

# CONTENTS



## **HWA TAI INDUSTRIES BERHAD**

Incorporated in Malaysia • Company No.: 19688-V

Notice Of Annual General Meeting .....	2
Corporate Information .....	3
Audit Committee .....	4
Chairman's Statement/Penyata Pengerusi .....	6
Directors' Report .....	8
Balance Sheets .....	12
Income Statements .....	13
Statements Of Changes In Equity .....	14
Cash Flow Statements .....	15
Notes To The Accounts .....	17
Statement By Directors .....	35
Statutory Declaration .....	35
Report Of The Auditors .....	36
Analysis Of Shareholdings .....	37
List Of Group Properties .....	39
Form Of Proxy .....	<i>enclosed</i>



HWA TAI INDUSTRIES BERHAD

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth 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, 25th June 2001 at 10.00 a.m.

### AGENDA

1. To receive and adopt the Audited Accounts for the year ended 31 December 2000 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 for the year ended 31 December 2000.
3. To approve payment of Directors' fees for the year ended 31 December 2000.
4. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-  
Y. M. Raja Zainal Abidin Bin Raja Hussin  
Soo Suat Swon  
Lee Thye @ Lee Chooi Yoke
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 ordinary resolutions:-

#### ORDINARY RESOLUTION No. 1 - APPOINTMENT OF DIRECTOR PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

"That, pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Mohamed Yusoff Bin Mohamed who is over the age of 70 years, having complied with the statutory requirements of the Companies Act, 1965, be and is hereby appointed as an Independent Director of the Company to hold office until the next Annual General Meeting of the Company."

#### ORDINARY RESOLUTION No. 2 - 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-Sixth Annual General Meeting, the first and final dividend of 5% less 28% income tax in respect of the financial year ended 31 December 2000 will be paid to Shareholders on 27 July 2001. The entitlement date for the Dividend shall be on 5 July 2001.

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

- a) Shares transferred to the Depositor's securities account before 12.30 p.m. on 5 July 2001 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

Johor Darul Takzim, Malaysia  
29 May 2001

### 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 STATEMENT TO THE SPECIAL BUSINESS:

#### ORDINARY RESOLUTION No. 1

Pursuant to Section 129(6) of the Companies Act, 1965, a person of or over the age of 70 years who is proposed for appointment as Director of the Company, shall be appointed by a resolution passed by a majority of not less than three-fourths of the members of the Company present in person or by proxy at a general meeting, and if so appointed, the Director shall hold office until the next Annual General Meeting of the Company. The proposed Ordinary Resolution No. 1 is to regularise the appointment of Tan Sri Dato' Mohamed Yusoff Bin Mohamed who is over the age of 70 years, as an Independent Director of the Company.

#### ORDINARY RESOLUTION No. 2

The proposed Ordinary Resolution No. 2, 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	

### 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  
Bumiputra-Commerce Bank Berhad  
Standard Chartered Bank Malaysia Berhad  
Arab-Malaysian Bank Berhad  
Bank Islam Malaysia 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 (*Chairman*)  
Lee Kah Keng @ Lee Kah Heng

Independent Non-Executive Director  
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 (Cont'd)

---

### 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, it is with great pleasure that I present the Annual Report and Audited Accounts of Hwa Tai Industries Berhad for the financial year ended 31<sup>st</sup> December 2000.

Bagi pihak Ahli Lembaga Pengarah, saya dengan sukacitanya membentangkan Laporan Tahunan dan Akaun yang diaudit Hwa Tai Industries Berhad bagi tahun berakhir 31<sup>hb</sup> Disember 2000.

### OPERATING RESULTS

2000 was a successful year for Hwa Tai Industries Berhad. Group profit before tax stood at RM3.60 million as compared to a loss of RM1.76 million in the year 1999, an improvement of 204%.

Group turnover rose to RM99.73 million, an increase of 2.4% over that of previous year of RM97.34 million.

Despite the general slowdown especially towards the third quarter of the year, the Group has managed to maintain its steady and consistent growth to achieve the current year's results.

Net profit per share was RM0.19 and net tangible asset per share was RM2.01, an improvement of 105% and 8.6% respectively.

### DIVIDEND

Your Board is pleased to recommend a final gross dividend of 5 sen per share less 28% income tax for the year ended 31<sup>st</sup> December 2000.

### ACHIEVEMENTS

Our continuous effort towards achieving the highest quality in our biscuits product led to the Company obtaining the HACCP (Hazard Analysis and Critical Control Point) in the year 2000 and also the prestigious Product Excellence Award 2000 for our ever popular Luxury Sandwiched Cream biscuits.

All these achievements reflected our total commitment towards enhancing product quality, food safety from the top management down to the staff, emphasizing on research and development and continuous product improvement.

### PENCAPAIAN OPERASI

Hwa Tai Industries Berhad telah mencapai kejayaan dalam tahun 2000. Keuntungan kumpulan sebelum cukai adalah RM3.60 juta, meningkat sebanyak 204% berbanding dengan kerugian sebanyak RM1.76 juta pada tahun 1999.

Perolehan kumpulan juga meningkat ke RM99.73 juta, menunjukkan peningkatan sebanyak 2.4% berbanding dengan RM97.34 juta pada tahun sebelumnya.

Walaupun secara keseluruhannya mengalami kelembapan ekonomi, terutamanya suku ketiga tahun 2000, kumpulan masih dapat mengekalkan kadar pertumbuhan yang konsisten dan memperolehi pencapaian yang cemerlang pada tahun ini.

Keuntungan bersih sesaham adalah RM0.19 dan nilai bersih aset sesaham adalah RM2.01, menunjukkan peningkatan sebanyak 105% dan 8.6% berbanding dengan tahun sebelumnya.

### DIVIDEN

Lembaga Pengarah dengan sukacitanya mencadangkan dividen akhir sebanyak 5 sen sesaham ditolak 28% cukai bagi tahun berakhir 31 Disember 2000.

### PENCAPAIAN

Dengan usaha berterusan untuk mencapai kualiti tertinggi dalam produk biskut, Syarikat telah berjaya memperolehi pengiktirafan sistem HACCP (Analisis Bahaya di Titik Kawalan Genting) dalam tahun 2000 dan memenangi Anugerah Kecemerlangan Produk Industri 2000 bagi biskut krim Luxury yang disukai ramai.

Semua pencapaian ini telah menunjukkan komitmen sepenuh kami biar dari pihak pengurusan atasan atau para pekerja terhadap peningkatan kualiti produk, keselamatan makanan,



HWA TAI INDUSTRIES BERHAD

## CHAIRMAN'S STATEMENT (Cont'd)/PENYATA PENERUSI (Samb.)

### CORPORATE GOVERNANCE

The Group takes a pro-active view in exercising corporate governance and transparency according to the guidelines and requirements of the Kuala Lumpur Stock Exchange and Securities Commission.

As an effort to emphasize on transparency and corporate governance, Hwa Tai has enrolled as a member of the Federation of Public Listed Companies and the Malaysian Institute of Corporate Governance.

### OUTLOOK AND FUTURE PROSPECTS

The economy in the year 2001 is not expected to be encouraging given the deteriorating business conditions and weak consumer sentiments arising from the weak stock market, low palm oil price, and more worryingly, the current slowing down of the United State's economy.

Notwithstanding the above, we are confident that with our teamwork, our commitment towards quality with affordable pricing, launching of new products and aggressive trade promotional activities, we will be able to sustain our growth in this trying year.

To further expand our portfolio of business, we have invested in a new cake producing line costing RM10million or thereabout, which is expected to be in production by the end of the year.

Barring adverse and unforeseen circumstances, we expect the Group to maintain its growth and performance.

### DIRECTORATE

On behalf of the Board, I wish to record our sincere appreciation to Mr. Wilson Ma Chi Hung who has resigned from the Board during the year, for his past services to the Group.

### ACKNOWLEDGEMENT

On behalf of the Board, I wish to thank the management and all employees of the Group for their dedication and contributions in enhancing the Group's performance and achieving the various awards mentioned above.

I would also like to express my sincere appreciation to our shareholders, bankers, suppliers and customers for their continued support to the Group over the years.

SOO THIEN MING @ SOO THIEN SEE  
Chairman  
29 May 2001

penumpuan terhadap penyelidikan dan pembangunan serta peningkatan mutu produk yang berterusan.

### TAKBIR URUS KORPORAT

Kumpulan menyokong pandangan berkenaan dengan tadbir urus korporat dan transpirasi yang selaras dengan garis panduan dan keperluan yang ditetapkan oleh Bursa Saham Kuala Lumpur dan Suruhanjaya Sekuriti.

Sebagai satu usaha yang tertumpu terhadap takbir urus korporat dan transpirasi, Hwa Tai telah menjadi ahli Persatuan Syarikat Yang Tersenarai Dalam Bursa Saham Kuala Lumpur (FPLC) dan Institut Takbir Urus Korporat Malaysia (MICG).

### PROSPEK

Keadaan ekonomi bagi tahun 2001 dijangka tidak menggalakkan kerana keadaan perniagaan yang menurun dan sentimen pengguna yang lemah akibat pasaran saham yang lemah, harga minyak kelapa sawit yang rendah dan khususnya kelembapan ekonomi Amerika Syarikat.

Bagaimanapun, kami yakin bahawa dengan kerja sepakat, komitmen kami terhadap kualiti dan harga berpatutan, memperkenalkan produk-produk baru, menjalankan aktiviti pemasaran dan promosi yang agresif, kami dapat mengekalkan pertumbuhan dalam tahun percubaan ini.

Demi memperluaskan portfolio urusan perniagaan, kami telah membuat pelaburan baru dalam pengeluaran kek yang berharga lebih kurang RM10 juta. Pengeluaran kek ini dijangka bermula pada akhir tahun ini.

Sekiranya tidak ada perkara yang tidak diingini berlaku, kami menjangka kumpulan akan dapat mengekalkan kadar pertumbuhan dan pencapaian.

### LEMBAGA PENGARAH

Bagi pihak Lembaga, saya ingin mengucapkan terima kasih dan penghargaan kepada Encik Wilson Ma Chi Hung di atas perkhidmatan beliau.

### PENGHARGAAN

Bagi pihak Lembaga, saya ingin mengucapkan terima kasih kepada pihak pengurusan dan para pekerja kumpulan kerana dedikasi dan sumbangan mereka terhadap pencapaian kumpulan dan memenangi anugerah-anugerah tersebut di atas.

Saya juga ingin menyampaikan penghargaan saya kepada para pemegang saham, bank, pembekal dan pelanggan atas sokongan dan naungan mereka yang berterusan terhadap kumpulan.

SOO THIEN MING @ SOO THIEN SEE  
Pengerusi  
29 Mei 2001



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2000

The directors have pleasure in submitting their report and the audited accounts of the Group and of the Company for the year ended 31st December 2000.

### 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 4 to the accounts. There have been no significant changes in these principal activities during the financial year.

### RESULTS

	Group RM	Company RM
Operating profit	3,690,923	3,810,592
Exceptional items	(92,000)	(92,000)
Profit before taxation	3,598,923	3,718,592
Taxation	(1,102,709)	(1,000,000)
Profit for the year after taxation	2,496,214	2,718,592
Minority interest	15,400	—
Profit attributable to shareholders of the Company	2,511,614	2,718,592
Unappropriated profit brought forward:		
As previously reported	13,989,529	9,289,608
Prior year adjustment	(42,458)	—
As restated	13,947,071	9,289,608
Profit available for appropriation	16,458,685	12,008,200
Appropriation:		
Proposed final dividend of 5% less income tax	(476,280)	(476,280)
Unappropriated profit carried forward	15,982,405	11,531,920

### DIVIDEND

Since the end of the previous financial year, the Company paid a first and final dividend of 5% per share less income tax at 28% amounting to RM476,280/- in respect of the financial year ended 31st December 1999.

The directors now propose the payment of a first and final dividend of 5% per share less income tax at 28% amounting to RM476,280/- in respect of the current financial year which is subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

### RESERVES AND PROVISIONS

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





HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT (cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2000

### BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps 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 adequate provision had been made for doubtful debts.

At the date of this report, the directors of the Company are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the accounts of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, which were unlikely to realize in the ordinary course of business, their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realize.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the accounts of the Group or of the Company misleading.

### VALUATION METHODS

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

### CONTINGENT AND OTHER LIABILITIES

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

- (i) 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
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group or 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 or of the Company to meet their obligations as and when they fall due.

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the accounts of the Group and of the Company, that would render any amount stated in the accounts misleading.



HWA TAI INDUSTRIES BERHAD

## DIRECTORS' REPORT (cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2000

### ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group or of the Company for the current financial year.

### 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  
Lee Kah Keng @ Lee Kah Heng  
Wilson Ma Chi Hung - resigned on 10.10.2000

According to the Register of Directors' Shareholdings, the undermentioned directors who held office at the end of the financial year had interests in shares of the Company as detailed below:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2000	Bought	Sold	At 31.12.2000
Soo Thien Ming @ Soo Thien See				
- direct	849,730	-	-	849,730
- indirect	421,000	-	-	421,000
Lee Thye @ Lee Chooi Yoke				
- direct	-	-	-	-
- indirect	1,183,000	-	-	1,183,000

None of the directors who held office at the end of the financial year had interests in shares of the subsidiaries during the financial year.

In accordance with the Articles of Association of the Company, Y.M. Raja Zainal Abidin Bin Raja Hussin, Soo Suat Swon and Lee Thye @ Lee Chooi Yoke retire from the Board at the forthcoming Annual General Meeting 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 or any of its related corporations 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 (cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2000

### AUDITORS

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

On behalf of the Board,

LEE THYE @ LEE CHOOI YOKE

Director

LEE KAH KENG @ LEE KAH HENG

Director

KUALA LUMPUR

23 April 2001



HWA TAI INDUSTRIES BERHAD

## BALANCE SHEETS

AS AT 31ST DECEMBER 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
PROPERTY, PLANT AND EQUIPMENT	3	36,598,161	32,132,952	25,277,044	22,279,152
INTEREST IN SUBSIDIARIES	4	—	—	22,851,158	21,441,649
LONG TERM INVESTMENT	5	5,141,918	—	5,141,918	—
CURRENT ASSETS					
Stocks	6	9,922,503	7,581,591	4,035,929	4,774,030
Amount due from customers for construction contracts	7	1,297,726	1,297,726	—	—
Marketable securities	8	—	5,141,918	—	5,141,918
Trade debtors	9	25,120,836	28,749,792	5,825,101	6,632,077
Sundry debtors, deposits and prepayments	10	1,593,554	1,914,676	697,837	1,559,069
Tax recoverable		652,176	—	648,687	—
Fixed deposits placed with a licensed bank		25,000	774,576	—	643,568
Cash and bank balances		1,738,218	2,282,450	1,096,426	2,200,545
		40,350,013	47,742,729	12,303,980	20,951,207
Less:					
CURRENT LIABILITIES					
Trade creditors		15,588,180	15,814,602	9,432,798	11,306,084
Sundry creditors and accruals		6,407,525	7,117,796	4,076,548	4,875,816
Hire purchase creditors	11	1,013,198	973,273	785,593	660,901
Short term borrowings	12	22,599,925	21,059,056	22,450,093	20,909,224
Provision for taxation		3,577,984	3,493,626	—	1,453
Proposed dividend		476,280	476,280	476,280	476,280
		49,663,092	48,934,633	37,221,312	38,229,758
NET CURRENT LIABILITIES		(9,313,079)	(1,191,904)	(24,917,332)	(17,278,551)
GOODWILL ON CONSOLIDATION		2,649,216	2,649,216	—	—
		35,076,216	33,590,264	28,352,788	26,442,250
Financed by:					
SHARE CAPITAL	13	13,230,000	13,230,000	13,230,000	13,230,000
CAPITAL RESERVE	14	7,664	7,664	7,664	7,664
UNAPPROPRIATED PROFIT	15	15,982,405	13,947,071	11,531,920	9,289,608
SHAREHOLDERS' FUNDS		29,220,069	27,184,735	24,769,584	22,527,272
MINORITY INTEREST		827,562	842,962	—	—
LONG TERM LIABILITIES	16	3,649,897	4,820,567	2,422,204	3,373,978
DEFERRED TAXATION	17	1,378,688	742,000	1,161,000	541,000
		35,076,216	33,590,264	28,352,788	26,442,250

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



HWA TAI INDUSTRIES BERHAD

## INCOME STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
TURNOVER	18	99,733,133	97,343,609	65,790,158	86,084,719
COST OF SALES		(75,181,482)	(70,471,105)	(51,542,571)	(57,168,365)
GROSS PROFIT		24,551,651	26,872,504	14,247,587	28,916,354
Other operating income		445,022	298,904	394,206	327,915
Administrative expenses		(19,704,874)	(19,702,505)	(9,498,565)	(11,013,061)
OPERATING PROFIT	19	5,291,799	7,468,903	5,143,228	18,231,208
Finance costs	20	(1,600,876)	(2,183,897)	(1,332,636)	(1,932,747)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		3,690,923	5,285,006	3,810,592	16,298,461
Exceptional items	21	(92,000)	(7,045,929)	(92,000)	(7,045,929)
PROFIT/(LOSS) BEFORE TAXATION		3,598,923	(1,760,923)	3,718,592	9,252,532
TAXATION	22	(1,102,709)	(193,761)	(1,000,000)	(3,492,745)
PROFIT/(LOSS) AFTER TAXATION		2,496,214	(1,954,684)	2,718,592	5,759,787
Minority interest		15,400	(481,278)	–	–
NET PROFIT/(LOSS) FOR THE YEAR		2,511,614	(2,435,962)	2,718,592	5,759,787
Earnings/(loss) per ordinary share	24	0.19	(0.18)		

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



HWA TAI INDUSTRIES BERHAD

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2000

Group	Note	Share Capital RM	Capital Reserve RM	Unappropriated Profit RM	Total RM
Balance at 31st December 1998		13,230,000	7,664	16,893,061	30,130,725
Prior year adjustment	25	–	–	(33,748)	(33,748)
Balance at 1st January 1999 as restated		13,230,000	7,664	16,859,313	30,096,977
Net loss for the year					
As previous reported		–	–	(2,427,252)	(2,427,252)
Prior year adjustment	25	–	–	(8,710)	(8,710)
As restated		–	–	(2,435,962)	(2,435,962)
Dividend	23	–	–	(476,280)	(476,280)
Balance at 31st December 1999 as restated		13,230,000	7,664	13,947,071	27,184,735
Net profit for the year		–	–	2,511,614	2,511,614
Dividend	23	–	–	(476,280)	(476,280)
Balance at 31st December 2000		<b>13,230,000</b>	<b>7,664</b>	<b>15,982,405</b>	<b>29,220,069</b>

  

Company					
Balance at 31st December 1998		13,230,000	7,664	4,006,101	17,243,765
Net profit for the year		–	–	5,759,787	5,759,787
Dividend	23	–	–	(476,280)	(476,280)
Balance at 31st December 1999		13,230,000	7,664	9,289,608	22,527,272
Net profit for the year		–	–	2,718,592	2,718,592
Dividend	23	–	–	(476,280)	(476,280)
Balance at 31st December 2000		<b>13,230,000</b>	<b>7,664</b>	<b>11,531,920</b>	<b>24,769,584</b>

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



HWA TAI INDUSTRIES BERHAD

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
CASH FLOW FROM OPERATING ACTIVITIES:				
Profit/(loss) before taxation	3,598,923	(1,760,923)	3,718,592	9,252,532
Adjustments for:				
Exceptional items	—	7,045,929	—	7,045,929
Bad debts written off	51,306	273,605	1,412	—
Bad debts recovered	(16,974)	—	—	—
Depreciation	3,473,417	3,405,488	2,652,699	2,709,584
Dividend income	—	—	—	(12,500,000)
Property, plant and equipment written off	40,946	118,960	40,946	118,960
Interest income	(7,225)	(10,508)	(4,223)	(5,316)
Interest expenses	1,600,876	2,183,897	1,332,636	1,932,747
Gain on disposal of property, plant and equipment	(168,762)	(163,661)	(41,657)	(96,366)
Provision for doubtful debts	98,209	2,094,256	—	1,854,456
Provision for doubtful debts no longer required	(113,335)	—	(113,335)	—
Rental expenses	274,820	97,290	75,600	54,000
Operating Profit Before Working Capital Changes	8,832,201	13,284,333	7,662,670	10,366,526
(Increase)/decrease in stocks	(2,340,912)	(2,077,936)	738,101	197,755
Decrease/(increase) in debtors	3,930,872	937,296	1,780,131	(1,130,886)
Increase/(decrease) in creditors	(936,693)	875,933	(2,672,554)	3,482,052
Decrease in amount owing by/to subsidiary companies	—	—	(1,409,507)	(13,689,987)
Cash Generated From/(Used In) Operations	9,485,468	13,019,626	6,098,841	(774,540)
Interest paid	(67,594)	(105,787)	(67,594)	(105,787)
Tax paid	(1,033,839)	(10,865)	(1,030,140)	(7,692)
Rental paid	(274,820)	(97,290)	(75,600)	(54,000)
Net Cash From/(Used In) Operating Activities	8,109,215	12,805,684	4,925,507	(942,019)
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment *	(7,109,542)	(6,046,981)	(469,061)	(1,006,259)
Net transfer of property, plant and equipment to/(from) subsidiary companies	—	—	(4,389,057)	—
Investment in subsidiary company	—	—	(2)	—
Purchase of marketable securities	—	(51,993,970)	—	(51,993,970)
Proceeds from sale of property, plant and equipment	667,722	377,477	329,228	347,543
Proceeds from sale of marketable securities	—	56,293,870	—	56,293,870
Interest received	7,225	10,508	4,223	5,316
Dividend received	—	—	—	9,000,000
Net Cash (Used In)/From Investing Activities	(6,434,595)	(1,359,096)	(4,524,669)	12,646,500



HWA TAI INDUSTRIES BERHAD

## CASH FLOW STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2000

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
CASH FLOW FROM FINANCING ACTIVITIES:				
(Decrease)/increase in short term borrowings	(644,266)	272,914	(644,266)	272,914
Repayments of term loan	(1,100,805)	(948,123)	(1,040,697)	(896,482)
Repayment of hire purchase creditors	(1,433,733)	(894,603)	(942,178)	(572,252)
Interest paid	(1,533,282)	(2,078,110)	(1,265,042)	(1,826,960)
Dividend paid	(476,280)	—	(476,280)	—
Net Cash Used In Financing Activities	(5,188,366)	(3,647,922)	(4,368,463)	(3,022,780)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,513,746)	7,798,666	(3,967,625)	8,681,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	2,674,536	(5,124,130)	2,461,623	(6,220,078)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	(839,210)	2,674,536	(1,506,002)	2,461,623
ANALYSIS OF CASH AND CASH EQUIVALENTS:				
Cash and bank balances	1,738,218	2,282,450	1,096,426	2,200,545
Fixed deposits	25,000	774,576	—	643,568
Bank overdraft	(2,602,428)	(382,490)	(2,602,428)	(382,490)
	(839,210)	2,674,536	(1,506,002)	2,461,623

\* During the year, the Group acquired property, plant and equipment amounting to RM8,478,532/- (1999 : RM8,552,465/-) of which RM1,483,204/- (1999 : RM3,269,043/-) were acquired under hire purchase. Cash payments amounting to RM114,214/- (1999 : RM763,559/-) were made towards the hire purchase.

During the year, the Company acquired property, plant and equipment amounting to RM1,590,051/- (1999 : RM2,812,054/-) of which RM1,174,386/- (1999 : RM2,312,875/-) were acquired under hire purchase. Cash payments amounting to RM53,396/- (1999 : RM507,080/-) 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. GENERAL INFORMATION

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiary companies are disclosed in Note 4 to the accounts. There have been no significant changes in these principal activities during the financial year.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The number of employees of the Group and of the Company at the end of the financial year was 901 (1999 : 908) and 690 (1999 : 715) respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Accounting

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 all its subsidiary companies made up to the end of the financial year.

The results of the 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 income statement from the effective date of their acquisition or up to the date of their disposal. The proportion of the profit or loss applicable to minority shareholders is deducted in arriving at the profit attributable to the shareholders of the Company.

The assets and liabilities of subsidiary companies are included in the Group balance sheet whilst the interests of minority shareholders in the net assets employed are stated separately. 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) Property, Plant and Equipment and Depreciation

Short leasehold properties are stated at Directors' valuation in 1983 and 1985 based on valuations by professional valuers on open market value basis. These valuations have not been updated and these revalued assets continue to be stated at their last revalued amounts less depreciation as the directors have applied the transitional provisions issued by Malaysian Accounting Standards Board on adoption of International Accounting Standard No. 16 (revised).

All other landed properties held by the Group and the Company are stated at cost. Freehold land are not amortised and the leasehold properties are amortised over the remaining period of the lease of 41 and 99 years.

All other operational property, plant and equipment are stated at cost less depreciation which are provided on a straight line basis over their estimated useful lives. The principal annual rates used are as follows:-

Freehold building	2%
Office equipment, furniture and fittings and vehicles	10% - 20%
Plant and machinery	10%
Renovation	10%



## NOTES TO THE ACCOUNTS (Cont'd)

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (d) Subsidiary Companies

A subsidiary company is a company in which the Group has a long term equity investment of more than 50% and where the Group controls the composition of its board of directors or more than half of its voting powers.

Investments in subsidiaries are stated at cost except where the directors are of the opinion that there is a permanent diminution in the value of an investment, in which case provision is made for the diminution in value.

#### (e) Long Term Investments

Long term investments are stated at cost. Provision for diminution in value of investments is only made where in the opinion of the directors, there is a permanent diminution in their values.

#### (f) Marketable Securities

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

#### (g) 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 manufactured 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 costs.

#### (h) Debtors

Debtors are carried at anticipated realisable value. A provision is made for doubtful debts based on specific review of outstanding balances at balance sheet date. General provisions are made to cover possible losses which are not specifically identified. Bad debts are written off during the financial year in which they are identified.

#### (i) Amount Due From/To Customers For Construction Contracts

Amount due from customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

Amount due to customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceeds costs incurred plus recognised profits (less recognised losses).

#### (j) Hire Purchase

Property, plant and equipment acquired under hire purchase are capitalised in the accounts and are depreciated in accordance with the policy set out in Note 1(c) above. The corresponding outstanding obligations due under hire purchase after deducting finance expenses are included as liabilities in the accounts. Finance charges are allocated to the income statement over the periods of the respective agreements.



## NOTES TO THE ACCOUNTS (Cont'd)

### 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (k) Foreign Currency Translation

Transactions in foreign currencies are converted into Malaysian Ringgit at exchange rates prevailing at transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

The exchange rates ruling at the balance sheet date used are as follows:-

	2000	1999
United States Dollars	3.80	3.80
Singapore Dollars	2.20	2.20

#### (l) 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.

#### (m) Cash and Cash Equivalents

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

#### (n) Income Recognition

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, net of sales taxes and discounts.

Dividend from subsidiaries are recognised as and when declared or proposed. Dividend from other investee are recognised on a receipt basis.

#### (o) Recognition of Revenue and Costs on Construction Contracts

Contract revenue and costs from construction contracts are recognised on the percentage of completion method when the outcome of the contracts can be reliably estimated. Full provision is made for all anticipated losses.

The percentage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs.

Costs on construction contracts includes the cost of materials, direct labour, sub-contract costs and attributable overheads paid or payable to date.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT

Group 2000	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>Cost (except as stated otherwise)</b>					
At 1st January 2000	14,425,642	23,813,678	8,847,443	237,726	47,324,489
Additions	6,321,425	403,120	1,739,265	14,722	8,478,532
Reclassification	-	176,590	15,569	(192,159)	-
Disposals/write-off	-	(58,770)	(1,666,891)	-	(1,725,661)
At 31st December 2000	20,747,067	24,334,618	8,935,386	60,289	54,077,360
<b>Accumulated Depreciation</b>					
At 1st January 2000	1,986,647	8,692,384	4,512,506	-	15,191,537
Charge for the year	223,319	2,086,859	1,163,239	-	3,473,417
Reclassification	-	-	-	-	-
Disposals/write-off	-	(43,080)	(1,142,675)	-	(1,185,755)
At 31st December 2000	2,209,966	10,736,163	4,533,070	-	17,479,199
<b>Net Book Value at 31st December 2000</b>	<b>18,537,101</b>	<b>13,598,455</b>	<b>4,402,316</b>	<b>60,289</b>	<b>36,598,161</b>
<b>1999</b>					
<b>Cost (except as stated otherwise)</b>					
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>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Properties consist of:-

Group 2000	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
Cost (except as stated otherwise)						
At 1st January 2000	5,454,430	453,897	5,414,258	2,483,176	619,881	14,425,642
Additions	6,179,156	—	116,000	—	26,269	6,321,425
Disposals	—	—	—	—	—	—
At 31st December 2000	11,633,586	453,897	5,530,258	2,483,176	646,150	20,747,067
Accumulated Depreciation						
At 1st January 2000	40,008	15,649	879,004	750,689	301,297	1,986,647
Charge for the year	8,004	4,669	105,320	45,554	59,772	223,319
Disposals	—	—	—	—	—	—
At 31st December 2000	48,012	20,318	984,324	796,243	361,069	2,209,966
Net Book Value at 31st December 2000	11,585,574	433,579	4,545,934	1,686,933	285,081	18,537,101
1999						
Cost (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
Accumulated Depreciation						
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
Net Book Value at 31st December 1999	5,414,422	438,248	4,535,254	1,732,487	318,584	12,438,995



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 2000	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in- Progress RM	Total RM
<b>Cost (except as stated otherwise)</b>					
At 1st January 2000	6,333,875	23,809,513	4,020,028	237,726	34,401,142
Additions	116,000	401,470	1,057,859	14,722	1,590,051
Reclassification	–	176,590	15,569	(192,159)	–
Transfer (to)/from subsidiary companies	4,392,121	–	(44,279)	–	4,347,842
Disposals/write-off	–	(58,770)	(1,189,220)	–	(1,247,990)
At 31st December 2000	10,841,996	24,328,803	3,859,957	60,289	39,091,045
<b>Accumulated Depreciation</b>					
At 1st January 2000	1,372,718	8,689,580	2,059,692	–	12,121,990
Charge for the year	135,601	2,086,290	430,808	–	2,652,699
Reclassification	–	–	–	–	–
Transfer (to)/from subsidiary companies	–	–	(41,215)	–	(41,215)
Disposals/write-off	–	(43,080)	(876,393)	–	(919,473)
At 31st December 2000	1,508,319	10,732,790	1,572,892	–	13,814,001
<b>Net Book Value at 31st December 2000</b>	<b>9,333,677</b>	<b>13,596,013</b>	<b>2,287,065</b>	<b>60,289</b>	<b>25,277,044</b>
<b>1999</b>					
<b>Cost (except as stated otherwise)</b>					
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>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Properties consist of:-

Company 2000	Freehold 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 2000	132,516	3,743,366	2,183,176	274,817	6,333,875
Additions	-	116,000	-	-	116,000
Transfer (to)/from subsidiary companies	4,392,121	-	-	-	4,392,121
Disposals	-	-	-	-	-
At 31st December 2000	4,524,637	3,859,366	2,183,176	274,817	10,841,996
<b>Accumulated Depreciation</b>					
At 1st January 2000	-	553,241	671,446	148,031	1,372,718
Charge for the year	-	71,941	39,894	23,766	135,601
Transfer (to)/from subsidiary companies	-	-	-	-	-
Disposals	-	-	-	-	-
At 31st December 2000	-	625,182	711,340	171,797	1,508,319
<b>Net Book Value at 31st December 2000</b>	<b>4,524,637</b>	<b>3,234,184</b>	<b>1,471,836</b>	<b>103,020</b>	<b>9,333,677</b>
<b>1999</b>					
<b>Cost</b> (except as stated otherwise)					
At 1st January 1999	132,516	3,771,407	2,183,176	267,967	6,355,066
Additions	-	-	-	6,850	6,850
Disposals	-	(28,041)	-	-	(28,041)
At 31st December 1999	132,516	3,743,366	2,183,176	274,817	6,333,875
<b>Accumulated Depreciation</b>					
At 1st January 1999	-	487,596	631,344	120,835	1,239,775
Charge for the year	-	73,830	40,102	27,196	141,128
Disposals	-	(8,185)	-	-	(8,185)
At 31st December 1999	-	553,241	671,446	148,031	1,372,718
<b>Net Book Value at 31st December 1999</b>	<b>132,516</b>	<b>3,190,125</b>	<b>1,511,730</b>	<b>126,786</b>	<b>4,961,157</b>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) Included in fixed assets of the Group and the Company are assets acquired under hire purchase instalment plans with net book value as follows:-

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
At Net Book Value				
Motor vehicles	2,085,102	1,869,339	1,181,372	525,784
Plant and machinery	2,372,990	2,215,516	2,372,990	2,215,516
Office equipment	93,225	117,308	—	—
	<u>4,551,317</u>	<u>4,202,163</u>	<u>3,554,362</u>	<u>2,741,300</u>

- (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 )	Based on professional valuation on open market value basis
The Company	1983	Short leasehold buildings	1,775,176 )	
Subsidiary	1985	Short leasehold land	300,000 )	
			<u>2,483,176</u>	

- (c) Had the short leasehold properties\* been carried at historical cost less accumulated depreciation, the net book value of the short leasehold properties\* that would have been included in the accounts at the end of the year are as follows:-

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Short leasehold land and buildings *	<u>286,254</u>	<u>293,990</u>	<u>286,254</u>	<u>293,990</u>

\* Excluding a short sheet leasehold property belonging to a subsidiary which was revalued at RM300,000/- in 1985. Details of the original cost of the assets revalued are not available due to the lack of historical records.

#### Group

As at balance sheet date, certificates of title to the freehold land and buildings costing RM10,571,277/- are in the process of being registered in the name of the Group.

#### Company

As at balance sheet date, certificates of title to the freehold land and buildings costing RM4,392,121/- are in the process of being registered in the name of the Company.





HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 4. INTEREST IN SUBSIDIARIES

	Company	
	2000	1999
	RM	RM
Unquoted shares at cost	5,144,675	5,144,673
Less: Provision for diminution in value	(150,449)	(150,449)
	4,994,226	4,994,224
Amounts owing by subsidiaries	20,143,582	21,152,321
Less: Provision for doubtful debts	(513,996)	(513,996)
	19,629,586	20,638,325
Amounts owing to subsidiaries	24,623,812	25,632,549
	(1,772,654)	(4,190,900)
	22,851,158	21,441,649

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/- owing by a subsidiary company in 1999 which borne interest at the rate of 1% on a monthly rest basis 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
	2000	1999	
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
Satria Potensi Sdn. Bhd.	100	100	Contractor
Hwa Tai Manufacturing Sdn Bhd	100	–	Dormant
* 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
Indirect Subsidiaries			
* Anika Bebas Sdn. Bhd.	100	–	Trading
* Esprit Classic Sdn. Bhd.	100	–	Trading
*+ Yield Luck International Limited	100	100	Dormant
* Subsidiaries not audited by Monteiro & Heng			
+ Subsidiary incorporated in Hong Kong			



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 5. LONG TERM INVESTMENT

	Group and Company	
	2000	1999
	RM	RM
Shares quoted in Malaysia - at cost	-	-
Transfer from marketable securities at cost (Note 8)	5,141,918	-
	<u>5,141,918</u>	<u>-</u>
Market value	<u>1,879,100</u>	<u>-</u>

Provision for diminution in value of the quoted investments has not been made as the directors are of the opinion that the diminution is not permanent in nature.

### 6. STOCKS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Products:				
Raw materials	992,680	983,295	992,680	983,295
Work-in-progress	382,901	273,769	382,901	273,769
Finished goods	6,742,230	4,481,438	855,656	1,673,877
Packing materials	1,700,803	1,728,250	1,700,803	1,728,250
Consumable stores	103,889	114,839	103,889	114,839
	<u>9,922,503</u>	<u>7,581,591</u>	<u>4,035,929</u>	<u>4,774,030</u>

### 7. AMOUNT DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS

	Group	
	2000	1999
	RM	RM
Aggregate costs incurred to date	48,942,554	48,942,554
Recognised profits less recognised losses	21,180,705	21,180,705
	<u>70,123,259</u>	<u>70,123,259</u>
Progress billings	(68,825,533)	(68,825,533)
Amount due from customers for construction contracts	<u>1,297,726</u>	<u>1,297,726</u>
Construction contract costs recognised as contract expenses during the year	<u>-</u>	<u>-</u>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 8. MARKETABLE SECURITIES

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Shares quoted in Malaysia at cost	5,141,918	5,141,918	5,141,918	5,141,918
Transfer to long term investment (Note 5)	(5,141,918)	–	(5,141,918)	–
	–	5,141,918	–	5,141,918
Market value	–	5,182,360	–	5,182,360

### 9. TRADE DEBTORS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Trade debtors	27,477,853	31,121,935	7,434,488	8,354,799
Less: Provision for doubtful debts	(2,357,017)	(2,372,143)	(1,609,387)	(1,722,722)
	25,120,836	28,749,792	5,825,101	6,632,077

Included in trade debtors of the Group is an amount of RM670,320/- (1999 : RM5,252,283/-) 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 shop office. As at the balance sheet date, the certificates of title to the shop offices are in the process of being registered in the name of the subsidiary company.

### 10. SUNDRY DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Sundry debtors, deposits and prepayments	2,443,554	2,764,676	1,547,837	2,409,069
Less: Provision for doubtful debts	(850,000)	(850,000)	(850,000)	(850,000)
	1,593,554	1,914,676	697,837	1,559,069

#### Group

Included in this account is an amount of RM528,678/- (1999 : RM Nil) which represents deposits paid towards the purchase of a parcel of industrial land costing RM 5,286,780/-. The balance of the purchase consideration is payable conditional upon the fulfilment of certain terms of the Sale and Purchase Agreement and is disclosed as capital commitment in Note 28 to the accounts.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 11. HIRE PURCHASE CREDITORS

Hire purchase obligations are repayable over the following periods:-

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Due within one year	1,317,421	1,252,865	1,006,559	847,364
Due between one and two years	914,809	1,018,323	633,354	723,973
Due between two and five years	1,067,176	1,071,939	725,547	534,087
Due more than five years	—	72,817	—	72,817
	<u>3,299,406</u>	<u>3,415,944</u>	<u>2,365,460</u>	<u>2,178,241</u>
Less: Finance charges	(779,863)	(831,658)	(521,896)	(513,489)
	<u>2,519,543</u>	<u>2,584,286</u>	<u>1,843,564</u>	<u>1,664,752</u>
Represented by:				
Current	1,013,198	973,273	785,593	660,901
Long term (Note 16)	1,506,345	1,611,013	1,057,971	1,003,851
	<u>2,519,543</u>	<u>2,584,286</u>	<u>1,843,564</u>	<u>1,664,752</u>

### 12. SHORT TERM BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Trade financing facilities	14,886,920	15,531,186	14,886,920	15,531,186
Bank overdrafts	2,602,428	382,490	2,602,428	382,490
Term loan repayable within one year (Note 16)	1,110,577	1,145,380	960,745	995,548
Revolving credit	4,000,000	4,000,000	4,000,000	4,000,000
	<u>22,599,925</u>	<u>21,059,056</u>	<u>22,450,093</u>	<u>20,909,224</u>

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 7.80% to 8.30% (1999 : 8.30% to 9.55%) per annum.

### 13. SHARE CAPITAL

	Group and Company	
	2000	1999
	RM	RM
Ordinary shares of RM1/- each		
Authorised	1,000,000,000	1,000,000,000
Issued and fully paid	<u>13,230,000</u>	<u>13,230,000</u>

### 14. CAPITAL RESERVE

Group and Company

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



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 15. UNAPPROPRIATED PROFIT - distributable

Company

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and Section 12 of Income Tax (Amendment) Act, 1999 to frank its entire unappropriated profit as at 31st December 2000 by way of dividends.

### 16. LONG TERM LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Long term loans	3,254,129	4,354,934	2,324,978	3,365,675
Less: Repayable within one year (Note 12)	1,110,577	1,145,380	960,745	995,548
Repayable after one year	2,143,552	3,209,554	1,364,233	2,370,127
Hire purchase creditors repayable after one year (Note 11)	1,506,345	1,611,013	1,057,971	1,003,851
	3,649,897	4,820,567	2,422,204	3,373,978

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% (1999 : 1.25% to 1.5%) per annum above base lending rate of the commercial bank.

The term loans of a subsidiary company 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% (1999 : 1.25% to 1.75%) per annum above the base lending rate of the commercial bank.

### 17. DEFERRED TAXATION

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Balance at the beginning	742,000	541,000	541,000	541,000
Transfer from income statement (Note 22)	636,688	201,000	620,000	—
	1,378,688	742,000	1,161,000	541,000

The deferred taxation is in respect of timing differences between depreciation and tax allowances on fixed assets.

The tax effect on the surplus arising from the revaluation of certain properties is not provided for in the accounts as these properties are held for long term purposes and there is no foreseeable intention to dispose of these properties.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 18. TURNOVER

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Sales of trading goods	33,942,975	23,394,890	-	-
Sales of manufactured goods	65,790,158	73,563,119	65,790,158	73,563,119
Contract billings	-	385,600	-	-
Rental income from landed properties	-	-	-	21,600
Dividend income (gross) - from subsidiaries	-	-	-	12,500,000
	<b>99,733,133</b>	<b>97,343,609</b>	<b>65,790,158</b>	<b>86,084,719</b>

### 19. OPERATING PROFIT

Operating profit is arrived at:-

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
After charging:-				
Audit fee				
- current year	102,400	109,400	62,000	55,000
- overprovision in prior year	(4,000)	(1,500)	(2,000)	-
Bad debts written off	51,306	273,605	1,412	-
Directors' remuneration				
- fees				
• current year provision	60,000	30,000	60,000	30,000
• underprovision in prior year	30,000	10,000	30,000	10,000
- other emoluments	1,325,320	793,950	734,720	328,650
Depreciation	3,473,417	3,405,488	2,652,699	2,709,584
Expenditure carried forward written off	1,700	-	-	-
Property, plant and equipment written off	40,946	118,960	40,946	118,960
Hire of vehicles	240,341	288,067	168,174	268,278
Realised loss on foreign exchange	47,894	46,644	41,618	40,030
Consultancy fee paid	537,250	477,062	285,250	201,250
Provision for doubtful debts	98,209	2,094,256	-	1,854,456
Rental of premises	274,820	97,290	75,600	54,000
Staff costs	8,152,901	8,906,124	3,752,611	4,446,611

And crediting:-

Dividend income	-	-	-	12,500,000
Gain on disposal of property, plant and equipment	168,762	163,661	41,657	96,366
Interest income	7,225	10,508	4,223	5,316
Bad debts recovered	16,974	398	-	-
Rental income	-	-	-	21,600
Provision for doubtful debts no longer required	113,335	-	113,335	-

The estimated monetary value of benefits provided to the directors during the financial year by way of usage of the assets and the provision of other benefits amounted to RM37,900/- (1999 : RM 30,558/-) for the Group and RM18,000/- (1999 : RM12,958/-) for the Company.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 20. FINANCE COSTS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Banker acceptance and bill payable	854,881	1,382,739	792,839	1,319,162
Bank overdraft	67,594	105,787	67,594	105,787
Hire purchase	330,365	271,498	210,433	181,986
Term loan	348,036	423,873	261,770	325,812
	<u>1,600,876</u>	<u>2,183,897</u>	<u>1,332,636</u>	<u>1,932,747</u>

### 21. EXCEPTIONAL ITEMS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Loss on disposal of quoted shares	-	(7,045,929)	-	(7,045,929)
Consultancy fee incurred in respect of disposal of quoted shares in prior year	(92,000)	-	(92,000)	-
	<u>(92,000)</u>	<u>(7,045,929)</u>	<u>(92,000)</u>	<u>(7,045,929)</u>

### 22. TAXATION

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Income tax				
- current year provision	(466,021)	-	(380,000)	(3,500,000)
- underprovision in previous year	-	(16)	-	-
Deferred taxation (Note 17)	(636,688)	(201,000)	(620,000)	-
Real Property Gains Tax				
- overprovision in previous year	-	7,255	-	7,255
	<u>(1,102,709)</u>	<u>(193,761)</u>	<u>(1,000,000)</u>	<u>(3,492,745)</u>

The effective tax rate of the Group is higher than the statutory tax rate mainly due to certain expenses being disallowed for tax reporting purposes.

The effective tax rate of the Company is lower than the statutory tax rate mainly due to the utilization of unabsorbed reinvestment allowance brought forward.

As at 31st December 2000, the Group has estimated unabsorbed tax losses of approximately RM4,458,400/- (1999 : RM4,375,000/-) and capital and reinvestment allowances totalling RM Nil (1999 : RM47,000/-) which can be used to offset against future taxable profits, subject to the approval of the tax authorities. The related tax benefits, if any, will be recognised on actual realisation.

### 23. DIVIDEND

	Group and Company	
	2000	1999
	RM	RM
Proposed first and final dividend of 5% less income tax	<u>476,280</u>	<u>476,280</u>



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 24. EARNINGS/(LOSS) PER ORDINARY SHARE

The earnings/(loss) per ordinary share for the year has been calculated based on the Group's profit/(loss) after taxation and minority interest of RM2,511,614/- (1999 : RM2,435,962/-) and on the number of 13,230,000 (1999 : 13,230,000) ordinary shares in issue during the year.

### 25. PRIOR YEAR ADJUSTMENT

This relates to preliminary and pre-operating expenditure written off in the income statement as a result of the adoption of the standard as prescribed by the Malaysian Accounting Standards Board ("MASB").

It has the effect of registering a loss in the Group as follows:-

	Group	
	2000	1999
	RM	RM
Year ended 31st December 1999	(8,710)	-
Prior years	(33,748)	-
	<u>(42,458)</u>	<u>-</u>

### 26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2000	1999	2000	1999
	RM	RM	RM	RM
Dividend income received from a subsidiary company	-	-	-	12,500,000
Sales to subsidiaries	-	-	28,140,603	33,924,334
Purchases from a subsidiary	-	-	94,090	185,049
Rental income from a subsidiary	-	-	-	21,600
Rental of premises paid to:				
- subsidiaries	-	-	54,000	54,000
- a director	36,000	-	21,600	-
Management fees, administration fees and rental received/receivable from subsidiaries	-	-	169,503	183,600
Consultancy fee paid:				
- to a company in which a director has substantial interest	121,500	149,812	121,500	-
- to directors	415,750	327,250	163,750	201,250
Legal and professional fees paid to a firm in which a director is a partner	850	1,050	850	1,050
Purchase of property, plant and equipment and services from a company in which a director has substantial interest	-	73,990	-	73,990
Sales commission paid to subsidiaries	-	-	79,433	97,770
Office expenses charged to a subsidiary company	-	-	-	50,032
Interest charged to a subsidiary company	-	-	-	63,577
Transfer of property, plant and equipment from subsidiary companies at net book value	-	-	4,392,121	-
Transfer of property, plant and equipment to subsidiary companies at net book value	-	-	3,064	-

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on negotiated basis.





HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

### 27. CONTINGENT LIABILITIES

As at 31st December 2000, the Group and the Company are contingently liable for the following:-

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Unsecured</b>				
Bank guarantees issued in favour of third parties	298,000	297,000	298,000	297,000
Corporate guarantees issued in favour of third parties for facilities granted to a subsidiary company to the extent of RM3,056,000/- (1999 : RM3,120,661/-)	-	-	730,525	3,120,661
Corporate guarantees issued to financial institutions for credit facilities granted to a subsidiary company to the extent of RM13,900,000/- (1999 : RM Nil)	-	-	-	-
	<u>298,000</u>	<u>297,000</u>	<u>1,028,525</u>	<u>3,417,661</u>

### 28. CAPITAL COMMITMENT

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
As at balance sheet date:				
- authorised capital expenditure contracted but not provided for in the accounts	4,758,102	198,050	-	198,050
Subsequent to the balance sheet date:				
- capital expenditure authorised and contracted	<u>7,735,000</u>	<u>-</u>	<u>7,735,000</u>	<u>-</u>

### 29. SEGMENTAL INFORMATION

Group	Turnover RM	Profit/(Loss) Before Taxation RM	Total Assets Employed RM
Analysis by activity 2000			
Manufacturing	65,790,158	3,718,592	37,581,024
Construction	-	(77,348)	9,735,152
Trading and others	33,942,975	(42,276)	37,423,132
	<u>99,733,133</u>	<u>3,598,968</u>	<u>84,739,308</u>
1999			
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
	<u>97,343,609</u>	<u>(1,752,213)</u>	<u>82,567,355</u>

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.



HWA TAI INDUSTRIES BERHAD

## NOTES TO THE ACCOUNTS (Cont'd)

---

### 30. COMPARATIVE FIGURES

#### Group and Company

The presentation of the financial statements for the current year has been changed to be in line with the adoption of MASB standards. Accordingly, certain comparative figures of the Group and of the Company have been reclassified to conform with their presentation in the current year.



**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 34 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 2000 and of the results of the operations, changes in equity and the cash flow of the Group and of the Company for the year ended on that date.

On behalf of the Board,

LEE THYE @ LEE CHOOI YOKE  
*Director*

LEE KAH KENG @ LEE KAH HENG  
*Director*

KUALA LUMPUR  
23 April 2001

## 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 34 are, in my opinion 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 this 23 April 2001

Before me,

TEE KIAN @ TEE SING, PPN  
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 34. 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 2000 and of the results of the operations, changes in equity and the cash flow of the Group and of the Company 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 4 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

M.J. MONTEIRO  
APPROVAL NO: 828/05/02 (J/PH)  
PARTNER OF THE FIRM

KUALA LUMPUR  
23 April 2001



HWA TAI INDUSTRIES BERHAD

## ANALYSIS OF SHAREHOLDINGS

AS AT 30TH APRIL 2001

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	2,029	67.21	2,021,380	15.28
1,001 - 5,000	851	28.19	2,247,000	16.98
5,001 - 10,000	78	2.58	589,000	4.45
10,001 and above	61	2.02	8,372,620	63.29
TOTAL	3,019	100.00	13,230,000	100.00

### TWENTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members	No. of Shares	% of Shareholdings
1. Arab-Malaysian Finance Berhad	1,758,646	13.29
2. Public Nominees (Tempatan) Sdn Bhd (A/C Soo Thien Ming @ Soo Thien See)	679,730	5.14
3. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Flourish Holdings Limited)	560,000	4.23
4. PM Securities Sdn Bhd (A/C IVT [DONG])	531,244	4.02
5. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Promote International Limited)	500,000	3.78
6. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Contend Investments Limited)	433,000	3.27
7. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Victory Capital Limited)	359,000	2.71
8. Cimsec Nominees (Tempatan) Sdn Bhd (A/C Koh Pee Kiat)	330,000	2.49
9. Cimsec Nominees (Tempatan) Sdn Bhd (A/C New Soon Meng)	330,000	2.49
10. Cimsec Nominees (Tempatan) Sdn Bhd (A/C Goh Teong Hoe)	294,000	2.22
11. DB (Malaysia) Nominee (Tempatan) Sdn Bhd (A/C See Ai Chin)	229,000	1.73
12. Hong Leong Fund Management Sdn Bhd (A/C Hong Leong Finance Berhad)	205,000	1.55
13. HLG Nominee (Asing) Sdn Bhd (A/C Shogun Investment Limited)	200,000	1.51
14. HLG Nominee (Asing) Sdn Bhd (A/C Silver Arrow Investment Limited)	196,000	1.48
15. Soo Thien Ming @ Soo Thien See	170,000	1.28
16. UMB Nominees (Tempatan) Sdn Bhd (A/C Utama Merchant Bank Berhad)	170,000	1.28
17. Thong & Kay Hian Nominees (Asing) Sdn Bhd (A/C Lim Suryanti)	143,000	1.08
18. Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Ong Kee Chak)	111,000	0.84
19. Halim Securities Sdn Bhd	98,000	0.74
20. Chase Malaysia Nominees (Asing) Sdn Bhd (A/C Star System Limited)	90,000	0.68
TOTAL	7,387,620	55.81



HWA TAI INDUSTRIES BERHAD

## ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 30TH APRIL 2001

### 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)
Soo Thien Ming @ Soo Thien See	849,730	421,000	1,270,730
Lee Thye @ Lee Chooi Yoke	–	1,183,000	1,183,000
Soo Tian Chai @ Soo Kim Chey	762,000	421,000	1,183,000
Koh Pee Kiat	627,000	–	627,000
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	531,244	–	531,244
PAN Malaysia Holdings Berhad	–	534,244	534,244
PAN Malaysia Capital Berhad	–	534,244	534,244

### DIRECTORS' SHAREHOLDINGS

As at 21st January 2001

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

AS AT 31ST DECEMBER 2000

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 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	23 years	1,764,044
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	21 years	471,202
3. Lot Pt 10024 at Mukim Kuala Kuantan, District of Kuantan, Pahang.	6,972	6,972	Leasehold	Warehouse (vacant)	2044	15 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)	–	9 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	18 years	490,620
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	21 years	638,269
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	9 years	2,725,593



HWA TAI INDUSTRIES BERHAD

## LIST OF GROUP PROPERTIES (Cont'd)

AS AT 31ST DECEMBER 2000

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 1/2 storey terraced factory (own occupation)	–	7 years	440,890
9. Lot No. PT 25810 at Mukim of Kajang, District of Ulu Langat, Selangor Darul Ehsan.	4,000	5,880	Freehold	2 1/2 storey terraced factory (own occupation)	–	7 years	440,890
10. Lot No. PT 133946 at Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan.	7,276	5,220	Leasehold	1 1/2 storey detached factory (own occupation)	2094	5 years	395,286
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)	–	2 years	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)	–	2 years	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)	–	2 years	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)	–	2 years	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)	–	2 years	1,001,233





HWA TAI INDUSTRIES BERHAD

## LIST OF GROUP PROPERTIES (Cont'd)

AS AT 31ST DECEMBER 2000

Location	Land Area (Sq. ft)	Built Up Area (Sq. ft)	Tenure	Description	Date of Expiry (Year)	Estimated Age of Building	Net Book Value (RM)
16. Lot No. PT 1561 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	2,545	7,645	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	812,283
17. Lot No. PT 1562 & 1564-1570 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,540 (per unit)	4,613 (per unit)	Freehold	8 units 3 storey shop office (vacant)	–	1 year	3,920,000
18. Lot No. PT 1571 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,540	4,611	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	520,000
19. Lot No. PT 1126-1127 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	610,000
20. Lot No. PT 1072 Bandar Dataran Segar at Village of Lukut, District of Port Dickson, Negeri Sembilan Darul Khusus.	1,540	4,613	Freehold	1 unit 3 storey shop office (vacant)	–	1 year	316,873



HWA TAI INDUSTRIES BERHAD

FORM OF PROXY

I/We, .....  
of .....  
being a member/members of HWA TAI INDUSTRIES BERHAD, hereby appoint .....  
of .....  
or failing him .....  
of.....or failing him,  
the Chairman, as my / our proxy, to vote for me / us and on my / our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held on 25th June 2001 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Resolutions relating to:		For	Against
Please indicate with (X) how you wish your vote to be cast.	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:- Y.M. Raja Zainal Abidin Bin Raja Hussin		
	Soo Suat Swon		
	Lee Thye @ Lee Chooi Yoke		
	5. Appointment of Auditors and their remuneration		
	6. Ordinary Resolution No. 1		
	7. Ordinary Resolution No. 2		

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.

Fold here

Postage

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

Fold here