

notice Of Annual General Meeting .....	2
corporate Information .....	3
corporate Structure .....	3
chairman's Statement .....	4 - 5
group Financial Highlights .....	6 - 7
audit Committee .....	8

## **Financial Statements**

directors' Report .....	9 - 13
report of the Auditors .....	14
consolidated Balance Sheet .....	15
consolidated Profit and Loss Account ....	16
balance Sheet .....	17
profit and Loss Account .....	18
consolidated Cash Flow Statement .....	19 - 20
notes To The Accounts .....	21 - 30
statement By Directors .....	31
statutory Declaration .....	31
landed Property .....	32
shareholding Structure .....	33 - 34
form of Proxy	



## Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fifth Annual General Meeting of the Company will be held at the Tournament Room, Kuala Lumpur Golf & Country Club, No. 10 Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 6th June 2000 at 10.00a.m. for the transaction of the following business:

### **AGENDA**

- 1) To receive and adopt the Directors' Report and Accounts for the year ended 31st December 1999 together with the Auditors report thereon. (RESOLUTION 1)
- 2) To declare the first and final dividend of 5% (Tax-exempt) for the year ended 31st December 1999. (RESOLUTION 2)
- 3) To approve the payment of Directors' Fees for the year ended 31st December 1999. (RESOLUTION 3)
- 4) To consider and if thought fit, to pass the following resolutions.
  - 4.1 That Mr Tan Kie Lu retires pursuant to Article 64 of the Company's Articles of Association be and is hereby re-elected as Director of the Company. (RESOLUTION 4)
- 5) To re-appoint Moores Rowland ( formerly known as Hew & Tan ) as auditors and authorise the directors to fix their remuneration. (RESOLUTION 5)
- 6) To transact any other business of which due notice shall have been received.

Notice Is Hereby Given that the Register of Members of the Company will be closed from 18th July 2000 to 19th July 2000 ( both dates inclusive ) for the purpose of preparing First and Final Dividend of 5% tax exempt in respect of the financial year ended 31st December 1999.

The dividend will be paid on 14th August 2000 to depositors registered in the Record of Depositors on 17th July 2000.

A depositor shall qualify for the entitlement only in respect of:

- a) Shares deposited to the Depositor's Securities Account before 12.30 p.m. on 13th July 2000 in respect of shares exempted from the mandatory deposit;
- b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 17th July 2000 in respect of ordinary shares.
- 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,

SUI DIONG HOE  
Secretary

3rd June 2000  
Kuala Lumpur

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be deposited at the Registered Office No. 7.19, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.
3. A Proxy Form is enclosed.

## Corporate Information

### | BOARD OF DIRECTORS

Heng Hong Chai (*Chairman*)  
Tuan Syed Annuar Bin Syed Amir Baftim  
Yong Ng Gah @ Yong Wee Sing  
Chang Sieh Joo  
Tan Kie Lu

### | COMPANY SECRETARIES

Sui Diong Hoe  
Margaret Joseph

### | REGISTERED OFFICE

Lot 7.19, 7th Floor, Wisma Central  
Jalan Ampang, 50450 Kuala Lumpur  
Tel: 03-2163 4133  
Fax: 03-2162 4217

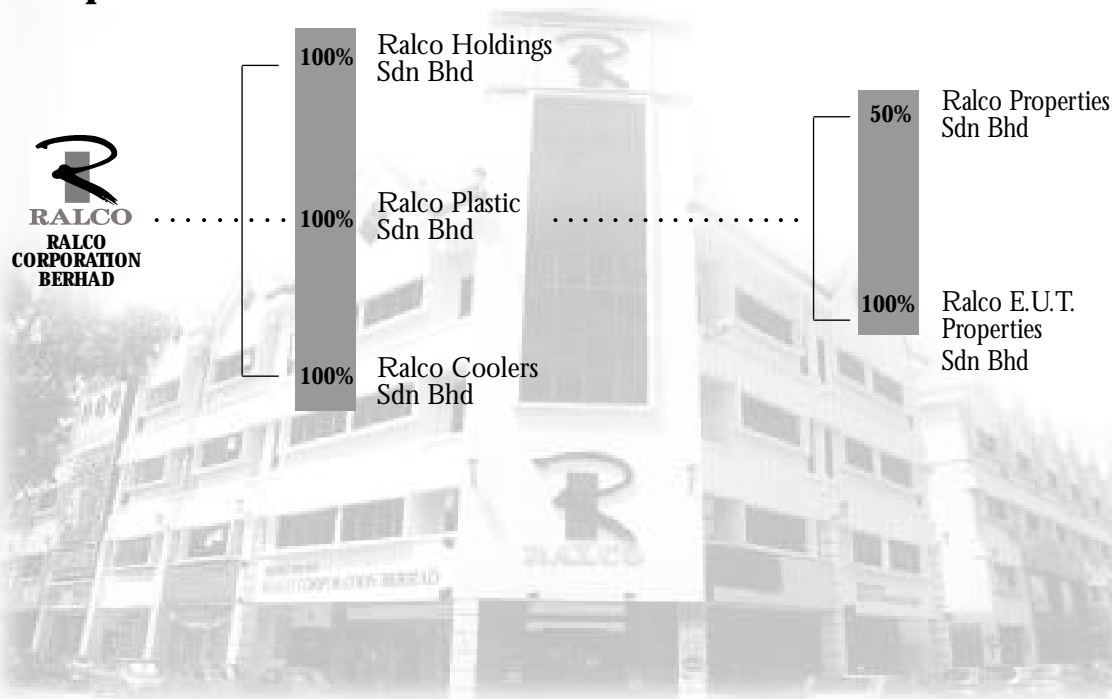
### | REGISTRAR

Malaysian Share Registration Services Sdn Bhd  
7th Floor, Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

### | AUDITORS

Moores Rowland  
(formerly known as Hew & Tan)  
Public Accountants  
Wisma Selangor Dredging  
7th Floor, South Block  
142A, Jalan Ampang  
50450 Kuala Lumpur

## Corporate Structure



## Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the financial statements and Annual Report of the Company and of the Group for the financial year ended 31st December 1999.

### FINANCIAL RESULTS

This is a year of recovery and with the improving economy, the Group turnover registered a commendable 19% increase from RM32.2 million in the previous year to RM38.5 million for the current year ended 31st December 1999.



The Group achieved a pre-tax profit of RM2.2 million compared to a pre-tax profit of RM5.6 million in the previous year. This was mainly due to the steep increase in raw material prices, higher operational costs and stiff competition in the market.

### PROSPECTS

The timely implementation of monetary and fiscal measures by the Government in the second half of 1998 has propelled the economy on to the path of recovery.

With this trend continuing, the benefits arising from the Group's continuous cost reduction and efficiency-enhancement programmes will be significantly reinforced, poised to place the Group in a strong footing to capitalize on opportunities presented by the already evident improved economy.

The Group will continue to invest in the latest technology to further enhance its operational efficiency as well as customers satisfaction.

Barring any unforeseen circumstances and taking into consideration the increasing competition which the Group is facing, the Board is optimistic that the Group will perform satisfactorily in the coming financial year.



### CHARITABLE DONATIONS

The Group continues to support community services and charitable causes, covering a wide range of sectors and organisations including medical care, social welfare, education and the elderly.

### DIVIDEND

The Board is pleased to recommend a first and final dividend of 5% (tax-exempt) for the financial year ended 31st December 1999 (1998 : 5% less tax of 28%) for approval at the forthcoming Annual General Meeting.

### APPRECIATION

On behalf of the Board, I wish to record my appreciation to the management and staff for their dedication and commitment. I would also like to extend my gratitude to our bankers, customers and business associates for their continuous support and confidence in the Group.

Finally, I would like to thank my fellow colleagues on the Board for their support and the shareholders for their confidence in the Board of Directors and management of the Group.

HENG HONG CHAI

Chairman

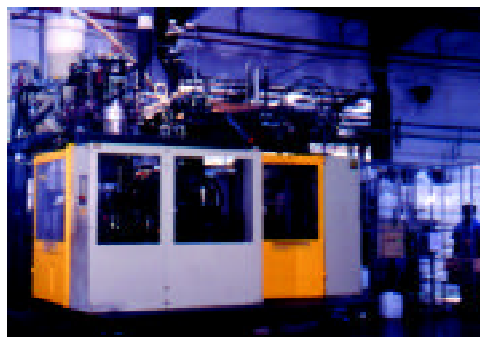
26th April 2000



Research & Design Department



Online QC Inspection



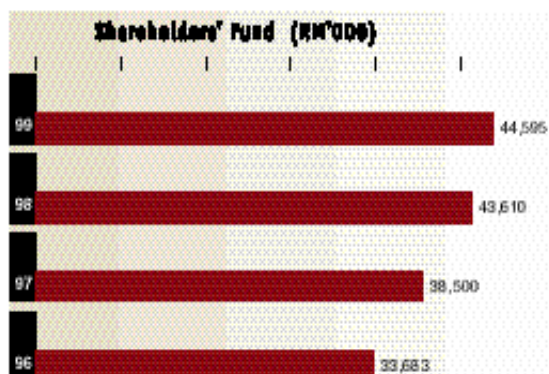
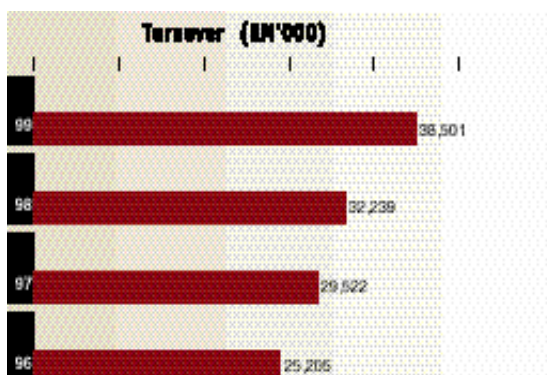
Fully Automated Machinery



Heavy Duty Industrial Packaging Product

# Group Financial Highlights

For The Year Ended 31st December 1999



## INCOME STATEMENT

Turnover  
Profit Before Tax  
Profit After Tax

## BALANCE SHEET

Fixed Assets  
Net Current Assets

Total Assets Employed

Shareholders' Fund  
Minority Interest  
Deferred Liabilities

Total Funds Employed

## PER RM 1 ORDINARY SHARE

Earnings Per Share(sen)  
Gross Dividend Per Share(sen)  
Net Tangible Assets Per Share(RM)

## FINANCIAL CALENDAR

Financial Year End  
Announcement of Quarterly Result  
- 3rd Quarter Performance Unaudited  
- 4th Quarter Performance Unaudited  
Announcement of Annual Audited Results  
Issue of Annual Report  
1999 Annual General Meeting  
Last Entitlement Date for 1999 Final Dividend  
Payment of 1999 Final Dividend

1999 RM'000	1998 RM'000	1997 RM'000	1996 RM'000
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38,501	32,239	29,522	25,205
2,246	5,571	5,976	6,247
2,140	5,945	5,654	5,199

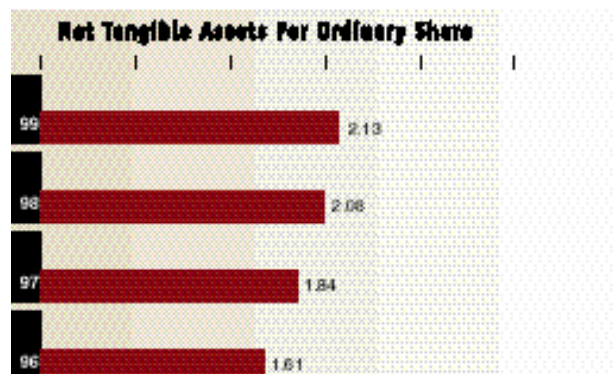
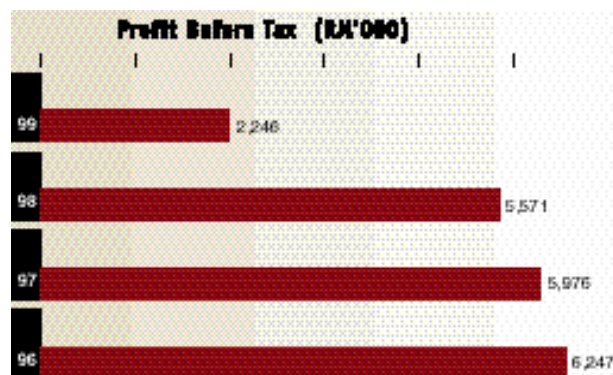
43,110	45,493	39,126	32,896
8,751	8,454	6,272	13,384

51,861	53,947	45,398	46,280
--------	--------	--------	--------

44,595	43,610	38,500	33,683
588	481	401	-
6,678	9,856	6,497	12,597

51,861	53,947	45,398	46,280
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9.70	28.00	27.40	50.50
5.00	3.60	4.32	9.10
2.13	2.08	1.84	1.61



: 31st December 1999

: 30th November 1999

: 25th February 2000

: 18th April 2000

: 4th May 2000

: 6th June 2000

: 17th July 2000

: 14th August 2000

# Audit Committee

## MEMBERS OF THE COMMITTEE

### Chairman

Syed Annuar Bin Syed Amir Baftim  
(Independent Non-Executive Director)  
Heng Hong Chai

### Member

Yong Ng Gah @ Yong Wee Sing  
(Independent Non-Executive Director)  
Tan Kie Lu  
(Independent Non-Executive Director)

## SECRETARY TO THE COMMITTEE

### Company Secretary

Sui Diong Hoe  
Margaret Joseph

## TERMS OF REFERENCE

### Membership

The Committee shall consist of at least three (3) members appointed by the Board from amongst the Directors, comprising a majority of independent non-executive directors. The Chairman of the Audit Committee shall be appointed by the Board from amongst the independent non-executive directors. The terms of office of the Committee should be reviewed by the Board every two (2) years.

### Meetings

The Committee shall meet not less than two (2) times a year and as many times as the Committee deems necessary.

The quorum for meetings of the Audit Committee shall be two (2) members who are independent non-executive Directors.

The Company Secretary shall be the secretary to the Audit Committee.

The Committee may require the members of management and representatives of the external auditors to attend any of its meeting as it determines.

### Authority

The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to co-operate as requested by members of the Committee. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

### Responsibilities

The Audit Committee shall assist the Board of Directors in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and its subsidiaries and the sufficiency of auditing relating thereto.

### Duties

- To review with the auditors the overall scope of the external audit and discuss the results of their examination and their evaluation of the system of internal accounting controls.
- To review the external audit report on the financial statements
- To review the financial statements with management and the auditors prior to them being approved by the Board.
- To review interim financial information and press releases relating to financial matters of importance.
- To review the accounting policies adopted, any changes in accounting principles or practices and the level of prudence applied in areas requiring judgement.
- To review any significant related party transactions that may arise within the Company and Group.
- To review any significant transactions which are not a normal part of the Company's business.
- To review the effectiveness of management information and other systems of control within the Company.
- To review the assistance given by the Company's officers to the auditors.
- To consider any matter the auditors wish to bring to the attention of directors.
- To recommend to the Board of Directors the retention or non-retention of the external auditors.
- Such other responsibilities as may be agreed to by the Audit Committee and the Board of Directors.



## Directors' Report

For The Year Ended 31st December 1999

The directors have pleasure in submitting their report and the audited accounts of the Company and of the Group for the year ended 31st December 1999.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies consist of manufacturing of and trading in plastic bottles, containers, boxes, crates and related materials and also water dispensers.

There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	2,140,492	1,552,508
Minority interest	(106,753)	—
Profit after minority interest	2,033,739	1,552,508
Unappropriated profit brought forward	11,804,264	2,245,228
Profit available for appropriation	13,838,003	3,797,736
Dividend	(1,049,000)	(1,049,000)
Unappropriated profit carried forward	12,789,003	2,748,736

## **DIVIDENDS**

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

In respect of the year ended 31st December 1998 as disclosed in the directors' report of that year	RM
First and final dividend paid of 5% less 28% tax paid on 24th August 1999	<u>755,280</u>

The directors now recommend a first and final dividend of 5% tax exempt amounting to RM 1,049,000 for the financial year under review.

## **RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial year.

## **ISSUE OF SHARES AND DEBENTURES**

The Company did not issue any shares or debentures during the financial year.

## **DIRECTORS**

The directors in office since the date of the last report are:

Mr Heng Hong Chai  
(alternate: Mr Tan Keng Shoy, resigned 14-7-1999)  
Mr Chang Sieh Joo  
Tuan Syed Annuar bin Syed Amir Baftim  
Mr Yong Ng Gah @ Yong Wee Sing  
Mr Tan Kie Lu  
YM Tengku Azman Ibni Almarhum Sultan Abu Bakar, DSAP  
(resigned 27-5-1999)

In accordance with Article 64 of the Company's Articles of Association, Mr Tan Kie Lu retires from the board at the annual general meeting and, being eligible, offers himself for re-election.

## **DIRECTORS' INTERESTS IN SHARES**

Directors' interests in shares in the Company were as follows:

	————— Ordinary shares of RM 1 each —————				
	At 1-1-1999	Bought	Sold	At 31-12-1999	At 21-1-2000
Mr Heng Hong Chai					
- direct interest	6,110,690	—	—	6,110,690	6,110,690
Mr Chang Sieh Joo					
- direct interest	17,000	—	—	17,000	17,000
- deemed interest	643,297	—	—	643,297	643,297
Tuan Syed Annuar bin Syed Amir Baftim					
- direct interest	31,000	—	—	31,000	31,000
- deemed interest	254,000	—	—	254,000	254,000
Mr Yong Ng Gah @ Yong Wee Sing					
- direct interest	1,000	—	—	1,000	1,000
Mr Tan Kie Lu					
- direct interest	1,397,710	174,000	—	1,571,710	1,571,710

None of the directors held any shares or had any interest in shares in the related corporations except for Mr Heng Hong Chai, who, by virtue of his interests in shares in the Company, is deemed to have interests in shares in all the subsidiaries to the extent the Company has an interest.

In accordance with the register of directors' shareholdings, there are no changes in the directors' interests in shares in the Company and its related corporations at 21st January 2000.

## **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 a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

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

## Directors' Report

For The Year Ended 31st December 1999

### OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Company and of the Group were made out, the directors took reasonable steps:
  - (i) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts but that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Company and of the Group had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
  - (i) which would render it necessary to write off any debts or the amount of the provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent, or
  - (ii) which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading, or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies 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 affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) 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 Company and of the Group which would render any amount stated in the respective accounts misleading.

(f) In the opinion of the directors:

- (i) the results of the operations of the Company and of the Group for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

#### **AUDITORS**

The auditors, Moores Rowland (formerly known as Hew & Tan), Public Accountants, have expressed their willingness to continue in office.

On behalf of the Directors

HENG HONG CHAI  
Director

14th April 2000

SYED ANNUAR BIN SYED AMIR BAFTIM  
Director

## Report of The Auditors To The Members

For The Year Ended 31st December 1999

We have audited the accounts set out on pages 15 to 30. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance that 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 an assessment of the accounting principles used and significant estimates made by the directors as well as evaluation of the overall presentation of the accounts.

We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

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

We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's accounts 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 required by us for those purposes.

Our audit reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

MOORES ROWLAND  
No. AF: 0539  
Public Accountants

GAN MORN GHUAT  
No. 1499/5/01(J)  
Partner

14th April 2000

# Consolidated Balance Sheet

As At 31st December 1999

	Note	1999 RM	1998 RM
SHARE CAPITAL	2	20,980,000	20,980,000
SHARE PREMIUM		5,477,296	5,477,296
RESERVE ON CONSOLIDATION		5,348,889	5,348,889
UNAPPROPRIATED PROFIT		12,789,003	11,804,264
<b>TOTAL CAPITAL AND RESERVES</b>		<b>44,595,188</b>	<b>43,610,449</b>
MINORITY INTEREST		587,847	481,094
DEFERRED LIABILITIES			
Term loans	3	5,610,543	8,898,019
Hire purchase liabilities	4	–	111,203
Deferred taxation		1,067,000	847,000
		<b>6,677,543</b>	<b>9,856,222</b>
		<b>51,860,578</b>	<b>53,947,765</b>
Represented by:			
FIXED ASSETS	5	43,110,338	45,493,389
CURRENT ASSETS			
Stocks	7	4,848,812	4,738,910
Trade debtors	8	19,640,212	15,297,736
Other debtors, deposits and prepayments		3,542,021	782,329
Time deposits with a licensed bank		–	700,963
Cash and bank balances		1,247,804	1,438,319
		<b>29,278,849</b>	<b>22,958,257</b>
Less:			
CURRENT LIABILITIES			
Trade creditors		3,561,810	3,360,090
Other creditors and accruals		2,325,270	2,883,014
Hire purchase liabilities	4	5,134	82,632
Bank borrowings	9	13,260,162	6,101,613
Taxation		327,233	1,321,252
Proposed dividend		1,049,000	755,280
		<b>20,528,609</b>	<b>14,503,881</b>
<b>NET CURRENT ASSETS</b>		<b>8,750,240</b>	<b>8,454,376</b>
		<b>51,860,578</b>	<b>53,947,765</b>

## Consolidated Profit And Loss Account

For The Year Ended 31st December 1999

	Note	1999 RM	1998 RM
Turnover	10	38,500,504	32,238,539
Cost of sales		27,426,731	20,099,150
Profit before taxation	11	2,246,209	5,571,153
Taxation	12	(105,717)	374,279
Profit after taxation		2,140,492	5,945,432
Minority interest		(106,753)	(79,854)
Profit after minority interest		2,033,739	5,865,578
Unappropriated profit brought forward		11,804,264	6,693,966
Profit available for appropriation		13,838,003	12,559,544
Proposed first and final dividend of 5% tax exempt (1998 : 5% less 28% tax)		(1,049,000)	(755,280)
Unappropriated profit carried forward		12,789,003	11,804,264
Retained by:			
The Company		2,748,736	2,245,228
Subsidiary companies		10,040,267	9,559,036
		12,789,003	11,804,264
Earnings per share (sen)	13	9.7	28.0

Notes to and forming part of the accounts are set out on pages 21 to 30  
Auditors' Report - Page 14



## Balance Sheet

As At 31st December 1999

	Note	1999 RM	1998 RM
SHARE CAPITAL	2	20,980,000	20,980,000
SHARE PREMIUM		5,477,296	5,477,296
UNAPPROPRIATED PROFIT		2,748,736	2,245,228
<b>TOTAL CAPITAL AND RESERVES</b>		<b>29,206,032</b>	<b>28,702,524</b>
DEFERRED TAXATION		—	13,000
		<b>29,206,032</b>	<b>28,715,524</b>
Represented by:			
FIXED ASSETS	5	419,782	539,000
SUBSIDIARY COMPANIES	6	23,227,733	23,227,733
CURRENT ASSETS			
Sundry debtors and deposits		12,050	29,914
Tax recoverable		20,827	250,346
Amount owing by subsidiary companies	6	6,650,247	5,361,366
Cash and bank balances		174,475	182,309
		<b>6,857,599</b>	<b>5,823,935</b>
Less:			
CURRENT LIABILITIES			
Sundry creditors and accruals		250,082	119,864
Proposed dividend		1,049,000	755,280
		<b>1,299,082</b>	<b>875,144</b>
<b>NET CURRENT ASSETS</b>		<b>5,558,517</b>	<b>4,948,791</b>
		<b>29,206,032</b>	<b>28,715,524</b>

Notes to and forming part of the accounts are set out on pages 21 to 30  
Auditors' Report - Page 14

## Profit And Loss Account

For The Year Ended 31st December 1999

	Note	1999 RM	1998 RM
Turnover	10	3,027,229	4,170,150
Profit before taxation	11	1,793,683	3,077,829
Taxation	12	(241,175)	(337,511)
Profit after taxation		1,552,508	2,740,318
Unappropriated profit brought forward		2,245,228	260,190
Profit available for appropriation		3,797,736	3,000,508
Proposed first and final dividend of 5% tax exempt (1998 : 5% less 28% tax)		(1,049,000)	(755,280)
Unappropriated profit carried forward		2,748,736	2,245,228

# Consolidated Cash Flow Statement

For The Year Ended 31st December 1999

	1999 RM	1998 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	2,246,209	5,571,153
Adjustments for:		
Depreciation	4,441,812	3,897,787
Fixed assets written off	210,238	—
Loss on disposal of fixed assets	1,533	2,809
Provision for doubtful debts	73,249	2,568
Interest income	(1,445)	(194,610)
Interest expenses	1,458,507	824,286
Operating profit before working capital changes	8,430,103	10,103,993
Increase in stocks	(109,902)	(1,271,391)
Increase in debtors	(7,175,417)	(4,203,712)
Increase in creditors	4,884,844	(2,884,871)
Cash generated from operations	6,029,628	1,744,019
Interest received	1,445	194,610
Interest paid	(1,458,507)	(824,286)
Taxation paid	(879,736)	(178,340)
Net cash from operating activities	3,692,830	936,003
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(2,271,532)	(10,269,599)
Payment of hire purchase instalments	(188,701)	(82,676)
Proceeds from disposal of fixed assets	1,000	1,300
Net cash used in investing activities	(2,459,233)	(10,350,975)

## Consolidated Cash Flow Statement

For The Year Ended 31st December 1999

	1999 RM	1998 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(755,280)	(906,336)
Term loans raised	665,875	9,053,218
Repayment of term loans	(3,460,937)	(1,287,954)
Net cash used in financing activities	(3,550,342)	6,858,928
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,316,745)	(2,556,044)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	2,139,282	4,695,326
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(177,463)	2,139,282
Represented by:		
TIME DEPOSITS	–	700,963
CASH AND BANK BALANCES	1,247,804	1,438,319
BANK OVERDRAFTS	(1,425,267)	–
	(177,463)	2,139,282

Notes to and forming part of the accounts are set out on pages 21 to 30  
Auditors' Report - Page 14

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The accounts are prepared under the historical cost convention and comply with applicable approved accounting standards.

### (b) Basis of consolidation

The consolidated accounts include the audited accounts of the Company and all its subsidiaries made up to the end of the financial year. All material inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only. The accounts of the subsidiary companies are consolidated on the acquisition method of accounting and the results of the subsidiary companies acquired or disposed of are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

The accounts of Ralco Properties Sdn Bhd which is 50% owned are consolidated as the Company has effective control of the financial and operating policies and the management of this subsidiary.

The excess of the fair value of net assets of the subsidiaries at the date of acquisition over the cost of investment is included in the consolidated balance sheet as reserve on consolidation.

### (c) Depreciation

Freehold land is not amortised except in the case where the cost of buildings could not be readily segregated from that of the land, depreciation is then calculated on the combined value of land and buildings on the straight line basis at 2% per annum.

Depreciation is calculated to write off the cost of other fixed assets on the straight line basis over their expected useful lives at the following annual rates:

Leasehold land	over the remaining lease period of 90 to 99 years
Buildings	2%
Plant and machinery	10%
Furniture, fittings and renovations	10% - 20%
Office equipment	10% - 20%
Motor vehicles	20%

### (d) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on the first-in first-out basis and in the case of finished goods and work-in-progress comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

(e) Foreign currencies

Transactions in foreign currencies during the financial year have been converted to Ringgit Malaysia at the rates of exchange ruling on transaction dates and where settlement had not taken place on balance sheet date, at the approximate rates ruling on that date. Exchange differences are dealt with through the profit and loss account.

(f) Income recognition

Dividends from subsidiary companies are recognised in the profit and loss account as and when declared or proposed by the companies concerned.

(g) Deferred taxation

Provision is made by the liability method for taxation deferred in respect of all material timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

(h) Cash equivalents

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

## 2. SHARE CAPITAL

	1999 RM	1998 RM
Authorised Shares of RM 1 each	25,000,000	25,000,000
Issued and fully paid Ordinary shares of RM 1 each	20,980,000	20,980,000

### 3. TERM LOANS

	Group	
	1999 RM	1998 RM
Term loans from finance companies bearing interests at 6.5% to 9.75% (1998 : 6.5% to 9.75%) per annum, repayable by equal monthly and quarterly instalments commencing 1995 and 1997	1,869,305	3,177,367
Bank term loans bearing interests at 1% and 1.5% (1998 : 1% and 1.5%) per annum above base lending rate, repayable by equal monthly instalments commencing 1994 and 1999	8,906,265	10,393,265
	10,775,570	13,570,632
Less:		
Repayments due within 12 months (included in current liabilities, Note 9)	5,165,027	4,672,613
Repayments due after 12 months	5,610,543	8,898,019

Bank term loan of a subsidiary company amounting to RM 625,338 (1998 : RM 723,923) is secured by a loan agreement cum assignment over the leasehold property of the said subsidiary company. The other term loans of another subsidiary company are unsecured but have negative pledges on all the unencumbered assets of the said subsidiary company. All the term loans are also guaranteed by the Company.

### 4. HIRE PURCHASE LIABILITIES

	Group	
	1999 RM	1998 RM
Outstanding hire purchase instalments net of unexpired term charges of RM 1,255 (1998 : RM 54,739)	5,134	193,835
Less:		
Repayments due within 12 months (included in current liabilities)	5,134	82,632
Repayments due after 12 months	–	111,203

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

## 5. FIXED ASSETS

Group				Furniture, fittings, renovation, office equipment & motor vehicles	Capital work-in progress	Total
Cost	Freehold land & buildings RM	Long term leasehold land & buildings RM	Plant & machinery RM	RM	RM	RM
At 1st January	348,290	19,623,966	34,537,515	4,707,114	–	59,216,885
Additions	–	179,850	1,800,996	290,686	–	2,271,532
Disposals	–	–	–	(4,750)	–	(4,750)
Write-off	–	–	–	(487,610)	–	(487,610)
At 31st December	348,290	19,803,816	36,338,511	4,505,440	–	60,996,057
Accumulated depreciation						
At 1st January	29,562	591,266	11,428,493	1,674,175	–	13,723,496
Charge for the year	6,965	346,594	3,433,968	654,285	–	4,441,812
Disposals	–	–	–	(2,217)	–	(2,217)
Write-off	–	–	–	(277,372)	–	(277,372)
At 31st December	36,527	937,860	14,862,461	2,048,871	–	17,885,719
Net book value						
at 31st December	311,763	18,865,956	21,476,050	2,456,569	–	43,110,338



1998	Freehold land & buildings RM	Long term leasehold land & buildings RM	Plant & machinery RM	Furniture, fittings, renovation, office equipment & motor vehicles RM	Capital work-in progress RM	Total RM
Cost						
At 1st January	348,290	10,713,057	31,016,896	4,293,380	2,584,163	48,955,786
Additions	–	204,850	3,520,619	422,234	6,121,896	10,269,599
Disposals	–	–	–	(8,500)	–	(8,500)
Transfer	–	8,706,059	–	–	(8,706,059)	–
At 31st December	348,290	19,623,966	34,537,515	4,707,114	–	59,216,885
Accumulated depreciation						
At 1st January	22,597	428,419	8,363,455	1,015,629	–	9,830,100
Charge for the year	6,965	162,847	3,065,038	662,937	–	3,897,787
Disposals	–	–	–	(4,391)	–	(4,391)
At 31st December	29,562	591,266	11,428,493	1,674,175	–	13,723,496
Net book value						
at 31st December	318,728	19,032,700	23,109,022	3,032,939	–	45,493,389

Company  
Furniture, fittings and renovation

	1999 RM	1998 RM
Cost		
At 1st January	711,897	711,897
Addition/Disposal	–	–
At 31st December	711,897	711,897
Accumulated depreciation		
At 1st January	172,897	53,679
Charge for the year	119,218	119,218
At 31st December	292,115	172,897
Net book value at 31st December	419,782	539,000

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

The title deed to a long term leasehold land of a subsidiary company costing RM 1,201,820 (1998 : RM1,201,820) has yet to be issued by the relevant authority.

Included in the cost of fixed assets of the Group are motor vehicles amounting to RM 61,392 (1998 : RM549,002) acquired under hire purchase.

## 6. SUBSIDIARY COMPANIES

	1999 RM	1998 RM
Unquoted shares, at cost	23,227,733	23,227,733

The subsidiary companies which are all incorporated in Malaysia are as follows:

	Equity interest		Principal activities
	1999 %	1998 %	
Ralco Plastic Sdn Bhd	100	100	Manufacturing of and trading in plastic bottles, containers, boxes, crates and related materials
@ Ralco E.U.T. Properties Sdn Bhd	100	100	Property holding
@ Ralco Properties Sdn Bhd	50	50	Property holding
Ralco Holdings Sdn Bhd	100	100	Assembly of water dispensers
Ralco Coolers Sdn Bhd	100	100	Trading in water dispensers and filters

@ Held through Ralco Plastic Sdn Bhd

The amount owing by the subsidiary companies is unsecured, interest free and has no fixed terms of repayment.

## 7. STOCKS

	Group	
	1999 RM	1998 RM
Raw materials	2,509,476	2,035,499
Finished goods	2,339,336	2,703,411
	4,848,812	4,738,910

## 8. TRADE DEBTORS

	Group	
	1999 RM	1998 RM
Gross receivables	19,901,665	15,501,780
Less: Provision for doubtful debts	261,453	204,044
	<u>19,640,212</u>	<u>15,297,736</u>

## 9. BANK BORROWINGS

	Group	
	1999 RM	1998 RM
Bills payable, unsecured	6,669,868	1,429,000
Bank overdrafts		
- secured	188,334	-
- unsecured	1,236,933	-
Current portion of term loans (Note 3)	5,165,027	4,672,613
	<u>13,260,162</u>	<u>6,101,613</u>

The bank overdrafts and bills payable bear interests at rates which vary according to the base lending rates of the respective banks.

The bank overdrafts and bills payable of a subsidiary company are unsecured but guaranteed by the Company while a bank overdraft of another subsidiary company is secured by way of a supplementary loan agreement cum assignment over the leasehold property of the subsidiary and is also guaranteed by the Company.

## 10. TURNOVER

Turnover of the Company comprises management fees, dividend and interest income while that of the subsidiaries comprises the invoiced value of goods sold and services net of returns and discounts and rental income.

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

## 11. PROFIT BEFORE TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Profit before taxation is stated after charging:				
Auditor's remuneration				
- current year	51,000	44,000	7,500	6,500
- underprovision in prior year	6,500	3,500	500	500
Bad debts written off	-	3,969	-	3,969
Consultancy fees paid to a director	42,000	102,000	-	-
Depreciation	4,441,812	3,897,787	119,218	119,218
Directors' remuneration				
- fees	30,000	36,000	30,000	36,000
- other emoluments	360,000	180,000	-	-
Fixed assets written off	210,238	-	-	-
Hire purchase term charges	34,888	22,720	-	-
Interest expenses	1,423,619	801,566	-	-
Loss on disposal of fixed assets	1,533	2,809	-	-
Provision for doubtful debts	73,249	2,568	-	-
Rental of equipment	6,600	6,664	6,600	6,664
Rental expenses	118,580	152,180	162,000	162,000
and crediting:				
Gain on foreign exchange	153,660	793,146	-	-
Gross dividend income from a subsidiary company	-	-	2,091,119	3,066,974
Interest income	1,445	194,610	110	167,176
Rental income	48,000	232,100	-	-

## 12. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Malaysian taxation based on results for the year				
- current	-	(545,953)	-	(325,000)
- deferred	(220,000)	941,000	13,000	16,000
	(220,000)	395,047	13,000	(309,000)
(Under)/Overprovision in prior years				
- current	114,283	(1,768)	(254,175)	489
- deferred	-	(19,000)	-	(29,000)
	114,283	(20,768)	(254,175)	(28,511)
	(105,717)	374,279	(241,175)	(337,511)

No provision for taxation is made in the Group and the Company for the current financial year as income earned in the financial year 1999 would be waived from income tax as provided under the Income Tax (Amendment) Act, 1999.

The effective tax rate of the Group in the previous financial year was low compared to the statutory rate because of the availability of tax incentives in a subsidiary company.

The effective tax rate of the Company in the previous financial year was low compared to the statutory rate because of tax exempt income which had been excluded in arriving at the chargeable income.

Subject to agreement with the Inland Revenue Board, the Company has tax losses and unabsorbed capital allowances amounting to approximately RM 266,000 at year end (1998 : RM 105,000) for which the related tax effects have not been accounted for.

Based on estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the entire unappropriated profit of the Company is available for distribution by way of dividends without incurring additional tax liability.

### 13. EARNINGS PER SHARE

Earnings per share is calculated based on Group profit after taxation and minority interest of RM 2,033,739 (1998 : RM 5,865,578) and on 20,980,000 (1998 : 20,980,000) shares in issue during the financial year.

### 14. RELATED PARTY TRANSACTIONS

	1999 Amount of transactions RM	Outstanding amount RM	1998 Amount of transactions RM	Outstanding amount RM
Group				
Rental expenses charged by a company in which certain directors have interests	–	–	29,000	–
Company				
Rental expenses charged by a subsidiary company	162,000	–	162,000	–
Management fees charged to subsidiary companies	936,000	900,000	936,000	900,000
Service fees charged to subsidiary companies	18,237	17,666	–	–

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

# Notes To And Forming Part Of The Accounts

For The Year Ended 31st December 1999

## 15. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Approved capital expenditure contracted but not provided for in the accounts	2,815,000	623,000	–	–

## 16. CONTINGENT LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Unsecured corporate guarantees in respect of				
- banking facilities granted to subsidiaries	–	–	52,300,000	49,300,000
- trade facilities granted to a subsidiary	–	–	2,600,000	2,600,000
	–	–	54,900,000	51,900,000

## 17. SEGMENT ANALYSIS

No segment analysis is prepared as the Group is primarily engaged in the manufacturing of plastic products in Malaysia.

## 18. COMPARATIVE FIGURES

Comparative figures, where appropriate, have been reclassified to conform with the current year's presentation.

## Statement By Directors

In the opinion of the directors, the accounts set out on pages 15 to 30 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1999 and of their results and the cash flows of the Group for the year then ended; and
- (b) in accordance with the applicable approved accounting standards.

On behalf of the Directors

HENG HONG CHAI  
Director

SYED ANNUAR BIN SYED AMIR BAFTIM  
Director

14th April 2000

31

## Statutory Declaration

I, Heng Hong Chai, being the director primarily responsible for the financial management of Ralco Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accounts set out on pages 15 to 30 are 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.

Subscribed and solemnly declared at  
Kuala Lumpur in the Federal Territory

this 14th day of April 2000

)  
)  
)  
) HENG HONG CHAI  
)  
)  
)

Before me:

W092  
ROBERT LIM HOCK KEE  
Commissioner for Oaths

## Landed Property

Type : Land and Building  
 Location : Nilai, Negeri Sembilan  
 Address : Lot 1476, Kawasan Perusahaan Nilai  
 Net Book Value : RM12,646,047  
 Existing Use : Factory  
 Tenure : Leasehold (Expiring 2089)  
 Age of Property : Approximately 7 years  
 Land Area : 18,200 sq. meters

Type : Land and Building  
 Location : Nilai, Negeri Sembilan  
 Address : Lot 1478, Kawasan Perusahaan Nilai  
 Net Book Value : RM2,817,308  
 Existing Use : Factory  
 Tenure : Leasehold (Expiring 2089)  
 Age of Property : Approximately 7 years  
 Land Area : 4,464 sq. meters

Type : Land and Building  
 Location : Petaling Jaya, Selangor  
 Address : Lot 11, Jalan PJS 11/28B, Bandar Sunway  
 Net Book Value : RM2,710,215  
 Existing Use : Headoffice  
 Tenure : Leasehold (Expiring 2086)  
 Age of Property : Approximately 4 years  
 Built-up Area : 1,418 sq. meters

Type : Land and Building  
 Location : Petaling Jaya, Selangor  
 Address : No. 14, Jalan PJS 11/18, Bandar Sunway  
 Net Book Value : RM633,056  
 Existing Use : Rental  
 Tenure : Leasehold (Expiring 2086)  
 Age of Property : Approximately 6 years  
 Built-up Area : 501.7 sq. meters

Type : Land and Building (5 One-Storey Terrace House)  
 Location : Nilai, Negeri Sembilan  
 Address : PT. 5001, 5536, 5490, 5491, 5535 Mukim Labu  
 Net Book Value : RM311,762  
 Existing Use : Workers Hostel  
 Tenure : Freehold  
 Age of Property : Approximately 5 years  
 Built-up Area : 95 sq. meters each



## Shareholding Structure

### Analysis Of Shareholings As At 17th April 1999

Authorised Share Capital : RM25,000,000  
 Paid-up Share Capital : RM20,980,000  
 Class of Share : Ordinary Share of RM1.00 each  
 Voting Rights : 1 Vote per Ordinary Share

### Size Of Shareholings

Range	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 1,000	1,117	51.31	1,107,214	5.28
1,001 - 5,000	800	36.75	2,287,876	10.91
5,001 - 10,000	144	6.61	1,140,559	5.44
10,001 and over	116	5.33	16,444,351	78.38
Total	2,177	100.00	20,980,000	100.00

### Twenty (20) Largest Shareholders

Shareholders	No. of Shares	% Shares
1. Mercsec Nominees (Tempatan) Sdn Bhd <i>Pledge Securities Account to Heng Hong Chai</i>	4,811,077	22.93
2. Duclos Sdn Bhd	2,531,000	12.06
3. Tan Kie Lu	1,571,710	7.49
4. Heng Hong Chai	1,299,613	6.19
5. Chie Kuai Leong	1,040,207	4.96
6. Tan Ching Ching	1,018,000	4.85
7. Kenanga Nominees (Asing) Sdn Bhd <i>Pledge Securities Account to International Scientific (Private) Limited</i>	643,297	3.07
8. Sharifah Asiah Binti Syed Aziz Baftin	254,000	1.21
9. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Pledge Securities Account to Contend Investments Limited</i>	250,000	1.19
10. Chan Wan Moi	180,000	0.86
11. JB Nominees (Asing) Sdn Bhd <i>Pledge Securities Account to Paramesweran S/O Velayutham</i>	144,000	0.69
12. Ng Yee Hoon @ Ng Yam Hoon	140,000	0.67
13. Wong How Sim	125,014	0.60
14. Chee Chee Pin	120,000	0.57
15. Leong Khai Cheong	108,000	0.51
16. Mohamad Bin Haji Hasan	100,000	0.48
17. Cheng Yoke Chang	80,000	0.38
18. MIDF SISMA Securities Sdn Bhd <i>Pledge Securities Account to Datin Mariam Binti Yusof</i>	75,000	0.36
19. JB Nominees (Tempatan) Sdn Bhd <i>Pledge Securities Account to Cheah Kim Leong</i>	71,000	0.34
20. Tiong King Ting	50,000	0.24
Total	14,611,918	69.65

### List Of Substantial Shareholders

Substantial Shareholdings as per the Register of Substantial Shareholders

Shareholders	No. of Shares	% Shares
1. Heng Hong Chai	6,110,690	29.13
2. Duclos Sdn Bhd	2,531,000	12.06
3. Tan Kie Lu	1,571,710	7.49
4. Chie Kuai Leong	1,040,207	4.96
5. Tan Ching Ching	1,018,000	4.85
6. Kenanga Nominees (Asing) Sdn Bhd	643,297	3.07

I/We, \_\_\_\_\_  
(PLEASE USE BLOCK LETTERS)

of \_\_\_\_\_

being a member/members of Ralco Corporation Berhad, hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_

of \_\_\_\_\_

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held at Tournament Room, Kuala Lumpur Golf & Country Club, No.10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Tuesday, 6th June 2000 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

No.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Reports of the Directors and Auditors and Audited Statement of Accounts for the year ended 31st December 1999 RESOLUTION 1		
2.	Declaration of First and Final Dividend of 5% (Tax-exempt ) for the year ended 31st December 1999 RESOLUTION 2		
3.	Approval for the payment of Directors' Fees for the year ended 31st December 1999 RESOLUTION 3		
4.	Election of Director under Article 64 (i) Mr. Tan Kie Lu RESOLUTION 4		
5.	Re-appointment of Moores Rowland ( formerly known as Hew & Tan ) as auditors and authorising the Directors to fix their remuneration RESOLUTION 5		

*Please indicate with an 'X' how you wish your vote to be cast. In the absence of specific instruction, your Proxy will vote or abstain as he/she thinks fit.*

Date this \_\_\_\_\_ day of \_\_\_\_\_ 2000

**NUMBER OF SHARES**

\_\_\_\_\_  
Signature(s) of Member(s)

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be deposited at the Registered Office No. 7.19, 7th Floor, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.



**AFFIX  
STAMP  
HERE**

**RALCO CORPORATION BERHAD** (333101-V)  
c/o CS SECRETARIAL SERVICES SDN BHD (264827-K)

**NO.7.19, 7TH FLOOR  
WISMA CENTRAL  
JALAN AMPANG  
50450 KUALA LUMPUR**

PLEASE FOLD ALONG THIS LINE

FOLD THIS FLAP FOR SEALING (STAPLER or GLUE)