



ABDUL RASHID BIN ABDUL MANAFF  
*Chairman*

## chairman's STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Accounts of Loh & Loh Corporation Berhad and its group of companies ("LLCB Group") for the financial year ended 31 December 2000.



chairman's statement (CONT'D)



### Financial Performance

As it was in the previous year, the year 2000 proved to be another challenging year for the LLCB Group. Although the overall performance of the economy is recovering from the effects and repercussions of the economic slowdown in 1997, the construction sector still faces a daunting task due to slower implementation and fewer number of construction contracts.

Even though the year under review was a difficult year for the construction sector, LLCB Group managed to perform well under the circumstances with a profit before taxation of RM23.683 million compared to RM21.682 million in 1999. The profit before taxation for financial year 2000 was achieved on a marginal increase in turnover from RM151.016 million in 1999 to RM154.508 in 2000, mainly attributed to prudent management and effective cost control policies

coupled with innovative construction ideas and methods.

The net earning per share of LLCB Group for the financial year is 25 sen compared to 70 sen in 1999. The net tangible assets backings per share decreased to RM1.52 from RM2.80. The decrease was mainly due to the increase in the paid-up share capital via bonus issue which was completed during the year.

### Dividend

In view of the commendable performance achieved by LLCB Group, the Board of Directors has recommended a final dividend of 6 sen per ordinary share less taxation of 28% for the year ended 31 December 2000 as compared to the tax-exempt dividend of 10 sen per ordinary share for the year ended 31 December 1999.



### Business Review

Civil engineering and construction continue to be the core activities that contributed to the results for the financial year ended 31 December 2000.

Some of the major construction projects undertaken by the LLCB Group during the year under review were the construction of a main dam under Phase 1B at Putrajaya Federal Government Administration Centre ("PFGAC"); proposed construction of bulk earthworks and preliminary drainage for Putrajaya Development (Package EW400A); proposed design, strengthening and replacement of railway bridge between Kuala Kangsar and Sungai Siput; and proposed construction and completion of civil and structural works and design, engineering, procurement, construction, installation, testing and commissioning of mechanical and electrical works and associated works for Rasa

Water Treatment Works (Packages 2 and 4) for the Sungai Selangor Water Supply Scheme Phase 3.

Despite the intense competition, LLCB Group managed to secure several new contracts. Among the new contracts secured were the construction of bulk earthworks and preliminary drainage (Package EW300); the proposed construction and completion of Putrajaya Core Island (Package EW200A), both at PFGAC.

### Corporate Developments

#### Bonus Issue and Transfer Listing to the Main Board of Kuala Lumpur Stock Exchange ("KLSE")

On 9 October 2000, the Company completed a Bonus Issue of 36,000,000 new ordinary shares of RM1.00 each.

## chairman's statement (CONT'D)

Pursuant to the Bonus Issue, the issued and paid-up share capital of the Company was increased from RM32,000,000 to RM68,000,000.

On 17 October 2000, the listing and quotation of the entire enlarged issued and paid-up share capital of the Company of 68,000,000 was transferred to the Main Board of KLSE.

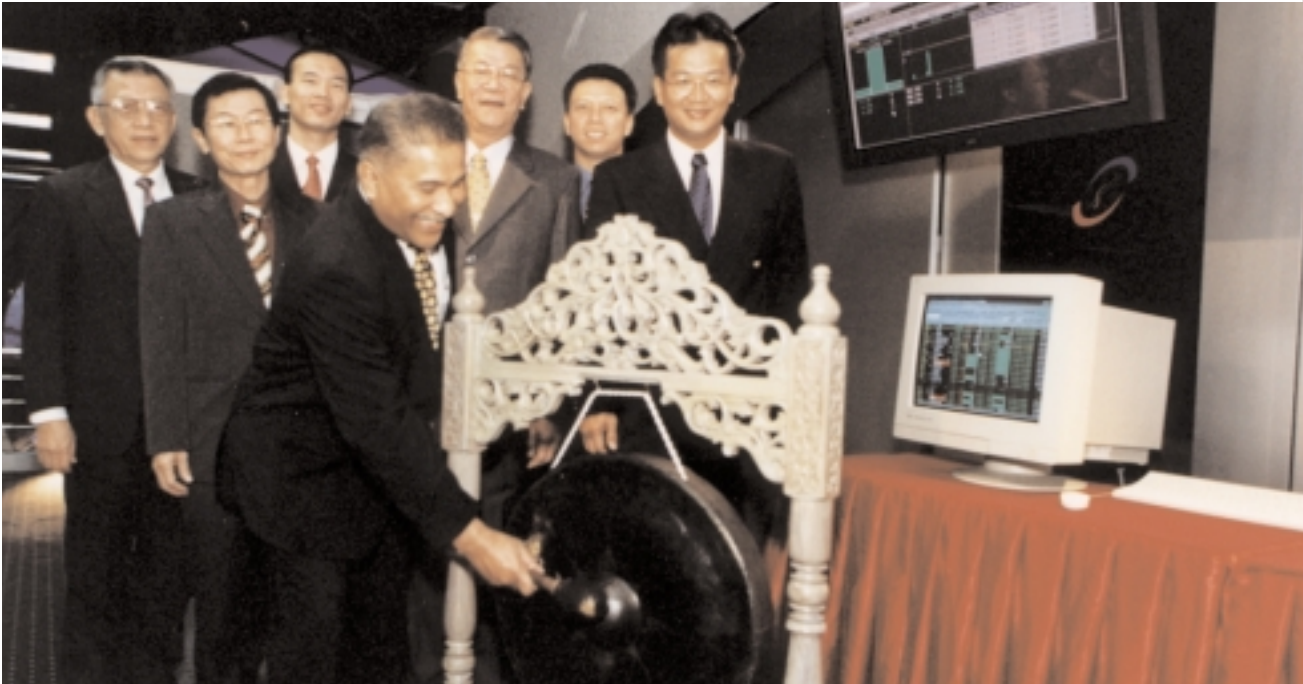
The promotion to the Main Board in slightly more than three years after its admission to the Second Board in March 1997 is indeed an achievement considering the economic slowdown faced by the country over the period. The promotion will further

enhance the LLCB Group status, capabilities and strengths.

#### Quality Quarry Sdn Bhd

On 13 October 2000, the Company's wholly owned subsidiary, Loh & Loh Constructions Sdn Bhd subscribed for an additional 67,949 ordinary shares of RM1.00 each in its existing subsidiary, Loh & Loh Ablemerge JV Sdn Bhd ("LLA") resulting in an increase from 51% to 68% of its equity interest in LLA. LLA had changed its name to Quality Quarry Sdn Bhd to better reflect its quarry related operation.





### Bipes Fluid Engineering Sdn Bhd ("Bipes")

On 16 March 2001, LLCB announced its proposed acquisition of 100% equity interest in Bipes Fluid Engineering Sdn Bhd comprising 3,000,000 ordinary shares of RM1.00 each for a total consideration of RM14,100,000.00.

The proposed acquisition is expected to provide synergies to current operations of LLCB Group as Bipes is primarily involved in the mechanical and electrical engineering focusing on the water and water related sector. Bipes also undertakes operational and maintenance contracts in addition to sales of agency equipment. It will also expand LLCB's range of services and enable the LLCB Group to provide better and more comprehensive service to its clients.

### Prospects

The construction sector is expected to pick up more strongly in the coming years as works on new projects gather momentum and as more government related projects are approved for implementation. In anticipation of higher demand and quality treated water, the Government has accorded priority to improving the country's water supply and sewerage system. This will involve the building of more dams, reservoirs, water treatment plants, and the laying and replacement of underground pipes.

Under such scenario, the Board of Directors is confident that the LLCB Group will stand to benefit from the implementation of these projects and will be able to continue to improve and excel on its strength and competitiveness. The Board of Directors also

chairman's statement (CONT'D)



intends to explore and develop new businesses, enhance existing business operations with strategic business partners to achieve greater economic gains and higher returns for the shareholders of LLCB.

Barring any unforeseen circumstances, the LLCB Group is optimistic to perform satisfactorily for the year 2001.

#### Appreciation

I would like to take this opportunity to express my appreciation to my fellow Directors, the management team and staff for their loyal and dedicated services and to our valued customers, business associates,

shareholders, bankers and relevant authorities for their continued support and confidence in us.

**ABDUL RASHID BIN ABDUL MANAFF**

Chairman

9 May 2001