



Annual Report 2004



**THREE-A RESOURCES BERHAD**

(481559-M)

Incorporated in Malaysia

## contents

01	about us
02	corporate information
03	board of directors' profile
07	chairman's statement
09	corporate governance statement
14	audit committee report
17	financial statements
46	summary of landed properties
47	analysis of shareholdings
49	notice of annual general meeting
	proxy form

*Vision* • to excel as one of the global market leaders  
in the manufacture of food and beverage ingredients

• to excel as one of  
*Mission* the global quality brands in the industries

## about us

**THREE-A RESOURCES BERHAD (TARB)** is principally an investment holding company with one wholly-owned subsidiary, San Soon Seng Food Industries Sdn Bhd (SSSFI). SSSFI was founded in 1977 by Mr. Fang Chew Ham and had its humble beginning as a Liquid Caramel producer named under Soon Seng Sauce Mixture & food factory. By 1989, the Company incorporated as a private limited company under the name San Soon Seng Food Industries Sdn Bhd. Today, SSSFI is one of the leading food & beverage ingredients manufacturers in the country of the following products:-

- Caramel Colour (Full Range)
- Soya Protein Sauce (Hydrolysed Vegetable Protein; HVP)
- Natural Fermented Vinegar (NFV)
- Glucose Syrup & Maltose Syrup
- Caramel Powder
- HVP Powder
- Soya Sauce Powder

TARB Group has ventured into countries around the world and the Group believes that the export market shall provide the much needed earnings growth in the future.

## our products

TARB Group conforms to the “MS513 : Specification for Caramel in the Manufacturer of Soya Sauce” which is the Malaysian standard for the production of Caramel Colour. All products are marketed under the AAA marque and are principally intermediary products.

Caramel Colour is mainly a colouring agent used in the food industry, Positive Caramel Colour is principally for the sauces industry where as Negative Caramel Colour is for the beverage industry. The Group’s standard range of Caramel Colour is suitable for use in sauces, seasonings such as soy sauce, oyster sauce, seasoning mix and syrup; beverages such as soft drinks, cordials and alcoholic drinks; baked products and confectionery such as biscuits, cakes, candies, chocolates and dark bread; and others such as canned foods, dairy products, soups and pharmaceutical products.

Natural Fermented Vinegar (NFV) is used as an application for industrial in food and beverages. This includes sauces such as tomato sauce, chilli sauce, table vinegar, etc.

Soya Protein Sauce (also known as Hydrolysed Vegetable Protein; HVP) is a flavour enhancer application or/and an ingredient to sauces, snacks foods, seasonings, etc.

Glucose Syrup and Maltose Syrup are used as sweetener in the food & beverages industry such as confectionery, non-dairy creamer, pharmaceutical, biscuit, candies, sauces and beverages industry.

Caramel Powder, HVP Powder and Soya Sauce Powder are commonly used in food seasonings, confectionery, dry mixes, beverages and sauces industry.

All products produced by TARB Group are HALAL certified by Islamic Development Department of Malaysia. SSSFI was awarded the Internationally Acclaimed ISO 9001:2000 with UKAS (United Kingdom Accreditation System) by SIRIM for Quality Management System. TARB Group is well recognized for its quality products and services to its customers. The Group enhances to further its product range and strive for continuous improvements to meet customers’ satisfaction, as illustrated in the Group’s ISO Quality Policy as below:

**Safe and Quality Product**  
**Satisfaction of Customer**  
**Strive for Continual Improvement**

The Group is in the process of obtaining Hazard Analysis Critical Control Point (HACCP) Certification, a widely recognized certification for high quality products which will further strengthen the Group’s ability to penetrate into export markets.

# corporate information

## Board of Directors

**Dato' Mohd Nor Bin Abdul Wahid**  
Non-Independent Executive Chairman

**Fang Chew Ham**  
Deputy Executive Chairman  
cum Managing Director

**Fong Chu King @ Tong Chu King**  
Non-Independent Executive Director

**Foong Chiew Fatt**  
Non-Independent Executive Director

**Fong Chiew Hean**  
Non-Independent Non-Executive  
Director

**Fang Siew Yee**  
Non-Independent Executive Director

**Chew Eng Chai**  
Independent Non-Executive Director

**Tan Chon Sing @ Tan Kim Tieng**  
Non-Independent Executive Director

**Dato' Samsudin Bin Abu Hassan**  
Independent Non-Executive Director

**Fang Siew Ping**  
Non-Independent Executive Director

**Liew Kuo Shin**  
Non-Independent Executive Director

**Khoo Wee Boon**  
Independent Executive Director

## Secretaries

Ng Bee Lian (MAICSA 7041392)  
Tan Enk Purn (MAICSA 7045521)

## Audit Committee

Chew Eng Chai  
- *Chairman*  
Tan Chon Sing @ Tan Kim Tieng  
Dato' Mohd Nor Bin Abdul Wahid

## Nomination Committee

Dato' Samsudin Bin Abu Hassan  
- *Chairman*  
Chew Eng Chai  
Fong Chu King @ Tong Chu King

## Remuneration Committee

Tan Chon Sing @ Tan Kim Tieng  
- *Chairman*  
Chew Eng Chai  
Dato' Mohd Nor Bin Abdul Wahid

## Registered Office

AL 308, Lot 590 & Lot 4196  
Jalan Industri, U 19  
Kampung Baru Seri Sungai Buloh  
47000 Selangor Darul Ehsan  
Malaysia  
Tel : 603-6156 2655  
Fax : 603-6156 2657  
E-mail : three-a@three-a.com.my  
Website : www.three-a.com.my

## Company No.

481559-M

## Principal Bankers

OCBC Bank (Malaysia) Berhad  
Bumiputra-Commerce  
Bank Berhad  
EON Bank Berhad

## Sponsor

AmMerchant Bank Berhad  
21st Floor  
Bangunan AmBank Group  
55, Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 603-2078 2633  
Fax : 603-2070 8596  
Website : www.ambg.com.my

## Auditors

Ernst & Young  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : 603-2087 7000  
Fax : 603-2095 9076

## Share Registrar

Symphony Share  
Registrars Sdn Bhd  
Level 26  
Menara Multi Purpose  
Capital Square  
No.8, Jalan Munshi Abdullah  
50100 Kuala Lumpur  
Tel : 603-2721 2222  
Fax : 603-2721 2530

## Stock Exchange Listing

MESDAQ Market  
Bursa Malaysia Securities Berhad

## Stock Code Name

3A

## board of directors' profile

### **Dato' Mohd Nor Bin Abdul Wahid**

(52 years of age)

Malaysian

Non-Independent Executive Chairman. Appointed to the Board on 10 May 2002.

Dato' Mohd Nor holds a MBA in Finance from the American World University, Iowa, USA. He started his career with Bank Bumiputra Malaysia Berhad and was with the Bank Bumiputra Group for 23 years, rising from the position of Executive Trainee in the Bank's wholly owned subsidiary, Kewangan Bumiputra Berhad to a position as one of the Senior General Manager of the Bank, in-charged of Commercial Banking Division. He was also appointed as Director of several subsidiaries of the Bank. His experience includes both conventional and interest-free (Islamic) banking.

Presently, Dato' Mohd Nor is the Managing Partner of Mohd Nor, Zaki & Partners, a financial management consultants firm. He also holds directorship in Aikbee Resources Bhd. and sits in the Board of Trustee of Yayasan Wilayah Persekutuan.

Dato' Mohd Nor has attended all four Board Meetings during the financial year ended 31 December 2004. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

### **Fang Chew Ham**

(57 years of age)

Malaysian

Deputy Executive Chairman and Managing Director. Appointed to the Board on 10 May 2002.

Mr. Fang Chew Ham started the family business producing liquid caramel for more than 25 years ago. In 1978, he set up the Soon Seng Sauce Mixture and Food industry to manufacture Caramel Colour and this partnership was subsequently converted into San Soon Seng Food Industries Sdn Bhd (SSSFI) in 1989; and became a wholly owned subsidiary of Three-A Resources Berhad on 30th April 2002. Equipped with vast experience in the business of sauces and Caramel Colour, he heads the management of SSSFI.

His leadership together with the expanded management personnel will result in broad and flexible goal setting, to meet the quality of the ever changing demands and the development of further products related to the manufacturing of food and beverage ingredients.

Mr. Fang is the co-opted member of The Working Group of Sauces which prepared the Malaysian

Standard MS 513:1993 (SIRIM) – Specification for Caramel in the Manufacture of Soya Sauce.

Mr. Fang Chew Ham has attended all four Board Meetings during the financial year ended 31 December 2004. He is a brother of Fong Chu King @ Tong Chu King, Foong Chiew Fatt and Fong Chiew Hean; and is father of Fang Siew Yee and Fang Siew Ping, all of whom are the current Directors of the Group. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

### **Fong Chu King @ Tong Chu King**

(60 years of age)

Malaysian

Non-Independent Executive Director and General Manager of the Group. Appointed to the Board on 10 May 2002.

Mr. Fong Chu King joined SSSFI in May 2000 after his retirement from Megasteel Mills Sdn Bhd. Mr. Fong graduated with a Bachelor of Science in Chemical Engineering from the National Taiwan University. A qualified Professional Engineer with Lembaga Jurutera Malaysia and a member of Institution Engineer Malaysia, he has more than 25 years of working experience in manufacturing industries. In his 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn Bhd, General Manager of Megasteel Mills Sdn Bhd. As an Executive Director and General Manager, he is fully in-charged of the operation and plant expansion of TARB Group.

Mr. Fong Chu King has attended all four Board Meetings during the financial year ended 31 December 2004. He is a brother of Fang Chew Ham, Foong Chiew Fatt and Fong Chiew Hean, all of whom are the current Directors of the Group. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

### **Foong Chiew Fatt**

(72 years of age)

Malaysian

Non-Independent Executive Director. Appointed to the Board on 10 May 2002.

Mr. Foong Chiew Fatt was one of the founders of SSSFI with his two brothers. He brings with his vast



experience in the sauce making industry and is one of the contributors to the long term strategy of the Group.

Mr. Foong Chiew Fatt has attended all four Board Meetings during the financial year ended 31 December 2004. He is a brother of Fang Chew Ham, Fong Chu King @ Tong Chu King and Fong Chiew Hean, all of whom are the current Directors of the Group. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

#### **Fong Chiew Hean**

(68 years of age)

Malaysian

Non-Independent Non-Executive Director. Appointed to the Board on 10 May 2002.

Mr. Fong Chiew Hean was one of the initial founders of SSSFI. With vast experience in the sauce making industry, he actively contributes to the long term success of the Group.

Mr. Fong Chiew Hean has attended all four Board Meetings during the financial year ended 31 December 2004. He is a brother of Fang Chew Ham, Foong Chiew Fatt and Fong Chu King @ Tong Chu King, all of whom are the current Directors of the Group. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

#### **Chew Eng Chai**

(55 years of age)

Malaysian

Independent Non-Executive Director. Appointed to the Board on 17 June 2002.

Mr. Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants as well as a member of the Malaysian Institute of Certified Public Accountants. Mr. Chew was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years experience in the food & beverage industry.

Mr. Chew Eng Chai has attended all four Board Meetings during the financial year ended 31 December 2004. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

#### **Tan Chon Sing @ Tan Kim Tieng**

(66 years of age)

Malaysian

Independent Non-Executive Director. Appointed to the Board on 17 June 2002.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a banker for eleven years before joining the stockbroking industry in 1976. He was admitted as a member of Bursa Malaysia Securities Berhad in 1987 and appointed as an Executive Director of Seremban Securities Sdn Bhd (now known as Malpac Management Sdn Bhd) until November 2001. He is currently a director of Malpac Holdings Berhad and also sits on the Board of several other private limited companies.

Mr. Tan Chon Sing has attended all four Board Meetings during the financial year ended 31 December 2004. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

#### **Dato' Samsudin Bin Abu Hassan**

(49 years of age)

Malaysian

Independent Non-Executive Director. Appointed to the Board on 30 August 2002.

Dato' Samsudin is a fellow member of the Chartered Institute of Management Accountants (UK). Dato' Samsudin has extensive experience in various businesses and a well-known corporate figure. After his graduation in London in 1980, he started his career as an Investment Officer in a local institution. In a period of more than twenty years thereafter, he has served in various positions in several private and public listed companies including as CEO, Director and Executive Chairman.

Dato' Samsudin currently sits on the Board of Seacera Tiles Berhad and is the President of the Malaysian Furniture Industry Council (MFIC) and a Trustee-Director of Malaysian Furniture Promotion Council (MFPC).

Dato' Samsudin has attended three Board Meetings out of four during the financial year ended 31 December 2004. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

**Fang Siew Yee**

(25 years of age)

Malaysian

Non-Independent Executive Director. Appointed to the Board on 03 March 2004.

Ms Fang Siew Yee joined San Soon Seng Food Industries Sdn Bhd in 2001 as Assistant Manager and responsible for the administrative and purchasing matters of the Group.

She graduated with an Honours Degree in Bachelor of Business Administration (Management) in 2001 from the University of Greenwich, London U.K.

In view of her appointment on 03 March 2004, she has attended three Board Meetings out of four during the financial year ended 31 December 2004. She is the daughter of Fang Chew Ham; spouse of Liew Kuo Shin and sister of Fang Siew Ping, all of whom are the current Directors of the Group. She has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

**Fang Siew Ping**

(23 years of age)

Malaysian

Non-Independent Executive Director. Appointed to the Board on 27 September 2004.

Ms. Fang Siew Ping joined San Soon Seng Food Industries Sdn Bhd in 2004 as Research & Development Assistant Manager and heads the R&D Department of SSSFI. She graduated with Bachelor Degree in Chemistry from the United States of America.

In view of her appointment on 27 September 2004, she has attended one Board Meeting out of four during the financial year ended 31 December 2004. She is the daughter of Fang Chew Ham; and sister of Fang Siew Yee, all of whom are the current Directors of the Group. She has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

**Liew Kuo Shin**

(27 years of age)

Malaysian

Non-Independent Executive Director. Appointed to the Board on 27 September 2004.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and joined San Soon Seng Food Industries Sdn Bhd in 2001. He is the General Factory Manager of TARB Group and is responsible for the plant production functions, and overall co-ordination of all plants. He is also in-charged of maintenance of plant and machinery in TARB Group.

In view of his appointment on 27 September 2004, he has attended one Board Meeting out of four during the financial year ended 31 December 2004. He is the spouse of Fang Siew Yee, whom is the current Directors of the Group. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.

**Khoo Wee Boon**

(56 years of age)

Malaysian

Independent Non-Executive Director. Appointed to the Board on 27 September 2004.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge, and completed Advance Bank Management Program from Asia Institute of Management; Eugenio Lopez Foundation, an affiliate of Ateneo De Manila University and De La Salle University, Manila in 1989.

Mr. Khoo began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad and as a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He is currently acting as a Dealer Representative with Hwang-DBS Securities Berhad since 1998.

In view of his appointment on 27 September 2004, he has attended one Board Meeting out of four during the financial year ended 31 December 2004. He has no conflict of interest with the Group and has not been convicted of offences within the past ten years.



**focusing on product quality**  
*A year of continued success*







## chairman's statement



**O**n behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Financial Statements of the Group and of the Company for the financial year ended 31 December 2004.

**Financial Performance.** I am pleased to report that for the financial year ended 31 December 2004, the Group managed to achieve yet another year of impressive results with a 50% growth in turnover from RM40.5 million posted in the previous financial year to RM60.5 million this financial year.

Meanwhile, the profit before taxation for the Group also increased by a staggering 93% from RM3.2 million registered in year 2003 to RM6.2 million this financial year. The sterling results was achieved despite the Group operating in a very competitive business environment and further aggravated with rising production cost particularly raw materials, fuel oil and other packaging materials.

The aggressive sales and marketing strategies implemented continue to provide benefits as our customer base has broadened. The commendable results are also driven by the commitment from all the staff and management. With such positive

attitude, I believe the Group will achieve even greater successes going forward.

**Corporate Development.** On 28 February 2005, our sponsor, AmMerchant Bank Berhad had announced on our behalf the proposed bonus issue of 35,000,002 new ordinary shares of RM0.20 each on the basis of one new share for every four existing shares held on an entitlement date to be determined later by the Board of Directors.

The rationale of the proposed bonus issue are to increase the Group's capital base to a level that will better reflect the Group's current scale of operations and increase the number of shares in issue thereby improving the liquidity of the shares in the Market. It also rewards you as shareholders for your continuous support.

The proposed bonus issue is subject to approval from Bursa Malaysia Securities Berhad, any other relevant authorities/parties and shareholders of the Group at an Extraordinary General Meeting to be convened.

**Prospects.** The principal activities of the Group are manufacturing of food and beverage ingredients. As such, product quality is the



important criteria that will determine the success of the Group. The Board of Directors will continue to improve its products competitiveness by investing in research and development programs currently undertaken. Strategies and plans are being drawn up to introduce new products to the market.

We are witnessing structural changes in the world economy as shown by the falling of the US Dollar and huge current account deficit in United States of America together with the rise of China and its impact on the world economy. As a result, on the local front we see the government not thinking of the re-pegging of the ringgit and also a significant rise in the energy cost in particular fuel oil.

The Group, like most manufacturing concerns is affected as well by such uncertainties. However, the Group continues to be vigilant and take whatever actions necessary to address these issues.

I am confident that the Group will achieve satisfactory results for the ensuing year.

**Dividend.** The Board of Directors does not propose any payment of dividend for the financial year 31 December 2004.

**Directorate.** I wish to welcome Ms Fang Siew Ping, Mr Liew Kuo Shin and Mr Khoo Wee Boon who were appointed as directors on 27 September 2004. With their background and experience, I believe that their contribution will bring further success to the Group.

**Acknowledgement.** On behalf of the Board of Directors, I wish to extend my appreciation to all our shareholders, customers, bankers and relevant government authorities for their invaluable support and confidence in us.

I would also like to express my thanks and appreciation to my colleagues on the Board, and the Management and staff of the Group for their continuous and relentless dedication and commitment towards the success of the Group.

**Dato' Mohd Nor Bin Abdul Wahid**

Executive Chairman

# corporate governance statement

## INTRODUCTION

The Board of Directors ('Board') of Three-A Resource Berhad is pleased to disclose the application by the Group of the principles contained in the Malaysian Code on Corporate Governance ('Code') and the extent to which it has applied and complied with the best practices of the Code as required under the Listing Requirements ('LR') of the Bursa Malaysia Securities Berhad throughout the financial year.

## BOARD OF DIRECTORS

### Board Responsibility

The Board has always recognised the need for good corporate governance to build and enhance long term shareholders value. The Board has the overall responsibility for corporate governance of the Group; including its effective performance and control of the Company and the Group and monitoring on issues relating to strategy and financial matters.

### Composition of the Board

The Board currently has twelve (12) members, comprising seven (7) Non-Independent Executive Directors (including Non-Independent Executive Chairman and Managing Director), one (1) Non-Independent Non-Executive Directors, four (4) Independent Non-Executive Directors which complies with the Bursa Malaysia Securities Berhad/MESDAQ Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be independent directors. Collectively, the Directors, comprising members from a wide background, bring considerable range of business, financial and technical experience to the Group.

The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined, and take into consideration the long-term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business. In addition to the role and guidance of Independent Non-Executive Directors, each Director nevertheless

brings an independent judgment in the proceedings and decision-making process of the Board.

There is a balanced Board with the presence of independent directors who are individuals of credibility and who demonstrate objectivity and robust independence of judgment.

All decisions of the Board are based on the decision of the majority and no single Board member can make any decisions on behalf of the Board, unless duly authorised by the entire Board. The good size and balanced composition ensures that no individual or a group of individuals dominate the decision making process and enable the Board to effectively discharge its principal responsibilities as set out in the Code.

A brief profile of each of the Directors is presented on pages 3 to 5 of this Annual Report.

### Board Meetings

During the financial year ended 31 December 2004, four (4) board meetings were held. Details of attendance of each Director at the Board Meetings held under the financial year are set out on page 10.

All the Directors have complied with the minimum 50% attendance at Board meetings during the financial year as stipulated by the Listing Requirements of Bursa Malaysia Securities Berhad. Scheduled Board Meetings are structured with a pre-set agenda. Board papers providing updates on operational, financial and corporate developments as well as minutes of meetings are circulated prior to the Board meetings.

### Supply of Information

All Board members have full and timely access to information on the Group's businesses and affairs for the discharge of their duties and responsibilities. Scheduled Board meetings are structured with a pre-set agenda. Board papers including status report and performance report and Minutes of the meetings are circulated prior to the Board meetings to give the Directors time to consider and deliberate on the issues to be raised at the Board meetings and to enable the Directors to obtain further information and explanation, where necessary, before the meetings.



NAME OF DIRECTOR	TOTAL MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Dato' Mohd Nor Bin Abdul Wahid	4/4	100
Fang Chew Ham	4/4	100
Foong Chiew Fatt	4/4	100
Fong Chiew Hean	4/4	100
Fong Chu King @ Tong Chu King	4/4	100
Chew Eng Chai	4/4	100
Tan Chon Sing @ Tan Kim Tieng	4/4	100
Dato' Samsudin Bin Abu Hassan	3/4	75
Fang Siew Yee *	3/3	100
Fang Siew Ping ^	1/1	100
Liew Kuo Shin ^	1/1	100
Khoo Wee Boon ^	1/1	100

Note:

\* Appointed on 03 March 2004

^ Appointed on 27 September 2004

The Board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, performance of the various products manufactured by the Group and management proposals that require Board's approval. In addition, the Directors may seek independent professional advice, at the Company's expenses, if required. Directors may also consult with the Executive Directors and other Board members prior to seeking any independent professional advice. Where necessary, senior management staff as well as advisers and professionals appointed to act for the Company on corporate proposals may be invited to attend Board meetings to furnish with the Board with their comments and advice on the relevant proposals tabled.

#### Training and Education of Directors

All the Directors have attended the Mandatory Accreditation Programme conducted by Research Institute of Investment Analysts Malaysia as required under the Listing Requirements of MESDAQ on training for Directors. Directors also attend other continuous education programmes and seminars as specified under the Guidelines on Continuing Education programme for directors issued by Bursa Securities Malaysia Berhad. Directors are encouraged to participate in seminars and conferences organized by the relevant regulatory authorities and professional bodies.

In line with the recent amendment to Paragraph 13.5 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market which prescribed that the Board of Directors of all Public listed Companies shall be responsible for determining the training needs of the Directors with effect from 1 January 2005, the Group is looking into initiating its own comprehensive and formal training programme to be tailored to the needs of the Board of Directors.

#### Appointment of Directors

The appointment of any additional Director is made as and when it is deemed necessary by the existing Board with due consideration given to the mix of expertise, skills, experience and competencies required for an effective Board. The Nomination Committee is responsible for identifying and recommending to the Board suitable candidates for appointment to the Board and Board Committees.

#### Board Committees

The Board of Directors has delegated certain functions to several sub-committees, namely the Audit Committee, Remuneration Committee and Nomination Committee to support and assist the Board in discharging its fiduciary duties and responsibilities.



The functions, terms and reference of the respective Committees as well as the authority delegated by the Board to these Committees have been clearly defined by the Board.

**a) Audit Committee**

The Audit Committee comprises of two (2) Independent Non-Executive Directors and an Executive Director, of whom two-thirds (2/3) are independent.

The Audit Committee meets at least four (4) times annually and is governed by clearly defined Terms of Reference. During the financial year ended 31 December 2004, a total of four (4) Audit Committee meetings were held.

The composition of the Committee, Terms of Reference, attendance records and its activities are set out on page 14 to 16 of the Annual Report.

Recommendations of the Committee are submitted to the Board for approval.

**b) Remuneration Committee**

The Group's Remuneration Committee was set up in November 2002. The Group has adopted the objectives as recommended by the Malaysian Code on Corporate Governance to determine the remuneration for Directors so as to ensure that the Group attracts and retains the right calibre of Directors with the necessary expertise and experience needed to run the Company successfully.

The Remuneration Committee during the financial year ended 31 December 2004, majority of whom are Independent Directors, comprises of the following members:-

Chairman -

Tan Chon Sing @ Tan Kim Tieng  
(Independent Non-Executive Director)

Members

Chew Eng Chai  
(Independent Non-Executive Director)

Dato' Mohd Nor Bin Abdul Wahid  
(Non-Independent Executive Chairman)

The Remuneration Committee reviews annually the remuneration packages of the Executive Directors and furnishes recommendations to the Board on specific adjustments in remuneration and/or reward payments. These adjustments are to reflect their respective contributions for the year based on the framework of principles established by the Company. Meetings of the Remuneration Committee are held at least once a year or at such other times as the Chairman of the Remuneration Committee decides.

**c) Nomination Committee**

The Nomination Committee was set up in November 2002, is responsible for reviewing the Board structure, size and composition regularly and recommendation to the Board with regard to any changes that are deemed necessary. It also recommends suitable candidates for the appointment as Director of the Company and reviews the required mix of skills, experience, competence and other qualities which Non-Executive Directors should bring to the Board. The Nomination Committee meets at least once a year or at such other times as the Chairman of the Nomination Committee decides. In addition, the Nomination Committee assesses the effectiveness of the Board as a whole, Committees of the Board and the individual Directors on an annual basis.

The Nomination Committee during the financial year ended 31 December 2004, majority of whom are Independent Directors, comprises of the following members:-

Chairman

Dato' Samsudin Bin Abu Hassan  
(Independent Non-Executive Director)

Members

Chew Eng Chai  
(Independent Non-Executive Director)

Fong Chu King @ Tong Chu King  
(Non-Independent Executive Director)

**Re-Election of Directors**

In accordance with the Company's Articles of Association (Articles), at the first Annual General

Meeting of the Company, all Directors shall retire from office and at the Annual General Meeting in every subsequent year, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors except a Managing Director appointed for a fixed period pursuant to these Articles shall retire from office once at least in each three (3) years but shall be eligible for re-election.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

At the forthcoming Annual General Meeting, Director Mr. Fang Chew Ham and Director Dato' Samsudin Bin Abu Hassan shall retire by rotation pursuant to Article 86 of the Company's Article of Association and being eligible offer themselves for re-election. Director Mr. Foong Chiew Fatt who is over 70 years of age will retire under section 129(6) of the Companies Act 1965 and being eligible to offer himself for re-appointment. The following Directors shall retire pursuant to Article 93 of the Company's Article of Association and being eligible offer themselves for re-election:-

- Mr. Khoo Wee Boon
- Mr. Liew Kuo Shin
- Ms. Fang Siew Ping

#### **Directors' Remuneration**

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of executive Directors and members of Board Committees. In making recommendations to the Board, information provided by independent consultants and appropriate survey data are taken into consideration.

The Board as a whole determines the level of remuneration of Non-Executive Directors and Executive Directors. Directors' fees, if any are approved at the Annual General Meeting by the shareholders. Directors do not participate in decisions regarding their own remuneration packages. The level of remuneration of Non Executive Directors reflects the experiences and level of responsibilities undertaken by each Non Executive Directors.

The details of the remuneration of the Directors who served during the financial year ended 31 December 2004 are as follows:-

<b>AGGREGATE REMUNERATION BY CATEGORY</b>	<b>EXECUTIVE DIRECTORS (RM)</b>	<b>NON-EXECUTIVE DIRECTORS (RM)</b>
Salaries and other emoluments	937,163	39,000
Bonus	102,100	-
<b>Total</b>	<b>1,039,263</b>	<b>39,000</b>

The number of Directors whose total remuneration fall within the respective bands are as follows:

	<b>NUMBER OF DIRECTORS 2004</b>	<b>2003</b>
Executive directors:		
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
RM350,000 - RM400,000	-	1
RM400,001 - RM450,000	1	-



#### NUMBER OF DIRECTORS

	2004	2003
--	------	------

Non-Executive directors:  
 Below RM50,000  
 RM50,001 - RM100,000

	7	6
	2	-

#### RELATION WITH SHAREHOLDERS AND INVESTORS

The Group recognises the need and importance to maintain a constructive and effective communication with all shareholders, investors and the public in general in ensuring their confidence towards the Company. The Group has established a website ([www.three-a.com.my](http://www.three-a.com.my)) for shareholders and the public to access information related to the Group. Investors and members of the public who wish to assess corporate information, financial statements, news and events related to the Group can channel their queries through e-mail, via the Group's website or contact the following personnel:-

Contact Personnel : Fong Peng Fai  
                               Jessica Fang Siew Yee  
 Contact No. : +603 - 6156 2655/6157 1301  
 Email Address : [three-a@three-a.com.my](mailto:three-a@three-a.com.my)  
 Website : [www.three-a.com.my](http://www.three-a.com.my)

#### ACCOUNTABILITY AND AUDIT Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to present a balanced and understandable assessment of the Group's financial position and prospects. Following discussions with the external auditors, the Directors consider that the Company uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates and that all accounting standards which they consider applicable

have been followed during the preparation of the financial statements. The Directors are responsible for ensuring that the Company keeps the accounting records and are disclosed with reasonable accuracy which enables them to ensure that the financial statements comply with the Companies Act, 1965. They have the general responsibility for taking such steps to safeguard the assets of the Group and to detect and prevent fraud as well as other irregularities. The Audit Committee of the board assists by scrutinising the information to be disclosed, to ensure accuracy and adequacy.

A statement by the Board on its responsibilities for preparing the financial statements is set out on page 21 of this Annual Report.

#### Internal Control

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board is considering outsourcing the services of Internal Audit; taking into consideration of their scopes of works and service fees.

#### Relationship with the Auditors

The Company through the Audit Committees has established an appropriate and transparent relationship with the external auditors. The external auditors are invited to attend the Audit Committee meetings to present and discuss their audit plan, audit findings and the audited financial statements. The Audit Committee also meets the external auditors without the presences of the Executive Directors and the Management whenever deemed necessary.

# audit committee report

## Activities of the Audit Committee

During the year, the Audit Committee carried out its duties and responsibilities as set out in its terms of reference in performing its function, the Audit Committee reviewed the unaudited quarterly and half-year results, and the annual audited financial statements of the Company and of the Group prior to their approval by the Board. It also reviewed the new accounting standards applicable in the preparation of the consolidated financial statements and the additional regulatory disclosure requirements.

The Audit Committee reviewed the related party transaction ('RPTs') entered into by the Group, and the Group's procedures for monitoring and reviewing of RPTs to satisfy itself that the procedures were sufficient to ensure that the RPTs were not more favourable to the related parties than those generally available to the public and also not detrimental to interests of minority shareholders.

The Audit Committee comprises of the following members and details of attendance of each member at the Committee meeting held for the financial year ended 31 December 2004 are as follows:-

## Composition of the Committee

Chew Eng Chai  
*Chairman, Independent Non-Executive Director  
Member of the Malaysian Institute of Accountants*

Tan Chon Sing @ Tan Kim Tieng  
*Member, Independent Non-Executive Director*

Dato' Mohd Nor Bin Abdul Wahid  
*Member, Non-Independent Executive Chairman*

## Attendance at the Committee Meetings

There were four (4) Audit Committee meetings held during the financial year ended 31 December

2004. The attendance records of the Audit Committee members are as follows:-

Chew Eng Chai	All four (4) meetings
Tan Chon Sing @ Tan Kim Tieng	All four (4) meetings
Dato' Mohd Nor Bin Abdul Wahid	All four (4) meetings

## Terms of Reference

### Objectives

- Provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies accounting and management controls, financial reporting and business ethics policies.
- Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee Directors, the External Auditors and the Management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- Undertake such additional duties as may be appropriate and necessary to assist the Board.

## Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as summarised below:-

- To consider the appointment of the external auditors;





- ii. To review the adequacy of the existing external audit arrangement, with particular emphasis on the nature, scope and quality of the audit and discuss the results of their examination and their evaluation of the system of internal accounting controls;
- iii. To review the quarterly interim results and annual financial statements with the management prior to them being submitted to the Board. The review shall focus on:-
  - any changes in accounting policies and practices
  - major potential risk issues, if any
  - significant adjustments and issues arising from the audit
  - the going concern assumption
  - compliance with the applicable approved accounting standards
- iv. To review the external auditors' audit report on the financial statements and to discuss issues arising from the interim and final audit;
- v. To review the assistance and co-operation given by the Group, its business units and its officers to external auditors;
- vi. To review with management on a periodic basis, the company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.
- vii. To review any related-party transaction and potential conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

- viii. To review the external auditors' management letter and management's response.

### **Authority**

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference, it shall have:-

- i. Explicit authority to investigate any matters within its terms and reference;
- ii. The resources which are required to perform its duties;
- iii. Full access to any employee or member of the management which it requires in the course of performing its duties;
- iv. Unrestricted access to any information pertaining to the Company and its subsidiary; and
- v. Direct communication channels with both external auditors and internal auditors;

The Committee is also authorised by the Board to obtain independent professional advice or other advices and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary and reasonable for the performance of its duties at the cost of the Company.

### **Meeting**

- i. Meetings shall be held at least four (4) times a year. Additional meetings may be called at any time at the discretion of the Chairman of the Committee.
- ii. The Chairman shall convene a meeting of the Audit Committee if requested to do so by any



member, the management or the internal or external auditors to consider any matter within the scope of responsibilities of the Committee.

- iii. The Company Secretary shall be the Secretary of the Committee.
- iv. The minutes of each Committee meeting shall be tabled to the Board by the Chairman of the Committee.

### **Membership**

- i. The Committee shall be appointed by the Board from amongst its number and shall comprise not less than three (3) members, the majority of whom are independent non-executive directors.
- ii. The Chairman of the Committee shall be an independent non-executive director appointed by the Board.
- iii. No alternate director shall be appointed as member of the Committee.

- iv. If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

### **Internal Audit Function**

The Company does not have an Internal Audit function, but in the midst of considering the use of qualified professionals to review and assess the internal audit function of the Group on an ad-hoc basis.

The internal audit function if established shall be independent of the activities or operation of the Group. The Internal Auditor shall undertake the audit of the Group's operating units; reviewing the units' compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvement. The Internal Auditor shall report directly to the Audit Committee.

# financial statements

<b>18</b>	directors' report
<b>21</b>	statement by directors
<b>21</b>	statutory declaration
<b>22</b>	report of the auditors
<b>23</b>	balance sheets
<b>24</b>	income statements
<b>25</b>	statements of changes in equity
<b>26</b>	cash flow statements
<b>28</b>	notes to the financial statements



# directors' report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2004.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 4 to the financial statements.

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

## RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Net profit/(loss) for the year	4,444,953	(209,035)

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the statements of changes in equity.

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

## DIVIDEND

No dividend has been declared or paid by the Company since the end of the previous financial year. The directors do not recommend any payment of final dividend for the current financial year.

## DIRECTORS

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

Dato' Mohd Nor Bin Abdul Wahid  
Fang Chew Ham  
Foong Chiew Fatt  
Fong Chiew Hean  
Fong Chu King @ Tong Chu King  
Chew Eng Chai  
Tan Chon Sing @ Tan Kim Tieng  
Dato' Samsudin Bin Abu Hassan  
Fang Siew Yee  
Fang Siew Ping (Appointed on 27 September 2004)  
Liew Kuo Shin (Appointed on 27 September 2004)  
Khoo Wee Boon (Appointed on 27 September 2004)



## DIRECTORS BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 19 to the financial statements or the fixed salary of a full-time employee of the Company or its related corporation) 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, except as disclosed in Note 24 to the financial statements.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM0.20 each		
	At 1.1.2004/ At date of appointment	Bought	Sold
Direct interest			At 31.12.2004
Fang Chew Ham	44,590,300	-	-
Foong Chiew Fatt	7,935,480	-	-
Fong Chiew Hean	7,935,480	-	-
Fong Chu King @ Tong Chu King	4,467,740	-	-
Dato' Mohd Nor Bin Abdul Wahid	4,520,000	25,000	-
Chew Eng Chai	90,000	-	-
Tan Chon Sing @ Tan Kim Tieng	227,000	433,000	-
Fang Siew Ping	50,000	-	-
Liew Kuo Shin	102,500	-	-

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

## OTHER STATUTORY INFORMATION

- (a) Before the balance sheets and income statements of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had 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 value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

## **OTHER STATUTORY INFORMATION (CONT'D)**

- (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company 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 Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent 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 Group or of the Company to meet their obligations as and 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 Group or of the Company for the financial year in which this report is made.

## **AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Kuala Lumpur, Malaysia  
22 February 2005

## **statement by directors**

**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Dato' Mohd Nor Bin Abdul Wahid and Fang Chew Ham, being two of the directors of Three-A Resources Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 23 to 45 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors

Dato' Mohd Nor Bin Abdul Wahid

Fang Chew Ham

Kuala Lumpur, Malaysia  
22 February 2005

## **statutory declaration**

**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Fang Chew Ham, being the director primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 23 to 45 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed Fang Chew Ham  
at Kuala Lumpur in the Federal  
Territory on 22 February 2005

Fang Chew Ham

Before me,

# **report of the auditors**

## **TO THE MEMBERS OF THREE-A RESOURCES BERHAD**

We have audited the accompanying financial statements set out on pages 23 to 45. 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 conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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 the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been 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 Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company 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
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary that have been consolidated with the financial statements of the Company 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' report on the financial statements of the subsidiary was not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young  
AF: 0039  
Chartered Accountants

Yap Seng Chong  
No. 2190/12/05(J)  
Partner

Kuala Lumpur, Malaysia  
22 February 2005



# balance sheets

AS AT 31 DECEMBER 2004

		Group		Company	
		2004	2003	2004	2003
	Note	RM	RM	RM	RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	43,460,763	39,654,100	3,739	4,207
Investment in a subsidiary	4	-	-	33,897,326	20,100,000
Due from subsidiary	5	-	-	8,284,439	8,492,613
Negative goodwill	6	(4,553,656)	(4,553,656)	-	-
		38,907,107	35,100,444	42,185,504	28,596,820
<b>CURRENT ASSETS</b>					
Inventories	7	7,528,371	3,662,057	-	-
Trade receivables	8	16,577,215	12,312,925	-	-
Other receivables	9	328,461	105,499	1,160	1,160
Tax recoverable		152,778	186,454	-	-
Cash and bank balances		477,846	235,657	582	1,425
		25,064,671	16,502,592	1,742	2,585
<b>CURRENT LIABILITIES</b>					
Short term borrowings	10	18,620,683	10,856,018	-	-
Trade payables	12	1,510,279	2,279,878	-	-
Other payables	13	2,115,118	2,093,612	26,298	26,748
		22,246,080	15,229,508	26,298	26,748
<b>NET CURRENT ASSETS/(LIABILITIES)</b>					
		2,818,591	1,273,084	(24,556)	(24,163)
		41,725,698	36,373,528	42,160,948	28,572,657
<b>FINANCED BY:</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital	14	28,000,002	28,000,002	28,000,002	28,000,002
Share premium	15	794,621	794,621	794,621	794,621
Revaluation reserve	16	-	-	13,797,326	-
Retained profits/(Accumulated losses)		8,812,669	4,367,716	(431,001)	(221,966)
Shareholders' equity		37,607,292	33,162,339	42,160,948	28,572,657
<b>NON-CURRENT LIABILITIES</b>					
Long term borrowings	10	1,184,761	1,657,537	-	-
Deferred tax liabilities	17	2,933,645	1,553,652	-	-
Non-current liabilities		4,118,406	3,211,189	-	-
		41,725,698	36,373,528	42,160,948	28,572,657

The accompanying notes form an integral part of the financial statements.

# income statements

FOR THE YEAR ENDED 31 DECEMBER 2004

		Group		Company	
		2004	2003	2004	2003
	Note	RM	RM	RM	RM
Revenue	18	60,594,712	40,501,207	-	-
Cost of sales		(44,866,276)	(31,179,073)	-	-
Gross profit		15,728,436	9,322,134	-	-
Other operating income		57,978	68,254	-	-
Administrative expenses		(5,538,423)	(3,937,960)	(209,035)	(157,616)
Other operating expenses		(3,040,711)	(1,416,743)	-	-
Profit/(Loss) from operations	19	7,207,280	4,035,685	(209,035)	(157,616)
Finance costs	21	(940,327)	(798,048)	-	-
Profit/(Loss) before taxation		6,266,953	3,237,637	(209,035)	(157,616)
Taxation	22	(1,822,000)	(620,699)	-	(5,004)
Net profit/(loss) for the year		4,444,953	2,616,938	(209,035)	(162,620)
Basic earnings per share (sen)	23	3.2	1.9		

The accompanying notes form an integral part of the financial statements.

# statements of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Share capital RM	Share premium <sup>(1)</sup> RM	Revaluation reserve <sup>(1)</sup> RM	Retained profits <sup>(2)</sup> / (Accumulated losses) RM	Total RM
<b>Group</b>						
<b>At 1 January 2003</b>		28,000,002	794,621	-	1,750,778	30,545,401
Net profit for the year		-	-	-	2,616,938	2,616,938
<b>At 31 December 2003</b>		28,000,002	794,621	-	4,367,716	33,162,339
<b>At 1 January 2004</b>		28,000,002	794,621	-	4,367,716	33,162,339
Net profit for the year		-	-	-	4,444,953	4,444,953
<b>At 31 December 2004</b>		28,000,002	794,621	-	8,812,669	37,607,292
<b>Company</b>						
<b>At 1 January 2003</b>		28,000,002	794,621	-	(59,346)	28,735,277
Net loss for the year		-	-	-	(162,620)	(162,620)
<b>At 31 December 2003</b>		28,000,002	794,621	-	(221,966)	28,572,657
<b>At 1 January 2004</b>		28,000,002	794,621	-	(221,966)	28,572,657
Net loss for the year		-	-	-	(209,035)	(209,035)
Surplus arising from revaluation of investment in a subsidiary	4	-	-	13,797,326	-	13,797,326
<b>At 31 December 2004</b>		28,000,002	794,621	13,797,326	(431,001)	42,160,948

## Note

(1) Non-distributable

(2) Distributable

The accompanying notes form an integral part of the financial statements.

# cash flow statements

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before taxation		6,266,953	3,237,637	(209,035)	(157,616)
Adjustments for:					
Depreciation of property, plant and equipment		2,060,657	1,997,810	468	351
Provision for doubtful debts		300,000	162,500	-	-
Doubtful debts recovered		(78,495)	-	-	-
Bad debts written off		22,453	5,935	-	-
Unrealised foreign exchange losses		(11,315)	-	-	-
Interest expense		728,039	667,524	-	-
Plant and machinery written off		170,867	-	-	-
Operating profit/(loss) before working capital changes		9,459,159	6,071,406	(208,567)	(157,265)
Working capital changes:					
Inventories		(3,866,314)	(270,609)	-	-
Receivables		(4,719,895)	(2,508,235)	-	-
Payables		(748,093)	1,538,000	(450)	(2,440)
Subsidiary		-	-	208,174	140,260
Cash generated from/(used) in operations		124,857	4,830,562	(843)	(19,445)
Interest paid		(728,039)	(667,524)	-	-
Income tax paid		(408,331)	(585,004)	-	(5,004)
Net cash (used in)/generated from operating activities		(1,011,513)	3,578,034	(843)	(24,449)
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>					
Purchase of property, plant and equipment, representing net cash used in investing activity		(6,038,187)	(4,851,482)	-	-

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(Repayment)/Drawdown of bankers acceptances		(3,730,953)	2,348,376	-	-
(Repayment)/Drawdown of term loans		(197,462)	1,800,000	-	-
Drawdown of foreign currency trade financing		11,500,398	-	-	-
Drawdown of revolving credit		1,000,000	-	-	-
Repayment of hire purchase financing		(60,000)	(60,000)	-	-
Net cash generated from financing activities		8,511,983	4,088,376	-	-
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
		1,462,283	2,814,928	(843)	(24,449)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>					
		(1,418,155)	(4,233,083)	1,425	25,874
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>					
(a)		44,128	(1,418,155)	582	1,425

#### NOTES TO CASH FLOW STATEMENT

- (a) Cash and cash equivalents comprise the following balance sheet amounts:

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash and bank balances	477,846	235,657	582	1,425
Bank overdrafts (Note 10)	(433,718)	(1,653,812)	-	-
	44,128	(1,418,155)	582	1,425

The accompanying notes form an integral part of the financial statements.



# notes to the financial statements

31 DECEMBER 2004

## 1. CORPORATE INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 4. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Malaysian Exchange Securities Dealing & Automated Quotation (MESDAQ) Market of the Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company and of the Group is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan.

The Company has no employee at the end of the financial years ended 31 December 2004 and 2003 as it is managed by employees of the subsidiary. The subsidiary employs 101 (2003: 87) employees at the end of the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2005.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of investment in a subsidiary and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary. A subsidiary is a company in which the Company has a long term equity interest and where it retains the power to exercise control over the financial and operating policies of the subsidiary so as to obtain benefits therefrom.

The subsidiary is consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary acquired or disposed of during the year is included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **(c) Investment in a subsidiary**

Investment in subsidiary is initially stated at cost less impairment losses. During the financial year, the Company revalued its investment in the subsidiary based on the net tangible assets of the said subsidiary. The directors consider that the change of basis of measurement from cost to revaluation gives a fairer presentation of the financial position of the Company. This change has been applied prospectively and has no effect on the results of the Company for the current or previous financial years.

Valuation is performed at a regular intervals of at least once in every 5 years with additional valuations in the intervening years where conditions indicate that the carrying values of the revalued investment differs materially from the underlying net tangible asset values of the subsidiary.

Surplus arising on revaluation is credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of the previous surplus held in the revaluation reserve for the subsidiary. In all other cases, a decrease in carrying amount is charged to income statement.

Upon the disposal of such investment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement and the unutilised portion of the related revaluation surplus is taken directly to retained profits.

### **(d) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Long leasehold land with unexpired lease periods of more than 50 years are not amortised as the resulting depreciation charge and accumulated depreciation are not significant. Short leasehold land with unexpired lease periods of less than 50 years are amortised over the remaining period of the lease. Depreciation on capital work-in-progress will only commence when the assets constructed are ready to use.

Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Factory and office buildings	2%
Plant and machinery	5%
Tools and implements	10%
Furniture and fittings and equipment	10%
Renovations and electrical installations	10%
Motor vehicles	10%

Upon the disposal of an asset, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement.

### **(e) Finance lease**

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **(e) Finance lease (Cont'd)**

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

### **(f) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less estimated costs to completion and estimated costs necessary to complete the sale.

### **(g) Provisions for Liabilities**

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### **(h) Employee Benefits**

#### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### **(ii) Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

### **(i) Goodwill**

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill is stated at cost and is not amortised.

## **2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

### **(j) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

### **(k) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

#### **(i) Sale of goods**

Revenue relating to sale of goods is recognised net of returns and discounts upon acceptance by customers.

#### **(ii) Interest income**

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

### **(l) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

### **(m) Foreign Currencies**

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign contracts, in which case the rates specified in such contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined. All exchange rate differences are taken to the income statement.

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

The principal exchange rates used for every unit of foreign currency ruling at the balance sheet date are as follows:

	2004	2003
	RM	RM
United States Dollar	3.80	3.80
Singapore Dollar	2.29	2.17

### (n) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset.

### (o) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

#### (i) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

#### (ii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

#### (iii) Interest-Bearing Borrowings

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

#### (vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.



### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land RM	Short leasehold land RM	Factory and office buildings RM	Plant and machinery, tools and implements RM	Furniture and fittings, and equipment RM	Renovations and electrical installations RM	Motor vehicles RM	Capital work-in-progress RM	Total RM
<b>Cost</b>									
At 1 January 2004	5,279,432	500,000	11,631,155	25,083,690	1,664,033	930,050	1,377,484	1,944,044	48,409,888
Additions	-	-	77,942	1,293,197	107,965	16,465	250,780	4,291,838	6,038,187
Written off	-	-	(171,979)	(1,600)	-	-	-	-	(173,579)
Reclassification	-	-	1,230,555	-	-	-	-	(1,230,555)	-
At 31 December 2004	5,279,432	500,000	12,767,673	26,375,287	1,771,998	946,515	1,628,264	5,005,327	54,274,496
<b>Accumulated Depreciation</b>									
At 1 January 2004	302,703	71,334	1,029,667	5,989,709	366,197	372,270	623,908	-	8,755,788
Written off	-	-	(2,472)	(240)	-	-	-	-	(2,712)
Charge for the year	-	10,667	256,069	1,343,277	174,183	102,714	173,747	-	2,060,657
At 31 December 2004	302,703	82,001	1,283,264	7,332,746	540,380	474,984	797,655	-	10,813,733
<b>Net Book Value</b>									
At 31 December 2004	4,976,729	417,999	11,484,409	19,042,541	1,231,618	471,531	830,609	5,005,327	43,460,763
At 31 December 2003	4,976,729	428,666	10,601,488	19,093,981	1,297,836	557,780	753,576	1,944,044	39,654,100
<b>Details at 1 January 2003</b>									
Cost	5,279,432	500,000	9,656,107	23,049,015	1,642,157	904,157	1,322,484	1,205,054	43,558,406
Accumulated depreciation	(302,703)	(60,667)	(819,283)	(4,686,133)	(191,649)	(266,416)	(431,127)	-	(6,757,978)
<b>Depreciation charge for 2003</b>									
	-	10,667	210,384	1,303,576	174,548	105,854	192,781	-	1,997,810

### 3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and fittings	
	2004 RM	2003 RM
<b>Cost</b>		
At 1 January/31 December	4,675	4,675
<b>Accumulated Depreciation</b>		
At 1 January	468	117
Charge for the year	468	351
At 31 December	936	468
<b>Net Book Value</b>		
At 31 December	3,739	4,207

(a) All property, plant and equipment are charged as securities for borrowings facilities obtained (Note 10).

(b) Included in property, plant and equipment of the Group are motor vehicles held under hire purchase with an aggregate net book value of RM209,316 (2003: RM251,179).

### 4. INVESTMENT IN A SUBSIDIARY

	Company	
	2004 RM	2003 RM
Unquoted investment		
- at valuation	33,897,326	-
- at cost	-	20,100,000
	33,897,326	20,100,000

Details of the subsidiary are as follows:

Name of Subsidiary	Country of incorporation	Equity interest held		Principal activities
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100%	100%	Manufacture and selling of food and beverage ingredients

During the financial year, the Company revalued its investment in the subsidiary based on the net tangible assets of the said subsidiary. The directors consider that the change of basis of measurement from cost to revaluation gives a fairer presentation of the financial position of the Company. This change has been applied prospectively and has no effect on the results of the Company for the current or previous financial years.

### 5. DUE FROM SUBSIDIARY

The amount due from a subsidiary is interest-free, unsecured and has no fixed term of repayment.

## 6. NEGATIVE GOODWILL

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
At 1 January/December	4,553,656	4,553,656

## 7. INVENTORIES

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
At cost:		
Finished goods	1,699,035	1,740,900
Raw materials	5,367,181	1,572,925
Packing materials	462,155	348,232
	7,528,371	3,662,057

The cost of inventories recognised as an expense during the financial year amounted to RM44,324,306 (2003: RM30,476,801).

## 8. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
Trade receivables	17,384,179	12,898,384
Less: Provision for doubtful debts	(806,964)	(585,459)
	16,577,215	12,312,925

Included in trade receivables is an amount of RM166,952 (2003: RM143,769) due from Seong Chan Sauce & Foodstuff Sdn. Bhd., a company in which certain directors have financial interests (Note 24).

The Group's normal trade credit term ranges from 30 to 150 days (2003: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 9. OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Sundry receivables, deposits and prepayments	508,461	287,999	1,160	1,160
Less: Provision for doubtful debts	(180,000)	(182,500)	-	-
	328,461	105,499	1,160	1,160

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 10. BORROWINGS

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Short Term Borrowings</b>		
Secured:		
Bank overdrafts	433,718	1,653,812
Bankers acceptances	5,213,790	8,944,743
Term loans	417,777	197,463
Revolving credits	1,000,000	-
Foreign currency trade financing	11,500,398	-
Hire purchase payables (Note 11)	55,000	60,000
	18,620,683	10,856,018
<b>Long Term Borrowings</b>		
Secured:		
Term loans	1,184,761	1,602,537
Hire purchase payables (Note 11)	-	55,000
	1,184,761	1,657,537
<b>Total Borrowings</b>		
Bank overdrafts	433,718	1,653,812
Bankers acceptances	5,213,790	8,944,743
Term loans	1,602,538	1,800,000
Revolving credits	1,000,000	-
Foreign currency trade financing	11,500,398	-
Hire purchase payables (Note 11)	55,000	115,000
	19,805,444	12,513,555
<b>Maturity of borrowings</b> (excluding hire purchase payables)		
Within one year	18,565,683	10,796,018
More than 1 year and less than 2 years	450,210	417,777
More than 2 years but less than 5 years	734,551	1,184,760
	19,750,444	12,398,555

The weighted average effective interest rates per annum at the balance sheet date for borrowings, excluding hire purchase payables, were as follows:

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>%</b>	<b>%</b>
Bank overdrafts	7.50	7.70
Bankers acceptances	3.90	3.90
Term loans	7.50	7.50
Foreign currency trade financing	3.98	-
Revolving credit	5.75	-

## 10. BORROWINGS (CONT'D)

The bank borrowings are secured by:

- fixed charges over the leasehold land and factory and office buildings of the subsidiary (Note 3);
- debentures incorporating fixed and floating charges over all assets and undertakings of the subsidiary, both present and future;
- a corporate guarantee by the Company.

## 11. HIRE PURCHASE AND FINANCE LEASE PAYABLES

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Minimum lease payments:</b>		
Not later than 1 year	68,750	75,000
Later than 1 year and not later than 2 years	-	68,750
	68,750	143,750
Less: Future finance charges	(13,750)	(28,750)
Present value of finance lease liabilities	55,000	115,000
<b>Present value of finance lease liabilities:</b>		
Not later than 1 year	55,000	60,000
Later than 1 year and not later than 2 years	-	55,000
	55,000	115,000
<b>Analysed as:</b>		
Due within 12 months (Note 10)	55,000	60,000
Due after 12 months (Note 10)	-	55,000
	55,000	115,000

The hire purchase payables bore interest at 9.15% (2003: 9.15%) per annum.

## 12. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 60 days (2003: 30 to 60 days).

## 13. OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Accruals	1,350,406	863,126	13,050	13,348
Sundry payables	764,712	1,230,486	13,248	13,400
	2,115,118	2,093,612	26,298	26,748



#### 14. SHARE CAPITAL

Group and Company	Group		Company	
	2004	2003	2004	2003
	Number of Shares	Number of Shares	RM	RM
Authorised:				
Ordinary shares of RM0.20 each	250,000,000	250,000,000	50,000,000	50,000,000
Issued and fully paid:				
Ordinary shares of RM0.20 each	140,000,010	140,000,010	28,000,002	28,000,002

#### 15. SHARE PREMIUM

The share premium may be applied only for the purposes as specified in the Companies Act, 1965. The balance is not available for distribution of dividends except for in the form of shares.

#### 16. REVALUATION RESERVE

The revaluation reserve arose from the revaluation of the investment in a subsidiary during the financial year (Note 4).

#### 17. DEFERRED TAX

	Group	
	2004	2003
	RM	RM
At 1 January	1,553,652	1,059,229
Recognised in the income statement (Note 22)	1,379,993	494,423
At 31 December	2,933,645	1,553,652
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	3,986,765	3,462,351
Deferred tax assets	(1,053,120)	(1,908,699)
	2,933,645	1,553,652

## 17. DEFERRED TAX (CONT'D)

The components and movements of the Group's deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

### Deferred Tax Liabilities

	Accelerated Capital Allowances RM	Others RM	Total RM
At 1 January 2003	2,906,062	(5,134)	2,900,928
Recognised in the income statement	644,701	(83,278)	561,423
At 1 January 2004	3,550,763	(88,412)	3,462,351
Recognised in the income statement	608,080	(83,666)	524,414
At 31 December 2004	4,158,843	(172,078)	3,986,765

### Deferred Tax Assets

	Unutilised Reinvestment Allowances RM
At 1 January 2003	(1,841,699)
Recognised in the income statement	(67,000)
At 1 January 2004	(1,908,699)
Recognised in the income statement	855,579
At 31 December 2004	(1,053,120)

## 18. REVENUE

Revenue represents the invoiced value of goods sold less sales tax, goods returned and trade discounts.

## 19. PROFIT/(LOSS) FROM OPERATIONS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) from operations is stated after charging/(crediting):				
Staff costs - excluding directors' remuneration (Note 20)	4,033,496	3,113,918	-	-
Depreciation of property, plant and equipment	2,060,657	1,997,810	468	351

## 19. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Profit/(loss) from operations is stated after charging/(crediting):				
Directors' remuneration				
- salaries and other emoluments				
- current year	1,078,263	839,390	64,000	28,500
- overprovision in previous year	-	(1,200)	-	(1,200)
Provision for doubtful debts	300,000	162,500	-	-
Plant and machinery written off	170,867	-	-	-
Auditors' remuneration				
- current year	38,000	35,000	10,000	10,000
Rent of premises	28,178	6,000	-	-
Bad debts written off	22,453	5,935	-	-
Doubtful debts recovered	(78,495)	-	-	-
Realised exchange gain	(57,978)	(62,595)	-	-
Unrealised foreign exchange gain	(11,315)	-	-	-
<b>Directors of the Company</b>				
Executive:				
Salaries and other emoluments	937,163	750,890	25,000	-
Bonus	102,100	60,000	-	-
	1,039,263	810,890	25,000	-
Non-executive:				
Salaries and other emoluments	39,000	28,500	39,000	28,500
Overprovision in prior year	-	(1,200)	-	(1,200)
Total	39,000	27,300	39,000	27,300
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	1,039,263	810,890	25,000	-
Total non-executive directors' remuneration	39,000	27,300	39,000	27,300
Total directors' remuneration	1,078,263	838,190	64,000	27,300

## 19. PROFIT/(LOSS) FROM OPERATIONS (CONT'D)

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of Directors	
	2004	2003
Executive directors:		
RM150,001 - RM200,000	1	1
RM200,001 - RM250,000	1	1
RM350,000 - RM400,000	-	1
RM400,001 - RM450,000	1	-
Non-Executive directors:		
Below RM50,000	7	6
RM50,001 - RM100,000	2	-

## 20. STAFF COSTS

	Group	
	2004 RM	2003 RM
Wages and salaries	3,578,455	2,656,351
Social security costs	29,485	26,695
Short term accumulating compensated absences	-	86,301
Defined contribution plans	335,923	260,251
Other staff related expenses	89,633	84,320
	4,033,496	3,113,918

## 21. FINANCE COSTS

	Group	
	2004 RM	2003 RM
Interest expense on:		
Term loans	133,664	61,298
Other bank borrowings	579,375	591,226
Hire purchase financing	15,000	15,000
	728,039	667,524
Bank charges	212,288	130,524
	940,327	798,048

## 22. TAXATION

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Malaysian income tax:				
Tax expense for the year	442,007	135,325	-	-
(Over)/underprovision in prior years	-	(9,049)	-	5,004
Deferred tax:	442,007	126,276	-	5,004
Relating to origination and reversal of temporary differences (Note 17)	1,379,993	494,423	-	-
	1,822,000	620,699	-	5,004

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year. A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Profit/(loss) before taxation	6,266,953	3,237,637	(209,035)	(157,616)
Taxation at Malaysian statutory tax rate of 28% (2003: 28%)	1,754,747	906,538	(58,530)	(44,132)
Expenses not deductible for tax purposes	226,610	145,345	58,530	44,132
Utilisation of reinvestment allowances brought forward	-	(317,006)	-	-
Relating to origination and reversal of temporary differences	-	(105,129)	-	-
Utilisation of current year's reinvestment allowances	(159,357)	-	-	-
(Over)/Underprovided in prior years	-	(9,049)	-	5,004
Tax expense for the year	1,822,000	620,699	-	5,004

Unutilised reinvestment allowances are analysed as follows:

	Group	
	2004	2003
	RM	RM
Tax savings recognised during the year arising from utilisation of reinvestment allowances brought forward	-	317,006
Unutilised reinvestment allowances carried forward	3,761,000	6,818,000



## 23. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
Net profit for the year (RM)	4,444,953	2,616,938
Weighted average number of ordinary shares in issue	140,000,010	140,000,010
Basic earnings per share (sen)	3.2	1.9

## 24. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Sales to Seong Chan Sauce & Foodstuff Sdn. Bhd.	(562,130)	(441,447)	-	-
Rent payable to Excellent Chemical Industrial Sdn. Bhd.	28,178	6,000	-	-

Seong Chan Sauce & Foodstuff Sdn. Bhd. and Excellent Chemical Industrial Sdn. Bhd. are companies in which Fang Chew Ham, Foong Chew Fatt, Foong Chiew Hean and Fong Chu King @ Tong Chu King have financial interests.

The directors are of the opinion that the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from unrelated parties.

## 25. COMMITMENTS

	<b>Group</b>	
	<b>2004</b>	<b>2003</b>
	<b>RM</b>	<b>RM</b>
<b>Capital expenditure:</b>		
Approved and contracted for	3,034,000	1,200,000

## 26. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2004	2003
	RM	RM
Guarantees to licensed financial institutions in respect of credit facilities granted to a subsidiary company	19,751,000	19,600,000

## 27. FINANCIAL INSTRUMENTS

### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

### (b) Interest Rate Risk

The Group's exposure to market risk for changes in the interest rate environment principally relates to its debts obligations. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings. The Group ensures that it obtains borrowings at favourable interest rates.

Information relating to the Group's interest rates is disclosed in the Notes 10 and 11 to the financial statements..

### (c) Foreign Exchange Risk

The Group is exposed to the effects of foreign currency exchange rate fluctuations, primarily in relation to the United States and Singapore dollars.

The Group's policy is to manage all its foreign financial assets and liabilities using the best available foreign currency exchange rates. Transactional exposures in currencies other than the entity's functional currency are kept at a minimal level.

The net unhedged financial assets of the Group that are not denominated in their functional currency are as follows:

Functional currency of the Group is Ringgit Malaysia	United States Dollar RM	Singapore Dollar RM	Total RM
<b>At 31 December 2004</b>			
Receivables	-	835,080	835,080
<b>At 31 December 2003</b>			
Receivables	2,341,672	869,844	3,211,516

## 27. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Foreign Exchange Risk (Cont'd)

During the year, the Group had entered into forward foreign exchange contracts with the following notional amounts and with maturity date within one year:

	Currency	Total Notional Amount RM
<b>At 31 December 2004</b>		
Forwards used to hedge trade receivables	United States Dollar	2,253,572
Forwards used to hedge anticipated sales	United States Dollar	4,153,539

The net unrecognised losses as at 31 December 2004 on forward contracts used to hedge anticipated sales which are expected to occur in 2005 amounted to RM8,000 and are deferred until the related sales occur, at which time they will be included in the measurement of the sales.

### (d) Liquidity Risk

The Group actively manages its cash and cash equivalents, operating cash flows and the availability of funding so as to ensure that there is adequate working capital and that repayment and funding needs are met.

### (e) Credit Risk

Credit risk is the risk that counter parties will be unable to meet their obligations resulting in financial loss to the Group.

It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that the goods sold are to the customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The trade receivables represent the Group's maximum exposure to credit risk in the event the counter parties fail to perform their obligations. There was no significant concentration of credit risk to the Group as at year end.

### (f) Fair Value

It is not practical to estimate the fair values of amounts due from a subsidiary due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

The fair values of long term liabilities and all other financial assets and liabilities are not materially different from their carrying value as at 31 December 2004.

## 28. SEGMENT INFORMATION

No segmental reporting is presented as the Group's activities are predominantly in one industry segment and occur predominantly in Malaysia.

## summary of landed properties

Location	Existing Use	Age of Factory/ Building	Build Up Area/ Land Area (Sq Feet)	Tenure	Cost (RM'000)	NBV as at 31.12.2004 (RM'000)
Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Factories & Office Building	9 years	46,877/ 110,976	Leasehold (unexpired lease period of 97 years)	9,650	9,154
Lot 590, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Factories, Office Building & Warehouse	28 years	33,907/ 35,120	Leasehold (unexpired lease period of 97 years)	3,643	2,842
Lot PT 6416 & Lot PT 6417 Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Factories & Warehouse	<i>under construction</i>	48,100/ 92,132	Leasehold (unexpired lease period of 97 years)	5,648	5,432
Lot PT 5938, Jalan Union, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Warehouse	6 years	5,785/ 6,806	Leasehold (unexpired lease period of 58 years)	867	785
Lot PT 2317 (Lot 671) Jalan Middle, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E.	Warehouse	6 years	6,942/ 8,167	Leasehold (unexpired lease period of 58 years)	570	517
<b>TOTAL</b>					<b>20,378</b>	<b>18,730</b>

# analysis of shareholdings

Authorised Share Capital : RM 50,000,000 Dividend into 250,000,000 Ordinary Shares Of RM 0.20 per share.  
 Issued and Fully Paid-up Capital : RM 28,000,002 Dividend into 140,000,010 Ordinary Shares Of RM 0.20 per share.  
 Class of Shares : Ordinary Share  
 Voting Rights : One voting right for one Ordinary Share

## ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 30 APRIL 2005

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Issued Capital
1 - 99	4	0.21	210	0.00
200 - 999	68	3.59	17,800	0.01
1,000 - 4,999	444	23.45	900,600	0.64
5,000 - 10,000	776	40.99	5,793,300	4.14
10,001 - 100,000	515	27.21	18,484,600	13.20
100,001 - 1,000,000	69	3.65	20,526,700	14.66
1,000,000 And Above	17	0.90	94,276,800	67.34
Total	1,893	100.00	140,000,010	100.00

## LIST OF TOP 30 SHAREHOLDERS AS AT 30 APRIL 2005

No.	Name	Shares held	%
1	Fang Chew Ham	43,590,300	31.14
2	Fong Chiew Hean	7,935,480	5.67
3	Foong Chiew Fatt	7,935,480	5.67
4	Teo Kwee Hock	6,889,200	4.92
5	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Teo Siew Lai	6,355,000	4.54
6	Fong Chu King @ Tong Chu King	4,467,740	3.19
7	Dato' Mohd Nor Bin Abdul Wahid	2,520,000	1.80
8	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Mohd Nor Bin Abdul Wahid	2,025,000	1.45
9	Siti Hapzah Binti Ali	2,000,000	1.43
10	Kong Chee Choong	1,700,000	1.21
11	Koh Koo Kee @ Koh Ah Fook	1,500,000	1.07
12	Kuah Seow Peng	1,371,000	0.98
13	Koh Koo Kee @ Koh Ah Fook	1,370,000	0.98
14	Fang Chew Ham	1,200,000	0.86
15	Liaw Pek Swee	1,180,000	0.84
16	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad For Hidden Treasures Fund	1,169,600	0.84
17	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Suzy Ding (CEB)	1,068,000	0.76
18	Kuala Lumpur City Nominees (Tempatan) Sdn Bhd KLCS Asset Management Sdn Bhd For Quek Jin Ang	1,000,000	0.71
19	Lam Kok Kee	1,000,000	0.71
20	Lee Chin Bee	850,000	0.61
21	Tan Poh Heoh	800,000	0.57
22	Hee Kiam Min	780,000	0.56
23	Tan Cheng Chai	737,900	0.53

# **LIST OF TOP 30 SHAREHOLDERS AS AT 30 APRIL 2005 (CONT'D)**

No.	Name	Shares Held	%
24	Lee See Kwan	700,000	0.50
25	Lee Chin Yoke	700,000	0.50
26	Tan Chon Sing @ Tan Kim Tieng	660,000	0.47
27	Chin Hon Kee	641,000	0.46
28	Quek Jin Ang	614,000	0.44
29	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For V. Pasupathy A/L R. Veerappan	600,000	0.43
30	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Lai Kiew	580,000	0.41
<b>Total</b>		<b>103,939,700</b>	<b>74.24</b>

# **DIRECTORS' SHAREHOLDINGS AS AT 30 APRIL 2005**

No.	Name	DIRECT		INDIRECT	
		No. of Shares Held	% of Issued Capital	No. of Shares Held	% of Issued Capital
1	Fang Chew Ham	44,790,300	31.99	20,338,700 <sup>1</sup>	14.56
2	Foong Chiew Fatt	7,935,480	5.67	57,193,520 <sup>2</sup>	40.85
3	Fong Chiew Hean	7,935,480	5.67	57,193,520 <sup>3</sup>	40.85
4	Fong Chu King @ Tong Chu King	4,467,740	3.19	60,661,260 <sup>4</sup>	43.33
5	Dato' Mohd Nor Bin Abdul Wahid	4,545,000	3.25	-	-
6	Tan Chon Sing @ Tan Kim Tieng	660,000	0.47	-	-
7	Chew Eng Chai	90,000	0.06	-	-
8	Dato' Samsudin Bin Abu Hassan	-	-	-	-
9	Fang Siew Yee	-	-	44,942,800 <sup>5</sup>	32.10
10	Fang Siew Ping	50,000	0.03	44,790,300 <sup>6</sup>	31.99
11	Liew Kuo Shin	102,500	0.07	-	-
12	Khoo Wee Boon	-	-	-	-

Note:

- 1 Indirect interest via shareholdings of his siblings, Foong Chiew Fatt, Fong Chiew Hean, Fong Chu King @ Tong Chu King and daughter Fang Siew Ping.
- 2 Indirect interest via shareholdings of his siblings, Fang Chew Ham, Fong Chiew Hean and Fong Chu King @ Tong Chu King.
- 3 Indirect interest via shareholdings of his siblings, Fang Chew Ham, Foong Chiew Fatt and Fong Chu King @ Tong Chu King.
- 4 Indirect interest via shareholdings of his siblings, Fang Chew Ham, Foong Chiew Fatt and Fong Chiew Hean.
- 5 Indirect interest via shareholdings of her father Fang Chew Ham, her husband Liew Kuo Shin and her sister Fang Siew Ping.
- 6 Indirect interest via shareholdings of her father Fang Chew Ham.

# **SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2005**

No.	Name	No. of Shares Held	% of Issued Capital
1	Fang Chew Ham	44,790,300	31.99
2	Fong Chiew Hean	7,935,480	5.67
3	Foong Chiew Fatt	7,935,480	5.67
<b>Total</b>		<b>60,661,260</b>	<b>43.33</b>



# notice of annual general meeting

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at Banquet Room, Kelab Rahman Putra Malaysia, 1st Floor, Jalan BRP 2/1, Bukit Rahman Putra, 47000 Sungai Buloh, Selangor Darul Ehsan on the 15th day of June 2005 at 10.00 a.m. for the following purposes:-

## A G E N D A

1. To receive the audited Financial Statements for the financial year ended 31st December 2004 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect the following Directors who retire by rotation pursuant to Article 86 of the Company's Articles of Association:-
  - 2.1 Mr. Fang Chew Ham **(Resolution 2)**
  - 2.2 Dato' Samsudin Bin Abu Hassan **(Resolution 3)**
3. To re-elect the following Directors who retire pursuant to Article 93 of the Company's Articles of Association:-
  - 3.1 Mr. Khoo Wee Boon **(Resolution 4)**
  - 3.2 Mr. Liew Kuo Shin **(Resolution 5)**
  - 3.3 Ms Fang Siew Ping **(Resolution 6)**
4. To consider and if thought fit, pass the following Resolution in accordance with Section 129(6) of the Companies Act, 1965:-

"That Mr. Foong Chiew Fatt, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **(Resolution 7)**
5. To re-appoint Messrs. Ernst & Young as Auditors and to authorize the Directors to fix their remuneration. **(Resolution 8)**
6. As special business, to consider and if thought fit, to pass the following resolution:-

### **As Ordinary Resolution -**

Authority to Directors to Allot and Issue Shares

Pursuant to Section 132 D of the Companies Act, 1965

"That subject to the approvals of the relevant authorities, the Directors be and are hereby authorised pursuant to Section 132 D of the Companies Act, 1965 to allot and issue new ordinary shares of RM0.20 in the Company at any time and upon such terms and conditions and for such purposes as the Directors, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **(Resolution 9)**

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

BY ORDER OF THE BOARD

NG BEE LIAN (MAICSA 7041392)  
TAN ENK PURN (MAICSA 7045521)  
Company Secretaries

Kuala Lumpur  
Date: 20 May 2005

**EXPLANATORY NOTES TO SPECIAL BUSINESS:-**

1. Your Board would like to act expeditiously on opportunities to expand your Group's business, if and when they arise. The proposed resolution No.9, if passed, is to authorize the Directors to issue up to 10% of the paid up capital of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

**NOTES:-**

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. The proxy form must be duly completed and deposited at the registered office of the Company at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Seri Sungai Buloh, 47000 Selangor D.E. not less than 48 hours before the time for holding the meeting. Provided that in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, PROVIDED Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s)
3. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

# proxy form



## THREE-A RESOURCES BERHAD

(481559-M)  
Incorporated in Malaysia

I/We, \_\_\_\_\_  
of \_\_\_\_\_  
being a member of THREE-A RESOURCES BERHAD hereby appoint \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_

or the Chairman of the meeting as my / our proxy to attend and vote as indicated hereon on my /our behalf at the Annual General Meeting of the Company to be held on the 15th day of June 2005 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1 Receive the audited Financial Statements for the financial year ended 31st December 2004 and the Reports of the Directors and Auditors thereon		
2 Re-election of Mr. Fang Chew Ham		
3 Re-election of Dato' Samsudin Bin Abu Hassan		
4 Re-election of Mr. Khoo Wee Boon		
5 Re-election of Mr. Liew Kuo Shin		
6 Re-election of Ms. Fang Siew Ping		
7 Re-appointment of Mr. Foong Chiew Fatt		
8 Re-appointment of Messrs. Ernst & Young as Auditors and to authorize the directors to fix the Auditors' Remuneration		
9 Authority to Directors to allot and issue shares pursuant to Section 132D of the Companies Act 1965		

(Please indicate with a cross (x) in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

Number of Shares

\_\_\_\_\_  
Signature / Common Seal

### Notes:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

To be valid, this form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person or persons named in such instrument proposes to vote Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / her proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions that the provisions of his holdings to be represented by each proxy.
4. Where the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorized.

*Fold here*

AFFIX  
30 sen  
STAMP

**THREE-A RESOURCES BERHAD**  
AL 308, Lot 590 & Lot 4196  
Jalan Industri, U 19  
Kampung Baru Seri Sungai Buloh  
47000 Selangor Darul Ehsan

*Fold here*





**THREE-A RESOURCES BERHAD**

481559-M  
Incorporated in Malaysia

AL 308, Lot 590 & Lot 4196, Jalan Industri, U 19, Kampung Baru Seri Sungai Buloh, 47000 Selangor Darul Ehsan, Malaysia

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Website: [www.three-a.com.my](http://www.three-a.com.my)