

Annual Report **2009**



**CCK CONSOLIDATED HOLDINGS BERHAD**

396692-T





# CONTENTS

## **Corporate Profile**

Corporate Information	04 ...
Corporate Structure	05 ...
Chairman's Statement	06 ...
Board of Directors' Profile	08 ...

## **Corporate Governance**

Statement on Corporate Governance	14 ...
Statement of Internal Control	19 ...
Report of The Audit Committee	21 ...
Statement of Directors' Responsibilities	26 ...

## **Financial Information**

Directors' Report	28 ...
Statement by Directors	33 ...
Statutory Declaration	33 ...
Independent Auditors' Report	34 ...
Consolidated Balance Sheet	36 ...
Balance Sheet	37 ...
Consolidated Statement of Changes in Equity	38 ...
Company Statement of Changes in Equity	39 ...
Consolidated Income Statement	40 ...
Income Statement	41 ...
Consolidated Cash Flow Statement	42 ...
Cash Flow Statements	44 ...
Notes to the Financial Statements	45 ...

## **Additional Investor Information**

Additional Compliance Information	84 ...
List of Top 10 Properties	85 ...
Analysis of Shareholdings	86 ...

## **Notices of Annual General Meeting**

Notice of Annual General Meeting	89 ...
Notice of Dividend Entitlement and Payment	91 ...
Form of Proxy	

*This page has been deliberately left blank*



Annual Report **2009**  
**CCK CONSOLIDATED HOLDINGS BERHAD** 396692-T

# **CORPORATE PROFILE**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

>>>>

Datuk Tiong Su Kouk (*Non-Independent Non-Executive Chairman*)  
 Chong Shaw Fui (*Executive Vice Chairman*)  
 Tiong Chiong Hiiung (*Group Managing Director*)  
 Tiong Chiong Soon (*Executive Director*)  
 Lau Liong Kii (*Executive Director*)  
 Ling Ting Leong @ Ling Chong Seng (*Executive Director*)  
 Wong See Khong (*Executive Director*)  
 Kueh Chung Peng (*Executive Director*)  
 Jangu anak Banyang (*Independent Director*)  
 Douglas Jerukan @ Jarukan ak Kanyan (*Independent Director*)  
 Datu Haji Putit bin Matzen (*Independent Director*)  
 Dato' Fuziah @ Fauziah binti Dato' Ismail (*Non-Independent Non-Executive Director*)  
 Bong Wei Leong (*Independent Director*)

### COMPANY SECRETARIES

>>>>

Ling Ting Leong @ Ling Chong Seng (MACS 00754)  
 Voon Jan Moi (MAICSA 7021367)

### REGISTERED OFFICE

>>>>

Lot 999, Section 66, Jalan Keluli  
 Bintawa Industrial Estate  
 93450 Kuching, Sarawak  
 Tel: 082-336520  
 Fax: 082-331479

### SHARE REGISTRAR

>>>>

Symphony Share Registrars Sdn. Bhd.  
 Level 26, Menara Multi-Purpose  
 Capital Square  
 No. 8, Jalan Munshi Abdullah  
 50100 Kuala Lumpur  
 Tel: 03-2721 2222  
 Fax: 03-2721 2530 / 03-2721 2531

### AUDITORS

>>>>

Hii & Lee  
 Chartered Accountants  
 2nd Floor, No.1, Lorong Pahlawan 7A2  
 Jalan Pahlawan  
 96000 Sibu, Sarawak

### PRINCIPAL BANKERS

>>>>

HSBC Bank Malaysia Berhad  
 RHB Bank Berhad  
 EON Bank Berhad

### STOCK EXCHANGE LISTING

>>>>

Main Market of Bursa Malaysia Securities Berhad  
 Stock Name: CCK  
 Stock Code: 7035

### WEBSITE

>>>>

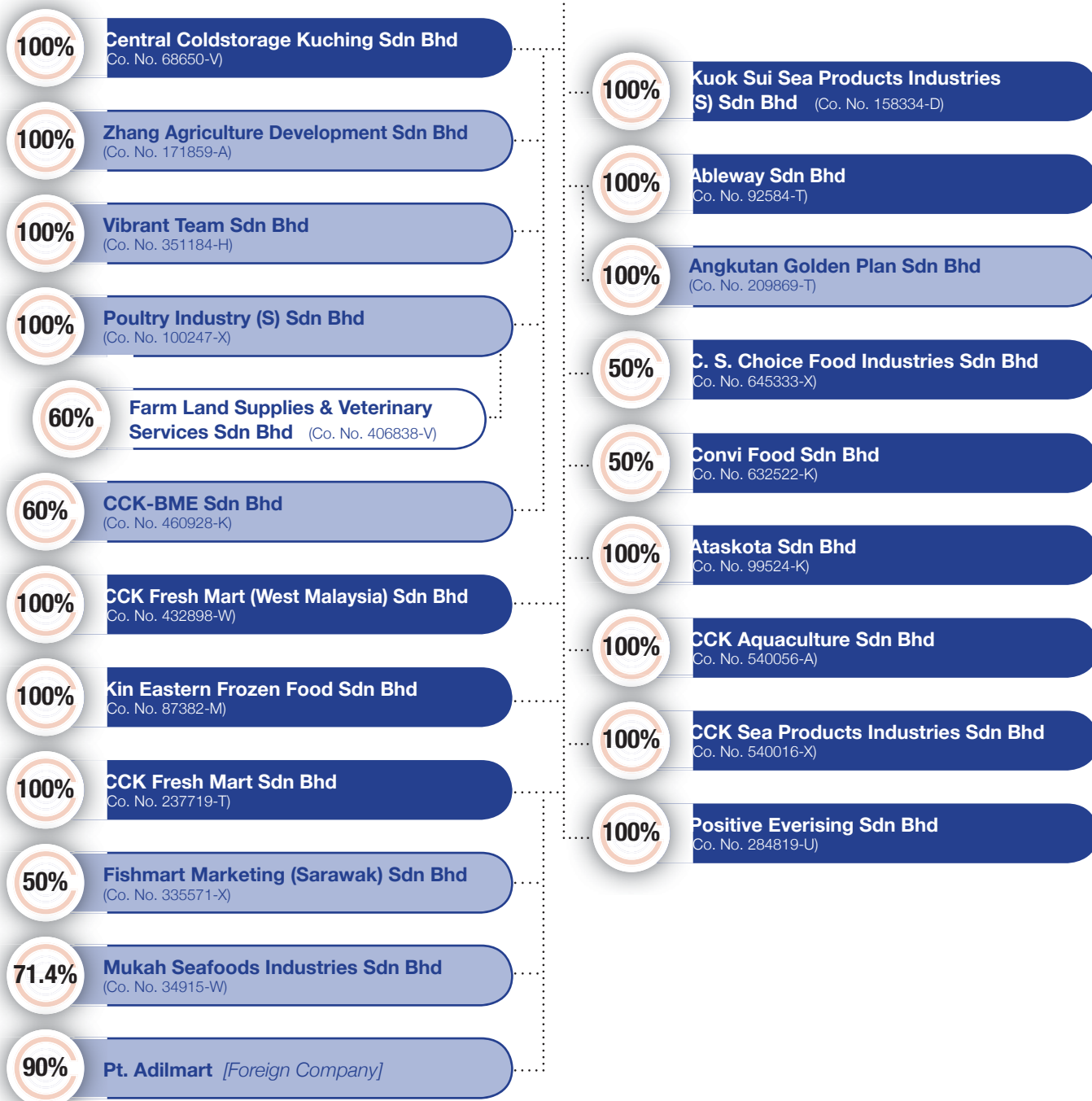
[www.cck.com.my](http://www.cck.com.my)

## CORPORATE STRUCTURE



## CCK CONSOLIDATED HOLDINGS BERHAD

(Company No. 396692-T)







## CHAIRMAN'S STATEMENT



Datuk Tiong Su Kouk

On behalf of the Board of Directors, I am pleased to report an excellent performance from CCK Consolidated Holdings Berhad and its Group of Companies for the financial year ended 30 June 2009 in the face of a challenging economic environment.

### FINANCIAL PERFORMANCE

Despite the difficult economic recessionary conditions, we are pleased to report that the Group's turnover recorded an increase of 15% from RM285.83 million in 2008 to RM328.57 million in 2009. Pre-tax profit for the Group was RM16.79 million which was 11.33% higher when compared to RM15.08 million in 2008. Total assets and shareholders' funds were recorded at RM153.07 million, an increase of 3.17% from RM148.36 million in 2008.

### DIVIDEND

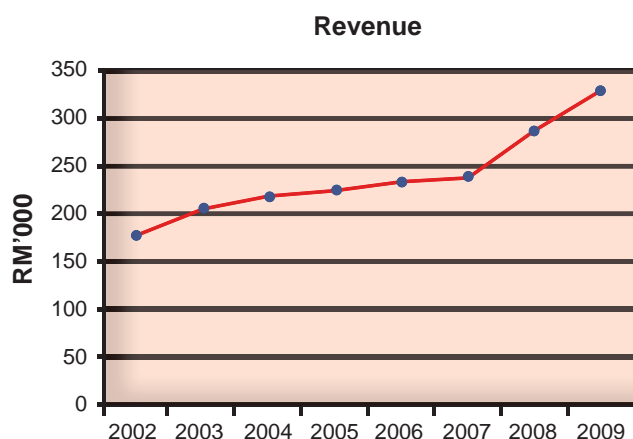
The Board of Directors is pleased to recommend a first and final single-tier dividend of 2.25 sen per share in respect of the current financial year ended 30 June 2009, subject to the shareholders' approval at the forthcoming Annual General Meeting.

In recognition of the Group's strong performance, the Board of Directors have also declared a special interim dividend of 7.0 sen gross per share less tax at 25% in respect of the financial year ending 30 June 2010, which was paid on 15 October 2009.

### BUSINESS AND OPERATIONS REVIEW

Once again, the retail and poultry sectors lead the way with strong performances. We have again proven our resiliency by continuing to deliver growths in turnover and profit before tax. The expansion of retail outlets in Sabah and Indonesia which commenced in the previous financial year have begun to bear fruit with positive contributions to the Group's performance.

The prawn sector was badly affected by the European ban on Malaysian seafood products. Replacement markets were sourced but were not sufficient to cover the loss of the European markets.



During the financial year, the Board of Directors has approved the acquisition of land and buildings in Sabah for the purpose of setting up a logistics centre in Kota Kinabalu in support of our retail expansion program.

### CORPORATE EXERCISE

On 15 October 2009, the company distributed 5,071,340 treasury shares to its shareholders on the basis of one (1) treasury share for every existing thirty (30) ordinary shares held.

## CHAIRMAN'S STATEMENT [cont'd]

### CORPORATE SOCIAL RESPONSIBILITY

The Group recognizes that it is our corporate social responsibility to ensure that we conduct our business in a professional, ethical and socially responsible manner. We also recognize our responsibility to our employees, business associates and community within which we conduct our business as well as the environment we operate in.

Our employees are an important asset of the Group and we have always endeavored to ensure their well being and welfare are taken care of. Various Occupational Safety and Health Programmes have been established to provide a safe and healthy working environment for the employees. Employees are also provided and equipped with the necessary training by both internal and external parties on an ongoing basis to further enhance their knowledge and skills.

The Group adheres strictly to all applicable environmental laws and regulations. Production processes are constantly monitored to ensure compliance with the environmental laws and regulations. The Group is committed to seek continuous improvements in its operations to minimize any negative impact on the environment.

In recognition of its corporate social responsibility, the Group has also from time to time donated cash and sponsored company products to various organizations and schools for their community welfare activities. A subsidiary, Central Coldstorage Kuching Sdn Bhd and its staff participated in the Green Ribbon Charity Food Sale of which proceeds were donated to various charitable bodies. A donation of three (3) wheelchairs was also made to the Malaysian Association for the Terminally Ill by the same subsidiary.

### OUTLOOK AND PROSPECTS

The past financial year was a very challenging year for the Group. As the nation begins to feel the effects of the various monetary and fiscal packages initiated by the Government, we are confident of an improvement in the business outlook for the coming financial year. We will strive to maintain our market share by expansions both in our retail and poultry sectors. Infrastructure works for our new hatchery have commenced in Sabah and we expect the hatchery to be completed and operational within the financial year ending 30 June 2010.

### ACKNOWLEDGEMENT

As we embark on a new financial year, I would like to take this opportunity to record my sincere thanks and appreciation to the Board of Directors, Management team and staff for their commitment and dedication which have contributed to the Group's success for the past financial year. I would also like to thank our consumers, customers, suppliers, advisers, business partners and shareholders for their strong and continued support.

### DATUK TIONG SU KOUK

Chairman  
Sibu, Sarawak







## BOARD OF DIRECTORS' PROFILE



- **Datuk Tiong Su Kouk**

*Non-Independent  
Non-Executive Chairman  
(Malaysian, aged 67)*

**Datuk Tiong Su Kouk** is a businessman. He is the founder member of CCK Consolidated Holdings Berhad ("CCK") and its subsidiaries ("CCK Group" or "the Group"). He was appointed as Executive Chairman to the Board of CCK on 15 July 1997 and re-designated as Non-Independent Non-Executive Chairman on 20 March 2002. He is also a member of the Audit Committee of CCK and appointed as Chairman of the Nomination and Remuneration Committees of CCK. He also acts as Chairman of the other companies within the CCK Group. Under his stewardship, the CCK Group has progressed from a small family-run business to one of Sarawak's largest integrated poultry producer and producers of frozen seafood.

Datuk Tiong began his career as a seafood trader and has been involved in the seafood and poultry industry for the past thirty and ten years respectively. He is a well-respected member of the industry in Sarawak and brings to the Group his wealth of experience gained in the past. Additionally, Datuk Tiong also sits on various school boards and is actively involved in the Foochow and Tiong Associations in Sibu. He was conferred the Panglima Jasa Negara (PJN) which carried the title "Datuk" by Seri Paduka Baginda Yang Di-Pertuan Agong on the occasion of His Excellency's 75th Birthday on 2 June 2001. He was awarded the "Pingat Bintang Sarawak" (PBS) and "Johan Setia Mahkota" (JSM) in 1987 and 2000 respectively by the Sarawak State Government and Seri Paduka Baginda Yang Di-Pertuan Agong respectively for his contribution to the community. He also sits on the boards of other private limited companies.

During the financial year ended 30 June 2009, Datuk Tiong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



- **Chong Shaw Fui**

*Executive Vice Chairman  
(Malaysian, aged 64)*

**Mr. Chong Shaw Fui** was appointed as Executive Vice Chairman to the Board of CCK on 15 July 1997. He is responsible for the management of the poultry business unit, which ranges from the breeding, hatchery to the production line accordingly.

Mr. Chong brings to the CCK Group a vast and invaluable experience of over twenty years in the poultry industry. He commenced his poultry breeding experience in Singapore in 1972 and he was the founder of the Sarawak Breeding Farm specialising in the production of day-old chicks. He developed this business into a company, named Zhang Agriculture Development Sdn. Bhd., which is now a wholly-owned subsidiary of CCK. In 1983, Mr. Chong also formed another company known as Poultry Industry (S) Sdn. Bhd., a wholly-owned subsidiary of CCK, with the intention of broiler production as well as the contract farming of broiler, in order to supply the CCK abattoir.

During the financial year ended 30 June 2009, Mr. Chong attended four (4) out of five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.

## BOARD OF DIRECTORS' PROFILE [cont'd]



• **Tiong Chiong Hiiung**

*Group Managing Director*  
(Malaysian, aged 42)

**Mr. Tiong Chiong Hiiung** is a dynamic entrepreneur with sound business judgement and acumen beyond his years. He was appointed to the Board of CCK on 15 July 1997 and is a member of the Remuneration Committee. He is also the Group Managing Director of CCK.

Mr. Tiong graduated with a Bachelor of Economics Degree from Monash University in Australia in 1989 and joined the Group as a Director of a subsidiary company. In 1994, he was appointed as Managing Director of Central Coldstorage Kuching Sdn. Bhd., and subsequently was responsible for the overall management and operation of the CCK Group. Although he has been actively involved in virtually every aspect of the Group's operations, including breeding operations, broiler farming, and processing of seafood, he was instrumental in transforming the Group's operations into one of the most modern in the state. As a result of his foresight, the Group has also embarked aggressively into various expansion programmes resulting in a fully integrated operation for the Group. He also sits on the boards of various private limited companies.

During the financial year ended 30 June 2009, Mr. Tiong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



• **Tiong Chiong Soon**

*Executive Director*  
(Malaysian, aged 39)

**Mr. Tiong Chiong Soon** is a businessman and was appointed as Executive Director of CCK on 15 July 1997. He graduated from Oklahoma University, USA with a Bachelor of Business Degree in 1994. He joined the Group since his graduation, and is principally responsible for the purchasing function and the retail division of the Group. He has an excellent rapport with the suppliers thus ensuring timely delivery of products of the highest quality for the Group. He also sits on the boards of various private limited companies.

During the financial year ended 30 June 2009, Mr. Tiong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



• **Lau Liong Kii**

*Executive Director*  
(Malaysian, aged 58)

**Mr. Lau Liong Kii** was appointed as Executive Director to the Board of CCK on 15 July 1997. He is also a member of the Remuneration Committee of CCK. He is principally responsible for the operations of Ableway Sdn. Bhd., and the production and marketing functions of the prawn division. He joined the Group in 1982 and as the Managing Director of Ableway Sdn. Bhd., he has accumulated vast experience in the domestic food market and the international aspects of the food industry. He brings to the Group in-depth understanding of the various and specialist trends of the food industry.

During the financial year ended 30 June 2009, Mr. Lau has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



## BOARD OF DIRECTORS' PROFILE [cont'd]



- **Ling Ting Leong @ Ling Chong Seng**

*Executive Director*  
(Malaysian, aged 57)

**Mr. Ling Ting Leong @ Ling Chong Seng** is a businessman with a wealth of experience behind him. He was appointed as Executive Director to the Board of CCK on 15 July 1997. He obtained a Certificate in Higher Accounting in 1971 and has gained vast experience in accounting and auditing for eleven years from 1971 to 1982. He is a Certified Company Secretary and is a member of the Malaysian Association of Company Secretaries since year 2001. He joined the CCK Group in 1983 and is responsible for the finance and corporate secretarial matters of the CCK Group.

During the financial year ended 30 June 2009, Mr. Ling has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



- **Wong See Khong**

*Executive Director*  
(Malaysian, aged 53)

**Mr. Wong See Khong** was appointed as Executive Director of the Board of CCK on 15 July 1997. He first joined the Group in 1985 as Director to one of the subsidiary companies and is one of the pioneers of the Group, having served as Managing Director of Central Coldstorage Kuching Sdn. Bhd. since its incorporation to 1986. He is now responsible for the prawn hatchery functions within the prawn division.

During the financial year ended 30 June 2009, Mr. Wong has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



- **Kueh Chung Peng**

*Executive Director*  
(Malaysian, aged 55)

**Mr. Kueh Chung Peng** was appointed as Executive Director to the Board of CCK on 15 July 1997. He joined Kin Eastern Frozen Food Sdn. Bhd. in 1982 as its Managing Director and is also responsible for the aquaculture farming division of the CCK Group. He was appointed as a Director to CCK Fresh Mart Sdn. Bhd., a wholly-owned subsidiary of CCK, in 1993 and has over twenty-five years experience in the prawn and coldstorage products industry.

During the financial year ended 30 June 2009, Mr. Kueh has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



## BOARD OF DIRECTORS' PROFILE [cont'd]



• **Janggu anak Banyang**

*Independent Director*  
(Malaysian, aged 62)

**Mr. Janggu anak Banyang** was appointed to the Board of CCK as an Independent Director on 15 July 1997. He is also the Chairman of the Audit Committee as well as a member of CCK's Nomination and Remuneration Committees. After completing his formal education, he worked for various companies and subsequently held directorship in these companies, which are principally involved in the activities of supply of rations, property development and timber contractor.

During the financial year ended 30 June 2009, Mr. Janggu has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



• **Douglas Jerukan @ Jarukan ak Kanyan**

*Independent Director*  
(Malaysian, aged 70)

**Mr. Douglas Jerukan @ Jarukan ak Kanyan** was appointed as an Independent Director on 20 March 2002. He is also a member of the Audit, Nomination and Remuneration Committees of CCK. He went on further study on Colombo Plan Scholarship (1958-1961) and graduated as a Trade Instructor from Christchurch Technical Institute and Canterbury Teachers College, Canterbury, New Zealand. He joined the Sarawak Education Service from 1962 to 1994 and rose from a teacher to Principal, District Education Officer and Group Supervisor of Schools Gd. 2, Divisional Education Office, Sibul. Currently, he is a Board member of Rejang Port Authority, Sibul. Besides this, he holds directorship for various private limited companies.

During the financial year ended 30 June 2009, Mr. Douglas has attended all the five (5) Board meetings held. His shareholdings in CCK as at 19 October 2009 are disclosed on page 87 of this annual report.



• **Datu Haji Putit bin Matzen**

*Independent Director*  
(Malaysian, aged 64)

**Datu Haji Putit bin Matzen** was appointed as an Independent Director on 20 March 2002. He is also a member of the Nomination and Remuneration Committees of CCK. He holds a Bachelor of Science Degree and obtained a professional post-graduate Diploma in Teaching. He started his career with the Sarawak Education Service in 1972 and has held various senior positions including Director of Education, in the State Education Department and the Ministry of Education in Kuala Lumpur. While in service, he pursued other professional courses, notably in educational management and administration, development, innovation, testing and examinations and crisis management. Currently, he is the Vice-President of Systematic Education Group International Berhad, a public listed company, the Vice-Chairman of the Sarawak Branch of the Malaysian Red Crescent Society, President of Malaysian Historical Society (Sarawak Branch), a Member of the Lembaga Amanah Kebajikan Masjid Negeri Sarawak, and the President of Sarawak Islamic Council.

During the financial year ended 30 June 2009, Datu Haji Putit has attended all the five (5) Board meetings held. He holds no share in CCK.



## BOARD OF DIRECTORS' PROFILE [cont'd]



• **Dato' Fuziah @ Fauziah binti Dato' Ismail**

*Non-Independent  
Non-Executive Director  
(Malaysian, aged 67)*

**Dato' Fuziah @ Fauziah binti Dato' Ismail** was appointed as a Non-Independent Non-Executive Director on 26 May 2004 as a nominee of Permodalan Nasional Berhad. Dato' Fauziah holds a Bachelor of Arts (Honours) from University of Malaya, a postgraduate Diploma in Development Administration from the London School of Economics and a Masters in Public Administration from the University of Houston, USA. She also attended a certificate course at Harvard Institute of International Development (HIID) of Harvard University, USA in Public Enterprise Management and Privatisation.

Dato' Fauziah served in the Malaysian Administration and Diplomatic Services, from 1966 to her retirement in 1997, in various positions and capacities. She served, amongst others, in the Public Services Department, the Prime Minister's Department, Ministry of Agriculture and the Ministry of Rural Development. While in the public service, Dato' Fauziah also served as Board member on several government companies and bodies including Rubber Industries Smallholders Development Authority (RISDA) as well as serving as Deputy Chairman of Penang Regional Development Authority (PERDA) and Jengka Regional Development Authority, Pahang. She has extensive experience in rural sector and agro industries.

She is currently also a director of SapuraCrest Petroleum Berhad, KAF-Seagroatt & Campbell Berhad and Sapura Resources Berhad.

During the financial year ended 30 June 2009, Dato' Fauziah has attended four (4) out of five (5) Board meetings held. She holds no share in CCK.



• **Bong Wei Leong**

*Independent Director  
(Malaysian, aged 42)*

**Mr. Bong Wei Leong** is a businessman and was appointed as Independent Director to the Board of CCK on 30 September 2009. He is also a member of the Audit Committee of CCK. He graduated with a Bachelor of Business (Accountancy) and Bachelor of Law from Queensland University of Technology, Australia in 1993. Mr. Bong was a partner of a public accountants firm prior to starting his own practice in 2004. He has more than twelve years of experience in providing auditing, accounting and taxation services to various clients. He is a member of the Malaysian Institute of Accountants and the CPA Australia. Currently, he is the Senior Independent Director of Rimbunan Sawit Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

As Mr. Bong was appointed to the Board on 30 September 2009, he did not attend any Board meeting held during the financial year ended 30 June 2009. He holds no share in CCK.

*Notes:-*

- The Directors have no family relationship with each other or the major shareholders of CCK, except for Mr. Tiong Chiong Hiiung and Mr. Tiong Chiong Soon who are the sons of Datuk Tiong Su Kouk and Datin Wong Bak Hee.
- None of the Directors have been convicted of any offences within the past ten (10) years other than traffic offences.
- None of the Directors hold any directorship in public companies, except for Dato' Fuziah @ Fauziah binti Dato' Ismail and Mr. Bong Wei Leong.
- Apart from Datuk Tiong Su Kouk, Mr. Tiong Chiong Hiiung and Mr. Tiong Chiong Soon, none of the other Directors have conflict of interests with the Company. Significant related party disclosures are set out in note 36 of the financial statements on pages 76 to 77 of this annual report.