



# Annual Report 2001



**HIGHLANDS & LOWLANDS BERHAD**

(24817-H)

(A Member Of The Kumpulan Guthrie Group)

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At Guthrie,  
**the employees...**

are part of  
**our Family**

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# Highlands & Lowlands Berhad

**Year 2001 marked 95 years of continuous success for the Highlands & Lowlands Group. From a plantation company, it has diversified into property development – emerging as a strong, steady and resilient Group, sustaining its profitability and maintaining steady returns to its loyal investors**



## A LEGACY TO MALAYSIA AND ITS PEOPLE

The history of Highlands & Lowlands Berhad ("H&L Berhad") is a story worth telling and will always live in the annals of the history of Malaysia. The achievements of H&L Berhad and its predecessor company is a legacy to Malaysia and its people. The predecessor company, Highlands & Lowlands Para Rubber Company Limited ("H&L Para Rubber"), was a pioneer in many aspects of plantation work in Malaya. The resilience of the H&L Group to overcome odds since the early twentieth century and during the First and Second World Wars, and the Emergency to be where it is today is a reflection of the dynamism, far-sightedness, strength and hard work shown by the leadership, management staff and workers of the H&L Group, including the support of the shareholders, the Government and the people of Malaysia.



## HIGHLANDS & LOWLANDS BERHAD

It began a **100** years ago...

a long and illustrious story

**T**he history of H&L Berhad is a long and illustrious story and is intertwined with personalities of Malaya's British colonial past and the British planters who started rubber cultivation and made Malaya famous as a rubber producer and later made Malaysia well known for palm oil.

In the late 1890's and in the early years of the 20th century, there were a number of coffee planters in Malaya and coffee was a profitable crop. One of the leading coffee planters was Mr. William Wellington Bailey, a man of immense energy and wide interest. Mr. Bailey and a number of coffee planters established friendship with Mr. J.M. Allinson, who was the head of Barlow & Co., Singapore and which at that time was owned by Thomas Barlow & Bro. (the partners of which were Sir John Emmott Barlow and Mr. Frank Barlow). Barlow & Co., Singapore financed the operations of a number of the coffee planters.

A leaf disease, which had wiped out the coffee industry in Ceylon (now known as Sri Lanka), spread to Malaya and virtually overnight the Malayan coffee planters were ruined. Barlow & Co. was faced with considerable bad debts as the coffee planters were unable to repay the advances made to finance their coffee operations.

Mr. J. M. Allinson proposed to the partners of Thomas Barlow & Co. that reprieve be given to the coffee planters and that they be financed to cultivate *Hevea brasiliensis* or the rubber tree to fulfill the growing world demand for *gutta percha* or rubber. By year 1905, rubber cultivation was well established in Malaya.

### 1906 THE BIRTH OF HIGHLANDS & LOWLANDS PARA RUBBER COMPANY LIMITED

H&L Para Rubber was incorporated on 6 June 1906, and started off as a plantation company

with 14,669 acres of land, namely Highlands Estate, Lowlands Estate, Batu Unjor Estate and Air Kuning Jungle land, all located within the vicinity of Klang, Selangor Darul Ehsan, cultivating and producing rubber commercially. H&L Para Rubber diversified into the planting of oil palm as a second crop in 1925 and by 1930, 1,248 acres had been planted and a factory to process fresh fruit bunches had been erected. On 31 December 1953, H&L Para Rubber transferred its business and assets to a wholly-owned subsidiary company, Highlands Malaya Plantations Limited. H&L Para Rubber remained as a holding company.

### EARLY TRIALS AND ACHIEVEMENTS

In those times in Malaya, the estate management moved on bicycles or in horse-drawn traps. Heavy transport was by bullock cart. There was no bridge over the Klang River, which had to be crossed by dug-out or rope ferry.

As a plantation company, H&L Para Rubber pioneered many innovative methods in the production of rubber which included the A.B.C. system of the tapping (three-day interval system), the use of acid to coagulate rubber, the drying of rubber by using artificial heat, bud-grafting, application of fertiliser on a systematic basis, and production of sole crepe rubber. The rubber sold by H&L Para Rubber commanded among the highest premiums.

### MEMORABLE LEADERSHIP

No account of H&L Para Rubber can begin without reference to **Sir Frank Athelstane Swettenham**, its Chairman for the first forty years. He assumed the post after his retirement from the Malayan Civil Service in 1904. Sir Frank Swettenham was one of the most significant personalities of the British Colonial era. He was an expert in the Malay language and customs, and

Sir Frank Athelstane Swettenham



one of a band of writers who introduced Malaya to the world outside. He joined the colonial service in January 1871, at the age of 20, and was instrumental in the signing of the Treaty of Pangkor in 1874 which paved the way for the formation of the Federated Malay States in 1896 when he was appointed the first Resident General. Sir Frank Swettenham was later to become the Governor of the Straits Settlements and the High Commissioner of the Malay States in 1901.

Sir Frank Swettenham served as Chairman of H&L Para Rubber until his demise on 11 June 1946. By that time the plantation acreage of H&L Para Rubber was 15,484 acres with planted acreage comprising 9,952 acres of rubber and 1,886 acres of oil palm.



**Mr. Thomas Bradwall Barlow**, who was appointed a Director of H&L Para Rubber in 1935, served as the second Chairman of H&L Para Rubber for the next 30 years from 1 July 1946 to 31 December 1975. He ceased to become Chairman of H&L Para Rubber when the company was voluntarily liquidated and transformed from an English company to a Malaysian

company on 1 January 1976. Throughout his long career, he contributed greatly to the progress of H&L Para Rubber, expanding it in the late 1950's and early 1960's from 15,000 to 75,000 acres by a series of judicious but essentially friendly takeovers. He also contributed greatly to the rubber industry in Malaysia. He played a key role in transferring the tax and exchange control residence of H&L Para Rubber from the United Kingdom ("UK") to Malaysia in 1974 and the subsequent incorporation of H&L Berhad in 1975 to take over the undertakings of H&L Para Rubber.

#### **1976 TRANSFORMATION INTO HIGHLANDS & LOWLANDS BERHAD**

H&L Berhad was incorporated on 16 October 1975 to acquire the whole undertakings of H&L Para Rubber and its UK incorporated subsidiary companies, pursuant to a Scheme of Reconstruction under Section 287 of the UK Companies Act, 1948 ("the Scheme"). Under the Scheme, H&L Para Rubber and all its UK incorporated subsidiary companies operating in Malaysia were placed under voluntary liquidation on 31 December 1975.

Under the Scheme which came into effect on 1 January 1976, as consideration for the transfer of the undertaking from H&L Para Rubber to H&L Berhad, a total of 148,655,360 shares of 50 sen each in H&L Berhad were issued to the shareholders of H&L Para Rubber in exchange for their shares in H&L Para Rubber on the basis of one H&L Berhad share of 50 sen each for every one H&L Para Rubber share of 10 pence each held at the beginning of the liquidation. The issued and paid-up capital of H&L Berhad as at 31 December 1976, thus, stood at RM74,327,680, comprising 148,655,360 shares of 50 sen each.

On 9 February 1976, H&L Berhad was listed on the Kuala Lumpur Stock Exchange, Stock Exchange of Singapore Limited and subsequently (also in 1976) on the London Stock Exchange.

For 69 years H&L Para Rubber had operated and conducted business as an English company in Malaysia. On 1 January 1976, it transformed itself into a Malaysian company and started trading as H&L Berhad. Mr. Thomas Bradwall Barlow served as the first Chairman of H&L Berhad until 24 August 1976 when Y.M. Dr. Syed Mahmood Syed Hussain became the second Chairman. Mr. Thomas Bradwall Barlow, however, continued to serve as a Director until his retirement on 30 May 1979. At the date of his retirement, Mr. Thomas Bradwall Barlow had served the H&L Group, including the predecessor company, 44 years as a Director, out of which, 30 years was as Chairman. Mr. Thomas Bradwall Barlow passed away on 27 July 1988.

Y.M. Dr. Syed Mahmood Syed Hussain served as Chairman until his retirement on 16 June, 1988. Henceforth, the Chairmanship of H&L Berhad was assumed by the Chief Executive Officer of Kumpulan Guthrie Berhad ("Kumpulan Guthrie"), which became the parent holding company of H&L Berhad on 25 March 1985, namely YBhg. Tan Sri Dato' Haji (Dr.) Ani Arope and, presently, YBhg. Tan Sri Dato' Abdul Khalid Ibrahim. Among the distinguished persons who had served on the Board of Directors of H&L Berhad were the late Tun Tan Siew Sin, Malaysia's first Finance Minister who served from December 1974 to May 1985, the late Tun Ismail Mohamed Ali, the first Malaysian Governor of Bank Negara Malaysia and the first Chairman of Permodalan Nasional Berhad who served from January 1981 to June 1988, and the late Tan Sri Dato' Seri Lee Loy Seng, the former Chairman of Kuala Lumpur Kepong Berhad, who served for 10 years from August 1975 to May 1985.

As at the date of acquiring the assets and undertaking of H&L Para Rubber, H&L Berhad possessed 20 estates with the largest concentration in Selangor Darul Ehsan, that is 11 estates in Selangor Darul Ehsan with the remainder in Perak Darul Ridzuan (3 estates), Kedah Darul Aman (2 estates), Pahang Darul Makmur (2 estates), and one estate each in Pulau Pinang and Negeri Sembilan Darul Khusus, with total planted acreage of approximately 73,023 acres comprising rubber (33,110 acres), oil palm (35,374 acres) coconuts (4,534 acres) and cocoa (5 acres).

#### **MANAGING ON ITS OWN**

At the request of Sir Frank Swettenham, Barlow & Co., which had operated exclusively from Singapore, opened an agency office in Kuala Lumpur. Barlow & Co., later known as Barlow Boustead Estates Agency Sdn. Berhad, had acted as Managing Agent for H&L Para Rubber and H&L Berhad since their incorporation. As Managing Agent, Barlow Boustead Estates Agency Sdn. Berhad supervised the running of the estates and reported to the Board on their operations.

H&L Berhad established its own Management and a Head Office at 3rd and 4th Floors, Wisma Budiman, Persiaran Raja Chulan, Kuala Lumpur which became fully operational on 1 January 1982, following the termination of the Agency Agreement with Barlow Boustead Estates Agency Sdn. Berhad (now known as Boustead Estates Agency Sdn. Berhad) on 31 December 1981.

#### **1985 PART OF THE KUMPULAN GUTHRIE GROUP**

On 2 November 1984, Kumpulan Guthrie acquired 26.23% interest in H&L Berhad from Kuala Lumpur Kepong Berhad. Following a cash offer to the shareholders of H&L Berhad, Kumpulan Guthrie acquired a further 5.41% interest in H&L



## CONTRIBUTION TO THE DEVELOPMENT OF SHAH ALAM

The development of Shah Alam as the new modern capital of Selangor Darul Ehsan was on land formerly belonging to the H&L Group. In 1960's, approximately 3,800 acres of land were acquired from Sungai Rengam Estate, Midlands Estate and Bukit Jelutong Estate for the aforesaid purpose which included the main campus of Universiti Teknologi MARA, Shah Alam. Subsequently, in 1970's and 1980's, there were further acquisitions of the Group's land from Sungai Rengam Estate (2,500 acres), Midlands Estate (1,378 acres), Rasak Estate (660 acres) and Bukit Jelutong Estate (974 acres) for further developments and extension of Shah Alam. Some of the other acquisitions made from the Group's land were for the State Sport Complex in Shah Alam and Klang/Kuala Lumpur Highway.

The remaining land from Bukit Jelutong Estate is presently being developed by Guthrie Property Development Holding Sdn. Berhad, an associated company of H&L Berhad.

Berhad. Permodalan Nasional Berhad ("PNB") subsequently rationalised its interest in H&L Berhad by transferring 19.36% of its equity interest in H&L Berhad to Kumpulan Guthrie to enable Kumpulan Guthrie to hold 51% of the equity in H&L Berhad and resulted in H&L Berhad becoming a subsidiary of Kumpulan Guthrie on 25 March 1985.

H&L Berhad expanded its plantation acreage to Sabah during 1986-1988. It acquired 3,650 acres of Tingkayu Estate, 4,688 acres of Jeleta Bumi Estate and 2,455 acres of Andrassy Estate all of which were planted mainly with cocoa. With these purchases, the H&L Group's land ownership increased to 86,588 acres (35,041 hectares) as at the end of 1988.

H&L Berhad participated in the Reconstruction Scheme of the Kumpulan Guthrie Group ("Reconstruction Scheme") approved by its shareholders on 2 May 1991 and which came into effect on 1 January 1992. Under the Reconstruction Scheme, a separate property development holding company of the Kumpulan Guthrie Group was established, that is Guthrie Property Development Holding Sdn. Berhad ("GPDHSB"). As part of the Reconstruction Scheme, H&L Berhad's five plots of plantation land, which included Bukit Jelutong/Rasak, Subang/Midlands and Bukit Tinggi Estates in Shah Alam and Klang, having property development potential, were transferred to Syarikat Pembangunan Highlands & Lowlands Sdn. Berhad ("SPHLSB") (now known as Syarikat Pembangunan Hartanah Guthrie Sdn. Berhad).

SPHLSB ceased to be a subsidiary company of H&L Berhad and became a wholly-owned subsidiary of GPDHSB. Kumpulan Tebong Sdn. Berhad, Kumpulan Sua Betong Sdn. Berhad and Pekan Plantations Sdn. Berhad, formerly subsidiary companies of Kumpulan Guthrie, became wholly-owned subsidiary companies of H&L Berhad which contributed to an increase in the planted plantation acreage of the H&L Group from 82,928 acres (33,560 hectares) in 1991 to approximately 137,946 acres (55,825 hectares) in 1992. H&L Berhad, however, retained a 45% interest in GPDHSB through which it participates in the property development activities of the Kumpulan Guthrie Group. In 1994, in line with the operating strategy of the Kumpulan Guthrie Group, the marginal crops, cocoa and coconut, were phased out progressively. In 2000, a decision was made to phase out rubber and to focus solely on the cultivation of oil palm and processing of palm oil.

The number of issued shares in H&L Berhad now stands at 604,335,658 of 50 sen each and the issued and paid-up share capital is RM302,167,829. The increase was attributed to a special issue of 4,857,109 shares of 50 sen each to PNB on 7 January 1982, in conformation with the Malaysian Government's New Economic Policy and two bonus issues on 29 May 1980 and 27 February 1992. Both the bonus issues were on the basis of one fully paid bonus share for every one existing share held. The later bonus issue was related to the Reconstruction Scheme mentioned above.



# Notice of Annual General Meeting

## Ordinary Business:

- To receive and adopt the Report of the Directors and the audited Financial Statements for the year ended 31 December 2001 and the Auditors' Report thereon.
- To approve the payment of a special dividend of 10% (5 sen per 50 sen share) less 28% Malaysian income tax and a final dividend of 22% (11 sen per 50 sen share) less 28% Malaysian income tax.
- To re-elect the following Directors who retire by rotation in accordance with Article 115 of the Company's Articles of Association:
  - Puan Siti Ramelah Yahya
  - Puan Norzilah Megawati Dato' Abdul Rahman
- To consider and, if though fit, to pass the following Resolutions:
  - "That pursuant to Section 129(6) of the Companies Act, 1965, YBhg. Tan Sri Datuk Chang Min Tat be reappointed a Director of the Company to hold office until the next Annual General Meeting."
  - "That pursuant to Section 129(6) of the Companies Act, 1965, YM Profesor Diraja Ungku Abdul Aziz Ungku Abdul Hamid be reappointed a Director of the Company to hold office until the next Annual General Meeting."
  - "That pursuant to Section 129(6) of the Companies Act, 1965, Tuan Haji Johari Muhamad Abbas be reappointed a Director of the Company to hold office until the next Annual General Meeting."
- To reappoint KPMG as auditors of the Company and to authorise the Directors to fix their remuneration.
- To transact any other ordinary business of the Company of which due notice shall have been received.

Shareholders registered in the Malaysian Principal Register are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment No.2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ('MOF'). Accordingly, the eligibility to attend this meeting for such undeposited shares will be the MOF.

**NOTICE IS ALSO HEREBY GIVEN** that the special and final dividends, if approved by the shareholders, will be paid on 19 July 2002 to shareholders whose names appear in the Register of Members (for those exempted from mandatory deposit) and the Record of Depositors on 27 June 2002.

Notice is hereby given that the

## **Twenty-Seventh Annual General Meeting**

of Highlands & Lowlands Berhad will be

held at the Ballroom, Mezzanine Floor,

Hotel Equatorial, Jalan Sultan Ismail,

50250 Kuala Lumpur, Malaysia on

Thursday, **20 June 2002** at 10.30 a.m.

for the following purposes:



**STATEMENT  
ACCOMPANYING  
NOTICE OF ANNUAL  
GENERAL MEETING  
PURSUANT TO  
PARAGRAPH 8.28 (2)  
OF THE LISTING  
REQUIREMENTS  
OF KUALA LUMPUR  
STOCK EXCHANGE**

A TOTAL OF FOUR (4) BOARD MEETINGS WERE HELD DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2001 AS FOLLOWS:

Date	Time	Place
i. 27 February 2001	11.00 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
ii. 30 May 2001	11.00 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
iii. 24 August 2001	11.00 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur
iv. 28 November 2001	11.00 a.m.	Board Room 2nd Floor, Wisma Guthrie 21, Jalan Gelenggang Damansara Heights 50490 Kuala Lumpur

THE PARTICULARS OF ATTENDANCE OF THE DIRECTORS STANDING FOR RE-ELECTION OR REAPPOINTMENT AT THE ABOVEMENTIONED BOARD MEETINGS WERE AS FOLLOWS:

**Siti Ramelah Yahya**

Attended all the Board Meetings mentioned above.

**Norzilah Megawati Dato' Abdul Rahman**

Attended three (3) Board Meetings mentioned in (ii) to (iv) above.

**Tan Sri Datuk Chang Min Tat**

Attended all the Board Meetings mentioned above.

**Profesor Diraja Ungku Abdul Aziz Ungku Abdul Hamid**

Attended all the Board Meetings mentioned above.

**Haji Johari Muhamad Abbas**

Attended all the Board Meetings mentioned above.

**F**urther notice is hereby given that a Depositor shall qualify for dividend entitlement only in respect of:

- Shares deposited into the depositor's securities account before 12.30 p.m. on 25 June 2002 (in respect of shares which are exempted from mandatory deposit);
- Shares transferred into the depositor's securities account before 12.30 p.m. on 27 June 2002 in respect of ordinary transfers; and
- Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Shareholders registered in the Malaysian Principal Register are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment No.2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn. Berhad by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the MOF. Accordingly, the dividends for such undeposited shares will be paid to the MOF.

By Order of the Board



**Halimatus Saadiah Abdul Rabah**  
Secretary (LS 01389)



**Megat Nazirudin Megat Shamsuddin**  
Secretary (LS 00139)

27 May 2002  
Kuala Lumpur, Malaysia

**Note on Appointment of Proxy:**

A member who is entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote in his stead. Such proxies need not be members of the Company. Proxy forms should be returned to the Company's Registrars, either Malaysian Share Registration Services Sendirian Berhad, 7th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, Malaysia (for shareholders registered in the Malaysian Principal Register and Record of Depositors) or Computershare Investor Services Plc., Registrar's Department, P.O. Box 457, Owen House, 8 Bankhead Crossway North, Edinburgh EH11 1 OXG, United Kingdom (for shareholders registered in the United Kingdom Branch Register), not less than 48 hours before the time appointed for holding the meeting. (A proxy form is enclosed with this Report and Accounts). The lodging of the proxy form will not preclude shareholders from attending and voting in person at the meeting should they subsequently wish to do so.

**Note on Contract of Service of Directors:**

The Company wishes to advise that there are no contracts of service between any of the Directors and the Company or any subsidiary company.