Ordinary Resolution		

No. of Shares Held	
--------------------	--

Date: ..... Signature: .....

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (3) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- (4) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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THE SECRETARY  
**HWA TAI INDUSTRIES BERHAD**  
NO.12 JALAN JORAK  
KAWASAN PERINDUSTRIAN TONGKANG PECAH  
83010 BATU PAHAT  
JOHOR DARUL TAKZIM  
MALAYSIA

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