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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting of **QUALITY CONCRETE HOLDINGS BERHAD** will be held at Room 209, Level 2, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, on Friday, 19<sup>th</sup> July, 2002 at 10:00 a.m. for the following purposes :-

### ORDINARY BUSINESS

1. To receive and adopt the report of the Directors and the Audited Financial Statements for the year ended 31<sup>st</sup> January, 2002 and the Report of the Auditors thereon.
2. To approve Directors' Fees.
3. To re-elect the following director who retires in accordance with Article 74 of the Articles of Association of the Company:-
  - (i) Tiang Ching KokAnd to re-elect the following directors who retire in accordance with Article 82 of the Articles of Association of the Company:-
  - (i) Hajjah Raziah @ Rodiah Binti Mahmud
  - (ii) Cheng Ah Teck @ Cheng Yik Lai
4. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions :-

5. Proposed Renewal of General Mandate for Recurrent Related Party Transactions

"That approval be and is hereby given to the Directors to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature with related parties (details as mentioned in section 2.3 of the Circular to Shareholders dated 27<sup>th</sup> June, 2002) which are necessary for Quality Concrete Holdings Berhad Group's day to day operation in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and not to the detriment of minority shareholders, and that such approval shall continue to be in force until;

  - (i) the conclusion of the next Annual General Meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (ii) the expiration of the period within which the next Annual General Meeting is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Act); or
  - (iii) revoked or varied by resolution passed by the shareholders in general meeting.

Whichever is earlier."
6. To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

"That pursuant to Section 132D of the Companies Act, 1965 approval be and is hereby given to the Directors to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten (10) per cent of the issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory authorities being obtained for such allotment and issue and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD,



YEHO PUAY HUANG  
SECRETARY  
[LS 000577]

DATED : 27<sup>th</sup> June, 2002

**Notes :**

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented in each proxy.
2. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney, and the person so appointed may attend and vote at the meeting at which the appointor is entitled to vote.
4. The instrument appointing a proxy shall be deposited at the Registered Office, Room 209, Level 2, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, not less than forty-eight (48) hours before the time for holding the meeting at which the person named in such instrument proposes to vote.

**EXPLANATORY NOTES TO THE SPECIAL BUSINESS**

5. For further information on Ordinary Resolution No. 5, Please refer to the Circular to Shareholders dated 27<sup>th</sup> June, 2002.
6. Ordinary Resolution No. 6 – To authorise Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.

In line with the Company's plan for expansion/diversification, the Company is actively looking into prospective areas so as to broaden the operating base and earning potential of the Company. As the expansion/diversification may involve the issue of new shares, the Directors, under present circumstances, would have to call for a general meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital. In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

## Statement Accompanying the Notice of AGM

### 1. Directors standing for re-election

Pursuant to Paragraph 8.28(2) of the Kuala Lumpur Stock Exchange Listing Requirements, the Directors who are standing for re-election at the Sixth Annual General Meeting of the Company are as follows :

- Tiang Ching Kok - Article 74
- Hajjah Raziah @ Rodiah Binti Mahmud - Article 82
- Cheng Ah Teck @ Cheng Yik Lai - Article 82

### 2. Details of attendance of Directors at Board Meetings

There were four Board Meetings held during the financial year ended 31<sup>st</sup> January, 2002. Details of attendance of Directors at Board Meetings for the financial year ended 31<sup>st</sup> January, 2002 are as follows :

Name	Attendance
Tiang Ming Sing	4 meetings
Tiang Ching Kok	0 meeting*
Anne Kung Soo Ching	4 meetings
Hajjah Raziah @ Rodiah Binti Mahmud	3 meetings
Alfred Ong Sze Lee	3 meetings
Cheng Ah Teck @ Cheng Yik Lai	3 meetings
Robin Lo Bing	3 meetings**

\* No meeting were held from the date of his appointment to the financial year ended 31<sup>st</sup> January, 2002

\*\* Only three (3) meetings were held from the date of his appointment to the financial year ended 31<sup>st</sup> January, 2002.

### 3. Date, Time and Venue of Board Meetings

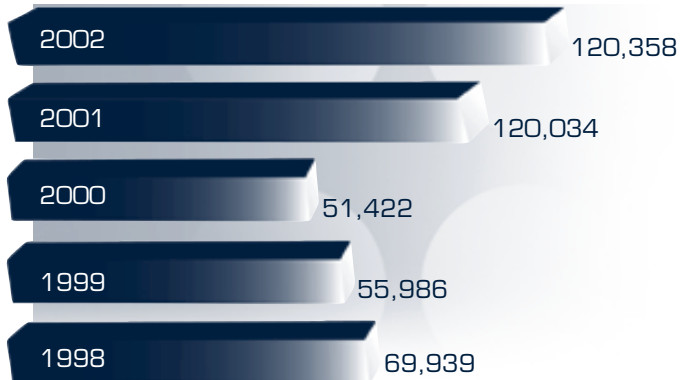
The date, time and venue of the Board Meetings held for the financial year ended 31<sup>st</sup> January, 2002 were as follows :

Date	Time	Venue
16 <sup>th</sup> April, 2001 (Monday)	10:30 a.m.	Conference Room, Room 209, 2 <sup>nd</sup> Floor, Wisma Bukit Mata Kuching, 93100 Kuching, Sarawak.
17 <sup>th</sup> July, 2001 (Tuesday)	11:00 a.m.	Conference Room, Room 209, 2 <sup>nd</sup> Floor, Wisma Bukit Mata Kuching, 93100 Kuching, Sarawak.
15 <sup>th</sup> October, 2001 (Monday)	11:00 a.m.	Conference Room, Room 209, 2 <sup>nd</sup> Floor, Wisma Bukit Mata Kuching, 93100 Kuching, Sarawak.
31 <sup>st</sup> December, 2001 (Monday)	10:30 a.m.	Conference Room, Room 209, 2 <sup>nd</sup> Floor, Wisma Bukit Mata Kuching, 93100 Kuching, Sarawak.

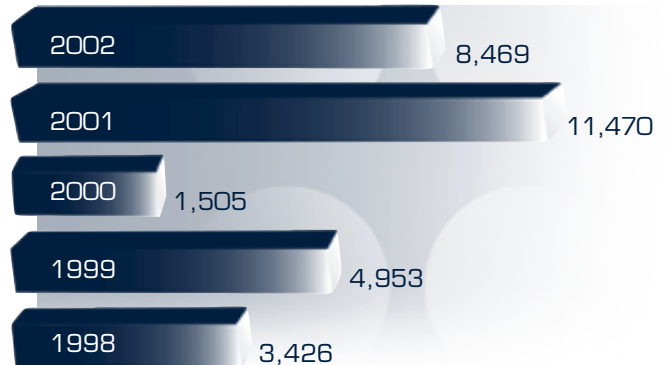
### 4. Further details of Directors seeking re-election at the Sixth Annual General Meeting can be found in the Corporate Information section of the Annual Report.

## Group Financial Highlights

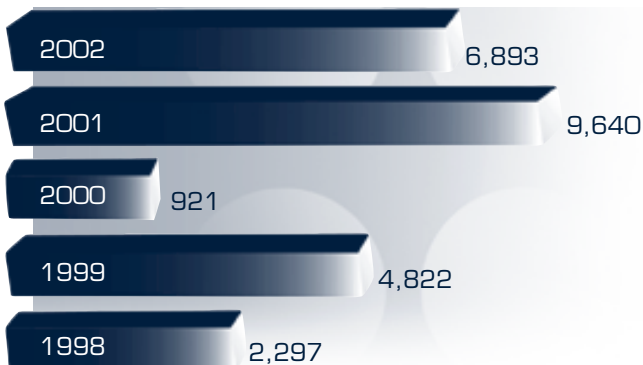
### Revenue ( RM'000 )



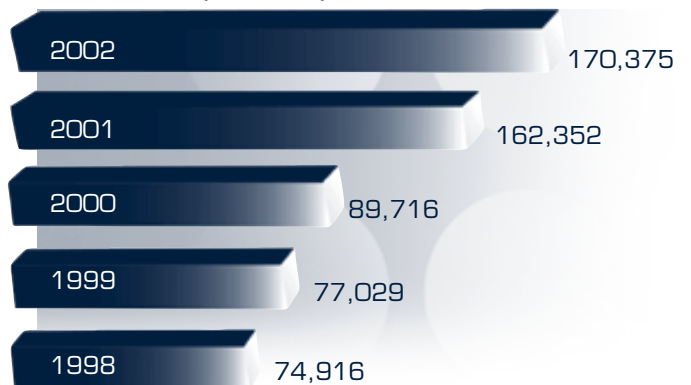
### Profit Before Tax ( RM'000 )



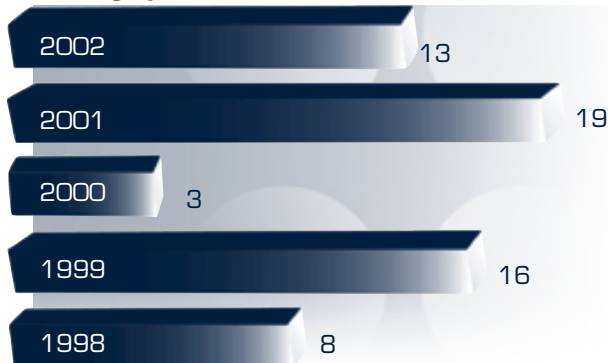
### Profit After Tax ( RM'000 )



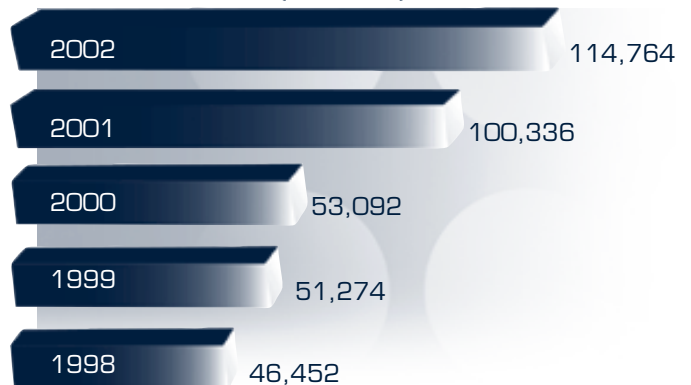
### Total Assets ( RM'000 )



### Earnings per share ( RM'000 )



### Shareholders' fund ( RM'000 )





## Corporate Information



from left to right: *Tiang Ching Kok, Hajjah Raziah @ Rodiah Binti Mahmud, Tiang Ming Sing, Anne Kung Soo Ching, Robin Lo Bing, Alfred Ong Sze Lee.*

### **BOARD OF DIRECTORS**

Tiang Ming Sing  
(Non-Independent Executive Chairman)

Tiang Ching Kok  
(Non-Independent Managing Director)

Hajjah Raziah @ Rodiah Binti Mahmud  
(Independent Non-Executive Director)

Anne Kung Soo Ching  
(Non-Independent Executive Director)

Alfred Ong Sze Lee  
(Non-Independent Non-Executive Director)

Cheng Ah Teck @ Cheng Yik Lai  
(Independent Non-Executive Director)

Robin Lo Bing  
(Independent Non-Executive Director)

### **SECRETARY**

Yeo Puay Huang

### **AUDITOR**

Ernst & Young

### **REGISTERED OFFICE**

Room 209, Level 2  
Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching.  
Telephone: 6082-206600  
Telefax: 6082-206607

### **SHARE REGISTRAR**

Securities Services (Holdings) Sdn Bhd  
Level 22, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Telephone: 603-2557077  
Telefax: 603-2549940



#### **TIANG MING SING**

Mr. Tiang Ming Sing, 51, a Malaysian, is a Non-Independent Executive Director and Chairman of QCHB. He was appointed to the Board of QCHB on 17<sup>th</sup> January, 2000. He is a very successful businessman who has extensive experience and knowledge in the Timber and property development industries. He first started in the timber upstream industry after completing his secondary education and has expanded to timber downstream activities and other industries such as property investment and development and the construction industry. He is also presently holding directorships in various companies that make up the Lee Ling Group of Companies. He has no other personal interest in any business arrangement involving the Company, except for those disclosed on pages 45 to 46 of this Annual Report. He also chairs the ESOS Committee. Mr. Tiang is the father to Mr. Tiang Ching Kok. He attended all of the four (4) Board Meetings held in the financial year ended 31<sup>st</sup> January, 2002. He has no convictions for any offences within the past 10 years.

#### **TIANG CHING KOK**

Mr. Tiang Ching Kok, 27, a Malaysian, is a Non-Independent Executive Director and Managing Director of QCHB. He was appointed to the Board of QCHB on 2<sup>nd</sup> January, 2002. He graduated with a Bachelor of Commerce degree from Deakin University, Australia. Mr. Tiang joined Earthmover Group of Companies in 1996 as Executive Director and was responsible for the overall management of the group. His valuable management experience in sawmilling and logging activities is an asset as QCHB had recently acquired a subsidiary LLTP which is involved in sawmilling and woodworking activities. He is the son to Mr. Tiang Ming Sing. He has no other personal interest in any business arrangement involving the Company, except for those disclosed on pages 45 to 46 of this Annual Report. There is no Board Meeting held during the period of his appointment to the financial year ended 31<sup>st</sup> January, 2002. He has no convictions for any offences within the past 10 years.

#### **HAJJAH RAZIAH @ RODIAH BINTI MAHMUD**

Puan Hajjah Raziah @ Rodiah Binti Mahmud, 46, a Malaysian, is an Independent Non-Executive Director. She was appointed to the Board of QCHB on 17<sup>th</sup> January, 2000. Puan Raziah is a very successful businesswoman and has been involved in diverse business ventures ranging from Hotel to construction for the past 15 years. She is also The Honorary Consul of the Republic of Poland since 29<sup>th</sup> August, 2000. Presently she is also the Chairperson of Polyflow Pipes Sdn Bhd. In addition, she is the Executive Chairperson of Kumpulan Construction Sdn Bhd and Majupun Sdn Bhd. She is also the Managing Director of Kumpulan Parabena Sdn Bhd as well as an Executive Director of Borsamulu Resort Sdn Bhd. She does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. She attended three (3) of four (4) Board Meetings held in the financial year ended 31<sup>st</sup> January, 2002. She has had no convictions for any offences within the past 10 years. On 28<sup>th</sup> November, 2001, Puan Raziah was appointed to the Board of Eksos Corporation Berhad as Independent & Non-Executive Director. Puan Hajjah Raziah attended Business Studies from University Technology Mara (formerly known as Institute Technology Mara) and she is also a Licensed Company Secretary.

#### **ANNE KUNG SOO CHING**

Ms. Anne Kung, 40, a Malaysian, is a Non-Independent Executive Director. She was appointed to the Board of QCHB on 15<sup>th</sup> November, 1996. She graduated with Bachelor of Law Upper 2<sup>nd</sup> degree from the London School of Economics and practiced in a legal firm in Kuching for a few years before returning to the United Kingdom to train as a Chartered Accountant with Touche Ross & Co from 1988 to 1992. Ms. Kung is also a director of three of the group's subsidiaries, namely Quality Concrete Sdn Bhd; Polyflow Pipes Sdn Bhd & Kutex Sdn Bhd. Ms. Kung is a member of both Audit & ESOS Committee. She does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. She attended all of the four (4) Board Meetings held in the financial year ended 31<sup>st</sup> January, 2002. She has had no convictions for any offences within the past 10 years.

#### **ALFED ONG SZE LEE**

Mr. Alfred Ong, 33, a Malaysian, is a Non-Independent Non-Executive Director. He was appointed to the Board on 23<sup>rd</sup> June, 1999. He holds a Commerce degree from Edith Cowan University of Perth, Western Australia. He joined Phileo Allied Bank (Malaysia) Bhd in 1995 as an officer before joining Quality Concrete Sdn Bhd as Credit Manager in July 1999. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He attended three (3) of the four (4) Board Meetings held in the financial year ended 31<sup>st</sup> January, 2002. He has had no convictions for any offences within the past 10 years.

#### **CHENG AH TECK @ CHENG YIK LAI**

Mr. Cheng, 48, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 23<sup>rd</sup> June, 1999. He graduated with a Bachelor of Arts (Hons) in Economics from Lanchester Polytechnic, England. Mr. Cheng joined Standard Chartered Bank after graduation and served the Bank in various capacities until 1991 before he moved to HSBC (Malaysia) as Corporate Business Development Manager for Sarawak region for two years. He is currently employed by Ta Ann Group as Senior Business Manager. Mr. Cheng chairs the Audit Committee. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He attended three (3) of the four (4) Board Meetings held in the financial year ended 31<sup>st</sup> January, 2002. He has had no convictions for any offences within the past 10 years.

#### **ROBIN LO BING**

Mr. Lo, 56, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 2<sup>nd</sup> May, 2001. He graduated with a Bachelor of Science (Hons) in Applied Science from University of Nottingham, UK. Mr. Lo is also a director of one of the subsidiaries Kutex Sdn Bhd. He had previously served as Chief Executive Officer of Encorp Group Sdn Bhd; Group Managing Director of Sarawak Economic Development Corporation and Chief Executive Officer of Gold Coin Sarawak Sdn Bhd. Mr. Lo is also a member of the Audit Committee. He does not have any family relationship with any director and/or major shareholder of QCHB, nor any personal interest in any business arrangement involving the Company. He attended three (3) of the four (4) Board Meetings (only three Board Meetings were held from the date of his appointment to the financial year end) held in the financial year ended 31<sup>st</sup> January, 2002. He has had no convictions for any offences within the past 10 years.



## Report of the Audit Committee

The Board of Directors of Quality Concrete Holdings Bhd is pleased to present the report of the Audit Committee of the Board for the year ended 31<sup>st</sup> January, 2002.

The Audit Committee was established by a resolution of the Board on 7<sup>th</sup> October, 1996.

### MEMBERS AND MEETINGS

The members of the Audit Committee during the year comprised the directors listed below. During the year ended 31<sup>st</sup> January, 2002, the Committee held a total of four (4) meetings.

Name	Status of directorship	Independent	Attendance of meetings
Cheng Ah Teck@ Cheng Yik Lai	Non-Executive Director, Chairman of Audit Committee	Yes	Attended 4 out of 4 meetings
Anne Kung Soo Ching	Executive Director	No	Attended 4 out of 4 meetings
Robin Lo Bing	Non-Executive Director	Yes	Attended 4 out of 4 meetings

### TERMS OF REFERENCE

The terms of reference of the Committee are as follows:

#### **Membership**

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be independent directors and at least one of whom shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1<sup>st</sup> Schedule of the Accountants Act 1967. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.

#### **Meetings and minutes**

Meetings shall be held not less than four (4) times a year and the Group Managing Director, Group Internal Auditor and a representative of the external auditors shall normally be invited to attend the meetings. Other members of the Board may attend the meetings upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without any executive directors present. A quorum shall be two (2) members present and a majority of whom must be independent directors. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. The Chairman of the Committee shall report on each meeting to the Board. The Secretary to the Committee shall be the Company Secretary.

#### **Authority**

The Committee is authorized by the Board:

- i. to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group;
- ii. to have the resources in order to perform its duties as set out in its terms of reference;
- iii. to have full and unrestricted access to information pertaining to the Company and the Group;
- iv. to have direct communication channels with the internal and external auditors; and
- v. to obtain external legal or other independent professional advice as necessary.

Notwithstanding anything to the contrary hereinbefore stated, the Committee does not have executive powers and shall report to the Board of Directors on matters considered and its recommendations thereon, pertaining to the Company and the Group.



### **Responsibility**

Where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Kuala Lumpur Stock Exchange, the Committee has the responsibility to promptly report such matter to the Kuala Lumpur Stock Exchange.

### **Review of the composition of the Committee**

The term of office and performance of the Committee and each of the members shall be reviewed by the Board of Directors at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### **Duties**

The duties of the Committee are:

- a. to consider the appointment, resignation and dismissal of external auditors and the audit fee;
- b. to review the nature and scope of the audit with the internal and external auditors before the audit commences;
- c. to review the quarterly and annual financial statements of the Company and the Group focusing on the matters set out below, and thereafter to submit them to the Board:
  - any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - compliance with accounting standards and regulatory requirements.
- d. to discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- e. to review the audit reports prepared by the internal and external auditors, the major findings and management's responses thereto;
- f. to review the adequacy of the scope, functions and resources of the internal and management audit department and whether it has the necessary authority to carry out its work;
- g. to consider the report, major findings and management's response thereto on any internal investigations carried out by the internal auditors;
- h. to review any appraisal or assessment of the performance of executives in the internal and management audit department;
- i. to approve any appointment or termination of senior executives in the internal and management audit department;
- j. to be informed of any resignation of executives in the internal and management audit department and to provide the resigning executive an opportunity to submit his/her reason for resignation;
- k. to review the evaluation of the systems of internal control with the auditors;
- l. to review the assistance given by the Company's and the Group's employees to the auditors;
- m. to review related party transactions entered into by the Company and the Group to ensure that such transactions are undertaken on the Group's normal commercial terms and that the internal control procedures with regards to such transactions are sufficient; and
- n. any such other functions as may be agreed to by the Committee and the Board.

## ACTIVITIES OF THE COMMITTEE DURING THE YEAR

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 31<sup>st</sup> January, 2002 in the discharge of its functions and duties:

- a. review of the audit plans for the year for the Company and the Group prepared by the internal and external auditors;
- b. review of the audit reports for the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto;
- c. review of the quarterly and annual reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- d. review of the environmental, safety and health reports for the Company and the Group prepared by the internal auditors and consideration of their major findings and management's responses thereto;
- e. review of the disclosure on related party transactions entered into by the Company and the Group in the annual report of the Company;
- f. commissioning of special reviews on specific areas of operations;
- g. meet with the external auditors without any executives present except the Company Secretary.

## INTERNAL AUDIT FUNCTIONS

The Company has an Internal Audit Function whose principal responsibility is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. The Department is also responsible for the conduct of regular and systematic reviews of environmental, safety and health issues in the Company and the Group. The attainment of such objective involves the following activities being carried out by the Department:

- a. reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- b. ascertaining the extent of compliance with established policies, procedures and statutory requirements;
- c. ascertaining the extent to which the Company's and the Group's assets are accounted for and safeguarded from losses of all kinds;
- d. appraising the reliability and usefulness of information developed within the Company and the Group for management;
- e. recommending improvements to the existing systems of controls;
- f. carrying out audit work in liaison with the external auditors to maximize the use of resources and for effective coverage of audit risks;
- g. carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company;
- h. carrying out environmental, safety and health audits on the Company and the Group; and
- i. identifying opportunities to improve the operations of and processes in the Company and the Group.

This report is made in accordance with a resolution of the Board of Directors dated 13<sup>th</sup> May 2002.

## Statement on Corporate Governance

### THE CODE

In March 2000, the Finance Committee on Corporate Governance issued the Malaysian Code on Corporate Governance ("the Code"). The Code sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board of Quality Concrete Holdings Bhd welcomes the Code and is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of Quality Concrete Holdings Bhd.

### THE BOARD OF DIRECTORS

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments of the Company.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. During the year ended 31<sup>st</sup> January, 2002, four (4) Board meetings were held. Details of the attendance of the Directors at the Board Meetings are disclosed in their respective personal profiles set out as follows:-

Directors	Meetings Held	Meetings Attended
Tiang Ming Sing	4	4
Tiang Ching Kok	0	0*
Hajjah Raziah @ Rodiah Binti Mahmud	4	3
Anne Kung Soo Ching	4	4
Cheng Ah Teck @ Cheng Yik Lai	4	3
Alfed Ong Sze Lee	4	3
Robin Lo Bing	3	3**

\* No meeting was held during the period of his appointment date to the 31<sup>st</sup> January, 2002.

\*\* Only three (3) meetings were held during the period of his appointment date to the 31<sup>st</sup> January, 2002.

### BOARD BALANCE

The Board currently has seven members, comprising four non-executive Directors and three executive Directors (including the Chairman). Three of the Seven Directors are independent Directors, which is in excess of the statutory requirement of one-third. Together, the Directors have a wide range of legal, business, financial and technical experience. The mix of skills and experience is vital for the successful direction of the Group. A brief profile of each Director is presented on page 7.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is a balance of power and authority. The roles of the Chairman and the Group Managing Director are separated and clearly defined. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director has overall responsibilities over the operating units, organizational effectiveness and implementation of Board policies and decisions. The presence of independent non-executive Directors fulfill a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group's operations, the role of these independent non-executive Directors is particularly important as they provide unbiased and independent views, advice and judgement to take account of the interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts business.



## SUPPLY OF INFORMATION

All Directors are provided with an agenda and a set of Board papers prior to Board meetings. This is issued in sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be properly briefed before the meeting. The Board papers include, among others, the following:-

- i. quarterly financial report and a report on the Group's cash and borrowings position;
- ii. minutes of meetings of the Management Committee;
- iii. minutes of meetings of all Committees of the Board; and
- iv. Annual Management Plans.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and annual budgets, acquisitions and disposals of undertakings and properties of a substantial value, major investments and financial decisions, and changes to the management and control structure within the Group, including key policies and procedures and delegated authority limits.

Directors may obtain independent professional advice in the furtherance of their duties, at the Company's expense.

All Directors have access to the advice and services of the Group Secretaries in carrying out their duties.

The following Board Committees have been established to assist the Board in the execution of its responsibilities.

a. Audit Committee

The Audit Committee reviews issues of accounting policy and presentation for external financial reporting, monitors the work of the internal audit function and ensures an objective and professional relationship is maintained with the external auditors. The Committee has full access to the auditors both internally and externally who, in turn, have access at all times to the Chairman of the Committee. The Committee meets with the external auditors without any executive present at the start of each meeting except for the Group Secretary.

The report on the Audit Committee may be found on pages 8 to 10.

b. ESOS Committee

The ESOS Committee was established to administer the Quality Concrete Holdings Bhd's Executives' Share Option Scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. The members of the Committee are Mr. Tiang Ming Sing, Mr. David Goh and Ms. Anne Kung Soo Ching.

Meetings of the ESOS Committee are held when necessary. During the year ended 31<sup>st</sup> January, 2002, no meeting was held.

## RE-ELECTION OF THE DIRECTORS

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting after their appointment.

In accordance with the Articles of Associations, at each Annual General Meeting one third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who become Directors on the same day as those to retire (unless they otherwise agree among themselves) shall be determined by lot. All directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

## DIRECTORS' REMUNERATION

The details of remuneration of the Directors for the financial year ended 31<sup>st</sup> January, 2002 are as follows:-

	<b>Fees RM'000</b>	<b>Emoluments RM'000</b>	<b>Total Remuneration RM'000</b>
Executive Directors	48	483	531
Non-Executive Directors	58	47	105
Total	106	530	636

The number of Directors whose total remuneration falls within the following bands is as follows:-

	<b>Executive Directors</b>	<b>Non-Executive Directors</b>
Below RM50,000	1	3
RM50,001-RM100,000	0	1
RM100,001-RM250,000	1	0
RM250,001-RM350,000	1	0

## INVESTOR RELATIONS & SHAREHOLDER COMMUNICATION

The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Company. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

The Company has been using the Annual General Meeting, usually held in May/June each year, as a means of communicating with shareholders. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

Any queries or concerns regarding the Quality Concrete Group may be conveyed to the following persons:-

- i. Mr. Cheng Ah Teck @ Cheng Yik Lai, Independent Director  
Telephone number : 6082-237533  
Facsimile number : 6082-237977
- ii. Mr. Tiang Ching Kok, Group Managing Director  
Telephone number : 6082-206608  
Facsimile number : 6082-206607
- iii. Ms. Anne Kung Soo Ching, Executive Director  
Telephone number : 6082-206603  
Facsimile number : 6082-206607

## FINANCIAL REPORTING

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.



## INTERNAL CONTROL

The Directors acknowledge their responsibility for the Group's system of internal controls, which is designed to identify and manage the risks facing the businesses in pursuit of its objectives. The system of internal control covers risk management and financial, organizational, operational and compliance controls to safeguard shareholders' investments and the Group's assets. This system, by its nature, can only provide reasonable and not absolute assurance against misstatement or loss.

The key elements of the Group's internal control system are described below:-

- clearly defined delegation of responsibilities to Committees of the Board and the management of Group Head Office and operating units, including authorization levels for all aspects of the businesses. Each operating unit has clear accountabilities for ensuring that appropriate risk management and control procedures are in place. These delegations are subject to periodic review throughout the year as to their implementation and for their continuing suitability.
- Clearly documented internal procedures set out in the Operating Manuals and the Group Procedures and Authorities.
- Regular internal audit visits to monitor compliance with procedures and assess the integrity of financial information provided.
- Regular and comprehensive information provided to management, covering financial performance and key business indicators, such as staff utilization and cash flow performance.
- A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating units level and by the Board.
- Monitoring of results against budget, with major variances being followed up and management action taken, where necessary.
- Visits to operating units by members of the Board and senior management.

The Board undertakes ongoing reviews of the key commercial and financial risks facing the Group's businesses together with more general risks such as those relating to compliance with laws and regulations. The monitoring arrangements in place give reasonable assurance that the structure of controls and operation is appropriate to the Company's and the Group's situation and that there is an acceptable level of risk throughout the Group's businesses.

## RELATIONSHIP WITH THE AUDITORS

The role of Audit Committee in relation to the external auditors is stated on pages 8 to 10.

This statement is made in accordance with a resolution of the Board of Directors dated 13<sup>th</sup> May, 2002.



Tiang Ming Sing  
Chairman



Tiang Ching Kok  
Group Managing Director

## Statement on Directors' Responsibility

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and the profit or loss of the Company and the Group for the financial year. As required by the Act and the Listing Requirements of Kuala Lumpur Stock Exchange, the financial statements have been prepared in accordance with the applicable accounting standards in Malaysia and the provision of the Act.

The Directors consider that in preparing the financial statements for the year ended 31<sup>st</sup> January, 2002 set out on pages 25 to 47, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors have responsibility for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 13<sup>th</sup> May, 2002.



## Chairman's Statement



On behalf of the Board of Directors, I am very pleased to present the Company's Annual Report for the year ended 31<sup>st</sup> January, 2002.

### HIGHLIGHTS OF 2001

The Company saw the successful conclusion of its corporate exercises with the inclusion of Lee Ling Timber Products Sdn Bhd (LLTP) into the Group as its wholly owned subsidiary on 1<sup>st</sup> October, 2001.

LLTP was a significant contributor to the Group's financial performance for 2001 – 2002.

### FINANCIAL HIGHLIGHT

The Group achieved a consolidated profit before tax of RM8.47 million for the year ended 31<sup>st</sup> January, 2002 compared with RM9.64 million in the previous corresponding period of 2001. Turnover for the year stood at RM120.358 million.

The Group accounts have been consolidated under the merger method of accounting as if the companies had been combined throughout the current and previous financial periods. In last year's annual report, the Group reported a profit before tax of RM5.2 million for the year ended 31<sup>st</sup> January, 2001 and a turnover of RM87.822 million.

Of the operating entities, LLTP was a significant contributor, achieving a profit before tax of RM7.05 million. Other subsidiaries maintained their profit, whereas losses were recorded at the concrete division due to bad debt provisions.

### 2002 – 2003 PROSPECTS

The successful acquisition of LLTP in 2001 has greatly enhanced the Group's business activities and enabled the Group to seek new sources of profitable income. This diversification has enabled the Group to counter the effects of narrower margins at the concrete division.

Going forward into 2002 – 2003, the Group will see contribution from 5 business entities: concrete and concrete products from Quality Concrete Sdn Bhd; High Density Polyethylene (HDPE) pipes from Polyflow Pipes Sdn Bhd; Polypropylene bags from Kutex Sdn Bhd; housing development from Hong Wei Holdings Sdn Bhd; and wood and timber products from LLTP.



The additional activities of housing development and timber will be the Group's growth contributors in the coming year. Hong Wei's Summerville Villa successfully launched its 1<sup>st</sup> Phase in September 2001 and is expected to complete the project by end 2003. Within 6 months, some 70% of Phase I consisting of 60 units houses were sold. The company is confident that with the improvement in business confidence and business activities in Bintulu, it shall be able to achieve similar demand when Phase 2 is launched in mid 2002.

LLTP's management has continued to seek new markets overseas. Despite a fairly tough local market for timber products, LLTP has posted better profits and has achieved 7% profit in 2001. With the anticipated improvement in world markets, the export potential for LLTP will be greatly enhanced in the coming year. The

Government's efforts in increasing infrastructure expenditure has seen increased enquiries for the Group's construction related materials. On 11<sup>th</sup> June, 2002, the Company announced the acquisition of Agrowell Sdn Bhd which holds the rights to extract stone at Kakad Quarry. The addition of Agrowell greatly complements the Group's existing concrete and construction activities as well as the ability to supply many new road projects expected in the coming year.

I am therefore optimistic that 2002 – 2003 will see the Group continuing to achieve better results and improved performance in all its business activities.



## **ACKNOWLEDGMENT**

On behalf of the Board, I thank our shareholders, customers, bankers and government agencies for their support and confidence.

I also take this opportunity to thank our staff and employees for their dedication, service and commitment to the Company.

Lastly, to the Board of Directors, I am grateful for their support and guidance.



Tiang Ming Sing  
Chairman



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# Financial Statements



## Directors' report

The directors present their report together with the audited financial statements of the company and of the group for the year ended 31st January, 2002.

### Principal activities

The principal activities of the company are investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in note 2 to the financial statements.

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

### Financial results

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit/(loss) after taxation	6,893 =====	(1,612) =====

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

In the opinion of the directors, the results of the operations of the company and of the group during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

### Significant event

On 16th April, 2001, the authorised share capital of the company was increased from 50,000,000 ordinary shares of RM1.00 each to 100,000,000 ordinary shares of RM1.00 each by the creation of 50,000,000 ordinary shares of RM1.00 each.

On 1st October, 2001, the company completed the acquisition of the entire issued and paid-up share capital of Lee Ling Timber Products Sendirian Berhad comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,000,000 which was satisfied by the issuance of 20,000,000 new ordinary shares of RM1.00 each in the company at an issue price of RM2.00 each.

On 1st October, 2001, the issued and paid-up share capital of the company was increased from 30,000,000 ordinary shares of RM1.00 each to 50,000,000 ordinary shares of RM1.00 each at a premium of RM1.00 each as consideration for the acquisition of the entire equity in Lee Ling Timber Products Sendirian Berhad as set out in the Conditional Sale and Purchase Agreement and Supplementary Conditional Sale and Purchase Agreement dated 18th November, 1999 and 5th March, 2001 respectively.

On 8th October, 2001, the issued and paid-up share capital was increased from 50,000,000 ordinary shares of RM1.00 each to 51,000,000 ordinary shares of RM1.00 each at a premium of RM0.23 each by the allotment of 1,000,000 ordinary shares of RM1.00 each.

On 26th November, 2001, the issued and paid-up share capital was increased from 51,000,000 ordinary shares of RM1.00 each to 56,800,000 ordinary shares of RM1.00 each at a premium of RM0.23 each by the allotment of 5,800,000 ordinary shares of RM1.00 each.

### Directors

The names of the directors of the company in office since the date of the last report and at the date of this report are:

Tiang Ming Sing  
Tiang Ching Kok  
Anne Kung Soo Ching  
Hajjah Raziah @ Rodiah Binti Mahmud  
Alfred Ong Sze Lee  
Cheng Ah Teck @ Cheng Yik Lai  
Robin Lo Bing

[Appointed on 2.1.2002]

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the company is a party whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

The following directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the company as stated below:

	Ordinary shares of RM1.00 each					
	Shareholdings registered in the names of directors			Shareholdings in which directors are deemed to have an interest		
	At 1.2.2001	Bought during the year	Sold	At 31.1.2002	At 1.2.2001	At 31.1.2002
Tiang Ming Sing	1,098,000	7,000,000	-	8,098,000	5,073,000	9,874,000
Tiang Ching Kok	-	-	-	-	-	15,099,000
Hajjah Raziah @ Rodiah Binti Mahmud	22,000	2,000,000	-	2,022,000	-	-
Robin Lo Bing	22,000	200,405	-	222,405	-	-

By virtue of his interest in shares of the company, Tiang Ming Sing is also deemed interested in the shares of the subsidiary companies to the extent of the company's interest in these companies.

None of the other directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares in the company or its related corporations during the financial year.

Since the end of the previous financial year no director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the company or a related company) by reason of a contract made by the company or a related corporation with any 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 required to be disclosed by Section 169(8) of the Companies Act, 1965 other than a deemed benefit arising from transactions disclosed in Note 26 to the financial statements.

#### Other statutory information

- (a) Before the income statements and balance sheets of the company and of the group were made out, the directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have 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 which would render:
- (i) the amount of bad debts written off or the amount of the provision for doubtful debts of the company and of the group inadequate to any substantial extent; or
  - (ii) the values attributed to current assets in the financial statements of the company and of the group misleading.



- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the company and of the group which would render any amount stated in the financial statements and consolidated financial statements misleading.
- (e) As at the date of this report there does not exist:
  - (i) any charge on the assets of the company or of the group which 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 company or of the group which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the company or of the group to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the company or of the group for the financial year in which this report is made.

#### **Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

  
**Tiang Ming Sing**  
Director

  
**Cheng Ah Teck @ Cheng Yik Lai**  
Director

Date: 15 May 2002

## Statement by directors

We, **Tiang Ming Sing** and **Cheng Ah Teck @ Cheng Yik Lai**, being two of the directors of **Quality Concrete Holdings Berhad**, state that in the opinion of the directors, the financial statements set out on pages 25 to 47 are drawn up in accordance with approved accounting standards so as to give a true and fair view of:

- (i) the financial position of the company and of the group as at 31st January, 2002 and of the results of the company and of the group for the year ended on that date; and
- (ii) the cash flows of the company and of the group for the year ended 31st January, 2002.

On behalf of the Board,

**Tiang Ming Sing**  
Director

**Cheng Ah Teck @ Cheng Yik Lai**  
Director


## Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Anne Kung Soo Ching**, the director primarily responsible for the financial management of **Quality Concrete Holdings Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 25 to 47 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Anne Kung Soo Ching**

Subscribed and solemnly declared by  
the abovenamed **Anne Kung Soo Ching**  
at Kuching in the State of Sarawak  
on 15 May 2002

Before me,

  
**CHUA HIAN CHONG**  
Commissioner For Oaths  
Lot 417, (1st Floor)  
Lorong 1, Off Rubber Road,  
93400 Kuching, Sarawak.





## Report of the auditors to the members of Quality Concrete Holdings Berhad

We have audited the financial statements set out on pages 25 to 47. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements 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 financial position of the company and of the group as at 31st January, 2002 and of the results of the company and of the group and the cash flows of the company and of the group for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements.
- (b) the accounting and other records and the registers required by the Act to be kept by the company and by its subsidiaries for which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' Reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.



**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants



**YONG VOON KAR**  
1769/04/04 (J/PH)  
Partner

Kuching, Malaysia.

Date: 15 May 2002



## Income statements

for the year ended 31st January, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Revenue</b>	3	120,358	120,034	3,208	1,572
Cost of sales		(92,473)	(96,055)	-	-
<b>Gross profit</b>		27,885	23,979	3,208	1,572
Other operating income		567	1,191	220	742
Selling expenses		(6,461)	(3,427)	-	-
Administrative expenses		(3,846)	(3,493)	(1,109)	(980)
Other operating expenses		(7,697)	(4,603)	(2,869)	(266)
<b>Profit/(loss) from operations</b>		10,448	13,647	(550)	1,068
Finance costs		(1,979)	(2,177)	(462)	(847)
<b>Profit/(loss) before taxation</b>	4	8,469	11,470	(1,012)	221
Taxation	5	(1,576)	(1,830)	(600)	(197)
<b>Profit/(loss) after taxation</b>		6,893	9,640	(1,612)	24
<b>Earnings per share - basic (sen)</b>	6	13.4	19.3		

The notes set out on pages 30 to 47 form an integral part of the financial statements.



## Balance sheets

as at 31st January, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Non-current assets</b>					
Property, plant and equipment	7	61,539	62,789	7,487	8,573
Investments in subsidiary companies	8	-	-	68,633	28,566
Other investments	9	11,509	13,275	11,509	13,275
Land held for development	10	-	11,313	-	-
<b>Current assets</b>					
Stocks	11	21,442	16,955	-	-
Land and development work-in-progress	12	15,116	-	-	-
Trade debtors	13	49,408	50,343	609	609
Other debtors, deposits and prepayments	14	9,974	7,506	2,195	2,116
Amount due from subsidiary companies	8	-	-	11,841	4,916
Cash and bank balances		1,387	171	3	9
		<u>97,327</u>	<u>74,975</u>	<u>14,648</u>	<u>7,650</u>
<b>Current liabilities</b>					
Amount due to bankers	15	26,512	28,192	1,696	2,696
Trade creditors		12,756	6,796	-	-
Other creditors and accruals		7,249	11,487	3,175	3,991
Term loans	16	1,116	1,481	-	584
Lease creditors	17	719	733	-	-
Amount due from subsidiary companies	8	-	-	5,606	2,440
Proposed dividend		-	2,880	-	-
Provision for taxation		442	287	-	-
		<u>48,794</u>	<u>51,856</u>	<u>10,477</u>	<u>9,711</u>
<b>Net current assets/(liabilities)</b>		<u>48,533</u>	<u>23,119</u>	<u>4,171</u>	<u>(2,061)</u>
		<u>121,581</u>	<u>110,496</u>	<u>91,800</u>	<u>48,353</u>
Financed by:					
Share capital	18	56,800	50,000	56,800	30,000
Reserves	19	57,964	50,336	35,000	15,810
<b>Shareholders' equity</b>		<u>114,764</u>	<u>100,336</u>	<u>91,800</u>	<u>45,810</u>
<b>Long-term and deferred liabilities</b>					
Term loans	16	3,306	6,005	-	2,543
Land premium payable		162	325	-	-
Lease creditors	17	496	817	-	-
Deferred taxation	20	2,853	3,013	-	-
		<u>6,817</u>	<u>10,160</u>	<u>-</u>	<u>2,543</u>
		<u>121,581</u>	<u>110,496</u>	<u>91,800</u>	<u>48,353</u>

The notes set out on pages 30 to 47 form an integral part of the financial statements.

## Statements of changes in equity

for the year ended as at 31st January, 2002

<b>Group</b>	<b>Share capital RM'000</b>	<b>Revenue reserve RM'000</b>	<b>Share premium reserve RM'000</b>	<b>Revaluation reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Total RM'000</b>
Balance at 1st February, 2000	50,000	1,003	23,838	17,822	-	92,663
Profit for the year	-	9,640	-	-	-	9,640
Dividend	-	(2,880)	-	-	-	(2,880)
Arising from consolidation	-	-	-	-	913	913
Balance at 31st January, 2001	50,000	7,763	23,838	17,822	913	100,336
Profit for the year	-	6,893	-	-	-	6,893
Issuance of shares	6,800	-	802	-	-	7,602
Arising from consolidation	-	-	-	-	(67)	(67)
Balance at 31st January, 2002	56,800	14,656	24,640	17,822	846	114,764

<b>Company</b>	<b>Share capital RM'000</b>	<b>Revenue reserve RM'000</b>	<b>Share premium reserve RM'000</b>	<b>Total RM'000</b>
Balance at 1st February, 2000	30,000	11,948	3,838	45,786
Profit for the year	-	24	-	24
Balance at 31st January, 2001	30,000	11,972	3,838	45,810
Loss for the year	-	(1,612)	-	(1,612)
Issuance of shares	26,800	-	20,802	47,602
Balance at 31st January, 2002	56,800	10,360	24,640	91,800

The notes set out on pages 30 to 47 form an integral part of the financial statements.

**Cash flow statements**

for the year ended 31st January, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Cash flows from operating activities</b>					
Profit/(loss) before taxation		8,469	11,470	(1,012)	221
Adjustments for:					
Provision for doubtful debts		2,278	818	-	-
Provision for stocks obsolescence		20	-	-	-
Depreciation of property, plant and equipment		4,915	4,165	310	129
Interest expense		1,895	2,125	454	842
Bad debts written off		110	-	-	-
Loss/(gain) on disposal of property, plant and equipment		17	(86)	-	-
Loss/(gain) on disposal of quoted investments		2,525	(568)	2,525	(568)
Gross dividend income		(58)	(71)	(3,058)	(1,326)
Interest income		(149)	(155)	-	-
		<u>20,022</u>	<u>17,698</u>	<u>(781)</u>	<u>(702)</u>
Operating profit/(loss) before working capital changes					
Increase in development work-in-progress		(3,723)	-	-	-
Increase in stocks		(4,506)	(2,544)	-	-
Increase in debtors		(3,228)	(13,429)	(105)	(430)
Increase/(decrease) in creditors		1,534	2,040	(816)	(1,514)
(Increase)/decrease in amount due from subsidiary companies		-	-	(3,760)	8,606
		<u>10,099</u>	<u>3,765</u>	<u>(5,462)</u>	<u>5,960</u>
Cash generated from/(utilised in) operations					
Interest paid		(1,976)	(2,125)	(454)	(842)
Taxation paid		(2,260)	(2,330)	-	-
Taxation refunded		23	124	-	124
		<u>5,886</u>	<u>(566)</u>	<u>(5,916)</u>	<u>5,242</u>
Net cash from/(used in) operating activities					
<b>Cash flows from investing activities</b>					
Purchase of quoted shares		(3,251)	(1,606)	(3,251)	(1,606)
Proceeds from disposal of quoted investments		2,492	1,669	2,492	1,669
Purchase of property, plant and equipment		(4,180)	(4,445)	(80)	(241)
Proceeds from disposal of property, plant and equipment		123	310	-	3
Acquisition of investment in subsidiary companies		(67)	(7,103)	(40,067)	(5,000)
Dividend received		45	53	2,485	958
Interest received		149	155	-	-
		<u>(4,689)</u>	<u>(10,967)</u>	<u>(38,421)</u>	<u>(4,217)</u>
Net cash used in investing activities					

## Cash flow statements

for the year ended 31st January, 2002 (contd.)

Note	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares	7,602	-	47,602	-
Repayment of lease creditors	(816)	(699)	-	-
Term loans obtained	850	5,408	-	3,557
Repayment of term loans	(3,058)	(4,336)	(2,271)	(3,637)
Dividend paid	(2,880)	-	-	-
Net (repayment)/proceeds from bankers' acceptances and revolving credit	(2,807)	10,540	-	-
Net cash (used in)/from financing activities	(1,109)	10,913	45,331	(80)
<b>Net increase/(decrease) in cash and cash equivalents</b>	88	(620)	994	945
<b>Cash and cash equivalents at the beginning of the year</b>	(5,595)	(4,975)	(2,687)	(3,632)
<b>Cash and cash equivalents at the end of the year</b>	21 (5,507)	(5,595)	(1,693)	(2,687)
<b>Analysis of acquisition of a subsidiary:</b>				
			Group	
			2002 RM'000	2001 RM'000
Non-current asset			-	11,313
Current liabilities			-	(3,400)
Net assets acquired			-	7,913
Capital reserve on acquisition			-	(913)
Purchase consideration			-	7,000
Less: Cash deposit paid in prior year			-	(2,000)
Net cash paid on acquisition of a subsidiary			-	5,000

The notes set out on pages 30 to 47 form an integral part of the financial statements.

## Notes to the financial statements

31st January, 2002

### 1. Significant accounting policies

#### 1.1 Basis of accounting

The financial statements of the company and of the group are prepared under the historical cost convention modified to include the revaluation of certain landed properties (unless as otherwise indicated in the significant accounting policies), and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies for the year ended 31st January, 2002. The subsidiary companies are consolidated on the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 except for Hong Wei Holdings Sdn. Bhd. which is consolidated on the acquisition method of accounting.

- (i) Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal.

Goodwill or reserve arising on consolidation represents the difference between the acquisition costs of shares in the subsidiaries and the fair values of assets acquired at the date of acquisition.

- (ii) Under the merger method of accounting, the results of the subsidiaries are presented as if the companies had been combined throughout the current and previous financial periods.

The difference between the cost of acquisition and the nominal value of the share capital and share premium of the subsidiaries is dealt with through reserves.

#### 1.3 Subsidiary companies

A subsidiary company is a company in which the group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies are stated at cost unless in the opinion of the directors, there has been a permanent decline in value in which case provision is made for the diminution in value.

Dividend income from investment in subsidiary companies is accounted for in the company's income statement as and when declared.

#### 1.4 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or revalued amount, less accumulated depreciation.

No depreciation is provided on an asset until the asset is put into use.

No amortisation is made on long leasehold land. Short leasehold land is amortised over the remaining lease period of the land. Other property, plant and equipment are written off over their estimated useful lives on a straight line basis.

The estimated useful lives are as follows:

Buildings	-	4 - 50 years
Renovation	-	10 years
Plant and machinery	-	2 - 10 years
Motor vehicles	-	4 - 10 years
Office furniture and equipment	-	3 - 10 years
Operating equipment	-	10 years

## Notes to the financial statements

31st January, 2002

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

### **1.5 Investments**

Investments are stated at cost unless in the opinion of the directors, there has been a permanent decline in value in which case provision is made for the diminution in value.

Income arising on these investments is included in the income statements as and when received.

### **1.6 Land and development work-in-progress**

The land under development is stated at valuation.

Development work-in-progress is valued at cost or cost plus attributable profit or loss as applicable. Cost comprises cost of materials, labour and attributable overheads.

### **1.7 Capitalisation of borrowing costs**

Interest on borrowed funds utilised for construction of property, plant and equipment that require a substantial period of time to get them ready for their intended use is capitalised as part of the cost of the property, plant and equipment up to the date of their completion.

Interest on borrowed funds utilised for construction of projects that require substantial period of time to get them ready for their intended sale is capitalised as part of the cost of the projects up to the date of project completion.

### **1.8 Debtors**

Known bad debts are written off and specific provision is made for any debts considered to be doubtful of collection.

### **1.9 Leases**

Assets under finance lease facilities that give rights approximating to ownership are capitalised in the financial statements and the corresponding obligation treated as a liability. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. The total interest, being the difference between the total instalments payable and the capitalised amount, is charged to the income statements over the period of the lease in proportion to the balance of capital repayments outstanding.

Leases which do not meet such criteria are classified as operating leases and the related rentals are charged to the income statements as incurred.

### **1.10 Stocks**

Stocks are stated at the lower of cost and net realisable value and are valued on a first-in-first-out basis. In arriving at the net realisable value due allowance is made for all damaged, obsolete and slow-moving items.

Finished goods and work-in-progress include cost of materials, direct labour and an appropriate proportion of fixed and variable factory overheads.

### **1.11 Deferred taxation**

Provision is made using the liability method for taxation deferred due to timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in



## Notes to the financial statements

31st January, 2002

the foreseeable future. Timing differences that would result in a debit to the deferred tax balance are not recorded unless there is a reasonable expectation of their realisation.

### **1.12 Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement represent fixed deposits, cash and bank balances and bank overdrafts.

Cash comprises cash on hand and demand deposits. Cash equivalents are 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.

### **1.13 Foreign currencies**

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All exchange differences thus arising are dealt with in the income statement.

### **1.14 Income recognition**

Income from sales of goods is recognised when goods are delivered and invoiced.

### **1.15 Recognition of income from development projects**

Profits on long-term development projects are recorded on the basis of the company's estimates of the percentage of completion of individual projects on units that have been sold, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. That portion of the total selling price is accrued which is allocable, on the basis of the company's estimates of the percentage of completion, to project expenditures incurred and work performed.

The percentage of completion is determined based on the cost incurred to date over total estimated cost.

As those long-term projects extend over one or more years, revisions in cost and profit estimates during the course of the work are reflected in the accounting year in which the facts which require the revision become known.

Profits on short-term projects are recorded on the substantial completion of each project.

At the time a loss on a project becomes known, the entire amount of the estimated ultimate loss on both short-term and long-term projects is accrued.

## **2. General**

The company is incorporated in Malaysia and its principal activities are investment holding and the provision of management services. There have been no significant changes in the nature of these activities during the year.

The financial statements of the company and the group are expressed in Ringgit Malaysia.



## Notes to the financial statements

31st January, 2002

Details of subsidiary companies as at 31st January, 2002 are:

Name of company	Principal activities	Country of incorporation	Percentage of equity held	
			2002	2001
Quality Concrete Sdn. Bhd.	Manufacture and sale of ready-mixed concrete and cement products and trading of goods	Malaysia	100%	100%
Polyflow Pipes Sdn. Bhd.	Manufacture and sale of high density polyethylene pipes and fittings	Malaysia	100%	100%
Kutex Sdn. Bhd.	Manufacture and sale of woven polypropylene bags and polyethylene liners	Malaysia	100%	100%
Hong Wei Holdings Sdn. Bhd.	Property development	Malaysia	100%	100%
Lee Ling Timber Products Sendirian Berhad	Sawmilling and manufacturing of other downstream timber products and lamination products	Malaysia	100%	-

### 3. Revenue

Revenue of the group represents dividend income, invoiced trading sales after allowance for goods returned and trade discounts, and commission earned.

Revenue of the company represents management fees received and dividend income.

The significant categories of revenue recognised during the year are as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Manufacturing and premixing	99,914	110,851	-	-
Trading	20,386	9,135	-	-
Investment and management services	58	48	3,208	1,572
	<u>120,358</u>	<u>120,034</u>	<u>3,208</u>	<u>1,572</u>
	=====	=====	=====	=====

## Notes to the financial statements

31st January, 2002

### 4. Profit/(loss) before taxation

(a) This is stated after charging/(crediting):

Auditors' remuneration				
- current year provision	59	73	12	12
- underprovision in previous year	-	8	-	-
Bad debts written off	110	-	-	-
Depreciation of property, plant and equipment	4,915	4,165	310	129
Directors' fees	211	175	34	56
Directors' other emoluments	681	628	462	387
Hire of plant and machinery	35	23	10	10
Loss/(gain) on disposal of property, plant and equipment	17	(86)	-	-
Loss/(gain) on disposal of quoted investments	2,525	(568)	2,525	(568)
Interest expenses	1,895	2,125	454	842
Provision for doubtful debts	2,278	818	-	-
Rental expense	408	348	52	52
Rental income	(107)	(173)	(186)	(174)
Dividend income				
- investment in subsidiary companies	-	-	(3,000)	(1,255)
- others	(58)	(71)	(58)	(71)
Interest income	(149)	(155)	-	-
	=====	=====	=====	=====
(b) Employee information				
Staff costs	8,265	7,462	741	617
	=====	=====	=====	=====
Number of employees at the end of the year	655	594	9	6
	=====	=====	=====	=====

### 5. Taxation

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Based on result for the year	1,986	1,429	600	180
Deferred taxation	(160)	275	-	-
(Over)/under provision in prior years	(250)	126	-	17
	-----	-----	-----	-----
	1,576	1,830	600	197
	=====	=====	=====	=====

The disproportionate tax charge for the company is due to the disallowance of certain expenses for tax purposes.

The effective tax rate for the group is lower than the statutory tax rate in Malaysia of 28% because certain subsidiary companies qualify for reinvestment tax allowance in respect of certain capital expenditure, and one subsidiary company has been granted pioneer status under the Promotion of Investment Act, 1986 for its woodworking division. Tax savings for which credit was taken during the year as a result of the realisation of reinvestment allowance brought forward amounted to approximately RM80,000 (2001:RM830,000).

## Notes to the financial statements

31st January, 2002

**6. Earnings per share**

The earnings per share for the group is calculated based on the profit after taxation of RM6,893,000 (2001: RM9,640,000) on the weighted average number of ordinary shares in issue during the year of 51,300,000 (2001: 50,000,000).

**7. Property, plant and equipment**

	<b>Lease- hold land and buildings</b>	<b>Re-no- vation</b>	<b>Plant and mach- inery</b>	<b>Motor vehicles</b>	<b>Office furni- ture and equip- ment</b>	<b>Operating equip- ment</b>	<b>Total</b>
<b>Group</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>							
At 1.2.2001	42,977	85	28,648	12,460	1,280	989	86,439
Additions	422	-	3,262	488	114	375	4,661
Disposals	(7)	-	(173)	(39)	(20)	(22)	(261)
Adjustment for interest waived	(856)	-	-	-	-	-	(856)
Reclassification	(79)	-	43	43	(7)	-	-
At 31.1.2002	<u>42,457</u>	<u>85</u>	<u>31,780</u>	<u>12,952</u>	<u>1,367</u>	<u>1,342</u>	<u>89,983</u>
<b>Accumulated depreciation</b>							
Charge for 2001	605	9	2,368	1,014	106	63	4,165
At 1.2.2001	1,931	17	13,455	7,178	741	328	23,650
Charge for the year	824	8	2,819	1,046	112	106	4,915
Disposals	-	-	(83)	(23)	(15)	-	(121)
Reclassification	8	-	(15)	7	-	-	-
At 31.1.2002	<u>2,763</u>	<u>25</u>	<u>16,176</u>	<u>8,208</u>	<u>838</u>	<u>434</u>	<u>28,444</u>
<b>Net book value</b>							
At 31.1.2002	<u>39,694</u>	<u>60</u>	<u>15,604</u>	<u>4,744</u>	<u>529</u>	<u>908</u>	<u>61,539</u>
At 31.1.2001	<u>41,046</u>	<u>68</u>	<u>15,193</u>	<u>5,282</u>	<u>539</u>	<u>661</u>	<u>62,789</u>

## Notes to the financial statements

31st January, 2002

### 7. Property, plant and equipment (contd.)

Company	Leasehold land and building RM'000	Renovation RM'000	Motor vehicles RM'000	Furniture and equipment RM'000	Total RM'000
<b>Cost</b>					
At 1.2.2001	8,416	85	335	141	8,977
Additions	79	-	-	1	80
Adjustment for interest waived	(856)	-	-	-	(856)
At 31.1.2002	<u>7,639</u>	<u>85</u>	<u>335</u>	<u>142</u>	<u>8,201</u>
<b>Accumulated depreciation</b>					
Charge for 2001	73	9	33	14	129
At 1.2.2001	219	17	134	34	404
Charge for the year	254	8	33	15	310
At 31.1.2002	<u>473</u>	<u>25</u>	<u>167</u>	<u>49</u>	<u>714</u>
<b>Net book value</b>					
At 31.1.2002	<u>7,166</u>	<u>60</u>	<u>168</u>	<u>93</u>	<u>7,487</u>
At 31.1.2001	<u>8,197</u>	<u>68</u>	<u>201</u>	<u>107</u>	<u>8,573</u>

#### Analysis of cost/valuation:

##### Group

	Long leasehold land RM'000	Short leasehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office furniture and equipment RM'000	Operating equipment RM'000	Total RM'000
At 31.1.2002									
Cost	458	7,778	10,221	85	31,780	12,952	1,367	1,342	65,983
At valuation, 1999	10,000	-	14,000	-	-	-	-	-	24,000
	<u>10,458</u>	<u>7,778</u>	<u>24,221</u>	<u>85</u>	<u>31,780</u>	<u>12,952</u>	<u>1,367</u>	<u>1,342</u>	<u>89,983</u>
At 31.1.2001									
Cost	458	8,555	9,964	85	28,648	12,460	1,280	989	62,439
At valuation, 1999	10,000	-	14,000	-	-	-	-	-	24,000
	<u>10,458</u>	<u>8,555</u>	<u>23,964</u>	<u>85</u>	<u>28,648</u>	<u>12,460</u>	<u>1,280</u>	<u>989</u>	<u>86,439</u>

## Notes to the financial statements

31st January, 2002

**7. Property, plant and equipment (contd.)****Company**

	<b>Short leasehold land</b>	<b>Renovation</b>	<b>Motor vehicles</b>	<b>Office furniture and equipment</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000
At 31.1.2002					
Cost	7,639	85	335	142	8,201
	=====	=====	=====	=====	=====
At 31.1.2001					
Cost	8,416	85	335	141	8,977
	=====	=====	=====	=====	=====

Included in property, plant and equipment are landed properties of the company and the group amounting to RM7,166,000 (2001: RM8,196,000) and RM37,284,000 (2001: RM38,480,000) respectively which have been charged as securities for loans extended to the company and group as disclosed in note 16.

Included in property, plant and equipment of the group are motor vehicles and plant and machineries acquired under instalment payment plans with a net book value of RM500,024 (2001: RM371,871) and RM1,564,996 (2001: RM2,240,314) respectively.

The title to certain leasehold land belonging to a subsidiary company has yet to be issued by the relevant authorities.

Land cost of the company and group includes interest cost capitalised amounting to RM990,000 (2001: RM1,846,000). The amount capitalised was reduced by RM856,000 during the year due to waiver of interest by the lender upon early settlement of loan by the company.

The valuation of the long leasehold land and buildings of a subsidiary company was adopted by its directors based on independent valuation carried out by professional valuers during the year ended 31st December, 1999 on an open market value basis. The surplus on revaluation was credited to revaluation reserve.

**8. Subsidiary companies**

	<b>2002</b>	<b>Company</b>	<b>2001</b>
	RM'000		RM'000
Unquoted shares in subsidiary companies, at cost	68,633		28,566
	=====		=====
Amount due from subsidiary companies	11,841		4,916
	=====		=====
Amount due to subsidiary companies	(5,606)		(2,440)
	=====		=====

The amounts due from/(to) subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

The effect of the acquisition on the financial results of the Group is shown as follows:

	<b>2002</b>	<b>Group</b>	<b>2001</b>
	RM'000		RM'000
Other operating income	-		4,405
Administrative expenses	-		(3,670)
	=====		=====
Increase in Group net profit	-		735
	=====		=====

## Notes to the financial statements

31st January, 2002

The effect of the acquisition on the financial position of the Group is as follows:

	<b>2002</b> RM'000	<b>Group</b> <b>2001</b> RM'000
Land held for development	-	11,313
Cash and bank balances	-	1
Amount due to a director	-	(498)
Trade creditors	-	(53)
Other creditors	-	(2,742)
	<u>-</u>	<u>8,021</u>
	=====	=====

### 9. Other investments

	<b>2002</b> RM'000	<b>Group/Company</b> <b>2001</b> RM'000
Quoted shares and warrants of corporations in Malaysia		
At cost:		
- shares	8,680	8,126
- warrants	2,829	5,149
	<u>11,509</u>	<u>13,275</u>
	=====	=====
Market value:		
- shares in Malaysia	6,078	4,252
- warrants	870	2,117
	<u>6,948</u>	<u>6,369</u>
	=====	=====

The directors are of the opinion that there is no permanent diminution in value of the quoted investments.

### 10. Land held for development

	<b>2002</b> RM'000	<b>Group</b> <b>2001</b> RM'000
Short leasehold land, at valuation	-	11,000
Development costs	-	313
	<u>-</u>	<u>11,313</u>
	=====	=====

## Notes to the financial statements

31st January, 2002

**11. Stocks**

	<b>Company</b>	
	<b>2002</b>	<b>2001</b>
	RM'000	RM'000
At cost:		
Raw materials	3,657	4,684
Sawn timber	6,405	1,800
Semi-finished and finished goods	8,503	7,251
Spare parts and consumables	1,139	947
Properties held for resale	1,900	2,273
	<u>21,604</u>	<u>16,955</u>
Provision for obsolete stocks	(162)	-
	<u>21,442</u>	<u>16,955</u>
	=====	=====

Properties held for resale by a subsidiary company amounting to RM1,680,000 (2001: RM1,680,000) have been pledged as security for banking facilities granted to the subsidiary company.

**12. Land and development work-in-progress**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	RM'000	RM'000
Short-term leasehold land, at valuation	11,000	-
Development work-in-progress, at cost	4,513	-
Progress payment received and receivable	(397)	-
	<u>15,116</u>	<u>-</u>
	=====	=====
Included in costs incurred to date are the following expenses incurred during the year:		
Interest expense	81	-
Rental	3	-
Depreciation	1	-
Hire of equipment	2	-
	<u>87</u>	<u>-</u>
	=====	=====

The revaluation of the short leasehold land was adopted by the directors of the subsidiary company based on an independent valuation carried out by a firm of professional valuers in the subsidiary company's financial year ended 31st December, 1999 on the comparison and residual basis. The surplus arising from the revaluation has been credited to revaluation reserve of the subsidiary company.

**13. Trade debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	RM'000	RM'000	RM'000	RM'000
Trade debtors	52,812	52,179	609	609
Provision for doubtful debts	(3,404)	(1,836)	-	-
	<u>49,408</u>	<u>50,343</u>	<u>609</u>	<u>609</u>
	=====	=====	=====	=====

## Notes to the financial statements

31st January, 2002

### 14. Other debtors, deposits and prepayments

Other debtors, deposits and prepayments	8,685	6,885	1,952	1,847
Tax recoverable	1,289	621	243	269
	<u>9,974</u>	<u>7,506</u>	<u>2,195</u>	<u>2,116</u>
	=====	=====	=====	=====

Included in other debtors, deposits and prepayments for the group and the company is an amount of RM463,282 (2001: RM463,282) representing shortfall in profit guarantee receivable from certain shareholders of the company. The amounts are receivable in accordance with the provisions of the Profit Guarantee and Stakeholders' Agreement entered into between the company, the guarantors and HSBC (M) Trustee Berhad arising from the listing of the company's shares on the Kuala Lumpur Stock Exchange. This amount shall be recovered upon the sale of the shares currently pledged with the trustee.

### 15. Amount due to bankers

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Secured:				
Bank overdraft	3,568	1,119	-	-
Unsecured:				
Bank overdraft	3,326	4,647	1,696	2,696
Bankers' acceptances	18,618	22,426	-	-
Revolving credit	1,000	-	-	-
	<u>22,944</u>	<u>27,073</u>	<u>1,696</u>	<u>2,696</u>
	<u>26,512</u>	<u>28,192</u>	<u>1,696</u>	<u>2,696</u>
	=====	=====	=====	=====

The secured bank overdraft is secured by a floating debenture of RM3 million over all the assets of a subsidiary company incorporating a fixed charge on the landed property of the subsidiary company.

The amount due to bankers bear interest at rates ranging from 3.0% to 8.8% (2001: 3.0% to 8.8%) per annum.

### 16. Term loans

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Repayable within 1 year	1,116	1,481	-	584
Between 1 and 2 years	1,286	1,609	-	596
Between 2 and 5 years	2,020	4,200	-	1,797
After 5 years	-	196	-	150
	<u>3,306</u>	<u>6,005</u>	<u>-</u>	<u>2,543</u>
	<u>4,422</u>	<u>7,486</u>	<u>-</u>	<u>3,127</u>
	=====	=====	=====	=====

(i) The term loan of the company was settled during the year.

(ii) The term loan of RM1,056,000 (2001: RM1,186,000) of a subsidiary company is secured by a deed of assignment over certain landed properties of the subsidiary, and first party first and second legal charges



## Notes to the financial statements

31st January, 2002

to be created over the said properties upon issuance of strata titles. The loan carries interest at 7.65% to 8.05% (2001: 8.05%) per annum above the lender's base lending rate and is repayable by 72 monthly instalments commencing September, 2000.

- (iii) Term loans of RM3,090,000 (2001: RM3,173,000) of another subsidiary company are secured by a fixed charge over certain machinery, equipment and factory building of the subsidiary company to which the loans are granted, and land belonging to the company. The first loan bears interest at the rate of 6.5% per annum and is repayable by 60 monthly instalments commencing January, 2000. The second loan bears interest at 7.0% per annum monthly rests and is repayable by 48 monthly instalments commencing February, 2002. The third loan, which was obtained during the year, bears interest at 6.25% per annum monthly rests and is repayable by 48 monthly instalments commencing November, 2002.
- (iv) The term loan of RM276,000 of a subsidiary company, which was obtained during the year, is secured by a debenture covering a first fixed charge over certain machinery of the company, bears interest at 4% per annum yearly rests and is repayable by 36 monthly instalments commencing December, 2001.

### 17. Lease creditors

	Group	
	2002 RM'000	2001 RM'000
Minimum lease payments		
- Repayable within one year	811	827
- Repayable after one year but within five years	527	927
	<u>1,338</u>	<u>1,754</u>
Future finance charges on finance leases	(123)	(204)
Present value of finance lease liabilities	<u>1,215</u>	<u>1,550</u>
	=====	=====
Present value of finance lease		
- Repayable within one year (shown under current liabilities)	719	733
- Repayable after one year but within five years (shown under long-term and deferred liabilities)	496	817
	<u>1,215</u>	<u>1,550</u>
	=====	=====

### 18. Share capital

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Authorised:</b>				
Ordinary shares of RM1.00 each				
At 1st February	50,000	50,000	50,000	50,000
Created during the year	50,000	-	50,000	-
	<u>100,000</u>	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>
	=====	=====	=====	=====
<b>Issued and fully paid:</b>				
Ordinary shares of RM1.00 each				
At 1st February	50,000	50,000*	30,000	30,000
Issued during the year	6,800	-	26,800	-
	<u>56,800</u>	<u>50,000</u>	<u>56,800</u>	<u>30,000</u>
	=====	=====	=====	=====

## Notes to the financial statements

31st January, 2002

\* Under the merger method of accounting, the 20 million shares issued at RM2 for ordinary shares of RM1 each for the acquisition of 100% equity interest in the subsidiary, Lee Ling Timber Products Sendirian Berhad are assumed to be in issue throughout the previous financial periods.

### 19. Reserves

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non-distributable:				
Share premium reserve	24,640	23,838*	24,640	3,838
Capital reserve	846	913	-	-
Revaluation reserve	17,822	17,822	-	-
	<u>43,308</u>	<u>42,573</u>	<u>24,640</u>	<u>3,838</u>
Distributable:				
Revenue reserve	<u>14,656</u>	<u>7,763</u>	<u>10,360</u>	<u>11,972</u>
Total reserves	<u>57,964</u> =====	<u>50,336</u> =====	<u>35,000</u> =====	<u>15,810</u> =====

\* Under the merger method of accounting, the 20 million shares issued at RM2 for ordinary shares of RM1 each for the acquisition of 100% equity interest in the subsidiary, Lee Ling Timber Products Sendirian Berhad are assumed to be in issue throughout the previous financial periods.

Movements in reserves are shown in the statements of changes in equity.

(i) Unappropriated profits are retained by:

	Group	
	2002 RM'000	2001 RM'000
The company	10,360	11,972
Subsidiary companies	<u>4,296</u>	<u>(4,209)</u>
	<u>14,656</u> =====	<u>7,763</u> =====

(ii) Based on the estimated tax credits available, approximately RM6.0 million (2001: RM4.5 million) of the revenue reserve of the company is available for distribution by way of dividends without incurring additional tax liability. In addition, the company has tax exempt credit estimated at RM1.7 million (2001: RM1.7 million) which is available for distribution as tax exempt dividends. These amounts are subject to agreement by the Inland Revenue Board.

(iii) the revaluation reserve represents surplus on revaluation of certain landed properties of a subsidiary company.

## Notes to the financial statements

31st January, 2002

**20. Deferred taxation**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	RM'000	RM'000
Balance at 1st February	3,013	2,738
Transfer (to)/from income statement	(160)	275
	<u>2,853</u>	<u>3,013</u>
	=====	=====

The deferred taxation is respect of timing difference between depreciation and corresponding capital allowance on property, plant and equipment.

**21. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	1,387	171	3	9
Bank overdrafts	(6,894)	(5,766)	(1,696)	(2,696)
	<u>(5,507)</u>	<u>(5,595)</u>	<u>(1,693)</u>	<u>(2,687)</u>
	=====	=====	=====	=====

**22. Capital commitments**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	RM'000	RM'000
Authorised capital expenditure not provided for in the financial statements:		
- approved and contracted for	920	855
- approved but not contracted for	280	500
	<u>1,200</u>	<u>1,355</u>
	=====	=====

**23. Contingent liabilities**

	<b>Group</b>	
	<b>2002</b>	<b>2001</b>
	RM'000	RM'000
Unsecured guarantees in respect of banking and credit facilities granted to subsidiary companies	55,884	46,823
	<u>55,884</u>	<u>46,823</u>
	=====	=====



## Notes to the financial statements

31st January, 2002

**24. Segmental reporting**

	<b>Revenue</b> RM'000	<b>Profit before taxation</b> RM'000	<b>Total assets employed</b> RM'000
<b>Group</b>			
<b>By industries</b>			
<b>2002</b>			
Manufacturing and premixing	99,914	11,130	54,773
Trading	20,386	1,657	9,801
Investment and management services	58	(4,210)	90,433
Property	-	(108)	15,368
	<u>120,358</u>	<u>8,469</u>	<u>170,375</u>
	=====	=====	=====
<b>2001</b>			
Manufacturing and premixing	110,828	11,259	120,787
Trading	9,135	1,658	5,668
Investment and management services	71	(1,448)	22,111
Property	-	1	13,786
	<u>120,034</u>	<u>11,470</u>	<u>162,352</u>
	=====	=====	=====

**25. Significant event**

On 16th April, 2001, the authorised share capital of the company was increased from 50,000,000 ordinary shares of RM1.00 each to 100,000,000 ordinary shares of RM1.00 each by the creation of 50,000,000 ordinary shares of RM1.00 each.

On 1st October, 2001, the company completed the acquisition of the entire issued and paid-up share capital of Lee Ling Timber Products Sendirian Berhad comprising 10,000,000 ordinary shares of RM1.00 each for a total purchase consideration of RM40,000,000 which was satisfied by the issuance of 20,000,000 new ordinary shares of RM1.00 in the company at an issue price of RM2.00 each.

On 1st October, 2001, the issued and paid-up share capital of the company was increased from 30,000,000 ordinary shares of RM1.00 each to 50,000,000 ordinary shares of RM1.00 each at a premium of RM1.00 each as consideration for the acquisition of the entire equity in Lee Ling Timber Products Sendirian Berhad as set out in the Conditional Sale and Purchase Agreement and supplementary Conditional Sale and Purchase Agreement dated 18th November, 1999 and 5th March, 2001 respectively.

On 8th October, 2001, the issued and paid-up share capital was increased from 50,000,000 ordinary shares of RM1.00 each to 51,000,000 ordinary shares of RM1.00 each at a premium of RM0.23 each by the allotment of 1,000,000 ordinary shares of RM1.00 each.

On 26th November, 2001, the issued and paid-up share capital was increased from 51,000,000 ordinary shares of RM1.00 each to 56,800,000 ordinary shares of RM1.00 each at a premium of RM0.23 by the allotment of 5,800,000 ordinary shares of RM1.00 each.

## Notes to the financial statements

31st January, 2002

**26. Significant related party transactions**

During the financial year, the group and the company had, in the ordinary course of business, transacted on normal commercial terms the following transactions:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Transactions with subsidiary companies</b>				
Gross dividend received	-	-	3,000	1,255
Management fee received	-	-	150	246
Rental income received	-	-	168	168
	=====	=====	=====	=====
<b>Transactions with companies in which certain directors of the company or subsidiary companies have substantial interest</b>				
Office rental and service charge paid to BMK Development Sdn. Bhd. (Note a)	69	69	69	69
Sale of ready-mixed concrete and concrete products to Lee Ling Construction and Development Sdn. Bhd. (Note a)				
Lee Ling Timber Sdn. Bhd., and (Note a) Jurudaya Construction Sdn. Bhd. (Note b)	4,659	2,121	-	-
Sale of logs and sawn timber to Lee Ling Construction and Development Sdn. Bhd., (Note a) Chung Maa Machinery Sdn. Bhd., and (Note c) BMK Development Sdn. Bhd. (Note a)	8,658	10,910	-	-
Sale of steel bars to Lee Ling Construction and Development Sdn. Bhd. (Note a)	489	498	-	-
Sale of cement to Lee Ling Construction and Development Sdn. Bhd. (Note a)	173	-	-	-
Sale of HDPE pipes to Lee Ling Construction and Development Sdn. Bhd. (Note a)	159	-	-	-
Purchase of sawn timber from Lee Ling Timber Sdn. Bhd. (Note a)	4,664	13,221	-	-
Purchase of spare parts from Chung Maa Machinery Sdn. Bhd. (Note c)	392	-	-	-
	=====	=====	=====	=====

**Notes to the financial statements**

31st January, 2002

**26. Significant related party transactions (contd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	RM'000	RM'000	RM'000	RM'000
<b>Transaction with a substantial shareholder of the company</b>				
Purchase of logs and sawn timber from San Thye Trading Sdn. Bhd. and (Note d)	3,911	7,689	-	-
	=====	=====	=====	=====
<b>Transaction with a director</b>				
Sale of an apartment to Anne Kung Soo Ching	73	-	-	-
	=====	=====	=====	=====

- (a) Mr. Tiang Ming Sing has substantial interest in these companies. Mr. Tiang Ching Kok deemed interests in this companies through his father (Tiang Ming Sing)'s shareholdings/directorships.
- (b) YBhg Datuk Haji Mazelan Bin Bugo, a director of Quality Concrete Sdn. Bhd., has substantial interest in this company.
- (c) Mr. Ngu Kee Tiong, a director of Lee Ling Timber Products Sdn. Bhd., has substantial interest in this company.
- (d) Mr. Tiang Ming Sing deemed interest in the company through his mother (Ting Siew Hiong)'s shareholdings in the company.

**27. Comparative figures**

Comparative figures of the group have been restated to incorporate the effect of consolidating the financial statements of new subsidiary company, Lee Ling Timber Products Sendirian Berhad using the merger method of accounting.

	<b>Group</b>	
	<b>As previously reported</b>	<b>As restated</b>
	RM'000	RM'000
<b>Income statement items</b>		
Revenue	87,832	120,034
Cost of sales	(70,634)	(96,055)
Other operating income	1,182	1,191
Selling expenses	(4,089)	(3,427)
Administrative expenses	(2,940)	(3,493)
Other operating expenses	(4,135)	(4,603)
Finance costs	(2,016)	(2,177)
Taxation	(981)	(1,830)
	=====	=====

## Notes to the financial statements

31st January, 2002

**27. Comparative figures** (contd.)

	<b>Group</b>	
	<b>As previously reported</b>	<b>As restated</b>
	RM'000	RM'000
Earnings per share - basic (sen)	19.3 =====	14.1 =====
<b>Balance sheet items</b>		
Property, plant and equipment	31,144	62,789
Stocks	10,753	16,955
Trade debtors	41,185	50,343
Other debtors, deposits and prepayments	3,475	7,506
Cash and bank balances	168	171
Amount due to bankers	25,673	28,192
Trade creditors	6,483	6,796
Other creditors and accruals	9,625	11,487
Proposed dividend	-	2,880
Provision for taxation	205	287
Share capital	30,000	50,000
Reserves	28,224	50,336
Land premium payable	-	325
Deferred taxation	2,067 =====	3,013 =====
<b>Segmental information</b>		
Manufacturing and premixing segment		
- revenue	68,626	110,851
- profit before taxation	4,604	10,874
- total assets employed	67,275 =====	118,316 =====



## Analysis of Shareholdings

as at 31st May, 2002

Authorised Share Capital	:	RM100,000,000
Issued and Paid-up Share Capital	:	RM56,800,000 comprising 56,800,000 Ordinary Shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote Per Ordinary Share

### Distribution Schedule

Size of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Shareholdings
less than 1,000	7	0.16	3,845	0.01
1,000 to 10,000	4,061	94.20	8,927,127	15.72
10,001 to 100,000	207	4.80	5,583,540	9.83
100,001 to less than 5% of issued shares	30	0.70	22,084,488	38.88
5% and above of issued shares	6	0.14	20,201,000	35.57
Total	4,311	100.00	56,800,000	100.00

### Substantial Shareholders as at 31st May 2002

According to the Register of substantial shareholders, the substantial shareholders of the company as at 31st May 2002 are as follow:

#### Name of Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
1 Entrequest Holdings Ltd	4,000,000	7.04	-	-
2 Ha Ai Ing	7,001,000	12.33	20,697,000	36.44
3 Tiang Ming Sing	8,098,000	14.26	20,697,000	36.44
4 Cahaya Besi (S'wak) Sdn Bhd	5,700,000	10.04	-	-
5 Yesgains Sdn Bhd	2,350,000	4.14	-	-
6 Lee Ling Holdings Sdn Bhd	2,200,000	3.87	-	-
7 Raziah @ Rodiah Binti Mahmud	2,015,000	3.55	100,000	0.17
8 San Thye Trading Sdn Bhd	2,000,000	3.52	-	-
9 A U Credit Sdn Bhd	1,496,000	2.63	-	-

### List of Directors' Interest

According to the Register of Directors' Shareholdings, the interest of Directors in the ordinary shares of the Company as at 31st May 2002 are as follows:

	Direct Interest	%	Deemed Interest	%
1 Tiang Ming Sing	8,098,000	14.26	20,697,000	36.44
2 Tiang Ching Kok	-	-	16,064,000	28.28
3 Hajjah Raziah @ Rodiah Binti Mahmud	2,015,000	3.55	100,000	0.17
4 Anne Kung Soo Ching	-	-	-	-
5 Cheng Ah Teck @ Cheng Yik Lai	-	-	-	-
6 Alfred Ong Sze Lee	-	-	-	-
7 Robin Lo Bing	272,405	0.48	-	-



## Analysis of Shareholdings

as at 31st May, 2002

### Thirty Largest Shareholders as at 31st May 2002

	No. of Shares	% of Shareholdings
1 HSBC Nominees (Asing) Sdn Bhd HSBCIT (S) Ltd for Entrequest Holdings Ltd	4,000,000	7.04
2 Ha Ai Ing	3,501,000	6.16
3 Ha Ai Ing	3,500,000	6.16
4 Tiang Ming Sing	3,500,000	6.16
5 Cahaya Besi (Sarawak) Sdn Bhd	2,850,000	5.02
6 Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Cahaya Besi (S'wak) Sdn Bhd	2,850,000	5.02
7 Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiang Ming Sing	2,500,000	4.40
8 HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Yesgains Sdn Bhd	2,350,000	4.14
9 OSK Nominees (Tempatan) Sdn Bhd Osk Capital Sdn Bhd for Lee Ling Holdings Sdn Bhd	2,200,000	3.87
10 Raziah @ Rodiah Binti Mahmud	2,015,000	3.55
11 OSK Nominees (Tempatan) Sdn Bhd Osk Capital Sdn Bhd for San Thye Trading Sdn Bhd	2,000,000	3.52
12 HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for A U Credit Sdn Bhd	1,496,000	2.63
13 Abdul Hamed Bin Sepawi	1,100,000	1.94
14 OSK Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiang Ming Sing	1,098,000	1.93
15 HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Tiang Ming Sing	1,000,000	1.76
16 San Thye Trading Sdn Bhd	873,000	1.54
17 Mazelan Bin Bugo	804,000	1.42
18 HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Metas Holdings Sdn Bhd	717,000	1.26
19 Encorp Properties Sdn Bhd	567,594	1.00
20 Tiang Chiin Ling	525,000	0.92
21 Yong Lin Lin	375,998	0.66
22 Abdul Aziz Bin Husain	350,000	0.62
23 Robin Lo Bing	272,405	0.48
24 Lee Choon Chin	201,998	0.36
25 Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Law Kiing Kiu	193,000	0.34
26 Kenanga Nominees (Tempatan) Sdn Bhd Pledged securities account for Wong Nga Siu	183,000	0.32
27 Lynne Yong Seik Lian	164,772	0.29
28 Juss Bin Mohamad	150,000	0.26
29 Juss Bin Mohamad	150,000	0.26
30 Liew Kee Moi	133,721	0.24



## List of Properties

as at 31st January, 2002

Address	Brief Description	Existing Use	Tenure & Expiry Date	Age of Buildings	Net Book Value RM	Date of last revaluation/ acquisition
Lot 27, Blk 4 Muara Tebas Land District	Industrial land & factory building of approx. 6.0620 hectares	Factory	Leasehold 2027	3	9,806,090	Land acquired on 24.4.1997 Building completed on 26.7.1999
Lot 1355, Blk 3 Miri Concession Land District	Industrial Zone Land 1.4081 hectares	Site workshop & laboratory	Leasehold 2047	3 & 12	3,370,222	Land acquired on 20.10.1997 Building completed in 1990 & 1999
Lot 2160, Section 66 KTL D, Pending Industrial Estate (Formerly known as plot 2 of Lot 648)	Land & buildings of approx. 7,233 m <sup>2</sup>	Factory	Leasehold 2059	6	516,779	Land acquisition completed on 20.10.1999 Building completed in 1996
Industrial Lot#103, Tanjung Manis Timber processing zone	Industrial land of approx. 1.6637 hectares	Vacant	Leasehold 60 years from title issue	0	591,028	Land acquired in 1997
Sublot 1006 of Lots 45, Blk 10 Miri Concession Land District	Three-Storey commercial shophouse of approx. 136.8 sq. metres	Vacant	Leasehold 2059	9	420,000	Building acquired in 1993
Sublot 3 (Survey Lot 4794) of Lot 1728 Lambir Land District	Double storey semi- detached dwelling house of approx. 300.sq. metres	Work-In- Progress	Leasehold 60 years from title issue	-	245,000	Agreement signed in 1998
No.8, Level 10 Chonglin Plaza, Kuching	1 unit Condominium of approx. 1,226 sq. feet	Staff usage	Leasehold 60 years from title issue	3	143,500	Building acquired on 9.12.1999
Sibujaya low cost housing, 27 kilometre, During Road, Sib u	Site office, store & laboratory	Site office, store & laboratory	-	9	88,110	Building completed in 1993
Lot 553, Jalan Limpaki, Limbang	Site office, workshop & store	Site office, store & workshop	-	2	9,344	Building completed in 2000
Lot 60, Jalan Ting Lik Kwong, Sib u	Plant office, laboratory & cement store	Plant office, store & laboratory	-	2	7,644	Building completed in 2000
Lot 909, section 65, Lorong Ixora Jalan Semarak, Matang	Precast staff quarter	staff quarter	-	5	38,653	Building completed in 1997
Lot 2168, Section 66, KTL D Lorong Tenaga Satu, Jalan Tenaga Pending Industrial Estate, 93450, Kuching	Warehouse extension Approx. 1,200 sq. feet	Warehouse	-	6	105,138	Building completed on 31.1.1997
M3-324, Seniawan Sbrang, Bau	Mixed Zone Land of approx. 2.934 hectares	Vacant land	Leasehold 2034	0	135,580	Land acquired on 13.7.2000
Lot 706, Block 7, MTL D, Sejingkat Industrial Park, 93050 Kuching	Industrial Land with factory buildings of approx. 6.980 hectares	Factory	2054	7	10,000,000 14,217,487	Land acquired on 2.4.1997 Buildings completed in December 1997 Land & buildings revalued on 28.10.1999



## Proxy Form

I/We, .....  
of .....  
..... being a member/members of QUALITY CONCRETE HOLDINGS BERHAD  
(Company No.378282-D) and entitled to ..... vote/votes, hereby appoint  
..... of .....  
..... or failing him/her .....  
..... of .....  
as my/our proxy to vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching on Friday, 19th July, 2002 at 10:00 a.m. and at any adjournment thereof.

My/our proxy is to vote either on a show of hands or on a poll as indicated below with an "X":

		<b>For</b>	<b>Against</b>
1	To receive and adopt the report of the Directors and the Audited Financial Statements for the year ended 31st January, 2002 and the Report of the Auditors thereon.		
2	To approve Directors' Fees.		
3	To re-elect the following director who retires in accordance with Article 74 of the Articles of Association of the Company:- (i) Tiang Ching Kok  And to re-elect the following directors who retire in accordance with Article 82 of the Articles of Association of the Company:- (i) Hajjah Raziah @ Rodiah Binti Mahmud (ii) Cheng Ah Teck @ Cheng Yik Lai		
4.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
<b>As Special Business</b>			
5.	Proposed Renewal of General Mandate for Recurrent Related Party Transactions.		
6.	To authorise Directors to issue and allot shares pursuant to Section 132D of the Companies Act, 1965.		

No. of shares held	
CDS Account No.	

Dated this ..... day of .....

.....  
Number of shares held

.....  
Signature of Member(s)

### NOTES:

1. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. Where a holder appoints two or more proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.
2. A corporation which is a member may by resolution of its directors authorise such person as it thinks fit to act as its representative at the meeting pursuant to Section 147 of the Companies Act, 1965.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney, and the person so appointed may attend and vote at the meeting at which the appointor is entitled to vote.
4. The instrument appointing a proxy shall be deposited at the Registered Office, Room 209, 2nd Floor, Wisma Bukit Mata Kuching, Jalan Tunku Abdul Rahman, 93100 Kuching, Sarawak, not less than forty-eight (48) hours before the time for holding the meeting at which the person named in such instrument proposes to vote.