

2003

Annual Report



# ORIENTAL HOLDINGS BERHAD



	PAGE
<b>c</b> Notice of Meeting	2
<b>o</b> Dividend Announcement	5
<b>n</b> Corporate Information	6
<b>t</b> Profile of Directors	7
<b>e</b> Name of Subsidiaries and Associated Companies	11
<b>n</b> Group Structure	12
<b>t</b> Chairman's Statement	13
<b>s</b> Five-Year Group Financial Summary	15
Financial Highlights of The Group	16
Financial Calendar	17
Statement on Corporate Governance	18
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	87
Stockholdings Statistics	99
Proxy Form	102

---

## NOTICE OF MEETING

**NOTICE IS HEREBY GIVEN** that the Forty Second 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, 17 June 2004 at 12.00 noon for the following purposes:

- |   |                     |
|---|---------------------|
| 1. To receive and adopt the audited Financial Statements for the year ended 31 December 2003 together with the Directors' Report and Auditors' Report thereon | <b>Resolution 1</b> |
| 2. To approve a Final Dividend of 8% less tax and a Special Dividend of 2% less tax for the year ended 31 December 2003                                       | <b>Resolution 2</b> |
| 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  | <b>Resolution 3</b> |
| b) YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail   | <b>Resolution 4</b> |
| (ii) To re-elect the following Directors who retire in accordance with Article 133 of the Company's Articles of Association :                                 |                     |
| a) Mr Lim Su Tong @ Lim Chee Tong   | <b>Resolution 5</b> |
| b) Dato' Dr Tan Chong Siang   | <b>Resolution 6</b> |
| 4. To approve the Directors' Fees of RM40,000 each for the year ended 31 December 2003.   | <b>Resolution 7</b> |
| 5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Resolution 8</b> |

6. As Special Business, to consider and if thought fit, to pass with or without any modification, the following Ordinary Resolutions :

**A) Proposed Stockholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

“THAT pursuant to Chapter 10.09 of the Listing Requirements of the Bursa Malaysia Securities Berhad, a general mandate of the Stockholders 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 26 May 2004 (“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 Boon Siew Sdn Bhd Group;  | <b>Resolution 9</b>  |
| b) Recurrent Related Party Transactions of a revenue or trading nature involving Honda Motor Co., Ltd.;  | <b>Resolution 10</b> |
| c) Recurrent Related Party Transactions of a revenue or trading nature involving Dato' Syed Mohamad Bin Syed Murtaza;  | <b>Resolution 11</b> |
| d) Recurrent Related Party Transactions of a revenue or trading nature involving Yusuf Bin Jamil, Datin Nik Yasmin Dianara Bt Nik M F Kamil and Ab. Rahim Bin Hussain; | <b>Resolution 12</b> |
| e) Recurrent Related Party Transactions of a revenue or trading nature involving i-Logistics Corporation and Itochu Corporation;                                       | <b>Resolution 13</b> |
| f) Recurrent Related Party Transactions of a revenue or trading nature involving Daiei & Co. Ltd and Itochu Corporation;   | <b>Resolution 14</b> |
| g) Recurrent Related Party Transactions of a revenue or trading nature involving Ikegami Mold Engineering Co. Ltd;   | <b>Resolution 15</b> |
| h) Recurrent Related Party Transactions of a revenue or trading nature involving Nichinan Corporation;   | <b>Resolution 16</b> |
| i) Recurrent Related Party Transactions of a revenue or trading nature involving Hyumal Motor Sdn Bhd and Loh Kian Chong.  | <b>Resolution 17</b> |

**B) PROPOSED RENEWAL OF STOCK BUY-BACK**

**Resolution 18**

“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 RM325 million which represents the audited retained profits reserve of the Company as at 31 December 2003, otherwise available for dividend for the time being, to purchase on the Bursa Malaysia Securities Berhad ("Bursa Malaysia") 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 17 May 2004 (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 :-

- i) to cancel the Stocks so purchased; or
- ii) to retain the Stocks so purchased in treasury for distribution as dividends to the stockholders and/or resell on the market of the Bursa Malaysia; or
- iii) 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 Bursa Malaysia 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 Bursa Malaysia 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 5 July 2004 in respect of ordinary transfers; and
- b. Stocks bought on the Bursa Malaysia Securities Berhad on a cum dividend entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

The Final Dividend, if approved, will be paid on 30 July 2004 to depositors registered in the Records of Depositors at the close of business on 5 July 2004.

*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, 26 May 2004.

### 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 9 to 17, 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 Bursa Malaysia Securities Berhad. 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 law to be held or revoked/varied by resolution passed by the stockholders in general meeting whichever is the earlier.

The proposed resolution 18, 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.

# Corporate Information

## BOARD OF DIRECTORS

### Chairman

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

### Managing Director

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

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

Lim Su Tong @ Lim Chee Tong

YM Tengku Tan Sri Dato' Seri Ahmad  
Rithauddeen Bin Tengku Ismail  
P.M.N., S.P.M.P., S.S.A.P., P.M.K.

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

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

Sharifah Intan Binti S. M. Aidid

Seiji Kuraishi

## SECRETARY

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

## AUDIT COMMITTEE

### Chairman

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

### Members

Dato' Wong Lum Kong  
Dato' Loh Say Bee  
Sharifah Intan Binti S. M. Aidid  
Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad  
Jewa

## REGISTERED OFFICE

Suite 2-1, 2nd Floor  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No : 04-2294390  
Fax No : 04-2265860

## REGISTRAR

AGRITEUM Share Registration Services Sdn. Bhd.  
2nd Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang  
Tel No : 04-2282321  
Fax No : 04-2272391

## AUDITORS

KPMG, Penang  
Chartered Accountants

## BANKERS

Citibank Berhad  
OCBC Bank (Malaysia) Berhad  
HSBC Bank Malaysia Berhad  
RHB Bank Berhad  
Public Bank Berhad

## LISTING

Bursa Malaysia Securities Berhad  
Main Board  
Stock Code : 4006

## PROFILE OF DIRECTORS

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

Dato' Loh, aged 60, 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 6 Board Meetings held in 2003.

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 63, a Malaysian, is a Non-Independent Executive Director and was appointed to the Board on April 12, 1976.

An Australian trained Accountant with Cost Accounting background, 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 wheelers (Boon Siew Group) 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 6 Board Meetings held in 2003.

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 59, 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 6 Board Meetings held in 2003.

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 72, 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, Minister of International Trade and Industry, Minister at the Prime Minister's Office and Minister of Defence before retiring in 1990.

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 6 Board Meetings held in 2003.

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 79, 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 6 Board meetings held in 2003.

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 Jawa**

Tunku, aged 66, 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 Universiti Sains Malaysia.

He is the Chairman of P.I.E. Industrial Berhad and a director of Luster Industries Bhd.

He is a member of the Audit Committee.

He attended all the 6 Board Meetings held in 2003.

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 63, 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 6 Board Meetings held in 2003.

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 45, 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.

He attended 4 of the 6 Board Meetings held in 2003.

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 69, a Malaysian, is a Non-Independent Non-Executive Director. She 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 6 Board Meetings held in 2003.

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*

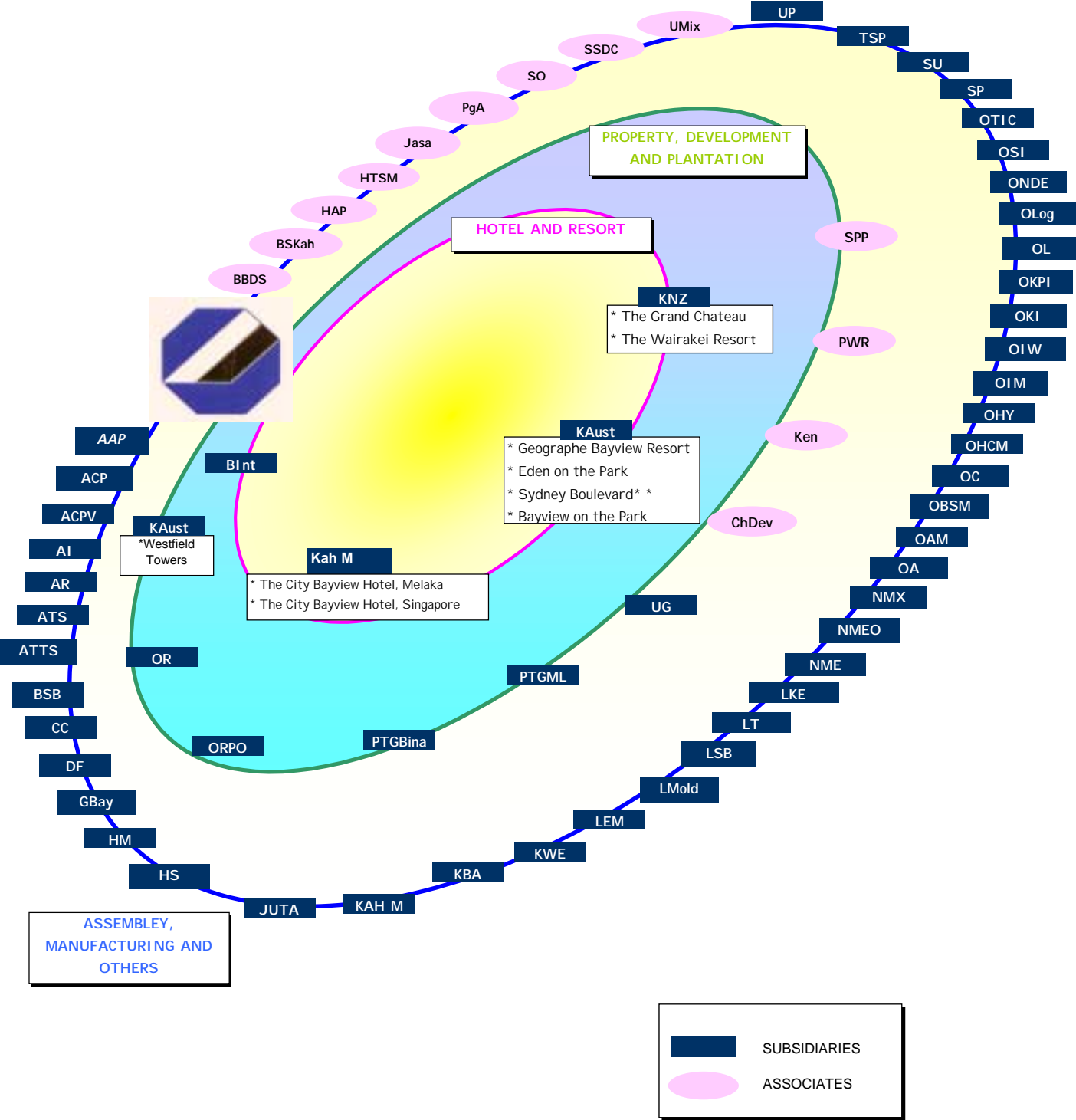
None of the Directors has been convicted of any offences within the past 10 years.

---

**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 Bay Motel Unit Trust
<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. Berhad
<b>NMEO</b>	North Malaya Engineers Overseas Sdn. Bhd.
<b>NMX</b>	North Malaya (Xiamen) Steel Co. Ltd.
<b>OA</b>	Oriental Assemblers Sdn. Bhd.
<b>OAM</b>	Oriental Asia (Mauritius) Pte. Ltd.
<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. Berhad
<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 Co. Sdn. Bhd.
<b>PTGBina</b>	PT Gunungsawit Binalestari
<b>PTGML</b>	PT Gunung Maras Lestari
<b>PWR</b>	Penang Wellesley Realty Sdn. Berhad
<b>SO</b>	Southern Oriental Sdn. Bhd.
<b>SP</b>	Selasih Permata Sdn. Bhd.
<b>SPP</b>	Southern Perak Plantations Sdn. Berhad
<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.

ORIENTAL HOLDINGS BERHAD  
GROUP STRUCTURE



## 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 2003.

The year 2003 was yet another challenging and unpredictable year for business around the world. During the year, expectations of a global economic rebound were dampened by threats of terrorist attacks worldwide, uncertainties and prevalent ambivalence concerning the outcome and impact of the war in Iraq. Navigating through these turbulent times has not been easy for the management and staff of the Group. With the global recession sweeping across the world especially in USA and Japan and the general weakening in the Asian economies infected by SARS and the consequential deterioration in the business environment, priority efforts were focused on client retention and cost control. At the same time, the Group continued to focus its attention on pursuing growth and expansion in similar and/or complementary business whenever the opportunities arise. The Group recognises now more than ever the need to be responsive to the turns of fortune dictated by the dynamic and uncertain world we presently inhabit and the changing needs of our customers. Despite the challenging and unpredictable business environment, the Group has managed to perform reasonably well on the back of tighter business controls, improved operational efficiencies as well as initiatives to increase market coverage. The coming year will bring new challenges and how the Group positions itself today in the present difficult business environment will determine the Group's future success and how well placed the Group is to face the times ahead.

### YEAR UNDER REVIEW

Albeit the intense competition from other automobile distributors and the thin margin already faced by the Group, the contribution from the Group's automotive and related subsidiaries was better than expected. Sales of Honda automobiles by Kah Motor Company Sdn Berhad as dealers in Malaysia and Kah Motor Singapore and Brunei as distributors improved over previous years. Hence, they have contributed positively towards the Group's performance. Currently, Oriental-Hyundai Sdn Bhd and Kah Bintang Auto Sdn Bhd are the CKD distributor and retailer respectively for Hyundai's Accent, Elantra and Sonata automobiles in Malaysia. Both subsidiaries also contributed positively towards the Group's performance.

The uptrend of the commodity prices together with the increase in matured trees available for harvesting by the overseas plantation subsidiaries have improved the profitability of the plantation division. As more planted areas of the overseas plantation subsidiaries reach maturity and if the recent uptrend in the CPO price level can be maintained, the performance of the plantation subsidiaries will improve further the margin and cash flow of the Group.

The performance of overseas subsidiaries in the tourism and hospitality industry also shows substantial improvement during the year as compared to previous years.

To ensure the Group maintains its competitive edge in areas where the Group has interests, more emphasis will be on consistent product reliability and the development of a sales-oriented culture to cater to customers' satisfaction. The Group's direction and priorities remain clear and that is, to raise long term value for our stockholders in the years ahead. Costs will be strictly managed to ensure the Group remains lean and responsive. The Group will continue to invest in our core businesses to ensure that the Group's long-term growth is sustainable.

### CHANGES IN EQUITY

There was no further cancellation of the Treasury Stocks in 2003. 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 10.0% less tax comprising an ordinary dividend of 5.0% less tax and a special dividend of 5.0% less tax, was paid on 28 January 2004.

Your Board is now recommending a final dividend of 8.0% less tax and a special dividend of 2.0% less tax, making a total dividend of 10.0% less tax. In total, the net-of-tax distribution for the year will amount to RM74,443,420 as compared to RM93,054,274 paid in the previous year.

## **OUTLOOK**

The world economy continued its recovery despite the continuing tensions in the Middle East. This recovery has led to an improved outlook for the global economy.

On the local front, the expected improved performance of the Malaysian economy in 2004 is envisaged, and the Government's fiscal policies concentrating on domestic led growth with various strategies such as increasing domestic investment, developing small and medium-scale industries, reducing costs of doing business and accelerating the capital markets are well poised to provide a conducive business environment. Consumer sentiment and business confidence in Malaysia are also expected to improve under a regime of low interest rates, low inflation and low unemployment. This positive outlook is premised on the expectations of a reasonably favourable external environment and the gradual recovery in the US economy in 2004.

In the current business environment, the Group's utmost priorities will be to continuously improve on efficiency, reduce costs and expenses in order 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*

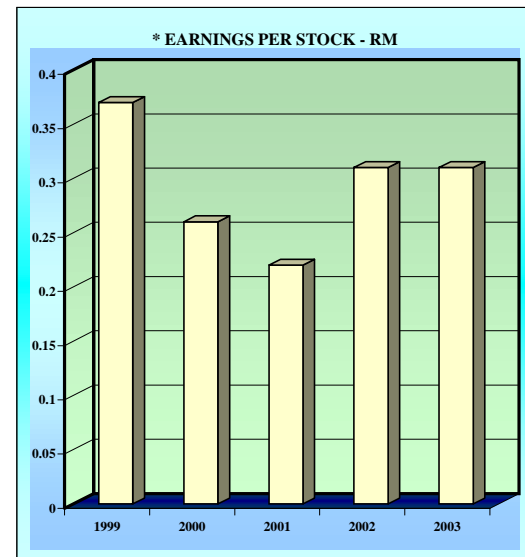
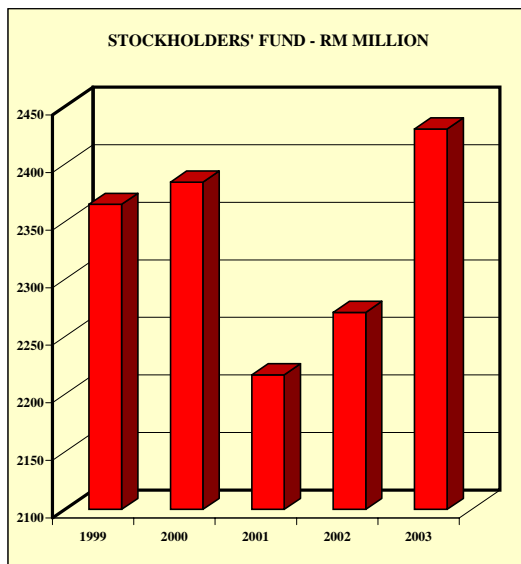
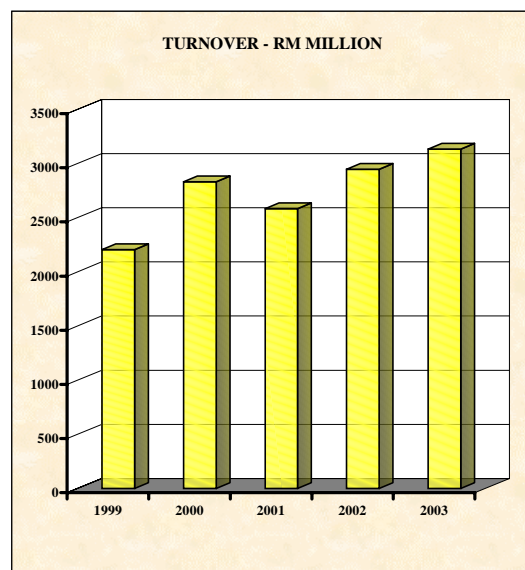
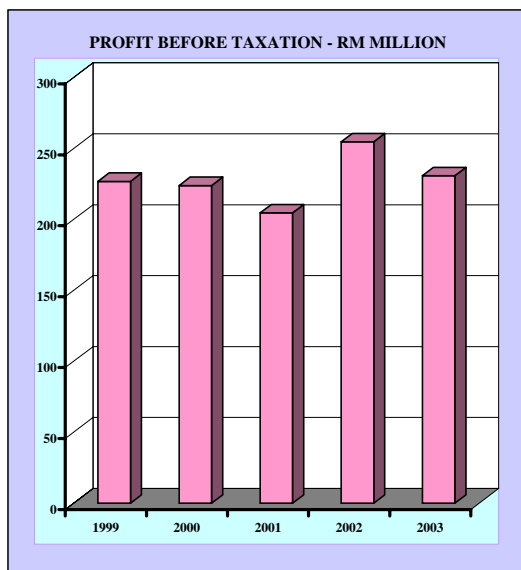
23 April 2004

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

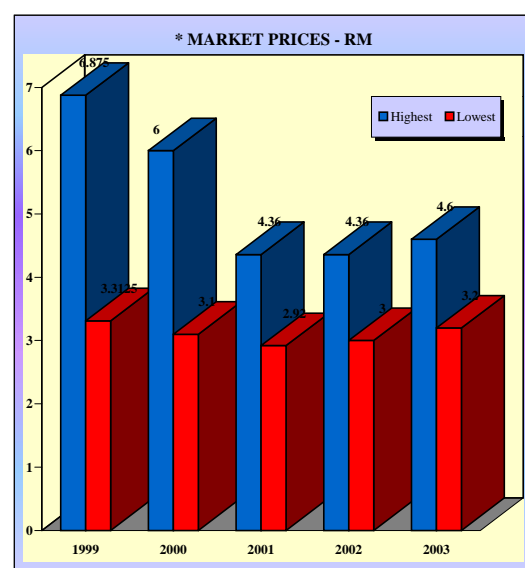
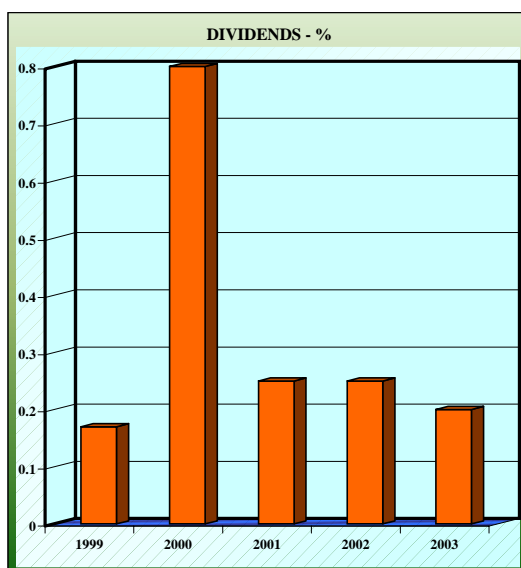
	2003	2002	2001	2000	1999
<b>BALANCE SHEET ANALYSIS</b>					
Issued capital	517.0	517.0	517.1	517.1	323.2
Reserves	271.0	189.2	202.8	291.0	311.0
Retained profits	1,642.8	1,565.2	1,497.2	1,577.2	1,730.9
Treasury stocks	(0.2)	(0.2)	(0.2)	(0.8)	-
<b>STOCKHOLDERS' FUNDS</b>	<b>2,430.6</b>	<b>2,271.2</b>	<b>2,216.9</b>	<b>2,384.5</b>	<b>2,365.1</b>
Property, plant and equipment	1,394.4	1,231.6	1,128.7	1,191.0	1,231.2
Development properties	57.7	57.6	57.2	57.4	57.3
Investments	327.1	311.6	239.7	212.1	166.3
Current assets	1,609.8	1,546.5	1,637.7	1,835.9	1,855.2
Deferred expenditure	11.3	6.0	5.2	0.8	6.1
Deferred tax assets	6.5	-	-	-	-
Goodwill	19.2	17.1	15.3	15.3	14.9
<b>TOTAL ASSETS</b>	<b>3,426.0</b>	<b>3,170.4</b>	<b>3,083.8</b>	<b>3,312.5</b>	<b>3,331.0</b>
MINORITY INTERESTS	(253.3)	(249.6)	(235.8)	(204.2)	(201.4)
<b>TOTAL LIABILITIES</b>	<b>(742.1)</b>	<b>(649.6)</b>	<b>(631.1)</b>	<b>(723.8)</b>	<b>(764.5)</b>
	<b>2,430.6</b>	<b>2,271.2</b>	<b>2,216.9</b>	<b>2,384.5</b>	<b>2,365.1</b>
<b>OTHER DATA</b>					
Profit before taxation	230.8	254.6	204.6	223.9	226.8
Taxation	(53.5)	(34.9)	(66.7)	(74.8)	(27.4)
	<b>177.3</b>	<b>219.7</b>	<b>137.9</b>	<b>149.1</b>	<b>199.4</b>
Minority interests	(15.2)	(58.7)	(21.9)	(15.9)	(9.2)
<b>NET PROFIT</b>	<b>162.1</b>	<b>161.0</b>	<b>116.0</b>	<b>133.2</b>	<b>190.2</b>
<b>DIVIDEND</b>					
Net - RM'million	83.7	93.1	93.1	241.9	41.8
Gross rate - %	20.0	25.0	25.0	80.0	17.0



## FINANCIAL HIGHLIGHTS OF THE GROUP



\* Adjusted for 2000 Bonus Issue



\* Adjusted for 2000 Bonus Issue

# FINANCIAL CALENDAR

<b>FINANCIAL YEAR END</b>	31 December 2003
<b>ANNOUNCEMENT OF RESULTS</b>	
Quarter ended 31 March 2003	28 May 2003
Quarter ended 30 June 2003	28 August 2003
Quarter ended 30 September 2003	19 November 2003
Quarter ended 31 December 2003	26 February 2004
<b>DIVIDENDS</b>	
Payment of Interim and Special Dividend	28 January 2004
<b>POSTING OF ANNUAL REPORT AND FINANCIAL STATEMENTS TO STOCKHOLDERS</b>	26 May 2004
<b>ANNUAL GENERAL MEETING</b>	17 June 2004

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (the “Board”) recognises 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 recognises the vital role played by the Board 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 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 six (6) 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 of the Director's meeting attendance during the financial year are as follows:

	Director	Attendance
Chairman (Executive)	Dato' Loh Cheng Yean	6/6
Managing Director (Executive)	Dato' Wong Lum Kong, JP	6/6
Executive	Lim Su Tong @ Lim Chee Tong	6/6
Non-Executive	Dato' Dr. Tan Chong Siang	6/6
	Sharifah Intan binti S.M.Aidid	6/6
	Seiji Kuraishi	4/6
Independent Non-Executive	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen bin Tengku Ismail	6/6
Independent Non-Executive	Dato' Prof. Dr. Tunku Ismail bin Tunku Mohammed Jewa	6/6
Independent Non-Executive	Dato' Loh Say Bee	6/6

### 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

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 7 to 10 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 Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The key elements of 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 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 higher, are Independent Directors.

The Directors, with their different backgrounds and specialisations, 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 an 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 whilst 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 to whom concerns of Directors may be conveyed.

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

### **Supply of Information**

The Board recognises 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 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 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 members to obtain further explanation, where necessary, in order to be properly briefed before the meetings.

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

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 caliber, 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 have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the KLSE Training Sdn Bhd. The Directors will also undergo other relevant training programmes like the Continuing Education Programme, amongst others, as required by Bursa Malaysia to further their skills and knowledge, as appropriate.

### **Re-election**

The Articles of Association provide that all Directors are subject to retirement and at least one third of the Board is subject to retirement by rotation at each Annual General Meeting ("AGM"). 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 their appointment. In any of the circumstances, the Directors are eligible for re-election. This provides an opportunity for shareholders to renew their mandate.

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 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 Directors' Remuneration**

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

The Board, as a whole, approves the remuneration of 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 2003 distinguished between Executive and Non-Executive Directors in aggregate are categorised as follows:

<b>Type of remuneration</b>	<b>Executive Directors RM'000</b>	<b>Non-Executive Directors RM'000</b>	<b>Total RM'000</b>
Fees	489	346	835
Salaries	1,188	-	1,188
Other emoluments	2,909	31	2,940
<b>Total</b>	<b>4,586</b>	<b>377</b>	<b>4,963</b>

The number of Directors of the Company whose total remuneration falls within bands of RM 50,000 for the financial year ended 31 December 2003 is as follows:

<b>Band of Remuneration</b>	<b>Number of Directors</b>	
	<b>Executive Directors</b>	<b>Non-Executive Directors</b>
Below RM 50,000	-	3
RM 50,001 to RM 100,000	-	3
RM 500,001 to RM 650,000	1	-
RM 1,400,001 to RM 1,450,000	1	-
RM 2,500,001 to RM 2,650,000	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, the 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 Bursa Malaysia, 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 announcements of results to Bursa Malaysia 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 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 have also 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 Controls 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 financial year, including the evaluation of the independent audit process, is 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 RM181,300 for the Group and RM61,500 for the Company were paid to the external auditors of the Company for the financial year ended 31 December 2003.

### **Loan Contracts involving interest of Related Party**

- (a) Loan contract of USD 7 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively between the Company ("OHB") and Oriental Boon Siew (Mauritius) Pte. Ltd. ("OBSM"); and

- (b) Loan contract of USD 15 million and USD 24 million dated October 10, 2001 and May 8, 2002 respectively 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 shareholder, 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 shareholder, 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) whichever is applicable	Payable at end of tenor (1, 2 or 3 months) or quarterly (tenor more than 3 months) whichever is applicable
Repayment of principle	On demand	On demand
Security	Unsecured	Unsecured

**Recurrent Related Party Transaction of Revenue Nature ("RRPT") for the year ended 31 December 2003**

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

RM'000

Materials for motor vehicles and assembly charges	134,733
Fresh fruit bunches	11,887
Forwarding charges	2,429
Rental	374
Provision of sales, corporate advertising and marketing of hotel	534
Provision of leasing line and hire purchase facilities	987
Building management charges	15
Plastic parts for batteries, television	3,301
Building materials	2,924

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

RM'000

Completed engine and assembly charges	56,709
Engines for motor cars (knocked down)	31,419
Components for motor vehicles	12,069
Rental	491

- c) Transactions with major shareholder of OHB subsidiaries, Dato' Syed Mohamad bin Syed Murtaza

RM'000

Materials for motor vehicles, spray charges and plating services	12,402
--	--------



## Compliance Statement

The Company has complied, throughout the financial year ended 31 December 2003, with all the Best Practices set out in Part 2 of the Code except for the following:

- (a) 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, a majority of the Directors have been with the Group for many years and have invariably contributed significantly to the Group;
- (b) 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 Practices Provision AA XII. This is because the Board is always conscious of the ongoing contribution by the Directors towards the growth of the Group;
- (c) 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;
- (d) The Board, together with the Group Managing Director, has 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;
- (e) 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;
- (f) 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 discussing 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 23 April 2004.

## AUDIT COMMITTEE REPORT

### Membership

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

Name of member	Position
YM Tengku Tan Sri Dato’ Seri Ahmad Rithauddeen bin Tengku Ismail	Chairman, Independent Non-Executive Director
Dato’ Wong Lum Kong, J.P.	Group Managing Director
Dato’ Loh Say Bee	Independent Non-Executive Director
Dato’ Prof. Dr Tunku Ismail bin Tunku Mohammad Jawa	Independent Non-Executive Director
Sharifah Intan binti S.M. Aidid (appointed on 18.02.03)	Non-Independent 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	5/5
Sharifah Intan binti S.M. Aidid (appointed on 18.02.03)	5/5

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 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 term of reference during the financial 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 resource 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 of 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 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 Listing Requirements of Bursa Malaysia Securities Berhad 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 and 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 set out 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 1<sup>st</sup> 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 two 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 financial 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 co-operate 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.

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

## **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 the 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 have been identified;
- Review major audit findings and management's response during the financial 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 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 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 investigations 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 implementation of major accounting policy;
  - 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, Bursa Malaysia 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 summarising 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 Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) requires the Board of Directors of public listed companies to include in its Annual Report 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 financial 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, financial, organisational, operational and compliance controls and risk management.

Following the publication of the *Statement on Internal Control: Guidance for Directors of Public Listed Companies* (the “Internal Control Guidance”), the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group, the process of which is being rolled out to companies in the Group. The Board also confirms that, going forward, this process will be reviewed periodically to ensure it accords with the Internal Control Guidance.

### Enterprise risk management framework

The Board fully supports the contents of the Internal Control Guidance and accordingly, appointed a firm of consultants to carry out an Enterprise Risk Management (“ERM”) review of a pilot subsidiary, the assignment of which was completed during the financial year. Consequent to this pilot review, the relevant personnel within the Group were deployed to roll out the entire ERM review to the other companies in the Group. The main objective of the ERM review is to assist Management to formalise and embed a structured 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, including the review of the other companies in the Group, encompassed the following initiatives:

- Issuance of the 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 Group Risk Management Committee (the “Committee”) was established during the year with the responsibility of identifying and communicating to the Board the critical risks (present and potential) the Group faces, their changes and the management action plans to manage the risks. The Committee met on three (3) occasions where it deliberated on the progress of the roll out of the ERM methodology, the documentation, monitoring and the reporting requirements;
- The appointment of a dedicated Risk Officer to coordinate the ERM activities within the Group, to supervise the ERM policy implementation and documentation at Group level and to act as the central contact and guide for ERM issues within the Group;
- Holding of risk awareness sessions for key operational managers/officers of the various businesses units within the Group to inculcate an understanding of risks and controls as they relate to the businesses of the Group;

- Holding of a series of risk management workshops/interviews for the business units within the Group;
- Establishment and formalisation of the risk management reporting framework, including submission of the risk management reporting package to the Risk Management Committee;
- Consideration of the residue risk treatment options and preparation of the relevant management action plans to address the risk and control issues; and
- The appointment of a firm of consultants on to review the risk parameters of the business units and assist in the compilation of the risk profile for the Group.

#### **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.

The internal audit function adopted the risk-based methodology in its review of key processes of the various operating units in the Group and provided 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.

The internal audit function also ensured that Management followed up in the implementation of action plans it recommended to improve areas where control deficiencies were noted during internal audit.

#### **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 diligent reviews of the quarterly financial results and reports and evaluates the explanations and reasons for significant 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 organisational 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.

#### **Weakness 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. The Board and Management continue to take pertinent measures to strengthen the control environment, as appropriate.

This statement is issued in accordance with a resolution of the Directors dated 23 April 2004.



## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

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 2003.

### 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 36 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

	GROUP RM'000	COMPANY RM'000
Net profit for the year	<u>162,076</u>	<u>59,455</u>

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial 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 2% less 28% tax, making a total dividend of 10% less 28% tax, totalling RM37,221,710 have been recommended by the directors in respect of the year ended 31 December 2003, 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) a final dividend of 8% less 28% tax, and a special dividend of 4.5% less 28% tax, totalling RM46,527,137 in respect of the year ended 31 December 2002 on 28 July 2003; and
- ii) an interim dividend of 5% less 28% tax, and a special dividend of 5% less 28% tax, making a total dividend of 10% less 28% tax, amounting to RM37,221,710 in respect of the year ended 31 December 2003 on 28 January 2004.

## 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  
Sharifah Intan Binti S. M. Aidid

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, Mr Lim Su Tong @ Lim Chee Tong and Dato' Dr. Tan Chong Siang retire by rotation 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>1.1.2003</u>	<u>Direct Interest</u>		Balance at <u>31.12.2003</u>
		<u>Bought</u>	<u>(Sold)</u>	
<b>Stocks of RM1 each</b>				
<u>The Company</u>				
Dato' Loh Cheng Yean	182,696	18,000	-	200,696
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	15,000	-	-	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 2003 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 31 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 and no debentures were issued by 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 financial 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 other than as disclosed in Note 34 (i) to the financial statements.

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, the results of the operations of the Group and of the Company for the financial year ended 31 December 2003 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 : 23 April 2004

**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 38 to 86, are 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 the state of affairs of the Group and of the Company at 31 December 2003 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 : 23 April 2004

**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 38 to 86 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 23 April 2004. )

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 38 to 86. 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 2003 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 36 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 : 1857/02/06 (J)

Penang,

Date : 23 April 2004

## BALANCE SHEETS AT 31 DECEMBER 2003

		GROUP		COMPANY	
	Note	2002 RM'000	2002 RM'000	2002 RM'000	2002 RM'000
PROPERTY, PLANT AND EQUIPMENT	2	1,394,379	1,231,617	16,097	16,139
DEVELOPMENT PROPERTIES	3	57,692	57,579	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	4	-	-	400,704	387,214
INVESTMENT IN ASSOCIATED COMPANIES	5	166,720	169,987	14,548	14,548
OTHER INVESTMENTS	6	160,394	141,575	33,113	33,113
GOODWILL	7	19,202	17,052	-	-
DEFERRED TAX ASSETS	8	6,524	-	-	-
CURRENT ASSETS					
Inventories	9	337,056	318,054	-	-
Housing scheme in progress	10	3,823	5,088	-	-
Trade and other receivables	11	325,932	241,806	440,505	407,970
Cash and cash equivalents	12	943,020	981,580	5,861	38,173
		1,609,831	1,546,528	446,366	446,143
CURRENT LIABILITIES					
Trade and other payables	13	273,434	245,959	1,109	927
Borrowings	14	389,767	368,560	-	-
Taxation		21,314	14,644	948	387
Dividend payable		37,222	-	37,222	-
		721,737	629,163	39,279	1,314
NET CURRENT ASSETS		888,094	917,365	407,087	444,829
DEFERRED EXPENDITURE	15	11,274	5,968	-	-
		2,704,279	2,541,143	871,549	895,843
FINANCED BY :					
SHARE CAPITAL	16	517,000	517,000	517,000	517,000
RESERVES	17	271,016	189,176	30,060	30,060
RETAINED PROFITS	18	1,642,845	1,565,203	324,738	349,032
		2,430,861	2,271,379	871,798	896,092
TREASURY STOCKS	19	(249)	(249)	(249)	(249)
STOCKHOLDERS' FUNDS		2,430,612	2,271,130	871,549	895,843
MINORITY INTERESTS	20	253,274	249,559	-	-
DEFERRED LIABILITIES	21	20,393	20,454	-	-
		2,704,279	2,541,143	871,549	895,843

The financial statements were approved and authorised for issue by the Board of Directors on 23 April 2004.

The notes set out on pages 45 to 86 form an integral part of, and should be read in conjunction with, these financial statements.



## INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

		GROUP		COMPANY	
	Note	RM'000	2002 RM'000	RM'000	2002 RM'000
Revenue	22	<b>3,133,713</b>	2,946,280	<b>82,187</b>	275,960
Operating profit	22	<b>222,842</b>	235,741	<b>80,270</b>	273,853
Interest expense		<b>(11,280)</b>	(12,057)	-	-
Share of profits in associated companies		<b>19,224</b>	30,875	-	-
Profit before taxation		<b>230,786</b>	254,559	<b>80,270</b>	273,853
Tax - Company and subsidiary companies		<b>(48,123)</b>	(30,785)	<b>(20,815)</b>	(72,153)
- Associated companies		<b>(5,398)</b>	(4,114)	-	-
Tax expense	25	<b>(53,521)</b>	(34,899)	<b>(20,815)</b>	(72,153)
Profit after taxation		<b>177,265</b>	219,660	<b>59,455</b>	201,700
Less : Minority interests		<b>(15,189)</b>	(58,661)	-	-
Net profit for the year attributable to stockholders		<b>162,076</b>	160,999	<b>59,455</b>	201,700
Basic earnings per ordinary stock (sen)	26	<b>31.35</b>	31.14		
Dividends per ordinary stock – gross (sen)	27	<b>20.00</b>	25.00	<b>20.00</b>	25.00

The notes set out on pages 45 to 86 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 2003**

	<b>GROUP</b>		<b>COMPANY</b>	
		2002		2002
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Exchange differences on translation of the financial statements of foreign operations (Note 17)	<b>81,413</b>	(13,684)	-	-
Net gain/(loss) not recognised in the income statements	<b>81,413</b>	(13,684)	-	-
Net profit for the year	<b>162,076</b>	160,999	<b>59,455</b>	201,700
Total recognised gains for the year	<b>243,489</b>	147,315	<b>59,455</b>	201,700

The notes set out on pages 45 to 86 form an integral part of, and



---

should be read in conjunction with, these financial statements.

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	<b>230,786</b>	254,559	<b>80,270</b>	273,853
Adjustments for :				
(Write back)/Allowance for diminution in value of other investments	<b>(1,640)</b>	1,043	-	-
Depreciation	<b>90,224</b>	82,714	<b>66</b>	64
Plant and equipment written off	<b>118</b>	24	-	-
Gain on disposal of plant and equipment	<b>(2,816)</b>	(1,031)	-	-
Share of profits in associated companies	<b>(19,224)</b>	(30,875)	-	-
Gain on disposal of development properties	<b>(6,458)</b>	-	-	-
Dividend income	<b>(2,797)</b>	(1,169)	<b>(77,183)</b>	(263,304)
Interest income	<b>(24,018)</b>	(27,001)	<b>(4,946)</b>	(12,622)
Interest expense	<b>11,280</b>	12,057	-	-
Gain on disposal of investments	<b>(292)</b>	(269)	-	-
Unrealised gain on foreign exchange	<b>(1,654)</b>	(12,956)	-	-
Amortisation of deferred expenditure	<b>2,539</b>	3,452	-	-
Deferred expenditure written off	<b>43</b>	217	-	-
Surplus on liquidation of a subsidiary company	-	(1,260)	-	-
Realised gain on foreign exchange upon liquidation of a subsidiary company	-	(13,683)	-	-
Operating profit/(loss) before working capital changes	<b>276,091</b>	265,822	<b>(1,793)</b>	(2,009)
Changes in working capital :				
(Increase)/Decrease in inventories	<b>(16,830)</b>	103	-	-
(Increase)/Decrease in trade and other receivables	<b>(77,630)</b>	(12,832)	<b>(32,535)</b>	48,802
Decrease in amount due from associated companies	<b>5,085</b>	1,386	-	-
Increase/(Decrease) in trade and other payables	<b>22,581</b>	4,740	<b>182</b>	(161)
	<b>(66,794)</b>	(6,603)	<b>(32,353)</b>	48,641
Cash generated from/(used in) operations	<b>209,297</b>	259,219	<b>(34,146)</b>	46,632
Interest paid	<b>(11,280)</b>	(12,057)	-	-
Tax paid	<b>(47,971)</b>	(66,869)	<b>(2,139)</b>	(4,679)
Interest received	<b>711</b>	1,068	-	-
<i>Net cash generated from/(used in) operating activities</i>	<b>150,757</b>	181,361	<b>(36,285)</b>	41,953



## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to deferred expenditure	(7,888)	(4,429)	-	-
Capital expenditure	(154,949)	(112,385)	(24)	(81)
Purchase of investments	(40,667)	(96,361)	(13,490)	(73,110)
Proceeds from disposal of plant and equipment	8,805	14,821	-	-
Additions to development properties	(224)	(403)	-	-
Interest received	23,307	25,933	4,946	12,622
Dividends received	17,827	13,884	59,068	195,315
Proceeds from disposal of other investments	23,780	37,502	-	-
Proceeds from disposal of development properties	-	-	-	-
Net cash outflow on acquisition of a subsidiary company (Note A)	(1,992)	(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>(131,970)</b>	<b>(151,299)</b>	<b>50,500</b>	<b>134,746</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayments of hire purchase/lease obligations	(549)	(1,779)	-	-
Dividends paid to stockholders of the Company	(46,527)	(139,581)	(46,527)	(139,581)
Dividends paid to minority shareholders	(10,234)	(20,037)	-	-
Short term borrowings, net	(10,996)	23,388	-	-
Fixed deposit withdrawn/(pledged) for banking facilities	20,998	(8,233)	-	-
Proceeds from issue of shares to minority shareholders	1,200	-	-	-
<i>Net cash used in financing activities</i>	<b>(46,108)</b>	<b>(146,242)</b>	<b>(46,527)</b>	<b>(139,581)</b>
Net (decrease)/increase in cash and cash equivalents	<b>(27,321)</b>	<b>(116,180)</b>	<b>(32,312)</b>	<b>37,118</b>
Cash and cash equivalents at beginning of year	<b>953,130</b>	<b>1,065,747</b>	<b>38,173</b>	<b>1,055</b>
Effects of exchange rates on cash and cash equivalents	<b>6,924</b>	<b>3,563</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at end of year (Note C)	<b>932,733</b>	<b>953,130</b>	<b>5,861</b>	<b>38,173</b>

## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

### NOTES

#### A. Acquisition of a subsidiary company

During the year, the Group's 60% owned subsidiary, Teck See Plastic Sdn Bhd ("TSP") acquired the remaining 50% equity interest in Lipro Kyowa Electronics Sdn Bhd ("Kyowa") not already owned by TSP for a total cash consideration of RM2 million comprising 2,500,000 ordinary shares of RM1.00 each, and accordingly Kyowa became a 60% owned subsidiary of the Group.

In the previous year, the Group acquired Hymold (Su Zhou) Co., Ltd ("HSZ").

The fair values of assets acquired and liabilities assumed were as follows :

	RM'000	2002 RM'000
Property, plant and equipment	7,854	14,033
Current assets	200	4,215
Current liabilities	(4,681)	(2,779)
Long term liabilities	-	(14,325)
Minority interests	(1,324)	(227)
	<b>2,049</b>	<b>917</b>
Less : Share of net assets previously retained as an associated company	(231)	-
Net assets acquired	<b>1,818</b>	<b>917</b>
Add : Goodwill on acquisition	200	1,777
Consideration paid, satisfied in cash	<b>2,018</b>	<b>2,694</b>
Less : Cash and cash equivalents acquired	(26)	(228)
Net cash outflow on acquisition	<b>1,992</b>	<b>2,466</b>

#### B. Liquidation of a subsidiary company

In the previous 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	2002 RM'000
Property, plant and equipment	-	46
Sundry receivables	-	9,180
Cash and cash equivalents	-	50,536
Current liabilities	-	(627)
	-	<b>59,135</b>
Less : Minority interests	-	(36,737)
Net assets liquidated	-	<b>22,398</b>
Surplus on liquidation	-	1,260
Consideration received	-	<b>23,658</b>
Less : Cash and cash equivalents of Wujin on liquidation	-	(50,536)
Consideration attributable to minority interests	-	(517)
Net cash outflow on liquidation	-	<b>(27,395)</b>



## CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont'd)

### C. Cash and cash equivalents

Cash and cash equivalents consist of :

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	<b>188,111</b>	131,537	<b>1,391</b>	3,659
Fixed deposits	<b>750,354</b>	824,490	<b>4,470</b>	34,514
Bank overdrafts	<b>(5,732)</b>	(2,897)	-	-
	<b>932,733</b>	953,130	<b>5,861</b>	38,173

The Group's cash and cash equivalents are stated net of pledged deposits of RM4,555,000 (2002 : RM25,553,000) as disclosed in Note 12 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2003

### 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. New MASB standards adopted by the Group and the Company for the year include :-

- i) MASB 25, Income Taxes;
- ii) MASB 27, Borrowing Costs; and
- iii) MASB 29, Employee Benefits

Apart from the inclusion of the new policies and extended disclosures where required by these new standards, the effect of the changes in the above accounting policies are disclosed in Note 35 to these financial statements.

#### 1.1 Basis of Accounting

The financial statements of the Group and of the Company are prepared on the historical cost basis except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and 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 negative goodwill 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.

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.



### 1.3 Associated Companies (Cont'd)

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

Freehold land, freehold land and plantations as well as capital work-in-progress are stated at cost/valuation less accumulated impairment losses, if any. All other property, plant and equipment 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 carrying amount at the date when the asset is retired from active use, less impairment losses, if any.

#### *Depreciation*

Freehold land, freehold land and plantations as well as capital work-in-progress are stated at cost/valuation and are not amortised. 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.

Capital work-in-progress are transferred to the respective categories of property, plant and equipment when the assets are ready for their intended use and depreciation will commence thereon.

### 1.5 Investments

Long term unquoted investments other than 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. Long term marketable equity securities are stated at the lower of cost and market value, determined on a portfolio basis.

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



## **1.6 Finance leases**

Leases in which the Group assume substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance leases are stated at an amount equal to the lower of the fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses.

## **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 and 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.

Goodwill is not amortised and is assessed for impairment at the end of each balance sheet date in accordance with the Group's policy stated in Note 1.17 to the financial statements.

## **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, if any.

### **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 assets, other than inventories, deferred tax assets 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 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.

### **1.17 Impairment (Cont'd)**

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 had 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 Income Tax**

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.



## 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.

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

The Group's foreign operations are not considered an integral part of a company'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 2003 are as follows :

#### Malaysian Ringgit per unit of foreign currency

		2002
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>2.91</b>	2.02
New Zealand dollar	<b>2.54</b>	1.85

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

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

## 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 and services rendered*

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.

Revenue from the rendering of services is recognised when the service is rendered. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

## **1.24 Income Recognition (Cont'd)**

### **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.

## **1.25 Employee Benefits**

### *Defined contribution plans*

Obligations for contributions to defined contribution plans are recognised as an expense in the income statement as incurred.



## 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	145,118	-	145,118	-
Long term leasehold land :				
At valuation - 1978	2,054	682	1,372	25
At cost	30,189	2,481	27,708	333
Short term leasehold land :				
At valuation - 1976	1,374	770	604	22
- 1978	255	89	166	6
At cost	92,919	18,525	74,394	2,396
Buildings :				
At valuation - 1976	2,037	1,733	304	235
- 1978	1,125	541	584	22
At cost	792,168	183,226	608,942	19,609
Assembly plant :				
At valuation - 1978	1,370	1,358	12	-
At cost	3,432	3,399	33	20
Other assets at cost :				
Freehold land and plantations	27,311	-	27,311	-
Plant and machinery	546,741	317,903	228,838	37,549
Furniture, fixtures, fittings, equipment and vehicles	213,832	140,178	73,654	20,108
Replanting expenditure	203,838	37,540	166,298	9,900
Capital work-in-progress	23,599	-	23,599	-
	<b>2,102,804</b>	<b>708,425</b>	<b>1,394,379</b>	<b>90,225</b>

Less : Amount capitalised under  
Development Properties (Note 3) (1)

**90,224**

## 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
2002				
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	-
	<u>1,839,115</u>	<u>607,498</u>	<u>1,231,617</u>	<u>82,715</u>
Less : Amount capitalised under Development Properties (Note 3)				(1)
				<u>82,714</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	410	378	16
At cost	175	32	143	4
Other assets at cost :				
Furniture, fixtures, fittings, equipment and vehicles	297	151	146	46
Capital work-in-progress	28	-	28	-
	<b>16,690</b>	<b>593</b>	<b>16,097</b>	<b>66</b>
2002				
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
Other assets at cost :				
Furniture, fixtures, 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>

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 2003 RM'000	Additions RM'000	Additions through acquisition of a subsidiary company RM'000	Disposal/ Write-off RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2003 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	273	24	-	-	-	-	297
Capital work-in-progress	28	-	-	-	-	-	28
	16,666	24	-	-	-	-	16,690
<b>Held by the subsidiary companies of the Group</b>							
At valuation 1978 :							
Freehold land	4,923	-	-	-	-	-	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	124,055	4,634	4,611	-	5,217	1,718	140,235
Long term leasehold land	31,964	430	-	-	(2,626)	421	30,189
Short term leasehold land	89,079	1,254	-	-	2,586	-	92,919
Freehold land and plantations	27,311	-	-	-	-	-	27,311
Buildings	648,594	35,430	3,790	(1,552)	3,648	102,083	791,993
Assembly plant	3,432	-	-	-	-	-	3,432
Plant and machinery	436,067	61,473	36	(18,016)	41,461	25,720	546,741
Furniture, fixtures, fittings, equipment and vehicles	220,200	22,095	460	(23,351)	(19,141)	13,272	213,535
Replanting expenditure	190,592	13,246	-	-	-	-	203,838
Capital work-in-progress	38,805	16,333	-	(17)	(31,145)	(405)	23,571
	1,839,115	154,919	8,897	(42,936)	-	142,809	2,102,804



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

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

	At 1 January 2003 RM'000	Depreciation for the year RM'000	Additions through acquisition of a subsidiary company RM'000	Disposal/ Write-off RM'000	Transfers RM'000	Exchange differences RM'000	At 31 December 2003 RM'000
<b>Held by the Company</b>							
At valuation 1978 :							
Buildings	394	16	-	-	-	-	410
At cost							
Buildings	28	4	-	-	-	-	32
Furniture, fixtures, fittings, equipment and vehicles	105	46	-	-	-	-	151
	527	66			-	-	593
<b>Held by the subsidiary companies of the Group</b>							
At valuation 1978 :							
Long term leasehold land	657	25	-	-	-	-	682
Short term leasehold land	83	6	-	-	-	-	89
Buildings	125	6	-	-	-	-	131
Assembly plant	1,358	-	-	-	-	-	1,358
At valuation 1976 :							
Short term leasehold land	748	22	-	-	-	-	770
Buildings	1,498	235	-	-	-	-	1,733
At cost							
Long term leasehold land	2,148	333	-	-	-	-	2,481
Short term leasehold land	16,129	2,396	-	-	-	-	18,525
Buildings	144,972	19,605	560	(1,066)	178	18,945	183,194
Assembly plant	3,379	20	-	-	-	-	3,399
Plant and machinery	268,000	37,549	32	(13,828)	7,318	18,832	317,903
Furniture, fixtures, fittings, equipment and vehicles	140,234	20,062	451	(21,934)	(7,496)	8,710	140,027
Replanting expenditure	27,640	9,900	-	-	-	-	37,540
	607,498	90,225	1,043	(36,828)	-	46,487	708,425

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

Additions to replanting expenditure during the year include :

	GROUP	
	RM'000	2002 RM'000
- Interest expense	1,064	1,759
- Unrealised loss/(gain) on foreign exchange	1,324	(5,167)
- Realised gain on foreign exchange	-	(457)

Interest is capitalised under replanting expenditure at an average rate of 2.08% (2002 : 2.38%) per annum.

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 RM1,772,000 (2002 : RM1,753,000) representing assets financed under leasing instalment plans.

Included in the net book value of the buildings of the Group stated at cost is an amount of RM439,000 (2002 : RM505,000) representing the cost of construction of three units of shop houses on land belonging to a third party.

Certain title deeds to the land and buildings of the Group are in the process of issuance by the relevant authorities.

Included in the replanting expenditure is an amount of RM12,669,000 (2002 : 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	108	79
Buildings	1,713	1,170	543
	1,900	1,278	622
<b>At Valuation 1978 :</b>			
<i>Held by the Company</i>			
Freehold land	865	-	865
Buildings	65	32	33
	930	32	898
<i>Held by the subsidiary companies of the Group</i>			
Freehold land	5,147	-	5,147
Long term leasehold land	1,400	612	788
Short term leasehold land	23	11	12
Buildings	1,687	664	1,023
Assembly plant	691	691	-
	8,948	1,978	6,970
	11,778	3,288	8,490
2002			
<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

### 3. DEVELOPMENT PROPERTIES

	GROUP	
	RM'000	2002 RM'000
Balance at 1 January	57,579	57,176
Add : Additions during the year	224	403
Less : Compulsory acquisition of development properties	(111)	-
Balance at 31 December *	<u>57,692</u>	<u>57,579</u>
* This amount comprises :		
At valuation (1978)		
Freehold land	1,928	1,928
At cost		
Freehold land	43,990	43,990
Other outgoings	11,774	11,661
	<u>57,692</u>	<u>57,579</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 (2002 : RM1,257,000).

Included in other outgoings are the following :

- i) Depreciation amounting to RM1,000 (2002 : RM1,000).
- ii) Land premium of RM5,625,000 (2002 : 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 the date of this financial statements, UGSB has been granted the final approval from the state authority for the commencement of reclamation works.

UGSB will only commence the reclamation after obtaining such other licences, permits or approvals from the approving authorities as may be required under any written law for the time being in force relating to the reclamation works and the development project.



#### 4. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	RM'000	2002 RM'000
Unquoted shares		
- at cost	377,181	363,691
- at valuation	23,523	23,523
	<b>400,704</b>	<b>387,214</b>

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 36.

#### 5. INVESTMENT IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Unquoted shares, at cost	54,052	55,696	24,548	24,548
Share of post-acquisition reserves	112,668	114,291	-	-
	<b>166,720</b>	<b>169,987</b>	<b>24,548</b>	<b>24,548</b>
Less : Impairment losses	-	-	(10,000)	(10,000)
	<b>* 166,720</b>	<b>* 169,987</b>	<b>14,548</b>	<b>14,548</b>

\* This is represented by :

Share of net tangible assets	162,341	165,608
Goodwill	4,379	4,379
	<b>166,720</b>	<b>169,987</b>

#### List of Associated Companies :

	Group's Interest		Principal Activities
	2002	2002	
	%	%	
Incorporated in Malaysia :			
Chainferry Development Sdn. Berhad	32.8	32.8	Property development
Penang Wellesley Realty Sdn. Berhad	39.8	39.8	Property development
Southern Perak Plantations Sdn. Berhad	39.5	39.5	Production and sale of oil palm fruits, palm oil and kernel
Penang Amusements Co. Sdn. Bhd.	25.0	25.0	Operation of a bowling alley
Jasabudi Sdn Bhd	20.0	20.0	Dealer in machinery and spare parts
Honda Autoparts Manufacturing (M) Sdn. Bhd.	49.0	49.0	Manufacturing and sale of motor vehicle parts
Kenanga Mekar Sdn. Bhd.	49.0	49.0	Property development
Unique Mix (Penang) Sdn. Bhd.	25.8	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>
		2002	
	%	%	
Southern Oriental Sdn. Bhd.	<b>50.0</b>	50.0	Investment holding
Lipro Kyowa Electronics Sdn Bhd	-	30.0	Dormant
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

During the year, the 60% owned subsidiary of the Group, Teck See Plastic Sdn Bhd ("TSP") acquired an additional 50% equity shareholdings in its associate, Lipro Kyowa Electronics Sdn Bhd ("LKESB"). As a result, LKESB became a wholly-owned subsidiary of TSP and a 60% owned sub-subsidiary of the Company (Note 36).

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	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
Quoted shares				
- in Malaysia	<b>7,503</b>	6,918	-	-
- outside Malaysia	<b>27,400</b>	22,512	-	-
Foreign Government and Public Bonds	<b>96,345</b>	83,234	-	-
	<b>131,248</b>	112,664	-	-
Unquoted shares	<b>27,600</b>	27,570	<b>33,113</b>	33,113
Others	<b>1,546</b>	1,341	-	-
	<b>160,394</b>	141,575	<b>33,113</b>	33,113
Market value of :				
- Quoted shares	<b>46,200</b>	31,818	-	-
- Foreign Government and Public Bonds	<b>96,561</b>	86,304	-	-
	<b>142,761</b>	118,122	-	-

The Group's foreign government and public bonds and the quoted shares have been stated after allowance for diminution in value of RM1,778,000 (2002 : RM1,657,000) and RM148,000 (2002 : RM1,861,000) respectively.



## 7. GOODWILL

	GROUP	
<i>At cost</i>	RM'000	2002 RM'000
Balance at 1 January	17,052	15,275
Additions through acquisition of a subsidiary company	200	1,777
Goodwill arising from additional investments in subsidiary companies	1,950	-
Balance at 31 December	<u>19,202</u>	<u>17,052</u>

## 8. DEFERRED TAX ASSETS

The recognised deferred tax assets for the Group are in respect of the following :-

	GROUP	
	RM'000	2002 RM'000
Property, plant and equipment		
- capital allowances	(639)	-
Provisions	(755)	-
Unabsorbed capital allowances	(294)	-
Unutilised tax losses	(4,836)	-
	<u>(6,524)</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following items as it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

	GROUP	
	RM'000	2002 RM'000
Deductible temporary differences	8,821	13,732
Unabsorbed capital allowances	(8,911)	(9,336)
Unutilised tax losses	(13,525)	(32,725)
Unutilised tax credits	(6,425)	(5,429)
	<u>(20,040)</u>	<u>(33,758)</u>

The unutilised tax losses, unabsorbed capital allowances and unutilised tax credits (reinvestment allowances and investment tax allowances) do not expire under the Malaysian tax legislation. Tax losses in respect of certain foreign subsidiaries that may be credited against income for eight (8) years beginning with the first year after such loss occurs are as follows :-

	GROUP	
	RM'000	2002 RM'000
Fiscal loss carry forward		
1999	-	2,798
2000	3,008	5,513
2001	6,818	7,694
	<u>9,826</u>	<u>16,005</u>



## 9. INVENTORIES

	GROUP	
	RM'000	2002 RM'000
Developed properties	5,798	3,438
Finished products		
Manufactured goods	27,414	28,021
Assembled motor vehicles	114,320	97,070
Trading inventories	29,595	40,677
	171,329	165,768
Work-in-progress	17,077	17,020
Raw materials	62,135	59,479
Knocked-down units	40,234	31,460
Consumable stores and spares	37,255	38,518
Hotel stocks	3,228	2,371
	<u>337,056</u>	<u>318,054</u>

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

	GROUP	
	RM'000	2002 RM'000
Consumable stores and spares	4,198	3,422
Raw materials	-	5,753
Manufactured goods	-	1,022
Assembled motor vehicles	1,525	-
Trading inventories	81	6,737
	<u>5,804</u>	<u>16,934</u>

## 10. HOUSING SCHEME IN PROGRESS

	GROUP	
	RM'000	2002 RM'000
Balance at 1 January	5,088	3,213
Add : Additions during the year	3,861	1,875
	8,949	5,088
Less : Cost of completed units transferred to inventories of completed properties	(5,126)	-
Balance at 31 December *	<u>3,823</u>	<u>5,088</u>

\* This amount comprises :-

Freehold land, at cost	329	366
Development expenditure	3,494	4,722



**3,823**

**5,088**

## 11. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2002	2002	2002	2002
	RM'000	RM'000	RM'000	RM'000
Trade receivables				
Amount due :				
- within 1 year	<b>260,544</b>	205,183	-	-
- after 1 year	<b>1,828</b>	2,029	-	-
	<b>262,372</b>	207,212	-	-
Allowance for doubtful debts	<b>(7,596)</b>	(8,230)	-	-
Unearned income	<b>(1,501)</b>	(1,844)	-	-
	<b>(9,097)</b>	(10,074)	-	-
	<b>253,275</b>	197,138	-	-
Amount due from subsidiary companies	-	-	<b>440,477</b>	407,944
Amount due from associated companies	<b>6,128</b>	11,130	-	-
Other receivables, deposits and prepayments	<b>66,529</b>	33,538	<b>28</b>	26
	<b>325,932</b>	241,806	<b>440,505</b>	407,970

Included in other receivables, deposits and prepayments of the Group is an amount of RM6,569,000 (2002 : Nil) due from state government for the compulsory acquisition of development properties subsequently received after year end.

## 12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2002	2002	2002	2002
	RM'000	RM'000	RM'000	RM'000
Fixed deposits :				
With licensed banks	<b>588,882</b>	621,250	<b>4,470</b>	34,514
With licensed finance companies	<b>166,027</b>	228,793	-	-
	<b>754,909</b>	850,043	<b>4,470</b>	34,514
Cash and bank balances	<b>188,111</b>	131,537	<b>1,391</b>	3,659
	<b>943,020</b>	981,580	<b>5,861</b>	38,173

Included in the fixed deposits of the Group is an amount of RM4,555,000 (2002 : RM25,553,000) which is pledged for banking/financing facilities granted to certain subsidiary companies.

Included in cash and bank balances of the Group is an amount of RM148,000 (2002 : RM101,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations 1991.

### 13. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
Trade payables	163,455	142,881	-	-
Other payables and accruals	109,789	102,972	1,109	927
Amount due to associated companies	190	106	-	-
	<u>273,434</u>	<u>245,959</u>	<u>1,109</u>	<u>927</u>

### 14. BORROWINGS

	GROUP	
		2002
	RM'000	RM'000
Secured :		
Bank overdraft	380	853
Unsecured :		
Bank overdrafts	5,352	2,044
Other borrowings	383,722	365,018
Lease obligations (Note 21)	313	645
	<u>389,767</u>	<u>368,560</u>

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 12).

### 15. DEFERRED EXPENDITURE

	GROUP	
		2002
	RM'000	RM'000
Cost		
Balance at 1 January	19,097	14,668
Additions during the year	7,888	4,429
Balance at 31 December	<u>26,985</u>	<u>19,097</u>
Accumulated Amortisation		
Balance at 1 January	(13,129)	(9,460)
Amortisation charge for the year (Note 22)	(2,539)	(3,452)
Write off during the year (Note 22)	(43)	(217)
Balance at 31 December	<u>(15,711)</u>	<u>(13,129)</u>
Net book value	<u>11,274</u>	<u>5,968</u>



## 16. SHARE CAPITAL

	GROUP/COMPANY	
	2002	
	RM'000	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	<u>517,000</u>	<u>517,000</u>

## 17. RESERVES

	At 1 January 2003 RM'000	Additions through additional investment in subsidiaries RM'000	Transfer from Income Statement RM'000	Transfer to deferred tax liabilities RM'000	Currency translation differences RM'000	At 31 December 2003 RM'000
<b>GROUP</b>						
<i>Distributable</i>						
Capital Reserves	39,552	-	685	-	-	40,237
<i>Non-distributable</i>						
Share Premium	1,099	-	-	-	-	1,099
Asset Revaluation Reserve	474	-	-	-	-	474
Exchange Fluctuation Reserves	146,639	(67)	-	-	81,480	228,052
Capital Reserves	1,344	-	-	(258)	-	1,086
Capital Redemption Reserve	68	-	-	-	-	68
	<u>149,624</u>	<u>(67)</u>	<u>-</u>	<u>(258)</u>	<u>81,480</u>	<u>230,779</u>
	<u>189,176</u>	<u>(67)</u>	<u>685</u>	<u>(258)</u>	<u>81,480</u>	<u>271,016</u>
<b>COMPANY</b>						
<i>Distributable</i>						
Capital Reserves	29,992	-	-	-	-	29,992
<i>Non-distributable</i>						
Capital Redemption Reserve	68	-	-	-	-	68
	<u>30,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,060</u>

## 17. RESERVES (Cont'd)

	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>				
<i>Distributable</i>				
Capital Reserves	39,552	-	-	39,552
<i>Non-distributable</i>				
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
	163,308	(13,683)	(1)	149,624
	202,860	(13,683)	(1)	189,176
<b>COMPANY</b>				
<i>Distributable</i>				
Capital Reserves	29,992	-	-	29,992
<i>Non-distributable</i>				
Capital Redemption Reserve	68	-	-	68
	30,060	-	-	30,060

The Capital Reserves comprise :-

- (a) surplus on sale of land and building and long term investments; and
- (b) reserve fund provided at 10% of net profit of a subsidiary in China.



## 18. RETAINED PROFITS

	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Balance at 1 January	1,565,203	1,497,258	349,032	240,386
Net profit for the year attributable to stockholders	162,076	160,999	59,455	201,700
	<u>1,727,279</u>	<u>1,658,257</u>	<u>408,487</u>	<u>442,086</u>
Less : Appropriations				
Dividends (Note 27)	(83,749)	(93,054)	(83,749)	(93,054)
Transfer to reserve fund (Note 17)	(685)	-	-	-
	<u>(84,434)</u>	<u>(93,054)</u>	<u>(83,749)</u>	<u>(93,054)</u>
Balance at 31 December	<u>1,642,845</u>	<u>1,565,203</u>	<u>324,738</u>	<u>349,032</u>

## 19. 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.

## 20. 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.

## 21. DEFERRED LIABILITIES

	GROUP	
	RM'000	2002 RM'000
<b>Deferred tax liabilities</b>		
Balance at 1 January	20,158	34,002
Exchange differences	2	3,553
Transfer to Income Statement	(121)	(17,397)
Transfer from Capital Reserve (Note 17)	258	-
Balance at 31 December	<u>20,297</u>	<u>20,158</u>
<b>Lease/Hire purchase obligations</b>		
Total amount payable	409	941
Portion payable within 12 months included under Borrowings (Note 14)	(313)	(645)
Amount payable after 12 months	<u>96</u>	<u>296</u>
	<u>20,393</u>	<u>20,454</u>

## 21. DEFERRED LIABILITIES (Cont'd)

The recognised deferred tax liabilities for the Group are in respect of the following :-

	GROUP	
	RM'000	2002 RM'000
<b>Deferred tax liabilities</b>		
Property, plant and equipment		
- capital allowances	<b>24,070</b>	21,784
- revaluation	<b>178</b>	-
Provisions	<b>(3,848)</b>	(1,626)
Unabsorbed capital allowances	<b>(103)</b>	-
	<b>20,297</b>	20,158

## 22. OPERATING PROFIT

	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Revenue				
- Sale of goods and services	<b>3,101,425</b>	2,912,282	<b>34</b>	34
- Interest income	<b>24,018</b>	27,001	<b>4,946</b>	12,622
- Rental income	<b>5,473</b>	5,828	<b>24</b>	-
- Dividend income	<b>2,797</b>	1,169	<b>77,183</b>	263,304
	<b>3,133,713</b>	2,946,280	<b>82,187</b>	275,960
Cost of sales	<b>(2,605,991)</b>	(2,496,492)	-	-
Gross Profit	<b>527,722</b>	449,788	<b>82,187</b>	275,960
Distribution costs	<b>(50,870)</b>	(41,435)	-	-
Administration expenses	<b>(170,362)</b>	(153,764)	<b>(1,917)</b>	(2,107)
Other operating expenses	<b>(100,176)</b>	(36,120)	-	-
Other operating income	<b>16,528</b>	17,272	-	-
	<b>(304,880)</b>	(214,047)	<b>(1,917)</b>	(2,107)
Operating profit	<b>222,842</b>	235,741	<b>80,270</b>	273,853



## 22. OPERATING PROFIT (Cont'd)

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
This has been arrived at				
<b>After charging :</b>				
Directors' emoluments				
Directors of the Company				
- Fees - current year	835	832	360	340
- prior year	-	13	-	13
- Others	4,124	3,759	49	37
- Benefits-in-kind	4	4	-	-
Other Directors				
- Fees	1,004	890	-	-
- Others	5,366	4,294	-	-
- Benefits-in-kind	171	103	-	-
Past Directors				
- Fees	-	20	-	20
- Others	-	228	-	-
Auditors' remuneration				
- current year	809	856	9	9
- prior year	180	14	9	-
Depreciation (Note 2)	90,224	82,714	66	64
Rental of land and buildings	4,604	4,734	-	-
Hire of equipment	921	1,398	-	-
Plant and equipment written off	118	24	-	-
Deferred expenditure written off (Note 15)	43	217	-	-
Realised loss on foreign exchange	-	-	-	5
Bad and doubtful debts	72	-	-	-
Allowance for diminution in value of other investments	-	1,043	-	-
Allowance for diminution in value of inventories	1,402	3,231	-	-
Amortisation of deferred expenditure (Note 15)	2,539	3,452	-	-
Inventories written off	903	-	-	-
<b>and crediting :</b>				
Dividends (gross) received from:				
Unquoted investments	605	64	1,822	682
Unquoted subsidiary companies	-	-	68,368	258,083
Unquoted associated companies	-	-	6,993	4,539
Investments quoted in Malaysia	-	9	-	-
Investments quoted outside Malaysia	2,192	1,096	-	-
Rental income	5,473	5,828	24	-
Realised gain on foreign exchange	2,927	2,099	-	-
Interest received from subsidiary companies	-	-	4,203	12,420
Other interest income	24,018	27,001	743	202
Gain on disposal of plant and equipment	2,816	1,031	-	-
Gain on disposal of investments	292	269	-	-
Gain on disposal of development properties arising from compulsory acquisition	6,458	-	-	-
Reversal of allowance for diminution in value of other investments	1,640	-	-	-
Unrealised gain on foreign exchange	1,654	12,956	-	-
Exceptional item (Note 24)	-	14,943	-	-
Reversal of allowance for bad and doubtful debts	719	3,845	-	-



## 23. EMPLOYEE INFORMATION

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
Staff costs	<b>215,734</b>	193,863	<b>584</b>	593

Included in staff costs of the Group and of the Company is an amount of RM15,858,000 (2002 : RM14,852,000) and RM137,000 (2002 : RM168,000) respectively representing contributions made to defined contribution plans.

The number of employees of the Group and of the Company (including salaried directors) at the end of the year was 8,362 (2002 : 8,689) and 11 (2002 : 6) respectively.

## 24. EXCEPTIONAL ITEMS

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

	GROUP	
		2002
	RM'000	RM'000
Surplus on liquidation of a subsidiary company	-	1,260
Realised gain on foreign exchange upon liquidation of a subsidiary company (Note 17)	-	13,683
	<b>-</b>	<b>14,943</b>

## 25. TAX EXPENSE

Details of the tax expense are as follows :

	GROUP		COMPANY	
		2002		2002
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Malaysian tax expense				
- Based on profit for the year	<b>25,426</b>	33,850	<b>20,815</b>	72,153
- Under/(Over) provision in respect of prior years	<b>1,255</b>	(2,621)	-	-
	<b>26,681</b>	31,229	<b>20,815</b>	72,153
Foreign tax expense				
- Based on profit for the year	<b>27,653</b>	17,590	-	-
- Under/(Over) provision in respect of prior year	<b>431</b>	(637)	-	-
	<b>28,084</b>	16,953	-	-
	<b>54,765</b>	48,182	<b>20,815</b>	72,153



## 25. TAX EXPENSE

	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Deferred tax expense				
Transfer (from)/to Deferred Taxation Account				
- current year	(3,342)	794	-	-
- prior year	(3,300)	(18,191)	-	-
	(6,642)	(17,397)	-	-
On share of results of associated companies	5,398	4,114	-	-
	<b>53,521</b>	<b>34,899</b>	<b>20,815</b>	<b>72,153</b>
Reconciliation of effective tax expense				
	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Profit before taxation	<b>230,786</b>	254,559	<b>80,270</b>	273,853
Income tax using Malaysian tax rates	<b>64,620</b>	71,276	<b>22,475</b>	76,679
Effect of different tax rates in foreign jurisdictions	(6,309)	(5,010)	-	-
Effect of changes in foreign tax rates	-	(138)	-	-
Non-deductible expenses	<b>4,209</b>	7,736	<b>149</b>	118
Income not subject to tax	(2,214)	(10,146)	(2,055)	(4,304)
Tax incentives	(2,762)	(4,138)	-	-
Deferred tax assets not recognised	<b>675</b>	3,257	-	-
Recognition of previously unrecognised deferred tax asset	(4,516)	(8,249)	-	-
Losses not available for set-off	<b>2,596</b>	1,437	-	-
Others	(1,164)	322	<b>246</b>	(340)
	<b>55,135</b>	56,347	<b>20,815</b>	72,153
Over provision in prior years	(1,614)	(21,449)	-	-
	<b>53,521</b>	<b>34,898</b>	<b>20,815</b>	<b>34,898</b>

### COMPANY

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.

## 26. 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 (2002 : 516,968,192), after deducting the Treasury Stocks of 31,808 (2002 : 31,808).

## 27. DIVIDENDS

	GROUP/COMPANY	
	2002	2002
	RM'000	RM'000
Interim declared/paid :		
Interim dividend of 5% (2002 : 5%) less 28% tax	18,611	18,611
Special dividend of 5% (2002 : 7.5%) less 28% tax	18,611	27,916
	37,222	46,527
Final paid - 2002		
Final dividend of 8% (2001 : 8%) less 28% tax	29,778	29,778
Special dividend of 4.5% (2001 : 4.5%) less 28% tax	16,749	16,749
	46,527	46,527
	<b>83,749</b>	<b>93,054</b>

The directors proposed a final dividend of 8% less 28% tax, and a special dividend of 2% less 28% tax, making a total dividend of 10% less 28% tax, totalling RM37,221,710 in respect of the year ended 31 December 2003, 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 2004.

## 28. COMMITMENTS

	GROUP	
	2002	2002
	RM'000	RM'000
(i) Non-cancellable operating lease commitments		
Within 1 year	6,768	1,255
Between 1 to 5 years	4,541	4,388
Above 5 years	4,895	5,734
	<b>16,204</b>	<b>11,377</b>



## 28. COMMITMENTS (Cont'd)

	GROUP	
	RM'000	2002 RM'000
(ii) Capital expenditure		
- approved and contracted for	11,497	2,895
- approved but not contracted for	261,965	91,813
	<u>273,462</u>	<u>94,708</u>

## 29. 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 vehicles; 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
<i>Property development and others</i>	<ul style="list-style-type: none"> <li>a) Development of residential and commercial properties;</li> <li>b) provision of management, marketing, advertisement and central reservation services;</li> <li>c) freight forwarding, shipping agents and commission agents;</li> <li>d) manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials;</li> <li>e) distributor of cement and manufacturer and dealer of concrete products</li> </ul>

### *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.

## 29. 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	2,204,090	337,934	138,772	141,933	31,162	279,822		3,133,713
Inter-segment revenue	322	2,845	5	-	88	10,676	(13,936)	-
<b>Total revenue</b>	<b>2,204,412</b>	<b>340,779</b>	<b>138,777</b>	<b>141,933</b>	<b>31,250</b>	<b>290,498</b>	<b>(13,936)</b>	<b>3,133,713</b>
<b>Segment results</b>	<b>138,917</b>	<b>4,247</b>	<b>20,998</b>	<b>36,742</b>	<b>22,056</b>	<b>17,960</b>	<b>(18,078)</b>	<b>222,842</b>
Interest expense								(11,280)
Share of profits in associated companies								19,224
Profit before taxation								230,786
Tax expense								(53,521)
Minority interests								(15,189)
<b>Net profit for the year</b>								<b>162,076</b>
<b>Segment assets</b>	<b>1,566,210</b>	<b>449,300</b>	<b>438,208</b>	<b>461,877</b>	<b>93,268</b>	<b>243,909</b>	<b>-</b>	<b>3,252,772</b>
Investment in associated companies	46,762	43,464	-	15,839	-	60,655	-	166,720
<b>Total assets</b>								<b>3,419,492</b>
<b>Segment liabilities</b>	<b>97,621</b>	<b>83,694</b>	<b>32,699</b>	<b>15,034</b>	<b>2,513</b>	<b>41,873</b>	<b>-</b>	<b>273,434</b>
Unallocated liabilities								468,696
<b>Total liabilities</b>								<b>742,130</b>
Capital expenditure	34,262	54,257	17,751	44,828	24	3,797	-	154,919
Depreciation and amortisation	28,561	26,699	15,224	17,697	68	4,514	-	92,763
Non-cash expenses other than depreciation and amortisation	903	2,456	337	33	2,426	5,011	-	11,166



## 29. 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>2002</b>								
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

## 29. 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	1,367,124	1,380,102	386,487	-	3,133,713
Segment assets by location of assets	1,450,282	853,322	949,168	-	3,252,772
Capital expenditure by location of assets	49,889	3,974	101,056	-	154,919

### **2002**

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	1,494,594	765,366	740,359	-	3,000,319
Capital expenditure by location of assets	44,910	3,601	63,874	-	112,385

## 30. 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 **RM616.3 million** (2002 : RM503.4 million) of which **RM484.1 million** (2002 : RM341.5 million) was utilised as at balance sheet date.
- ii) The Company has also issued corporate guarantees to certain non-financial institutions for the supply of goods and services provided to certain subsidiary companies up to a limit of **RM30.5 million** (2002 : RM28.0 million) of which **RM2.1 million** (2002 : RM3.5 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.

## 31. RELATED PARTIES

### *31.1 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



### 31. 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

31.2 *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	2002 RM'000
i) Sale of goods	34,675	39,108
ii) Purchase of goods	152	30
iii) Lease finance charges receivable	306	183
iv) Management fee and commission payable	470	381

b) With Boon Siew Group of Companies

	GROUP	
	RM'000	2002 RM'000
i) Commission receivable in respect of advertising, marketing and hotel reservation services	2,495	2,257
ii) Sale of goods	66,603	67,613
iii) Charges for the assembly of motor cycles	26,069	14,955
iv) Purchase of goods	6,959	5,145
v) Rental charges receivable (net)	168	331

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.

31.3 *Significant non-trade related party balances*

	GROUP		COMPANY	
	RM'000	2002 RM'000	RM'000	2002 RM'000
Amount due from				
- subsidiary companies	-	-	440,477	407,944
- associated companies	6,128	11,130	-	-
	<u>6,128</u>	<u>11,130</u>	<u>440,477</u>	<u>407,944</u>



## 32. 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

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

	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	4.60	96,345	58,460	17,957	19,928
Fixed deposits	0.72 - 7.75	754,909	754,909	-	-
<b>Financial liabilities</b>					
Bank overdrafts	3.60 - 7.80	5,732	5,732	-	-



---

Other borrowings	1.04 - 6.63	383,722	383,722	-	-
------------------	-------------	---------	---------	---	---

## 32. 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>2002</b>					

### Financial assets

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	-	-

### Financial liabilities

Bank overdrafts	6.40 - 7.80	2,897	2,897	-	-
Other borrowings	1.56 - 3.10	365,018	365,018	-	-

### COMPANY

### Financial assets

Amount due from subsidiary companies	<b>7.00</b>	<b>148,002</b>	<b>148,002</b>	-	-
Fixed deposits	<b>3.00 - 4.00</b>	<b>4,470</b>	<b>4,470</b>	-	-

### 2002

Amount due from subsidiary companies	3.00 - 7.40	407,944	407,944	-	-
Fixed deposits	2.65	34,514	34,514	-	-

### 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 :

	2003		2002	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>GROUP</b>				
<b>Financial assets</b>				
Quoted shares	<b>34,903</b>	<b>46,200</b>	29,430	31,818
Foreign government and public bonds	<b>96,345</b>	<b>96,561</b>	83,234	86,304
Unquoted shares	<b>27,600</b>	#	27,570	#

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.



### 33. SIGNIFICANT EVENTS DURING THE YEAR

- i) Selasih Permata Sdn Bhd, a 50.5% owned subsidiary of the Company has incorporated a new wholly owned subsidiary, Oriental Asia (Mauritius) Pte Ltd (“OAM”) on 24 February 2003. The principal activity of OAM is that of an investment holding.
- ii) On 3 January 2003, the Board approved the proposal by the Group’s 60% owned subsidiary, Teck See Plastic Sdn Bhd (“TSP”) to acquire the remaining 50% equity interest in Lipro Kyowa Electronics Sdn Bhd (“Kyowa”) not already owned by TSP for a total cash consideration of RM2 million comprising 2,500,000 ordinary shares of RM1.00 each, subject to the approval of Ministry of International Trade and Industry which was subsequently obtained on 5 February 2003. Transfer of shares for that 50% equity interest in Kyowa to be acquired by TSP was made on 19 May 2003 and accordingly Kyowa became a 60% owned subsidiary of the Group.
- iii) Selasih Permata Sdn Bhd (“SP”), a 50.5% owned subsidiary of the Company subscribed for its rights issue entitlements in its investments in PT Oriental Kyowa Industries (“PT OKI”) and Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co. Ltd (“OKPI”) of USD 3.2 million and USD 5.5 million respectively. Both PT OKI and OKPI are also the 75% and 61.9% 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 entitlements by SP, OHB Group’s equity interest in PT OKI and OKPI decreased from 87.6% and 73.6% to 72.8% and 65.4% 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 and PT OKI was completed on 9 April 2003 and 5 June 2003 respectively.

- iv) Armstrong Auto Parts Sdn Berhad (“AAP”), a 60.7% owned subsidiary of the Company had injected RM1.9 million (USD 500,000) representing 27.8% in the capital of Armstrong Component Parts (Vietnam) Co., Ltd (“ACPV”), a fellow subsidiary company incorporated in Vietnam.

Prior to AAP’s subscription of shares in ACPV, ACPV is a wholly-owned subsidiary of Armstrong Cycle Parts (Sdn.) Berhad (“ACP”), a 57.1% subsidiary of OHB. Upon subscription of the shares in ACPV, OHB Group’s equity interest in ACPV increased from 57.1% to 58.1%.

- v) Oriental International (Mauritius) Pte Ltd (“OIM”), a wholly-owned subsidiary of the company subscribed for its rights issue entitlement in its investment in Hymold (Su Zhou) Co Ltd (“HS”) for an amount of RM7,600,000 (USD 2 million). As the minority shareholders of HS did not subscribe for their rights issue entitlements in HS, the Company’s equity interest in HS increased from 80.2% to 85.8%.
- vi) Teck See Plastic Sdn Bhd (“TSP”), a 60% owned subsidiary of the Company has subscribed for its rights issue entitlements in its investment in Lipro Mold Engineering Sdn Bhd (“LM”) for an amount of RM5,000,000. As the minority shareholders of LM did not subscribe for their rights issue entitlement in LM, the Company’s equity interest in LM increased from 42% to 51%.

### 34. SIGNIFICANT POST BALANCE SHEET EVENT - Company

Subsequent to balance sheet date,

- (i) the Company provided additional corporate guarantees to its sub-subsidiaries, Oriental Thai Industries Co., Ltd and Hymold (Su Zhou) Co., Ltd for an amount of RM8,360,000 and RM11,400,000 respectively in favour of bank for the additional banking facilities granted to the subsidiary companies; and
- (ii) the sub-subsidiary of the Company, Ultra Green Sdn Bhd ("UG") has obtained the final approval from the state authority to commence reclamation works as detailed in Note 3 (ii) to the financial statements.

### 35. CHANGES IN ACCOUNTING POLICIES

In the current financial year, the Group and the Company adopted three new MASB Standards. The adoption of these new standards which resulted in changes in accounting policies are as follows :-

- (a) MASB 25, Income Taxes and MASB 29, Employee Benefits which have been adopted retrospectively. Comparative figures have not been restated as the adoption of these standards have no material impact on the financial statements.
- (b) MASB 27, Borrowing Costs which is applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability is expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Meanwhile, deferred tax on revaluation surplus of land and building is now recognised in the financial statements. Previously, deferred tax on such revaluation was not recognised in the financial statements as the land and building are held for long term use.

Prior to the adoption of MASB 29 Employee Benefits on 1 January 2003, no liability was recognised for the obligations in respect of short-term employee benefits in the form of accumulating compensated absences.

### 36. DETAILS OF SUBSIDIARY COMPANIES

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2002</u> <u>%</u>
<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



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

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2002</u> <u>%</u>
<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
<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>58.1</b>	57.1
<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>	100.0
Subsidiary companies of Oriental International (Mauritius) Pte Ltd - <b>Hymold (Su Zhou) Co., Ltd *</b> <i>Manufacture of plastic products</i>	<b>85.8</b>	80.2
- <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>	100.0

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

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2002</u> <u>%</u>
<b>Kah Motor Company Sdn Berhad</b>	<b>100.0</b>	100.0
<i>Assembly of Honda motor cycles and dealer of Honda vehicles and hotelier</i>		
Subsidiary companies of Kah Motor Company Sdn Berhad		
- <b>Boon Siew (Borneo) Sendirian Berhad *</b>	<b>99.0</b>	99.0
<i>Distribution of Honda motor cars and motor cycles</i>		
- <b>Ultra Green Sdn Bhd</b>	<b>100.0</b>	100.0
<i>Land reclamation – no activity yet</i>		
- <b>Happy Motoring Company Sdn. Bhd. *</b>	<b>51.0</b>	51.0
<i>Distribution of Honda motor cars and motor cycles and sale of spare parts</i>		
- <b>Kah New Zealand Limited #</b>	<b>100.0</b>	100.0
<i>Hotelier (with golf course)</i>		
- <b>Kah Australia Pty Ltd #</b>	<b>100.0</b>	100.0
<i>Hotelier and Investment holding</i>		
Subsidiary company of Kah Australia Pty Ltd		
- <b>Geographe Bay Motel Unit Trust</b>	<b>51.0</b>	51.0
<i>Hotelier</i>		
<b>Teck See Plastic Sdn. Bhd.</b>	<b>60.0</b>	60.0
<i>Manufacture and distribution of plastic articles and products</i>		
Subsidiary companies of Teck See Plastic Sdn Bhd		
- <b>Lipro Sdn Bhd</b>	<b>30.6</b>	30.6
<i>Manufacture and assembly of plastic component parts</i>		
- <b>Lipro Electrical Manufacturing Sdn Bhd</b>	<b>60.0</b>	60.0
<i>Manufacture of electrical parts</i>		
- <b>Lipro Mold Engineering Sdn. Bhd.</b>	<b>51.0</b>	42.0
<i>Manufacture and repair of moulds, jigs and fixtures</i>		
- <b>AT-TS Marketing Sdn Bhd</b>	<b>60.0</b>	60.0
<i>Consultancy and management services in plastic and metal industry and trading in gas equipment spare parts</i>		
- <b>Armstrong Industries Sdn. Bhd.</b>	<b>60.0</b>	60.0
<i>Letting of properties</i>		
- <b>Lipro Kyowa Electronics Sdn Bhd *</b>	<b>60.0</b>	-
<i>Dormant</i>		
<b>Armstrong Auto Parts Sdn. Berhad</b>	<b>60.7</b>	60.7
<i>Manufacture of seats, press, diecasts parts, shock absorbers, suspension and electrical components for motor cycles and motor vehicles</i>		
Subsidiary companies of Armstrong Auto Parts Sdn. Berhad		
- <b>Armstrong Realty Sdn. Bhd.</b>	<b>60.7</b>	60.7
<i>Letting of properties</i>		
- <b>Armstrong Trading &amp; Supplies Sdn. Bhd.</b>	<b>60.7</b>	60.7
<i>General trading of related automotive parts</i>		



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

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2002</u> <u>%</u>
<b>Jutajati Sdn Bhd</b>	<b>100.0</b>	100.0
<i>Investment holding</i>		
Subsidiary companies of Jutajati Sdn Bhd		
- <b>PT Oriental Kyowa Industries *</b>	-	87.6
<i>Manufacture of plastic technical and industrial goods and equipment</i>		
- <b>Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd *</b>	-	73.6
<i>Manufacture of plastic technical and industrial goods and equipment</i>		
- <b>Oriental Thai Industries Co Ltd *</b>	<b>100.0</b>	100.0
<i>Manufacturing of plastic products</i>		
- <b>Oriental-Logistics Sdn Bhd</b>	<b>60.6</b>	60.6
<i>Freight forwarding, shipping agents and commission agents</i>		
- <b>Kwong Wah Enterprise Sdn Bhd</b>	<b>100.0</b>	100.0
<i>Investment holding</i>		
Subsidiary companies of Kwong Wah Enterprise Sdn Bhd		
- <b>North Malaya Engineers Trading Company Sdn. Berhad *</b>	<b>100.0</b>	100.0
<i>Manufacture of wire netting, wire mesh, barbed wire, weld mesh, nails and building materials</i>		
- <b>Lipro Trading Sdn Bhd</b>	<b>100.0</b>	100.0
<i>Distributor of cement</i>		
- <b>Simen Utara Sdn Bhd *</b>	<b>91.0</b>	91.0
<i>Trading agent</i>		
Subsidiary company of Simen Utara Sdn Bhd		
- <b>Unique Pave Sdn Bhd</b>	<b>44.1</b>	44.1
<i>Manufacturer of and dealer of concrete products</i>		
<b>Selasih Permata Sdn Bhd</b>	<b>50.5</b>	50.5
<i>Investment holding</i>		
Subsidiary companies of Selasih Permata Sdn Bhd		
- <b>PT Gunung Maras Lestari *</b>	<b>46.7</b>	46.7
<i>Oil palm plantation</i>		
- <b>PT Gunungsawit Binalestari *</b>	<b>46.7</b>	46.7
<i>Oil palm plantation</i>		
- <b>PT Oriental Kyowa Industries *</b>	<b>72.8</b>	-
<i>Manufacture of plastic technical and industrial goods and equipment</i>		
- <b>Oriental Kyowa Plastic Industries (Shanghai Pudong New Area) Co Ltd *</b>	<b>65.4</b>	-
<i>Manufacture of plastic technical and industrial goods and equipment</i>		
- <b>Oriental Asia (Mauritius) Pte Ltd #</b>	<b>100.0</b>	-
<i>Investment holding</i>		



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

<u>Name of Subsidiary Companies and Principal Activities</u>	<u>Group's Effective Interest</u>	
	<u>%</u>	<u>2002</u> <u>%</u>
<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

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
- 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
- Oriental Asia (Mauritius) Pte Ltd	Mauritius

\* 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 Tanjong Tokong Penang	Land and building	17,500	Freehold	53	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	9	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	16	0.3
Lot 2714 Chainferry Road Prai	Shoplot	297	Freehold	9	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>
10, Jalan Burma Penang	Building	14,078	Freehold	32	0.8
Lot 60, 117, 119, 3388 & 3391, Tanjung Bungah North East District Penang	Vacant land	69,780	Freehold	-	6.7
Lot 904, 905, 906, 908, 910, 911, 914, 917, 1682, 1684 & 1705 Mukim 15, Province Wellesley Central Penang	Vacant land	90,240	Freehold	-	5.1
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	-	2.4
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>
8-G-07 & 8-G-08 Jalan Batu Uban, Sunny Point Gelugor Penang	Office Showroom	189	Freehold	1	0.9
2624 Mukim 1 Taman perindustrian Prai, Prai Penang	Factory and office building	38,568	Leasehold (60 years expiring 2064)	8 & 13	3.9
HS (D) 5408, PT BM/A/090 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	12,793	Leasehold (60years expiring 2034)	30	5.3
HS (D) 69, PT No. PTBM/A/68/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2072)	31	1.4
HS (D) 37, PT No. PTBM/A/65/70 Mukim 1, Kawasan Perusahaan Perai Tengah Penang.	Factory and administrative office	4,046	Leasehold (99 years expiring 2071)	32	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)	31	1.9
HS (D) 2830, PT 1553, Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and office	38,600	Leasehold (60 years expiring 2064)	13	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	-	27.4



**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>
HS(D) 2720, PT 1461 Mukim 1, Daerah Seberang Perai Tengah Penang	Factory and administrative office	40,440	Leasehold (60 years expiring 2045)	17	2.3
Plot No. 327 Sungai Petani Industrial Estate Kedah	Vacant land	72,841	Leasehold (60 years expiring 2045)	-	4.3
HS (M) 5/1985, PT 9, Tikam Batu, Mukim Pehula, Kedah	Factory and administrative office	6,000	Leasehold (99 years expiring 2085)	21	0.7
Tikam Batu Industrial Estate Mukim of Pehula Kuala Muda Kedah	Factory and administrative office	48,100	Leasehold (99 years expiring 2077)	24	5.2
PT 340, HSM 5/1996 Kelang Lama (Taman Haruan) Mukim Padang Cina Kulim, Kedah	Shophouse	130	Leasehold (99 years expiring 2095)	3	0.2
Lot 4317 <sup>N</sup> & 4318 <sup>N</sup> District of Kinta, Ipoh, Perak	Office building	2,600	Freehold	23	2.6
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)	29	1.7



**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 305, Section 92, Jalan Chan Sow Lin, Kuala Lumpur	Office, showroom and workshop	1,500	Leasehold (42 years expiring 2011)	35	0.2
HS (D) 12452 of PT 1, Section 15, District of Petaling Selangor	Factory and administrative office	18,748	Leasehold (99 years expiring 2080)	19	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	-	6.0
Lot 3907, GM 1648, Mukim Batu 3 1/2 Mile Batu Road Mukim Kuala Lumpur Wilayah Persekutuan	Vacant land	4,040	Freehold	-	4.6
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	-	25.0
Lot 3655, 4 <sup>th</sup> Mile Pahang Road Mukim Setapak Kuala Lumpur	Office	3,300	Freehold	11	1.6
Lot 1708 & 1856, Section 41 Wilayah Persekutuan	6 ½ storey	4,802 Building	Freehold	-	10.4
Lot 1855 Section 41 Wilayah Persukutuan	6 ½ storey	2,173 Building	Freehold	-	6.7
Lot 4883, HS (D ) 4627 Mukim Damansara Daerah Petaling, Selangor	Office and workshop	9,923	Freehold	10	7.1



**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>
GM 197, Lot 4267 Mukim Ampang Ampang Road Daerah Kuala Lumpur Selangor	Vacant land	138	Freehold	-	4.4
HS (D) 110210 PT No 11442 Mukim Damansara Daerah Petaling Selangor	Office Showroom	282	Freehold	1	2.3
HS (D) 120448 PT No 249 Pekan Desa Pucung Daerah Petaling Selangor	Vacant Land	17,117	Freehold	-	4.6
Lot 3, Jalan P/10, Section 10 Kawasan Perusahaan Bandar Baru Bangi Selangor	Office and factory buildings	65,628	Leasehold (99 years expiring 2098)	8	27.6
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)	20	2.9
Lot 24393 Grant 3297 Batu Road, Mukim Batu Wilayah Persekutuan	Office, Showroom and workshop	11,050	Freehold	5	32.9
Lot 14885, Grant 18616 Mukim Kuala Lumpur Wilayah Persekutuan	Office showroom	573	Freehold	18	3.0
Lot 51 & 59, Selaman Industrial Park Bandar Baru Bangi Selangor	1 ½ storey building	1,220	Freehold	-	1.3



**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>
30981 PT17411 Mukim Kapar Daerah Klang	Factory and administrative office	12,140	Freehold	7	6.9
Lot 43, 274, 275, 277-279 & 320 Town of TA XXI Melaka.	- Hotel - Showroom	4,100 500	Freehold	15	22.2
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)	13	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)	13	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)	-	0.5
Lot 627 & 628, 637 & 638, Town of XXI, Daerah Melaka Tengah Melaka	Showroom	219	Freehold	20	0.2
Lot 683, HS (D) 504 & 505 Town of V Daerah Melaka Tengah Melaka	Showroom	450	Freehold	35	0.3
Lot 66, 67 & 68 Kawasan Bandar XL Daerah Melaka Tengah Melaka	Office Showroom	429	Freehold	2	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)	8	6.4
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	26	22.3







**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>
Title No 015472607 Inanam, Kota Kinabalu Sabah	Showroom and office building	8,100	Leasehold (60 years expiring 2042)	9	3.7
Lot 39 Muara Tabuan Light Industrial Park, Kuching	Vacant land	7,312	Freehold	-	2.5
TS XIX Bukit Timah Road, Singapore.	Office and showroom	3,000	Freehold	17	12.7
Lot 402 T.S. II Bencoolen Street, Singapore.	Hotel	1,700	Freehold	17	44.6
Lot 2737 PT Mukim 23 Eunos Link Singapore 1440	Body-repair and paint-shop	5,000	Leasehold (30 years expiring 2015)	16	1.7
Lot 238 & 239 Mukim 14 6A Mandai Estate Singapore	Warehouse	6,100	Freehold	15	19.6
Lot 244 and 245 Mukim 14, Mandai Estate Singapore	Warehouse	6,530	Freehold	11	30.7
Lot 3801, PT Mukim 23 Ubi Road 3, Eunos Link Singapore 1440	Showroom, Workshop and office	9,480	Leasehold (30 years expiring 2022)	9	44.0
Plot 2, 255 Alexandra Road Singapore	Car storage space	9,600	Leasehold (99 years expiring 2051)	44	39.6
Lot 20733 Kampong Pengkalan KM6, Jalan Gadong Brunei Darulsalam	Light Industrial Building	½ share of 0.75	Trust Deed	17	0.4



**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 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)	13	12.8
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	13	32.9
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	32	19.2
90, William Street Sydney, N.S.W. 2011 Australia	Hotel	1,300	Freehold	31	39.4
8 Queens Road Melbourne Victoria 3004 Australia Sydney NSW 2011 Australia	Hotel	4,600	Freehold	15	41.3
100 William Street Sydney NSW 2011 Australia	Office building	1,300	Freehold	31	87.3
9 Queens Road Melbourne Victoria 3004 Australia	Office building	2,300	Freehold	8	9.2
52 Queens Road Melbourne Victoria 3004 Australia	Hotel	7,000	Freehold	39	29.8



**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>
Plot 15 Wang Qiao Industries Zone Pudong New Area, Shanghai Peoples' Republic of China	Factory	17,123	Leasehold (50 years expiring 2046)	7	14.3
696, Jian Ye Road, Wang Qiao Industries Zone Pudong New Area, Shanghai	Factory	30,000	Leasehold (50 years expiring 2049)	5	16.6
Lot 500203-9, Xinyang Industrial Zone Haichang, Xiamen, Fujian Province Peoples' Republic of China	Land And Building	49,099	Leasehold (50 years expiring 2045)	6	4.5
HSE C21 Primrose Spring City Kunming Peoples' Republic of China	Holiday Resort (for staff use)	145	Leasehold (70 years expiring 2064)	9	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)	10	0.4
Yidong Garden, Gui Long Garden Dong Fang Lu Pudong New Area, Shanghai	3 Apartment	344	Leasehold (70 years expiring 2069)	3	1.0
88-B of Wuxi Municipal National New & High Tech Development Zone, Wuxi	Factory land	33,014	Leasehold (50 years expiring 2052)	-	1.2
No 2, Jingshan Road Feng Qiao Town Su Zhou New District Jiangsu Province	Factory And administrative office	33,806	Leasehold (50 years expiring 2044)	11	3.4
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)	6	60.4



**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>
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)	7	106.5
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)	8	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	3	4.2
136, 137 Hi Tech Industrial Estate M001, Tambol Baanpo, Amphur Bangpa-In, Ayutthaya Thailand	Factory land and building	10,500	Freehold	1	9.2
Lot 23, Noi Bai Industrial Zone Quang Tien Soc Son District Hanoi, Vietnam	Factory and administrative office	5,325	Leasehold (30 years expiring 2032)	2	0.7



### **STOCKHOLDINGS STATISTICS AS AT 30 APRIL 2004**

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 Stockholders/ Depositors	No. of Stocks	% of Issued Capital
1 - 99	218	7,448	0.0014
100 - 1,000	1,544	1,267,173	0.2451
1,001 - 10,000	3,777	15,510,434	3.0001
10,001 - 100,000	1,152	31,987,644	6.1872
100,001 to less than 5% of issued stocks	134	112,516,743	21.7634
5% and above of issued stocks	5	355,710,558	68.8028
Total	<u>6,830</u>	<u>517,000,000</u>	<u>100.0000</u>

### **SUBSTANTIAL STOCKHOLDERS**

Name	No. of Stocks Direct	% of Issued Capital	No. of Stocks Indirect	% of Issued Capital
1. Boon Siew Sdn Bhd	222,274,125	43.0	-	-
2. Employees Provident Fund Board	66,870,680	12.9	-	-
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
6. Loh Kian Chong #	1,000	0.0	278,478,697	53.9

\* Deemed interested via Permodalan Nasional Berhad

# Deemed interested via Boon Siew Sdn Bhd, Penang Yellow Bus Company Bhd, Bayview Hotel Sdn Bhd, Loh Boon Siew Holdings Sdn Bhd, Loh Kar Bee Holdings Sdn Bhd, Boon Siew Development Sdn Bhd and Boontong Estate Sdn Bhd.



**THIRTY LARGEST STOCKHOLDERS AS AT 30 APRIL 2004**

	<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	21.4965
2.	Citicorp Nominees (Tempatan) Sdn Bhd Boon Siew Sdn Bhd	111,137,062	21.4965
3.	Employees Provident Fund Board	66,870,680	12.9344
4.	Permodalan Nasional Berhad	39,192,022	7.5807
5.	Citicorp Nominees (Tempatan) Sdn Bhd Penang Yellow Bus Company Bhd	27,373,731	5.2947
6.	Citicorp Nominees (Asing) Sdn Bhd Honda Motor Co., Ltd	20,932,854	4.0489
7.	Citicorp Nominees (Tempatan) Sdn Bhd Bayview Hotel Sdn Bhd	18,207,006	3.5217
8.	Valuecap Sdn Bhd	6,805,900	1.3164
9.	Citicorp Nominees (Tempatan) Sdn Bhd Loh Boon Siew Holdings Sdn Bhd	6,306,693	1.2199
10.	Amsec Nominees (Asing) Sdn Bhd Fraser Securities Pte Ltd for Asia General Hldgs Ltd	3,878,400	0.7502
11.	Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	2,824,400	0.5463
12.	Chinchoo Investment Sdn Berhad	2,663,000	0.5151
13.	Citicorp Nominees (Tempatan) Sdn Bhd Loh Kar Bee Holdings Sdn Bhd	2,580,480	0.4991
14.	Citicorp Nominees (Tempatan) Sdn Bhd Lim Su Tong	2,472,422	0.4782
15.	Key Development Sdn Berhad	2,280,000	0.4410
16.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Nasional 2	2,155,600	0.4169
17.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Malaysia	1,591,000	0.3077
18.	Tasek Corporation Berhad	1,581,480	0.3059
19.	Malaysia Nominees (Tempatan) Sendirian Berhad Tong Yen Sdn Bhd	1,423,565	0.2754
20.	Citicorp Nominees (Asing) Sdn Bhd CBNY For DFA Emerging Markets Fund	1,341,116	0.2594
21.	Pertubuhan Keselamatan Sosial	1,240,200	0.2399
22.	AMSEC Nominees (Asing) Sdn Bhd Fraser Securities Pte Ltd For Tan Eng Chin Holdings (Pte) Limited	1,238,630	0.2396
23.	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company For Ishares, Inc.	1,210,400	0.2341
24.	Citicorp Nominees (Tempatan) Sdn Bhd Boon Siew Development Sdn Bhd	1,199,923	0.2321
25.	Asia Life (M) Berhad As Beneficial Owner	1,073,680	0.2077
26.	Menteri Kewangan Malaysia Section 29 ( SICDA)	971,381	0.1879
27.	Chong Thuah Realty Sdn Bhd	916,500	0.1773
28.	Foo Loke Weng	903,020	0.1747
29.	AM Nominees (Tempatan) Sdn Bhd AmFinance Berhad	857,000	0.1658
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd UBS AG	816,068	0.1578
		<b>433,181,276</b>	<b>85.7217</b>



---

**DIRECTORS' STOCKHOLDINGS AS AT 30 APRIL 2004**

	<b>Name of Directors</b>	<b>Direct Interest</b>	<b>Indirect Interest</b>	<b>%</b>
1.	Dato' Loh Cheng Yean	200,696	-	0.0388
2.	Dato' Wong Lum Kong, JP	150,958	-	0.0292
3.	YM Tengku Tan Sri Dato' Seri Ahmad Rithauddeen Bin Tengku Ismail	-	-	-
4.	Dato' Loh Say Bee	44,642	-	0.0086
5.	Lim Su Tong @ Lim Chee Tong	2,472,422	-	0.4782
6.	Dato' Dr Tan Chong Siang	31,923	-	0.0062
7.	Dato' Prof. Dr Tunku Ismail Bin Tunku Mohammad Jawa	-	-	-
8.	Seiji Kuraishi	-	-	-
9.*	Sharifah Intan Binti S M Aidid	15,000	-	0.0029

\* 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 SECOND ANNUAL GENERAL MEETING of the Company to be held on Thursday, 17 June 2004 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 approve 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 Mr Lim Su Tong @ Lim Chee Tong		
6.	To re-elect Dato' Dr Tan Chong Siang		
7.	To approve the Directors' Fees		
8.	To re-appoint Messrs KPMG		
9.	To approve Recurrent Related Party Transactions involving :-		
10.	a) Boon Siew Sdn Bhd Group		
11.	b) Honda Motor Co., Ltd.		
12.	c) Dato' Syed Mohamad Bin Syed Murtaza		
13.	d) Yusuf Bin Jamil, Datin Nik Yasmin Dianara Bt Nik M F Kamil and Ab. Rahim Bin Hussain		
14.	e) i-Logistics Corporation and Itochu Corporation		
15.	f) Daiei & Co. Ltd and Itochu Corporation		
16.	g) Ikegami Mold Engineering Co. Ltd		
17.	h) Nichinan Corporation		
18.	i) Hyumal Motor Sdn Bhd and Loh Kian Chong		
18.	To approve the Proposed Renewal of Stock Buy-Back		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004.

\_\_\_\_\_  
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

Oriental Holdings Berhad  
c/o Suite 2-1, 2<sup>nd</sup> Floor  
Menara Penang Garden  
42A Jalan Sultan Ahmad Shah  
10050 Penang

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

