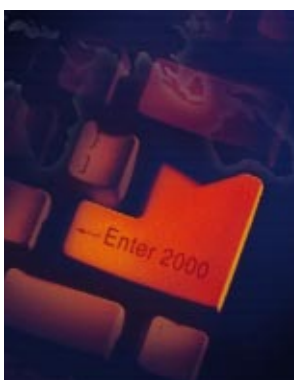


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When You Begin.....
.....The Begin.....

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan on Tuesday, 6th June 2000 at 10.30 a.m. for the following purposes:-

AGENDA

1. To receive and consider the Audited Accounts for the year ended 31st December 1999 and the Reports of the Directors and Auditors thereon.

(Resolution 1)
2. To declare a first and final dividend of 1% (less tax) for the year ended 31st December 1999.

(Resolution 2)
3. (i) To re-elect Dato' Low Hock Peng, the Director retiring in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

(Resolution 3)

(ii) To re-elect Dato' Hj. Ahmad Hasmuni Bin Hj. Hussein, the Director retiring in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

(Resolution 4)

(iii) To re-elect Mr. Tang King Hua, the Director retiring in accordance with the Company's Articles of Association and being eligible, offers himself for re-election.

(Resolution 5)

(iv) To consider and if thought fit, to pass a resolution pursuant to Section 129(6) of the Companies Act, 1965, to re-appoint Tan Sri Datuk A. Samad bin Idris as Director of the Company to hold office until the conclusion of the next Annual General Meeting.

(Resolution 6)
4. To approve the payment of Directors' fees for the year ended 31st December 1999.

(Resolution 7)
5. To re-appoint Messrs Moores Rowland (formerly known as Hew & Tan) as the Company's Auditors and to authorise the Directors to fix their remuneration.

(Resolution 8)
6. As Special Business:
To consider and if thought fit, pass the following Ordinary Resolution:
That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue new ordinary shares in the Company, from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional new ordinary shares so issued on the Kuala Lumpur Stock

Exchange AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

(Resolution 9)

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

notice of books closure

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 1% (less tax) in respect of the financial year ended 31st December 1999, if approved by shareholders, will be paid on 8th August 2000 to depositors registered in the Records of Depositors at the close of business on 14th July 2000.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 14th July 2000 in respect of ordinary transfers;
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

LIM KONG YOW
MIA 4979
Company Secretary

Penang
22nd May 2000

Notes:

1. A member of the Company entitled to attend and vote at the Meeting, is entitled to appoint a proxy or two proxies to attend and vote instead of him. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, must be executed under seal or under the hand of an officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan not less than 48 hours before the time appointed for holding the Meeting.
4. **Resolution pursuant to Section 132D of the Companies Act, 1965.**
The Ordinary Resolution proposed under item 6, if passed will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

directorate and administration

DIRECTORS **Tan Sri Datuk A. Samad bin Idris**
P.M.N., S.P.N.S., D.S.N.S., D.P.M.J.
(Chairman)

Dato' Surin Upatkoon
D.S.P.N.

Dato' Low Hock Peng
D.S.P.N.

Lawrence Lim Swee Lin

Dato' Hj. Ahmad Hasmuni Bin Hj. Hussein
D.S.S.A.

Tang King Hua

SECRETARY **Lim Kong Yow**
MIA 4979

REGISTERED OFFICE **846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan**
Tel: 04-582 4811 Fax: 04-582 4707

REGISTRARS **Metra Management Sdn Bhd (62169-A)**
Plaza Montez
No. 1, Jalan Merah Kesumba U9/18, Seksyen U9
40000 Shah Alam, Selangor Darul Ehsan
Tel: 03-745 5388 Fax: 03-745 5399

AUDITORS **Moore Rowland**
(Formerly known as Hew & Tan)
Public Accountants
7th Floor, South Block, Wisma Selangor Dredging
142-A, Jalan Ampang, 50450 Kuala Lumpur

PRINCIPAL BANKERS **Malayan Banking Berhad**
Ban Hin Lee Bank Berhad

MERCHANT BANKERS **Aseambankers Malaysia Berhad**
Perwira Affin Merchant Bank Berhad

SOLICITORS **C.T. Choo & Co.**
Ghazi & Lim

LISTING **The Kuala Lumpur Stock Exchange**
Main Board

audit committee

Tan Sri Datuk A. Samad bin Idris
Chairman – Independent Non-Executive Director

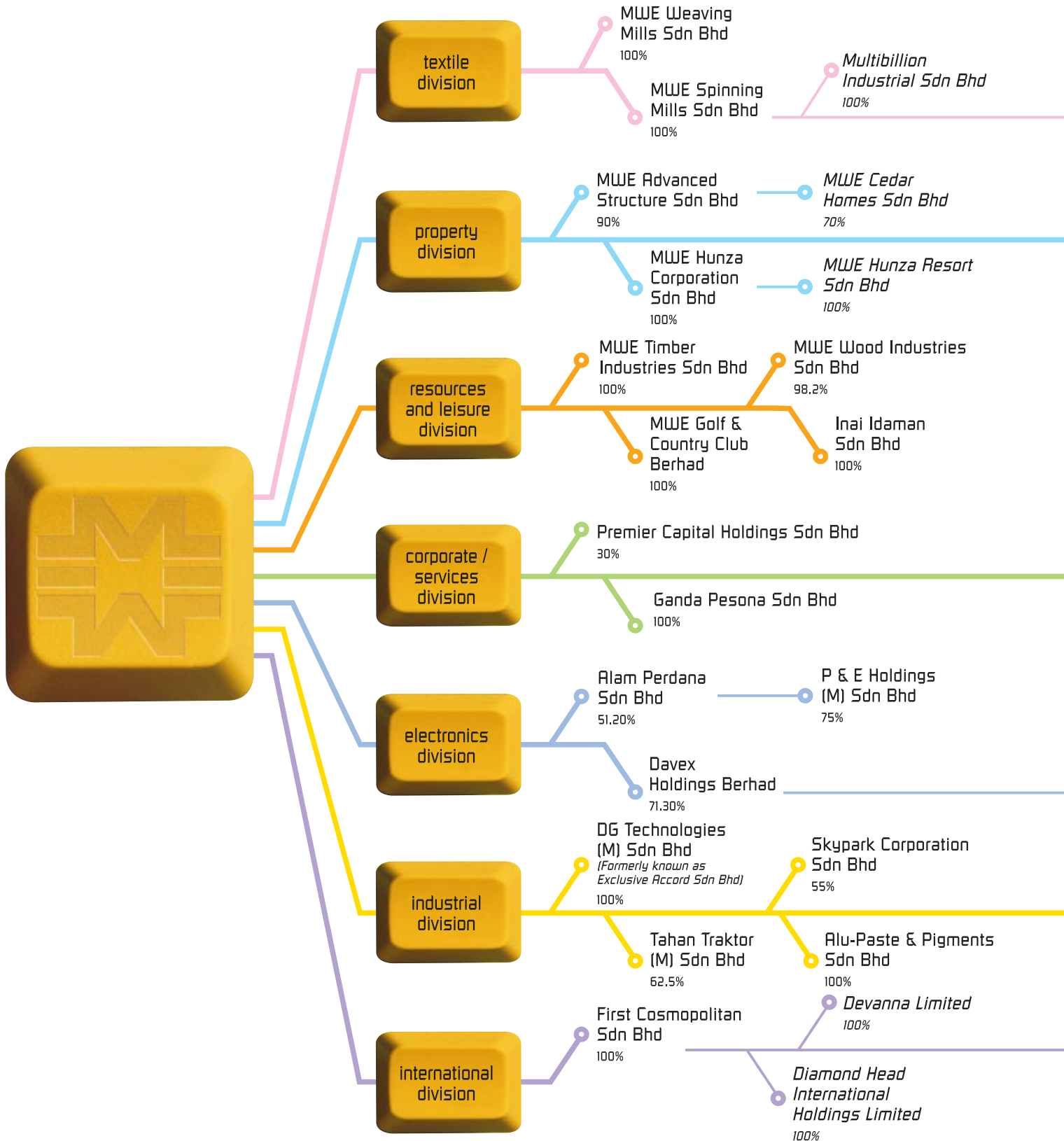
Dato' Hj. Ahmad Hasmuni Bin Hj. Hussein
Independent Non-Executive Director

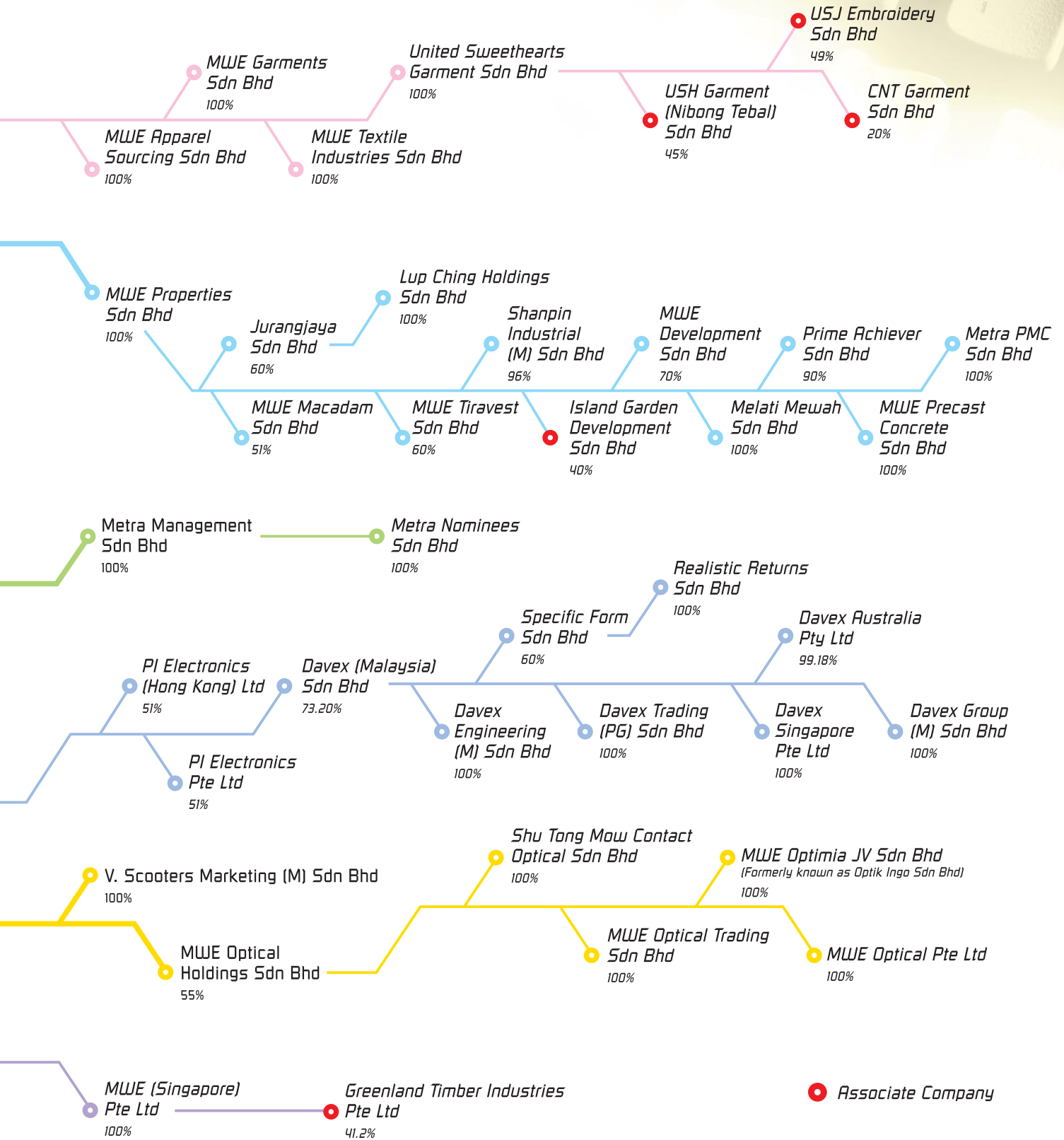
Dato' Surin Upatkoon
Executive Director

TERMS OF REFERENCE

- a. Review with the Internal Audit Division on the internal audit programme, consider audit reports and findings and ensure co-ordination between Internal and External Auditors.
- b. Review the effectiveness of internal control system and follow-up on the compliance with policies and procedures.
- c. Review, prior to the annual audit, the scope and general extent of the External Auditors' examination.
- d. Review the assistance given by the Company's Officers to the External Auditors.
- e. Discuss matters arising from the interim and final audits with the External Auditors.
- f. Review with Management and the External Auditors the interim and annual financial statements before submission to the Board.
- g. Review the appointment and/or termination of employment of the Head of Internal Audit, who shall have direct access to the Chairman of the Committee at all times.

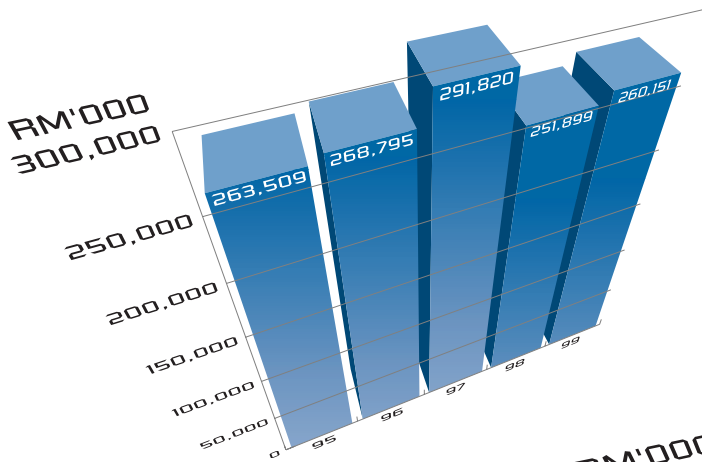
corporate structure



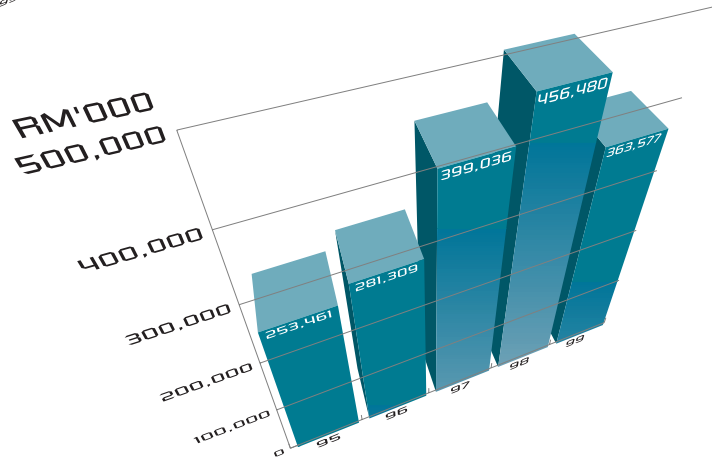


five years' group financial highlights

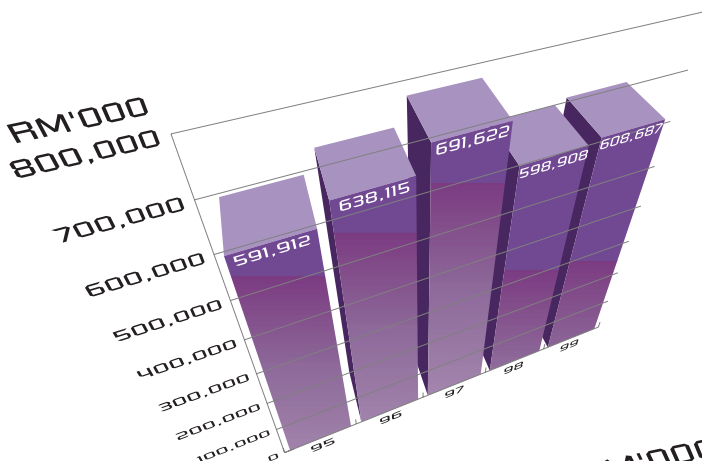
SHAREHOLDERS' FUNDS



GROSS REVENUE



TOTAL ASSETS



PROFIT BEFORE TAX



1995
1996
1997
1998
1999

	1995 RM (‘000)	1996 RM (‘000)	1997 RM (‘000)	1998 RM (‘000)	1999 RM (‘000)
--	----------------------	----------------------	----------------------	----------------------	----------------------

Gross Revenue	253,461	281,309	399,036	456,480	363,577
Profit/(Loss) Before Tax	22,834	23,981	24,797	(22,394)	16,354
Paid-Up Capital	150,175	150,394	165,394	165,394	167,131
Shareholders’ Funds	263,509	268,795	291,820	251,899	260,151
Gross Earnings/(Loss) Per Share (Sen)	15	16	16	(14)	10
Net Tangible Assets Per Share (Sen)	159	161	161	137	138
Total Assets	591,912	638,115	691,622	598,908	608,687
Gross Dividend (%)	5	5	2	0.5	1

chairman's statement

On behalf of the Board of Directors, it gives me great pleasure to present to you the Annual Report and Accounts of the Company and the Group for the financial year ended 31st December 1999.

FINANCIAL REVIEW

In the final financial year of the second Millennium, the Group managed to record a commendable performance turning in profit before tax of RM16.4 million compared to a loss of RM22.4 million in 1998 on a 20% reduction in turnover of RM363.6 million. Profit attributed to shareholders after taxation and minority interests were RM8.8 million compared to a loss of RM43.9 million. At the company level, profit before taxation was RM1.7 million as compared to a loss of RM26.6 million in the same period under review.



DIVIDEND

For the 1999 financial year, in view of better performance by the Group, the Board is proposing a final dividend payment of 1.0% less tax [(1998 - 0.5% less tax) (interim)] for the year ended 31st December 1999. If approved at the forthcoming Annual General Meeting, the dividend will be paid on 8th August 2000 to shareholders registered in the register of members on 14th July 2000.





OPERATIONS REVIEW

TEXTILE DIVISION

During the year under review, the Textile Division's performance has been very encouraging, recording increases of 47% and 8.2% in pre-tax profit and turnover figures respectively. Pre-tax profit rose from RM11.2 million in 1998 to RM16.8 million in 1999 on the back of a turnover of RM143.3 million for the same period as compared to RM132.4 million in 1998. The strong performance of the Textile Division, was largely due to a substantial contribution from its garment section which benefited from the favourably pegged USD/RM exchange rate and management's efforts in maximizing efficiency through careful and optimal production planning.



The continuing political and social economic instability in some neighbouring countries has boosted the Textile Division's sale of yarn and knitted fabrics in view of the short-supply situation thereby contributing to the profitability of the yarn and knitted fabrics section.

As reported in the last Annual Report, the United States Government has still not opened up its domestic markets to imports from the People's Republic of Vietnam. As a result, the Textile Division's representative office in Vietnam remains dormant, though we are currently engaged in negotiations with US garment buyers to authorise us to subcontract specific modular works to our own operations in Vietnam.

As part of the on-going programme to upgrade and enhance production efficiency, I am pleased to inform shareholders that the Textile Division has, during the current year, installed the high technology Ina Hanging System with 80 stations costing RM1.4 million in the garment section, and added one knitting and dyed yarn machine in the yarn and knitting section. The above capital expenditures reflect the Division's constant drive towards improving and enhancing operational capabilities in terms of product quality, shorter delivery lead-time, reliability and production efficiency.

The Textile Division recognises that with trade globalisation and the anticipated reduction of duties to be implemented by the Government and World Trade Organisation by the year 2003, there is now a constant need to improve production efficiency and maintain effective cost management to remain competitive in the global market place. I am optimistic that the Textile Division will turn in another year of commendable performance in 2000.



PROPERTY DIVISION

During the year under review, the Property Division completed and delivered vacant possession for 80 units of 3-storey shopoffices in Sri Bintang Heights, Kepong, Kuala Lumpur. The division expects to launch 198 units of low and medium cost apartments in the same vicinity by the middle of 2000.



The Home Ownership Campaign launched in December 1998 and October 1999 has proven to be very successful. The Group's Property Division managed to sell off all its remaining units arising from the release of Bumiputra quota units in Union Heights Condominium in OUG and the 3-storey shop offices at Sri Bintang Heights in Kepong. The response to the bungalow, semi-detached and townhouses at the Montere Golf Resort has been encouraging recording sales of RM20 million during the launch.

In the state of Penang, the Property Division managed to secure 90% sales for the 117 units of double storey terrace houses at Jalan Bukit Minyak, Bukit Mertajam. All the construction works have been completed and statutory inspections are being carried out with the certificate of fitness ("CF") expected to be issued soon. With favourable feedback from house-buyers, I am confident that all the remaining 10% of the units will be sold once the CF is obtained. Sales for the 125 units of low cost flats at the same development is encouraging with 100% sales achieved for Block A which comprises 55 units while Block B with 70 units recorded 53% sales. Construction works are at an advance stage and both blocks are targeted for completion by the third quarter of the year.

In the 1999 financial year, the occupancy rate for MWE Plaza showed a slight improvement at 72% compared to 70% in the previous year; while that for Prime Plaza was maintained at 66% despite the drop in demand for office space arising from an oversupply situation in the state. As reported in the last report, the Property Division has completed a 7 storey mechanical car park with 104 parking bays in a building adjoining to Prime Plaza. Certificate of Fitness ("CF") for the park house is pending from the authorities. I am confident that when the park house is fully operational, the marketability of office space at Prime Plaza will be greatly enhanced.

MWE Advanced Structure Sdn Bhd ("MWEAS"), the Group's construction subsidiary, completed one block of 14 storeys apartments of in Greenlane Heights, Penang while construction of the other 17 storey block has been deferred pending approval on the revision of the building design by the authorities.

The development project for the construction of a low-medium cost township in Simpang Empat, Penang, undertaken by TPPT Sdn Bhd, a subsidiary of Bank Negara Malaysia, and for which MWEAS has been appointed as project manager, has been further delayed due to a proposed revision in the development plans from low-cost flats to low-cost terrace houses in response to market demand. The project is expected to take 5 years to complete.





During the year under review, MWEAS completed the RM10.0 million contract to construct the Headquarters for the Asian Football Confederation located at Bukit Jalil, Kuala Lumpur. In the 1999 financial year, MWEAS was also awarded the turnkey contract for the construction of 60 units of semi-detached houses and townhouses at Monterez Golf Resort.

Taking cognizance of current market demands for low and medium cost houses, the Property Division will continue to concentrate its efforts on building such affordable homes costing RM150,000 and below per unit in the coming years. As the Malaysian economy appears well on the way to recovery with strong GDP growth anticipated for the year 2000, the Property Division expects to record better performance for the current financial year.

LEISURE DIVISION

Monterez Golf and Country Club (“MGCC”) has made its mark among golfing enthusiasts especially in the Klang Valley. This may be attributed to its easy accessibility, well-maintained course and the attractive golf packages that are being offered. The availability of daily night golfing has further boosted the popularity and patronage of the club.



The aggressive advertising and promotions programme embarked on last year by MGCC has proven to be a successful one with more awareness created among the targeted young urban professionals about the facilities, membership plans and various golf packages offered by the club. The recent World Cup Golf held in the Klang Valley has further boosted the games’ popularity.

ELECTRONICS AND LIGHTING DIVISION

For the year under review, the Electronics and Lighting Division turned in profit before tax of RM21.2 million representing a 10% drop as compared to that of 1998. Turnover decreased by 38% to RM163.0 million from RM265.4 million in the previous year. This reduction in turnover can be attributed directly to the disposal of a subsidiary involved in the electronics assembling business, Precico Electronics Sdn Bhd (formerly known as Eastrade Electronics (M) Sdn Bhd) in October 1998.

The Electronics Section continued to perform well during 1999 recording profit before taxation of RM16.1 million compared to RM14.0 in 1998 with key contributions coming from the steady but maturing Japanese market and the newly penetrated and more dynamic Taiwanese market. Based on the book order size, I am confident that the profit contribution for the Electronics Section will be even better for the current financial year.



The second limb of the Electronics and Lighting Division, the Lighting Section including the Australian subsidiary, Davex Australia Pty Ltd, reported profit before tax of RM3.5 million as compared to RM2.9 million in 1998 with increased turnover from RM42 million to RM47 million in the same period. The performance of the Lighting Section, where prospects are closely tied to that of the building industry which has yet to fully recover from the downturn, owing to the oversupply situation in the domestic commercial sector, is considered to be satisfactory. The Lighting Section views products that improves “Light Performance Efficiency” as the important growth area both in the local and international arena in the coming years. Hence, the recently launched New Millennium Lighting Range that incorporates the latest technologies is expected to be the main product line for both the Section’s local market expansion strategy as well as for export penetration particularly into the Asia Pacific region in the current financial year.

INDUSTRIAL DIVISION

The Group’s activity in the heavy equipment sector remained low in 1999 with efforts concentrated on the continued disposal of remaining stocks. The Group’s Optical Section continued to operate under extremely difficult market conditions during the year.

INTERNATIONAL DIVISION

As anticipated in the last report, the International Division was not very active during 1999 with a marked reduction in the levels of business activity. As a result, the division’s profit before taxation dropped by 36% to RM1.2 million during the year under review. The Group anticipates that with capital controls remaining in place, the level of activity for this division will be further curtailed in the coming year.

ASSOCIATED COMPANIES

The contribution by associated companies to the Group’s profits was largely from an associate involved in general warehousing in Singapore which reported profit before tax of RM1.0 million equivalent. During the year, contribution from the Group’s associate involved in the stockbroking industry, after its full write-down in 1998, has been insignificant.

CORPORATE DEVELOPMENT

During the year under review, the Company completed the Rights issue of RM66,157,533 nominal amount of 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 (“ICULS”) with 66,157,533 free detachable warrants on the basis of RM2.00 nominal amount of ICULS with two (2) warrants for every five (5) existing ordinary shares of RM1.00 each held. The proceeds arising from the issuance of ICULS has been utilised to part pay the RM100 million 5% Redeemable Bank Guaranteed Bonds 1994/1999 which matured on 30th June 1999. The ICULS and Warrants were listed on the Kuala Lumpur Stock Exchange on 21st October 1999.

Subsequent to year end, the Company announced proposed private placement of up to 29,770,000 new ordinary shares of RM1.00 each, representing approximately 10% of the issued and paid-up share capital, assuming full conversion of the Company’s Irredeemable Convertible Unsecured Loan Stocks and exercise of existing warrants. The Company also



announced new proposed Employees' Share Option Scheme ("ESOS") of not exceeding 10% of the issued and paid-up share capital of the Company. Both these proposals are subject to the approvals of the relevant authorities and the shareholders of the Company.

PROSPECTS

With domestic demand rising and external demand for Malaysian made products remaining strong, Malaysia's economic growth in 2000 is set to outperform that of 1999. Against that background, the Group expects its Property and Leisure Divisions to perform satisfactorily in the current financial year. In addition, the Group expects its traditionally main profit contributors, the Textile and Electronics Divisions to continue to perform well with the introduction of new product ranges, penetration of new and non-traditional markets and the favourably pegged USD/RM exchange rate.

ACKNOWLEDGEMENTS

I would like to take this opportunity to welcome Dato' Haji Ahmad Hasmuni bin Haji Hussein as a member of both the Audit Committee and Board of Directors and to Mr Tang King Hua as an executive member of the Board.

Finally, on behalf of the Board of Directors, I would like to express our sincere thanks and appreciation to our valued customers both local and abroad, bankers, business associates, the authorities and shareholders for their continued support and guidance.

Also, I would like to convey our gratitude and appreciation to all staff of the MWE Group for their hardwork, contribution and commitment in ensuring the Group's overall success.

On behalf of the Board

TAN SRI DATUK A. SAMAD BIN IDRIS

CHAIRMAN

27th April 2000

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financial statement

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directors' report

for the year ended 31st december 1999

The directors have pleasure in submitting their report and the audited accounts of the Company and of the Group for the year ended 31st December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies consist of property investment and development, building construction, contract works, rental of properties, investment holding, manufacturing and sale of garments, yarns, woven fabrics and dyed knitted fabrics, dyeing and finishing of woven fabrics, agency for sourcing of apparel buyers, manufacturing and sale of electronic and electrical products, manufacturing and sale of solid doors and frames and furniture components, trading in sawn timber, provision of secretarial, share registration, management, insurance agency and nominee services, manufacturing and trading in optical products, general trading, management of a golf course and clubhouse under the name of Monterez Golf & Country Club, provision of property management services, provision of earthworks and landscaping services and consultancy services on technology of parking system.

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

RESULTS

	Group RM	Company RM
Profit after taxation	20,387,616	1,603,687
Minority interests	(11,582,294)	-
Profit after minority interests	8,805,322	1,603,687
Unappropriated profit/(Accumulated loss) brought forward	30,224,752	(12,899,834)
Profit/(Loss) available for appropriation	39,030,074	(11,296,147)
Dividend	(1,364,819)	(1,364,819)
Unappropriated profit/(Accumulated loss) carried forward	37,665,255	(12,660,966)

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows:

In respect of the financial year ended 31st December 1998
as disclosed in the directors' report of that year

Interim dividend of 0.5% less 28% tax
paid on 25th March 1999

RM 595,418

The directors now recommend a first and final dividend of 1% less 28% tax amounting to RM1,364,819 for the current financial year based on the increased share capital of 189,558,162 ordinary shares, after the conversion of RM22,427,330 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 to 22,427,330 ordinary shares of RM1.00 each subsequent to year end.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the accounts.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company made a Rights Issue of RM66,157,533 nominal amount of 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 (“ICULS”) at 90% of the nominal amount with 66,157,533 free detachable warrants on the basis of RM2.00 nominal amount of ICULS with two (2) warrants for every five (5) existing ordinary shares of RM1.00 each held.

The purpose of the Issue of ICULS is to partially redeem the 5% Redeemable Bank Guaranteed Bonds 1994/1999 which expired on 30th June 1999, to finance final coupon payment for the Bonds Issue and also to provide for additional working capital and the Rights Issue expenses of the Company.

The ICULS are convertible, at any time during the conversion periods into new ordinary shares of RM1.00 by tendering RM1.00 nominal amount of ICULS for each new ordinary share while each warrant will entitle its registered holders, at any time during the exercise period to subscribe for one (1) new ordinary share of RM1.00 each at a price of RM1.00 per ordinary share. The conversion price of ICULS and exercise price of the warrant are subject to adjustments under certain circumstances in accordance with provisions set out in the Trust Deed and Deed Poll respectively at any time during the conversion/exercise periods.

During the financial year, the Company issued 1,737,000 ordinary shares of RM1.00 each from the conversion of RM1,737,000 ICULS at the rate of RM1.00 nominal value of ICULS for one fully paid ordinary share in the Company.

The Company did not issue any debentures during the financial year.

EMPLOYEES’ SHARE OPTION SCHEME

The Company has granted Option to eligible full-time salaried employees including full-time executive directors of the Company and its subsidiary companies to subscribe for 7,020,000 ordinary shares of RM1.00 each under the Employees’ Share Option Scheme approved by the shareholders and the relevant authorities. The Option was exercisable between 22nd July 1994 to 21st July 1999 at RM3.25 per share. The shares issued from the exercise of the Option under the Employees’ Share Option Scheme rank pari passu in all respects with the existing issued and paid-up ordinary shares of the Company. The Option granted did not confer any rights to participate in any share issue of any other companies of the Group.

There were no Share Options exercised during the financial year. The remaining 5,954,000 unexercised Share Options lapsed on 21st July 1999, being the expiry date of the Share Option.

DIRECTORS

The directors in office since the date of the last report are:

Tan Sri Datuk A. Samad bin Idris

Dato' Surin Upatkoon

Dato' Low Hock Peng

Mr Lawrence Lim Swee Lin

Dato' Hj. Ahmad Hasmuni Bin Hj. Hussein (appointed 26-1-2000)

Mr Tang King Hua (appointed 2-2-2000)

Dato' Seri Azizul Hassan bin Haji Abdul Rani (deceased 27-9-1999)

In accordance with the Company's Articles of Association, Mr Tang King Hua and Dato' Hj. Ahmad Hasmuni Bin Hj. Hussein who were appointed to the board subsequent to the date of the last annual general meeting, retire at the forthcoming annual general meeting together with Dato' Low Hock Peng who retires by rotation. All the retiring directors, being eligible, offer themselves for re-election.

Tan Sri Datuk A. Samad bin Idris retires at the annual general meeting in accordance with Section 129 of the Companies Act, 1965 and, being eligible, offers himself for re-appointment as director of the Company.

DIRECTORS' INTERESTS IN SHARES

Directors' shareholdings, interests in shares and share options in the Company were as follows:

	— Number of Ordinary Shares of RM1.00 each —			
	At			At
	1-1-1999	Bought	Sold	31-12-1999
Tan Sri Datuk A. Samad bin Idris				
- direct interest	7,030,000	—	—	7,030,000
Dato' Surin Upatkoon				
- direct interest	786,630	—	—	786,630
- deemed interest	23,751,354	—	—	23,751,354
Dato' Low Hock Peng				
- direct interest	10,738,500	—	10,738,500	—
- deemed interest	3,845,500	—	528,000	3,317,500
Mr Lawrence Lim Swee Lin				
- direct interest	75,000	—	—	75,000

— Number of Options over Ordinary Shares —

	At 1-1-1999	Granted	Exercised	Expired	At 31-12-1999
Dato' Surin Upatkoon	500,000	-	-	500,000	-
Dato' Low Hock Peng	500,000	-	-	500,000	-
Mr Lawrence Lim Swee Lin	500,000	-	-	500,000	-

— Number of 5.5% ICULS 1999/2004 of RM1.00 each —

	At 1-1-1999	Bought	Converted	Sold	At 31-12-1999
Tan Sri Datuk A. Samad bin Idris	-	387,200	-	-	387,200
Dato' Surin Upatkoon - deemed interest	-	10,501,341	-	-	10,501,341
Dato' Low Hock Peng - direct interest	-	4,289,354	-	-	4,289,354
- deemed interest	-	1,327,000	-	-	1,327,000
Mr Lawrence Lim Swee Lin - direct interest	-	30,000	-	-	30,000

— Number of Warrants 1994/1999 —

	At 1-1-1999	Bought	Exercised	Expired	Sold	At 31-12-1999
Tan Sri Datuk A. Samad bin Idris - direct interest	15,000	-	-	15,000	-	-
Dato' Surin Upatkoon - direct interest	393,315	-	-	393,315	-	-
- deemed interest	385,635	-	-	385,635	-	-
Dato' Low Hock Peng - direct interest	2,369,250	-	-	2,369,250	-	-
- deemed interest	1,813,750	-	-	1,813,750	-	-
Mr Lawrence Lim Swee Lin - direct interest	-	-	-	-	-	-

	— Number of Warrants 1999/2004 —				At 31-12-1999
	At 1-1-1999	Bought	Exercised	Sold	
Tan Sri Datuk A. Samad bin Idris					
- direct interest	—	387,200	—	—	387,200
Dato' Surin Upatkoon					
- direct interest	—	—	—	—	—
- deemed interest	—	10,501,341	—	—	10,501,341
Dato' Low Hock Peng					
- direct interest	—	4,289,354	—	—	4,289,354
- deemed interest	—	1,327,000	—	—	1,327,000
Mr Lawrence Lim Swee Lin					
- direct interest	—	30,000	—	—	30,000

None of the other directors held any shares or had any interests in shares in the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Company and of the Group were made out, the directors took reasonable steps:
- (i) to ascertain the action 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 in the ordinary course of business their value as shown in the accounting records of the Company and of the Group 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:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent, or
 - (ii) which would render the values attributed to the current assets in the accounts of the Company and of the Group misleading, or

- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company and of the Group misleading or inappropriate.
- (c) At the date of this report, there does not exist:
 - (i) any charge on the assets of the Company or its subsidiary companies 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 Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the accounts of the Company and of the Group which would render any amount stated in the respective accounts misleading.
- (f) In the opinion of the directors:
 - (i) the results of the operations of the Company and of the Group for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland (formerly known as Hew & Tan), Public Accountants, have expressed their willingness to continue in office.

On behalf of the Directors

DATO' SURIN UPATKOON
Director

LAWRENCE LIM SWEE LIN
Director

27th April 2000

report of the auditors

to the members

We have audited the accounts set out on pages 25 to 57. The preparation of the accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the accounts.

We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

- (a) the accounts have been properly drawn up:
 - (i) so as to give a true and fair view of the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Company and of the Group;
 - (ii) in accordance with the provisions of the Act so as to give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1999 and of their results and the cash flows of the Group for the year ended on that date; and
 - (iii) in accordance with the applicable approved accounting standards; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 7 to the accounts.

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

The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174 (3) of the Act.

MOORES ROWLAND
No. AF: 0539
Public Accountants

GAN MORN GHUAT
No. 1499/5/01 (J)
Partner

27th April 2000

consolidated balance sheet

-31st December 1999

	Note	1999 RM	1998 RM
SHARE CAPITAL	2	167,130,832	165,393,832
RESERVES	3	93,019,888	86,504,870
TOTAL CAPITAL AND RESERVES		260,150,720	251,898,702
MINORITY INTERESTS		50,383,542	42,757,256
DEFERRED LIABILITIES	4	112,215,990	10,534,545
LICENCE FEES RECEIVED IN ADVANCE		14,762,767	15,016,052
		<u>437,513,019</u>	<u>320,206,555</u>
Represented by:			
FIXED ASSETS	5	117,406,010	120,623,898
DEVELOPMENT PROPERTIES	6	42,299,329	72,871,392
ASSOCIATED COMPANIES	8	19,293,451	18,545,669
INVESTMENTS	9	146,774,706	145,391,862
GOODWILL ON CONSOLIDATION	10	22,119,334	23,738,478
DEFERRED EXPENDITURE	11	6,788,453	946,407
CURRENT ASSETS			
Stocks	12	68,179,458	72,826,194
Development properties	6	25,109,769	-
Contract work-in-progress	13	2,707,304	4,354,024
Trade debtors	14	75,725,327	70,795,841
Other debtors, deposits and prepayments	15	40,262,488	38,014,454
Fixed deposits	16	20,752,226	12,549,599
Cash and bank balances	17	21,269,076	18,250,346
		<u>254,005,648</u>	<u>216,790,458</u>
Less:			
CURRENT LIABILITIES			
Trade creditors	18	42,157,251	43,187,428
Other creditors and accruals	19	43,256,348	43,945,726
Bank borrowings	20	82,068,295	185,784,337
Taxation		2,327,199	5,188,700
Dividend payable		-	595,418
Proposed dividend		1,364,819	-
		<u>171,173,912</u>	<u>278,701,609</u>
NET CURRENT ASSETS		<u>82,831,736</u>	<u>(61,911,151)</u>
		<u>437,513,019</u>	<u>320,206,555</u>

Notes to and forming part of the accounts are set out on pages 31 to 57
Auditors' Report - Page 24

consolidated profit and loss account

for the year ended 31st December 1999

	Note	1999 RM	1998 RM
Gross revenue	21	<u>363,577,104</u>	<u>456,479,777</u>
Cost of sales		<u>282,535,151</u>	<u>324,305,792</u>
Operating profit	22	15,245,339	11,018,893
Share of results of associated companies		1,109,027	96,671
Exceptional items	23	—	(33,509,936)
Profit before taxation		16,354,366	(22,394,372)
Taxation	24	<u>4,033,250</u>	<u>(5,486,170)</u>
Profit after taxation		20,387,616	(27,880,542)
Minority interests		<u>(11,582,294)</u>	<u>(16,024,466)</u>
Profit after minority interests		8,805,322	(43,905,008)
Unappropriated profit brought forward		<u>30,224,752</u>	<u>74,725,178</u>
Profit available for appropriation		39,030,074	30,820,170
Dividend	25	<u>(1,364,819)</u>	<u>(595,418)</u>
Unappropriated profit carried forward		<u>37,665,255</u>	<u>30,224,752</u>
Earnings/(Loss) per share	26		
Basic		<u>5.3 sen</u>	<u>(26.5) sen</u>
Fully diluted		<u>5.0 sen</u>	<u>(26.5) sen</u>

*Notes to and forming part of the accounts are set out on pages 31 to 57
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balance sheet

- 31st December 1999

	Note	1999 RM	1998 RM
SHARE CAPITAL	2	167,130,832	165,393,832
RESERVES	3	24,687,061	24,489,898
TOTAL CAPITAL AND RESERVES		191,817,893	189,883,730
DEFERRED LIABILITIES	4	108,420,533	–
		<u>300,238,426</u>	<u>189,883,730</u>
Represented by:			
SUBSIDIARY COMPANIES	7	367,627,011	361,052,590
ASSOCIATED COMPANIES	8	2,084	2,084
INVESTMENTS	9	52,654	52,654
DEFERRED EXPENDITURE	11	6,119,950	–
CURRENT ASSETS			
Sundry debtors, deposits and prepayments	15	3,670,936	4,266,330
Tax recoverable		1,952,509	–
Fixed deposit	16	–	4,935,408
Bank balances		15,810	58,422
		<u>5,639,255</u>	<u>9,260,160</u>
Less:			
CURRENT LIABILITIES			
Sundry creditors and accruals	19	13,562,698	17,271,151
Bank borrowings	20	64,275,011	162,334,194
Taxation		–	282,995
Dividend payable		–	595,418
Proposed dividend		1,364,819	–
		<u>79,202,528</u>	<u>180,483,758</u>
NET CURRENT LIABILITIES		<u>(73,563,273)</u>	<u>(171,223,598)</u>
		<u>300,238,426</u>	<u>189,883,730</u>

Notes to and forming part of the accounts are set out on pages 31 to 57
Auditors' Report - Page 24

profit and loss account

for the year ended 31st December 1999

	Note	1999 RM	1998 RM
Gross revenue	21	<u>11,089,825</u>	<u>24,033,481</u>
Operating profit	22	1,667,403	14,279,958
Exceptional items	23	<u>-</u>	<u>(40,906,466)</u>
Profit before taxation		1,667,403	(26,626,508)
Taxation	24	<u>(63,716)</u>	<u>-</u>
Profit after taxation		1,603,687	(26,626,508)
Accumulated loss brought forward		<u>(12,899,834)</u>	<u>14,322,092</u>
Accumulated loss		(11,296,147)	(12,304,416)
Dividend	25	<u>(1,364,819)</u>	<u>(595,418)</u>
Accumulated loss carried forward		<u>(12,660,966)</u>	<u>(12,899,834)</u>

*Notes to and forming part of the accounts are set out on pages 31 to 57
Auditors' Report - Page 24*

consolidated cash flow statement

for the year ended 31st December 1999

	1999 RM	1998 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	16,354,366	(22,394,372)
Adjustments for:		
Amortisation of goodwill on consolidation	1,621,276	1,621,169
Amortisation of discounts on ICULS	495,803	-
Doubtful debts	3,709,725	9,727,585
Depreciation	12,115,578	14,319,620
Fixed assets written off	720,038	302,489
Profit on disposal of fixed assets	(2,261,368)	177,586
Loss on disposal of investments	-	8,836
Profit on disposal of investments in subsidiary companies	-	(8,808,003)
Provision for diminution in value of investments	101,470	15,159,371
Share of results in associated companies	(1,109,027)	18,061,897
Stocks written down	1,323,376	1,361,172
Interest income	(1,003,945)	(2,878,655)
Dividend income	(3,325)	(3,367)
Interest expenses	15,270,566	19,558,775
Bonds guarantee fees	517,808	1,050,000
Deferred expenditure written off	426,230	923,026
Operating profit before working capital changes	48,278,571	48,187,129
Decrease in stocks	3,323,360	(33,452,262)
Decrease in development properties	5,599,912	12,234,917
Increase in contract work-in-progress	(214,881)	2,920,529
Increase in debtors	(10,438,965)	27,661,762
Decrease in creditors	(1,372,014)	377,503
Cash generated from operations	45,175,983	57,929,578
Interest received	1,003,945	2,878,655
Interest paid	(15,408,184)	(22,096,967)
Bonds guarantee fees paid	(517,808)	(1,050,000)
Taxation paid	-	(4,812,503)
Taxation refunded	761,574	-
Net cash from operating activities	31,015,510	32,848,763

	1999 RM	1998 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(13,706,936)	(17,521,956)
Purchase of investment properties	(371,579)	(5,756,878)
Purchase of additional shares in subsidiaries	(50,288)	(16,894,489)
Purchase of new associated companies	(110,000)	-
Purchase of new subsidiaries, net of cash (Note 27)	-	1
Purchase of other investments	(1,112,735)	(12,568,001)
Payment of hire purchase and finance lease instalments	(756,640)	(2,771,756)
Disposal of subsidiaries, net of cash (Note 27)	-	25,176,083
Proceeds from disposal of fixed assets	6,656,010	5,995,600
Proceeds from disposal of investments	-	11,917,190
Dividends received	3,325	3,367
Deferred expenditure incurred	(148,326)	(336,278)
Exchange translation difference	(1,069,213)	4,874,128
Net cash used in investing activities	<u>(10,666,382)</u>	<u>(7,882,989)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of ICULS	59,541,780	-
Issue of shares to minority interest	277,027	2,681,830
Term loans raised	94,211,123	6,278,688
Repayment of term loans	(59,390,050)	(20,623,816)
Repayment of 5% Redeemable Bank Guaranteed Bonds 1994/1999	(100,000,000)	-
Dividends paid	(4,780,298)	(4,336,598)
Capital issue expenses	(41,705)	(65,840)
Net cash used in financing activities	<u>(10,182,123)</u>	<u>(16,065,736)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,167,005	8,900,038
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>14,715,733</u>	<u>5,815,695</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>24,882,738</u>	<u>14,715,733</u>
Represented by:		
FIXED DEPOSITS	20,752,226	12,549,599
CASH AND BANK BALANCES	21,269,076	18,250,346
BANK OVERDRAFTS	<u>(17,138,564)</u>	<u>(16,084,212)</u>
	<u>24,882,738</u>	<u>14,715,733</u>

During the financial year, the Group acquired fixed assets amounting to RM13,826,936 of which RM120,000 was financed under hire purchase and the balance of RM13,706,936 was paid by cash. In the previous financial year, the Group acquired fixed assets amounting to RM17,521,956 by cash.

notes to and forming part of the accounts

for the year ended 31st December 1999

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The accounts are prepared under the historical cost convention and modified to include the valuation of certain fixed assets and comply with applicable approved accounting standards.

(b) Basis of consolidation

The consolidated accounts include the audited accounts of the Company and all its subsidiary companies made up to the end of the financial year. All material inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only. The accounts of the subsidiary companies are consolidated on the acquisition method of accounting and the results of the subsidiary companies acquired or disposed of are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

The difference between the acquisition cost of subsidiary companies and the fair values of their underlying net assets at the dates of acquisition is reflected in the consolidated accounts as either goodwill or reserve on consolidation. Goodwill on consolidation is amortised over a period of 20 years on a straight line basis while reserve on consolidation is retained in the accounts.

(c) Associated companies

Associated companies are defined as those companies in which the Group holds a long term equity interest of between 20% and 50%, has representation on the board of directors and is in a position to exercise significant influence.

The Group's share of profits less losses of associated companies is accounted for in the consolidated profit and loss account in place of dividends received. On the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition reserves and results.

The post-acquisition reserves and results of associated companies accounted for are based on latest audited or management accounts of the companies concerned.

(d) Investments

Investments are stated at cost and are held for long term. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. Provision will be made only in cases where the directors considered that permanent diminution in value of the investments has occurred.

(e) Depreciation

Freehold land is not amortised while leasehold land is amortised over the remaining period of the leases.

Depreciation is calculated to write off the cost of other fixed assets on the straight line basis over their expected useful lives. The principal annual rates used for this purpose are:

Buildings	1% - 10%
Plant and machinery	7.5% - 40%
Motor vehicles	15% - 20%
Furniture, fixtures and equipment	2% - 50%

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined principally on the first in first out basis and includes where relevant, appropriate proportions of manufacturing overheads. Cost of raw materials of certain subsidiaries is determined on the specific identification basis.

(g) Investment properties

Investment properties are properties held for their investment potential and rental income.

Investment properties are appraised by independent professional valuers at least once in every five years on the open market basis. Revaluation surpluses, if considered by the directors to be permanent in nature, are incorporated in the accounts through the revaluation reserve. Any reduction in the value of investment properties below the respective original costs or valuation is charged against the profit and loss account.

(h) Development properties

Development properties are stated at cost plus attributable profit less progress billings. Cost consists of land and development expenditure which includes interest expenses incurred during the period of development. Development expenditure is only shown as current assets when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Profit on development properties is recognised on the percentage of completion method, which method is applied in circumstances where the outcome of development can be reliably determined. When foreseeable losses on development properties are anticipated, full provision for these losses are recognised in advance in the accounts.

(i) Contract work-in-progress

Contract work-in-progress is stated at cost plus attributable profit recognised to date based on the percentage of completion method less foreseeable losses and progress billings received and receivable. Where progress billings in respect of individual contract exceed the cost of contracts, the excess amounts are classified under current liabilities.

Income from construction contracts is recognised on the percentage of completion method. The percentage of completion method is applied in circumstances where the outcome of the contract can be reliably determined. When foreseeable losses on construction contracts are anticipated, full provision would be made for these losses.

(j) Deferred expenditure

The discount on Irredeemable Convertible Unsecured Loan Stocks ("ICULS") is written off on the straight line basis over a period of five years, being the tenure of the ICULS, except for the discount on those ICULS already converted, in which case the discount is fully written off in the year of conversion.

Preliminary and pre-operating expenses stated at cost are written off equally over periods of three to ten years except for those subsidiaries which have not commenced operations, in which case the expenditure carried forward is stated at cost.

The cost of registration of patent is capitalised and written off on the straight line basis over a period of seventeen years.

(k) Foreign currencies

Transactions in foreign currencies are converted to Ringgit Malaysia at rates of exchange approximating those ruling on transaction dates and where settlement had not taken place on balance sheet date, at the approximate rates ruling on that date. Exchange differences are dealt with through the profit and loss account.

For consolidation purposes, assets and liabilities of foreign subsidiary companies are translated at the exchange rates ruling on balance sheet date and profit and loss account items are translated at average rates for the financial year. All exchange differences are dealt with through the exchange fluctuation reserve account.

(l) Leases

(i) Finance leases

Finance leases are those that transfer substantially all the risks and rewards of ownership of the assets to the lessees. Finance leases are capitalised at amounts equivalent to the total principal portion of the lease payments. Applicable interests are charged to profit and loss account.

(ii) Operating leases

Operating leases are those leases other than finance leases. Lease payments under operating leases are charged to profit and loss account.

(m) Income recognition

(i) Entrance fees and annual licence fees

Entrance fees are recognised upon approval of membership applications and after the expiry of a cooling-off-period of ten days from the date of receipt of the application forms.

Licence fees are recognised in the profit and loss account on the straight line basis over the licence period commencing from the respective dates of signing the licence agreements to 31st August 2089. Licence fees received and receivable which relate to the unexpired licence period are reflected in the balance sheet as licence fees received in advance.

(ii) Dividend income

Dividends from subsidiary companies are recognised in the profit and loss account as and when declared or proposed by the companies concerned whereas dividend income from other investments is recognised on receipt basis.

(n) Deferred taxation

Provision is made by the liability method for taxation deferred in respect of all material timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

(o) Cash equivalents

Cash equivalents are short term, highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

2. SHARE CAPITAL

	1999 RM	1998 RM
Authorised		
Ordinary shares of RM 1 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid		
Ordinary shares of RM 1 each		
At 1st January	165,393,832	165,393,832
Issue of shares from conversion of ICULS	<u>1,737,000</u>	<u>–</u>
At 31st December	<u>167,130,832</u>	<u>165,393,832</u>

At 31st December 1999, there were 66,157,533 warrants in issue under the Rights Issue of ICULS 1999/2004, which entitles the registered holders to subscribe for one (1) new ordinary share at a price of RM1.00 per ordinary share for every warrant held. The 67,212,389 outstanding warrants brought forward from the previous financial year under the Redeemable Bank Guaranteed Bonds 1994/1999 had expired on 17th February 1999.

Subsequent to the year end, the issued and fully paid share capital of the Company was increased from RM167,130,832 to RM189,558,162 by the issue of 22,427,330 ordinary shares of RM1.00 each from the conversion of RM22,427,330 ICULS at the rate of RM1.00 nominal amount of ICULS for one (1) fully paid ordinary share in the Company.

At 31st December 1999, there were no unissued shares under options granted pursuant to Employees' Share Option Scheme. The 5,954,000 unissued shares under options brought forward from the previous financial year had lapsed on 21st July 1999, being the expiry date of the option.

3. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non-distributable				
Share premium account	23,586,099	23,627,804	23,586,099	23,627,804
Reserve on consolidation	470,384	470,384	–	–
Exchange fluctuation reserve	<u>6,694,831</u>	<u>7,578,611</u>	<u>–</u>	<u>–</u>
	<u>30,751,314</u>	<u>31,676,799</u>	<u>23,586,099</u>	<u>23,627,804</u>
Distributable				
Capital reserve	24,603,319	24,603,319	13,761,928	13,761,928
Unappropriated profit	<u>37,665,255</u>	<u>30,224,752</u>	<u>(12,660,966)</u>	<u>(12,899,834)</u>
	<u>62,268,574</u>	<u>54,828,071</u>	<u>1,100,962</u>	<u>862,094</u>
	<u>93,019,888</u>	<u>86,504,870</u>	<u>24,687,061</u>	<u>24,489,898</u>

Movements in reserves during the financial year were as follows:

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Share premium				
At 1st January	23,627,804	23,693,644	23,627,804	23,693,644
Capital issue expenses	(41,705)	(65,840)	(41,705)	(65,840)
At 31st December	<u>23,586,099</u>	<u>23,627,804</u>	<u>23,586,099</u>	<u>23,627,804</u>
Exchange fluctuation reserve				
At 1st January	7,578,611	2,933,283	–	–
Translation differences for the year	(883,780)	4,645,328	–	–
At 31st December	<u>6,694,831</u>	<u>7,578,611</u>	<u>–</u>	<u>–</u>

4. DEFERRED LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Bank term loans				
- secured	48,181,577	13,515,589	44,000,000	–
- unsecured	155,085	–	–	–
	<u>48,336,662</u>	<u>13,515,589</u>	<u>44,000,000</u>	<u>–</u>
Repayments due within 12 months (included in Note 20)	(3,736,731)	(7,000,125)	–	–
	<u>44,599,931</u>	<u>6,515,464</u>	<u>44,000,000</u>	<u>–</u>
Hire purchase liabilities net of unexpired term charges of RM186,528 (1998 : RM488,896)	1,187,715	1,824,355	–	–
Repayments due within 12 months (included in Note 19)	(711,952)	(958,177)	–	–
	<u>475,763</u>	<u>866,178</u>	<u>–</u>	<u>–</u>
5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 with free detachable warrants	64,420,533	–	64,420,533	–
Deferred taxation	2,719,763	3,152,903	–	–
	<u>112,215,990</u>	<u>10,534,545</u>	<u>108,420,533</u>	<u>–</u>

The bank term loans of the subsidiary companies bear interests at commercial rates which vary according to the base lending rates or cost of funds of the lending banks. They are secured by leasehold properties, machinery and equipment, certain land held under development of the Group and an unconditional, continuing and irrevocable guarantee from another bank.

The bank term loan of the Company are secured by freehold, leasehold and investment properties of certain subsidiary companies, a debenture over a fixed and floating charge over the assets of certain subsidiary companies and assignment over a depository account for the proceeds from conversion of warrants.

The bank term loans of the Company and Group are repayable by equal monthly, quarterly and semi-annual instalments commencing between 1993 and 2002.

During the financial year, the Company made a Rights Issue of 66,157,533 nominal amount of 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 (“ICULS”) at 90% of the nominal amount with 66,157,533 free detachable warrants on the basis of RM2.00 nominal amount of ICULS with two (2) warrants for every five (5) existing ordinary shares of RM1.00 each held

The ICULS are in registered form and constituted by a Trust Deed dated 11th August 1999 and has a tenure of five years from the date of issue and will not be redeemable in cash. Unless previously converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares at the conversion price on the maturity date. The ICULS shall be convertible into fully paid ordinary shares of RM1.00 each at any time between 1st March to 31st May and 1st September to 30th November during the tenure of the ICULS from 8th October 1999 to the maturity date on 7th October 2004, and at any time during the thirty (30) days prior to and including the maturity date at the rate of RM1.00 nominal amount of ICULS for one fully paid ordinary share of RM1.00 each in the Company. The interest on the ICULS at the rate of 5.5% per annum is payable annually in arrears on 31st August commencing 8th October 1999.

The warrants which are issued together with the ICULS are in registered form and constituted by a Deed Poll dated 11th August 1999 and entitles the registered holders to subscribe for one new ordinary share of RM1.00 each in the Company at a price of RM1.00 per ordinary share for every warrant held at any time during the exercise period of four years and six months commencing from the date of issue of the warrants on 8th October 1999 and expiring on 7th April 2004.

Upon conversion of the ICULS and exercise of the warrants into new ordinary shares, such shares should rank pari passu in all respects with the existing ordinary shares of the Company in issue at the date of allotment of the new ordinary shares except that the new ordinary shares shall not be entitled to any rights, allotments or dividends, the record date of which is on or before the relevant conversion or exercise date.

The conversion and exercise price of the ICULS and warrants may be subject to adjustments under certain circumstances in accordance with the provisions of the Trust Deed and Deed Poll respectively.

5. FIXED ASSETS

Group 1999	Freehold land and buildings RM	Long leasehold land and buildings RM	Short leasehold land and buildings RM	Plant and machinery RM	Motor vehicles, furniture, fixtures & equipment RM	Capital work- in-progress RM	Total RM
At 1st January							
Cost	8,353,964	62,773,042	1,431,063	76,721,382	23,696,032	3,718,923	176,694,406
Valuation	–	19,240,000	–	–	–	–	19,240,000
	8,353,964	82,013,042	1,431,063	76,721,382	23,696,032	3,718,923	195,934,406
Exchange adjustments	–	136,211	–	191,052	17,136	–	344,399
Additions	2,558,154	586,805	5,215	7,355,687	2,294,653	1,026,422	13,826,936
Disposals	(1,353,341)	(135,000)	–	(5,132,355)	(2,602,429)	–	(9,223,125)
Write-off	–	–	–	(516,815)	(585,353)	–	(1,102,168)
Reclassifications	–	4,306,516	–	2,500	(2,500)	(4,306,516)	–
At 31st December							
Cost	9,558,777	67,667,574	1,436,278	78,621,451	22,817,539	438,829	180,540,448
Valuation	–	19,240,000	–	–	–	–	19,240,000
	9,558,777	86,907,574	1,436,278	78,621,451	22,817,539	438,829	199,780,448
Accumulated depreciation							
At 1st January	1,699,984	8,912,832	109,983	51,159,223	13,428,486	–	75,310,508
Exchange adjustments	–	20,151	–	123,320	15,494	–	158,965
Charge for the year	238,937	2,285,770	7,964	6,828,350	2,754,557	–	12,115,578
Disposals	–	(4,607)	–	(2,851,976)	(1,971,900)	–	(4,828,483)
Write-off	–	–	–	(126,230)	(255,900)	–	(382,130)
Reclassifications	–	–	–	2,499	(2,499)	–	–
At 31st December	1,938,921	11,214,146	117,947	55,135,186	13,968,238	–	82,374,438
Net book value at 31st December							
Cost	7,619,856	56,453,428	1,318,331	23,486,265	8,849,301	438,829	98,166,010
Valuation	–	19,240,000	–	–	–	–	19,240,000
	7,619,856	75,693,428	1,318,331	23,486,265	8,849,301	438,829	117,406,010

Group 1998	Freehold land and buildings RM	Long leasehold land and buildings RM	Short leasehold land and buildings RM	Plant and machinery RM	Motor vehicle, furniture, fixtures & equipment RM	Capital work- in-progress RM	Total RM
Cost/Valuation							
At 1st January							
Cost	7,714,162	70,866,483	1,284,792	101,575,490	24,732,860	–	206,173,787
Valuation	–	19,240,000	–	–	–	–	19,240,000
	7,714,162	90,106,483	1,284,792	101,575,490	24,732,860	–	225,413,787
Exchange adjustments	–	(134,059)	–	(203,969)	(25,462)	–	(363,490)
Disposal of subsidiaries	–	(8,127,659)	–	(20,996,026)	(3,591,507)	–	(32,715,192)
Additions	639,802	1,733,748	146,271	7,167,619	4,115,593	3,718,923	17,521,956
Disposals	–	(1,565,471)	–	(9,596,137)	(839,866)	–	(12,001,474)
Write-off	–	–	–	(1,119,779)	(801,402)	–	(1,921,181)
Reclassifications	–	–	–	(105,816)	105,816	–	–
At 31st December							
Cost	8,353,964	62,773,042	1,431,063	76,721,382	23,696,032	3,718,923	176,694,406
Valuation	–	19,240,000	–	–	–	–	19,240,000
	8,353,964	82,013,042	1,431,063	76,721,382	23,696,032	3,718,923	195,934,406
Accumulated depreciation							
At 1st January							
	1,477,268	7,140,048	75,677	62,693,675	13,157,624	–	84,544,292
Exchange adjustments	–	(17,716)	–	(134,572)	(18,199)	–	(170,487)
Disposal of subsidiaries	–	(446,826)	–	(13,789,332)	(1,699,779)	–	(15,935,937)
Charge for the year	222,716	2,237,326	34,306	8,615,281	3,209,991	–	14,319,620
Disposals	–	–	–	(5,159,886)	(668,402)	–	(5,828,288)
Write-off	–	–	–	(1,012,728)	(605,964)	–	(1,618,692)
Reclassifications	–	–	–	(53,215)	53,215	–	–
At 31st December							
	1,699,984	8,912,832	109,983	51,159,223	13,428,486	–	75,310,508
Net book value at 31st December							
Cost	6,653,980	55,236,812	1,321,080	25,562,159	10,267,546	3,718,923	102,760,500
Valuation	–	17,863,398	–	–	–	–	17,863,398
	6,653,980	73,100,210	1,321,080	25,562,159	10,267,546	3,718,923	120,623,898

The long leasehold land of a subsidiary was valued by its directors in 1992 based on an independent professional valuation on open market basis.

The net book value of the above revalued long term leasehold land that would have been included in the accounts had the fixed asset been carried at cost less accumulated depreciation is RM 56,090 (1998 : RM56,707).

Included in the cost of fixed assets of the Group are plant and machinery, motor vehicles and equipment amounting to RM3,289,685 (1998 : RM5,875,019) acquired under hire purchase.

6. DEVELOPMENT PROPERTIES

	Group	
	1999	1998
	RM	RM
Land, at cost	34,339,261	32,495,261
Land, at valuation	17,760,000	17,760,000
Development expenditure, at cost	96,252,212	76,812,337
	<u>148,351,473</u>	<u>127,067,598</u>
Provision for foreseeable loss	(364,890)	(1,327,096)
	<u>147,986,583</u>	<u>125,740,502</u>
Non current portion	(42,299,329)	(72,871,392)
	<u>105,687,254</u>	<u>52,869,110</u>
Portion of profit attributable to development work to date	3,308,909	6,497,866
	<u>108,996,163</u>	<u>59,366,976</u>
Progress billings to-date	(83,886,394)	(59,366,976)
Current portion	<u>25,109,769</u>	<u>–</u>
Progress billings to-date comprise:		
Progress billings		
- received	72,029,337	50,253,656
- receivable	11,857,057	9,113,320
	<u>83,886,394</u>	<u>59,366,976</u>

The Group considers as current assets those portions of development properties on which significant development works have been undertaken and are expected to be completed within the normal operating cycle.

There were no advances received for contract work not yet performed at the end of the financial year.

Included in development expenditure is interest expense of RM137,618 for the year (1998 : RM2,538,192).

7. SUBSIDIARY COMPANIES

	1999 RM	1998 RM
Unquoted shares, at cost	138,366,928	138,316,640
Provision for diminution in value	<u>(2,999,999)</u>	<u>(2,999,999)</u>
	135,366,929	135,316,641
Amount owing by subsidiary companies	<u>281,311,793</u>	<u>274,608,275</u>
Provision for doubtful debts	<u>(2,174,419)</u>	<u>(1,000,000)</u>
	279,137,374	273,608,275
Amount owing to subsidiary companies	<u>(46,877,292)</u>	<u>(47,872,326)</u>
	<u>232,260,082</u>	<u>225,735,949</u>
	<u>367,627,011</u>	<u>361,052,590</u>

The amount owing by/to the subsidiary companies is unsecured and has no fixed terms of repayment.

Amount owing by subsidiary companies totalling RM231,364,433 (1998 : RM252,493,732) bears interests at 1% per annum above the Company's cost of funds (1998 : 0.125% to 19.42% per annum) and the balance is interest free.

Amount owing to subsidiary companies totalling RM17,438,488 (1998 : RM19,034,180) bears interests at 1% per annum above the subsidiary companies' cost of funds (1998 : 8% to 10% per annum) and the balance is interest free.

The subsidiary companies, all of which are incorporated in Malaysia except where indicated are as follows:

	Gross equity interest		Principal activities
	1999 %	1998 %	
Subsidiaries of the Company			
MWE Spinning Mills Sdn Bhd	100	100	Investment holding, manufacturing and sale of yarn
MWE Weaving Mills Sdn Bhd	100	100	Manufacturing and sale of woven fabrics
MWE Properties Sdn Bhd	100	100	Property investment and development
MWE Advanced Structure Sdn Bhd	90	90	Building construction
* Davex Holdings Berhad	71	71	Investment holding
V. Scooters Marketing (M) Sdn Bhd	100	100	Dormant
* Alu-Paste & Pigments Sdn Bhd	100	100	Dormant
Tahan Traktor (M) Sdn Bhd	63	63	Inactive
MWE Timber Industries Sdn Bhd	100	100	Trading in sawn timber
MWE Wood Industries Sdn Bhd	98	98	Manufacturing and sale of solid doors and frames and furniture components

	Gross equity interest		Principal activities
	1999 %	1998 %	
Subsidiaries of the Company			
Metra Management Sdn Bhd	100	100	Provision of share registration and insurance agency services
First Cosmopolitan Sdn Bhd	100	100	Investment holding
Alam Perdana Sdn Bhd	51	51	Investment holding
MWE Golf & Country Club Berhad	100	100	Management of a golf club course and clubhouse and the provision of landscaping services
MWE Optical Holdings Sdn Bhd	55	55	Investment holding
MWE Hunza Corporation Sdn Bhd	100	100	Investment holding
Skypark Corporation Sdn Bhd	55	55	Consultancy services on technology of parking system
Ganda Pesona Sdn Bhd	100	100	Provision of secretarial and management services
Inai Idaman Sdn Bhd	100	100	Dormant
Subsidiary companies of MWE Spinning Mills Sdn Bhd			
Multibillion Industrial Sdn Bhd	100	100	Manufacturing and sale of yarn
MWE Textile Industries Sdn Bhd	100	100	Manufacturing of dyed knitted fabrics, dyeing and finishing of woven fabrics
MWE Apparel Sourcing Sdn Bhd	100	100	Agency for sourcing of apparel buyers
United Sweethearts Garment Sdn Bhd	100	100	Manufacturing and sale of garments
MWE Garments Sdn Bhd	100	100	Sewing of garments on contract basis
Subsidiary companies of MWE Properties Sdn Bhd			
MWE Tiravest Sdn Bhd	60	60	Property development
MWE Macadam Sdn Bhd	51	51	Building construction
Shanpin Industrial (M) Sdn Bhd	96	96	Property development
Melati Mewah Sdn Bhd	100	100	Property investment and development
MWE Development Sdn Bhd	70	70	Property development
Prime Achiever Sdn Bhd	90	90	Rental of properties
MWE Precast Concrete Sdn Bhd	100	100	Inactive
Metra PMC Sdn Bhd	100	100	Provision of property management services
Jurangjaya Sdn Bhd	60	60	Property development

	Gross equity interest		Principal activities
	1999 %	1998 %	
Subsidiary company of Jurangjaya Sdn Bhd			
Lup Ching Holdings Sdn Bhd	100	100	Property development
Subsidiary company of MWE Advanced Structure Sdn Bhd			
MWE Cedar Homes Sdn Bhd	70	70	Inactive
Subsidiary companies of Davex Holdings Berhad			
* PI Electronics (Hong Kong) Ltd (incorporated in Hong Kong, SAR)	51	51	Designing, manufacturing and sales of electronic power conversion products
* PI Electronics Pte Ltd (incorporated in the Republic of Singapore)	51	51	Importing and exporting of electronic power conversion products
* Davex (Malaysia) Sdn Bhd	73	73	General importer and supplier of electrical fittings, manufacture and assembly of all ranges of electrical cable trunkings and lightings
Subsidiary company of PI Electronics (Hong Kong) Ltd			
* PI Electronics (Taiwan) Ltd (incorporated in the Republic of Taiwan)	51	-	Trading of electronic components and products
Subsidiary companies of Davex (Malaysia) Sdn Bhd			
* Davex Australia Pty Ltd (incorporated in Australia)	99	99	Manufacturer, wholesaler and importer of electrical goods
* Davex Trading (Pg) Sdn Bhd	100	100	Trading in electrical fittings, apparatus and parts
* Davex Group (M) Sdn Bhd	100	100	Dormant
* Davex Engineering (M) Sdn Bhd	100	100	Manufacturing and assembly of a range of electrical cable trunkings and lightings
* Davex Singapore Pte Ltd (incorporated in the Republic of Singapore)	100	100	Dealers in electrical products and engineering works
* Specific Form Sdn Bhd	60	60	Dormant

	Gross equity interest		Principal activities
	1999 %	1998 %	
Subsidiary company of Specific Form Sdn Bhd			
* Realistic Returns Sdn Bhd	100	100	Dormant
Subsidiary company of Metra Management Sdn Bhd			
Metra Nominees Sdn Bhd	100	100	Provision of nominee services
Subsidiary companies of First Cosmopolitan Sdn Bhd			
Devanna Ltd (incorporated in British Virgin Islands)	100	100	Investment holding and general trading
Diamond Head International Holdings Ltd (incorporated in British Virgin Islands)	100	100	Investment holding and consultancy services
@MWE (Singapore) Pte Ltd (incorporated in the Republic of Singapore)	100	100	Investment holding
Subsidiary company of Alam Perdana Sdn Bhd			
* P & E Holdings (M) Sdn Bhd	75	75	Investment holding
Subsidiary companies of MWE Optical Holdings Sdn Bhd			
Shu Tong Mow Contact Optical Sdn Bhd	100	100	Optical trading
MWE Optical Trading Sdn Bhd	100	100	Optical trading
MWE Optimia JV Sdn Bhd (formerly known as Optik Ingo Sdn Bhd)	100	100	Optical trading
@MWE Optical Pte Ltd (incorporated in the Republic of Singapore)	100	100	Inactive
Subsidiary company of MWE Hunza Corporation Sdn Bhd			
MWE Hunza Resort Sdn Bhd	100	100	Investment holding

@ *Subsidiary Companies audited by associated firms of Moores Rowland.*

* *Subsidiary Companies not audited by Moores Rowland or its associates.*

8. ASSOCIATED COMPANIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Unquoted shares, at cost	23,486,948	23,376,948	16,747,097	16,747,097
Group's share of post-acquisition reserves and results	(4,700,728)	(5,341,748)	–	–
	18,786,220	18,035,200	16,747,097	16,747,097
Less:				
Provision for diminution in value	–	–	(16,747,095)	(16,747,095)
	18,786,220	18,035,200	2	2
Amount owing by associated companies	507,231	510,469	2,082	2,082
	19,293,451	18,545,669	2,084	2,084

The amount owing by the associated companies is unsecured, interest free and has no fixed terms of repayment.

The associated companies, all of which are incorporated in Malaysia except where indicated are as follows:

	Gross equity interest		Principal activities
	1999 %	1998 %	
Associated companies of the Company			
Premier Capital Holdings Sdn Bhd	30	30	Investment holding and stockbroking
DG Technologies (M) Sdn Bhd (formerly known as Exclusive Accord Sdn Bhd)	50	50	Dormant
Associated companies of United Sweethearts Garment Sdn Bhd			
USH Garment (Nibong Tebal) Sdn Bhd	45	45	Manufacturing of and dealing in textiles
CNT Garments Sdn Bhd	20	–	Manufacturing and dealing in textiles
USJ Embroidery Sdn Bhd	49	–	Embroidery of garments
Associated company of MWE Properties Sdn Bhd			
Island Garden Development Sdn Bhd	40	40	Housing development

	Gross equity interest		Principal activities
	1999 %	1998 %	
Associated company of MWE (Singapore) Pte Ltd			
Greenland Timber Industries Pte Ltd (incorporated in the Republic of Singapore)	41	41	Processor and dealer of sawn timber
Associated company of Alam Perdana Sdn Bhd			
Micro Compact (M) Sdn Bhd	46	46	Investment holding
Associated company of P & E Holdings (M) Sdn Bhd			
Milton Company Inc (incorporated in British Virgin Islands)	40	40	Investment holding

9. INVESTMENTS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Investment properties				
- Freehold land, at cost	6,180,000	6,180,000	-	-
- Buildings, at cost	78,189,350	77,817,771	-	-
	84,369,350	83,997,771	-	-
Quoted shares, at cost				
- quoted in Malaysia	18,620,000	18,620,000	-	-
- quoted outside Malaysia	2,635,105	2,635,105	8,105	8,105
	21,255,105	21,255,105	8,105	8,105
Unquoted convertible loan stock	-	453,000	-	-
Unquoted shares, at cost	57,472,728	55,906,993	15,203,920	15,203,920
Provision for diminution in value	(16,322,477)	(16,221,007)	(15,159,371)	(15,159,371)
	41,150,251	39,685,986	44,549	44,549
	<u>146,774,706</u>	<u>145,391,862</u>	<u>52,654</u>	<u>52,654</u>
Market value				
- quoted shares	<u>11,315,653</u>	<u>8,012,118</u>	<u>73,464</u>	<u>54,918</u>

All the above shares quoted in Malaysia (1998 : Nil) of a subsidiary company have been pledged to a licensed bank to secure banking facilities of the Company.

10. GOODWILL ON CONSOLIDATION

	Group	
	1999 RM	1998 RM
At 1st January	23,738,478	23,394,437
Addition	2,132	2,686,624
	<u>23,740,610</u>	<u>26,081,061</u>
Disposal	–	(721,414)
Amortisation	(1,621,276)	(1,621,169)
At 31st December	<u>22,119,334</u>	<u>23,738,478</u>

11. DEFERRED EXPENDITURE

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Deferred expenditure stated at cost less amount written off comprises:				
Discounts on ICULS	6,119,950	–	6,119,950	–
Preliminary expenses	8,811	12,286	–	–
Pre-operating expenses	430,942	833,599	–	–
Patents and royalties	228,750	100,522	–	–
	<u>6,788,453</u>	<u>946,407</u>	<u>6,119,950</u>	<u>–</u>

Included in pre-operating expenses of the Group are the following expenses incurred during the financial year:

	Group	
	1999 RM	1998 RM
Auditors' remuneration	800	3,150
Depreciation	<u>34,034</u>	<u>58,006</u>

12. STOCKS

	Group	
	1999	1998
	RM	RM
Raw materials	15,387,927	16,912,618
Work-in-progress	10,134,974	4,706,945
Finished goods	18,111,150	18,685,638
Stocks of completed projects	23,630,973	31,816,861
Consumable stores and spares	914,434	704,132
	<u>68,179,458</u>	<u>72,826,194</u>

13. CONTRACT WORK-IN-PROGRESS

	Group	
	1999	1998
	RM	RM
Cost of contracts	52,127,121	49,077,858
Attributable profits	<u>6,641,843</u>	<u>3,755,800</u>
	58,768,964	52,833,658
Progress billings to-date	<u>(56,318,293)</u>	<u>(50,597,868)</u>
	2,450,671	2,235,790
Add:		
Excess of progress billings over costs transferred to other creditors (Note 19)	<u>256,633</u>	<u>2,118,234</u>
	<u>2,707,304</u>	<u>4,354,024</u>
Progress billings to-date comprise:		
Progress billings		
- received	49,798,736	36,241,135
- receivable	4,312,543	12,283,253
Retention sum	<u>2,207,014</u>	<u>2,073,480</u>
	<u>56,318,293</u>	<u>50,597,868</u>

The cost of contracts includes the following expenses incurred during the financial year:

	1999	1998
	RM	RM
Depreciation	111,142	150,521
Hire of equipment and lorries	416,949	591,927
Fixed assets written off	484	1,290
Rental of vacant land	–	6,000
	<u> </u>	<u> </u>

14. TRADE DEBTORS

	Group	
	1999	1998
	RM	RM
Gross receivables	83,180,521	79,708,463
Provision for doubtful debts	(7,455,194)	(8,912,622)
	<u>75,725,327</u>	<u>70,795,841</u>

15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Gross receivables, deposits and prepayments	60,290,882	56,854,914	15,359,505	16,538,612
Provision for doubtful debts	(20,028,394)	(18,840,460)	(11,688,569)	(12,272,282)
	<u>40,262,488</u>	<u>38,014,454</u>	<u>3,670,936</u>	<u>4,266,330</u>

16. FIXED DEPOSITS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Fixed deposits are placed with				
- licensed banks in Malaysia	14,579,902	6,740,193	–	4,935,408
- foreign banks	6,172,324	5,809,406	–	–
	<u>20,752,226</u>	<u>12,549,599</u>	<u> </u>	<u>4,935,408</u>

Fixed deposits amounting to RM6,546,638 (1998 : RM10,904,814) of the Group are pledged as securities for bank guarantees and other credit facilities granted to the Group.

Included in fixed deposits of the Group is an amount of RM625,098 (1998 : RM630,260) placed in trust accounts pursuant to clause 12.02 and 13.01 of the Trust Deed entered into between two subsidiary companies, Mayban Trustees Berhad and Licensees of Montere Golf & Country Club and RM415,751 (1998 : RM341,400) placed in trust accounts pursuant to Section 46 of the Strata Titles Act, 1985 and Schedule III, Clause 5 of the Deed of Covenant entered into between the Developer and the Purchasers.

17. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are bank balances amounting to RM839,399 (1998 : RM2,015,770) maintained in housing development accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991 and RM4,745 (1998 : RM9,662) placed in trust accounts pursuant to Clause 12.02 and 13.01 of the Trust Deed entered into between two subsidiary companies, Mayban Trustees Berhad and Licensees of Montere Golf & Country Club.

18. TRADE CREDITORS

	Group	
	1999	1998
	RM	RM
Trade creditors	33,630,764	36,255,286
Bankers' acceptance and trust receipts		
- secured	3,752,580	4,076,522
- unsecured	4,773,907	2,855,620
	8,526,487	6,932,142
	42,157,251	43,187,428

The bankers' acceptance and trust receipts bear interests at commercial rates which vary according to base lending rates and cost of funds of the respective banks. They are secured by fixed and floating charges over certain leasehold properties of the subsidiary companies concerned.

19. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Other creditors and accruals	42,287,763	40,869,315	13,562,698	17,271,151
Hire purchase liabilities (Note 4)	711,952	958,177	-	-
Excess of progress billings over costs transferred from contract work-in-progress (Note 13)	256,633	2,118,234	-	-
	43,256,348	43,945,726	13,562,698	17,271,151

20. BANK BORROWINGS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Bank overdrafts				
- secured	5,134,254	6,059,361	2,986,083	2,983,512
- unsecured	12,004,310	10,024,851	10,138,928	7,350,682
	<u>17,138,564</u>	<u>16,084,212</u>	<u>13,125,011</u>	<u>10,334,194</u>
Bank loans				
- secured	26,893,000	4,100,000	22,650,000	–
- unsecured	34,300,000	58,600,000	28,500,000	52,000,000
	<u>61,193,000</u>	<u>62,700,000</u>	<u>51,150,000</u>	<u>52,000,000</u>
Current portion of bank term loans (Note 4)	3,736,731	7,000,125	–	–
5% Redeemable Bank Guaranteed Bonds 1994/1999	–	100,000,000	–	100,000,000
	<u>82,068,295</u>	<u>185,784,337</u>	<u>64,275,011</u>	<u>162,334,194</u>

Bank borrowings bear interests at commercial rates which vary according to base lending rates or cost of funds of the respective banks. They are secured on quoted shares of a subsidiary company and fixed and floating charges over the assets of the subsidiary companies and are also guaranteed by the Company.

21. GROSS REVENUE

Gross revenue of the Company represents dividend income while that of the subsidiaries comprises the invoiced value of goods sold net of discounts and returns, services rendered, proportion of the total contract value attributable to the percentage of construction work performed, rental income, interest income, annual licence fees and entrance fees.

22. OPERATING PROFIT

Operating profit is stated after charging:

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Amortisation of goodwill on consolidation	1,621,276	1,621,169	–	–
Amortisation of discounts on ICULS	495,803	–	495,803	–
Auditors' remuneration				
- current year	348,710	388,257	18,000	18,000
- underprovision in prior year	15,828	4,523	7,000	2,000
Bonds guarantee fees	517,808	1,050,000	517,808	1,050,000
Doubtful debts	3,709,725	9,727,585	1,414,869	3,509,094
Depreciation	11,970,402	14,111,093	–	–
Directors' remuneration				
- fees	80,000	140,000	50,000	80,000
- other emoluments	2,698,997	2,520,890	–	–
Fixed assets written off	719,554	301,199	–	–
Interest expenses	15,270,566	19,558,775	13,671,096	15,541,229
Loss on disposal of fixed assets	272,276	177,586	–	–
Loss on disposal of investment in a subsidiary company	–	–	–	17,999
Loss on disposal of investments	–	8,836	–	8,836
Operating lease rental	1,474,118	1,081,277	–	–
Preliminary, pre-operating expenses and patents written off	426,230	923,026	–	–
Provision for diminution in value of investments	101,470	–	–	–
Rental of premises	309,315	943,784	–	–
Rental of machinery	46,398	25,912	–	–
Retirement benefits	153,917	180,331	–	–
Stocks written down	1,323,376	1,361,172	–	–
and crediting:				
Compensation from compulsory acquisition of land	320,379	–	–	–
Gross dividends from				
- subsidiaries	–	–	11,086,500	24,030,114
- investments quoted in Malaysia	–	2,770	–	2,770
- investments quoted outside Malaysia	3,325	597	3,325	597
Interest income	1,003,945	2,878,655	9,399,475	10,680,035
Rental income	3,344,820	4,095,194	–	–
Profit on disposal of fixed assets	2,533,644	–	–	–
Provision for doubtful debts written back	181,746	68,296	–	–

23. EXCEPTIONAL ITEMS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Provision for diminution in value of investments	–	(15,159,371)	–	(31,906,466)
Share of exceptional item of an associated company	–	(18,158,568)	–	–
Provision for doubtful debts on advances granted to an investee company	–	(9,000,000)	–	(9,000,000)
Profit on disposal of investments in subsidiary companies	–	8,808,003	–	–
	<u>–</u>	<u>(33,509,936)</u>	<u>–</u>	<u>(40,906,466)</u>

24. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Taxation based on results for the year				
- Current	(340,370)	(4,535,540)	(1,094,000)	–
- Deferred	433,140	152,211	–	–
- Group's share of taxation of associated companies	(468,007)	(347,936)	–	–
	<u>(375,237)</u>	<u>(4,731,265)</u>	<u>(1,094,000)</u>	<u>–</u>
Over/(Under)provision of taxation in prior years	4,408,487	(754,905)	1,030,284	–
	<u>4,033,250</u>	<u>(5,486,170)</u>	<u>(63,716)</u>	<u>–</u>

Provision for taxation of the Group is based on income earned by foreign subsidiary companies. No provision for Malaysian taxation is required in the Group as income earned other than dividend income in the financial year 1999 would be waived from income tax as provided under the Income Tax (Amendment) Act, 1999.

Provision for taxation of the Company for the current financial year is based on dividend income only. No provision for taxation is required in the Company on interest income for the current financial year as the Company incurred a business loss and has no chargeable income.

No provision for taxation was required in the Company in the previous financial year as the Company incurred a loss and had no chargeable income while provision for taxation was made in the Group in the previous financial year despite the Group incurring losses because of disallowable expenses and losses incurred by certain subsidiary companies.

25. DIVIDEND

	1999	1998
	RM	RM
Interim dividend payable of 0.5% less 28% tax	–	595,418
Proposed first and final dividend of 1% less 28% tax	1,364,819	–
	<u>1,364,819</u>	<u>595,418</u>

26. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated based on Group profit after taxation and minority interests of RM8,805,322 (1998 : Loss after taxation and minority interests of RM43,905,008) and on the weighted average of 165,616,748 (1998 : 165,393,832) ordinary shares in issue during the financial year.

The fully diluted earnings per share is calculated based on adjusted profit after taxation of RM9,298,332 after adding back notional interest income at 3.2% per annum on RM66,157,533, representing the estimated proceeds on exercise of 66,157,533 outstanding warrants at the subscription price of RM1.00 per ordinary share at 31st December 1999 and on 187,379,759 weighted average number of ordinary shares issued upon full conversion of ICULS and exercise of warrants. The unconverted ICULS and the unexercised warrants as at 31st December 1999 were assumed to have been completed on 8th October 1999, being the date of issue of ICULS and warrants.

The assumed exercise of options and conversion of warrants in the previous financial year was anti-dilutive. Accordingly, the basic and fully diluted loss per share were the same.

27. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

The effects of acquisition and disposal of subsidiary companies during the financial year in the consolidated cash flow statement are as follows:

(a) Acquisition of new subsidiary companies

Net assets acquired

	1999	1998
	RM	RM
Intangible assets	–	10,531
Current assets	–	4
Current liabilities	–	(10,531)
Minority interest	–	(1)
Total purchase consideration	–	3
Less:		
Cash and cash equivalents	–	4
Net cash flows on acquisition	<u>–</u>	<u>(1)</u>

(b) Disposal of subsidiary companies

Net assets disposed

	1999	1998
	RM	RM
Fixed assets	–	16,779,255
Investment	–	25,000
Current assets	–	34,541,988
Goodwill	–	721,414
Current liabilities	–	(29,979,099)
Deferred liabilities	–	(3,340,177)
Minority interest	–	(708,383)
Gain on disposal of subsidiary	–	8,808,003
Sale consideration	–	26,848,001
Less:		
Cash and cash equivalents	–	(1,671,918)
Net cash flows on disposal	–	25,176,083

28. RELATED PARTY TRANSACTIONS

Group	1999		1998	
	Amount of transactions	Outstanding amount	Amount of transactions	Outstanding amount
	RM	RM	RM	RM
Consultancy fee paid to a company in which certain directors of a subsidiary company have interests	591,368	–	536,301	–
Interest charged by a company in which a director of the Company has financial interest	205,121	–	–	–
Company				
Interest charged to subsidiary companies	9,147,856	3,199,750	8,747,602	7,373,411
Expenses charged by subsidiary companies				
- interest charged by subsidiary companies	1,377,680	977,680	711,847	711,847
- management, consultation and secretarial fees	24,000	–	44,000	–
- share registration maintenance fees	7,420	–	15,850	–

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

29. COMMITMENTS

	Group	
	1999	1998
	RM	RM
Capital commitments		
Approved capital expenditure not provided for in the accounts		
- contracted	3,104,000	4,066,000
- not contracted	-	5,946,000
Operating lease commitments		
- payable within 12 months	551,000	13,000
- payable after 12 months	1,037,000	2,142,000
	1,588,000	2,155,000
	4,692,000	12,167,000

30. CONTINGENT LIABILITIES

	Group		Company	
	1999	1998	1999	1998
	RM	RM	RM	RM
Unsecured corporate guarantees given to secure banking and other credit facilities granted to				
- subsidiary companies	-	-	125,700,000	124,900,000
- a former subsidiary company	-	22,700,000	-	22,700,000
Recourse against a subsidiary company in respect of loans granted by a financial institution to members of Monterez Golf and Country Club to finance licence fees payable by the latter to the said subsidiary company	1,500,000	3,400,000	-	-
	1,500,000	26,100,000	125,700,000	147,600,000

31. SEGMENT REPORTING

Analysis by activities

	Gross revenue RM	Profit/(Loss) before taxation RM	Assets employed RM
1999			
Manufacturing	302,877,007	34,830,455	190,280,774
Properties	46,111,793	(8,354,966)	271,131,487
General trading	4,463,613	(1,597,753)	11,976,909
Investments	4,219,865	(8,452,973)	23,670,099
Leisure	5,004,399	(1,994,399)	35,885,572
Others	900,427	814,975	75,742,090
	<u>363,577,104</u>	<u>15,245,339</u>	<u>608,686,931</u>
Group's share of associated companies' results	-	1,109,027	-
	<u>363,577,104</u>	<u>16,354,366</u>	<u>608,686,931</u>
1998			
Manufacturing	384,464,548	30,732,212	148,702,473
Properties	43,758,775	(7,595,250)	269,397,024
General trading	22,686,050	(1,449,280)	10,521,158
Investments	492,768	(25,564,844)	41,540,153
Leisure	4,823,521	(1,543,104)	50,608,593
Others	254,115	1,087,791	78,138,763
	<u>456,479,777</u>	<u>(4,332,475)</u>	<u>598,908,164</u>
Group's share of associated companies' results	-	(18,061,897)	-
	<u>456,479,777</u>	<u>(22,394,372)</u>	<u>598,908,164</u>
Analysis by geographical locations			
1999			
Malaysia	218,156,244	(1,049,972)	455,009,438
Asia Pacific	144,824,895	16,098,347	78,762,525
Others	595,965	1,305,991	74,914,968
	<u>363,577,104</u>	<u>16,354,366</u>	<u>608,686,931</u>
1998			
Malaysia	312,552,675	(37,758,453)	456,580,306
Asia Pacific	143,902,817	13,363,258	63,688,187
Others	24,285	2,000,823	78,639,671
	<u>456,479,777</u>	<u>(22,394,372)</u>	<u>598,908,164</u>

32. SUBSEQUENT EVENTS

Subsequent to year end,

- (a) the Company made the following announcements:
 - (i) Proposed private placement of up to 29,770,000 new ordinary shares of RM1.00 each, representing approximately 10% of the Company's issued and paid-up share capital, assuming full conversion of the Company's Irredeemable Convertible Unsecured Loan Stocks and exercise of existing warrants; and
 - (ii) Proposed employees' share option scheme ("ESOS") which shall not exceed an aggregate of 10% of the issued and paid-up share capital of the Company at any point of time during the existence of the Proposed ESOS.

The above proposals are subject to the approvals of the relevant authorities and the shareholders of the Company.

- (b) a subsidiary company, Davex Holdings Berhad has acquired 2 ordinary shares of RM 1.00 each at par for cash representing the entire issued and paid-up capital of DG Technologies (M) Sdn Bhd (formerly known as Exclusive Accord Sdn Bhd), which was an associated company of the Company.

33. COMPARATIVE FIGURES

Comparative figures, where appropriate, have been reclassified to conform with the current year's presentation.

statement by directors

In the opinion of the directors, the accounts set out on pages 25 to 57 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Company and of the Group at 31st December 1999 and of their results and the cash flows of the Group for the year then ended; and
- (b) in accordance with applicable approved accounting standards.

On behalf of the Directors

DATO' SURIN UPATKOON
Director

LAWRENCE LIM SWEE LIN
Director

statutory declaration

I, Dato' Surin Upatkoon, being the director primarily responsible for the financial management of MWE Holdings Berhad do solemnly and sincerely declare that to the best of my knowledge and belief, the accounts set out on pages 25 to 57 are 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 at)
Subang Jaya)
)
this 27th April 2000)
)
) DATO' SURIN UPATKOON

Before me:

ASIRVATHAM

Commissioner for Oaths

properties held by the group

Particulars of Titles	Tenure	Land Area	Description/ Existing use	Net Book Value as at 31.12.99 RM	Approximate Age of Building
PENANG					
Advance certificate of title holding no. 468 Mukim 12 Province Wellesley (South) Penang	Leasehold (999 years - expiring on 31.12.2875)	11.55 acres	Office and factory building	4,925,978	25 years
Lots 895, 896 & 1234 Mukim 15 Seberang Perai Tengah Penang	Freehold	3.95 acres	Office and factory building	2,605,764	34 years
Grant (1st Grade) 11818 Lot 1233, Section 1 Georgetown, N.E.D. Penang	Freehold	0.74 acre	1 storey out of 8 storey office block for rental	2,064,249	6 years
Lots 198, 199, 200 & 201 Mukim 14, Central District Of Province Wellesley Penang	Freehold	11.98 acres	Land for development	20,634,014	-
Lot 278 Bandar Bukit Bendera Penang	Leasehold (99 years - expiring on 30.04.2030)	0.64 acre	Bungalow	1,205,215	68 years
Geran No. 11255 & 11256 Lots 346 & 348, Section 15 Georgetown, N.E.D. Penang	Freehold	0.54 acre	10 storey office block for rental	21,779,889	6 years
Lot 411, H.S. (D) 2847 Mukim 1, P.T. 1576 District of Province Wellesley Central Penang	Leasehold (60 years - expiring on 11.08.2046)	1.92 acres	Factory building	3,180,123	10 years
H.S. (D) 3245 P.T. 2944, Mukim 11 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 29.06.2052)	2.79 acres	Factory building	4,232,837	7 years
Holding No. 243, T.S.17 North East District Penang	Freehold	0.04 acre	Shophouse - vacant	175,772	79 years
Lots 524, 525, 526 & 739 Section 14, Georgetown Penang	Freehold	0.62 acre	Land for development	5,580,599	-

Particulars of Titles	Tenure	Land Area	Description/ Existing use	Net Book Value as at 31.12.99 RM	Approximate Age of Building
PENANG					
H.S. (D) 253 P.T. 277, Seksyen 11E Georgetown, D.T.L. Penang	Leasehold (99 years - expiring on 25.11.2098)	5,255 sq ft	3 units of shophouses - office & laboratory	794,361	5 years
H.S. (D) 578 P.T. No. 474, Mukim 6 Daerah Seberang Perai Tengah Penang	Leasehold (60 years - expiring on 23.09.2052)	5.88 acres	Office and factory building	4,256,261	1 year
Lots 1337, 1334, 1181 1183, Mk. 7 Seberang Perai Utara Penang	Freehold	10.64 acres	Land for development	3,327,174	-
Lot 788, Sek. 19 Bandar Georgetown D.T.L. Penang	Freehold	37,703 sq ft	20 storey out of 25 storey office block with 1 basement car park - office & for rental	45,495,873	3 years
KEDAH					
Lot 38, Kulim Industrial Estate Mukim Sg Seluang District of Kulim Kedah Darul Aman	Leasehold (99 years - expiring on 28.01.2085)	9.06 acres	Factory building	3,019,755	10 years
H.S. (D) 85/92. P.T. 18863 Sg. Petani, Daerah Kuala Muda Kedah Darul Aman	Leasehold (60 years - expiring on 12.04.2052)	3.02 acres	Factory building	2,603,645	4 years
SELANGOR					
H.S. (M) 3760, P.T. 11 Mukim of Batu Batu Caves Selangor Darul Ehsan	Leasehold (99 years - expiring on 05.09.2074)	9.03 acres	Office and factory building	20,245,228	8 years
H.S. (D) 57415, P.T. 541 Mukim of Bukit Raja Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years - expiring on 04.12.2090)	209 acres	Golf course and residential development	50,055,814	5 years
H.S. (D) 23566, P.T. 9314 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	Leasehold (99 years - expiring on 13.09.2089)	1988 sq ft	1½ Storey terrace factory - office & warehouse	235,567	8 years

Particulars of Titles	Tenure	Land Area	Description/ Existing use	Net Book Value as at 31.12.99 RM	Approximate Age of Building
JOHOR					
H.S. (D) 10548, PTD 9170 Mukim of Simpang Kanan Batu Pahat Johor Darul Takzim	Freehold	0.03 acre	Double storey shophouse - tenanted	175,716	12 years
KUALA LUMPUR					
H.S. (D) 30053, P.T. 4 Section 19, Town of Kuala Lumpur	Freehold	40,191 sq ft	39 units of penthouses and condominiums for sale & rental	15,160,064	6 years
Lots 1937-1939, 1947 2507-2512, 2483 P.T. 41670, 41763 41764, 42051 Kepong Kuala Lumpur	Freehold	26.6 acres	Land for development	69,352,633	-
Lot P.T. 12722 Mukim of Batu Wilayah Persekutuan Kuala Lumpur	Leasehold (99 years - expiring on 08.02.2092)	1.70 acres	3 units of 2 ¹ / ₂ storey terrace houses for sale	117,525	2 years
AUSTRALIA					
Lot 38 Registered plan 222774 County of Ward Parish of Nerang	Freehold	18,862 sq ft	Solid brick office, factory and warehouse	1,691,641	4 years

analysis of shareholdings

as at 5th May 2000

Authorised Capital	-	RM500,000,000
Issued and Paid-up Capital	-	RM189,558,162
Class of Shares	-	Ordinary Shares of RM1.00 each

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 500	716	5.28	140,246	0.07
500 - 5,000	10,392	76.67	23,333,486	12.31
5,001 - 10,000	1,400	10.34	11,734,544	6.19
10,001 - 100,000	934	6.89	24,433,068	12.89
100,001 - 1,000,000	94	0.69	26,604,502	14.04
Above 1,000,000	18	0.13	103,312,316	54.50
Total	13,554	100.00	189,558,162	100.00

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. BHLB NOMINEES (TEMPATAN) SDN BHD	31,602,249	16.67
2. CASI MANAGEMENT SDN BHD	10,497,866	5.54
3. AAA NOMINEES (TEMPATAN) SDN BHD	9,310,700	4.91
4. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Wong King Fun</i>	8,782,500	4.63
5. EASTERN & ORIENTAL BERHAD	8,418,000	4.44
6. GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	7,274,000	3.84
7. SIMANSU SDN BHD	5,955,500	3.14
8. HDM NOMINEES (TEMPATAN) SDN BHD	3,537,502	1.87
9. EMPLOYEES PROVIDENT FUND BOARD	3,239,000	1.71
10. ALLIEDBAN NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Lim Leng Pin</i>	2,854,999	1.51
11. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>Johari Bin Osman</i>	2,777,500	1.46
12. TAN ENG SENG HOLDINGS SDN BERHAD	2,590,000	1.37
13. CARTABAN NOMINEES (ASING) SDN BHD <i>Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG</i>	1,772,000	0.93
14. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Chua Soo Bee</i>	1,284,500	0.68

Name	No. of Shares	%
15. CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tan Chee Peng</i>	1,227,000	0.65
16. TAN CHOR TECK	1,134,000	0.60
17. MULTI-PURPOSE BANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Ng Chin Choy</i>	1,055,000	0.56
18. CITICORP NOMINEES (TEMPATAN) SDN BHD	992,500	0.52
19. INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD <i>Berjaya Holdings (HK) Limited</i>	936,500	0.49
20. PACIFIC & ORIENT INSURANCE CO SDN BHD	900,000	0.47
Total	<u>106,141,316</u>	<u>55.99</u>

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares
1. Tan Sri Datuk A. Samad bin Idris	7,030,000
2. Pinjaya Sdn Bhd	19,311,761
3. Dato' Low Hock Peng	*3,317,500
4. Casi Management Sdn Bhd	23,751,354
5. Lim Teck Ming @ Ling Teck Ming	**19,311,761
6. Dato' Surin Upatkoorn	***24,537,984
7. Golden Bay Holding Sdn Bhd	3,317,500
8. Eastern & Oriental Berhad	8,418,000
9. Beh Guet Beng	5,548,500
10. Greenland Timber Industries (Private) Limited	7,500,000

* *Deemed interest through Golden Bay Holding Sdn Bhd*

** *Deemed interest through Pinjaya Sdn Bhd*

*** *Direct interest plus deemed interest through Casi Management Sdn Bhd*

analysis of warrant holdings

as at 5th May 2000

DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Warrant Holders	%	No. of Warrants	%
Less than 500	226	3.82	72,443	0.11
500 - 5,000	4,653	78.60	9,521,776	14.39
5,001 - 10,000	547	9.24	4,555,259	6.89
10,001 - 100,000	451	7.62	11,175,148	16.89
100,001 - 1,000,000	32	0.54	6,706,100	10.14
Above 1,000,000	11	0.18	34,126,807	51.58
Total	5,920	100.00	66,157,533	100.00

TWENTY LARGEST WARRANT HOLDERS

Name	No. of Warrants	%
1. CASI MANAGEMENT SDN BHD	8,495,341	12.84
2. BHLB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tan Siew Eng</i>	5,516,000	8.34
3. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tee Wah Kiaw</i>	4,193,000	6.34
4. PINJAYA SDN BHD	4,001,466	6.05
5. EASTERN & ORIENTAL BERHAD	3,368,000	5.09
6. GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED	2,500,000	3.78
7. SIMANSU SDN BHD	2,242,500	3.39
8. AAA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Chong You Chun</i>	2,154,200	3.25
9. BIZURAI BIJAK (M) SDN BHD	1,300,000	1.96
10. TAN ENG SENG HOLDINGS SDN BERHAD	1,036,000	1.57
11. ALLIEDBAN NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Teoh Soo Cheng</i>	857,000	1.30
12. CITICORP NOMINEES (TEMPATAN) SDN BHD	568,000	0.86
13. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Cheong Siew Wah</i>	485,500	0.73
14. TA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Lee Mun Pun</i>	454,400	0.69
15. BOTLY NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Ng Mun Yen</i>	433,800	0.66
16. PHILEO ALLIED NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Leong Yan Sdn Bhd</i>	432,000	0.65
17. SIM KAY HUAN	406,000	0.61
18. CHEN LAI FUN	400,000	0.60
19. HDM NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tan Hee Bee</i>	371,400	0.56
20. LAU KWAI	350,000	0.53
Total	39,564,607	59.80