

# NOTICES

## ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 30th Annual General Meeting of the Company will be held at Serunai Suites 1 & 2, Petaling Jaya Hilton Hotel, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 17 May 2000 at 12.00 noon for the following purposes:-

1. To receive and adopt the Audited Accounts for the year ended 31 December 1999 and Reports of the Directors and Auditors thereon; **Resolution 1**
2. To confirm the declaration of a final dividend of 7% less tax as recommended by the Directors for the year ended 31 December 1999; **Resolution 2**
3. To re-elect Mr. Chua Ah Lak, a Director who retires under Article 100 of the Company's Articles of Association; **Resolution 3**
4. To re-elect the following Directors retiring under Article 86 of the Company's Articles of Association:-
  - i) Y.A.M. Tengku Kemala Puteri Tengku Farah Qurashiyah binti Al-Marhum Sultan Mahmud Al-Muktaffi Billah Shah; **Resolution 4.1**
  - ii) Y. Bhg. Dato' Mohd Ismail bin Che Rus; **Resolution 4.2**
  - iii) En. Ahmad Johari bin Abdul Razak; **Resolution 4.3**
  - iv) Mr. Siew Ka Wei; **Resolution 4.4**
  - v) Mr. Toh Yiu Joe; **Resolution 4.5**
  - vi) Mr. Hsieh Fu Hua; **Resolution 4.6**
5. To approve the payment of Directors' fees amounting to RM67,380 for the year ended 31 December 1999; **Resolution 5**
6. To re-appoint Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration; **Resolution 6**
7. **As Special Business, to consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-**
  - 7.1 **ORDINARY RESOLUTION 1**  
**Appointment of Director pursuant to Section 129 of the Companies Act, 1965**  
"THAT pursuant to Section 129 of the Companies Act, 1965, Y.A.B.M. Raja Tun Mohar bin Raja Badiozaman be and is hereby appointed a Director of the Company with immediate effect to hold office until the conclusion of the next Annual General Meeting of the Company.;" **Resolution 7**
  - 7.2 **ORDINARY RESOLUTION 2**  
**Proposed Disposal of Kuala Lumpur Glass Manufacturers Company Sdn Bhd**  
"THAT, subject to all the requisite approvals being obtained, authority be and is hereby given to the Company to dispose of 100% of the issued and paid-up ordinary share capital of Kuala Lumpur Glass Manufacturers Company Sdn Bhd comprising 19,200,000 ordinary shares of RM1.00 each for a total cash consideration of RM60,000,000 subject to adjustment, pursuant to the Sale and Purchase Agreement dated 27 December 1999 between the Company and Fraser & Neave Holdings Bhd and that the Directors be and are hereby authorised to give effect to the aforesaid transaction with full power to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities.;" **Resolution 8**
  - 7.3 **ORDINARY RESOLUTION 3**  
**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**  
"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time to such persons and upon such terms and conditions and for such purposes as the Directors in their absolute 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 the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange.;" and **Resolution 9**
8. To transact any other ordinary business for which due notice shall have been given.

## DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN THAT**, subject to the approval of the shareholders at the 30th Annual General Meeting of the Company to be held on 17 May 2000, a final dividend of 7% per ordinary share of RM1.00 each less tax for the financial year ended 31 December 1999 will be paid on 30 June 2000. The entitlement date for the dividend payment is 30 May 2000.

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

- a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 26 May 2000 (in respect of shares which are exempted from mandatory deposit);
- b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 30 May 2000 in respect of ordinary transfers; and
- c) 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

**CHOO SE ENG  
KHOO KIM SEE**  
Company Secretaries

Shah Alam  
2 May 2000

**Notes:-**

1. A member entitled to attend and vote is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative), to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Proxy Form in the case of an individual shall be signed by the appointer or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. If no name is inserted in the space for the name of your proxy on the Proxy Form, the Chairman of the Meeting will act as your proxy.
5. The Proxy Form or other instruments of appointment shall not be treated as valid unless deposited at the Registered Office of the Company at Persiaran Selangor, Shah Alam Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting.

**6. Resolution 7**

The proposed Ordinary Resolution as detailed in Agenda No. 7.1, will enable the Directors to appoint Y.A.B.M. Raja Tun Mohar bin Raja Badiozaman, who is over the age of seventy years, as a Director of the Company pursuant to Section 129 of the Companies Act, 1965.

**7. Resolution 8**

The proposed Ordinary Resolution as detailed in Agenda No. 7.2, if passed, will authorise the Directors to dispose of the Company's 100% equity stake in Kuala Lumpur Glass Manufacturers Company Sdn Bhd to Fraser & Neave Holdings Bhd for a total cash consideration of RM60,000,000 subject to adjustment, pursuant to the Sale and Purchase Agreement dated 27 December 1999. Details of the transaction are contained in the Circular to Shareholders dated 2 May 2000 sent together with this Annual Report.

**8. Resolution 9**

The Ordinary Resolution proposed under Agenda No. 7.3, if passed, will give the Directors authority to allot and issue new ordinary shares up to an amount not exceeding 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 authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Ahmad Johari bin Abdul Razak  
*Chairman*

Heah Kok Soon  
*Group Managing Director*

Y.A.M. Tengku Kemala Puteri Tengku Farah  
Qurashiyah binti Al-Marhum Sultan Mahmud  
Al-Muktaffi Billah Shah  
*Director*

Y. Bhg. Dato' Mohd Ismail bin Che Rus  
*Director*

Siew Ka Wei  
*Director*

Toh Yiu Joe  
*Director*

Hsieh Fu Hua  
*Director*

Hung Hin Cheong  
*Director*

Chua Ah Lak  
*Director*

## COMPANY SECRETARIES

Choo Se Eng  
Khoo Kim See

## REGISTERED OFFICE

Nylex (Malaysia) Berhad  
Persiaran Selangor  
Shah Alam Industrial Estate  
40200 Shah Alam  
Selangor Darul Ehsan  
Tel : (03) 5519 1706  
Fax : (03) 5510 0088

## REGISTRARS

PFA Registration Services Sdn Bhd  
1301 Level 13  
Uptown 1  
No.1 Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7725 4888 / 7725 8046  
Fax : (03) 7722 2311  
E-mail : regn@pfa.com.my

## AUDITORS

Ernst & Young  
Public Accountants

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange

## PRINCIPAL BANKERS

Malayan Banking Berhad  
HSBC Bank Malaysia Berhad

## SOLICITORS

Skrine  
Kiru & Yong

## CURRENCY

RM = Ringgit Malaysia

# AUDIT COMMITTEE

## MEMBERS OF THE COMMITTEE

Siew Ka Wei – *Chairman*

## DESIGNATION IN THE COMPANY

Director (*non-independent non-executive*)

Y.A.M. Tengku Kemala Puteri Tengku Farah Qurashiyah  
binti Al-Marhum Sultan Mahmud Al-Muktaffi Billah Shah

Director (*independent non-executive*)

Y. Bhg. Dato' Mohd Ismail bin Che Rus

Director (*independent non-executive*)

## SECRETARIES OF THE COMMITTEE

Choo Se Eng

Company Secretary

Khoo Kim See

Company Secretary

## TERMS OF REFERENCE

### 1. Composition

The Audit Committee shall be appointed by the Board from amongst the non-executive directors of the Company and shall consist of not less than three (3) members. A quorum shall be two (2) members.

### 2. Authority

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 co-operate with any request made by the Committee.

The Audit Committee is also authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with the relevant experience and expertise if it considers this necessary.

### 3. Duties

The duties of the Audit Committee shall be:

- to consider the appointment of the external auditors, their audit fees and any questions on resignation or dismissal;
- to discuss with the external auditors their audit plan and coordinate the audit of the Group's accounts;

- to review the quarterly and annual financial statements before submission to the Board focusing particularly on:
  - any changes in accounting policies and practices;
  - major judgemental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - compliance with stock exchange and legal requirements;
  - problems and reservations arising from the audits of the Company's financial statements, including any matters the auditors may wish to discuss (in the absence of management where necessary);
- to keep under review the effectiveness of internal control systems, and in particular, review the external auditors' management letter and management's response; and
- to consider other topics, as may be agreed to with the Board.

### 4. Meetings

- Meetings shall be held not less than three times a year.
- The external auditors may request a meeting if they consider that it is necessary.
- The Company Secretaries shall be the secretaries of the Committee and shall circulate the minutes of meetings of the Committee to all members of the Board.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I have great pleasure in presenting the Annual Report of Nylex (Malaysia) Berhad for the year ended 31 December 1999.

## FINANCIAL RESULTS

The Group's sales of RM530.2 million achieved in 1999 was 2.4% lower than the previous year's total of RM543.5 million. After taking into account a much-reduced level of finance charges incurred amounting to RM9.3 million (1998: RM17.2 million), the Group recorded a profit before tax of RM16.5 million (1998: RM30.4 million).

With taxation benefits of RM7.0 million (1998: taxation charges of RM8.9 million) and minority interests duly considered, earnings attributable to Nylex (Malaysia) Berhad's shareholders then amounted to RM26.0 million (1998: RM20.2 million).

## COMMENTARY

The Polymer Division continued to further reinforce its position as the market leader in the domestic PVC film and coated fabric sector. The Division's emphasis on the export front since the onset of the currency and economic crisis in 1997 continued to yield very encouraging results, and enabled the Division to record significantly increased deliveries to various export markets. As a result, the Division was able to achieve a sales performance that was 14.1% higher than the same period last year. Such increase in sales, continuous improvement in factory productivity and prudent management of raw material purchases have enabled the Division's operating profit to reflect a commendable improvement of 48.6% over its 1998 performance. In order to preserve our vanguard position and to take fuller advantage of the buoyant demand for PVC products, the Division is planning to augment its production capacity by investing RM14.0 million in a third calendar facility that can be expected to commence production in January 2001.

Registering sales amounting to RM308.4 million, that represented 58.2% of the Group's total turnover, the Engineering Division proved yet again to be the major contributor for the Group. Tamco Corporate Holdings in Malaysia was able to improve further on its performance, inspite of the difficult trading conditions experienced in the switchgear market over the greater part of the year under review. Towards year-end, Tamco Shanghai managed to complete its delivery of switchgear to a large project in the south-eastern region of China which was previously deferred,

and this helped offset its losses suffered in the earlier part of the year. Although order banks are steadily growing, the Division's operations in Melbourne and Jakarta suffered from relatively low demand volumes during the year and this adversely impacted the overall Division's operating profit which ended the year at RM23.5 million against RM35.4 million in 1998. The latest update on the Australian switchgear operations is however a most heartening one as its current order bank has already reached some AUD30.0 million, a good portion of which is scheduled for delivery in Year 2000.

Despite the persistent weakness suffered by the construction sector in the region, the Building Products Division was able to maintain sales that was comparable to the 1998 level. This was largely due to the improvement displayed by its metal roofing tile operations, particularly in Indonesia, which enjoyed an increase in sales and profit of 27.8% and 205.7% respectively, over the performances of the same period last year. The glasswool business, however, suffered from severely depressed prices due to a chronic over-capacity in the regional insulation industry and generally soft demand for its products, causing its Philippines-based operations to register a loss of RM6.5 million for the period under review.

The Packaging Division maintained its sales at RM65.9 million, almost similar to that attained in 1998, but it suffered a loss of RM5.7 million due as much to production inefficiencies as to its inability to seek cost recoveries through upward selling price adjustments during the year. In line with the Group's desire to focus more on the three aforementioned operations it has strategically defined as its core businesses, negotiations to dispose of the Packaging Division were completed at year-end.

## BALANCE SHEET

Unrelenting efforts expended towards stringent working capital management have enabled the Group to further improve on its gearing, from 23.8% in 1998 to 20.3% at year-end 1999. The Group's net borrowings, the bulk of which comprise short-term Ringgit-denominated revolving facilities, were reduced from RM104.8 million in 1998 to RM89.6 million in 1999.

## ISO CERTIFICATION

Tamco (Singapore) Pte Ltd obtained ISO9002 certification in May 1999, making it the tenth company in the Nylex (Malaysia) Berhad Group of companies to have secured

ISO accreditation. This demonstrates, yet again, our commitment towards providing quality products and our unstinting efforts to ensure all of our companies eventually attain the ISO award.

## CORPORATE DEVELOPMENT

### (i) TAKE-OVER BY RHODEMARK DEVELOPMENT SDN BHD

As mentioned in the previous Chairman's Statement, the Company's previous ultimate holding company, Invensys plc of UK, had announced that it had entered into a conditional sale and purchase agreement on 26 April 1999 to sell its 51.93% shareholding in the Company to Rhodemark Development Sdn Bhd, a 50.1%-owned subsidiary of Ancom Berhad. The acquisition by Rhodemark Development Sdn Bhd of the 51.93% shareholding, comprising 116,586,472 ordinary shares of RM1.00 each in the Company, was completed on 1 September 1999. Following the transaction, the Company now considers Rhodemark Development Sdn Bhd as its immediate holding company and Ancom Berhad the ultimate holding company, both of which are companies incorporated in Malaysia.

### (ii) ACQUISITION OF REMAINING 49.0% IN UNIVERSAL MOTOR KONTROL PTY LIMITED

On 1 November 1999, Tamco Corporate Holdings Sdn Berhad, a wholly-owned subsidiary of the Company, completed its acquisition of the remaining 49.0% equity stake in Universal Motor Kontrol Pty Limited not already owned by it, comprising 47,250 ordinary shares of AUD1.00 each, for a total cash consideration of AUD4.409 million.

### (iii) PROPOSED SALE OF KUALA LUMPUR GLASS MANUFACTURERS COMPANY SDN BHD

The Company had on 27 December 1999 entered into a conditional sale and purchase agreement for the disposal of its wholly-owned subsidiary company, Kuala Lumpur Glass Manufacturers Company Sdn Bhd for a proposed cash consideration of RM60.0 million which is subject to adjustment upon completion of the disposal. The proposed disposal is subject to and conditional upon approvals from the relevant authorities and the Company's shareholders. At point of reporting, written approval for the transaction dated 15 March 2000 has been received from the Ministry of International Trade and Industry.

## DIVIDEND

The Board of Directors of the Company has proposed the payment of a final 1999 gross dividend of 7.0 sen per share less tax (1998: 5.0 sen per share less tax). This, together with the interim dividend of 3.6 sen per share less tax, will result in a total dividend payable for the year amounting to 10.6 sen per share less tax (1998: 8.6 sen per share less tax). The proposed final dividend will be subject to the approval of the Company's shareholders at the Annual General Meeting to be held on 17 May 2000.

## OUTLOOK

The economic recovery, which was clearly felt in the second half of 1999, continues to become increasingly evident throughout the region. With the Group having promptly taken appropriate measures to enable it to capitalise on this steady upturn trend, coupled with the continuous re-focusing of its resources to further grow core businesses within the Group, the Directors are confident that, barring unforeseen circumstances, the Group's performance will improve markedly in the year 2000.

## APPRECIATION

I do want to take this opportunity to welcome onboard all newly-appointed Board Directors, and look forward to working closely with them as well as with the incumbent Board members for the continued growth and success of the Group.

On behalf of the Board, I wish then to thank our customers, suppliers, bankers and other business associates, and most certainly, our shareholders for their continued support throughout 1999. I would also like to register my appreciation of the hard work, loyalty and dedication displayed by my fellow directors, management staff and employees during the year.

**AHMAD JOHARI BIN ABDUL RAZAK**

Chairman

13 April 2000

## QUALITY ACHIEVEMENTS

9001

- 1991 – Nylex (Malaysia) Berhad
- 1993 – Nycon Manufacturing Sdn Bhd
- 1995 – Universal Motor Kontrol Pty Limited
- 1996 – Tamco Corporate Holdings Sdn Berhad
- 1996 – PT Kontrol Ragam Indonesia
- 1997 – Tamco Shanghai Switchgear Company Limited

I S O

- 1993 – Malaysian Roofing Industries Sdn Bhd
- 1994 – Tamco Corporate Holdings Sdn Berhad
- 1997 – Asia Pacific Insulation Corporation
- 1998 – Kuala Lumpur Glass Manufacturers Company Sdn Bhd
- 1999 – Tamco (Singapore) Pte Ltd

9002