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Unveiled ;The Century  
Unbound ;The Vision  
Unrestricted ;The Boundaries

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## FORM OF PROXY

# 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 Wednesday, 20th June 2001 at 10.30 a.m. for the following purposes:-**

## **AGENDA**

1. To receive and consider the Audited Accounts for the year ended 31st December 2000 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 2000.

**(RESOLUTION 2)**

3. (i) To re-elect Dato' Surin Upatkoon, 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' Shahbudin bin Imam Mohamad, 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. Tan Chor Teck, 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 2000.

**(RESOLUTION 7)**

5. To re-appoint Messrs Moores Rowland 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 shall 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 2000, if approved by shareholders, will be paid on 8th August 2001 to depositors registered in the Records of Depositors at the close of business on 18th July 2001.

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 18th July 2001 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

28th May 2001

**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. Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into effect on 1st November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1st December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the Meeting in respect of such undeposited shares.
- 5. **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**

**Tan Chor Teck**

**Dato' Shahbudin bin Imam Mohamad**

*D.S.A.P., D.I.M.P., S.A.P., J.S.N., P.J.K.*

## 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)**

30.02, 30th Floor, Menara Multi-Purpose, Capital Square,

No.8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

Tel: 03-2698 3232 Fax: 03-2698 0313

## AUDITORS

**Moore Rowland (AF: 0539)**

*Public Accountants*

7th Floor, South Block, Wisma Selangor Dredging

142-A, Jalan Ampang, 50450 Kuala Lumpur

## PRINCIPAL BANKERS

**Malayan Banking Berhad**

**Southern Bank Berhad**

## MERCHANT BANKERS

**Aseambankers Malaysia Berhad**

**Affin Merchant Bank Berhad**

*(formerly known as Perwira Affin Merchant Bank Berhad)*

**Alliance Merchant Bank Berhad**

*(formerly known as Amanah Merchant Bank Berhad)*

## SOLICITORS

**Adam Bachek & Associates**

**Ghazi & Lim**

**C.T. Choo & Co.**

## LISTING

**The Kuala Lumpur Stock Exchange**

*Main Board*

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

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

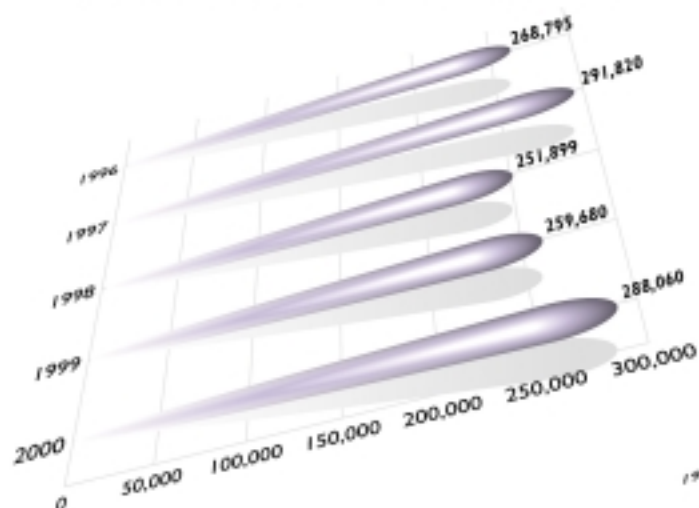
**Dato' Surin Upatkoon**  
*Executive Director*

## TERMS OF REFERENCE

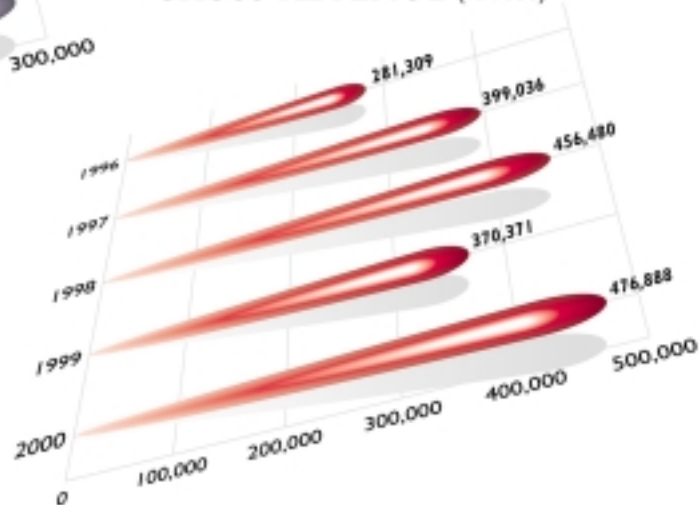
- a. Review with the Internal Audit Division on the internal audit programme, consider audit reports and findings and ensure co-ordination between Internal and External Auditors.
- b. Review the effectiveness of internal control system and follow-up on the compliance with policies and procedures.
- c. 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.

# FIVE YEARS' GROUP FINANCIAL HIGHLIGHTS

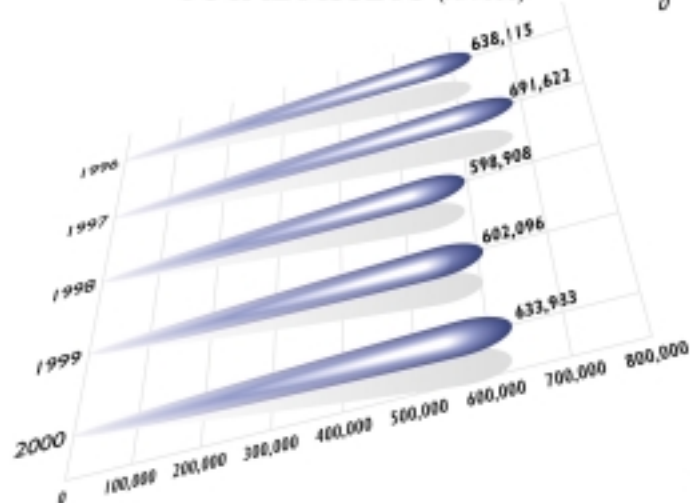
## SHAREHOLDERS' FUNDS (RM'000)



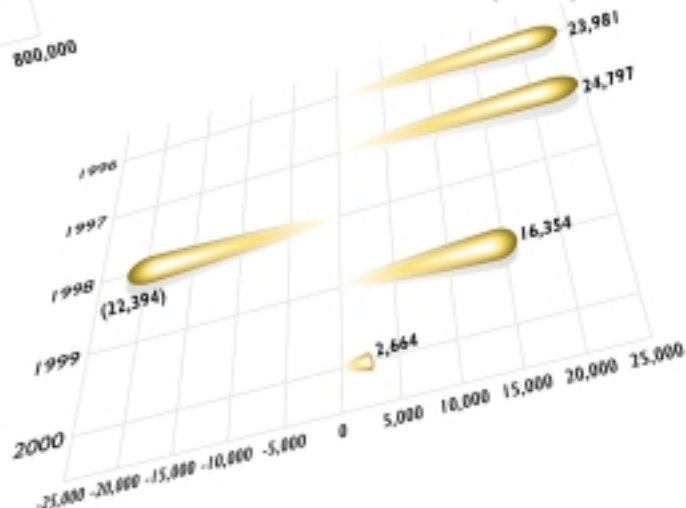
## GROSS REVENUE (RM'000)



## TOTAL ASSETS (RM'000)



## PROFIT BEFORE TAX (RM'000)



|  | 1996<br>RM<br>(‘000) | 1997<br>RM<br>(‘000) | 1998<br>RM<br>(‘000) | 1999<br>RM<br>(‘000) | 2000<br>RM<br>(‘000) |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>GROSS REVENUE</b>                             | 281,309              | 399,036              | 456,480              | 370,371              | 476,888              |
| <b>PROFIT/(LOSS) BEFORE TAX</b>                  | 23,981               | 24,797               | (22,394)             | 16,354               | 2,664                |
| <b>PAID-UP CAPITAL</b>                           | 150,394              | 165,394              | 165,394              | 167,131              | 209,794              |
| <b>SHAREHOLDERS’ FUNDS</b>                       | 268,795              | 291,820              | 251,899              | 259,680              | 288,060              |
| <b>GROSS EARNINGS/(LOSS)<br/>PER SHARE (SEN)</b> | 16                   | 16                   | (14)                 | 10                   | 1                    |
| <b>NET TANGIBLE ASSETS<br/>PER SHARE (SEN)</b>   | 161                  | 161                  | 137                  | 142                  | 126                  |
| <b>TOTAL ASSETS</b>                              | 638,115              | 691,622              | 598,908              | 602,096              | 633,983              |
| <b>GROSS DIVIDEND (%)</b>                        | 5                    | 2                    | 0.5                  | 1                    | 1                    |



# CORPORATE STRUCTURE





# 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 2000.

## REVIEW OF FINANCIAL RESULTS

During the financial year under review, the Group recorded a lower profit before tax of RM2.7 million as compared to a profit before taxation of RM16.4 million in 1999 on an increase in turnover of RM476.9 million. Loss attributed to shareholders after taxation and minority interests were RM11.8 million as compared to a profit of RM8.8 million recorded in the previous year. The Group's weak performance can be attributed to the provision of diminution in value of investments, high set-up costs of new operating subsidiaries and high finance costs.

At the Company level, profit before taxation was higher at RM9.8 million as compared to a profit of RM1.7 million in the same period under review due mainly to higher dividend income received from subsidiaries and interest income.

## DIVIDEND

The Board is recommending a final dividend payment of 1.0% less tax (1999-1.0% less tax) for the year ended 31st December 2000. If approved at the forthcoming Annual General Meeting, the dividend will be paid on 8th August 2001 to shareholders whose names appear in the Record of Depositors on 18th July 2001.

## OPERATIONS REVIEW TEXTILE DIVISION

During the year under review, the performance of the Textile Division was volatile. The division recorded a drop of 26% in profit before taxation to RM12.47 million while its turnover grew by 2% to RM145.84 million as compared to that of 1999. The lower contribution by the Textile Division was primarily due to increase in raw cotton prices since the beginning of the year and lower profit margin arising from severe competition brought about by imported yarns and fabrics flooding the domestic markets.

With the impending slowdown in consumer spending in the United States and regional currency depreciation vis-a-vis USD, we expect the performance of the Textile Division for the current financial year will not only be tough and competitive but also full of challenges.

In order to cushion the effect of the slowdown in world demand and rising production cost, the division has since the last annual report outlined several measures to counter the slowdown. Among others, acquiring additional units of open end and winding machine in the yarn's section and the installation of high technology INA hanging system in our garments manufacturing facilities, have greatly enhanced the production efficiency thereby reducing cost of production.



The United States Government has yet to open up its quotas to imports from the Socialist Republic of Vietnam, which we anticipate that such event shall take place in a year or two. In view of the impending access of Vietnamese garments to the United States markets and to take advantage of the country's cheap labour cost, the Textile Division is in the process of setting up a garment factory with an initial investment cost of approximately USD1.5 million to USD2.0 million. The manufacturing unit, once approved by the relevant authority, is expected to commission by early 2002.

The division has also taken cognizance in order to remain competitive globally with impending trade liberalization under World Trade Organization on the needs to continuously upgrade and modernize its production facilities, embark on cost-cutting measures, be efficient in all areas including order lead time, delivery and quality control. The division views such measures as very appropriate and timely in order to stay competitive. This will help us to not only maintain our market share but also penetrate new markets. I am pleased to inform the shareholders that the Textile Division is ready and prepared to take up the challenges and face whatever uncertainties in the global markets and maintaining the profitability of the Textile Division in 2001 at a reasonable level.



## PROPERTY DIVISION

For the year under review, the Property Division in Kuala Lumpur handed over 80 units of 3-storey shop offices and has commenced the building works of the two blocks of 198 units of low and medium cost apartments in Sri Bintang Heights, Kepong. During the mid-year property launch at the Montereze Golf Resort, due to the strong and overwhelming response by interested house buyers, a total sale of about RM11 million was achieved during the launch for the bungalow lots alone.

At the same period, the Property Division in Penang completed 117 units of double storey terrace houses with the Certificate of Fitness ("CF") issued by the authorities in July 2000. The division is also intensifying its efforts offering attractive discount packages to sell the remaining unsold units. The construction works for the two blocks of 125 units of low cost flats at the same development area has been completed during the year and application for the CF application is in progress.

The occupancy rate for MWE Plaza, for the year under review, reported an increase to 84% compared to 72% in the previous year while that of Prime Plaza showed a decline of approximately 10% to 56% as compared to the previous year. Towards the end of last year, MWE Plaza was able to attract some prominent companies to take up office space at our building thereby increasing the occupancy rate.

Since our last report, the division has completed a 7-storey mechanical car park with 104 parking bays adjacent to Prime Plaza with CF obtained from the authorities during the year. The machinery department is currently conducting tests on the mechanical system

of the car park. Upon completion, the car park will be open to both our tenants and the public. We are hopeful that with the additional parking facilities in place marketability of the office space at the Plaza will improve.

During the year under review, the construction of a 17-storey apartments in Greenlane Heights, Penang undertaken by our construction arm, MWE Advanced Structure Sdn Bhd ("MWEAS"), was further delayed and is still awaiting approval from the authorities on the revision of the building design to accommodate the construction of carparks. At the same time, the construction of a low-medium cost township project in Simpang Empat, Penang, will be taken over by Syarikat Perumahan Negara Bhd under Ministry of Finance for which we are the appointed project manager, was also delayed.

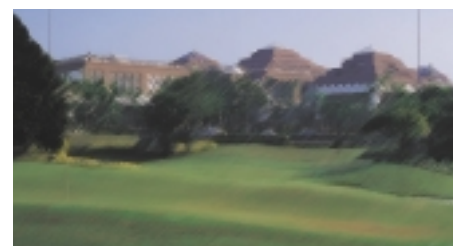
As reported in the last annual report, the construction of semi-detached houses and townhouses are expected to be completed and handed over by June 2001 and early 2002 respectively. Construction works for the 198 units of low and medium cost apartments in Sri Bintang Heights, Kepong is progressing well and smoothly and is targeted to be completed by December 2001.

The overview of the current properties market situation indicated that prices and rentals with the exception of choice location have all come down in all sectors of properties; residential, office and retail space with both the latter being worst hit. Development activities in these sectors such as retail and commercial office space have virtually come to a standstill.

The Property Division having taken note of the current market situation, will continue to concentrate its development of affordable homes costing generally below RM150,000 which are still much sought after by interested house buyers. At the same time, the property's focus will be to embark on joint-venture development and form strategic alliance with any potential landowners to build affordable houses. Against such backdrop, the Property Division hopes to achieve reasonable performance for the current financial year.

## **ELECTRONICS AND LIGHTING DIVISIONS**

For the year under review, the Electronics and Lighting Division reported a combined profit before tax of RM12.9 million representing 39% drop compared to that of 1999. Turnover, however, increased by 61% to RM257.5 million compared to RM159.4 million recorded in the previous year. The substantial increase in turnover during the year were largely contributed by our foreign subsidiary, PI Electronics (Hong Kong) Ltd, and newly operating subsidiaries, namely, DG Technologies Sdn Bhd, Daviscomms (S) Pte Ltd and Philo-Orient Group. The lower contribution by the Electronics Division was due to initial high set-up costs in the newly operating subsidiaries and losses sustained by the Australian's subsidiary company.



The Lighting Section including the Australian subsidiary, Davex Australia Pty Ltd, reported a lower profit before tax of RM1.1 million compared to RM3.6 million in 1999 with a slight drop in turnover of 2% to RM46 million from RM47 million in the same period. The Lighting Section prospect, by and large, is closely linked to the construction industry which is still recovering from the slowdown in the industry and the oversupply of office space situation in the commercial sector, has also affected the profitability of the division.

Apart from the Lighting Division where the performance depends largely on the property sector and in spite of the bearish outlook of the world economy, the division anticipates that vast improvement in contribution can be expected from its newly operating subsidiaries, namely, DG Technologies Sdn Bhd and Daviscomms (S) Pte Ltd involved in the assembly and providing of telecommunications related products. Such improvement in contribution can be attributed to more consistent and firm orders received and cost savings arising from production efficiency attained after going through the learning process.



## LEISURE DIVISION

Monterez Golf and Country Club ("MGCC") has during the past years been aggressively promoting the club with several innovative programmes to attract new golfers and at the same time maintaining its share of golfing markets in the Klang Valley. Such aggressive promotion has again proven to be successful and the club is now acknowledged as a well maintained, with a friendly and challenging course. The division continued to operate under very difficult conditions due to severe competition brought about by large numbers of golf courses in the Klang Valley.

## INTERNATIONAL AND INDUSTRIAL DIVISIONS

With capital controls still in place, the International Division's level of activities continued to be low for the year under review. At the same period, the Group's involvement in the heavy equipment sector under the Industrial Division remained insignificant. The Group's Optical Section also trade under very difficult market conditions during the year due to low business volume and stiff competition.

## ASSOCIATED COMPANIES

During the year under review, associated companies in the Group reported a loss before taxation of RM378,000 compared to a profit before taxation of RM1.1 million. This is principally due to the ceasing of general warehousing business by our Singaporean associated company upon the expiry of the factory lease which contributed a profit before tax of RM1.2 million equivalent in the previous year.

## CORPORATE DEVELOPMENT

During the year under review, the Company announced a 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 on the assumption that full conversion of the Company's Irredeemable Convertible Unsecured Loan Stocks 1999/2004 ("ICULS") and exercise of existing warrants. The Company further 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 still pending completion subsequent to year-end.

## PROSPECTS

Despite the impending slowdown of the United States economy and domestic demand showing sign of weakening, the Group is confident of its future prospects and expects all its divisions to be more focused in its business approach. Strong emphasis will be placed in the continual strengthening and maximizing efficiencies in its core manufacturing, textile and electronics activities.

## ACKNOWLEDGEMENTS

On behalf of the Board, I wish to extend a warm welcome to Dato' Shahbudin bin Imam Mohamad and Mr Tan Chor Teck who were appointed as additional Directors to the Board and look forward to their valuable contribution.

I would like to extend our deep appreciation to the relevant authorities for their assistance and co-operation, our heartfelt gratitude to our valued customers both local and abroad, bankers, business associates, and shareholders for their continued support.

Last but not least, I wish to convey our sincere thanks to the management and staff of the Group for their dedication, hard work and sacrifices made during the year.

On behalf of the Board

Tan Sri Datuk A. Samad bin Idris

Chairman

27th April 2001



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# DIRECTORS' REPORT

## FOR THE YEAR ENDED 31ST DECEMBER 2000

The directors have pleasure in submitting their report and the audited financial statements of the Company and of the Group for the year ended 31st December 2000.

### PRINCIPAL ACTIVITIES

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

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

### RESULTS

|  | Group<br>RM  | Company<br>RM |
|--|--------------|---------------|
| (Loss)/Profit after taxation                             | (3,343,557)  | 9,395,657     |
| Minority interests                                       | (8,449,170)  | –             |
| Net (loss)/profit for the year                           | (11,792,727) | 9,395,657     |
| Unappropriated profit/(Accumulated loss) brought forward | 37,665,255   | (12,660,966)  |
| Profit/(Loss) available for appropriation                | 25,872,528   | (3,265,309)   |
| Dividend   | (1,654,791)  | (1,654,791)   |
| Unappropriated profit/(Accumulated loss) carried forward | 24,217,737   | (4,920,100)   |

### DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 1% less 28% tax amounting to RM1,509,093 for the financial year ended 31st December 1999 on 8th August 2000.

There was an increase in dividend paid amounting to RM144,274 over the amount of RM1,364,819 disclosed in the previous financial year due to additional 20,037,807 ordinary shares issued and ranked for dividend, pursuant to the subsequent conversion of 5.5% Irredeemable Convertible Unsecured Loan Stocks 1999/2004 ("ICULS") and warrants.

The directors now recommend a first and final dividend of 1% less 28% tax amounting to RM1,510,517 for the current financial year.

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company issued 42,663,137 ordinary shares of RM1.00 each through:

- the conversion of 42,662,887 ICULS at RM1.00 nominal value each for one fully paid ordinary share of RM1.00 each; and
- the conversion of 250 warrants at RM1.00 per share for one fully paid ordinary share of RM1.00 each.

No debentures were issued by the Company during the financial year.

## DIRECTORS

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

Tan Sri Datuk A. Samad bin Idris

Dato' Surin Upatkoorn

Dato' Low Hock Peng

Mr Lawrence Lim Swee Lin

Dato' Hj Ahmad Hasmuni bin Hj Hussein

Mr Tang King Hua

Dato' Shahbudin bin Imam Mohamad (appointed on 14-9-2000)

Mr Tan Chor Teck (appointed on 14-9-2000)

In accordance with the Company's Articles of Association, Dato' Shahbudin bin Imam Mohamad and Mr Tan Chor Teck 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' Surin Upatkoorn 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<br>1-1-2000/<br>Date of<br>appointment    | Bought     | Sold       | At<br>31-12-2000 |
| Tan Sri Datuk A. Samad bin Idris |  |            |            |                  |
| - direct interest                | 7,030,000                                    | —          | 6,062,000  | 968,000          |
| Dato' Surin Upatkoorn            |  |            |            |                  |
| - direct interest                | 786,630                                      | —          | —          | 786,630          |
| - deemed interest                | 23,751,354                                   | 10,812,341 | 12,300,000 | 22,263,695       |
| Dato' Low Hock Peng              |  |            |            |                  |
| - deemed interest                | 3,317,500                                    | —          | —          | 3,317,500        |
| Mr Lawrence Lim Swee Lin         |  |            |            |                  |
| - direct interest                | 75,000                                       | 30,000     | —          | 105,000          |
| Mr Tang King Hua                 |  |            |            |                  |
| - deemed interest                | 114,200                                      | —          | —          | 114,200          |
| Mr Tan Chor Teck                 |  |            |            |                  |
| - direct interest                | 350,000                                      | —          | —          | 350,000          |
| - deemed interest                | 8,596,000                                    | —          | —          | 8,596,000        |

—— Number of 5.5% ICULS 1999/2004 ——  
at 90% nominal value

|                                  | <b>At<br/>1-1-2000</b> | <b>Bought</b> | <b>Converted</b> | <b>Sold</b> | <b>At<br/>31-12-2000</b> |
|----------------------------------|------------------------|---------------|------------------|-------------|--------------------------|
| Tan Sri Datuk A. Samad bin Idris |                        |               |                  |             |                          |
| - direct interest                | 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 1999/2004 ——

|                                  | <b>At<br/>1-1-2000/<br/>Date of<br/>appointment</b> | <b>Bought</b> | <b>Exercised</b> | <b>Sold</b> | <b>At<br/>31-12-2000</b> |
|----------------------------------|---|---------------|------------------|-------------|--------------------------|
| Tan Sri Datuk A. Samad bin Idris |   |               |                  |             |                          |
| - direct interest                | 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                   |
| Mr Tan Chor Teck                 |   |               |                  |             |                          |
| - deemed interest                | 2,262,500   | –             | –                | –           | 2,262,500                |

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 as disclosed in Notes 27 and 34 to the financial statements) 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 income statements and the 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 allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 allowance for doubtful debts in the financial statements 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 financial statements 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 financial statements of the Company and of the Group which would render any amount stated in the respective financial statements 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, 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 2001

# REPORT OF THE AUDITORS

## TO THE MEMBERS

We have audited the financial statements set out on pages 21 to 63. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 financial statements. We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements 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 financial statements 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 31 December 2000 and of their results and cash flows 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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 4 to the financial statements.

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

The auditors' reports on the financial statements 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

27 April 2001

# CONSOLIDATED BALANCE SHEET

## 31ST DECEMBER 2000

|   | Note | 2000<br>RM  | 1999<br>RM  |
|---|------|-------------|-------------|
| PROPERTY, PLANT AND EQUIPMENT           | 2    | 121,087,290 | 117,406,010 |
| DEVELOPMENT PROPERTIES                  | 3    | 28,515,661  | 25,934,362  |
| ASSOCIATED COMPANIES                    | 6    | 12,053,211  | 18,786,220  |
| OTHER INVESTMENTS                       | 7    | 145,089,370 | 146,774,706 |
| GOODWILL LESS RESERVE ON CONSOLIDATION  | 8    | 23,271,554  | 21,648,950  |
| DEFERRED EXPENDITURE                    | 9    | 315,625     | 668,503     |
| CURRENT ASSETS                          |      |             |             |
| Inventories                             | 10   | 94,239,462  | 68,179,458  |
| Development properties                  | 3    | 27,333,572  | 41,474,736  |
| Gross amount due from customers         | 11   | 2,843,387   | 2,707,304   |
| Trade debtors                           | 12   | 103,697,099 | 75,725,327  |
| Other debtors, deposits and prepayments | 13   | 29,250,052  | 40,262,488  |
| Amount owing by associated companies    | 14   | 2,285,495   | 507,231     |
| Fixed deposits                          | 15   | 14,990,342  | 20,752,226  |
| Cash and bank balances                  | 16   | 29,010,906  | 21,269,076  |
|   |      | 303,650,315 | 270,877,846 |
| Less:                                   |      |             |             |
| CURRENT LIABILITIES                     |      |             |             |
| Gross amount due to customers           | 11   | 3,306,986   | 256,633     |
| Trade creditors                         | 17   | 87,389,506  | 42,157,251  |
| Other creditors and accruals            | 18   | 41,205,561  | 42,287,763  |
| Hire purchase liabilities               | 19   | 939,078     | 711,952     |
| Bank borrowings                         | 20   | 72,254,914  | 82,068,295  |
| Taxation                                |      | 1,505,415   | 2,327,199   |
| Proposed dividend                       |      | 1,510,517   | 1,364,819   |
|   |      | 208,111,977 | 171,173,912 |
| NET CURRENT ASSETS                      |      | 95,538,338  | 99,703,934  |
|   |      | 425,871,049 | 430,922,685 |
| Financed by:                            |      |             |             |
| SHARE CAPITAL                           | 21   | 209,793,969 | 167,130,832 |
| RESERVES                                | 22   | 78,266,655  | 92,549,504  |
| SHAREHOLDERS' EQUITY                    |      | 288,060,624 | 259,680,336 |
| MINORITY INTERESTS                      |      | 45,522,389  | 50,383,542  |
| LONG TERM LIABILITIES                   | 23   | 77,227,701  | 106,096,040 |
| DEFERRED INCOME                         | 24   | 15,060,335  | 14,762,767  |
|   |      | 425,871,049 | 430,922,685 |

Notes to and forming part of the financial statements are set out on pages 31 to 63  
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# CONSOLIDATED INCOME STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|   | Note | 2000<br>RM          | 1999<br>RM          |
|---|------|---------------------|---------------------|
| Gross revenue                               | 25   | 476,887,585         | 370,370,945         |
| Cost of sales                               | 26   | (404,670,168)       | (291,001,268)       |
| Gross profit                                |      | <u>72,217,417</u>   | <u>79,369,677</u>   |
| Other operating income                      |      | 20,269,502          | 10,258,692          |
| Selling and distribution costs              |      | (8,044,081)         | (6,802,609)         |
| Administrative and general expenses         |      | (58,418,048)        | (45,732,697)        |
| Other operating expenses                    |      | <u>(9,041,759)</u>  | <u>(4,070,032)</u>  |
| Profit from operations                      | 27   | 16,983,031          | 33,023,031          |
| Finance costs                               | 28   | (13,940,539)        | (17,777,692)        |
| Share of results of associated companies    |      | <u>(378,173)</u>    | <u>1,109,027</u>    |
| Profit before taxation                      |      | 2,664,319           | 16,354,366          |
| Taxation                                    |      |                     |                     |
| - Company and its subsidiaries              | 29   | (6,013,877)         | 4,501,257           |
| - Share of taxation in associated companies |      | <u>6,001</u>        | <u>(468,007)</u>    |
| Loss after taxation                         |      | (3,343,557)         | 20,387,616          |
| Minority interests                          |      | <u>(8,449,170)</u>  | <u>(11,582,294)</u> |
| Net profit for the year                     |      | <u>(11,792,727)</u> | <u>8,805,322</u>    |
| Net dividend per share                      |      | <u>0.72 sen</u>     | <u>0.72 sen</u>     |
| (Loss)/Earnings per share                   | 30   |                     |                     |
| Basic                                       |      | <u>(6.0) sen</u>    | <u>5.3 sen</u>      |
| Fully diluted                               |      | <u>(5.2) sen</u>    | <u>1.7 sen</u>      |

*Notes to and forming part of the financial statements are set out on pages 31 to 63*  
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# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|  | Share<br>capital<br>RM | Share<br>premium<br>RM | Exchange<br>translation<br>reserve<br>RM | Capital<br>reserve<br>RM | Unappropriated<br>profit<br>RM | Total<br>RM  |
|--|------------------------|------------------------|--|--------------------------|--------------------------------|--------------|
| At 1 January 1999                                | 165,393,832            | 23,627,804             | 7,578,611                                | 24,603,319               | 30,224,752                     | 251,428,318  |
| Issue of share capital                           |                        |                        |  |                          |                                |              |
| - conversion of ICULS                            | 1,737,000              | -                      | -  | -                        | -                              | 1,737,000    |
| Capital issue expenses                           | -                      | (41,705)               | -  | -                        | -                              | (41,705)     |
| Net losses not recognised in income<br>statement |                        |                        |  |                          |                                |              |
| - exchange translation differences               | -                      | -                      | (883,780)                                | -                        | -                              | (883,780)    |
| Net profit for the year                          | -                      | -                      | -  | -                        | 8,805,322                      | 8,805,322    |
| Dividends (Note 31)                              | -                      | -                      | -  | -                        | (1,364,819)                    | (1,364,819)  |
| At 31 December 1999                              | 167,130,832            | 23,586,099             | 6,694,831                                | 24,603,319               | 37,665,255                     | 259,680,336  |
| Issue of share capital                           |                        |                        |  |                          |                                |              |
| - conversion of ICULS                            | 42,662,887             | -                      | -  | -                        | -                              | 42,662,887   |
| - conversion of warrants                         | 250                    | -                      | -  | -                        | -                              | 250          |
| Net losses not recognised in income<br>statement |                        |                        |  |                          |                                |              |
| - exchange translation differences               | -                      | -                      | (547,777)                                | -                        | -                              | (547,777)    |
| Disposal of a subsidiary company                 | -                      | -                      | (287,554)                                | -                        | -                              | (287,554)    |
| Net profit for the year                          | -                      | -                      | -  | -                        | (11,792,727)                   | (11,792,727) |
| Dividends (Note 31)                              | -                      | -                      | -  | -                        | (1,654,791)                    | (1,654,791)  |
| At 31 December 2000                              | 209,793,969            | 23,586,099             | 5,859,500                                | 24,603,319               | 24,217,737                     | 288,060,624  |

*Notes to and forming part of the financial statements are set out on pages 31 to 63*  
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# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|  | 2000<br>RM        | 1999<br>RM        |
|--|-------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                   |                   |
| Profit before taxation                                 | 2,664,319         | 16,354,366        |
| Adjustments for:                                       |                   |                   |
| Amortisation of goodwill on consolidation              | 3,904,673         | 1,621,276         |
| Amortisation of discounts on ICULS                     | 4,488,128         | 495,803           |
| Depreciation   | 13,767,996        | 12,115,578        |
| Property, plant and equipment written off              | 168,933           | 720,038           |
| Gain on disposal of property, plant and equipment      | (2,552,521)       | (2,533,644)       |
| Loss on disposal of property, plant and equipment      | 1,029,189         | 272,276           |
| Gain on disposal of a subsidiary company               | (1,423,901)       | –                 |
| Gain on disposal of an associated company              | (1,561,237)       | –                 |
| Impairment loss on value of investments                | 7,781,917         | 101,470           |
| Share of results of associated companies               | 378,173           | (1,109,027)       |
| Inventories written down and written off               | 6,950             | 1,323,376         |
| Allowance for doubtful debts                           | 7,234,005         | 3,709,725         |
| Allowance for doubtful debts written back              | (4,963,061)       | (181,746)         |
| Bad debts written off                                  | 11,891            | –                 |
| Unrealised loss on foreign exchange                    | 342,876           | –                 |
| Dividend income  | (133,302)         | (3,325)           |
| Interest income  | (2,617,314)       | (1,003,945)       |
| Interest expenses                                      | 9,452,411         | 15,270,566        |
| Bonds guarantee fees                                   | –                 | 517,808           |
| Deferred expenditure written off                       | 462,360           | 426,230           |
| <b>Operating profit before working capital changes</b> | <b>38,442,485</b> | <b>48,096,825</b> |
| Changes in inventories                                 | (27,924,857)      | 3,323,360         |
| Changes in development properties                      | 13,315,862        | 5,599,912         |
| Changes in debtors                                     | (22,607,440)      | (8,610,499)       |
| Changes in creditors                                   | 50,019,684        | (4,307,648)       |
| <b>Cash generated from operations</b>                  | <b>51,245,734</b> | <b>44,101,950</b> |
| Interest received                                      | 2,617,314         | 1,003,945         |
| Interest paid  | (9,452,411)       | (15,270,566)      |
| Interest paid capitalised under development properties | (1,755,997)       | (137,618)         |
| Bonds guarantee fees paid                              | –                 | (517,808)         |
| Taxation paid  | (8,598,207)       | –                 |
| Taxation refunded                                      | –                 | 761,574           |
| <b>Net cash from operating activities</b>              | <b>34,056,433</b> | <b>29,941,477</b> |

|  | 2000<br>RM          | 1999<br>RM          |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |                     |                     |
| Purchase of property, plant and equipment                  | (19,220,395)        | (13,706,936)        |
| Purchase of additional shares in subsidiaries              | (11,966,090)        | (50,288)            |
| Purchase of new subsidiaries, net of cash (Note 32)        | 444,885             | –                   |
| Purchase of new associated companies                       | (596,260)           | (110,000)           |
| Purchase of investment properties                          | (233,929)           | (371,579)           |
| Purchase of other investments                              | (3,735,141)         | (1,112,735)         |
| Deferred expenditure incurred                              | (109,482)           | (148,326)           |
| Proceeds from disposal of property, plant and equipment    | 6,955,752           | 6,656,010           |
| Disposal of a subsidiary company, net of cash (Note 32)    | 3,289,569           | –                   |
| Proceeds from disposal of an associated company            | 5,861,040           | –                   |
| Proceeds from disposal of investments                      | 131,350             | –                   |
| Dividends received   | 133,302             | 3,325               |
| <b>Net cash used in investing activities</b>               | <b>(19,045,399)</b> | <b>(8,840,529)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |                     |                     |
| Dividends paid   | (5,835,222)         | (4,780,298)         |
| Proceeds from exercise of warrants                         | 250                 | –                   |
| Net proceeds from issue of ICULS                           | –                   | 59,541,780          |
| Issue of shares to minority interest                       | –                   | 277,027             |
| Term loans raised  | 3,072,400           | 44,211,123          |
| Short term bank borrowings raised                          | –                   | 50,000,000          |
| Payment of hire purchase instalments                       | (229,009)           | (756,640)           |
| Repayment of 5% Redeemable Bank Guaranteed Bonds 1994/1999 | –                   | (100,000,000)       |
| Repayment of bank borrowings                               | (9,584,734)         | (59,390,050)        |
| Capital issue expenses                                     | –                   | (41,705)            |
| <b>Net cash used in financing activities</b>               | <b>(12,576,315)</b> | <b>(10,938,763)</b> |
| <b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>            | <b>2,434,719</b>    | <b>10,162,185</b>   |
| <b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>           | <b>24,882,738</b>   | <b>14,715,733</b>   |
| <b>EFFECTS OF CHANGES IN EXCHANGE RATES</b>                | <b>(152,056)</b>    | <b>4,820</b>        |
|  | <b>24,730,682</b>   | <b>14,720,553</b>   |
| <b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>           | <b>27,165,401</b>   | <b>24,882,738</b>   |
| Represented by:  |                     |                     |
| <b>FIXED DEPOSITS</b>                                      | <b>14,990,342</b>   | <b>20,752,226</b>   |
| <b>CASH AND BANK BALANCES</b>                              | <b>29,010,906</b>   | <b>21,269,076</b>   |
| <b>BANK OVERDRAFTS</b>                                     | <b>(16,835,847)</b> | <b>(17,138,564)</b> |
|  | <b>27,165,401</b>   | <b>24,882,738</b>   |

During the financial year, the Group acquired property, plant and equipment amounting to RM22,761,758 (1999 : RM13,826,936) of which RM3,541,363 (1999 : RM120,000) was financed under hire purchase and balance of RM19,220,395 (1999 : RM13,706,936) was paid by cash.

# BALANCE SHEET

## - 31ST DECEMBER 2000

|  | Note | 2000<br>RM   | 1999<br>RM   |
|--|------|--------------|--------------|
| SUBSIDIARY COMPANIES                     | 4    | 139,871,930  | 135,366,929  |
| AMOUNT OWING BY SUBSIDIARY COMPANIES     | 5    | 270,911,338  | 279,137,374  |
| ASSOCIATED COMPANIES                     | 6    | 1            | 2            |
| OTHER INVESTMENTS                        | 7    | 8,108        | 52,654       |
| CURRENT ASSETS                           |      |              |              |
| Sundry debtors, deposits and prepayments | 13   | 1,970,418    | 3,670,936    |
| Amount owing by associated company       | 14   | –            | 2,082        |
| Tax recoverable                          |      | 3,558,051    | 1,952,509    |
| Bank balances                            |      | 15,427       | 15,810       |
|  |      | 5,543,896    | 5,641,337    |
| Less:                                    |      |              |              |
| CURRENT LIABILITIES                      |      |              |              |
| Sundry creditors and accruals            | 18   | 13,636,838   | 13,562,698   |
| Bank borrowings                          | 20   | 62,782,805   | 64,275,011   |
| Proposed dividend                        |      | 1,510,517    | 1,364,819    |
|  |      | 77,930,160   | 79,202,528   |
| NET CURRENT LIABILITIES                  |      | (72,386,264) | (73,561,191) |
|  |      | 338,405,113  | 340,995,768  |
| Financed by:                             |      |              |              |
| SHARE CAPITAL                            | 21   | 209,793,969  | 167,130,832  |
| RESERVES                                 | 22   | 32,427,927   | 24,687,061   |
| SHAREHOLDERS' EQUITY                     |      | 242,221,896  | 191,817,893  |
| DEFERRED LIABILITIES                     | 23   | 64,125,824   | 102,300,583  |
| AMOUNT OWING TO SUBSIDIARY COMPANIES     | 5    | 32,057,393   | 46,877,292   |
|  |      | 338,405,113  | 340,995,768  |

Notes to and forming part of the financial statements are set out on pages 31 to 63  
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# INCOME STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|                                     | Note | 2000<br>RM   | 1999<br>RM   |
|-------------------------------------|------|--------------|--------------|
| Gross revenue                       | 25   | 15,564,352   | 11,089,825   |
| Other operating income              |      | 11,576,779   | 9,426,096    |
| Administrative and general expenses |      | (2,539,731)  | (2,670,296)  |
| Profit from operations              | 27   | 24,601,400   | 17,845,625   |
| Finance costs                       | 28   | (14,773,166) | (16,178,222) |
| Profit before taxation              |      | 9,828,234    | 1,667,403    |
| Taxation                            | 29   | (432,577)    | (63,716)     |
| Net profit for the year             |      | 9,395,657    | 1,603,687    |
| Net dividend per share              |      | 0.72 sen     | 0.72 sen     |

*Notes to and forming part of the financial statements are set out on pages 31 to 63*  
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# STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|                          | Share<br>capital<br>RM | Share<br>premium<br>RM | Capital<br>reserve<br>RM | Accumulated<br>loss<br>RM | Total<br>RM        |
|--------------------------|------------------------|------------------------|--------------------------|---------------------------|--------------------|
| At 1 January 1999        | 165,393,832            | 23,627,804             | 13,761,928               | (12,899,834)              | 189,883,730        |
| Issue of share capital   |                        |                        |                          |                           |                    |
| - conversion of ICULS    | 1,737,000              | —                      | —                        | —                         | 1,737,000          |
| Capital issue expenses   | —                      | (41,705)               | —                        | —                         | (41,705)           |
| Net profit for the year  | —                      | —                      | —                        | 1,603,687                 | 1,603,687          |
| Dividends (Note 31)      | —                      | —                      | —                        | (1,364,819)               | (1,364,819)        |
| At 31 December 1999      | 167,130,832            | 23,586,099             | 13,761,928               | (12,660,966)              | 191,817,893        |
| Issue of share capital   |                        |                        |                          |                           |                    |
| - conversion of ICULS    | 42,662,887             | —                      | —                        | —                         | 42,662,887         |
| - conversion of warrants | 250                    | —                      | —                        | —                         | 250                |
| Net profit for the year  | —                      | —                      | —                        | 9,395,657                 | 9,395,657          |
| Dividends (Note 31)      | —                      | —                      | —                        | (1,654,791)               | (1,654,791)        |
| At 31 December 2000      | <u>209,793,969</u>     | <u>23,586,099</u>      | <u>13,761,928</u>        | <u>(4,920,100)</u>        | <u>242,221,896</u> |

*Notes to and forming part of the financial statements are set out on pages 31 to 63  
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# CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31ST DECEMBER 2000

|   | 2000<br>RM   | 1999<br>RM   |
|---|--------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>           |              |              |
| Profit before taxation                                | 9,828,234    | 1,667,403    |
| Adjustments for:                                      |              |              |
| Amortisation of discounts on ICULS                    | 4,488,128    | 495,803      |
| Impairment loss on value of investments               | 344,545      | –            |
| Allowance for doubtful debts                          | 1,508,480    | 1,441,490    |
| Allowance for doubtful debts written back             | (4,873,455)  | (26,621)     |
| Dividend income                                       | (15,564,352) | (11,089,825) |
| Interest income                                       | (6,703,324)  | (9,399,475)  |
| Interest expenses                                     | 10,285,038   | 13,671,096   |
| Bonds guarantee fees                                  | –            | 517,808      |
| Operating loss before working capital changes         | (686,706)    | (2,722,321)  |
| Changes in debtors                                    | 6,461,318    | 354,944      |
| Changes in creditors                                  | 74,140       | (3,708,453)  |
| Cash generated from operations                        | 5,848,752    | (6,075,830)  |
| Interest received                                     | 6,703,324    | 9,399,475    |
| Interest paid   | (10,285,038) | (13,671,096) |
| Bonds guarantee fees paid                             | –            | (517,808)    |
| Taxation paid   | (2,038,119)  | (2,299,220)  |
| Net cash from operating activities                    | 228,919      | (13,164,479) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>           |              |              |
| Purchase of additional shares in a subsidiary company | (4,805,000)  | (50,288)     |
| Repayment from /(Advances to) subsidiary companies    | 6,832,293    | (6,703,518)  |
| Proceeds from disposal of an associated company       | 1            | –            |
| Dividends received                                    | 15,564,352   | 11,089,825   |
| Net cash from investing activities                    | 17,591,646   | 4,336,019    |



|  | 2000<br>RM          | 1999<br>RM          |
|--|---------------------|---------------------|
| CASH FLOWS FROM FINANCING ACTIVITIES                       |                     |                     |
| Dividends paid   | (1,509,093)         | (595,418)           |
| Issue of ICULS   | –                   | 59,541,780          |
| Proceeds from conversion of warrants                       | 250                 | –                   |
| Term loans raised  | –                   | 44,000,000          |
| Short term bank borrowings raised                          | 450,000             | 50,000,000          |
| Repayment to subsidiary companies                          | (14,819,899)        | (995,034)           |
| Repayment of 5% Redeemable Bank Guaranteed Bonds 1994/1999 | –                   | (100,000,000)       |
| Repayment of bank borrowings                               | –                   | (50,850,000)        |
| Capital issue expenses                                     | –                   | (41,705)            |
| Net cash used in financing activities                      | <u>(15,878,742)</u> | <u>1,059,623</u>    |
| NET CHANGES IN CASH AND CASH EQUIVALENTS                   | 1,941,823           | (7,768,837)         |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD                  | <u>(13,109,201)</u> | <u>(5,340,364)</u>  |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD                  | <u>(11,167,378)</u> | <u>(13,109,201)</u> |
| Represented by:  |                     |                     |
| BANK BALANCES  | 15,427              | 15,810              |
| BANK OVERDRAFTS  | <u>(11,182,805)</u> | <u>(13,125,011)</u> |
|  | <u>(11,167,378)</u> | <u>(13,109,201)</u> |

*Notes to and forming part of the financial statements are set out on pages 31 to 63*  
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# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2000

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of accounting

The financial statements are prepared under the historical cost convention, unless otherwise indicated in the accounting policies set out below, and comply with applicable approved accounting standards issued or adopted by the Malaysian Accounting Standards Board ("MASB").

### (b) Subsidiary companies

A subsidiary company is a company in which the Company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors.

The Company's interests in subsidiary companies are stated at cost, and are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

### (c) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The financial statements 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 financial statements from the date of acquisition or up to the date of disposal.

At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

### (d) 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 in their management, but not control, over the financial and operating policies.

Investments in associated companies are stated at cost and are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

The Group's share of results of the associated companies are accounted for in the consolidated income statement in place of dividends received. On the consolidated balance sheet, the Group's share of post-acquisition results and reserves of the associated companies are added to the cost of investments.

The post-acquisition reserves and results of associated companies accounted for are based on the latest audited or management financial statements of the companies concerned made up to the end of the financial year.

### (e) Goodwill on consolidation

The difference between the acquisition cost and the fair values of attributable net assets acquired is reflected as either goodwill or reserve on consolidation. Goodwill on consolidation is amortised over a period of 20 years on the straight line basis while reserve on consolidation is retained in the consolidated balance sheet and will be credited to the income statements over the suitable period decided in relation to the particular circumstances which give rise to it. The carrying amounts and amortisation periods are reviewed annually and goodwill is written down when, in the opinion of the directors, its value has deteriorated or when it ceases to have a useful life.

(f) Property, plant and equipment

(i) Owned assets

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

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred.

(ii) Leased assets

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at amounts equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment loss.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; if not, the Company's incremental borrowing rates are used.

(iii) Depreciation

Freehold land and capital work-in-progress are not amortised while leasehold land is amortised over the remaining lease period of 30 to 99 years.

Depreciation is calculated to write off the cost of other property, plant and equipment on the straight line basis over their expected useful lives at the following annual rates:

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

(g) Development properties

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

Profit on development properties is recognised on the percentage of completion method, which is applied in circumstances where the outcome of the contract can be reliably determined. The stage of completion is determined by the proportion of costs incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual development work performed are included as costs incurred to-date.

Where the outcome of a development cannot be reasonably estimated, no development revenue is recognised.

When it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether development work has commenced or not, or the stage of completion of development activity or the amounts of profits expected to arise on other unrelated development projects.

(h) Investment properties

Investment properties are stated at cost and are 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. The investment properties are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

(i) Other investments

Other investments are stated at cost and are held for long term and no account is taken for fluctuations in market prices of quoted shares. The investments are written down when the directors consider that there is an impairment loss that is other than temporary on the value of such investments. The impairment loss is charged to the income statement.

(j) Deferred expenditure

The cost of registration of patents is capitalised and written off on the straight line basis over a period of 17 years.

In previous financial years, expenditure carried forward representing preliminary and pre-operating expenses stated at cost were amortised over periods of 3 to 10 years except for those subsidiary companies which have not commenced operations in which case these expenses had been deferred. During the financial year, the Group has adopted a policy to write off these expenses as and when incurred. Accordingly, the expenditure carried forward was fully written off in the current financial year.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete or slow moving inventories. Cost is determined principally on the first-in first-out basis and in the case of work-in-progress and finished goods, comprises materials, direct labour, other direct charges and an appropriate proportion of factory overheads.

(l) Gross amount due from/to customers

On the balance sheet, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(m) Debtors

Known bad debts are written off and specific allowance is made for any debts considered to be doubtful of collection.

(n) Discount on ICULS

The discount on Irredeemable Convertible Unsecured Loan Stocks ("ICULS") is written off on the straight line basis over a period of 5 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.

(o) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the closing rates. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions.

(ii) Financial statements of foreign operations

For consolidation purposes, assets and liabilities of foreign subsidiary companies are translated at the closing rates and items in the income statement are translated at average rates applicable throughout the financial year. All exchange differences arising on translation are recognised directly in equity through the exchange translation reserve account. On disposal of foreign subsidiaries, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The closing rates used in translation are as follows:

|       |   |        |
|-------|---|--------|
| USD 1 | = | RM3.77 |
| SGD 1 | = | RM2.16 |
| HKD 1 | = | RM0.48 |
| AUD 1 | = | RM2.09 |
| RMB 1 | = | RM0.45 |
| NTD1  | = | RM0.11 |

(p) Income recognition

Income is recognised when it is probable that the economic benefits will flow to the Group and when the income can be measured reliably, on the following bases:

(i) Sale of goods

Sale of goods is recognised when significant risks and rewards of ownership have been transferred to the customers.

(ii) Construction contracts

The Group's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that contract costs incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual contract work performed are included as costs incurred to date.

When the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Where it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

(iii) Sale of development properties

Income from sale of development properties is recognised on the percentage of completion method and represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

(vi) Services rendered

Income from services rendered is recognised on an accrual basis when services are rendered.

(v) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(vi) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

(vii) Rental income

Rental income is recognised on a time proportion basis over the lease term.

(viii) Licence fee

Licence fee is recognised on time proportion basis over the licence period commencing from the respective dates of signing the licence agreements to 31 August 2089. Licence fees received and receivable which relate to the unexpired licence period are reflected in the consolidated balance sheet as deferred income.

(q) Capitalisation of borrowing costs

Borrowing costs incurred on development properties that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will cease when the assets are completed or during extended periods in which active development is interrupted.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

(r) Finance costs

Finance costs comprise interest and other expenses paid and payable on borrowings.

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs. The interest component of hire purchase payments is charged to the income statement over the hire purchase periods so as to give a constant periodic rate of interest on the remaining hire purchase liabilities.

(s) Operating leases

Operating leases are those leases other than finance leases. Lease payments under operating leases are charged to the income statement on a time proportion basis over the lease term.

(t) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on 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. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

(u) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

## 2. PROPERTY, PLANT AND EQUIPMENT

| Group<br>2000                       | Freehold<br>land and<br>buildings<br>RM | Long term<br>leasehold<br>land and<br>buildings<br>RM | Short term<br>leasehold<br>land and<br>buildings<br>RM | Plant and<br>machinery<br>RM | Motor vehicles,<br>furniture,<br>fixtures &<br>equipment<br>RM | Capital<br>work-<br>in-progress<br>RM | Total<br>RM |
|-------------------------------------|---|---|--|------------------------------|--|---------------------------------------|-------------|
| At Cost                             |   |   |  |                              |  |                                       |             |
| At 1 January                        | 9,558,777                               | 86,907,574  | 1,436,278  | 78,621,451                   | 22,817,539   | 438,829                               | 199,780,448 |
| Exchange adjustments                | -                                       | (267,758)   | -  | (245,440)                    | (109,571)  | -                                     | (622,769)   |
|                                     | 9,558,777                               | 86,639,816  | 1,436,278  | 78,376,011                   | 22,707,968   | 438,829                               | 199,157,679 |
| Acquisition of subsidiaries         | -                                       | -   | -  | 190,055                      | 1,765,008  | -                                     | 1,955,063   |
| Disposal of subsidiary              | -                                       | -   | -  | -                            | (1,220,415)  | -                                     | (1,220,415) |
| Additions                           | 514,761                                 | 1,507,058   | -  | 16,345,633                   | 4,284,603  | 109,703                               | 22,761,758  |
| Disposals                           | -                                       | (3,972,569)   | -  | (4,298,484)                  | (1,102,292)  | -                                     | (9,373,345) |
| Write-off                           | -                                       | -   | -  | (319,624)                    | (406,019)  | -                                     | (725,643)   |
| Reclassifications                   | 548,532                                 | 40,910  | -  | 13,970                       | (54,880)   | (548,532)                             | -           |
| At 31 December                      | 10,622,070                              | 84,215,215  | 1,436,278  | 90,307,561                   | 25,973,973   | -                                     | 212,555,097 |
| Accumulated depreciation            |   |   |  |                              |  |                                       |             |
| At 1 January                        | 1,938,921                               | 11,214,146  | 117,947  | 55,135,186                   | 13,968,238   | -                                     | 82,374,438  |
| Exchange adjustments                | -                                       | (23,547)  | -  | (118,176)                    | (75,803)   | -                                     | (217,526)   |
|                                     | 1,938,921                               | 11,190,599  | 117,947  | 55,017,010                   | 13,892,435   | -                                     | 82,156,912  |
| Acquisition of subsidiaries         | -                                       | -   | -  | -                            | 408,181  | -                                     | 408,181     |
| Disposal of subsidiary              | -                                       | -   | -  | -                            | (367,647)  | -                                     | (367,647)   |
| Charge for the year                 | 158,424                                 | 2,561,421   | 40,174   | 8,156,919                    | 2,851,058  | -                                     | 13,767,996  |
| Disposals                           | -                                       | (846,230)   | -  | (2,128,957)                  | (965,738)  | -                                     | (3,940,925) |
| Write-off                           | -                                       | -   | -  | (288,162)                    | (268,548)  | -                                     | (556,710)   |
| Reclassifications                   | -                                       | 2,013   | -  | (979)                        | (1,034)  | -                                     | -           |
| At 31 December                      | 2,097,345                               | 12,907,803  | 158,121  | 60,755,831                   | 15,548,707   | -                                     | 91,467,807  |
| Net book value at<br>31 December    | 8,524,725                               | 71,307,412  | 1,278,157  | 29,551,730                   | 10,425,266   | -                                     | 121,087,290 |
| <b>1999</b>                         |   |   |  |                              |  |                                       |             |
| Net book value at<br>31 December    | 7,619,856                               | 75,693,428  | 1,318,331  | 23,486,265                   | 8,849,301  | 438,829                               | 117,406,010 |
| Depreciation charge<br>for the year | 238,937                                 | 2,285,770   | 7,964  | 6,828,350                    | 2,754,557  | -                                     | 12,115,578  |



The leasehold land of a subsidiary company with net book value of RM17,474,710 (1999 : RM17,669,054) is presently licensed to another subsidiary company for 97 years commencing 1 September 1992 for the purpose of management of a golf course and a clubhouse. The remaining leasehold land of the subsidiary of RM17,760,000 (1999 : RM17,760,000) has been allocated for development purposes and is classified under development properties referred to in Note 3.

The net book value of property, plant and equipment pledged as securities for banking and other credit facilities granted to the Group are as follows:

|                                | Group             |                   |
|--------------------------------|-------------------|-------------------|
|                                | 2000<br>RM        | 1999<br>RM        |
| Long term leasehold properties | 38,882,222        | 38,727,248        |
| Plant and machinery            | 3,138,035         | 3,360,223         |
|                                | <u>42,020,257</u> | <u>42,087,471</u> |

Included in the net book value of property, plant and equipment of the Group are plant and machinery, motor vehicles and equipment amounting to RM5,275,350 (1999 : RM3,289,685) acquired under hire purchase.

### 3. DEVELOPMENT PROPERTIES

|   | Group              |                    |
|---|--------------------|--------------------|
|   | 2000<br>RM         | 1999<br>RM         |
| Land, at cost                                   | 52,335,261         | 52,099,261         |
| Development expenditure, at cost                | 117,247,827        | 96,252,212         |
|   | <u>169,583,088</u> | <u>148,351,473</u> |
| Less:   |                    |                    |
| Foreseeable loss                                | <u>—</u>           | <u>1,004,939</u>   |
|   | 169,583,088        | 147,346,534        |
| Less:   |                    |                    |
| Non-current portion                             | <u>28,515,661</u>  | <u>25,934,362</u>  |
|   | 141,067,427        | 121,412,172        |
| Profit attributable to development work to-date | <u>4,650,807</u>   | <u>3,948,958</u>   |
|   | 145,718,234        | 125,361,130        |
| Less:   |                    |                    |
| Progress billings                               | <u>118,384,662</u> | <u>83,886,394</u>  |
| Current portion                                 | <u>27,333,572</u>  | <u>41,474,736</u>  |
| Progress billings to-date comprise:             |                    |                    |
| Progress billings                               |                    |                    |
| - received                                      | 108,416,351        | 72,029,337         |
| - receivable                                    | 9,968,311          | 11,857,057         |
|   | <u>118,384,662</u> | <u>83,886,394</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 capitalised during the year amounting to RM1,755,997 (1999 : RM137,618).

The carrying amount of development properties of a subsidiary company pledged as security for banking facilities granted to the Company and the said subsidiary are as follows:

|                                  | Group              |                   |
|----------------------------------|--------------------|-------------------|
|                                  | 2000<br>RM         | 1999<br>RM        |
| Land, at cost                    | 34,575,261         | 34,339,261        |
| Development expenditure, at cost | 72,458,176         | 64,572,660        |
|                                  | <u>107,033,437</u> | <u>98,911,921</u> |

#### 4. SUBSIDIARY COMPANIES

|                          | Company            |                    |
|--------------------------|--------------------|--------------------|
|                          | 2000<br>RM         | 1999<br>RM         |
| Unquoted shares, at cost | 143,171,928        | 138,366,928        |
| Less:                    |                    |                    |
| Impairment loss          | 3,299,998          | 2,999,999          |
|                          | <u>139,871,930</u> | <u>135,366,929</u> |

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

|                                | Gross equity interest |           | Principal activities  |
|--------------------------------|-----------------------|-----------|---|
|                                | 2000<br>%             | 1999<br>% |   |
| 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   |
| MWE Hunza Corporation Sdn Bhd  | 100                   | 100       | Investment holding  |
| * Davex Holdings Berhad        | 87                    | 71        | Investment holding  |
| Alam Perdana Sdn Bhd           | 51                    | 51        | Investment holding  |
| MWE Golf & Country Club Berhad | 100                   | 100       | Management of a golf course and clubhouse and the provision of landscaping services |

|   | Gross equity interest |           | Principal activities   |
|---|-----------------------|-----------|--|
|   | 2000<br>%             | 1999<br>% |  |
| MWE Optical Holdings Sdn Bhd  | 55                    | 55        | Investment holding   |
| Skypark Corporation Sdn Bhd   | 55                    | 55        | Consultancy services on technology of parking system                         |
| Metra Management Sdn Bhd  | 100                   | 100       | Provision of share registration and insurance agency services                |
| Ganda Pesona Sdn Bhd  | 100                   | 100       | Provision of secretarial and management services                             |
| First Cosmopolitan Sdn Bhd  | 100                   | 100       | Investment holding   |
| * Alu-Paste & Pigments Sdn Bhd  | 100                   | 100       | Inactive   |
| EW Equipment Sdn Bhd<br>(formerly known as Tahan Traktor (M) Sdn Bhd)                 | 63                    | 63        | Inactive   |
| E.W.I. Timber Industries Sdn Bhd<br>(formerly known as MWE Timber Industries Sdn Bhd) | 100                   | 100       | Inactive   |
| E&W Wood Industries Sdn Bhd<br>(formerly known as MWE Wood Industries Sdn Bhd)        | 98                    | 98        | Inactive   |
| V. Scooters Marketing (M) Sdn Bhd   | 100                   | 100       | Inactive   |
| Inai Idaman Sdn Bhd   | 100                   | 100       | Inactive   |
| 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   |

|  | Gross equity interest |           | Principal activities   |
|--|-----------------------|-----------|--|
|  | 2000<br>%             | 1999<br>% |  |
| Metra PMC Sdn Bhd  | 100                   | 100       | Provision of property management services  |
| Jurangjaya Sdn Bhd   | 60                    | 60        | Property development   |
| 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 company of MWE Hunza Corporation Sdn Bhd                  |                       |           |  |
| MWE Hunza Resort Sdn Bhd   | 100                   | 100       | Investment holding   |
| Subsidiary companies of Davex Holdings Berhad                        |                       |           |  |
| * PI Electronics (Hong Kong) Ltd (incorporated in Hong Kong, SAR)    | 51                    | 51        | Investment holding, designing, manufacturing and sale 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   | 83                    | 73        | General importer and supplier of electrical fittings, manufacture and assembly of all ranges of electrical cable trunkings and lightings |
| * DG Technologies (M) Sdn Bhd  | 81                    | –         | Assembly and trading of telecommunication equipment, computer equipment and peripherals  |
| * Daviscomms (S) Pte Ltd (incorporated in the Republic of Singapore) | 68                    | –         | Design, manufacturing and distribution of telecommunication and internet products  |

|  | Gross equity interest |           | Principal activities  |
|--|-----------------------|-----------|---|
|  | 2000<br>%             | 1999<br>% |   |
| * PI International Ltd<br>(incorporated in British Virgin Island)                                  | 51                    | –         | Holding of intellectual property  |
| * Phili-Orient Lines (Penang) Sdn Bhd  | 51                    | –         | Provision of sea freight forwarding services                                      |
| Subsidiary companies of<br>PI Electronics (Hong Kong) Ltd  |                       |           |   |
| * PI Electronics (Taiwan) Ltd<br>(incorporated in the Republic of Taiwan)                          | 51                    | 51        | Trading of electronic components and products                                     |
| * PI Technology (China) Ltd<br>(incorporated in Hong Kong, SAR)                                    | 75                    | –         | Investment holding and provision of management services                           |
| Subsidiary companies of<br>Davex (Malaysia) Sdn Bhd  |                       |           |   |
| * Davex Australia Pty Ltd<br>(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       | Inactive  |
| * Davex Engineering (M) Sdn Bhd  | 100                   | 100       | Manufacturing and assembly of a range of electrical cable trunkings and lightings |
| * Specific Form Sdn Bhd  | 100                   | 60        | Inactive  |
| * Davex Singapore Pte Ltd<br>(incorporated in the Republic of Singapore)                           | –                     | 100       | Dealers in electrical products and engineering works                              |
| Subsidiary companies of<br>Phili-Orient Lines (Penang) Sdn Bhd                                     |                       |           |   |
| * Phili-Orient Airfreight (Penang) Sdn Bhd<br>(formerly known as Integrated Airfreighters Sdn Bhd) | 100                   | –         | Provision of air and sea freight forwarding services                              |
| * Phili-Orient Lines (Port Klang) Sdn Bhd  | 60                    | –         | Provision of sea freight forwarding services                                      |

|   | Gross equity interest |           | Principal activities                                    |
|---|-----------------------|-----------|---|
|   | 2000<br>%             | 1999<br>% |   |
| Subsidiary company of<br>Phili-Orient Airfreight<br>(Penang) Sdn Bhd                          |                       |           |   |
| * Phili-Orient Airfreight (Malaysia) Sdn Bhd<br>(formerly known as Secure Freight<br>Sdn Bhd) | 100                   | –         | Provision of air and sea freight<br>forwarding services |
| Subsidiary company of<br>PI Technology (China) Ltd<br>(incorporated in Hong Kong, SAR)        |                       |           |   |
| * PI Technology (Shenzhen) Ltd<br>(incorporated in the People's<br>Republic of China)         | 100                   | –         | Manufacturing of electronic power<br>supply components  |
| Subsidiary company of<br>Specific Form Sdn Bhd  |                       |           |   |
| * Realistic Returns Sdn Bhd   | 100                   | 100       | Inactive  |
| Subsidiary company of<br>Alam Perdana Sdn Bhd   |                       |           |   |
| * P & E Holdings (M) Sdn Bhd  | 75                    | 75        | Investment holding                                      |
| Subsidiary companies of<br>MWE Optical Holdings Sdn Bhd                                       |                       |           |   |
| Shu Tong Mow Contact<br>Optical Sdn Bhd   | 100                   | 100       | Optical trading   |
| MWE Optical Trading Sdn Bhd   | 100                   | 100       | Optical trading   |
| MWE Optimia JV Sdn Bhd  | 100                   | 100       | Optical trading   |
| * MWE Optical Pte Ltd<br>(incorporated in the Republic<br>of Singapore)                       | 100                   | 100       | Inactive  |
| Subsidiary company of<br>Metra Management Sdn Bhd   |                       |           |   |
| Metra Nominees Sdn Bhd  | 100                   | 100       | Provision of nominee services                           |

|   | Gross equity interest |           | Principal activities                        |
|---|-----------------------|-----------|---|
|   | 2000<br>%             | 1999<br>% |   |
| Subsidiary companies of First Cosmopolitan Sdn Bhd                                  |                       |           |   |
| Devanna Ltd<br>(incorporated in British Virgin Islands)                             | 100                   | 100       | Investment holding and general trading      |
| Diamond Head International Holdings Ltd<br>(incorporated in British Virgin Islands) | 100                   | 100       | Investment holding and consultancy services |
| * MWE (Singapore) Pte Ltd<br>(incorporated in the Republic of Singapore)            | 100                   | 100       | Investment holding                          |

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

#### 5. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

|                                      | Company            |                    |
|--------------------------------------|--------------------|--------------------|
|                                      | 2000<br>RM         | 1999<br>RM         |
| Amount owing by subsidiary companies | 274,479,500        | 281,311,793        |
| Less:                                |                    |                    |
| Allowance for doubtful debts         | 3,568,162          | 2,174,419          |
|                                      | <u>270,911,338</u> | <u>279,137,374</u> |
| Amount owing to subsidiary companies | <u>32,057,393</u>  | <u>46,877,292</u>  |

The amount owing by/to the subsidiary companies is unsecured and not expected to be substantially repayable within the next 12 months.

Amount owing by subsidiary companies totalling RM232,641,858 (1999 : RM231,364,433) bears interests between 0.125% to 11% (1999 : 0.125% to 11%) per annum and the balance is interest free.

Amount owing to subsidiary companies totalling RM5,719,266 (1999 : RM17,438,488) bears interests at 7% (1999 : 7% ) per annum and the balance is interest free.

## 6. ASSOCIATED COMPANIES

|   | Group       |             | Company    |            |
|---|-------------|-------------|------------|------------|
|   | 2000<br>RM  | 1999<br>RM  | 2000<br>RM | 1999<br>RM |
| Unquoted shares, at cost                                  | 20,160,824  | 23,486,948  | 16,747,096 | 16,747,097 |
| Less:   |             |             |            |            |
| Impairment loss   | —           | —           | 16,747,095 | 16,747,095 |
|   | 20,160,824  | 23,486,948  | 1          | 2          |
| Group's share of post-acquisition<br>reserves and results | (8,107,613) | (4,700,728) | —          | —          |
|   | 12,053,211  | 18,786,220  | 1          | 2          |
| Represented by:   |             |             |            |            |
|   | 2000<br>RM  | 1999<br>RM  |            |            |
| Attributable share of net tangible assets                 | 12,053,211  | 18,786,220  |            |            |

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

|  | Gross equity<br>interest |           | Principal activities                |
|--|--------------------------|-----------|-------------------------------------|
|  | 2000<br>%                | 1999<br>% |                                     |
| Associated companies<br>of the Company   |                          |           |                                     |
| Premier Capital Holdings Sdn Bhd   | 30                       | 30        | Investment holding and stockbroking |
| DG Technologies (M) Sdn Bhd  | —                        | 50        | Inactive                            |
| Associated companies of<br>MWE Properties Sdn Bhd  |                          |           |                                     |
| Island Garden Development Sdn Bhd  | 40                       | 40        | Housing development                 |
| Ribuan Wangsa Sdn Bhd  | 50                       | —         | Property development                |
| Associated company of<br>PI Electronics (Hong Kong)<br>Ltd (Incorporated in<br>Hong Kong, SAR) |                          |           |                                     |
| STD PI Technology Limited<br>(Incorporated in Hong Kong, SAR)                                  | 40                       | —         | Investment holding                  |



|   | Gross equity interest |           |   |
|---|-----------------------|-----------|---|
|   | 2000<br>%             | 1999<br>% | Principal activities                        |
| Associated company of<br>Alam Perdana Sdn Bhd   |                       |           |   |
| Micro Compact (M) Sdn Bhd   | –                     | 46        | Investment holding                          |
| Associated companies of<br>United Sweethearts<br>Garment Sdn Bhd  |                       |           |   |
| USJ Embroidery Sdn Bhd  | 49                    | 49        | Embroidery of garments                      |
| USH Garment (Nibong Tebal) Sdn Bhd  | 45                    | 45        | Manufacturing of and dealing in<br>textiles |
| CNT Garments Sdn Bhd  | 20                    | 20        | Manufacturing and dealing in textiles       |
| Associated Company of<br>P & E Holdings (M) Sdn Bhd   |                       |           |   |
| Milton Company Inc<br>(incorporated in British Virgin Island)   | –                     | 40        | Investment holding                          |
| Associated company of<br>MWE (Singapore) Pte Ltd  |                       |           |   |
| * Greenland Timber Industries Pte Ltd<br>(incorporated in the Republic<br>of Singapore)                             | 41                    | 41        | Processor and dealer of sawn timber         |
| * This associated company has 3.47% (1999 : 4.49%) interest in the issued and paid-up share capital of the Company. |                       |           |   |

## 7. OTHER INVESTMENTS

|                           | Group      |            | Company    |            |
|---------------------------|------------|------------|------------|------------|
|                           | 2000<br>RM | 1999<br>RM | 2000<br>RM | 1999<br>RM |
| Investment properties     |            |            |            |            |
| - Freehold land, at cost  | 6,180,000  | 6,180,000  | –          | –          |
| - Buildings, at cost      | 78,423,279 | 78,189,350 | –          | –          |
|                           | 84,603,279 | 84,369,350 | –          | –          |
| Quoted shares, at cost    |            |            |            |            |
| - quoted in Malaysia      | 18,620,000 | 18,620,000 | –          | –          |
| - quoted outside Malaysia | 2,503,755  | 2,635,105  | 8,105      | 8,105      |
|                           | 21,123,755 | 21,255,105 | 8,105      | 8,105      |

|                          | Group       |             | Company    |            |
|--------------------------|-------------|-------------|------------|------------|
|                          | 2000<br>RM  | 1999<br>RM  | 2000<br>RM | 1999<br>RM |
| Unquoted shares, at cost | 63,466,730  | 57,472,728  | 15,203,920 | 15,203,920 |
| Less:                    |             |             |            |            |
| Impairment loss          | 24,104,394  | 16,322,477  | 15,203,917 | 15,159,371 |
|                          | 39,362,336  | 41,150,251  | 3          | 44,549     |
|                          | 145,089,370 | 146,774,706 | 8,108      | 52,654     |
| Market value             |             |             |            |            |
| - quoted shares          | 8,028,215   | 11,315,653  | 60,326     | 73,464     |

All the above shares quoted in Malaysia held by a subsidiary company have been pledged to a licensed bank to secure banking facilities of the Company.

The cost of investment properties of certain subsidiary companies pledged as security for bank term loans granted to the Company are as follows:

|                       | 2000<br>RM | 1999<br>RM |
|-----------------------|------------|------------|
| Investment properties |            |            |
| - Freehold land       | 6,180,000  | 6,180,000  |
| - Buildings           | 65,948,156 | 65,714,227 |
|                       | 72,128,156 | 71,894,227 |

#### 8. GOODWILL LESS RESERVE ON CONSOLIDATION

|  | Group      |            |
|--|------------|------------|
|  | 2000<br>RM | 1999<br>RM |
| Goodwill on consolidation              |            |            |
| At 1 January                           | 22,119,334 | 23,738,478 |
| Additions                              | 6,033,004  | 2,132      |
| Disposals                              | (14,810)   | -          |
|  | 28,137,528 | 23,740,610 |
| Less:                                  |            |            |
| Amortisation for the year              | 3,904,673  | 1,621,276  |
| At 31 December                         | 24,232,855 | 22,119,334 |
| Less:                                  |            |            |
| Reserve on consolidation               |            |            |
| At 1 January                           | 470,384    | 470,384    |
| Addition                               | 490,917    | -          |
| At 31 December                         | 961,301    | 470,384    |
| Goodwill less reserve on consolidation | 23,271,554 | 21,648,950 |

## 9. DEFERRED EXPENDITURE

|  | Group          |                |
|--|----------------|----------------|
|  | 2000<br>RM     | 1999<br>RM     |
| Deferred expenditure stated at cost less amount written off comprises: |                |                |
| Patents  | 315,625        | 228,750        |
| Preliminary expenses   | –              | 8,811          |
| Pre-operating expenses   | –              | 430,942        |
|  | <u>315,625</u> | <u>668,503</u> |

Included in pre-operating expenses of the Group were the following expenses incurred in the previous financial year:

|                        | Group      |               |
|------------------------|------------|---------------|
|                        | 2000<br>RM | 1999<br>RM    |
| Auditors' remuneration | –          | 800           |
| Depreciation           | –          | 34,034        |
|                        | <u>–</u>   | <u>34,034</u> |

## 10. INVENTORIES

|   | Group             |                   |
|---|-------------------|-------------------|
|   | 2000<br>RM        | 1999<br>RM        |
| At cost   |                   |                   |
| Raw materials                                   | 36,023,474        | 15,387,927        |
| Work-in-progress                                | 18,259,133        | 10,134,974        |
| Finished goods                                  | 15,128,964        | 17,096,900        |
| Inventories of completed development properties | 23,513,448        | 23,630,973        |
| Consumable stores and spares                    | 1,012,099         | 914,434           |
|   | <u>93,937,118</u> | <u>67,165,208</u> |
| At net realisable value:                        |                   |                   |
| Work-in-progress                                | 61,848            | –                 |
| Finished goods                                  | 240,496           | 1,014,250         |
|   | <u>302,344</u>    | <u>1,014,250</u>  |
|   | <u>94,239,462</u> | <u>68,179,458</u> |

Inventories of completed development properties amounting to RM20,573,228 (1999 : RM20,573,228) are charged to a bank to secure banking facilities granted to the Company.

# 11. GROSS AMOUNT DUE FROM/TO CUSTOMERS

|   | Group             |                   |
|---|-------------------|-------------------|
|   | 2000<br>RM        | 1999<br>RM        |
| Cost of contracts                       | 65,315,498        | 52,127,121        |
| Attributable profits recognised to-date | <u>8,561,897</u>  | <u>6,641,843</u>  |
|   | 73,877,395        | 58,768,964        |
| Less:                                   |                   |                   |
| Progress billings to-date               | <u>74,340,994</u> | <u>56,318,293</u> |
|   | (463,599)         | 2,450,671         |
| Add:                                    |                   |                   |
| Gross amount due to customers           | <u>3,306,986</u>  | <u>256,633</u>    |
|   | <u>2,843,387</u>  | <u>2,707,304</u>  |
| Retention sum receivable                | <u>2,608,967</u>  | <u>2,207,014</u>  |

# 12. TRADE DEBTORS

|                              | Group              |                   |
|------------------------------|--------------------|-------------------|
|                              | 2000<br>RM         | 1999<br>RM        |
| Gross receivables            | 110,161,010        | 83,180,521        |
| Less:                        |                    |                   |
| Allowance for doubtful debts | <u>6,463,911</u>   | <u>7,455,194</u>  |
|                              | <u>103,697,099</u> | <u>75,725,327</u> |

# 13. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

|   | Group             |                   | Company          |                   |
|---|-------------------|-------------------|------------------|-------------------|
|   | 2000<br>RM        | 1999<br>RM        | 2000<br>RM       | 1999<br>RM        |
| Gross receivables, deposits and prepayments | 47,105,195        | 60,290,882        | 8,900,269        | 15,359,505        |
| Less:                                       |                   |                   |                  |                   |
| Allowance for doubtful debts                | <u>17,855,143</u> | <u>20,028,394</u> | <u>6,929,851</u> | <u>11,688,569</u> |
|   | <u>29,250,052</u> | <u>40,262,488</u> | <u>1,970,418</u> | <u>3,670,936</u>  |

Included in other debtors, deposits and prepayments of the Group is an amount of RM743,607 (1999 : RM648,833) which bears interest at 11% (1999 : 11%) per annum and the balance is interest free.

#### 14. AMOUNT OWING BY ASSOCIATED COMPANIES

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

#### 15. FIXED DEPOSITS

|                                | Group             |                   |
|--------------------------------|-------------------|-------------------|
|                                | 2000<br>RM        | 1999<br>RM        |
| Fixed deposits are placed with |                   |                   |
| - licensed banks in Malaysia   | 14,279,335        | 14,579,902        |
| - foreign banks                | 711,007           | 6,172,324         |
|                                | <u>14,990,342</u> | <u>20,752,226</u> |

Fixed deposits amounting to RM8,469,196 (1999 : RM6,546,638) 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 RM684,102 (1999: RM625,098) 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 Monterez Golf & Country Club and RM441,577 (1999 : RM415,751) 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.

#### 16. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are bank balances amounting to RM3,071,336 (1999 : RM839,999) maintained in housing development accounts in accordance with the Housing Developers (Housing Development Account) Regulations 1991 and RM5 (1999 : RM4,745) 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 Monterez Golf & Country Club.

#### 17. TRADE CREDITORS

|  | Group             |                   |
|--|-------------------|-------------------|
|  | 2000<br>RM        | 1999<br>RM        |
| Trade creditors                        | 70,851,023        | 33,630,764        |
| Bankers' acceptance and trust receipts |                   |                   |
| - secured                              | 7,179,849         | 3,752,580         |
| - unsecured                            | 9,358,634         | 4,773,907         |
|  | <u>16,538,483</u> | <u>8,526,487</u>  |
|  | <u>87,389,506</u> | <u>42,157,251</u> |

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.

#### 18. OTHER CREDITORS AND ACCRUALS

Included in other creditors and accruals of the Group and of the Company is an amount of RM12,000,000 (1999 : RM12,000,000) which represents interest free refundable deposit received from a corporation in relation to the appointment of the said corporation as the developer and project manager for the development of a piece of leasehold land held by a subsidiary company and also to act as a club manager for Monterez Golf & Country Club. To-date, the terms of the appointment has yet to be finalised.

#### 19. HIRE PURCHASE LIABILITIES

|  | Group            |                  |
|--|------------------|------------------|
|  | 2000<br>RM       | 1999<br>RM       |
| Outstanding hire purchase instalments due:   |                  |                  |
| - not later than one year  | 1,355,815        | 654,571          |
| - later than one year and not later than five years  | 3,936,491        | 719,672          |
|  | <u>5,292,306</u> | <u>1,374,243</u> |
| Less:  |                  |                  |
| Unexpired term charges   | <u>987,960</u>   | <u>186,528</u>   |
| Outstanding principal amount due   | 4,304,346        | 1,187,715        |
| Less:  |                  |                  |
| Outstanding principal amount due later than one year and not later than five years (Note 23) | <u>3,365,268</u> | <u>475,763</u>   |
| Outstanding principal amount due not later than one year (included in current liabilities)   | <u>939,078</u>   | <u>711,952</u>   |

#### 20. BANK BORROWINGS

|  | Group             |                   | Company           |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2000<br>RM        | 1999<br>RM        | 2000<br>RM        | 1999<br>RM        |
| Bank overdrafts                              |                   |                   |                   |                   |
| - secured                                    | 6,718,143         | 5,134,254         | 2,661,828         | 2,986,083         |
| - unsecured                                  | <u>10,117,704</u> | <u>12,004,310</u> | <u>8,520,977</u>  | <u>10,138,928</u> |
|  | 16,835,847        | 17,138,564        | 11,182,805        | 13,125,011        |
| Bank loans                                   |                   |                   |                   |                   |
| - secured                                    | 16,540,724        | 26,893,000        | 14,100,000        | 22,650,000        |
| - unsecured                                  | <u>38,800,000</u> | <u>34,300,000</u> | <u>37,500,000</u> | <u>28,500,000</u> |
|  | 55,340,724        | 61,193,000        | 51,600,000        | 51,150,000        |
| Current portion of bank term loans (Note 23) | <u>78,343</u>     | <u>3,736,731</u>  | <u>-</u>          | <u>-</u>          |
|  | <u>72,254,914</u> | <u>82,068,295</u> | <u>62,782,805</u> | <u>64,275,011</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, certain leasehold buildings of a subsidiary company and fixed and floating charges over the assets of the subsidiary companies and are also guaranteed by the Company.

## 21. SHARE CAPITAL

|                                    | 2000<br>RM         | 1999<br>RM         |
|------------------------------------|--------------------|--------------------|
| Authorised                         |                    |                    |
| Ordinary shares of RM1 each        | <u>500,000,000</u> | <u>500,000,000</u> |
| Issued and fully paid              |                    |                    |
| Ordinary shares of RM1 each        |                    |                    |
| At 1 January                       | 167,130,832        | 165,393,832        |
| Issue of shares from conversion of |                    |                    |
| - ICULS                            | 42,662,887         | 1,737,000          |
| - Warrants                         | <u>250</u>         | <u>-</u>           |
| At 31 December                     | <u>209,793,969</u> | <u>167,130,832</u> |

At 31 December 2000, there were 66,157,283 (1999 : 66,157,533) unexercised warrants in issue which entitle the registered holders to subscribe for one (1) new ordinary share at a price of RM1.00 per ordinary share for every warrant held.

## 22. RESERVES

|  | Group             |                   | Company            |                     |
|--|-------------------|-------------------|--------------------|---------------------|
|  | 2000<br>RM        | 1999<br>RM        | 2000<br>RM         | 1999<br>RM          |
| Non-distributable                            |                   |                   |                    |                     |
| Share premium account                        | 23,586,099        | 23,586,099        | 23,586,099         | 23,586,099          |
| Exchange translation reserve                 | <u>5,859,500</u>  | <u>6,694,831</u>  | <u>-</u>           | <u>-</u>            |
|  | <u>29,445,599</u> | <u>30,280,930</u> | <u>23,586,099</u>  | <u>23,586,099</u>   |
| Distributable                                |                   |                   |                    |                     |
| Capital reserve                              | 24,603,319        | 24,603,319        | 13,761,928         | 13,761,928          |
| Unappropriated profit/<br>(Accumulated loss) | <u>24,217,737</u> | <u>37,665,255</u> | <u>(4,920,100)</u> | <u>(12,660,966)</u> |
|  | <u>48,821,056</u> | <u>62,268,574</u> | <u>8,841,828</u>   | <u>1,100,962</u>    |
|  | <u>78,266,655</u> | <u>92,549,504</u> | <u>32,427,927</u>  | <u>24,687,061</u>   |

## 23. LONG TERM LIABILITIES

|   | Group             |                    | Company           |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | 2000<br>RM        | 1999<br>RM         | 2000<br>RM        | 1999<br>RM         |
| Bank term loans   |                   |                    |                   |                    |
| - secured   | 47,430,794        | 48,181,577         | 44,000,000        | 44,000,000         |
| - unsecured   | 245,810           | 155,085            | –                 | –                  |
|   | <u>47,676,604</u> | <u>48,336,662</u>  | <u>44,000,000</u> | <u>44,000,000</u>  |
| Less:   |                   |                    |                   |                    |
| Repayments due within 12 months<br>(included in Note 20)            | 78,343            | 3,736,731          | –                 | –                  |
|   | <u>47,598,261</u> | <u>44,599,931</u>  | <u>44,000,000</u> | <u>44,000,000</u>  |
| 5.5% Irredeemable<br>Convertible Unsecured<br>Loan Stocks 1999/2004 | 21,757,646        | 64,420,533         | 21,757,646        | 64,420,533         |
| Less:   |                   |                    |                   |                    |
| Unamortised discount on ICULS                                       | 1,631,822         | 6,119,950          | 1,631,822         | 6,119,950          |
|   | <u>20,125,824</u> | <u>58,300,583</u>  | <u>20,125,824</u> | <u>58,300,583</u>  |
| Hire purchase liabilities<br>(Note 19)                              | 3,365,268         | 475,763            | –                 | –                  |
| Deferred taxation   | 6,138,348         | 2,719,763          | –                 | –                  |
|   | <u>77,227,701</u> | <u>106,096,040</u> | <u>64,125,824</u> | <u>102,300,583</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. They are also guaranteed by the Company.

The bank term loan of the Company is 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.

In the previous financial year, the Company issued and allotted 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 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 11 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 1 March to 31 May and 1 September to 30 November during the tenure of the ICULS from 8 October 1999 to the maturity date on 7 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 31 August commencing 8 October 1999.

The warrants which were issued together with the ICULS are in registered form and constituted by a Deed Poll dated 11 August 1999 and entitle 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 8 October 1999 and expiring on 7 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.

#### 24. DEFERRED INCOME

Deferred income represents club membership licence fees received in advance by a subsidiary company. The licence fees received are recognised in the income statement on time proportion basis over the licence period.

#### 25. GROSS REVENUE

|                                | Group              |                    | Company           |                   |
|--------------------------------|--------------------|--------------------|-------------------|-------------------|
|                                | 2000<br>RM         | 1999<br>RM         | 2000<br>RM        | 1999<br>RM        |
| Sale of goods                  | 411,208,300        | 308,873,965        | –                 | –                 |
| Sale of development properties | 34,672,762         | 33,554,741         | –                 | –                 |
| Contract revenue               | 15,582,857         | 19,905,809         | –                 | –                 |
| Services rendered              | 12,366,365         | 4,742,495          | –                 | –                 |
| Rental income                  | 2,923,999          | 3,290,610          | –                 | –                 |
| Dividend income                | 133,302            | 3,325              | 15,564,352        | 11,089,825        |
|                                | <u>476,887,585</u> | <u>370,370,945</u> | <u>15,564,352</u> | <u>11,089,825</u> |

#### 26. COST OF SALES

|                                     | Group              |                    |
|-------------------------------------|--------------------|--------------------|
|                                     | 2000<br>RM         | 1999<br>RM         |
| Cost of goods sold                  | 345,047,028        | 234,098,195        |
| Cost of development properties sold | 33,510,955         | 36,634,663         |
| Contract costs                      | 12,033,447         | 14,517,227         |
| Cost of services rendered           | 14,078,738         | 5,751,183          |
|                                     | <u>404,670,168</u> | <u>291,001,268</u> |

## 27. PROFIT FROM OPERATIONS

Profit from operations is stated after charging:

|   | Group      |            | Company   |           |
|---|------------|------------|-----------|-----------|
|   | 2000       | 1999       | 2000      | 1999      |
|   | RM         | RM         | RM        | RM        |
| Allowance for doubtful debts                      | 7,234,005  | 3,709,725  | 1,508,480 | 1,441,490 |
| Amortisation of goodwill on consolidation         | 3,904,673  | 1,621,276  | –         | –         |
| Auditors' remuneration                            |            |            |           |           |
| - current year                                    | 388,465    | 348,710    | 27,000    | 18,000    |
| - overprovision in prior year                     | (7,434)    | 15,828     | 9,000     | 7,000     |
| Bad debts written off                             | 11,891     | –          | –         | –         |
| Depreciation                                      | 13,767,996 | 12,081,544 | –         | –         |
| Directors' remuneration                           |            |            |           |           |
| - fees  | 160,750    | 80,000     | 58,750    | 50,000    |
| - other emoluments                                | 4,880,803  | 2,698,997  | 9,000     | –         |
| Inventories written down                          | 6,950      | 486,636    | –         | –         |
| Inventories written off                           | –          | 836,740    | –         | –         |
| Impairment loss on value of investments           | 7,781,917  | 101,470    | 344,545   | –         |
| Loss on disposal of property, plant and equipment | 1,029,189  | 272,276    | –         | –         |
| Loss on foreign exchange                          |            |            |           |           |
| -realised   | 317,436    | –          | –         | –         |
| -unrealised                                       | 342,876    | –          | –         | –         |
| Operating lease rental                            | 1,726,373  | 1,474,118  | –         | –         |
| Property, plant and equipment written off         | 168,933    | 720,038    | –         | –         |
| Deferred expenditure written off                  | 462,360    | 426,230    | –         | –         |
| Rental of premises                                | 1,426,825  | 309,315    | –         | –         |
| Rental of machinery                               | 360,531    | 463,347    | –         | –         |
| Retirement benefits                               | 218,500    | 153,917    | –         | –         |

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2000<br>RM | 1999<br>RM | 2000<br>RM | 1999<br>RM |
| and crediting:                                    |            |            |            |            |
| Allowance for doubtful debts written back         | 4,963,061  | 181,746    | 4,873,455  | 26,621     |
| Compensation from compulsory acquisition of land  | –          | 320,379    | –          | –          |
| Gain on disposal of an associated company         | 1,561,237  | –          | –          | –          |
| Gain on disposal of a subsidiary company          | 1,423,901  | –          | –          | –          |
| Gain on foreign exchange                          |            |            |            |            |
| - realised  | 400,142    | –          | –          | –          |
| Gross dividends from                              |            |            |            |            |
| - subsidiaries                                    | –          | –          | 15,563,000 | 11,086,500 |
| - investment quoted in Malaysia                   | 131,950    | –          | –          | –          |
| - investments quoted outside Malaysia             | 1,352      | 3,325      | 1,352      | 3,325      |
| Interest income                                   | 2,617,314  | 1,003,945  | 6,703,324  | 9,399,475  |
| Gain on disposal of property, plant and equipment | 2,552,521  | 2,533,644  | –          | –          |
| Rental income                                     | 2,978,825  | 3,344,820  | –          | –          |

## 28. FINANCE COSTS

|   | Group      |            | Company    |            |
|---|------------|------------|------------|------------|
|   | 2000<br>RM | 1999<br>RM | 2000<br>RM | 1999<br>RM |
| Finance costs incurred during the financial year comprise:      |            |            |            |            |
| - interest on ICULS   | 951,362    | 537,858    | 951,362    | 537,858    |
| - other interest expenses                                       | 10,257,046 | 14,870,326 | 9,333,676  | 13,133,238 |
| - amortisation of discounts on ICULS                            | 4,488,128  | 495,803    | 4,488,128  | 495,803    |
| - bonds guarantee fees  | –          | 517,808    | –          | 517,808    |
| - expenses incurred on issue of ICULS                           | –          | 1,493,515  | –          | 1,493,515  |
|   | 15,696,536 | 17,915,310 | 14,773,166 | 16,178,222 |
| Less:   |            |            |            |            |
| Finance costs capitalised under development properties (Note 3) |            |            |            |            |
| - interest expenses   | 1,755,997  | 137,618    | –          | –          |
|   | 13,940,539 | 17,777,692 | 14,773,166 | 16,178,222 |

## 29. TAXATION

|  | Group              |                  | Company          |                    |
|--|--------------------|------------------|------------------|--------------------|
|  | 2000<br>RM         | 1999<br>RM       | 2000<br>RM       | 1999<br>RM         |
| Malaysian taxation based on results for the year |                    |                  |                  |                    |
| - current  | (5,132,495)        | –                | (432,577)        | (1,094,000)        |
| - deferred                                       | 1,581,394          | 433,140          | –                | –                  |
| Foreign taxation                                 | (926,683)          | (340,370)        | –                | –                  |
|  | <u>(4,477,784)</u> | <u>92,770</u>    | <u>(432,577)</u> | <u>(1,094,000)</u> |
| Underprovision in prior years                    | (1,536,093)        | 4,408,487        | –                | 1,030,284          |
|  | <u>(6,013,877)</u> | <u>4,501,257</u> | <u>(432,577)</u> | <u>(63,716)</u>    |

The effective tax rate of the Group is high compared to the statutory rates because certain expenses have been disallowed in arriving at the chargeable income and also the non-availability of Group relief for losses incurred by certain subsidiary companies.

The effective tax rate of the Company for the current financial year is low compared to the statutory rate because certain income not subject to tax has been excluded in arriving at the tax chargeable income.

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

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

Based on estimated tax credits available and the prevailing tax rate applicable to dividends, the entire distributable reserve of the Company at year end is available for distribution by way of dividend without incurring additional tax liability.

## 30. (LOSS)/EARNINGS PER SHARE

### (i) Basic (loss)/earnings per share

The basic (loss)/earnings per share have been calculated based on the consolidated net loss for the year of RM11,792,727 (1999 : net profit for the year of RM8,805,322) and on 196,547,687 (1999 : 165,616,748) weighted average number of ordinary shares in issue during the year after adjusting for shares issued on conversion of ICULS and warrants as follows:

|  | 2000               | 1999               |
|--|--------------------|--------------------|
| Number of ordinary shares at 1 January     | 167,130,832        | 165,393,832        |
| Effect of shares issued pursuant to        |                    |                    |
| - conversion of ICULS                      | 29,416,714         | 222,916            |
| - conversion of warrants                   | 141                | –                  |
| Weighted average number of ordinary shares | <u>196,547,687</u> | <u>165,616,748</u> |

(ii) Diluted (loss)/earnings per share

The fully diluted (loss)/earnings per share is calculated based on:

(a) The adjusted net loss of RM12,739,568 (1999 : net profit of RM3,072,630) as follows:

|  | 2000<br>RM          | 1999<br>RM       |
|--|---------------------|------------------|
| Consolidated net (loss)/profit for the year          | (11,792,727)        | 8,805,322        |
| Adjusted after tax effects of                        |                     |                  |
| - Interest saving on ICULS                           | 684,981             | 387,258          |
| - Amortisation of discounts on ICULS                 | (1,631,822)         | (6,119,950)      |
| Adjusted consolidated net (loss)/profit for the year | <u>(12,739,568)</u> | <u>3,072,630</u> |

(b) The weighted average number of ordinary shares upon full conversion of ICULS and warrants is 244,783,072 (1999 : 183,298,852). The conversion of outstanding ICULS and warrants at year end was assumed to have been completed on 1 January 2000 (1999 : on 8 October 1999, being the date of issue of ICULS and warrants) as follows:

|  | 2000<br>RM         | 1999<br>RM         |
|--|--------------------|--------------------|
| Weighted average number of ordinary shares as in (i)   | 196,547,687        | 165,616,748        |
| Weighted average number of ICULS and warrants converted during the year that would have been converted at 1 January 2000 (1999 : 8 October 1999) | 13,246,282         | 211,334            |
| Weighted average number of unissued shares under ICULS   | 21,757,646         | 16,105,133         |
| Weighted average number of unissued shares under warrants  |                    |                    |
| - based on exercise price  | 66,157,283         | 16,539,383         |
| - based on average fair value  | (52,925,826)       | (15,173,746)       |
| Weighted average number of ordinary shares (diluted)   | <u>244,783,072</u> | <u>183,298,852</u> |

### 31. DIVIDENDS

|   | 2000<br>RM       | 1999<br>RM       |
|---|------------------|------------------|
| In respect of the year ended 31 December 1999   |                  |                  |
| - additional first and final dividend paid of 1% less 28% tax in respect of conversion of 20,037,807 ICULS and warrants to equivalent number of ordinary shares during the financial year | 144,274          | -                |
| In respect of the year ended 31 December 2000   |                  |                  |
| - proposed first and final dividend of 1% (1999 : 1%) less 28% tax  | <u>1,510,517</u> | <u>1,364,819</u> |
|   | <u>1,654,791</u> | <u>1,364,819</u> |

### 32. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

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

(a) Acquisition of new subsidiary companies

|  | RM           |
|--|--------------|
| (i) Effect on consolidated cash flow statement   |              |
| Net assets acquired:   |              |
| Property, plant and equipment  | 1,546,882    |
| Other investments  | 49,600       |
| Current assets   | 12,939,100   |
| Current liabilities  | (4,324,929)  |
| Deferred liabilities   | (47,129)     |
| Minority interest  | (2,722,474)  |
| Fair value of attributable assets acquired   | 7,441,050    |
| Goodwill on acquisition  | 178,203      |
| Total purchase consideration   | 7,619,253    |
| Less:  |              |
| Cash and cash equivalents  | 8,064,138    |
| Net cash flows on acquisition  | (444,885)    |
| (ii) Effect on consolidated net loss for the year  |              |
| The effect of the acquisition on the results of the Group from the date of acquisition are as follows: |              |
| Gross revenue  | 40,519,960   |
| Cost of sales  | (37,346,521) |
| Gross profit   | 3,173,439    |
| Other operating income   | 50,421       |
| Selling and distribution costs   | (504,891)    |
| Administrative and general expenses  | (4,230,173)  |
| Other operating expenses   | (162,185)    |
| Loss from operations   | (1,673,389)  |
| Finance costs  | (294,278)    |
| Loss before taxation   | (1,967,667)  |
| Taxation   | (232,445)    |
| Net loss for the year  | (2,200,112)  |

(b) Disposal of subsidiary company

(i) Effect on consolidated cash flow statement

Net assets disposed of:

|   | RM          |
|---|-------------|
| Property, plant and equipment                   | 852,768     |
| Other investments                               | 448,122     |
| Current assets                                  | 8,283,137   |
| Current liabilities                             | (7,110,502) |
| Deferred liabilities                            | (523,316)   |
| Net assets of subsidiary company disposed of    | 1,950,209   |
| Goodwill on acquisition written off on disposal | 14,810      |
| Gain on disposal of subsidiary company          | 1,423,901   |
| Sale consideration                              | 3,388,920   |
| Less:   |             |
| Cash and cash equivalents                       | 99,351      |
| Net cash flows on disposal                      | 3,289,569   |

(ii) Effect on consolidated net (loss)/profit for the year

The effect of the disposal of subsidiary company on the results of the Group up to the date of disposal are as follows:

|                                     | 2000<br>RM  | 1999<br>RM  |
|-------------------------------------|-------------|-------------|
| Gross revenue                       | 8,773,589   | 7,436,645   |
| Cost of sales                       | (6,437,706) | (6,153,643) |
| Gross profit                        | 2,335,883   | 1,283,002   |
| Other operating income              | 65,775      | 11,967      |
| Selling and distribution costs      | (216,003)   | (249,204)   |
| Administrative and general expenses | (1,505,303) | (1,245,645) |
| Profit from operations              | 680,352     | (199,880)   |
| Finance costs                       | (20,570)    | (59,512)    |
| Profit before taxation              | 659,782     | (259,392)   |
| Taxation                            | (210,634)   | 118,269     |
| Net profit/(loss) for the year      | 449,148     | (141,123)   |

### 33. EMPLOYEES INFORMATION

|                                 | Group               |                     |
|---------------------------------|---------------------|---------------------|
|                                 | 2000                | 1999                |
| Staff costs                     | <u>RM66,422,029</u> | <u>RM59,584,697</u> |
| Number of employees at year end | <u>5,701</u>        | <u>3,221</u>        |

No staff costs were incurred by the Company as the Company did not have any employee.

### 34. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Company has controlling related party relationship with its subsidiary companies.

The Group has related party relationship with:

- Star Regent International Limited, a company in which Mr Ho Kwok Pun and Mr Tse Oi, the directors of PI Electronics (Hong Kong) Ltd, have financial interests.
- Gold Apollo Co Ltd, a minority shareholder of a subsidiary company, DG Technologies (M) Sdn Bhd.
- Casi Management Sdn Bhd, a company in which Dato' Surin Upatkoorn, a director of the Company has financial interest.
- USH Garment (Nibong Tebal) Sdn Bhd, USJ Embroidery Sdn Bhd and CNT Garments Sdn Bhd, the associated companies.

Transactions with related parties during the financial year are as follows:

|                                  | Group          |          | Company   |           |
|----------------------------------|----------------|----------|-----------|-----------|
|                                  | 2000           | 1999     | 2000      | 1999      |
|                                  | RM             | RM       | RM        | RM        |
| Interest charged to              |                |          |           |           |
| - MWE Properties Sdn Bhd         | –              | –        | 4,035,459 | 6,665,939 |
| - MWE Advanced Structure Sdn Bhd | –              | –        | –         | 872,802   |
| - Alu-Paste & Pigments Sdn Bhd   | –              | –        | 57,365    | –         |
| - First Cosmopolitan Sdn Bhd     | –              | –        | 27,045    | 27,428    |
| - MWE Golf & Country Club Berhad | –              | –        | 516,133   | 1,141,669 |
| - MWE Optical Holdings Sdn Bhd   | –              | –        | 21,029    | 346,471   |
| - Melati Mewah Sdn Bhd           | –              | –        | 1,369,993 | 93,547    |
| Consultancy fee paid to          |                |          |           |           |
| Star Regent International Ltd    | 647,988        | 591,368  | –         | –         |
| Sales to Gold Apollo Co Ltd      | <u>194,528</u> | <u>–</u> | <u>–</u>  | <u>–</u>  |



|                                      | Group      |            | Company    |            |
|--------------------------------------|------------|------------|------------|------------|
|                                      | 2000<br>RM | 1999<br>RM | 2000<br>RM | 1999<br>RM |
| Interest charged by                  |            |            |            |            |
| - Davex Holdings Berhad              | –          | –          | 783,525    | 561,851    |
| - Davex (Malaysia) Sdn Bhd           | –          | –          | 257,370    | 378,739    |
| - Davex Engineering (M) Sdn Bhd      | –          | –          | –          | 443,090    |
| - Casi Management Sdn Bhd            | –          | 205,121    | –          | –          |
| Workmanship charged by               |            |            |            |            |
| - USH Garment (Nibong Tebal) Sdn Bhd | 1,425,566  | –          | –          | –          |
| - USJ Embroidery Sdn Bhd             | 741,001    | –          | –          | –          |
| - CNT Garments Sdn Bhd               | 1,204,598  | –          | –          | –          |

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

### 35. COMMITMENTS

|  | Group      |            |
|--|------------|------------|
|  | 2000<br>RM | 1999<br>RM |
| (a) Capital commitments  |            |            |
| Approved and contracted capital expenditure not provided for in the financial statements | 1,182,000  | 3,104,000  |
| (b) Operating lease commitments  |            |            |
| - payable not later than one year  | 527,000    | 551,000    |
| - payable later than one year and not later than five years                              | 703,000    | 377,000    |
| - payable later than five years  | 1,311,000  | 660,000    |
|  | 2,541,000  | 1,588,000  |
|  | 3,723,000  | 4,692,000  |

### 36. CONTINGENT LIABILITIES

|  | Group          |                  | Company            |                    |
|--|----------------|------------------|--------------------|--------------------|
|  | 2000<br>RM     | 1999<br>RM       | 2000<br>RM         | 1999<br>RM         |
| Unsecured corporate guarantees given to secure banking and other credit facilities granted to subsidiary companies   | –              | –                | 142,000,000        | 125,700,000        |
| Recourse against a subsidiary company in respect of loans granted by a financial institution to members of Montez Golf and Country Club to finance licence fees payable by the latter to the said subsidiary company | 300,000        | 1,500,000        | –                  | –                  |
|  | <u>300,000</u> | <u>1,500,000</u> | <u>142,000,000</u> | <u>125,700,000</u> |

### 37. SEGMENT REPORTING

#### Analysis by activities

|  | Gross<br>revenue<br>RM | Profit/(Loss)<br>before taxation<br>RM | Assets<br>employed<br>RM |
|--|------------------------|--|--------------------------|
| 2000   |                        |  |                          |
| Manufacturing                                  | 404,936,197            | 19,660,916                             | 248,642,015              |
| Properties                                     | 53,089,966             | (1,438,343)                            | 248,700,393              |
| General trading                                | 11,690,773             | (375,162)                              | 15,957,263               |
| Investments                                    | 376,352                | (5,717,740)                            | 13,176,827               |
| Leisure  | 5,484,661              | (1,696,529)                            | 37,287,278               |
| Others   | 1,309,636              | (7,390,650)                            | 70,219,250               |
|  | <u>476,887,585</u>     | <u>3,042,492</u>                       | <u>633,983,026</u>       |
| Group's share of associated companies' results | –                      | (378,173)                              | –                        |
|  | <u>476,887,585</u>     | <u>2,664,319</u>                       | <u>633,983,026</u>       |
| 1999   |                        |  |                          |
| Manufacturing                                  | 302,877,007            | 34,830,455                             | 190,280,774              |
| Properties                                     | 52,905,634             | (8,354,966)                            | 271,131,487              |
| General trading                                | 4,463,613              | (1,597,753)                            | 11,976,909               |
| Investments                                    | 4,219,865              | (8,452,973)                            | 17,079,765               |
| Leisure  | 5,004,399              | (1,994,399)                            | 35,885,572               |
| Others   | 900,427                | 814,975                                | 75,742,090               |
|  | <u>370,370,945</u>     | <u>15,245,339</u>                      | <u>602,096,597</u>       |
| Group's share of associated companies' results | –                      | 1,109,027                              | –                        |
|  | <u>370,370,945</u>     | <u>16,354,366</u>                      | <u>602,096,597</u>       |

#### Analysis by geographical locations

|              | Gross<br>revenue<br>RM | Profit/(Loss)<br>before taxation<br>RM | Assets<br>employed<br>RM |
|--------------|------------------------|--|--------------------------|
| 2000         |                        |  |                          |
| Malaysia     | 233,840,064            | (1,685,108)                            | 423,559,628              |
| Asia Pacific | 241,791,270            | 10,922,335                             | 121,865,552              |
| Others       | 1,256,251              | (6,572,908)                            | 88,557,846               |
|              | <u>476,887,585</u>     | <u>2,664,319</u>                       | <u>633,983,026</u>       |
| 1999         |                        |  |                          |
| Malaysia     | 224,950,085            | (1,049,972)                            | 448,419,104              |
| Asia Pacific | 144,824,895            | 16,098,347                             | 78,762,525               |
| Others       | 595,965                | 1,305,991                              | 74,914,968               |
|              | <u>370,370,945</u>     | <u>16,354,366</u>                      | <u>602,096,597</u>       |

#### 38. SIGNIFICANT EVENT DURING THE YEAR

During the financial year, the Company has obtained approval from the relevant authorities for the following proposals:

- (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 have not been implemented to-date and the Securities Commission has approved an extension of time to the Company for the implementation of the above by 23 June 2001.

#### 39. SUBSEQUENT EVENT

Subsequent to the year end, a subsidiary company, Phili-Orient Lines (Penang) Sdn Bhd acquired the entire issued and paid-up share capital of Phili-Orient Lines (Johor) Sdn Bhd ("PO-Johor"), representing 2 ordinary shares of RM1.00 each at par value for cash. The principal activity of PO-Johor is the provision of freight forwarding services.

#### 40. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in accordance with MASB Standards for the first time together with the relevant comparatives.

# STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 21 to 63 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 2000 and of their results and cash flows 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

27th April 2001

# 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 financial statements set out on pages 21 to 63 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 | ) |                      |
| Kuala Lumpur                        | ) |                      |
|                                     | ) |                      |
| this 27th April 2001                | ) | DATO' SURIN UPATKOON |

Before me:

Hamzah Bin Haji Sulaiman  
Commissioner for Oaths

# PROPERTIES HELD BY THE GROUP

| Particulars of Titles   | Tenure   | Land Area    | Description/<br>Existing Use                     | Net Book<br>Value as at<br>31.12.00<br>RM | Approximate<br>Age of<br>Building |
|---|--|--------------|--|---|-----------------------------------|
| <b>PENANG</b>   |  |              |  |   |                                   |
| 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                      | 4,785,611                                 | 26 years                          |
| Lots 895, 896 & 1234 Mukim 15 Seberang Perai Tengah Penang                              | Freehold                                       | 3.95 acres   | Office and factory building                      | 8,550,538                                 | 35 years                          |
| Grant (1st Grade) 11818 Lot 1233, Section 1 Georgetown, N.E.D. Penang                   | Freehold                                       | 17,538 sq ft | 1 storey out of 8 storey office block for rental | 2,064,249                                 | 7 years                           |
| Lots 198, 199, 200 & 201 Mukim 14, Central District of Province Wellesley Penang        | Freehold                                       | 11.98 acres  | Land for development                             | 22,841,000                                | –                                 |
| Lot 278 Bandar Bukit Bendera Penang   | Leasehold (99 years - expiring on 30.04.2030)  | 0.64 acre    | Bungalow   | 1,165,041                                 | 69 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                | 21,883,092                                | 7 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                                 | 4,148,260                                 | 8 years                           |
| Holding No. 243, T.S.17 North East District Penang                                      | Freehold                                       | 0.04 acre    | Shophouse - vacant                               | 126,493                                   | 80 years                          |
| Lots 524, 525, 526 & 739 Section 14, Georgetown Penang                                  | Freehold                                       | 0.62 acre    | Land for development                             | 5,858,460                                 | –                                 |
| Indahmas, Lots 330-333, Title No. 12782-12785 Mukim 13, Daerah Timur Laut Pulau Pinang  | Freehold                                       | 2,375 sq ft  | Apartment  | 372,400                                   | 10 years                          |

| Particulars of Titles   | Tenure   | Land Area     | Description/<br>Existing Use   | Net Book<br>Value as at<br>31.12.00<br>RM | Approximate<br>Age of<br>Building |
|---|--|---------------|--|---|-----------------------------------|
| <b>PENANG</b>   |  |               |  |   |                                   |
| H.S. (D) 253<br>P.T. 277, Seksyen 11E<br>Georgetown, D.T.L.<br>Penang                         | Leasehold<br>(99 years -<br>expiring on<br>25.11.2089) | 5,255 sq ft   | 3 units of<br>shophouses<br>- office &<br>laboratory   | 785,435                                   | 6 years                           |
| H.S. (D) 578<br>P.T. No. 474, Mukim 6<br>Daerah Seberang Perai Tengah<br>Penang               | Leasehold<br>(60 years -<br>expiring on<br>23.09.2052) | 5.88 acres    | Office and<br>factory<br>building  | 7,173,564                                 | 2 year                            |
| Lots 1337, 1334, 1181<br>1183, Mk. 7<br>Seberang Perai Utara<br>Penang                        | Freehold   | 10.64 acres   | Land for<br>development  | 3,327,257                                 | –                                 |
| Lot 788, Sek. 19<br>Bandar Georgetown<br>D.T.L.<br>Penang                                     | Freehold   | 37,703 sq ft  | 20 storey out<br>of 25 storey<br>office block with<br>1 basement<br>car park<br>- office &<br>for rental | 45,495,873                                | 4 years                           |
| Geran No. 52339<br>Lot 374, 317, Section 1<br>North East District<br>Penang                   | Freehold   | 318,260 sq ft | Land for<br>development  | 13,370,000                                | –                                 |
| <b>KEDAH</b>  |  |               |  |   |                                   |
| Lot 38, Kulim Industrial Estate<br>Mukim Sg. Seluang<br>District of Kulim<br>Kedah Darul Aman | Leasehold<br>(99 years -<br>expiring on<br>28.01.2085) | 9.06 acres    | Factory<br>building  | 3,897,071                                 | 11 years                          |
| H.S. (D) 85/92. P.T. 18863<br>Sg. Petani, Daerah Kuala Muda<br>Kedah Darul Aman               | Leasehold<br>(60 years -<br>expiring on<br>12.04.2052) | 3.02 acres    | Factory<br>building  | 2,548,067                                 | 5 years                           |
| <b>SELANGOR</b>   |  |               |  |   |                                   |
| H.S. (M) 3760, P.T. 11<br>Mukim of Batu<br>Batu Caves<br>Selangor Darul Ehsan                 | Leasehold<br>(99 years -<br>expiring on<br>05.09.2074) | 9.03 acres    | Office and<br>factory<br>building  | 20,245,228                                | 9 years                           |
| H.S. (D) 57415, P.T. 541<br>Mukim of Bukit Raja<br>Daerah Petaling<br>Selangor Darul Ehsan    | Leasehold<br>(99 years -<br>expiring on<br>04.12.2090) | 209 acres     | Golf course<br>& Clubhouse<br>and residential<br>development   | 82,716,282                                | 6 years                           |

| Particulars of Titles  | Tenure   | Land Area    | Description/<br>Existing Use                            | Net Book<br>Value as at<br>31.12.00<br>RM | Approximate<br>Age of<br>Building |
|--|--|--------------|---|---|-----------------------------------|
| SELANGOR   |  |              |   |   |                                   |
| H.S. (D) 23566, P.T. 9314<br>Mukim Damansara<br>Daerah Petaling<br>Selangor Darul Ehsan                | Leasehold<br>(99 years -<br>expiring on<br>13.09.2089) | 1988 sq ft   | 1½ storey<br>terrace factory<br>- office &<br>warehouse | 255,816                                   | 9 years                           |
| JOHOR  |  |              |   |   |                                   |
| H.S. (D) 10548, PTD 9170<br>Mukim of Simpang Kanan<br>Batu Pahat<br>Johor Darul Takzim                 | Freehold   | 0.03 acre    | Double storey<br>shophouse<br>- tenanted                | 173,673                                   | 13 years                          |
| KUALA LUMPUR   |  |              |   |   |                                   |
| H.S. (D) 30053, P.T. 4<br>Section 19, Town of<br>Kuala Lumpur  | Freehold   | 40,191 sq ft | 39 units of<br>penthouses and<br>condominiums           | 15,160,064                                | 7 years                           |
| Lots 1937-1939, 1947<br>2507-2512, 2483<br>P.T. 41670, 41763<br>41764, 42051<br>Kepong<br>Kuala Lumpur | Freehold   | 26.6 acres   | Land for<br>development                                 | 75,312,703                                | –                                 |
| AUSTRALIA  |  |              |   |   |                                   |
| Lot 38<br>Registered plan 222774<br>County of Ward<br>Parish of Nerang                                 | Freehold   | 18,862 sq ft | Solid brick<br>office, factory<br>and warehouse         | 1,395,625                                 | 5 years                           |

# ANALYSIS OF SHAREHOLDINGS

## AS AT 8TH MAY 2001

Authorised Capital - RM500,000,000  
 Issued and Paid-up Capital - RM209,793,969  
 Class of Shares - Ordinary Shares of RM1.00 each

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Holdings     | No. of Shareholders | %      | No. of Shares | %      |
|----------------------|---------------------|--------|---------------|--------|
| Less than 1,000      | 342                 | 2.29   | 139,961       | 0.07   |
| 1,000 - 10,000       | 13,358              | 89.37  | 40,807,858    | 19.45  |
| 10,001 - 100,000     | 1,130               | 7.56   | 28,747,408    | 13.70  |
| 100,001 - 10,489,698 | 113                 | 0.76   | 94,115,320    | 44.86  |
| 10,489,699 and above | 3                   | 0.02   | 45,983,422    | 21.92  |
| Total                | 14,946              | 100.00 | 209,793,969   | 100.00 |

### THIRTY LARGEST SHAREHOLDERS

| Name   | No. of Shares | %     |
|--|---------------|-------|
| 1. SOUTHERN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Casi Management Sdn Bhd</i>                     | 21,662,195    | 10.33 |
| 2. SOUTHERN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Pinjaya Sdn Bhd</i>                             | 13,665,227    | 6.51  |
| 3. MAYBAN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Pinjaya Sdn Bhd</i>                               | 10,656,000    | 5.08  |
| 4. UMB NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Eastern &amp; Oriental Berhad</i>                    | 8,418,000     | 4.01  |
| 5. KAMUNTING CORPORATION BERHAD  | 8,200,000     | 3.91  |
| 6. SIMANSU SDN BHD   | 8,058,000     | 3.84  |
| 7. SYARIKAT NOMINEE BUMIPUTRA (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for A A Anthony &amp; Co Sdn Bhd</i>       | 6,175,000     | 2.94  |
| 8. GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED   | 5,509,000     | 2.63  |
| 9. JB SECURITIES SDN BHD   | 4,100,000     | 1.95  |
| 10. EMPLOYEES PROVIDENT FUND BOARD   | 3,239,000     | 1.54  |
| 11. AAA NOMINEES (TEMPATAN) SDN BHD<br><i>For Eastern &amp; Oriental Berhad</i>  | 3,000,000     | 1.43  |
| 12. AAA NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Beh Guet Beng</i>                                   | 2,793,500     | 1.33  |
| 13. AAA NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Bizurai Bijak (M) Sdn Bhd</i>                       | 2,684,000     | 1.28  |
| 14. TAN ENG SENG HOLDINGS SDN BERHAD - IN LIQUIDATION  | 2,590,000     | 1.23  |
| 15. U.B. NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for A A Anthony &amp; Co Sdn Bhd</i>                   | 2,156,000     | 1.03  |
| 16. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Golden Bay Holding Sdn Bhd</i>              | 1,967,500     | 0.94  |
| 17. GREENLAND TIMBER INDUSTRIES (PRIVATE) LIMITED  | 1,774,000     | 0.85  |
| 18. HDM NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Wong May Yan</i>                                    | 1,770,000     | 0.84  |
| 19. HDM NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Wong Swee Lin</i>                                   | 1,650,000     | 0.79  |
| 20. CASI MANAGEMENT SDN BHD  | 1,552,500     | 0.74  |
| 21. GOLDEN BAY HOLDING SDN BHD   | 1,350,000     | 0.64  |
| 22. MAYBAN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for A. A. Anthony &amp; Co Sdn Bhd</i>               | 1,278,000     | 0.61  |
| 23. AAA NOMINEES (TEMPATAN) SDN BHD  | 1,210,000     | 0.58  |
| 24. CIMSEC NOMINEES (TEMPATAN) SDN BHD<br><i>Pengurusan Danaharta Nasional Berhad for Raja Zainal Abidin bin Raja Hussin</i> | 1,209,000     | 0.58  |
| 25. CARTABAN NOMINEES (ASING) SDN BHD<br><i>Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG</i>  | 1,000,000     | 0.48  |



| Name  | No. of Shares | %     |
|---|---------------|-------|
| 26. ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Muhammad Marzuki Bin A. Samad</i> | 968,000       | 0.46  |
| 27. INTER-PACIFIC EQUITY NOMINEES (ASING) SDN BHD   | 936,500       | 0.45  |
| 28. PACIFIC & ORIENT INSURANCE CO BERHAD  | 900,000       | 0.43  |
| 29. HSBC NOMINEES (ASING) SDN BHD<br><i>HSBC (M) Trustee Bhd for 'Surin Upapatthang' koon @ Lau Kim Khoon</i>         | 788,392       | 0.38  |
| 30. ALLIEDBAN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Sih Lai Peng</i>                       | 729,500       | 0.35  |
| Total   | 121,989,314   | 58.15 |

#### SUBSTANTIAL SHAREHOLDERS

| Name  | Direct Interest<br>No. of Shares | %     | Indirect Interest<br>No. of Shares | %     |
|---|----------------------------------|-------|------------------------------------|-------|
| Pinjaya Sdn Bhd                               | 24,321,227                       | 11.60 | –                                  | –     |
| Lim Teck Ming @ Ling Teck Ming                | –                                | –     | 24,321,227 (a)                     | 11.60 |
| Casi Management Sdn Bhd                       | 23,162,695                       | 11.04 | –                                  | –     |
| Dato' Surin Upatkoon                          | 786,630                          | 0.38  | 23,162,695 (b)                     | 11.04 |
| Kamunting Corporation Berhad                  | 8,200,000                        | 3.91  | –                                  | –     |
| Dynamic Degree Sdn Bhd                        | –                                | –     | 8,200,000 (c)                      | 3.91  |
| Eastern & Oriental Berhad                     | 11,418,000                       | 5.44  | 8,200,000 (d)                      | 3.91  |
| Simansu Sdn Bhd                               | 8,258,000                        | 3.94  | –                                  | –     |
| Tan Chor Teck                                 | 350,000                          | 0.17  | 8,258,000 (e)                      | 3.94  |
| Tham Ka Hon                                   | –                                | –     | 19,618,000 (f)                     | 9.35  |
| Greenland Timber Industries (Private) Limited | 7,500,000                        | 3.57  | –                                  | –     |
| Beh Guet Beng                                 | 5,548,500                        | 2.65  | –                                  | –     |

#### Notes:

- (a) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Pinjaya Sdn Bhd.
- (b) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Casi Management Sdn Bhd.
- (c) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Kamunting Corporation Berhad.
- (d) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Dynamic Degree Sdn Bhd and Kamunting Corporation Berhad.
- (e) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Simansu Sdn Bhd.
- (f) Deemed interested by virtue of Section 6A(4) of the Companies Act, 1965 held through Eastern & Oriental Berhad and Kamunting Corporation Berhad.

# ANALYSIS OF WARRANT HOLDINGS

## AS AT 8TH MAY 2001

### DISTRIBUTION OF WARRANT HOLDINGS

| Size of Holdings    | No. of<br>Warrant Holders | %      | No. of<br>Warrants | %      |
|---------------------|---------------------------|--------|--------------------|--------|
| Less than 1,000     | 326                       | 5.56   | 152,137            | 0.23   |
| 1,000 - 10,000      | 5,035                     | 85.92  | 14,088,091         | 21.29  |
| 10,001 - 100,000    | 454                       | 7.75   | 11,212,748         | 16.95  |
| 100,001 - 3,307,864 | 40                        | 0.68   | 17,447,000         | 26.37  |
| 3,307,865 and above | 5                         | 0.09   | 23,257,307         | 35.16  |
| Total               | 5,860                     | 100.00 | 66,157,283         | 100.00 |

### THIRTY LARGEST WARRANT HOLDERS

| Name   | No. of<br>Warrants | %     |
|--|--------------------|-------|
| 1. CASI MANAGEMENT SDN BHD   | 8,209,841          | 12.41 |
| 2. MAYBAN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Pinjaya Sdn Bhd</i>           | 4,188,000          | 6.33  |
| 3. PINJAYA SDN BHD   | 4,001,466          | 6.05  |
| 4. SOUTHERN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Pinjaya Sdn Bhd</i>         | 3,490,000          | 5.28  |
| 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. SOUTHERN NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Casi Management Sdn Bhd</i> | 2,006,000          | 3.03  |
| 9. AAA NOMINEES (TEMPATAN) SDN BHD   | 1,785,000          | 2.70  |
| 10. BIZURAI BIJAK (M) SDN BHD  | 1,300,000          | 1.97  |
| 11. TAN ENG SENG HOLDINGS SDN BERHAD - IN LIQUIDATION  | 1,036,000          | 1.57  |
| 12. CHOOI WANYUET  | 530,000            | 0.80  |
| 13. AMSEC NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Sim Kay Huan</i>              | 400,000            | 0.60  |
| 14. GOLDEN BAY HOLDING SDN BHD   | 337,000            | 0.51  |
| 15. ONG LOO CHOON  | 298,000            | 0.45  |
| 16. CASI MANAGEMENT SDN BHD  | 285,500            | 0.43  |
| 17. CHEN LAI FUN   | 281,000            | 0.42  |
| 18. AAA NOMINEES (TEMPATAN) SDN BHD  | 280,000            | 0.42  |
| 19. YEE WENG THONG   | 262,000            | 0.40  |
| 20. LAU KWAI   | 250,000            | 0.38  |
| 21. TENG CHENG SENG  | 217,000            | 0.33  |
| 22. FOO PAK KHEAN  | 210,000            | 0.32  |
| 23. RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Chang Poh Wah</i>       | 205,000            | 0.31  |
| 24. CHEONG KEE WAH   | 190,000            | 0.29  |
| 25. PUBLIC NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Goh Kim Sua</i>              | 190,000            | 0.29  |
| 26. F.I.T NOMINEES (ASING) SDN BHD<br><i>Lum Chang Securities Pte Ltd for Wong Poh Leng</i>              | 184,000            | 0.28  |
| 27. AMSEC NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Woo Chon Fatt</i>             | 173,000            | 0.26  |
| 28. CHANG LEE LEE  | 164,400            | 0.25  |
| 29. M.I.T NOMINEES (TEMPATAN) SDN BHD<br><i>Pledged Securities Account for Wong Mei Yoke</i>             | 158,000            | 0.24  |
| 30. MD NOOR BIN NORDIN   | 152,600            | 0.23  |
| Total  | 38,894,307         | 58.79 |

# FORM OF PROXY



**MWE HOLDINGS BERHAD**  
(Company No. 5713-D)

Registered Office:  
846, Jalan Raya  
14209 Sungei Bakap  
Seberang Perai Selatan

|                           |
|---------------------------|
| <b>NO. OF SHARES HELD</b> |
|                           |

I/We, \_\_\_\_\_ NRIC No: \_\_\_\_\_  
of \_\_\_\_\_  
being a member/members of MWE HOLDINGS BERHAD, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No: \_\_\_\_\_  
of \_\_\_\_\_  
or failing whom \_\_\_\_\_ NRIC No: \_\_\_\_\_  
of \_\_\_\_\_

or failing whom, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Company's Registered Office at 846, Jalan Raya, 14209 Sungei Bakap, Seberang Perai Selatan on Wednesday, 20th June 2001 at 10.30 a.m. and at any adjournment thereof.

|    | RESOLUTIONS   | FOR | AGAINST |
|----|---|-----|---------|
| 1. | Adoption of Accounts and Reports  |     |         |
| 2. | Declaration of First and Final Dividend   |     |         |
| 3. | Re-election of Dato' Surin Upatkoon as Director   |     |         |
| 4. | Re-election of Dato' Shahbudin Bin Imam bin Mohamad as Director   |     |         |
| 5. | Re-election of Mr. Tan Chor Teck as Director  |     |         |
| 6. | Re-appointment of Tan Sri Datuk A. Samad bin Idris as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 |     |         |
| 7. | Approval of Directors' fees   |     |         |
| 8. | Re-appointment of Auditors  |     |         |
| 9. | Special Business:<br>– Authority to Directors to allot and issue shares under Section 132D of the Companies Act, 1965               |     |         |

*[Please indicate with an "X" in the space provided how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.]*

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

\_\_\_\_\_  
Signature of Shareholder(s)

**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. Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No.2) Act, 1998 which came into effect on 1st November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1st December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, only the MOF is eligible to attend the Meeting in respect of such undeposited shares.

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Stamp

The Company Secretary  
MWE HOLDINGS BERHAD (5713-D)  
846, Jalan Raya  
14209 Sungei Bakap  
Seberang Perai Selatan

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