

# Contents

	<b>PAGE</b>
Notice of Meeting	2
Dividend Announcement	4
Corporate Information	5
Profile of Directors	6
Name of Subsidiaries and Associated Companies	10
Group Structure	11
Chairman's Statement	12
Five-Year Group Financial Summary	14
Financial Highlights of The Group	15
Financial Calendar	16
Statement on Corporate Governance	17
Audit Committee Report	25
Terms of Reference of the Audit Committee	27
Statement on Internal Control	30
Directors' Report	32
Statement by Directors	36
Statutory Declaration	36
Report of the Auditors to the Stockholders	37
Balance Sheets	38
Income Statements	39
Statement Of Recognised Gains And Losses	40
Cash Flow Statements	41
Notes to the Financial Statements	45
List of Properties Owned by the Group	85
Stockholdings Statistics	96
Proxy Form	99



## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Forty First Annual General Meeting of stockholders of the Company will be held at Sri Perak I & II, Level 4, The City Bayview Hotel, 25A Farquhar Street, 10200 Penang on Thursday, 26 June 2003 at 12.00 noon for the following purposes:

1. To receive and adopt the audited Financial Statements for the year ended 31 December 2002 together with the Directors' Report and Auditors' Report thereon **Resolution 1**
2. To declare a Final Dividend of 8% less tax and a Special Dividend of 4.5% less tax for the year ended 31 December 2002 **Resolution 2**
3. (i) To re-elect the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 :
  - a) Dato' Loh Say Bee **Resolution 3**
  - b) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail **Resolution 4**
- (ii) To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association :
  - a) Dato' Loh Cheng Yean **Resolution 5**
  - b) Dato' Wong Lum Kong **Resolution 6**
- (iii) To re-elect the following Directors who retire in accordance with Article 138 of the Company's Articles of Association.
  - a) Seiji Kuraishi **Resolution 7**
  - b) Sharifah Intan Binti S.M. Aidid **Resolution 8**
4. To approve the increase in Directors' Fees from RM25,000 to RM40,000 each for the year ended 31 December 2002. **Resolution 9**
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 10**
6. As Special Business, to consider and if thought fit, pass with or without any modification, the following Ordinary Resolutions :
  - i) **Proposed Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue Nature**

"THAT pursuant to Chapter 10.09 of the Listing Requirements of the Kuala Lumpur Stock Exchange, a general mandate of the Shareholders be and is hereby granted for the Company and/or its subsidiaries to enter into the recurrent arrangements or transactions of a revenue or trading nature, as set out in the Company's Circular to Stockholders dated 4 June 2003 ("the Circular") with any person who is a related party as described in the Circular as follows, provided that such transactions are undertaken in the ordinary course of business, on an arm's length basis, on normal commercial terms, on terms not more favourable to the Related Party than those generally available to the public and are not, in the Company's opinion, detrimental to the minority stockholders; and that disclosure will be made in the annual report of the aggregate value of transactions conducted during the financial year; and that such approval, unless revoked or varied by the Company in general meeting, shall continue to be in force until the conclusion of the next Annual



General Meeting of the Company:-

- |  |                      |
|--|----------------------|
| a) Recurrent Related Party Transactions of a revenue or trading nature involving the Company and/or its subsidiaries with Boon Siew Sdn Bhd Group; | <b>Resolution 11</b> |
| b) Recurrent Related Party Transaction of a revenue or trading nature involving the Company and/or its subsidiaries with Honda Motor Co., Ltd.;    | <b>Resolution 12</b> |
| c) Recurrent Related Party Transactions of a revenue or trading nature involving the Company and/or its subsidiaries with Dato' Aidid's family."   | <b>Resolution 13</b> |

ii) **Proposed Renewal Of Stock Buy-Back** **Resolution 14**

"THAT, subject to compliance with Section 67A of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time) and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities, approval be and is hereby given to the Company to utilise up to RM349 million which represents the audited retained profits reserve of the Company as at 31 December 2002, otherwise available for dividend for the time being, to purchase on the Kuala Lumpur Stock Exchange ("KLSE") its own stocks up to 51,700,000 ordinary stocks of RM1.00 each representing 10% of the issued and paid up share capital of the Company of 517,000,000 ordinary stocks of RM1.00 each as at 28 April 2003 (including 31,808 Stocks retained as Treasury Stocks) AND THAT upon completion of the purchase(s) of the Stocks by the Company, the Stocks shall be dealt with in the following manner :-

- a) to cancel the Stocks so purchased; or
- b) to retain the Stocks so purchased in treasury for distribution as dividends to the stockholders and/or resell on the market of the KLSE; or
- c) to retain part of the Stocks so purchased as treasury stocks and cancel the remainder.

whereby an announcement regarding the intention of the Directors of the Company in relation to the proposed treatment of the shares purchased and rationale thereof will be made to the KLSE AND THAT such authority from the stockholders would be effective immediately upon passing of this Ordinary Resolution up till the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by Ordinary Resolution in a general meeting of stockholders of the Company) but not so as to prejudice the completion of a purchase by the Company or any person before the aforesaid expiry date, in any event, in accordance with the provisions of the guidelines issued by the KLSE or any other relevant authorities; AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement or to effect the purchase of OHB Stocks."

7. To transact any other businesses of which due notice shall have been given in accordance with the Company's Articles of Association.



## DIVIDEND ANNOUNCEMENT

**NOTICE IS ALSO HEREBY GIVEN** that a depositor shall qualify for entitlement to the dividend only in respect of :-

- a. Stocks transferred into the Depositor's Securities Account before 4:00 p.m. on 1 July 2003 in respect of ordinary transfers; and
- b. Stocks bought on the Kuala Lumpur Stock Exchange on a cum dividend entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The Final Dividend, if approved, will be paid on 28 July 2003 to depositors registered in the Records of Depositors at the close of business on 1 July 2003.

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

**By Order of the Board**

**C. T. DIONG**  
(Secretary)

Penang, 4 June 2003.

**Notes :**

1. A stockholder entitled to attend and vote at this Meeting may appoint a proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the proxy form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2<sup>nd</sup> Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time for holding the meeting or adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

**Explanatory Notes on Special Business :**

The proposed resolutions 11 to 13, if passed will renew the stockholders' mandate on Recurrent Related Party Transactions and allow the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Chapter 10 of the Listing Requirements of the Kuala Lumpur Stock Exchange. This approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by the law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.

The proposed resolution 14, if passed will allow the Company to purchase its own stocks. The total number of stocks purchased shall not exceed 51,700,000 stocks representing 10% of the issued and paid up share capital of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.



YM Tengku Tan Sri Dato' Seri Ahmad

10050 Penang

**BOARD OF DIRECTORS**

***Executive Directors***

**Chairman**

Dato' Loh Cheng Yean  
D.S.P.N.

**Managing Director**

Dato' Wong Lum Kong  
D.S.S.A., J.P.

Lim Su Tong @ Lim Chee Tong

***Independent Non-Executive Directors***

Rithauddeen bin Tengku Ismail  
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

Dato' Loh Say Bee  
D.M.P.N., A.M.N., P.K.T., P.J.K.

Dato' Prof. Dr Tunku Ismail Bin Tunku  
Mohammad Jawa  
D.S.D.K., K.M.N., P.K.T., P.K., P.P.A., Ph.D

***Non-Executive Directors***

Dato' Dr. Tan Chong Siang  
D.S.P.N., D.J.N., P.K.T.

Seiji Kuraishi

Sharifah Intan Binti S.M. Aidid

**REGISTERED OFFICE**

Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42-A, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No : 04-2294 390  
Fax No : 04-2265 860

**REGISTRAR**

AGRITEUM Share Registration Services  
Sdn. Bhd.  
2<sup>nd</sup> Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah

Tel No : 04-2282 321  
Fax No : 04-2272 391

**AUDITORS**

KPMG, Penang  
Chartered Accountants

**BANKERS**

Citibank Berhad  
OCBC Bank (Malaysia) Berhad  
HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
EON Bank Bhd

**SECRETARY**

C. T. Diong, F.C.A. (Aust), C.P.A.

**LISTING**

The Kuala Lumpur Stock Exchange  
Main Board  
Stock Code : 4006

**AUDIT COMMITTEE**

**Chairman**

YM Tengku Tan Sri Dato' Seri Ahmad  
Rithauddeen Bin Tengku Ismail

**Members**

Dato' Wong Lum Kong

Dato' Loh Say Bee

Dato' Prof. Dr Tunku Ismail Bin Tunku  
Mohammad Jawa

Sharifah Intan Binti S.M. Aidid



## PROFILE OF BOARD OF DIRECTORS

### **Dato' Loh Cheng Yean**

Dato' Loh, aged 59, a Malaysian, is a Non-Independent Executive Director and has been a board member since April 6, 1987.

She completed her college education in London. Upon her return to Malaysia, she began working with the Oriental Group for nearly 30 years. Currently, she oversees the Kah Motor Singapore Operations as well as the whole hotel divisions of the Group.

She is also the Chairman of Singapore Safety Driving Centre Ltd and a Director of Tasek Corporation Berhad, Honda Malaysia Sdn Bhd, Tun Sardon Foundation and Asia Insurance (Malaysia) Berhad.

She attended all the 5 Board Meetings held in 2002.

She is a sister in law of Dato' Wong Lum Kong, Dato' Dr Tan Chong Siang and Mr Lim Su Tong.

### **Dato' Wong Lum Kong, JP**

Dato' Wong, aged 62, a Malaysian, is a Non-Independent Executive Director and was appointed to the Board on April 12, 1976.

An Australian trained Accountant, Dato' Wong is a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants, the Australian Society of Accountants and the Malaysian Institute of Directors.

His working career started off in 1964 when he assumed the post of General Manager of a manufacturing and trading concern dealing in non-consumable products. From 1967 to 1971, he was attached to a local accounting firm as a Senior Accountant, and during this period, he was seconded to a stock broking firm for 1½ years to reorganise and manage the business.

Dato' Wong joined the Oriental Holdings Berhad Group in 1972 as General Manager and Advisor, with emphasis on the motor business. Since 1987, he has been the Group Managing Director, and because of his extensive years of experience in the motor trade spanning over four decades, he is to this day still overseeing the Group's overall business particularly the two and four wheelers as well as the manufacturing of automotive and plastic parts both locally and abroad. In addition to the motor trade, he is also actively involved in other businesses, including serving as director in the Group's subsidiary companies involved in hotel, plantation and construction machinery. In 2001, he was appointed Managing Director and CEO of Oriental-Hyundai Sdn. Bhd.; a subsidiary of Oriental Holdings Berhad formed to market and distribute Hyundai CKD vehicles in Malaysia. Past directorships' experiences were in leasing and finance.

Besides work, Dato' Wong is very much devoted to public services and has held some notable memberships and amongst them – Treasurer of the Council of Justices of the Peace of Selangor and is the Honorary Rotarian of the Rotary Club of Kuala Lumpur West.

In addition to board membership, Dato' Wong is also a member of the Audit Committee.

He attended all the 5 Board Meetings held in 2002.

Dato' Wong is the eldest brother-in-law of Dato' Loh Cheng Yean, Dato' Dr Tan Chong Siang and Mr Lim Su Tong.



### **Mr Lim Su Tong**

Mr Lim, aged 58, a Malaysian, is a Non-Independent Executive Director and has been a board member since July 1, 1974.

Mr Lim, a Bachelor of Arts (Hons.) Economics graduate has over 30 years of experience in business operations. He is in charge of finance, property development and plantation divisions of the Group. He is currently a director of Boon Siew Credit Berhad and Penang Yellow Bus Co. Bhd.

He attended all the 5 Board Meetings held in 2002.

He is a brother in law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong, JP and Dato' Dr Tan Chong Siang.

### **Tengku Tan Sri Dato Seri Ahmad Rithauddeen Bin Tengku Ismail**

YM Tengku, aged 71, a Malaysian, is an Independent Non-Executive Director and was appointed to the Board on February 9, 2000.

YM Tengku, a former Cabinet Minister, served with the government for 20 years in various ministries as Minister of Foreign Affairs, Ministry of International Trade and Industry, Minister at the Prime Minister's Office, before retiring in 1990 as Minister of Defence.

Tengku holds a Bachelor of Law degree from the University of Nottingham, United Kingdom and is a Barrister-at-Law from Lincoln's Inn.

He is also currently the Pro-Chancellor of Universiti Kebangsaan Malaysia, Chairman of Road Builder (M) Holdings Berhad and Kinta Kellas Public Limited Company, University of Nottingham Malaysia Sdn Bhd and Yayasan Amal of Inti College.

In January 2002, YM Tengku was conferred Doctor of Laws (Honoris Causa) by the University of Nottingham.

He is the Chairman of the Audit Committee.

He attended all the 5 Board Meetings held in 2002.

YM Tengku does not have any family relationship with any other Director and/or major shareholder of the Company.



### **Dato' Loh Say Bee**

Dato' Loh, aged 78, a Malaysian, is an Independent Non-Executive Director and has been a board member since September 11, 1964.

He completed his primary education in China before he came to Malaysia. He has over 50 years of experience in property development. He is the advisor to various development companies namely, Perumahan Concord Sdn Bhd, Seberang Perai Resort Berhad, Union Enterprise Sdn Bhd. He was also a Board Member of Southern Bank Berhad in the 1960's.

He is the Chairman of Loh Say Bee Sdn Bhd, the Managing Director of Sri Pinang Development Sdn Bhd and a director of The Corner Properties Berhad.

He is a member of the Audit Committee.

He attended all the 5 Board meetings held in 2002.

Dato' Loh does not have any family relationship with any other Director and/or major shareholder of the Company.

### **Dato' Prof. Dr. Tunku Ismail Bin Tunku Mohammad Jewa**

Tunku, aged 65, a Malaysian, is an Independent Non-Executive Director and has been a board member since July 2, 2001

Tunku, an educationist and a former Professor, holds a Post Doctoral qualification from Harvard. He ventured into the business world after he retires from University Sains Malaysia.

He is the Chairman of P.I.E. Industrial Berhad.

He is a member of the Audit Committee.

He attended 4 of the 5 Board Meetings held in 2002.

Tunku does not have any family relationship with any other Director and/or major shareholder of the Company.

### **Dato' Dr Tan Chong Siang**

Dato' Dr Tan, aged 62, a Malaysian, is a Non-Independent Non-Executive Director and has been a board member since April 7, 1995.

Dato' Dr Tan is a medical specialist by profession and a Chief Executive Officer of two private hospitals.

He attended all the 5 Board Meetings held in 2002.

He is a brother in law of Dato' Loh Cheng Yean, Dato' Wong Lum Kong and Mr Lim Su Tong.



### **Seiji Kuraishi**

Mr Seiji Kuraishi, aged 44, a Japanese, is a Non-Independent Non-Executive Director and has been a board member since December 30, 2002.

Mr Seiji Kuraishi holds a Bachelor of Engineering. He joined Honda Motor Co., Ltd. on 1 April 1982 and attached to SAYAMA Factory. On 1 April 2002, he was promoted to be Vice President of Honda Automobile (Thailand) Co., Ltd. and currently he is acting as a Managing Director and Chief Executive Director of Honda Malaysia Sdn Bhd.

He is not a board member of any other public listed company.

There was no Board Meeting held since his appointment in 2002.

Mr Seiji Kuraishi is the representative of Honda Motor Co., Ltd. He does not have any family relationship with any other Director and/or major shareholder of the Company.

### **Sharifah Intan Binti S M Aidid**

Puan Sharifah, aged 68, a Malaysian, is a Non-Independent Non-Executive Director. She ceased to be an Alternate Director to Dato' Haji S.M. Aidid and was appointed a Director on 25 July 2002.

After 20 years in the teaching profession, she took up law in 1980, and was called to the Bar in 1985. She is currently a partner of Messrs. Lim Huck Aik & Co, Advocates & Solicitors.

She is not a board member of any other public listed company.

She was appointed a member of Audit Committee on 18 February 2003.

She attended all the 5 Board Meetings held in 2002.

Puan Sharifah does not have any family relationship with any other Director and/or major shareholder of the Company.

#### **Notes:**

(a) *Conflict of Interest*

None of the Directors has any conflict of interest with the Group.

(b) *Convictions of Offences*

None of the Directors has been convicted of any offences within the past 10 years.



---

## NAME OF SUBSIDIARIES AND ASSOCIATED COMPANIES

<b>AAP</b>	Armstrong Auto Parts Sdn. Berhad
<b>ACP</b>	Armstrong Cycle Parts (Sdn). Berhad
<b>ACPV</b>	Armstrong Component Parts (Vietnam) Co., Ltd
<b>AI</b>	Armstrong Industries Sdn. Bhd.
<b>AR</b>	Armstrong Realty Sdn. Bhd.
<b>ATS</b>	Armstrong Trading & Supplies Sdn. Bhd.
<b>ATTS</b>	AT-TS Marketing Sdn. Bhd.
<b>BBDS</b>	Bukit Batok Driving Centre Ltd.
<b>Bint</b>	Bayview International Sdn. Bhd.
<b>BSB</b>	Boon Siew (Borneo) Sendirian Berhad
<b>BSKah</b>	B. S. Kah Pte. Ltd.
<b>CC</b>	Compounding & Colouring Sdn. Bhd.
<b>ChDev</b>	Chainferry Development Sdn. Berhad
<b>DF</b>	Dragon Frontier Sdn. Bhd.
<b>Gbay</b>	Geographe Bayview Resort
<b>HAP</b>	Honda Autoparts Manufacturing (M) Sdn. Bhd.
<b>HM</b>	Happy Motoring Company Sdn. Bhd.
<b>HS</b>	Hymold (Su Zhou) Co., Ltd
<b>HTSM</b>	Hicom Teck See Manufacturing Malaysia Sdn. Bhd.
<b>Jasa</b>	Jasabudi Sdn. Bhd.
<b>Juta</b>	Jutajati Sdn. Bhd.
<b>Kah M</b>	Kah Motor Company Sdn. Berhad
<b>KAust</b>	Kah Australia Pty. Ltd.
<b>KBA</b>	Kah Bintang Auto Sdn. Bhd.
<b>Ken</b>	Kenanga Mekar Sdn. Bhd.
<b>KNZ</b>	Kah New Zealand Limited
<b>KWE</b>	Kwong Wah Enterprise Sdn. Bhd.
<b>LEM</b>	Lipro Electrical Manufacturing Sdn. Bhd.
<b>LKE</b>	Lipro Kyowa Electronics Sdn. Bhd.
<b>LMold</b>	Lipro Mold Engineering Sdn. Bhd.
<b>LSB</b>	Lipro Sdn. Bhd.
<b>LT</b>	Lipro Trading Sdn. Bhd.
<b>NME</b>	North Malaya Engineers Trading Company Sdn. Bhd.
<b>NMEO</b>	North Malaya Engineers Overseas Sdn. Bhd.
<b>NMX</b>	North Malaya (Xiamen) Steel Company Limited
<b>OA</b>	Oriental Assemblers Sdn. Bhd.
<b>OBSM</b>	Oriental Boon Siew Mauritius Pte. Ltd.
<b>OC</b>	Syarikat Oriental Credit Berhad
<b>OHCM</b>	Oriental-Hitachi Construction Machinery Sdn. Bhd.
<b>OHY</b>	Oriental-Hyundai Sdn Bhd
<b>OIM</b>	Oriental International (Mauritius) Pte Ltd
<b>OIW</b>	Oriental Industries (Wuxi) Co. Ltd
<b>OKI</b>	P. T. Oriental Kyowa Industries
<b>OKPI</b>	Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd
<b>OL</b>	Onward Leasing & Credit Sdn. Bhd.
<b>Olog</b>	Oriental-Logistics Sdn Bhd
<b>ONDE</b>	Oriental Nichinan Design Engineering Sdn. Bhd.
<b>OR</b>	Oriental Realty Sdn. Bhd.
<b>ORPO</b>	Oriental Rubber & Palm Oil Sdn. Berhad
<b>OSI</b>	Oriental San Industries Sdn. Bhd.
<b>OTIC</b>	Oriental Thai Industries Co. Ltd.
<b>PgA</b>	Penang Amusements Company Sdn. Bhd.
<b>PTGBina</b>	PT Gunungsawit Binalestari
<b>PTGML</b>	PT Gunung Maras Lestari
<b>PWR</b>	Penang Wellesley Realty Sdn. Bhd.
<b>SO</b>	Southern Oriental Sdn. Bhd.
<b>SP</b>	Selasih Permata Sdn. Bhd.
<b>SPP</b>	Southern Perak Plantations Sdn. Bhd.
<b>SSDC</b>	Singapore Safety Driving Centre Ltd.
<b>SU</b>	Simen Utara Sdn. Bhd.
<b>TSP</b>	Teck See Plastic Sdn. Bhd.
<b>UG</b>	Ultra Green Sdn. Bhd.
<b>UMix</b>	Unique Mix (Penang) Sdn. Bhd.
<b>UP</b>	Unique Pave Sdn. Bhd.
<b>WBS</b>	Wujin Boon Siew Property Development Company Limited





## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Oriental Holdings Berhad, I am pleased to present the annual report for the year ended 31 December 2002.

The financial year 2002 has been a very difficult and challenging year for the Group with global economic slowdown manifesting itself in output contractions, rising unemployment and a sustained hike in energy prices precipitated by uncertainties in the Middle East. But despite the difficult business environment, the Group has managed to perform reasonably well on the back of tighter business controls, improved operational efficiencies and its ongoing costs saving measures. The coming year will however bring new challenges as the market undergoes deregulation and liberalisation. How the Group positions itself today under these circumstances will determine the Group's future success and how well placed the Group would be to face the times ahead.

### YEAR UNDER REVIEW

The loss of the Group's sole Honda distributorship in Malaysia in mid-2001 has affected the Group's operating results. As one of many retailers, it has now to compete for the retail market share of Honda automobiles in Malaysia. The Group continues however, to be the sole and exclusive distributor of Honda automobiles in Brunei Darulsalam and Singapore.

Despite the intense competition from other automobile distributors, contribution from the Group's distribution of certain models of Hyundai automobiles in Malaysia (namely the Elantra and Sonata ) was better than expected and to a certain extent, this has helped to cushion the impact of the loss of the Honda distributorship in Malaysia.

The performance of the automobile subsidiaries is dependent upon a sustained momentum of economic recovery but even then, accelerating competition from all the automobile distributors will inevitably erode further the thin margins already faced by the industry.

The up trend in commodity prices together with the increase in the number of matured trees available for harvesting by the overseas plantation subsidiaries have improved the profitability of the plantation division. Cost-saving measures were continuously being implemented and expenditure, prioritised. As more planted areas of the overseas plantation subsidiaries reach maturity and if the recent up trend in the CPO price level can be maintained, the plantation subsidiaries will contribute even more positively to the overall performance of the Group.

There was also an improvement in the performance of overseas subsidiaries engaged in the tourism and hospitality industry although recent events have put a damper on mobility worldwide, severely affecting the travel industry as a whole.

### CHANGES IN EQUITY

There was no further cancellation of the Treasury Stocks in 2002. The remaining 31,808 stocks repurchased are being held as Treasury Stocks in accordance with the requirement of Section 67A of the Companies Act, 1965.



## **DIVIDEND**

Based on the share capital of RM516,968,192 (*after deducting 31,808 Treasury Stocks*), an interim payment of 12.5% less tax comprising an ordinary dividend of 5% less tax and a special dividend of 7.5% less tax, was paid on 21 November 2002.

Your Board is now recommending a final dividend of 8% less tax and a special dividend of 4.5% less tax, making a total dividend of 12.5% less tax. In total, the net-of-tax distribution for the year will amount to RM93,054,274, the same as the previous year.

## **OUTLOOK**

The socio-political issues facing the world today are many and complex and inevitably have a direct impact on the economy worldwide. A timely resolution of these issues will lead to a rebound in the economy. It will take all nations working together to achieve the long-term stability that is required for the economy to flourish. In the meantime it is up to each country to initiate changes that encourage reformation where needed, that would ultimately contribute to a more stable world.

Malaysia has pro-actively embarked on such a course in all areas including the education sector wherein lies the ability to mould the mind-set of the people especially the young. For the manufacturing and services sector it is introducing measures aimed at strengthening industries especially the domestic-oriented industries. The Government's accommodative monetary policy will provide a conducive business environment for the private sector, and the role of the small and medium size enterprises will gain more prominence in the expansion of the economy. Consumer sentiment and business confidence in Malaysia should improve under a regime of low interest rates, low inflation and low unemployment.

Under these circumstances, the Group's utmost priorities will be to continuously improve on efficiency and to remain competitive for its existing businesses. To enhance the potential for significant value generation for our stockholders, the Group will continue to look for opportunities for expansion. The Group will also maintain prudent management by practising good corporate governance in order to continue enhancing the stockholders' value.

## **ACKNOWLEDGEMENT**

On behalf of the Board, I thank the Management and staff of all the companies in the Group, our dealers and customers for their loyal support, and our stockholders for their confidence, all of which have contributed to another successful year.

**DATO' LOH CHENG YEAN**  
*Chairman*

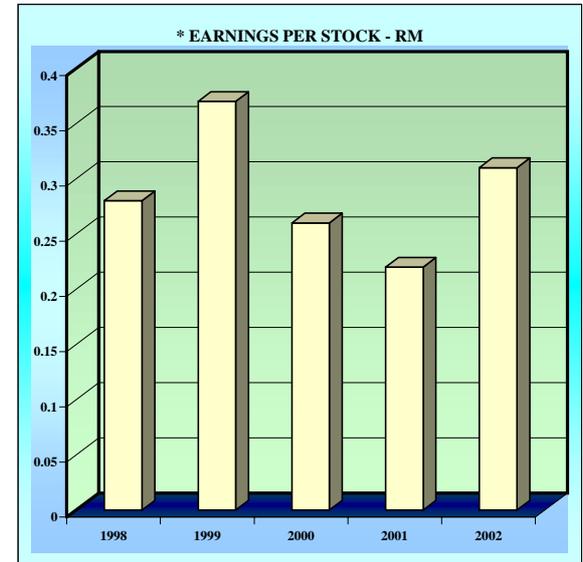
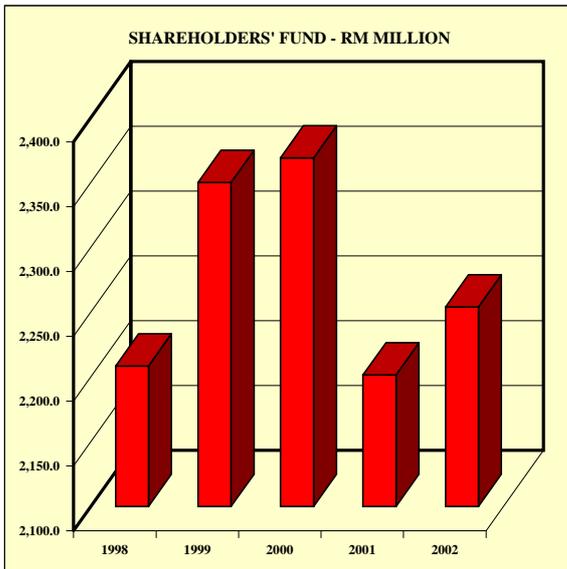
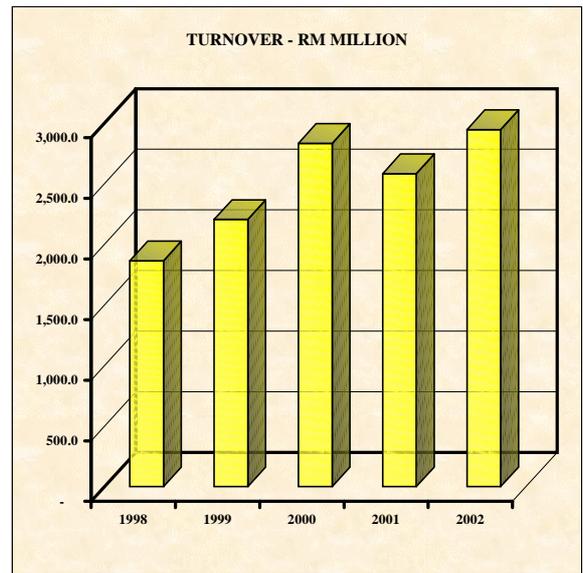
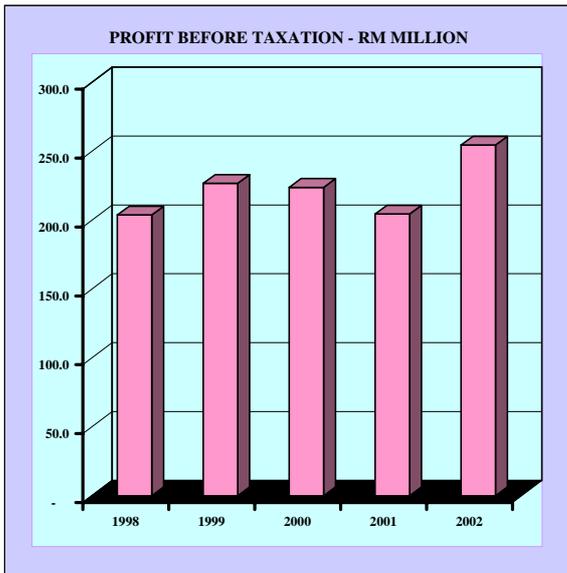
28 APRIL 2003



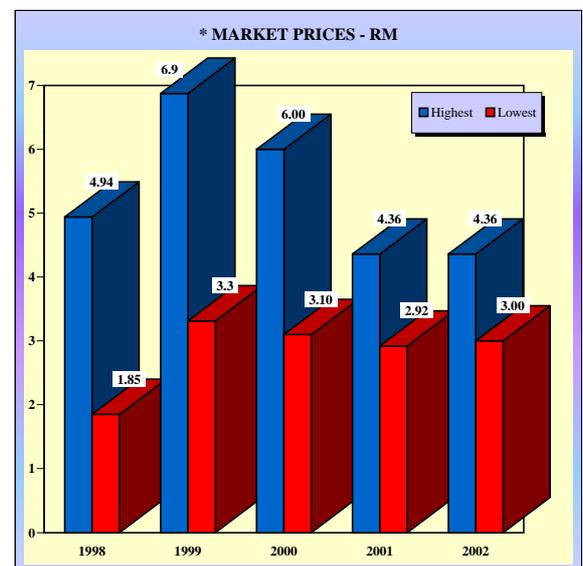
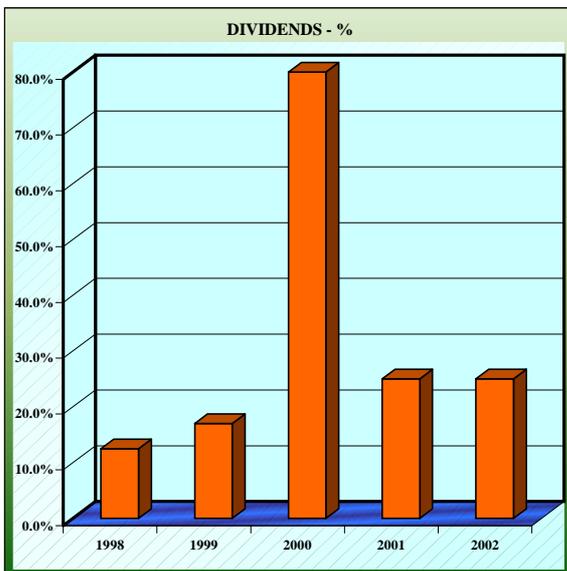
## FIVE - YEAR GROUP FINANCIAL SUMMARY - RM'Million

	2002	2001	2000	1999	1998
<b>BALANCE SHEET ANALYSIS</b>					
Issued capital	517.0	517.0	517.1	323.2	323.2
Reserves (net of goodwill)	172.1	187.6	275.7	296.1	302.7
Retained profits	1,565.2	1,497.2	1,577.2	1,730.9	1,582.6
Minority interest	249.6	235.8	204.2	201.4	192.3
Treasury stocks	(0.2)	(0.2)	(0.8)	-	-
<b>FUNDS EMPLOYED</b>	<b>2,503.7</b>	<b>2,437.4</b>	<b>2,573.4</b>	<b>2,551.6</b>	<b>2,400.8</b>
Property, plant and equipment	1,231.6	1,128.7	1,191.0	1,231.2	1,091.9
Development properties	57.6	57.2	57.3	57.3	56.8
Investments	311.6	239.7	212.0	166.3	135.1
Current assets	1,546.5	1,637.7	1,835.8	1,855.2	1,779.4
Deferred expenditure	6.0	5.2	0.8	6.1	1.3
<b>TOTAL ASSETS</b>	<b>3,153.3</b>	<b>3,068.5</b>	<b>3,296.9</b>	<b>3,316.1</b>	<b>3,064.5</b>
<b>TOTAL LIABILITIES</b>	<b>(649.6)</b>	<b>(631.1)</b>	<b>(723.8)</b>	<b>(764.5)</b>	<b>(663.7)</b>
	<b>2,503.7</b>	<b>2,437.4</b>	<b>2,573.1</b>	<b>2,551.6</b>	<b>2,400.8</b>
<b>OTHER DATA</b>					
Profit before taxation	254.6	204.6	223.9	226.8	203.9
Taxation	(34.9)	(66.7)	(74.8)	(27.4)	(56.9)
	219.7	137.9	149.1	199.4	147.0
Minority interests	(58.7)	(21.9)	(15.9)	(9.2)	-
<b>NET PROFIT</b>	<b>161.0</b>	<b>116.0</b>	<b>133.2</b>	<b>190.2</b>	<b>147.0</b>
<b>DIVIDEND</b>					
Net - RM'million	93.1	93.1	241.9	41.8	29.1
Gross rate - %	25.0	25.0	80.0	17.0	12.5

# FINANCIAL HIGHLIGHTS OF THE GROUP



\* Adjusted for 2000 Bonus Issue



\* Adjusted for 2000 Bonus Issue



# FINANCIAL CALENDAR

<b>FINANCIAL YEAR END</b>	31 December 2002
<b>ANNOUNCEMENT OF RESULTS</b>	
Quarter ended 31 March 2002	20 May 2002
Quarter ended 30 June 2002	23 August 2002
Quarter ended 30 September 2002	21 November 2002
Quarter ended 31 December 2002	27 February 2003
<b>DIVIDENDS</b>	
Payment of Interim and Special Dividend	21 November 2002
<b>ANNUAL GENERAL MEETING</b>	26 June 2003
<b>POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS</b>	4 June 2003
<b>INCORPORATION &amp; ACQUISITION OF NEW SUBSIDIARY COMPANIES</b>	
Acquisition of Hymold (Su Zhou) Co., Ltd	1 July 2002
Incorporation of Oriental International (Mauritius) Pte Ltd	23 July 2002
Incorporation of Armstrong Component Parts (Vietnam) Co., Ltd	16 August 2002
Incorporation of Oriental Industries (Wuxi) Co. Ltd	15 October 2002
Incorporation of Armstrong Trading & Supplies Sdn. Bhd.	26 November 2002
Incorporation of Oriental Asia (Mauritius) Pte Ltd	24 February 2003



## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors recognizes the importance of adopting high standards of corporate governance within the Group. The Board views corporate governance as synonymous with three key concepts, namely transparency, accountability and integrity.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the Principles and Best Practices set out in Parts 1 and 2 of the Malaysian Code on Corporate Governance (the “Code”) respectively.

The Board is pleased to provide the following statements, which outline the main corporate governance practices that were in place throughout the financial year unless otherwise stated.

### Principles statement

The following statement sets out how the Company has applied the Principles in Part 1 of the Code.

#### A. Directors

##### The Board

The Group recognizes the vital role played by the Board of Directors in the stewardship of its direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for Management and monitoring the achievement of these goals. Although it does not have a formal schedule of matters reserved to it for decision, the Board is normally involved in deciding the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group.

##### Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group’s financial results, major investments and strategic decisions on the direction of the Group.

The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings from the Board meetings are recorded and the minutes thereof signed by the Chairman of the meeting.

Details of each Director’s meeting attendances during the financial year are as follows:

##### Meetings Attended

	Director	Attendance
Chairman (Executive)	Dato’ Loh Cheng Yean	5/5
Managing Director (Executive)	Dato’ Wong Lum Kong, J.P.	5/5
Executive	Lim Su Tong @ Lim Chee Tong	5/5
Non-Executive	Dato’ Haji S.M. Aidid (resigned on 25.7.02)	0/3
Non-Executive	Dato’ Dr Tan Chong Siang	5/5



	Director	Attendance
Non-Executive	Satoshi Toshida (resigned on 21.6.02)	0/3
Non-Executive	Sharifah Intan binti S.M. Aidid - ceased as alternate director to Dato' Haji S.M. Aidid on 25.7.02 - appointed as Non-Executive Director on 25.7.02	5/5
Independent Non-Executive	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	5/5
Independent Non-Executive	Dato' Loh Say Bee	5/5
Independent Non-Executive	Dato' Prof. Dr Tunku Ismail bin Tunku Mohammad Jewa	4/5
Non-Executive	Toshiaki Nakagawa (appointed on 21.6.02; resigned on 30.12.02)	0/2
Non-Executive	Seiji Kuraishi (appointed on 30.12.02)	*

\* No board meeting was held in 2002 since Mr Seiji Kuraishi's appointment on 30 December 2002.

#### Board Committee

The Board delegates certain responsibilities to the Audit Committee, in order to enhance business and operational efficiency as well as efficacy.

The Audit Committee has written terms of reference to discharge its responsibilities and the Board receives reports of its proceedings and deliberations. The Chairman of the Audit Committee reports to the Board the outcome of the Committee meetings and matters from such reports are incorporated in the minutes of the full Board meeting.

#### Board balance

As at the date of this statement, the Board consists of nine (9) members comprising three (3) Independent Non-Executive Directors, three (3) Executive Directors and three (3) Non-Executive Directors. A brief profile of each Director is presented on pages 6 to 9 of this Annual Report.

The concept of independence adopted by the Board is in tandem with the definition of an independent Director in Section 1.01 of the Listing Requirements ("Listing Requirements") of the Kuala Lumpur Stock Exchange ("KLSE"). The key elements for fulfilling the criteria are the appointment of Directors who are not members of management (non-executive Directors) and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the Company. The Board complies with paragraph 15.02 of the Listing Requirements, which requires that at least two Directors or one-third of the Board of the Company, whichever is the higher, are independent Directors.

The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate and legal affairs, marketing and operations. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as coordinating the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring to bear objective and independent judgment to the decision making of the Board and provide a capable check and balance for the Executive Directors.

The Non-Executive Directors contribute significantly in areas such as policy and strategy and performance monitoring. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The Board is led by Dato' Loh Cheng Yean as the Executive Chairman and the executive management of the Company is led by Dato' Wong Lum Kong, the Group Managing Director, and Mr Lim Su Tong @ Lim Chee



Tong, the Executive Director. The Board has also identified YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail as the Senior Independent Non-Executive Director.

The Board is satisfied that the current Board composition fairly reflects the interests of all shareholders in the Company.

### **Supply of information**

The Board recognizes that the decision making process is highly contingent on the strength of information furnished. As such, Directors have unrestricted access to any information pertaining to the Group.

The Chairman, with the assistance of the Company Secretary, ensures that all Directors have full and timely access to information with Board papers distributed in advance of Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at the Board meeting and expedites the decision making process.

Every Director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. The Articles of Association specify that the removal of the Company Secretary is a matter for the Board as a whole.

Prior to the meetings of the Board and the Audit Committee, appropriate documents which include the agenda and reports relevant to the issues of the meetings covering the areas of strategic, financial, operational and regulatory compliance matters, are circulated to all the members to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, before releasing them to the KLSE.

Although there are no agreed formal procedures in place, the Board as a whole will determine, whether as a full board or in their individual capacity, to take independent professional advice on an ad-hoc basis, where necessary and under appropriate circumstances, in furtherance of their duties, at the Group's expense.

### **Directors' training**

The Board as a whole ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfill the duties of a Director appropriately. There is no formal training or orientation programme for Directors. However, at the date of this statement, all Directors, except for Mr Seiji Kuraishi who was only appointed on 30 December 2002, have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). The Directors will also undergo other relevant training programs to further enhance their skills and knowledge, as appropriate.

### **Re-election**

The Articles of Association provide that all Directors of the Company are subject to retirement and at least one-third in number of the Board are subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are those who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. New Directors appointed to the Board shall also retire at the Annual General Meeting following the appointment. In any of the circumstances, the Directors are eligible for re-election. This provides an opportunity for shareholders to renew their mandates.

The election of each Director is voted on separately. To assist shareholders in their decision, sufficient information such as personal profile, meetings attendance and the shareholdings in the Group of each Director standing for election are furnished in the Annual Report accompanying the Notice of the Annual General Meeting ("AGM").



Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129 (6) of the Companies Act 1965.

The Company Secretary ensures that all appointments are properly made, in that all necessary information is obtained and that all legal and regulatory obligations are met.

## B Director's remuneration

The Company pays its Directors annual fees that are approved annually by shareholders at the AGM.

The Board as a whole approves the remuneration of the Executive Directors with the Directors concerned abstaining from the decision in respect of their individual remuneration.

Details of Directors' remuneration for the financial year ended 31 December 2002 distinguished between executive and non-executive Directors in aggregate, are categorized as follows:

Type of remuneration	Executive Directors RM'000	Non-Executive Directors RM'000	Total RM'000
Fees	473	319	792
Salaries	1,464	-	1,464
Other emoluments	2,542	25	2,567
<b>Total</b>	<b>4,479</b>	<b>344</b>	<b>4,823</b>

The number of Directors of the Company whose total remuneration falls within bands of RM50,000 for the financial year ended 31 December 2002 is as follows:

Bands of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
Below RM50,000	-	3
RM50,001 to RM100,000	-	3
RM400,001 to RM450,000	1	-
RM1,400,001 to RM1,450,000	1	-
RM2,600,001 to RM2,650,000	1	-
<b>Total</b>	<b>3</b>	<b>6</b>



## **C Shareholders and investors**

The Board strives to maintain an active dialogue with shareholders and does this through the Annual Report, AGM and Extraordinary General Meetings. It has been the Company's practice to send the Notice of AGM and related papers to shareholders at least twenty-one (21) working days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Group's operations in general.

In addition, the Company makes various announcements through the KLSE, in particular, the timely release of quarterly financial results within two months from the close of a particular financial quarter.

While the Company endeavours to provide pertinent information to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. In any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

## **D Accountability and audit**

### **Financial reporting**

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and yearly announcement of results to shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

### **Directors' responsibility statement in respect of the preparation of the audited financial statements**

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their profit or loss and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### **State of internal controls**

The Statement on Internal Control furnished on pages 30 to 31 of this Annual Report provides an overview on the state of internal controls within the Group.



## Relationship with the Auditors

Key features underlying the relationship of the Audit Committee with the internal and external auditors are included in the Audit Committee Report as detailed on pages 25 to 26 of this Annual Report.

A summary of the activities of the Audit Committee during the year, including the evaluation of the independent audit process, are set out in the Audit Committee Report on pages 25 to 26 of this Annual Report.

## E Other Information and Disclosure

### Non-audit fees

Non-audit fees amounting to RM121,200 for the Group and RM24,000 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2002.

### Loan Contracts involve interest of Related Party

- Loan contract of USD7 million and USD15 million dated October 10, 2001 and May 8, 2002 respectively between the Company (“OHB”) and Oriental Boon Siew (Mauritius) Pte. Ltd. (“OBSM”); and
- Loan contract of USD15 million dated October 10, 2001 between OBSM and PT Gunung Maras Lestari (“PT GML”) and PT Gunungsawit Binalestari (“PT GSBL”).

OBSM is a company 50.5% and 49.5% owned by OHB and the substantial stockholder, Boon Siew Sdn Bhd respectively.

The sub-subsidiary companies, namely PT GML and PT GSBL in Indonesia is 92.5% owned by Selasih Permata Sdn Bhd, which in turn is 50.5% and 49.5% owned by OHB and the substantial stockholder, Boon Siew Sdn Bhd respectively.

	Loan from OHB to OBSM	Loan from OBSM to PT GML and PT GSBL
Purpose	onward lending	to reduce their overdrafts as well as for its day to day operations
Interest rate	USD LIBOR + spread of 1.0% per annum	USD LIBOR + spread of 1.5% per annum
Terms as to payment of interest	payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) which ever is applicable	payable at end of tenor (1,2 or 3 months) or quarterly (tenor more than 3 months) which ever is applicable
Repayment of principal	on demand	on demand
Security	unsecured	unsecured



---

## Recurrent Related Party Transaction of Revenue Nature (“RRPT”) for the year ended December 31, 2002

a) Transactions with major stockholder of OHB, Boon Siew Sdn Bhd Group

	<u>RM'000</u>
Materials for motor vehicles and assembly charges	85,265
Fresh fruit bunches	22,110
Forwarding charges	965
Rental	354
Provision of sales, corporate advertising and marketing of hotel	571
Provision of leasing line and hire purchase facilities	1,880

b) Transactions with major shareholder of OHB subsidiaries, Honda Motor Co. Ltd.

	<u>RM'000</u>
Completed engine and assembly charges	89,399
Engine for motor cars (knocked-down)	81,274
Rental	754

c) Transactions with major shareholder of OHB subsidiaries, Dato' Aidid's family

	<u>RM'000</u>
Materials for motor vehicles and assembly/plating charges	8,963

## Compliance Statement

The Company has complied, throughout the financial year ended 31 December 2002, with all the Best Practices of corporate governance set out in Part 2 of the Code except for the following:

- YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail has been identified by the Board on 26 April 2002 as the Senior Independent Non-Executive Director to whom concerns may be conveyed;
- A Nominating Committee has not been formed as the Board is of the view that it is sufficient that the appointment of Directors comes under the purview of the entire Board. There was no formal assessment carried out on the present Directors, including those in the Audit Committee, as the Board is of the opinion that the mix of experience and expertise of the current number of Directors are considered adequate and optimum in addressing the issues affecting the Group. Moreover, the majority of the Directors have been with the Group for many years and have invariably contributed significantly to the Group;
- The Board has not formally examined its size with the view to determine the impact of the number upon its effectiveness as required by Best Practice Provision AA XII. This is because the Board is always conscious of the ongoing contribution by the Directors towards the growth of the Group;
- The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on matters that involve overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of the financial and operating performance of the Group;



- The Board, together with the Group Managing Director, have not developed position descriptions for the Board and the Group Managing Director. This is mainly due to the current set-up of the Board and the Audit Committee that are in place to facilitate the smooth functioning of the Group. Nevertheless, in order to enhance the existing corporate governance practice of the Company, the Board will consider adopting a Board Charter, which delineates the role and function of the Board as well as the differing roles of executive Directors and non-executive Directors;
- The Board currently does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity, in furtherance of their duties, to take independent professional advice at the Group's expense. The Board is of the view that it is adequate for the matter to be brought before the whole Board for deliberation and decision whenever a need for independent professional advice arises;
- A Remuneration Committee has not been established. The remuneration of Directors currently comes under the purview of the entire Board with the relevant Directors abstaining from discussion their individual remuneration. The Directors are of the view that the Board, as a whole, has been expeditiously handling the issue on Directors' remuneration.

This statement is issued in accordance with a resolution of the Directors dated 28 April 2003.



## AUDIT COMMITTEE REPORT

### Membership

The present members of the Audit Committee (the “Committee”) comprise:

Name of member	
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	Chairman, Independent Non-Executive Director
Dato’ Wong Lum Kong, J.P.	Managing Director
Dato’ Loh Say Bee	Independent Non-Executive Director
Dato’ Prof. Dr Tunku Ismail bin Tunku Mohammad Jawa	Independent Non-Executive Director
Dato’ Haji S.M. Aidid (resigned on 25.7.02)	Non-Executive Director

### Terms of reference

The Committee was established to act as a Committee of the Board of Directors, with terms of reference as set out on pages 27 to 29 of this Annual Report.

### Meetings

The Committee convened five (5) meetings during the financial year. Details of the attendance of members are as follows:

Name of member	Attendance
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	5/5
Dato’ Wong Lum Kong, J.P.	5/5
Dato’ Loh Say Bee	5/5
Dato’ Prof. Dr Tunku Ismail bin Tunku Mohammad Jawa	4/5
Dato’ Haji S.M. Aidid (resigned 25.7.02)	0/3

The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

The Company Secretary was present by invitation at all the meetings. Representatives of the external auditors and the head of Internal Audit also attended the meetings upon invitation.



### **Summary of activities during the financial year**

The Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

- Reviewed the external auditors' scope of work and audit plan for the year. Prior to the audit, representatives of the external auditors presented their audit strategy and plan;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter;
- Reviewed the internal audit department's resources requirements and plan for the financial year under review;
- Reviewed the internal audit reports, which highlighted the audit issues and Management's response;
- Reviewed the audited financial statements of the Group and the Company, before submission to the Board for its consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies' Act, 1965 and the applicable approved accounting standards adopted by the Malaysian Accounting Standards Board;
- Reviewed the Company's compliance, in particular the quarterly and year-end financial statements, with the KLSE Listing Requirements and other relevant legal and regulatory requirements;
- Reviewed pertinent issues of the Group which had a significant impact on the results of the Group; and
- Reviewed the quarterly unaudited financial results announcements before recommending them for the Board's approval.

### **Internal audit function**

The Group has an internal audit function that is independent of the activities and operations it audits. The principal role of the internal audit is to undertake independent, regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

Further details of the activities of the internal audit function are set out in the Statement on Internal Control on pages 30 to 31 of this Annual Report.



## TERMS OF REFERENCE OF THE AUDIT COMMITTEE

### Objectives

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling the following oversight objectives on the Group activities:

- assess the Group's processes relating to its risks and control environment;
- oversee financial reporting; and
- evaluate the internal and external audit processes.

### Composition

The Board shall elect and appoint Committee members from amongst its numbers, comprising no fewer than three (3) Directors, the majority of whom shall be independent non-executive Directors of the Company.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he/she is not a member of MIA, he/she must have at least three (3) years of working experience and:
  - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
  - he/she must be a member of the associations of accountants specified in part II of the Accountants Act 1967.

If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to fill the vacancy.

The Chairman of the Committee shall be an independent non-executive Director. No alternate Director of the Board shall be appointed as a member of the Committee.

The Board shall review the terms of office of each of its members at least once (1) every three (3) years.

### Quorum and Committee's procedures

Meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate.

In order to form a quorum (subject to a minimum number of 2 members) for the meeting, the majority of the members present must be independent non-executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.

The Company Secretary shall be appointed Secretary of the Committee (the "Secretary"). The Secretary, in conjunction with the Chairman, shall draw up an agenda, which shall be circulated together with the relevant support papers, at least one (1) week prior to each meeting to the members of the Committee. The minutes shall be circulated to members of the Board.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The Chairman shall submit an annual report to the Board summarising the Committee's activities during the year and the related significant results and findings thereof.



The Committee shall meet at least annually with the Management, and at least once every year with the Head of Internal Audit and external auditors in separate sessions to discuss any matters with the Committee without the presence of any executive member of the Board.

The Committee shall regulate the manner of proceeding of its meetings, having regard to normal conventions on such matter.

### **Authority**

The Committee is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee shall have full and unlimited access to any information pertaining to the Group.

The Committee shall have direct communication channels with the internal and external auditors and with senior management of the Group and shall be able to convene meeting with the external auditors whenever deemed necessary.

The Committee shall have the resources that are required to perform its duties. The Committee can obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary.

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the KLSE Listing Requirements, the Committee shall promptly report such matter to the KLSE.

### **Responsibilities and duties**

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties:

- Review with the external auditor, the audit scope and plan, including any changes to the planned scope of the audit plan;
- Review the adequacy of the internal audit scope and plan, functions and resources of the internal audit function and that it has necessary authority to carry out its work;
- Review the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in controls or procedures that are identified;
- Review major audit findings and the management's response during the year with Management, external auditors and internal auditors, including the status of previous audit recommendations;
- Review the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money;
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;
- Review the Internal Audit Charter, budget and staffing of the internal audit department;
- Review the adequacy and integrity of internal control systems, including enterprise risk management, management information system and the internal auditors' and/ or external auditors' evaluation of the said systems;
- Direct and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;



- Review the quarterly results and the year end financial statements, prior to the approval by the Board focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant or unusual events; and
  - compliance with accounting standards and other legal requirements.
- Review procedures in place to ensure that the Group is in compliance with the Companies Act 1965, KLSE Listing Requirements and other legislative and reporting requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on management integrity;
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarizing the work performed in fulfilling the Committee's primary responsibilities; and

Any other activities, as authorised by the Board.



## STATEMENT ON INTERNAL CONTROL

### Introduction

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements requires the Board of Directors of public listed companies to include in its Annual Reports a “statement about the state of internal control of the listed issuer as a group”. The Board is committed to maintaining a sound system of internal control in the Group, comprising the Company and all its subsidiaries, and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the year.

### Board responsibility

The Board is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter-alia, risk management and financial, organizational, operational and compliance controls.

Following the publication of the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* (the “Internal Control Guidance”), the Board confirms that it is in the process of embedding an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

### Enterprise risk management framework

The Board fully supports the contents of the Internal Control Guidance and, accordingly, appointed a firm of consultants on 26 December 2002 to carry out an Enterprise Risk Management (“ERM”) review of a pilot subsidiary as Management has intention of deploying its personnel to roll out the entire ERM review of the other companies in the Group. The main objective of the ERM review is to assist Management to formalize and embed a risk management process across the Group in order to sensitise all employees within the Group more strongly to risk identification, evaluation, control, monitoring and reporting. The ERM review of the pilot subsidiary, which has been completed at the date of this statement, encompassed the following initiatives:

- A Group Risk Management Committee was established on 20 May 2002 with the responsibility to identify and communicate to the Board of Directors the critical risks (present and potential) the Group faces, their changes, and the management action plans to manage the risks;
- Holding of risk awareness sessions for key operational managers/officers of the various business units within the Group to inculcate an understanding of risks and controls as they relate to the business of the Group;
- Issuance of a Risk Register, which is a result of the compilation of principal risks and controls of the pilot subsidiary in a database. This compilation was obtained through risk workshops and interviews conducted with key operational managers and executives of the pilot subsidiary in the Group. Key risks to the pilot subsidiary were identified and scored for likelihood of the risk occurring and the magnitude of impact; and
- Issuance of Risk Management Policy and Procedure Document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues.



The next steps in the Group's risk management process include, inter-alia, the following:

- Arranging for a series of risk management workshops or interviews for the other companies in the Group;
- Develop a consolidated risk profile for the Group, which highlights the top risk areas and summarizes key findings;
- Consider the residual risk treatment options and prepare the relevant action plans, with implementation time scales to address the risk and control issues;
- Appoint a dedicated Risk Officer to update the risk profile of the Group at periodic intervals;
- Establish and formalise the risk management reporting framework, including submission of risk management reports to the Risk Management Committee; and
- Formalise periodic review by the Board on the adequacy and integrity of the system of internal control.

#### **Internal audit function**

The Group has in place an independent internal audit function, which provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal control.

Although a risk-based approach has not been formally adopted pending the complete rollout of the ERM review to all companies in the Group, the internal audit function was able to provide independent and objective reports on the state of internal control of the various operating units within the Group direct to the Audit Committee during the financial year. These reports include evaluation of the processes that are significant to the operations of the Group and ensure that instituted controls are appropriate and effectively applied.

Recommendations for improvements noted by the internal audit function are followed up for implementation by Management.

#### **Internal control process**

Apart from risk management and internal audit, the Board has put in place the following pertinent measures to strengthen the internal control system of the Group:

- The Audit Committee carries out rigorous reviews of the quarterly financial results and reports and evaluate the explanations and reasons for unusual variances noted thereof;
- The close involvement of Executive Directors, who are hands-on in the day-to-day operations of the Group; and
- An organizational structure with formally defined lines of responsibility and delegation of authority has been put in place. A process of hierarchical reporting has been established which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and policies on various operational areas. These procedures are relevant across the Group to provide for continuous assurance to be given at increasingly higher levels of management and, finally to the Board.

#### **Weaknesses in internal controls that result in material losses**

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take pertinent measures to strengthen the control environment as appropriate.

This statement is issued in accordance with a resolution of the Directors dated 28 April 2003.



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2002.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are as follows :-

- (a) investment holding;
- (b) commission agent; and
- (c) provision of management services.

The principal activities of its subsidiary and associated companies are set out in Note 34 and Note 5 to the financial statements respectively.

There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	<b>GROUP RM'000</b>	<b>COMPANY RM'000</b>
Net profit for the year	<u><b>160,999</b></u>	<u><b>201,700</b></u>

### RESERVES AND PROVISIONS

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

### DIVIDENDS

*Based on issued capital of 516,968,192 stocks (after deducting 31,808 Treasury Stocks) of RM1 each*

A final dividend of 8% less 28% tax, and a special dividend of 4.5% less 28% tax, making a total dividend of 12.5% less 28% tax, totalling RM46,527,137 have been recommended by the directors in respect of the year ended 31 December 2002, subject to the approval of the stockholders at the forthcoming Annual General Meeting.

Since the end of the previous financial year, the Company paid :

- i) an interim dividend of 5% less 28% tax, and a special dividend of 7.5% less 28% tax, totalling RM46,527,137 in respect of the year ended 31 December 2002 on 21 November 2002;
- ii) a final dividend of 8% less 28% tax, and a special dividend of 4.5% less 28% tax, making a total dividend of 12.5% less 28% tax, amounting to RM46,527,137 in respect of the year ended 31 December 2001 on 26 July 2002; and
- iii) an interim dividend of 5% less 28% tax, and a special dividend of 7.5% less 28% tax, totalling RM46,527,137 in respect of the year ended 31 December 2001 on 18 January 2002.



## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Loh Cheng Yean	
Dato' Wong Lum Kong	
Dato' Loh Say Bee	
YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	
Lim Su Tong @ Lim Chee Tong	
Dato' Dr. Tan Chong Siang	
Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad Jawa	
Seiji Kuraishi	(Appointed on 30.12.2002)
Sharifah Intan Binti S. M. Aidid	(Ceased as Alternate director to Dato' Haji S. M. Aidid on 25.7.2002; appointed on 25.7.2002)
Toshiaki Nakagawa	(Appointed on 21.6.2002; Resigned on 30.12.2002)
Dato' Haji S. M. Aidid	(Resigned on 25.7.2002)
Satoshi Toshida	(Resigned on 21.6.2002)

In accordance with Section 129 (2) of the Companies Act, 1965, Dato' Loh Say Bee and YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail retire at the forthcoming Annual General Meeting and, offer themselves for re-election as directors of the Company until the conclusion of the next Annual General Meeting.

In accordance with Article 133 of the Company's Articles of Association, Dato' Loh Cheng Yean and Dato' Wong Lum Kong retire by rotation from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 138 of the Company's Articles of Association, Seiji Kuraishi and Sharifah Intan Binti S. M. Aidid who were appointed during the year, retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' SHAREHOLDINGS

The holdings in the stocks of the Company and shares of its related corporations (other than wholly-owned subsidiary companies) of those who were directors at year end as recorded in the Register of Directors' Shareholdings are as follows :

	Balance at <u>1.1.2002</u>	<u>Direct Interest</u>		Balance at <u>31.12.2002</u>
		<u>Bought</u>	<u>(Sold)</u>	
<b>Stocks of RM1 each</b>				
<u>The Company</u>				
Dato' Loh Cheng Yean	182,696	-	-	182,696
Dato' Wong Lum Kong	150,958	-	-	150,958
Dato' Loh Say Bee	44,642	-	-	44,642
Lim Su Tong @ Lim Chee Tong	2,472,422	-	-	2,472,422
Dato' Dr. Tan Chong Siang	31,923	-	-	31,923
Sharifah Intan Binti S. M. Aidid	10,000	5,000	-	15,000
<b>Shares of RM1 each</b>				
<u>Related companies</u>				
Sharifah Intan Binti S.M. Aidid				
- Armstrong Auto Parts Sdn. Berhad	227,318	-	-	227,318
- Teck See Plastic Sdn. Bhd.	100,000	-	-	100,000



None of the other directors holding office at 31 December 2002 had any interest in the stocks of the Company and shares of its related corporations during the financial year.

## **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements or the fixed salary of full time employees of related companies) by reason of a contract made by the Company or a related company with a director or with a firm of which a director is a member, or with a company in which the director has a substantial financial interests apart from certain transactions entered in the ordinary course of business between the Group and companies in which certain directors are also directors of those companies as detailed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling 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.

## **ISSUE OF SHARES AND DEBENTURES**

There were no changes in the issued and paid-up capital of the Company during the financial year.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the year.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.



At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, except for the exceptional items as disclosed in Note 23 to the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors :

**DATO' LOH SAY BEE**

Director

**LIM SU TONG @ LIM CHEE TONG**

Director

Penang,

Date : 28 April 2003



---

**STATEMENT BY DIRECTORS PURSUANT TO  
SECTION 169(15) OF THE COMPANIES ACT, 1965**

In the opinion of the directors, the financial statements set out on pages 8 to 54, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the directors :

**DATO' LOH SAY BEE**  
Director

**LIM SU TONG @ LIM CHEE TONG**  
Director

Penang,

Date : 28 April 2003

**STATUTORY DECLARATION PURSUANT TO  
SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, DATO' WONG LUM KONG, the managing director primarily responsible for the financial management of ORIENTAL HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 8 to 54, are, to the best of my knowledge and belief, 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 by the )  
abovenamed DATO' WONG LUM KONG )  
at Georgetown in the State of Penang )  
on 28 April 2003 . )

Before me :

**CHAI CHOON KIAT, PJM**  
Pesuruhjaya Sumpah  
(Commissioner for Oaths)  
Penang

## **REPORT OF THE AUDITORS TO THE STOCKHOLDERS OF ORIENTAL HOLDINGS BERHAD**

We have audited the financial statements set out on pages 8 to 54. 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 Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to 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 evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
    - i) the state of affairs of the Group and of the Company at 31 December 2002 and the results of their operations and cash flows for the year ended on that date; and
    - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiary companies in respect of which we have not acted as auditors are identified in Note 34 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies 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 subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG  
Firm No : AF : 0758  
Chartered Accountants

LEE KEAN TEONG  
Partner  
Approval No : 1857/02/04 (J)

Penang,

Date : 28 April 2003



## BALANCE SHEETS AT 31 DECEMBER 2002

	Note	GROUP		COMPANY	
		RM'000	2001 RM'000	RM'000	2001 RM'000
PROPERTY, PLANT AND EQUIPMENT	2	1,231,617	1,128,700	16,139	16,122
DEVELOPMENT PROPERTIES	3	57,579	57,176	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	4	-	-	387,214	324,904
INVESTMENT IN ASSOCIATED COMPANIES	5	169,987	156,224	14,548	14,548
OTHER INVESTMENTS	6	141,575	83,485	33,113	22,313
GOODWILL	7	17,052	15,275	-	-
<b>CURRENT ASSETS</b>					
Inventories	8	318,054	317,021	-	-
Housing scheme in progress	9	5,088	3,213	-	-
Trade and other receivables	10	241,806	230,718	407,970	456,772
Cash and cash equivalents	11	981,580	1,086,788	38,173	1,055
		<b>1,546,528</b>	1,637,740	<b>446,143</b>	457,827
<b>CURRENT LIABILITIES</b>					
Trade and other payables	12	245,959	233,021	927	1,088
Borrowings	13	368,560	280,114	-	-
Taxation		14,644	36,674	387	902
Dividend payable		-	46,527	-	46,527
		<b>629,163</b>	596,336	<b>1,314</b>	48,517
NET CURRENT ASSETS		<b>917,365</b>	1,041,404	<b>444,829</b>	409,310
DEFERRED EXPENDITURE	14	5,968	5,208	-	-
		<b>2,541,143</b>	2,487,472	<b>895,843</b>	787,197
<b>FINANCED BY :</b>					
SHARE CAPITAL	15	517,000	517,000	517,000	517,000
RESERVES	16	189,176	202,860	30,060	30,060
RETAINED PROFITS	17	1,565,203	1,497,258	349,032	240,386
		<b>2,271,379</b>	2,217,118	<b>896,092</b>	787,446
TREASURY STOCKS	18	(249)	(249)	(249)	(249)
STOCKHOLDERS' FUNDS		<b>2,271,130</b>	2,216,869	<b>895,843</b>	787,197
MINORITY INTERESTS	19	249,559	235,820	-	-
DEFERRED LIABILITIES	20	20,454	34,783	-	-
		<b>2,541,143</b>	2,487,472	<b>895,843</b>	787,197

The financial statements were approved and authorised for issue by the Board of Directors on 28 April 2003.

The notes set out on pages 15 to 54 form an integral part of, and, should be read in conjunction with, these financial statements.



## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	GROUP		COMPANY	
		RM'000	2001 RM'000	RM'000	2001 RM'000
Revenue	21	<u>2,946,280</u>	<u>2,583,036</u>	<u>275,960</u>	<u>228,033</u>
Operating profit	21	235,741	187,243	273,853	226,527
Interest expense		(12,057)	(10,549)	-	-
Share of profits in associated companies		30,875	27,858	-	-
Profit before taxation		<u>254,559</u>	<u>204,552</u>	<u>273,853</u>	<u>226,527</u>
Tax expense	24	(34,899)	(66,663)	(72,153)	(54,836)
Profit after taxation		<u>219,660</u>	<u>137,889</u>	<u>201,700</u>	<u>171,691</u>
Less : Minority interests		(58,661)	(21,876)	-	-
Net profit for the year attributable to stockholders		<u>160,999</u>	<u>116,013</u>	<u>201,700</u>	<u>171,691</u>
Basic earnings per ordinary stock (sen)	25	<u>31.14</u>	<u>22.44</u>		
Dividends per ordinary stock – gross (sen)	26	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>	<u>25.00</u>

The notes set out on pages 15 to 54 form an integral part of, and, should be read in conjunction with, these financial statements.



**STATEMENT OF RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2002**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>RM'000</b>	2001 RM'000	<b>RM'000</b>	2001 RM'000
Exchange differences on translation of the financial statements of foreign operations (Note 16)	<b>(1)</b>	(88,201)	-	-
Net loss not recognised in the income statements	<b>(1)</b>	(88,201)	-	-
Net profit for the year	<b>160,999</b>	116,013	<b>201,700</b>	171,691
Total recognised gains for the year	<b>160,998</b>	27,812	<b>201,700</b>	171,691

The notes set out on pages 15 to 54 form an integral part of, and,  
should be read in conjunction with, these financial statements.



## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>254,559</b>	204,552	<b>273,853</b>	226,527
Adjustments for :				
Allowance for diminution in value of other investments	<b>1,043</b>	-	-	-
Depreciation	<b>82,714</b>	76,287	<b>64</b>	25
Plant and equipment written off	<b>24</b>	405	-	-
(Gain)/Loss on disposal of plant and equipment	<b>(1,031)</b>	2,330	-	-
Share of profits in associated companies	<b>(30,875)</b>	(27,858)	-	-
Gain on disposal of development properties	-	(22,848)	-	-
Dividend income	<b>(1,169)</b>	(1,047)	<b>(263,304)</b>	(214,021)
Interest income	<b>(27,001)</b>	(36,459)	<b>(12,622)</b>	(13,930)
Interest expense	<b>12,057</b>	10,549	-	-
Gain on disposal of investments	<b>(269)</b>	(4,162)	-	-
Unrealised gain on foreign exchange	<b>(12,956)</b>	(16,783)	-	-
Amortisation of deferred expenditure	<b>3,452</b>	1,937	-	-
Deferred expenditure written off	<b>217</b>	322	-	-
Surplus on liquidation of a subsidiary company	<b>(1,260)</b>	-	-	-
Realised gain on foreign exchange upon liquidation of a subsidiary company	<b>(13,683)</b>	-	-	-
Operating profit/(loss) before working capital changes	<b>265,822</b>	187,225	<b>(2,009)</b>	(1,399)
Changes in working capital :				
Decrease in inventories	<b>103</b>	159,690	-	-
(Increase)/Decrease in trade and other receivables	<b>(12,832)</b>	33,485	<b>48,802</b>	52,163
Decrease in amount due from associated companies	<b>1,386</b>	1,730	-	-
Increase/(Decrease) in trade and other payables	<b>4,740</b>	(90,545)	<b>(161)</b>	(42)
	<b>(6,603)</b>	104,360	<b>48,641</b>	52,121
Cash generated from operations	<b>259,219</b>	291,585	<b>46,632</b>	50,722
Interest paid	<b>(12,057)</b>	(10,549)	-	-
Tax paid	<b>(66,869)</b>	(51,093)	<b>(4,679)</b>	(2,300)
Interest received	<b>1,068</b>	1,206	-	-
<i>Net cash generated from operating activities</i>	<b>181,361</b>	231,149	<b>41,953</b>	48,422



## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (Cont'd)

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to deferred expenditure	(4,429)	(6,638)	-	-
Capital expenditure	(112,385)	(114,891)	(81)	(136)
Purchase of investments	(96,361)	(56,342)	(73,110)	(78,882)
Proceeds from disposal of plant and equipment	14,821	6,522	-	-
Additions to development properties	(403)	(1,811)	-	-
Interest received	25,933	35,253	12,622	13,930
Dividends received	13,884	11,057	195,315	162,607
Proceeds from disposal of other investments	37,502	35,712	-	-
Proceeds from disposal of development properties	-	65,568	-	-
Net cash outflow on acquisition of a subsidiary company (Note A)	(2,466)	-	-	-
Net cash outflow on liquidation of a subsidiary company (Note B)	(27,395)	-	-	-
<i>Net cash (used in)/generated from investing activities</i>	<b>(151,299)</b>	<b>(25,570)</b>	<b>134,746</b>	<b>97,519</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of hire purchase/lease obligations	(1,779)	(892)	-	-
Dividends paid to stockholders of the Company	(139,581)	(148,887)	(139,581)	(148,887)
Dividends paid to minority shareholders	(20,037)	(9,366)	-	-
Short term borrowings, net	23,388	(10,237)	-	-
Repayment of term loan	-	(1,786)	-	-
Fixed deposit (pledged)/withdrawn for banking facilities	(8,233)	3,840	-	-
Proceeds from issue of shares to minority shareholders	-	19,941	-	-
<i>Net cash used in financing activities</i>	<b>(146,242)</b>	<b>(147,387)</b>	<b>(139,581)</b>	<b>(148,887)</b>
Net (decrease)/increase in cash and cash equivalents	<b>(116,180)</b>	58,192	<b>37,118</b>	(2,946)
Cash and cash equivalents at beginning of year	<b>1,065,747</b>	1,047,383	<b>1,055</b>	4,001
Effects of exchange rates on cash and cash equivalents	<b>3,563</b>	(39,828)	-	-
Cash and cash equivalents at end of year (Note C)	<b>953,130</b>	1,065,747	<b>38,173</b>	1,055



## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (Cont'd)

### NOTES

#### A. Acquisition of a subsidiary company

During the year, the Group acquired Hymold (Su Zhou) Co., Ltd ("HSZ"). The fair values of assets acquired and liabilities assumed were as follows :

	RM'000
Property, plant and equipment	14,033
Inventories	1,255
Trade and other receivables	2,732
Cash and cash equivalents	228
Current liabilities	(2,779)
Long term liabilities	(14,325)
	<hr/> 1,144
Less : Minority interest	(227)
Net assets acquired	<hr/> 917
Add : Goodwill on acquisition	1,777
Consideration paid, satisfied in cash	<hr/> 2,694
Less : Cash and cash equivalents of HSZ acquired	(228)
Net cash outflow on acquisition	<hr/> <hr/> 2,466

#### B. Liquidation of a subsidiary company

During the year, a sub-subsidiary of the Group, Wujin Boon Siew Property Development Co Ltd ("Wujin") was liquidated. The fair values of assets and liabilities of Wujin as at the date of liquidation were as follows :

	RM'000
Property, plant and equipment	46
Sundry receivables	9,180
Cash and cash equivalents	50,536
Current liabilities	(627)
	<hr/> 59,135
Less : Minority interest	(36,737)
Net assets liquidated	<hr/> 22,398
Surplus on liquidation	1,260
Consideration received	<hr/> 23,658
Less : Cash and cash equivalents of Wujin on liquidation	(50,536)
Consideration attributable to minority interests	(517)
Net cash outflow on liquidation	<hr/> <hr/> (27,395)



---

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002 (Cont'd)

### C. Cash and cash equivalents

Cash and cash equivalents consist of :

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Cash and bank balances	<b>131,537</b>	150,394	<b>3,659</b>	1,055
Fixed deposits	<b>824,490</b>	919,074	<b>34,514</b>	-
Bank overdrafts	<b>(2,897)</b>	(3,721)	-	-
	<b><u>953,130</u></b>	<u>1,065,747</u>	<b><u>38,173</u></b>	<u>1,055</u>

The above cash and cash equivalents are stated net of pledged deposits of RM25,553,000 (2001 : RM17,320,000) as disclosed in Note 11 to the financial statements.

The notes set out on pages 15 to 54 form an integral part of, and,  
should be read in conjunction with, these financial statements.



---

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following new accounting standards taking effect this financial year :

- i) MASB 20, Provisions, Contingent Liabilities and Contingent Assets and MASB 21, Business Combination which are applied retrospectively. Comparative figures have not been restated as the previous accounting policies were in line with these accounting standards;
- ii) MASB 22, Segmental Reporting which is applied prospectively. Comparative figures have been restated to conform with the presentation and disclosure requirements of the standard.
- iii) MASB 23, Impairment of Assets which is applied prospectively; and
- iv) MASB 24, Financial Instruments: Disclosure and Presentation which has been adopted prospectively.

Apart from the inclusion of the new policies and extended disclosures as required by the standards, the adoption of these standards has not had a material effect on the financial statements.

#### 1.1 Basis of Accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia in all material respects.

#### 1.2 Basis of Consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary companies are consolidated using the acquisition method of accounting.

A subsidiary company is excluded from consolidation when either control is intended to be temporary if the subsidiary company is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiary companies excluded on these grounds are accounted for as investments.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included 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 Group financial statements. The difference between the acquisition cost and the fair values of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

#### 1.3 Associated Companies

Associated companies are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.



### 1.3 Associated Companies (Cont'd)

The consolidated financial statements include the total recognised gains and losses of associated companies on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associated companies which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associated companies. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

### 1.4 Property, Plant and Equipment

Property, plant and equipment except for freehold land and plantations are stated at cost/valuation less accumulated depreciation and accumulated impairment losses, if any.

Surpluses arising from revaluation are dealt with in the asset revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the Income Statement.

Property, plant and equipment retired from active use and held for disposal, if any, are stated at the lower of net book value and net realisable value.

### 1.5 Depreciation

Freehold land and plantations are stated at cost/valuation and are not depreciated. Leasehold land is amortised in equal instalments over the period of the leases which range from 30 years to 99 years. Special tools (included in plant and machinery) are amortised based on estimated unit of production.

On other assets, depreciation is calculated to write off the cost or amount of the valuation of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned at the following annual rates :

	%
Buildings	2 - 10
Assembly plant	5 - 20
Plant and machinery	7 - 33 1/3
Furniture, fixtures, fittings and equipment	5 - 50
Vehicles	20

The initial cost of hotel operating equipment (included under furniture, fixtures, fittings and equipment) such as linen, crockery, glassware, cutlery and kitchen utensils has been capitalised and is not depreciated. Subsequent acquisition to replace these operating assets are written off in the year in which they are incurred.

Depreciation on capital work-in-progress commences when the assets are ready for their intended use.

### 1.6 Investments

Long term investments other than investments in subsidiary companies and associated companies are stated at cost/valuation. An allowance is made when the directors are of the view that there is a diminution in their value which is other than temporary.



## **1.6 Investments (Cont'd)**

Long term investments in subsidiary companies and associated companies are stated at cost/valuation in the Company, less impairment loss, where applicable.

## **1.7 Development Properties**

Development properties are stated at cost/valuation and include land cost and development expenditure. Interest cost on specific and identifiable borrowings to acquire the development property is capitalised and carried forward as part of the cost of development. Such assets are transferred to housing scheme in progress when significant development work has been undertaken and are expected to be completed in the immediate future.

## **1.8 Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair values of the net identifiable assets acquired. Goodwill is stated at cost less accumulated impairment loss, if any. In respect of associated companies, the carrying amount of goodwill is included in the carrying amount of the investment in the associated companies.

## **1.9 Deferred Expenditure**

Deferred expenditure is stated at cost less accumulated amortisation and accumulated impairment losses, if any.

This comprises expenditure incurred on new models of cars which is amortised over the estimated useful lives of the models concerned.

## **1.10 Inventories**

### *i) Developed properties*

Completed properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis and includes land, all direct building costs and other related development costs.

### *ii) Other inventories*

Inventories are stated at the lower of cost and net realisable value.

Cost of assembled motor vehicles and knocked-down units is determined on specific identification and cost of other inventories is principally determined on a first-in, first-out basis.

Cost in the case of work-in-progress and finished products includes materials, direct labour and an appropriate proportion of fixed and variable production overheads.

## **1.11 Housing Scheme In Progress**

- i) Housing scheme in progress is stated at cost plus attributable profits less progress billings and foreseeable losses.
- ii) Income from property development is recognised on the percentage of completion method only when it can be reasonably foreseen and is brought into the financial statements only in respect of sale agreements finalised at the end of the financial year. Foreseeable losses, if any, are recognised in full.



### **1.12 New Planting Expenditure and Replanting Expenditure**

New planting expenditure which represents total cost incurred from land clearing to the point of harvesting is capitalised under freehold land and plantations and is not amortised.

Expenditure on replanting and upkeep of immature areas are capitalised and amortised over the estimated economic useful lives of the trees. Amortisation is deferred until the planted areas attain maturity and the rate used is 5% per annum.

### **1.13 Trade and Other Receivables**

Trade and other receivables are stated at cost less allowance for doubtful debts.

### **1.14 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### **1.15 Liabilities**

Borrowings and trade and other payables are stated at cost.

### **1.16 Provisions**

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

### **1.17 Impairment**

The carrying amount of the Group's assets, other than inventories (refer Note 1.10) and financial assets (other than investments in subsidiary companies and associated companies), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in recoverable amount is recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.



### **1.18 Repurchase of Shares**

When shares are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Shares repurchased and not cancelled are classified as Treasury Stocks.

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.

### **1.19 Capitalisation of Borrowing Costs**

Borrowing costs incurred on planting expenditure are capitalised. Exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs, are also capitalised. Capitalisation of borrowing costs will cease when the plantation attains its maturity.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific planting expenditure, in which case the actual borrowing costs incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

### **1.20 Derivative Financial Instruments**

Transactions in off balance sheet financial instruments include options and cross currency principal and interest rate swaps are stated at market value at the balance sheet date. The unrealised losses are taken up immediately in the income statement. Profits are recognised only when realised.

### **1.21 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 all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

### **1.22 Foreign Currency**

#### *i) Foreign currency transactions*

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 foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.



## 1.22 Foreign Currency (Cont'd)

### ii) *Financial statements of foreign operations*

The Group's foreign operations are not considered an integral part of the Group's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations as at 31 December 2002 are as follows :

#### Malaysian Ringgit per unit of foreign currency

		2001
US dollar	<b>3.80</b>	3.80
Singapore dollar	<b>2.04</b>	2.04
Brunei dollar	<b>2.04</b>	2.04
Australian dollar	<b>2.02</b>	1.83
New Zealand dollar	<b>1.85</b>	1.55

#### Malaysian Ringgit per 100 units of foreign currency

Chinese renminbi	<b>45.90</b>	45.90
Indonesian rupiah	<b>0.04</b>	0.03
Japanese yen	<b>3.11</b>	3.11
Thai baht	<b>8.31</b>	-

## 1.23 Financing Costs

All interest and other costs incurred in connection with borrowings other than that capitalised in accordance with Note 1.19, are expensed as incurred. The interest component of finance lease payments is recognised in the Income Statement so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

## 1.24 Income Recognition

### i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the Income Statement when the significant risks and rewards of ownership have been transferred to the buyer.

### ii) Property development

Profit from property development is recognised using the percentage of completion method. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

### iii) Dividend income

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

### iv) Interest and rental income

Interest and rental income are recognised in the income statement as they accrue, taking into account the effective yield on the assets.



## 2. PROPERTY, PLANT AND EQUIPMENT

	Cost/ Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000	Depreciation For The Year RM'000
GROUP				
Freehold land :				
At valuation - 1978	15,442	-	15,442	-
At cost	128,938	-	128,938	-
Long term leasehold land :				
At valuation - 1978	2,054	657	1,397	25
At cost	31,964	2,148	29,816	225
Short term leasehold land :				
At valuation - 1976	1,374	748	626	33
- 1978	255	83	172	11
At cost	89,079	16,129	72,950	2,139
Buildings :				
At valuation - 1976	2,037	1,498	539	-
- 1978	1,125	519	606	20
At cost	648,769	145,000	503,769	17,267
Assembly plant :				
At valuation - 1978	1,370	1,358	12	-
At cost	3,432	3,379	53	20
<i>Other assets at cost :</i>				
Freehold land and plantations	27,311	-	27,311	-
Plant and machinery	436,067	268,000	168,067	33,589
Furniture, fixtures, fittings, equipment and vehicles	220,473	140,339	80,134	20,683
Replanting expenditure	190,592	27,640	162,952	8,703
Capital work-in-progress	38,833	-	38,833	-
	<b>1,839,115</b>	<b>607,498</b>	<b>1,231,617</b>	<b>82,715</b>
Less : Amount capitalised under Development Properties (Note 3)				(1)
				<b>82,714</b>



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Cost/ Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000	Depreciation For The Year RM'000
2001				
Freehold land :				
At valuation - 1978	15,437	-	15,437	-
At cost	123,949	-	123,949	-
Long term leasehold land :				
At valuation - 1978	2,054	632	1,422	25
At cost	31,191	1,923	29,268	201
Short term leasehold land :				
At valuation - 1976	1,374	715	659	27
- 1978	255	72	183	11
At cost	88,576	13,902	74,674	2,296
Buildings :				
At valuation - 1976	2,037	1,498	539	-
- 1978	1,125	499	626	21
At cost	601,899	123,052	478,847	15,290
Assembly plant :				
At valuation - 1978	1,370	1,358	12	-
At cost	3,432	3,359	73	19
<i>Other assets at cost :</i>				
Freehold land and plantations	27,311	-	27,311	-
Plant and machinery	384,964	234,624	150,340	28,776
Furniture, fixtures, fittings, equipment and vehicles	203,164	124,383	78,781	23,247
Replanting expenditure	144,756	16,165	128,591	6,375
Capital work-in-progress	17,988	-	17,988	-
	<u>1,650,882</u>	<u>522,182</u>	<u>1,128,700</u>	<u>76,288</u>
Less : Amount capitalised under Development Properties (Note 3)				(1)
				<u><u>76,287</u></u>



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY	Cost/ Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000	Depreciation For The Year RM'000
Freehold land :				
At valuation - 1978	10,519	-	10,519	-
At cost	4,883	-	4,883	-
Buildings :				
At valuation - 1978	788	394	394	16
At cost	175	28	147	4
<i>Other assets at cost :</i>				
Furniture, fittings, equipment and vehicles	273	105	168	44
Capital work-in-progress	28	-	28	-
	<b>16,666</b>	<b>527</b>	<b>16,139</b>	<b>64</b>
2001				
Freehold land :				
At valuation - 1978	10,519	-	10,519	-
At cost	4,883	-	4,883	-
Buildings :				
At valuation - 1978	788	378	410	15
At cost	175	24	151	5
<i>Other assets at cost :</i>				
Furniture, fittings, equipment and vehicles	193	62	131	5
Capital work-in-progress	28	-	28	-
	<b>16,586</b>	<b>464</b>	<b>16,122</b>	<b>25</b>

Please refer Notes 2.1 and 2.2 for detailed movement of cost/valuation and accumulated depreciation of property, plant and equipment of the Group and of the Company.



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2.1 Detailed movement in cost/valuation of the Company/Group are as follows:

	At 1 January 2002 RM'000	Additions RM'000	Additions through acquisition of a subsidiary company RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary company RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2002 RM'000
<b>Held by the Company</b>								
At valuation 1978 :								
Freehold land	10,519	-	-	-	-	-	-	10,519
Buildings	788	-	-	-	-	-	-	788
At cost								
Freehold land	4,883	-	-	-	-	-	-	4,883
Buildings	175	-	-	-	-	-	-	175
Furniture, fixtures, fittings, equipment and vehicles	193	81	-	(1)	-	-	-	273
Capital work-in-progress	28	-	-	-	-	-	-	28
	<b>16,586</b>	<b>81</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,666</b>
<b>Held by the subsidiary companies of the Group</b>								
At valuation 1978 :								
Freehold land	4,918	5	-	-	-	-	-	4,923
Long term leasehold land	2,054	-	-	-	-	-	-	2,054
Short term leasehold land	255	-	-	-	-	-	-	255
Buildings	337	-	-	-	-	-	-	337
Assembly plant	1,370	-	-	-	-	-	-	1,370
At valuation 1976 :								
Short term leasehold land	1,374	-	-	-	-	-	-	1,374
Buildings	2,037	-	-	-	-	-	-	2,037
At cost								
Freehold land	119,066	4,421	-	-	-	35	533	124,055
Long term leasehold land	31,191	709	-	-	-	1	63	31,964
Short term leasehold land	88,576	143	-	-	-	-	360	89,079
Freehold land and plantation	27,311	-	-	-	-	-	-	27,311
Buildings	601,724	14,883	-	(127)	-	3,473	28,641	648,594
Assembly plant	3,432	-	-	-	-	-	-	3,432
Plant and machinery	384,964	38,590	27,209	(31,029)	-	3,024	13,309	436,067
Furniture, fixtures, fittings, equipment and vehicles	202,971	19,397	-	(12,443)	(200)	3,531	6,944	220,200
Replanting expenditure	144,756	5,967	-	-	-	-	39,869	190,592
Capital work-in-progress	17,960	28,189	2,453	(55)	-	(10,064)	322	38,805
	<b>1,650,882</b>	<b>112,385</b>	<b>29,662</b>	<b>(43,655)</b>	<b>(200)</b>	<b>-</b>	<b>90,041</b>	<b>1,839,115</b>



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

2.2 Detailed movement in accumulated depreciation of the Company/Group are as follows:

	At 1 January 2002 RM'000	Depreciation for the year RM'000	Additions through acquisition of a subsidiary company RM'000	Disposal/ Write-off RM'000	Deletion through liquidation of a subsidiary company RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2002 RM'000
<b>Held by the Company</b>								
At valuation 1978 :								
Buildings	378	16	-	-	-	-	-	394
At cost								
Buildings	24	4	-	-	-	-	-	28
Furniture, fixtures, fittings, equipment and vehicles	62	44	-	(1)	-	-	-	105
	<b>464</b>	<b>64</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>527</b>
<b>Held by the subsidiary companies of the Group</b>								
At valuation 1978 :								
Long term leasehold land	632	25	-	-	-	-	-	657
Short term leasehold land	72	11	-	-	-	-	-	83
Buildings	121	4	-	-	-	-	-	125
Assembly plant	1,358	-	-	-	-	-	-	1,358
At valuation 1976 :								
Short term leasehold land	715	33	-	-	-	-	-	748
Buildings	1,498	-	-	-	-	-	-	1,498
At cost								
Long term leasehold land	1,923	225	-	-	-	-	-	2,148
Short term leasehold land	13,902	2,139	-	-	-	-	88	16,129
Buildings	123,028	17,263	-	(37)	-	(3)	4,721	144,972
Assembly plant	3,359	20	-	-	-	-	-	3,379
Plant and machinery	234,624	33,589	15,629	(20,968)	-	(83)	5,209	268,000
Furniture, fixtures, fittings, equipment and vehicles	124,321	20,639	-	(8,835)	(154)	86	4,177	140,234
Replanting expenditure	16,165	8,703	-	-	-	-	2,772	27,640
	<b>522,182</b>	<b>82,715</b>	<b>15,629</b>	<b>(29,841)</b>	<b>(154)</b>	<b>-</b>	<b>16,967</b>	<b>607,498</b>



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Additions to replanting expenditure during the year include :

	GROUP	
	RM'000	2001 RM'000
- Interest expense	1,759	2,876
- Unrealised gain on foreign exchange	(5,167)	(5,864)
- Realised gain on foreign exchange	<u>(457)</u>	<u>(2,503)</u>

The property, plant and equipment are shown at Directors' valuation in the years indicated based on the following valuation exercises carried out :

- In 1976 - By a firm of professional valuers on a 'replacement cost' basis.
- In 1978 - By Government Valuers on an 'open market value' basis.

Subsequent acquisitions are shown at cost while deletions are at valuation or cost as appropriate.

Included in the net book value of property, plant and equipment of the Group is an amount of RM1,753,000 (2001 : RM9,275,000) representing assets financed under leasing/hire purchase instalment plans.

Included in the replanting expenditure is an amount of RM12,669,000 (2001 : RM12,669,000) which represents compensation paid to squatters on the land in which certain subsidiary companies have the legal right for planting and cultivation of oil palm.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1976 and 1978 (including those properties classified under Development Properties) were carried out primarily for the purpose of reflecting a fairer worth of properties then and were not intended to effect a change in accounting policy to one of revaluation of properties. It is envisaged that the current market values of the revalued properties are no less than their net book values. In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No 16 (Revised), Property, Plant and Equipment, the valuation of these assets has not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation.



## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The carrying amounts of the revalued assets (under property, plant and equipment) had they been stated at cost less accumulated depreciation are as follows :

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
<b>At Valuation 1976 :</b>			
<i>Held by the subsidiary companies of the Group</i>			
Short term leasehold land	187	104	83
Buildings	1,713	1,145	568
	1,900	1,249	651
<b>At Valuation 1978 :</b>			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	31	34
	930	31	899
<i>Held by the subsidiary companies of the Group</i>			
Freehold land	5,147	-	5,147
Long term leasehold land	1,400	607	793
Short term leasehold land	23	10	13
Buildings	1,687	661	1,026
Assembly plant	691	691	-
	8,948	1,969	6,979
	11,778	3,249	8,529

2001

### At Valuation 1976 :

*Held by the subsidiary companies of the Group*

Short term leasehold land	187	100	87
Buildings	1,713	1,120	593
	1,900	1,220	680

### At Valuation 1978 :

*Held by the Company*

Freehold land	865	-	865
Buildings	65	30	35
	930	30	900

*Held by the subsidiary companies of the Group*

Freehold land	5,147	-	5,147
Long term leasehold land	1,400	602	798
Short term leasehold land	23	9	14
Buildings	1,687	658	1,029
Assembly plant	691	691	-
	8,948	1,960	6,988
	11,778	3,210	8,568



### 3. DEVELOPMENT PROPERTIES

	GROUP	
	RM'000	2001 RM'000
Balance at 1 January	57,176	57,359
Add : Additions during the year	403	1,811
Less : Compulsory acquisition of development properties (Note 23)	-	(1,994)
Balance at 31 December *	<u>57,579</u>	<u>57,176</u>
* This amount comprises :		
At valuation (1978)		
Freehold land	1,928	1,928
At cost		
Freehold land	43,990	43,990
Other outgoings	11,661	11,258
	<u>57,579</u>	<u>57,176</u>

The freehold land is shown at Directors' valuation based on a valuation exercise carried out by Government Valuers on an 'open market value' basis in 1978.

The carrying amount of the revalued land had it been stated at cost is **RM1,257,000** (2001 : RM1,257,000).

Included in other outgoings are the following :

- i) Depreciation amounting to **RM1,000** (2001 : RM1,000).
- ii) Land premium of **RM5,625,000** (2001 : RM5,625,000) representing payment made pursuant to a conditional agreement entered into between the State Government of Malacca and one of the subsidiary companies, Ultra Green Sdn Bhd ("UGSB"), whereby UGSB has been granted exclusive right to reclaim and develop approximately 1,125 acres of foreshore land. The approval from the State Government of Malacca includes the granting of leasehold tenancy for a period of 99 years and the entitlement of the State Government of Malacca, after reclamation, to one-sixth of the total net saleable area or one-sixth of the paid up capital of UGSB in lieu thereof.

As at to-date, UGSB has been granted a conditional approval by the Jabatan Alam Sekitar (after carrying out the macro Environment Impact Assessment), for UGSB to reclaim and develop the said foreshore land.

UGSB will only commence the reclamation after all approvals have been received from the relevant authorities, including the State Government of Malacca and after UGSB has obtained such other licences, permits or approvals from the approving authorities as may be required relating to the reclamation works and the development project.



#### 4. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	RM'000	2001 RM'000
Unquoted shares		
- at cost	<b>363,691</b>	301,381
- at valuation	<b>23,523</b>	23,523
	<b><u>387,214</u></b>	<u>324,904</u>

The shares in two of the subsidiary companies are shown at Directors' valuation based on their net worth in 1979.

Details of the subsidiary companies are listed under Note 34.

#### 5. INVESTMENT IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Unquoted shares, at cost	<b>55,696</b>	55,273	<b>24,548</b>	24,548
Share of post-acquisition reserves	<b>114,291</b>	100,951	-	-
	<b><u>169,987</u></b>	<u>156,224</u>	<b><u>24,548</u></b>	<u>24,548</u>
Less : Impairment losses	-	-	<b>(10,000)</b>	(10,000)
	<b><u>* 169,987</u></b>	<u>* 156,224</u>	<b><u>14,548</u></b>	<u>14,548</u>

\* This is represented by :

Share of net tangible assets	<b>165,608</b>	151,845
Goodwill	<b>4,379</b>	4,379
	<b><u>169,987</u></b>	<u>156,224</u>

#### List of Associated Companies :

	<u>Group's Interest</u>		<u>Principal Activities</u>
		2001	
	%	%	
Incorporated in Malaysia :			
Chainferry Development Sdn. Berhad	<b>32.8</b>	32.8	Property development
Penang Wellesley Realty Sdn. Berhad	<b>39.8</b>	39.8	Property development
Southern Perak Plantations Sdn. Berhad	<b>39.5</b>	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	<b>25.0</b>	25.0	Operation of a bowling alley
Jasabudi Sdn Bhd	<b>20.0</b>	20.0	Dealer in machinery and spare parts
Honda Autoparts Manufacturing (M) Sdn. Bhd.	<b>49.0</b>	49.0	Manufacturing and sale of motor vehicle parts
Kenanga Mekar Sdn. Bhd.	<b>49.0</b>	49.0	Property development
Unique Mix (Penang) Sdn. Bhd.	<b>25.8</b>	25.8	Manufacturer and dealer of concrete products



## 5. INVESTMENT IN ASSOCIATED COMPANIES (Cont'd)

### List of Associated Companies :

	<u>Group's Interest</u>		<u>Principal Activities</u>
	%	2001 %	
Southern Oriental Sdn. Bhd.	<b>50.0</b>	50.0	Investment holding
Lipro Kyowa Electronics Sdn Bhd	<b>30.0</b>	30.0	Assembly and sale of electronic products. The Company ceased operations during the financial year.
Hicom Teck See Manufacturing Malaysia Sdn Bhd	<b>29.4</b>	29.4	Manufacture of thermo plastic and thermo setting products
Incorporated in Singapore :			
Singapore Safety Driving Centre Ltd	<b>27.5</b>	27.5	Operation of a driving school
B.S. Kah Pte. Ltd	<b>40.0</b>	40.0	Property management
Bukit Batok Driving Centre Ltd	<b>21.9</b>	21.9	Operation of a driving school

The accounting year end of all the associated companies is 31 December except for Hicom Teck See Manufacturing Malaysia Sdn Bhd, Jasabudi Sdn Bhd and Unique Mix (Penang) Sdn Bhd whose accounting years end on 31 March, 31 May and 30 June respectively.

## 6. OTHER INVESTMENTS, at cost

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Quoted shares				
- in Malaysia	<b>6,918</b>	6,918	-	-
- outside Malaysia	<b>22,512</b>	15,924	-	-
Foreign Government and Public Bonds	<b>83,234</b>	42,766	-	-
	<b>112,664</b>	65,608	-	-
Unquoted shares	<b>27,570</b>	16,487	<b>33,113</b>	22,313
Others	<b>1,341</b>	1,390	-	-
	<b>141,575</b>	83,485	<b>33,113</b>	22,313
Market value of :				
- Quoted shares	<b>31,818</b>	25,939	-	-
- Foreign Government and Public Bonds	<b>86,304</b>	43,435	-	-
	<b>118,122</b>	69,374	-	-

The Group's foreign government and public bonds and the quoted shares have been stated after allowance for diminution in value of RM1,657,000 (2001 : RM772,000) and RM1,861,000 (2001 : RM1,751,000) respectively.



## 7. GOODWILL

<i>At cost</i>	GROUP	
	RM'000	2001 RM'000
Balance at 1 January	15,275	15,313
Addition through acquisition of a subsidiary company	1,777	-
Reserve on consolidation arising from the additional investment in an existing subsidiary company	-	(38)
Balance at 31 December	<u>17,052</u>	<u>15,275</u>

## 8. INVENTORIES

	GROUP	
	RM'000	2001 RM'000
Developed properties	3,438	5,147
Finished products		
Manufactured goods	28,021	24,913
Assembled motor vehicles	97,070	93,354
Trading inventories	40,677	60,754
	<u>165,768</u>	<u>179,021</u>
Work-in-progress	17,020	14,667
Raw materials	59,479	42,434
Knocked-down units	31,460	17,262
Consumable stores and spares	38,518	56,121
Hotel stocks	2,371	2,369
	<u>318,054</u>	<u>317,021</u>

Included in the above are certain inventories carried at net realisable value :

	GROUP	
	RM'000	2001 RM'000
Consumable stores and spares	3,422	3,945
Raw materials	5,753	5,785
Manufactured goods	1,022	1,086
Assembled motor vehicles	-	31
Trading inventories	6,737	-
	<u>16,934</u>	<u>10,847</u>



## 9. HOUSING SCHEME IN PROGRESS

	GROUP	
	RM'000	2001 RM'000
Balance at 1 January	3,213	44,559
Add : Additions during the year	1,875	1,300
Less : Compulsory acquisition of Housing Scheme in Progress (Note 23)	-	(40,727)
Transfer to Income Statement in respect of completed units sold	-	(674)
Cost of developed properties	-	(1,245)
Balance at 31 December *	<u>5,088</u>	<u>3,213</u>
* This amount comprises :-		
Freehold land, at cost	366	366
Development expenditure	4,722	2,847
	<u>5,088</u>	<u>3,213</u>

## 10. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Trade receivables				
Amount due :				
- within 1 year	205,183	182,325	-	-
- after 1 year	2,029	3,598	-	-
	<u>207,212</u>	<u>185,923</u>	<u>-</u>	<u>-</u>
Allowance for doubtful debts	(8,230)	(10,390)	-	-
Unearned income	(1,844)	(2,315)	-	-
	<u>(10,074)</u>	<u>(12,705)</u>	<u>-</u>	<u>-</u>
	<u>197,138</u>	<u>173,218</u>	<u>-</u>	<u>-</u>
Amount due from subsidiary companies	-	-	407,944	456,764
Amount due from associated companies	11,130	12,423	-	-
Other receivables, deposits and prepayments	33,538	45,077	26	8
	<u>241,806</u>	<u>230,718</u>	<u>407,970</u>	<u>456,772</u>



## 11. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Fixed deposits :				
With licensed banks	<b>621,250</b>	513,632	<b>34,514</b>	-
With licensed finance companies	<b>228,793</b>	422,762	-	-
	<b>850,043</b>	936,394	<b>34,514</b>	-
Cash and bank balances	<b>131,537</b>	150,394	<b>3,659</b>	1,055
	<b>981,580</b>	1,086,788	<b>38,173</b>	1,055

Included in the fixed deposits of the Group is an amount of RM25,553,000 (2001 : RM17,320,000) which is pledged to a licensed bank for banking facilities granted to certain subsidiary companies.

Included in cash and bank balances of the Group is an amount of RM101,000 (2001 : RM693,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulation.

## 12. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Trade payables	<b>142,881</b>	132,853	-	-
Other payables and accruals	<b>102,972</b>	100,155	<b>927</b>	1,088
Amount due to associated companies	<b>106</b>	13	-	-
	<b>245,959</b>	233,021	<b>927</b>	1,088

## 13. BORROWINGS

	GROUP	
	RM'000	2001 RM'000
Secured :		
Bank overdraft	<b>853</b>	-
Unsecured :		
Bank overdrafts	<b>2,044</b>	3,721
Other borrowings	<b>365,018</b>	274,473
Lease/hire purchase obligations (Note 20)	<b>645</b>	1,920
	<b>368,560</b>	280,114

The bank borrowings carry interest at rates which vary according to prevailing base lending rates.

The secured bank overdraft is secured by way of fixed deposit pledged (see Note 11).



## 14. DEFERRED EXPENDITURE

	GROUP	
	RM'000	2001 RM'000
Cost		
Balance at 1 January	14,668	8,030
Additions during the year	4,429	6,638
Balance at 31 December	<u>19,097</u>	<u>14,668</u>
Accumulated Amortisation		
Balance at 1 January	(9,460)	(7,201)
Amortisation charge for the year (Note 21)	(3,452)	(1,937)
Write off during the year (Note 21)	(217)	(322)
Balance at 31 December	<u>(13,129)</u>	<u>(9,460)</u>
Net book value	<u><u>5,968</u></u>	<u><u>5,208</u></u>

## 15. SHARE CAPITAL

	GROUP/COMPANY	
	RM'000	2001 RM'000
<b>Authorised :</b>		
Stocks of RM1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Issued and fully paid :</b>		
Stocks of RM1 each		
Balance at 1 January	517,000	517,068
Repurchased Treasury Stocks cancelled (Note 18)	-	(68)
Balance at 31 December	<u><u>517,000</u></u>	<u><u>517,000</u></u>



## 16. RESERVES

	At 1 January 2002 RM'000	Deletion through liquidation of a subsidiary company RM'000	Currency translation differences RM'000	At 31 December 2002 RM'000
<b>GROUP</b>				
Distributable				
Capital Reserves	39,552	-	-	39,552
Non-distributable				
Share Premium	1,099	-	-	1,099
Asset Revaluation Reserve	474	-	-	474
Exchange Fluctuation Reserves	160,323	(13,683)	(1)	146,639
Capital Reserves	1,344	-	-	1,344
Capital Redemption Reserve	68	-	-	68
	<b>163,308</b>	<b>(13,683)</b>	<b>(1)</b>	<b>149,624</b>
	<b>202,860</b>	<b>(13,683)</b>	<b>(1)</b>	<b>189,176</b>
<b>COMPANY</b>				
Distributable				
Capital Reserves	29,992	-	-	29,992
Non-distributable				
Capital Redemption Reserve	68	-	-	68
	<b>30,060</b>	-	-	<b>30,060</b>
	At 1 January 2001 RM'000	Cancellation of Treasury Stocks RM'000	Currency translation differences RM'000	At 31 December 2001 RM'000
<b>GROUP</b>				
Distributable				
Capital Reserves	39,552	-	-	39,552
Non-distributable				
Share Premium	1,099	-	-	1,099
Asset Revaluation Reserve	474	-	-	474
Exchange Fluctuation Reserves	248,524	-	(88,201)	160,323
Capital Reserves	1,344	-	-	1,344
Capital Redemption Reserve	-	68	-	68
	251,441	68	(88,201)	163,308
	290,993	68	(88,201)	202,860



## 16. RESERVES (Cont'd)

COMPANY	At 1 January 2001 RM'000	Cancellation of Treasury Stocks RM'000	Currency translation differences RM'000	At 31 December 2001 RM'000
Distributable				
Capital Reserves	29,992	-	-	29,992
Non-distributable				
Capital Redemption Reserve	-	68	-	68
	<u>29,992</u>	<u>68</u>	<u>-</u>	<u>30,060</u>

The Capital Reserves comprise surplus on sale of land and building and long term investments.

## 17. RETAINED PROFITS

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Balance at 1 January	<b>1,497,258</b>	1,577,194	<b>240,386</b>	264,644
Net profit for the year attributable to stockholders	<b>160,999</b>	116,013	<b>201,700</b>	171,691
	<u><b>1,658,257</b></u>	<u>1,693,207</u>	<u><b>442,086</b></u>	<u>436,335</u>
Less : Appropriations				
Dividends (Note 26)	<b>(93,054)</b>	(195,414)	<b>(93,054)</b>	(195,414)
Cancellation of treasury stocks	-	(535)	-	(535)
	<u><b>(93,054)</b></u>	<u>(195,949)</u>	<u><b>(93,054)</b></u>	<u>(195,949)</u>
Balance at 31 December	<u><b>1,565,203</b></u>	<u>1,497,258</u>	<u><b>349,032</b></u>	<u>240,386</u>

## 18. TREASURY STOCKS - GROUP/COMPANY

In year 2000, the Company purchased 100,000 of its issued stocks from the open market. The average price paid for the stocks purchased was RM7.84 per stock. The repurchased stocks are held as treasury stocks and carried at cost.

On 2 March 2001, 68,192 of the treasury stocks were cancelled which reduced the issued capital of the Company to 517,000,000 stocks of RM1 each and an amount equivalent to their nominal value was transferred to Capital Redemption Reserve. Treasury stocks have no rights to voting, dividends and participation in other distribution.



## 19. MINORITY INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary companies' goodwill on consolidation.

## 20. DEFERRED LIABILITIES

	GROUP	
	RM'000	2001 RM'000
<b>Deferred taxation</b>		
Balance at 1 January	34,002	22,919
Exchange differences	3,553	(492)
Transfer (to)/from Income Statement (Note 24)	(17,397)	11,575
Balance at 31 December	20,158	34,002
<b>Lease/Hire purchase obligations</b>		
Total amount payable	941	2,701
Portion payable within 12 months included under Borrowings (Note 13)	(645)	(1,920)
Amount payable after 12 months	296	781
	<b>20,454</b>	<b>34,783</b>

## 21. OPERATING PROFIT

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Revenue				
- Sale of goods and services	2,912,282	2,538,996	34	82
- Interest income	27,001	36,459	12,622	13,930
- Rental income	5,828	6,534	-	-
- Dividend income	1,169	1,047	263,304	214,021
	<b>2,946,280</b>	2,583,036	<b>275,960</b>	228,033
Cost of sales	(2,496,492)	(2,198,067)	-	-
Gross Profit	<b>449,788</b>	384,969	<b>275,960</b>	228,033
Distribution costs	(41,435)	(45,368)	-	-
Administration expenses	(153,764)	(133,331)	(2,107)	(1,506)
Other operating expenses	(36,120)	(53,214)	-	-
Other operating income	17,272	34,187	-	-
	<b>(214,047)</b>	(197,726)	<b>(2,107)</b>	(1,506)
Operating profit	<b>235,741</b>	187,243	<b>273,853</b>	226,527



## 21. OPERATING PROFIT (Cont'd)

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
This has been arrived at				
<b>After charging :</b>				
Directors' emoluments				
Directors of the Company				
- Fees - current year	832	694	340	200
- prior year	13	-	13	-
- Others	3,759	3,011	37	33
- Benefits-in-kind	4	-	-	-
Other Directors				
- Fees	890	818	-	-
- Others	4,294	4,139	-	-
- Benefits-in-kind	103	136	-	-
Past Directors				
- Fees	20	-	20	-
- Others	228	-	-	-
Auditors' remuneration				
- current year	856	883	9	9
- prior year	14	3	-	-
Depreciation (Note 2)	82,714	76,287	64	25
Rental of land and buildings	4,734	5,760	-	-
Hire of equipment	1,398	891	-	-
Plant and equipment written off	24	405	-	-
Deferred expenditure written off (Note 14)	217	322	-	-
Realised loss on foreign exchange	-	-	5	-
Bad and doubtful debts	-	1,496	-	-
Allowance for diminution in value of other investments	1,043	-	-	-
Allowance for diminution in value of inventories	3,231	2,957	-	-
Amortisation of deferred expenditure (Note 14)	3,452	1,937	-	-
Loss on disposal of plant and equipment	-	2,330	-	-
<b>and crediting :</b>				
Dividends (gross) received from:				
Unquoted investments	64	247	682	65
Unquoted subsidiary companies	-	-	258,083	209,027
Unquoted associated companies	-	-	4,539	4,929
Investments quoted in Malaysia	9	9	-	-
Investments quoted outside Malaysia	1,096	791	-	-
Rental income	5,828	6,534	-	-
Realised gain on foreign exchange	2,099	8,170	-	-
Interest received from subsidiary companies	-	-	12,420	13,930
Other interest income	27,001	36,459	202	-
Gain on disposal of plant and equipment	1,031	-	-	-
Gain on disposal of investments	269	4,162	-	-
Unrealised gain on foreign exchange	12,956	16,783	-	-
Exceptional item (Note 23)	14,943	22,848	-	-
Reversal of allowance for bad and doubtful debts	3,845	-	-	-



## 22. EMPLOYEE INFORMATION

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Staff costs	<b>191,541</b>	177,396	<b>593</b>	391

The number of employees of the Group and of the Company (including salaried directors) at the end of the year was 9,870 (2001 : 9,328) and 6 (2001 : 3) respectively.

## 23. EXCEPTIONAL ITEMS

The exceptional items below are stated before tax and minority interest :

	GROUP	
	RM'000	2001 RM'000
Proceeds from compulsory acquisition of land and development expenditure	-	65,569
Cost of land and development expenditure		
- Development properties (Note 3)	-	(1,994)
- Housing scheme in progress (Note 9)	-	(40,727)
	-	(42,721)
Gain on disposal of development properties arising from compulsory acquisition	-	22,848
Surplus on liquidation of a subsidiary company	<b>1,260</b>	-
Realised gain on foreign exchange upon liquidation of a subsidiary company (Note 16)	<b>13,683</b>	-
	<b>14,943</b>	22,848



## 24. TAX EXPENSE

Details of the tax expense are as follows :

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Current tax expense				
Malaysian tax expense				
- Based on profit for the year	33,850	22,600	72,153	54,836
- Over provision in respect of prior years	(2,621)	(691)	-	-
	<b>31,229</b>	21,909	<b>72,153</b>	54,836
Foreign tax expense				
- Based on profit for the year	17,590	25,938	-	-
- Over provision in respect of prior year	(637)	(33)	-	-
	<b>16,953</b>	25,905	-	-
	<b>48,182</b>	47,814	<b>72,153</b>	54,836
Deferred tax expense				
Transfer (from)/to Deferred Taxation Account (Note 20)				
- current year	794	11,575	-	-
- prior year	(18,191)	-	-	-
	<b>(17,397)</b>	11,575	-	-
On share of results of associated companies	4,114	7,274	-	-
	<b>34,899</b>	66,663	<b>72,153</b>	54,836

### GROUP

The Group's effective tax rate is lower than the prima facie tax rate mainly due to the utilisation of unabsorbed losses brought forward by certain foreign subsidiary companies, giving rise to a total tax savings of approximately RM8,988,000.

The over provision of prior year's deferred tax is mainly due to the previously unrecognised temporary differences available to certain foreign subsidiary companies.

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items :

	RM'000	2001 RM'000
Unutilised tax losses	(28,546)	(55,061)
Other timing differences	(22,822)	(28,870)
	<b>(51,368)</b>	<b>(83,931)</b>



## 24. TAX EXPENSE (Cont'd)

### COMPANY

The disproportionate tax charge in relation to the results for the year is mainly due to certain tax exempt dividends earned.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits and exempt income to frank/distribute dividends out of all its distributable reserves at balance sheet date.

## 25. BASIC EARNINGS PER ORDINARY STOCK

The basic earnings per ordinary stock unit have been calculated based on the net profit for the year attributable to the stockholders of the Company and the number of stocks in issue of 516,968,192 (2001 : 516,968,192), after deducting the Treasury Stocks of 31,808 (2001 : 31,808).

## 26. DIVIDENDS

	GROUP/COMPANY	
	2001	2001
	RM'000	RM'000
Interim declared/paid :		
Interim dividend of 5% (2001 : 5%) less 28% tax	<b>18,611</b>	18,611
Special dividend of 7.5% (2001 : 7.5%) less 28% tax	<b>27,916</b>	27,916
	<b>46,527</b>	46,527
Final paid - 2001		
Final dividend of 8% (2000 : 8%) less 28% tax	<b>29,778</b>	29,778
Special dividend of 4.5% (2000 : 32%) less 28% tax	<b>16,749</b>	119,109
	<b>46,527</b>	148,887
	<b>93,054</b>	195,414

The directors proposed a final dividend of 8% less 28% tax, and a special dividend of 4.5% less 28% tax, making a total dividend of 12.5% less 28% tax, totalling RM46,527,137 in respect of the year ended 31 December 2002, subject to the approval of the stockholders at the forthcoming Annual General Meeting. The financial statements do not reflect this final proposed dividend and special dividend, which will be accounted for as an appropriation of retained profits in the year ending 31 December 2003.

## 27. COMMITMENTS

	GROUP		COMPANY	
	2001	2001	2001	2001
	RM'000	RM'000	RM'000	RM'000
(i) Non-cancellable operating lease commitments				
Within 1 year	<b>1,255</b>	1,156	-	-
Between 1 to 5 years	<b>4,388</b>	4,645	-	-
Above 5 years	<b>5,734</b>	6,573	-	-
	<b>11,377</b>	12,374	-	-



## 27. COMMITMENTS (Cont'd)

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
(ii) Capital expenditure				
- approved and contracted for	2,895	4,170	-	-
- approved but not contracted for	91,813	75,329	-	-
	<u>94,708</u>	<u>79,499</u>	<u>-</u>	<u>-</u>

## 28. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### *Business segments*

The Group comprises the following main business segments :

<i>Automotive and related products</i>	Retailer, assembly and distributor of motor vehicle; manufacture of engines, seats and other related parts as well as traders of spare parts, accessories and related component parts
<i>Plastic products</i>	Manufacture, assembly and distribution of plastic component parts; manufacture of plastic technical and industrial goods and equipment
<i>Hotels and resorts</i>	Hotelier
<i>Investment holding and financial services</i>	Investment in shares and bonds, letting of properties and leasing companies
<i>Plantation</i>	Cultivation of oil palm and oil palm plantation
<i>Property development and others</i>	a) Development of residential and commercial properties; b) provision of management, marketing, advertisement and central reservation services; c) freight forwarding, shipping agents and commission agents; d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials; e) distributor of cement and manufacturer and dealer of concrete products

### *Geographical segments*

The Group's business are mainly carried out in two geographical areas, Malaysia and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are also based on the geographical location of assets.



## 28. SEGMENTAL REPORTING (Cont'd)

### *Business segments*

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Property development and others RM'000	Elimination RM'000	Consolidated RM'000
Revenue from external customers	2,162,124	280,446	109,686	106,188	34,756	253,080	-	2,946,280
Inter-segment revenue	456	2,388	35	-	175	8,391	(11,445)	-
<b>Total revenue</b>	<b>2,162,580</b>	<b>282,834</b>	<b>109,721</b>	<b>106,188</b>	<b>34,931</b>	<b>261,471</b>	<b>(11,445)</b>	<b>2,946,280</b>
<b>Segment results</b>	129,866	15,473	18,381	44,622	32,163	5,069	(9,833)	235,741
Interest expense								(12,057)
Share of profits in associated companies	12,338	8,098	-	3,840	-	6,599	-	30,875
Profit before taxation								254,559
Tax expense								(34,899)
Minority interests								(58,661)
<b>Net profit for the year</b>								<b>160,999</b>
<b>Segment assets</b>	1,480,465	414,245	331,984	396,024	140,512	237,089	-	3,000,319
Investment in associated companies	44,960	47,992	-	15,160	-	61,875	-	169,987
<b>Total assets</b>								<b>3,170,306</b>
<b>Segment liabilities</b>	103,490	79,297	11,468	7,762	2,414	41,528	-	245,959
Unallocated liabilities								403,658
<b>Total liabilities</b>								<b>649,617</b>
Capital expenditure	30,565	42,902	7,069	27,948	81	3,820	-	112,385
Depreciation and amortisation	30,323	22,498	13,263	14,547	67	5,468	-	86,166
Non-cash expenses other than depreciation and amortisation	995	265	-	18	-	3,421	-	4,699



## 28. SEGMENTAL REPORTING (Cont'd)

	Automotive and related products RM'000	Plastic products RM'000	Hotels and resorts RM'000	Plantation RM'000	Investment holding and financial services RM'000	Property development and others RM'000	Elimination RM'000	Consolidated RM'000
<b>2001</b>								
Revenue from external customers	1,915,682	236,013	100,652	41,833	43,849	245,007	-	2,583,036
Inter-segment revenue	153	2,420	10	-	244	6,548	(9,375)	-
<b>Total revenue</b>	<b>1,915,835</b>	<b>238,433</b>	<b>100,662</b>	<b>41,833</b>	<b>44,093</b>	<b>251,555</b>	<b>(9,375)</b>	<b>2,583,036</b>
<b>Segment results</b>	98,154	22,359	9,605	3,636	39,381	25,709	(11,601)	187,243
Interest expense								(10,549)
Share of profits in associated companies	12,690	8,754	-	1,259	-	5,155	-	27,858
Profit before taxation								204,552
Tax expense								(66,663)
Minority interests								(21,876)
<b>Net profit for the year</b>								<b>116,013</b>
<b>Segment assets</b>	1,631,616	334,018	317,176	256,186	62,256	326,332	-	2,927,584
Investment in associated companies	40,254	43,073	-	13,261	-	59,636	-	156,224
<b>Total assets</b>								<b>3,083,808</b>
<b>Segment liabilities</b>	99,401	51,568	25,151	6,014	1,302	49,585	-	233,021
Unallocated liabilities								398,098
<b>Total liabilities</b>								<b>631,119</b>
Capital expenditure	24,723	40,331	13,310	26,355	140	10,032	-	114,891
Depreciation and amortisation	29,856	19,054	12,971	11,222	36	5,085	-	78,224
Non-cash expenses other than depreciation and amortisation	163	436	4,364	23	2,280	2,290	-	9,556



## 28. SEGMENTAL REPORTING (Cont'd)

### *Geographical segments*

	Malaysia RM'000	Singapore RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue from external customers by location of customers	1,639,472	1,021,684	285,124	-	2,946,280
Segment assets by location of assets	1,627,135	802,812	740,359	-	3,170,306
Capital expenditure by location of assets	44,910	3,601	63,874	-	112,385

### **2001**

Revenue from external customers by location of customers	1,203,665	1,204,878	174,493	-	2,583,036
Segment assets by location of assets	1,723,158	776,987	583,663	-	3,083,808
Capital expenditure by location of assets	43,942	6,873	64,076	-	114,891

## 29. CONTINGENT LIABILITIES, unsecured - COMPANY

- i) The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiary companies up to a limit of **RM503.4 million** (2001 : RM526.7 million) of which **RM341.5 million** (2001 : RM346.3 million) was utilised as at balance sheet date.
- ii) The Company has also issued a corporate guarantee to certain non-financial institutions for the supply of goods and services provided to certain subsidiary companies up to a limit of **RM28.0 million** (2001 : RM19.0 million) of which **RM3.5 million** (2001 : RM1.9 million) was utilised as at balance sheet date.
- iii) The Company also undertakes to provide financial support for certain subsidiary companies to enable them to continue as a going concern.

## 30. RELATED PARTIES

### *30.1 Identity of related parties*

- a) The Company has a controlling related party relationship with its direct and indirect subsidiary companies and the associated companies of the Group as disclosed in the financial statements;
- b) The Company also has a related party relationship with :
  - i) the substantial shareholder, Boon Siew Sdn Berhad which holds a 43% interest in the Company and presumed to exercise significant influence over the Company;
  - ii) the subsidiary companies of Boon Siew Sdn Berhad and the direct and indirect associated companies of Boon Siew Sdn Berhad  
(hereinafter referred as "Boon Siew Group of Companies"); and



### 30. RELATED PARTIES (Cont'd)

iii) The key directors and key management personnel of the Group

- Dato' Loh Cheng Yean
- Dato' Wong Lum Kong, JP
- Lim Su Tong @ Lim Chee Tong
- Dato' Dr. Tan Chong Siang

30.2 *Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows :*

a) With associated companies of the Group

	GROUP	
	RM'000	2001 RM'000
i) Sale of goods	39,108	54,699
ii) Purchase of goods	30	216
iii) Rental charges payable	-	68
iv) Lease finance charges receivable	<u>183</u>	<u>-</u>

b) With Boon Siew Group of Companies

	GROUP	
	RM'000	2001 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	2,257	641
ii) Sale of goods	67,613	67,615
iii) Charges for the assembly of motor cycles	14,955	16,249
iv) Purchase of goods	5,145	4,904
v) Rental charges payable	<u>331</u>	<u>122</u>

c) There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

The directors of the Company are of the opinion that the above transactions were entered in the normal course of business and the terms of which have been established on a negotiated basis.

30.3 *Significant non-trade related party balances*

	GROUP		COMPANY	
	RM'000	2001 RM'000	RM'000	2001 RM'000
Amount due from				
- subsidiary companies	-	-	407,944	456,696
- associated companies	11,130	12,423	-	-
	<u>11,130</u>	<u>12,428</u>	<u>407,944</u>	<u>456,696</u>



## 31. FINANCIAL INSTRUMENTS

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group financial risk management policies. The Group operates within clearly defined guidelines that are approved by the Board.

It is the Group's policy not to engage in speculative transactions. As and when the Group undertakes significant transactions with risk exposure, the Group evaluates its exposure and the necessity to hedge such exposure taking into consideration the availability and cost of such hedging instruments. Financial instruments such as trade receivables, trade and other payables arise directly from the Group's operations.

The main risks arising from financial instruments and policies for controlling these risks are set out below: -

### Credit risk

The Group controls its credit risk by the application of credit approvals, limits and monitoring procedures. Credit evaluations are performed on all customers requiring credit over a certain amount and strictly limiting the Group's associations to business partners with high credit worthiness. Trade receivables are monitored on an ongoing basis.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

### Interest rate risk

The Group is exposed to the fluctuating interest rate risk in respect of deposits placed with the licensed financial institutions, borrowings and investment portfolio. These risks are managed through the use of fixed and floating rate financial instruments.

### Foreign currency risk

Foreign exchange risk arises as the Group engages in transactions that are denominated in foreign currencies, mainly in US Dollars, Singapore Dollars, Brunei Dollars, Australian Dollars, New Zealand Dollars, Chinese Renminbi, Japanese Yen, Thai Baht and Indonesian Rupiah. In addition, the Group is exposed to foreign currency movements on its investments in foreign subsidiary companies and associated companies. Foreign currency risk is mitigated as it is managed as far as possible by natural hedges of matching assets and liabilities in the same foreign currency.

### Effective interest rates and repricing analysis

	Effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
<b>GROUP</b>					
<b>Financial assets</b>					
Foreign government and public bonds	4.68 - 6.40	83,234	45,340	7,626	30,268
Fixed deposits	0.34 - 6.40	850,043	850,043	-	-
<b>Financial liabilities</b>					
Bank overdrafts	6.40 - 7.80	2,897	2,897	-	-
Other borrowings	1.56 - 3.10	365,018	365,018	-	-



### 31. FINANCIAL INSTRUMENTS (Cont'd)

	Effective interest rate %	Total RM'000	Within 1 year RM'000	1 - 5 years RM'000	After 5 years RM'000
<b>2001</b>					
<b>Financial assets</b>					
Foreign government and public bonds	4.27	42,766	9,509	27,180	6,077
Fixed deposits	0.90 - 4.75	936,394	936,394	-	-
<b>Financial liabilities</b>					
Bank overdrafts	6.40 - 7.80	3,721	3,721	-	-
Other borrowings	1.55 - 3.90	274,473	274,473	-	-
COMPANY					
<b>Financial assets</b>					
Amount due from subsidiary companies	<b>3.00 - 3.60</b>	<b>407,944</b>	<b>407,944</b>	-	-
Fixed deposits	<b>2.65</b>	<b>34,514</b>	<b>34,514</b>	-	-
<b>2001</b>					
Amount due from subsidiary companies	3.00 - 3.60	456,764	456,764	-	-

#### Fair values

##### *Recognised financial instruments*

The carrying amounts approximate fair value due to the relatively short term nature of these financial instruments in respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings.

The aggregate fair value of the other financial assets carried on the balance sheet as at 31 December are shown below :

	2002		2001	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
GROUP				
<b>Financial assets</b>				
Quoted shares	<b>29,430</b>	<b>31,818</b>	22,842	25,939
Foreign government and public bonds	<b>83,234</b>	<b>86,304</b>	42,766	43,435
Unquoted shares	<b>27,570</b>	#	16,487	#

The fair value of quoted securities is their quoted bid price at the balance sheet date.

# For unquoted investments held, the fair value has not been disclosed as it is not practicable within constraints of timeliness and cost to determine with sufficient reliability.



## 32. SIGNIFICANT EVENTS DURING THE YEAR

During the year,

- i) a sub-subsidiary of the Group, Wujin Boon Siew Property Development Co Ltd, has completed its voluntary liquidation and the surplus on distribution arising from liquidation attributable to the Group amounted to approximately RM0.7 million.
- ii) A new wholly owned subsidiary, Oriental International (Mauritius) Pte Ltd (“OIM”) was incorporated on 23 July 2002. OIM is principally an investment holding company.

OIM incorporated a new wholly owned subsidiary, Oriental Industries (Wuxi) Co. Ltd (“O.Wuxi”) on 15 October 2002. O.Wuxi will be principally engaged in the manufacture of precision moulds, standard moulds, printed circuit boards and injection moulding. The paid up share capital of O. Wuxi will be RM45,600,000. The funds for the total investment will come from internal reserves and borrowings.

- iii) Oriental Boon Siew (Mauritius) Pte Ltd, a 50.5% owned subsidiary of the Company acquired an 80.18% equity interest of Hymold (Su Zhou) Co Ltd (“HSZ”). Approval for the acquisition of HSZ was obtained on 1 July 2002. HSZ operates a plastic injection moulding plant in Su Zhou Industrial Zone, Jiang Su Province in the Peoples’ Republic of China.

In order to streamline its overseas manufacturing operations, Oriental Holdings Berhad transferred its investment in HSZ to its wholly owned subsidiary, Oriental International (Mauritius) Pte. Ltd. at cost subsequent to the approval from the Chinese Authorities which was granted on 17 December 2002.

- iv) Selasih Permata Sdn Bhd (“SP”), a subsidiary of Oriental Holdings Berhad subscribed for its rights issue entitlement in its investment in PT Oriental Kyowa Industries (“PT OKI”) and Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd (“OKPI”) for an amount of USD 3.2 million and USD 5.5 million respectively in October 2002. Both PT OKI and OKPI are also the 75% and 62% owned subsidiaries of OHB’s wholly owned subsidiary, Jutajati Sdn Bhd (“JSB”). For the rights issue by PT OKI and OKPI, JSB and other minority shareholders did not subscribe for their rights issue entitlements. Upon subscription for the rights issue entitlement by SP, OHB Group’s equity interest in PT OKI and OKPI will decrease from 87.63% and 73.58% to 72.78% and 65.39% respectively. Approval from Bank Negara Malaysia for the remittance of funds was obtained on 23 September 2002.

The subscription of shares by SP in OKPI has been effected after year end following the approval from the local authorities in China. However, the subscription for rights issues in PT OKI is subject to obtaining approval from the relevant local authorities in Indonesia and as at todate, approval has not been obtained.

- v) Armstrong Cycle Parts (Sdn.) Berhad (“ACP”), a 57.1% owned subsidiary of the Company has incorporated a wholly owned subsidiary company in Vietnam, known as Armstrong Component Parts (Vietnam) Co., Ltd. (“ACPV”).

ACPV is principally involved in the manufacture and assembly of parts and components (various kinds of spokes and nipples) for automobiles, motorcycles and others. The products will be for the Vietnamese market and for export. The investment is from the Group’s internally generated funds.

- vi) Armstrong Auto Parts Sdn. Berhad (“AAP”), a 60.7% owned subsidiary of the Company has incorporated a wholly owned subsidiary, known as Armstrong Trading & Supplies Sdn. Bhd. (“AT&S”). AT&S is principally involved in general trading of related automotive parts.
- vii) Teck See Plastic Sdn Bhd (“TSP”), a 60% owned subsidiary of the Company intends to establish a new Joint Venture Company to be named as TSP Electronics Sdn Bhd (“TSPE”) with Fimas Electronics Sdn Bhd (“Fimas”). The initial authorised share capital of TSPE will be RM500,000 comprising 500,000 ordinary shares of RM1.00 each. The new JV company has not been incorporated to-date.



### 33. SIGNIFICANT POST BALANCE SHEET EVENT

- (i) Lipro Kyowa Electronics Sdn Bhd, a 50% owned associate of Teck See Plastic Sdn Bhd (“TSP”) and Kyowa Electric & Chemical Co. Ltd. Japan (“Kyowa”), which is involved in the assembly of internal mechanisms for electrical and electronic products and manufacturing of drinking straws, ceased operations during the year 2002 as the Company has been making losses since 1999. The Company owns a piece of land at Kawasan Perindustrian Bukit Raja, Shah Alam. Kyowa wanted to sell its 50% stake for RM2 million which is based approximately on its net tangible assets at 31 October 2002.

On 3 January 2003, the Board approved the above acquisition comprising 2,500,000 ordinary shares of RM1.00 each for a total cash consideration of RM2,000,000 subject to the approval of Ministry of International Trade and Industry which was subsequently obtained on 5 February 2003. Transfer of shares by Kyowa to TSP has yet to be effected as at todote.

- (ii) Selasih Permata Sdn Bhd, a 50.5% owned subsidiary company of the Company incorporated a new wholly owned subsidiary company, Oriental Asia (Mauritius) Pte Ltd (“OAM”) on 24 February 2003. The principal activity of OAM is investment holding.

### 34. DETAILS OF SUBSIDIARY COMPANIES

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group’s Effective Interest</u>	
	%	2001 %
<b>Oriental Realty Sdn. Berhad</b> <i>Property development and investment holding</i>	<b>100.0</b>	100.0
<b>Syarikat Oriental Credit Berhad</b> <i>Money lending</i>	<b>100.0</b>	100.0
<b>Bayview International Sdn. Bhd.</b> <i>Provision of management, marketing, advertisement and central reservation services</i>	<b>100.0</b>	100.0
<b>Dragon Frontier Sdn Bhd</b> <i>Manufacture of plastic moulded parts for electrical, electronics and automotive industries</i>	<b>100.0</b>	100.0
<b>Oriental Rubber &amp; Palm Oil Sdn. Berhad</b> <i>Cultivation of oil palm, investment holding and letting of parking lots</i>	<b>100.0</b>	100.0
<b>Compounding and Colouring Sdn Bhd</b> <i>Manufacture of polypropylene compounds</i>	<b>70.0</b>	70.0
<b>Oriental Assemblers Sdn. Bhd.</b> <i>Assembly of motor vehicles and manufacture of engines</i>	<b>74.7</b>	74.7
<b>Oriental Nichinan Design Engineering Sdn Bhd</b> <i>Design, manufacture and sale of prototype plastic models</i>	<b>70.0</b>	70.0
<b>Oriental San Industries Sdn. Bhd.</b> <i>Letting of properties</i>	<b>100.0</b>	100.0
<b>Oriental-Hitachi Construction Machinery Sdn. Bhd.</b> <i>Sale of construction machinery, attachments and spare parts</i>	<b>65.6</b>	65.6



### 34. DETAILS OF SUBSIDIARY COMPANIES (Cont'd)

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	%	2001 %
<b>Armstrong Cycle Parts (Sdn.) Berhad *</b> <i>Manufacture of automotive control cables and spokes, nipples and control cables for motor cycles and bicycles</i>	<b>57.1</b>	57.1
Subsidiary company of Armstrong Cycle Parts (Sdn.) Berhad - <b>Armstrong Component Parts (Vietnam) Co., Ltd #</b> <i>Manufacturing and assembly of parts and components for automobiles, motorcycle and others</i>	<b>57.1</b>	-
<b>Onward Leasing &amp; Credit Sdn Bhd</b> <i>Leasing company</i>	<b>51.2</b>	51.2
<b>Kah Bintang Auto Sdn Bhd</b> <i>Retailer of motor vehicles and traders of spare parts, accessories and related component parts</i>	<b>100.0</b>	100.0
<b>Oriental-Hyundai Sdn Bhd</b> <i>Distributor of motor vehicles</i>	<b>60.0</b>	60.0
<b>Oriental Boon Siew (Mauritius) Pte Ltd #</b> <i>Investment holding</i>	<b>50.5</b>	50.5
<b>Oriental International (Mauritius) Pte Ltd #</b> <i>Investment holding</i>	<b>100.0</b>	-
Subsidiary companies of Oriental International (Mauritius) Pte Ltd - <b>Hymold (Su Zhou) Co., Ltd *</b> <i>Manufacture of plastic products</i>	<b>80.2</b>	-
- <b>Oriental Industries (Wuxi) Co. Ltd *</b> <i>Manufacture of precision moulds, standard moulds, printed circuit boards and injection moulding</i>	<b>100.0</b>	-
<b>Kah Motor Company Sdn Berhad</b> <i>Assembly of Honda motor cycles and dealer of Honda vehicles and hotelier</i>	<b>100.0</b>	100.0
Subsidiary companies of Kah Motor Company Sdn Berhad - <b>Boon Siew (Borneo) Sendirian Berhad *</b> <i>Distribution of Honda motor cars and motor cycles</i>	<b>99.0</b>	99.0
- <b>Ultra Green Sdn Bhd</b> <i>Land reclamation – no activity yet</i>	<b>100.0</b>	100.0
- <b>Happy Motoring Company Sdn. Bhd. *</b> <i>Distribution of Honda motor cars and motor cycles and sale of spare parts</i>	<b>51.0</b>	51.0
- <b>Kah New Zealand Limited #</b> <i>Hotelier (with golf course)</i>	<b>100.0</b>	100.0
- <b>Kah Australia Pty Ltd</b> <i>Hotelier and Investment holding</i>	<b>100.0</b>	100.0
Subsidiary company of Kah Australia Pty Ltd - <b>Geographe Bay Motel Unit Trust</b> <i>Hotelier</i>	<b>51.0</b>	51.0



### 34. DETAILS OF SUBSIDIARY COMPANIES (Cont'd)

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2001</u> <u>%</u>
<b>Teck See Plastic Sdn. Bhd.</b> <i>Manufacture and distribution of plastic articles and products</i>	<b>60.0</b>	60.0
Subsidiary companies of Teck See Plastic Sdn Bhd		
- <b>Lipro Sdn Bhd</b> <i>Manufacture and assembly of plastic component parts</i>	<b>30.6</b>	30.6
- <b>Lipro Electrical Manufacturing Sdn Bhd</b> <i>Manufacture of electrical parts</i>	<b>60.0</b>	60.0
- <b>Lipro Mold Engineering Sdn. Bhd.</b> <i>Manufacture and repair of moulds, jigs and fixtures</i>	<b>42.0</b>	42.0
- <b>AT-TS Marketing Sdn Bhd</b> <i>Consultancy and management services in plastic and metal industry and trading in gas equipment spare parts</i>	<b>60.0</b>	60.0
- <b>Armstrong Industries Sdn. Bhd.</b> <i>Letting of properties</i>	<b>60.0</b>	60.0
<b>Armstrong Auto Parts Sdn. Berhad</b> <i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>	<b>60.7</b>	60.7
Subsidiary companies of Armstrong Auto Parts Sdn. Berhad		
- <b>Armstrong Realty Sdn. Bhd.</b> <i>Letting of properties</i>	<b>60.7</b>	60.7
- <b>Armstrong Trading &amp; Supplies Sdn. Bhd.</b> <i>General trading of related automotive parts</i>	<b>60.7</b>	-
<b>Jutajati Sdn Bhd</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiary companies of Jutajati Sdn Bhd		
- <b>PT Oriental Kyowa Industries *</b> <i>Manufacture of plastic technical and industrial goods and equipment</i>	<b>87.6</b>	87.6
- <b>Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd #</b> <i>Manufacture of plastic technical and industrial goods and equipment</i>	<b>73.6</b>	73.6
- <b>Oriental Thai Industries Co Ltd</b> <i>Manufacturing of plastic products</i>	<b>100.0</b>	100.0
- <b>Oriental-Logistics Sdn Bhd</b> <i>Freight forwarding, shipping agents and commission agents</i>	<b>60.6</b>	60.6



### 34. DETAILS OF SUBSIDIARY COMPANIES (Cont'd)

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	%	2001 %
<b>- Kwong Wah Enterprise Sdn Bhd</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiary companies of Kwong Wah Enterprise Sdn Bhd		
<b>- North Malaya Engineers Trading Company Sdn. Berhad *</b> <i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>	<b>100.0</b>	100.0
<b>- Lipro Trading Sdn Bhd</b> <i>Distributor of cement</i>	<b>100.0</b>	100.0
<b>- Simen Utara Sdn Bhd *</b> <i>Trading agent</i>	<b>91.0</b>	91.0
Subsidiary company of Simen Utara Sdn Bhd		
<b>- Unique Pave Sdn Bhd</b> <i>Manufacturer of and dealer of concrete products</i>	<b>44.1</b>	44.1
<b>Selasih Permata Sdn Bhd</b> <i>Investment holding</i>	<b>50.5</b>	50.5
Subsidiary companies of Selasih Permata Sdn Bhd		
<b>- PT Gunung Maras Lestari *</b> <i>Oil palm plantation</i>	<b>46.7</b>	46.7
<b>- PT Gunungsawit Binalestari *</b> <i>Oil palm plantation</i>	<b>46.7</b>	46.7
<b>- Wujin Boon Siew Property Development Co Ltd *</b> <i>Property development. Liquidated during the year</i>	-	37.9
<b>North Malaya Engineers Overseas Sdn Bhd</b> <i>Investment holding</i>	<b>100.0</b>	100.0
Subsidiary company of North Malaya Engineers Overseas Sdn Bhd		
<b>- North Malaya (Xiamen) Steel Co Ltd *</b> <i>Production of steel wire and its related product, and automobile spare parts</i>	<b>100.0</b>	100.0



### 34. DETAILS OF SUBSIDIARY COMPANIES (Cont'd)

All the subsidiary companies are incorporated in Malaysia except for :

	<u>Country of Incorporation</u>
- Happy Motoring Company Sdn. Bhd.	Brunei Darusalam
- Kah Australia Pty Ltd	Australia
- Geographe Bay Motel Unit Trust	Australia
- Kah New Zealand Limited	New Zealand
- PT Oriental Kyowa Industries	Republic of Indonesia
- PT Gunung Maras Lestari	Republic of Indonesia
- PT Gunungsawit Binalestari	Republic of Indonesia
- Wujin Boon Siew Property Development Co Ltd	China
- Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd	China
- North Malaya (Xiamen) Steel Co Ltd	China
- Oriental International (Mauritius) Pte Ltd	Mauritius
- Oriental Boon Siew (Mauritius) Pte Ltd	Mauritius
- Hymold (Su Zhou) Co., Ltd	China
- Oriental Thai Industries Co Ltd	Thailand
- Armstrong Component Parts (Vietnam) Co., Ltd	Vietnam
- Oriental Industries (Wuxi) Co. Ltd	China

\* not audited by KPMG.

# audited by associated firms of KPMG in their respective countries.



**LIST OF PROPERTIES OWNED BY THE GROUP**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
<b>Company :</b>					
Lot 31, 1541, 1542 & 1550, Section 2 Town of Tanjung Tokong Penang	Land and building	17,500	Freehold	52	3.1
Lot 1196 & 440, Section 13, North East District, Penang	Vacant land	9,000	Freehold	-	3.8
Lot 243 & 244, Mukim 1, Province Wellesley Central Penang	Land and building	325,600	Freehold	8	7.2
Lot 1000, 1001, 1004, 1005, 1008, 1915, 1916 & 1917, Section 3 Town of Butterworth Province Wellesley North Penang	Motor assembly plant	47,200	Freehold	-	1.4
Lot 320, Town Area XXI Town of Melaka Melaka	Hotel	1,200	Freehold	15	0.3
Lot 2714 Chainferry Road Prai	Shoplot	297	Freehold	8	0.2
<b>Subsidiary Companies :</b>					
Lot 214, Section 2 Province Wellesley North Butterworth	Vacant land	1,000	Freehold	-	0.6
Mukim 13 and 14 Paya Terubong North East District Penang	Vacant land	58,010	Freehold	-	3.1
Lot 504 & 508, Section 15 North East District Penang	Vacant land	1,300	Freehold	-	0.8
Lot 3389 & 3390, Mukim 18, Tanjung Bungah North East District Penang	Vacant land	40,004	Freehold	-	3.1



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<b><u>Location</u></b>	<b><u>Description</u></b>	<b><u>Land Area (sq.metres)</u></b>	<b><u>Tenure</u></b>	<b><u>Age of Building (Years)</u></b>	<b><u>Net Book Value (RM million)</u></b>
Lot 60, 117, 119, 3388 & 3391, Tanjung Bungah North East District Penang	Vacant land	69,780	Freehold	-	6.7
Mukim 12 Sungai Nibong South West District Penang	Housing scheme in progress	46,700	Freehold	-	2.2
Lot 905, 906, 908, 910, 911, 914, 917, 1682, 1684 & 1705 Mukim 15, Province Wellesley Central Penang	Vacant land	90,240	Freehold	-	4.9
Lot 116, Mukim 18 Tanjung Bungah Daerah Timur Laut Penang	Vacant land	50,200	Freehold	-	3.3
Mukim 16, Jalan Bagan Lallang Province Wellesley North Penang	Housing scheme in progress	26,300	Freehold	-	2.1
Lot 3263 – 3384 & 4133 – 4268 Section 3, Chainferry Road, Daerah Perai Utara Penang	Vacant land	42,000	Freehold	-	6.6
Lot 607 & 608, Mukim 12, Bayan Lepas, Daerah Barat Daya Penang	Vacant land	22,400	Freehold	-	0.3
Lot 64, Mukim G, Lot 457, 458, 731, 735 & 736, Mukim 6, Daerah Barat Daya Penang	Vacant land	193,100	Freehold	-	0.6
Lot 241 and 575, Mukim 9, Teluk Kumbar, Daerah Barat Daya Penang.	Vacant land	16,700	Freehold	-	5.3



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
HS (D) 5408, PT BM/A/090 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	12,793	Leasehold (60 years Expiring 2034)	29	5.3
HS (D) 69, PT No. PTBM/A/68/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,000	Leasehold (99 years expiring 2072)	30	1.4
HS (D) 37, PT No. PTBM/A/65/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,000	Leasehold (99 years expiring 2071)	31	3.5
Mak Mandin Industrial Estate Mukim 14, Town of Butterworth Province Wellesley North Penang	Factory and administrative office	40,300	Leasehold (86 years expiring 2063)	30	2.1
HS (D) 2830, PT 1553, Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and office	38,600	Leasehold (60 years expiring 2064)	12	4.0
Lot 1145, Section 13, Daerah Timur Laut Penang	Vacant land	12,000	Freehold	-	3.7
Lot 536, 537 & 832 Daerah Timur Laut, Penang	Vacant land	25,629	Freehold	-	28.4
HS(D) 2720, PT 1461 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	40,440	Leasehold (60 years expiring 2045)	16	11.2
Plot No. 327 Sungai Petani Industrial Estate Kedah	Vacant land	72,800	Leasehold (60 years expiring 2051)	-	4.4



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
HS (M) 5/1985, PT 9, Tikam Batu, Mukim Pehula, Kedah	Factory and administrative office	6,000	Leasehold (99 years expiring 2085)	20	0.7
Tikam Batu Industrial Estate Mukim of Pehula Kuala Muda Kedah	Factory and administrative office	48,100	Leasehold (99 years expiring 2077)	23	6.0
PT 340, HSM 5/1996 Kelang Lama (Taman Haruan) Mukim Padang Cina Kulim, Kedah	Shophouse	130	Leasehold (99 years expiring 2095)	2	0.2
Lot 4317 <sup>N</sup> & 4322 <sup>N</sup> District of Kinta, Ipoh, Perak	Office building	2,600	Freehold	22	2.7
Lot 14702 <sup>S</sup> , District of Kinta, Ipoh, Perak	Vacant land	9,730	Freehold	-	5.5
Lot 2223, GM 204, Padang Lalang Mukim Jebong, Perak	Vacant land	8,570	Freehold	-	0.6
Lot 2841 S Title No. 20123 District of Kinta, Ipoh Perak	Vacant land	4,047	Freehold	-	1.1
QT (R) 2467 & QT (R) 548 Town of Petaling Jaya, Selangor	Office, showroom and workshop	9,100	Leasehold (99 years expiring 2063)	28	1.7
Lot 305, Section 92, Jalan Chan Sow Lin, Kuala Lumpur	Office, showroom and workshop	1,500	Leasehold (42 years expiring 2011)	34	0.5
HS (D) 12452 of PT 1, Section 15, District of Petaling Selangor	Factory and administrative office	18,748	Leasehold (99 years expiring 2080)	18	8.3
Lot 114 & 565, Section 83, 3 <sup>rd</sup> & 3 1/4 Mile Batu Road, Mukim Kuala Lumpur, Wilayah Persekutuan,	Vacant land	8,220	Freehold	-	4.4



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
Lot 3907, GM 1648, Mukim Batu 3 1/2 Mile Batu Road Mukim Kuala Lumpur Wilayah Persekutuan	Vacant land	4,040	Freehold	-	2.3
Lot 564, GM 2395, Section 83, 3 1/4 Mile Batu Road, Mukim Batu Wilayah Persekutuan	Vacant land	5,440	Freehold	-	4.0
Lot 308, Section 41, Jalan Dang Wangi Wilayah Persekutuan	Vacant land	6,640	Freehold	-	26.0
Lot 3655, 4 <sup>th</sup> Mile Pahang Road Mukim Setapak Kuala Lumpur	Office	3,300	Freehold	10	1.6
Lot 1708, 1855 & 1856, Section 41 Wilayah Persekutuan	6 ½ storey Building	6,480	Freehold	-	18.1
Lot 4883, HS (D ) 4627 Mukim Damansara Daerah Petaling, Selangor	Office and workshop	9,920	Freehold	9	7.4
Lot 3, Jalan P/10, Section 10 Kawasan Perusahaan Bandar Baru Bangi Selangor	Office and factory buildings	65,628	Leasehold (99 years expiring 2098)	7	26.8
HS (D) 3604 - 3608, PT No. 17587 – 17591 Mukim Klang Selangor	Vacant land	109,900	Freehold	-	2.2
HS (D) 7617, PT6A, Jalan 227, Section 20A, Petaling Jaya, Selangor	Office, showroom and workshop	900	Leasehold (99 years expiring 2063)	19	3.5



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
Lot 24393 Grant 3297 Batu Road, Mukim Batu Wilayah Persekutuan	Office, Showroom and workshop	11,050	Freehold	4	35.5
Lot 14885, Grant 18616 Mukim Kuala Lumpur Wilayah Persekutuan	Office showroom	573	Freehold	17	3.0
Lot 51 & 59, Selaman Industrial Park Bandar Baru Bangi Selangor	1 ½ storey building	1,220	Freehold	-	1.7
B-16-7 Greenfields Apartment Bukit Jalil 57000 Kuala Lumpur	Apartment	187	Perpetual leasehold	3	0.4
30981 PT17411 Mukim Kapar Daerah Klang	Factory and administrative office	12,140	Freehold	6	7.9
Lot 43, 274, 275, 277 - 279 Town of TA XXI Melaka.	- Hotel - Showroom	4,100 500	Freehold	14	23.2
HS (M) 843/78 PT No PTMT A2/01/3436 Lot 18, Mukim Bachang, District of Melaka Tengah Melaka	Workshop	940	Leasehold (99 years expiring 2077)	12	0.4
Plot 342, 343 HS (M) No. 1142/78 & 1143/78 Mukim Bacang Daerah Melaka Tengah Melaka	Shoplots	535	Leasehold (99 years expiring 2077)	12	0.4
HS (M) 844/78, PT No 19 (New Lot 2219) Mukim of Bacang, Malim, Melaka	Workshop parking area	1,100	Leasehold (99 years expiring 2077)	-	0.3
Lot 627 & 628, 637 & 638, Town of XXI, Daerah Melaka Tengah Melaka	Showroom	219	Freehold	19	0.2



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
Lot 683, HS (D) 504 & 505 Town of V Daerah Melaka Tengah Melaka	Showroom	450	Freehold	34	0.3
Lot 66, 67 & 68 Kawasan Bandar XL Daerah Melaka Tengah Melaka	Office showroom	429	Freehold	1	1.7
HS (D) 75378 PT 2486 Mukim Setul, Daerah 6, Seremban, Negeri Sembilan	Factory and administrative office	22,670	Leasehold (99 years expiring 2092)	7	6.5
Lot 4219, 4640, 4648, 464 & 6279 Mukim of Johol District of Kuala Pilah Negeri Sembilan	Oil palm & rubber plantation and administrative office	2,375 (hectare)	Freehold	25	23.3
Lot 3, Section 20 Kuantan, Pahang	Building	10,570	Freehold	-	1.0
Kuala Reman Estate Mukim of Kuala Kuantan Kuantan, Pahang	Oil palm & rubber plantation and administrative office	1,498 (hectare)	Freehold	25	11.0
Lot 5583 - 5585, Mukim of Kuala Kuantan Kuantan, Pahang.	Vacant land	500	Freehold	-	0.4
Mukim of Triang District of Temerloh Pahang	Oil palm and rubber plantation and administrative office	1,120 (hectare)	Freehold ) ) ) ) ) ) )	10	18.4
Lot 2 & 3, Section 4 Village of Mengkarak District of Temerloh Pahang	Oil palm and rubber plantation and administrative office	16,901	Freehold ) ) ) ) ) )		



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
Lot 15301 TLO 2121 Bandar Johor Baru Daerah Johor Baru	Multi-storey car park	21,710	Leasehold (60 years expiring 2031)	6	7.8
Batu 2, Jalan Tampoi HS (D) 16608 TLO 2013 Johore Bahru	Assembly plant and administrative office	45,200	Leasehold (60 years expiring 2025)	35	9.1
Lot 6487 Jalan Scudai Johore Bahru	Office & showroom	8,200	Freehold	10	3.7
HS (D) 12569 & 12570, PT No 10168 & 10169 Johor Bahru, Johor	Vacant land	352	Freehold	-	0.4
Title No 015472607 Inanam, Kota Kinabalu Sabah	Showroom and office building	8,100	Leasehold (60 years expiring 2042)	8	3.9
Lot 1176, Block 12 MTL D Muara Tabuan Light Industrial Park, Kuching	Vacant land	7,312	Freehold	-	2.3
TS XIX Bukit Timah Road, Singapore.	Office and showroom	3,000	Freehold	16	13.7
Lot 402 T.S. II Bencoolen Street, Singapore.	Hotel	1,700	Freehold	16	45.5
Lot 2737 PT Mukim 23 Eunos Link Singapore 1440	Body-repair and paint-shop	5,000	Leasehold (30 years expiring 2015)	15	1.7
Lot 238 & 239 Mukim 14 6A Mandai Estate Singapore	Warehouse	6,100	Freehold	14	20.8
Lot 244 and 245 Mukim 14, Mandai Estate Singapore	Warehouse	6,530	Freehold	10	31.7



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
Lot 3801, PT Mukim 23 Ubi Road 3, Eunus Link Singapore 1440	Showroom, workshop and office	9,480	Leasehold (30 years expiring 2022)	8	45.0
Plot 2, 255 Alexandra Road Singapore	Car storage space	9,600	Leasehold (99 years expiring 2051)	43	40.6
Simpang 137, Jalan Gadong Gadong, BE 3519 Bandar Seri Begawan Brunei Darulsalam	Office building	1,500	Freehold	18	0.5
Lot 1 to 7, MT Ruapheau Tongariro National Park Ruapheau Surrey District Wellington Land Registry New Zealand	Hotel with golf course	260,700	Leasehold (30 years expiring 2020)	12	8.2
Section 1 and 25 Block XIV State Highway 1, Wairakei Lake Taupo Region Tatua Surrey District South Auckland Registry, New Zealand.	Hotel with golf course	634,200	Freehold	12	23.6
Lot 1, Block XIV Tatua Survey District South Auckland Registry New Zealand	Access land	4,319	Freehold	-	0.1
561 Bussel Highway Sussex Location 256 and Lot 8 Busselton, West Australia Australia	Hotel	56,900	Freehold	31	17.5
90, William Street Sydney, N.S.W. 2011 Australia	Hotel	1,300	Freehold	30	27.2
8 Queens Road Melbourne Victoria 3004 Australia	Hotel	4,600	Freehold	14	29.4



LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
100 William Street Sydney NSW 2011 Australia	Office building	1,300	Freehold	30	59.8
9 Queens Road Melbourne Victoria 3004 Australia	Office building	2,300	Freehold	7	6.4
52 Queens Road Melbourne Victoria 3004 Australia	Hotel	7,000	Freehold	38	20.9
Plot 15 Wang Qiao Industries Zone Pudong New Area, Shanghai Peoples' Republic of China	Factory	17,123	Leasehold (50 years expiring 2046)	6	15.6
696, Jian Ye Road, Wang Qiao Industries Zone Pudong New Area, Shanghai	Factory	30,000	Leasehold (50 years expiring 2049)	4	21.7
Lot 500203-9, Xinyang Industrial Zone Haichang, Xiamen, Fujian Province Peoples' Republic of China	Land And Building	49,099	Leasehold (50 years expiring 2045)	5	4.7
HSE C21 Primrose Spring City Kunming Peoples' Republic of China	Holiday Resort (for staff use)	145	Leasehold (70 years expiring 2064)	8	0.7
12 <sup>th</sup> & 16 <sup>th</sup> , Garden Mansion San Xiang Road Suzhou City	2 Apartments	280	Leasehold (50 years expiring 2042)	9	0.5
Yidong Garden, Gui Long Garden Dong Fang Lu Pudong New Area, Shanghai	3 Apartments	338	Leasehold (70 years expiring 2070)	2	1.0
88-B of Wuxi Municipal National New & High Tech Development Zone, Wuxi	Factory land	33,000	Leasehold (50 years expiring 2052)	-	1.2



**LIST OF PROPERTIES OWNED BY THE GROUP (Cont'd)**

<u>Location</u>	<u>Description</u>	<u>Land Area (sq.metres)</u>	<u>Tenure</u>	<u>Age of Building (Years)</u>	<u>Net Book Value (RM million)</u>
No 2, Jingshan Road Feng Qiao Town Su Zhou New District Jiangsu Province	Factory and administrative office	26,627	Leasehold (50 years expiring 2044)	9	2.4
Desa Kundi, Mayang, Belolaut Kecamatan Mentok and Kecamatan Perwakilan, Simpang Tritip Kabupaten Sumatera South Sumatera Republic of Indonesia	Oil palm plantation and administrative office	12,000 (hectare)	Leasehold (30 years expiring 2025)	5	58.7
Kecamatan Perwakilan Bakem Kecamatan Sungai Liat Kecamatan Perwakilan Puding Besar Kecamatan Merawang Kabupaten Pulau Bangka South Sumatera Republic of Indonesia	Oil palm plantation and administrative office	12,704 (hectare)	Leasehold 30 years expiring 2028)	6	101.5
Plot No. 5 – 16 MM 2100 Industrial Town Cibitung Bekasi West Java Republic of Indonesia	Factory and administrative office	24,000	Leasehold (25 years expiring 2021)	7	3.5
G8/18, G8/19, G8/22 & G8/23 123, 124 & 131 MU1 Hi-Tech Industrial Estate Bangpa-In, Ayudhya Thailand	Factory land and building	10,936	Freehold	2	4.2
Lot 23, Noi Bai Industrial Zone Quang Tien Soc Son District Hanoi Vietnam	Factory and administrative office	5,325	Leasehold (30 years expiring 2032)	1	0.7



**STOCKHOLDINGS STATISTICS AS AT 28 APRIL 2003**

AUTHORISED STOCK CAPITAL	:	RM1,000,000,000/=
ISSUED AND FULLY PAID-UP CAPITAL	:	RM517,000,000/= (including 31,808 treasury stocks)
CLASS OF STOCK	:	RM1 stock
VOTING RIGHTS	:	On a show of hands - One vote for every stockholder On a poll - one vote for every ordinary stock held

**ANALYSIS OF STOCKHOLDINGS**

Size of Stockholding	No of		% of Issued Capital
	Stockholders/ Depositors	No. of Stocks	
1 - 99	214	7,133	0.0
100 - 1,000	2,102	1,733,947	0.3
1,001 - 10,000	4,572	18,282,264	3.5
10,001 - 100,000	1,291	35,299,313	6.8
100,001 to less than 5% of issued stocks	149	110,421,985	21.5
5% and above of issued stocks	5	351,255,358	67.9
Total	<u>8,333</u>	<u>517,000,000</u>	<u>100.0</u>

**SUBSTANTIAL STOCKHOLDERS**

Name	No. of Stocks		% of Issued Capital
	Direct	Indirect	
1. Boon Siew Sdn Bhd	222,274,125		43.0
2. Employees Provident Fund Board	62,415,480		12.1
3. Permodalan Nasional Berhad	39,192,022		7.6
4. Penang Yellow Bus Company Bhd	27,373,731		5.3
5. Yayasan Pelaburann Bumiputera *		39,192,022	7.6

\* Deemed interested via Permodalan Nasional Berhad



**THIRTY LARGEST STOCKHOLDERS AS AT 28 APRIL 2003**

	<b>Name</b>	<b>No. of Stocks</b>	<b>% of Issued Capital</b>
1.	Malaysia Nominees (Tempatan) Sdn Bhd Boon Siew Sdn Bhd	111,137,063	21.5
2.	Citicorp Nominees (Tempatan) Sdn Bhd Boon Siew Sdn Bhd	111,137,062	21.5
3.	Employees Provident Fund Board	62,415,480	12.1
4.	Permodalan Nasional Berhad	39,192,022	7.6
5.	Citicorp Nominees (Tempatan) Sdn Bhd Penang Yellow Bus Company Bhd	27,373,731	5.3
6.	Citicorp Nominees (Asing) Sdn Bhd Honda Motor Co., Ltd	20,932,854	4.0
7.	Citicorp Nominees (Tempatan) Sdn Bhd Bayview Hotel Sdn Bhd	18,207,006	3.5
8.	Citicorp Nominees (Tempatan) Sdn Bhd Loh Boon Siew Holdings Sdn Bhd	6,306,693	1.2
9.	Amsec Nominees (Asing) Sdn Bhd Fraser Securities Pte Ltd for Asia General Hldgs Ltd	3,878,400	0.8
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	2,824,400	0.5
11.	Chinchoo Investment Sdn Berhad	2,663,000	0.5
12.	Citicorp Nominees (Tempatan) Sdn Bhd Loh Kar Bee Holdings Sdn Bhd	2,580,480	0.5
13.	Citicorp Nominees (Tempatan) Sdn Bhd Lim Su Tong	2,472,422	0.5
14.	Key Development Sdn Berhad	2,280,000	0.4
15.	Tasek Corporation Berhad	2,247,680	0.4
16.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Nasional 2	2,155,600	0.4
17.	Pertubuhan Keselamatan Sosial	1,843,000	0.4
18.	Loh Ean	1,634,894	0.3
19.	Malaysia Nominees (Tempatan) Sendirian Berhad Tong Yen Sdn Bhd	1,423,565	0.3
20.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	1,422,400	0.3
21.	AMSEC Nominees (Asing) Sdn Bhd Fraser Securities Pte Ltd For Tan Eng Chin Holdings (Pte) Limited	1,238,630	0.2
22.	Asia Life (M) Berhad As beneficial owner (M'sia Life Fund)	1,206,800	0.2
23.	Citicorp Nominees (Tempatan) Sdn Bhd Boon Siew Development Sdn Bhd	1,199,923	0.2
24.	Citicorp Nominees (Asing) Sdn Bhd CB LDN for Stichting Shell Pension Funds	876,800	0.2
25.	Foo Loke Weng	867,320	0.2
26.	Am Nominees (Tempatan) Sdn Bhd AmFinance Berhad	857,000	0.2
27.	Malaysia Nominees (Tempatan) Sendirian Berhad Loh Phoy Yen Holdings Sdn Bhd	813,888	0.2
28.	Chong Thuah Realty Sdn Bhd	796,600	0.2
29.	Citicorp Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	700,016	0.1
30.	Asia General Holdings Limited	699,200	0.1
		<u>433,383,929</u>	<u>83.8</u>



---

**DIRECTORS' STOCKHOLDINGS AS AT 28 APRIL 2003**

	<b>Name of Directors</b>	<b>Direct Interest</b>	<b>Indirect Interest</b>	<b>%</b>
1.	Dato' Loh Cheng Yean	182,696	-	0.1
2.	Dato' Wong Lum Kong, JP	150,958	-	0.1
3.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-
4.	Dato' Loh Say Bee	44,642	-	0.0
5.	Lim Su Tong @ Lim Chee Tong	2,472,422	-	0.5
6.	Dato' Dr Tan Chong Siang	31,923	-	0.0
7.	Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad Jewa	-	-	-
8.	Seiji Kuraishi	-	-	-
9.*	Sharifah Intan Binti S M Aidid	15,000	-	0.0

\* *She also holds 227,318 shares and 100,000 shares in Armstrong Auto Parts Sdn Bhd and Teck See Plastic Sdn Bhd respectively.*



## PROXY FORM

No. of stocks held

I/We, \_\_\_\_\_  
NRIC No \_\_\_\_\_  
of \_\_\_\_\_  
being a stockholder/stockholders of Oriental Holdings Berhad hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy, to vote for me/us and on my/our behalf at the FORTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Thursday, 26 June 2003 at 12:00 noon at Sri Perak I & II, Level 4, The City Bayview Hotel , 25A Farquhar Street, 10200 Penang or at any adjournment thereof.

My/our proxy is to vote on either on a show of hands or on a poll as indicated below with an "X"

RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the audited Financial Statements		
2.	To declare a Final and a Special Dividend		
3.	To re-elect Dato' Loh Say Bee		
4.	To re-elect Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail		
5.	To re-elect Dato' Loh Cheng Yean		
6.	To re-elect Dato' Wong Lum Kong		
7.	To re-elect Seiji Kuraishi		
8.	To re-elect Sharifah Intan Binti S.M. Aidid		
9.	To approve the increase in Directors' Fees		
10.	To re-appoint Messrs KPMG		
11.	To approve Recurrent Related Party Transactions with:-		
12.	a) Boon Siew Sdn Bhd Group		
13.	b) Honda Motor Co., Ltd.		
	c) Dato' Aidid's family		
14.	To approve the Proposed Stock Buy-Back		

Signed this \_\_\_\_\_ day of June 2003.

\_\_\_\_\_  
Signature of Stockholder

### NOTES :

1. A stockholder entitled to attend and vote at this Meeting may appoint a proxy, who need not be a stockholder, to attend and to vote in his stead.
2. If the appointer is a corporation, the proxy form must be executed under the Common Seal of the Company or under the hand of its attorney duly authorised in writing.
3. To be valid, the proxy form must be deposited at the Company's Registered Office at Suite 2-1, 2<sup>nd</sup> Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than 48 hours before the time for holding the meeting or adjournment thereof.
4. Should you desire your Proxy to vote on the Resolutions set out in the Notice of Meeting, please indicate with an "X" in the appropriate space. If no specific direction as to voting is given, the Proxy will vote or abstain at his discretion.

..... *Fold Along this line*.....

AFFIX  
POSTAGE  
STAMP

The Secretary  
M & C Services Sdn Bhd  
Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42A Jalan Sultan Ahmad Shah  
10050 Penang

..... *Fold Along this line*.....