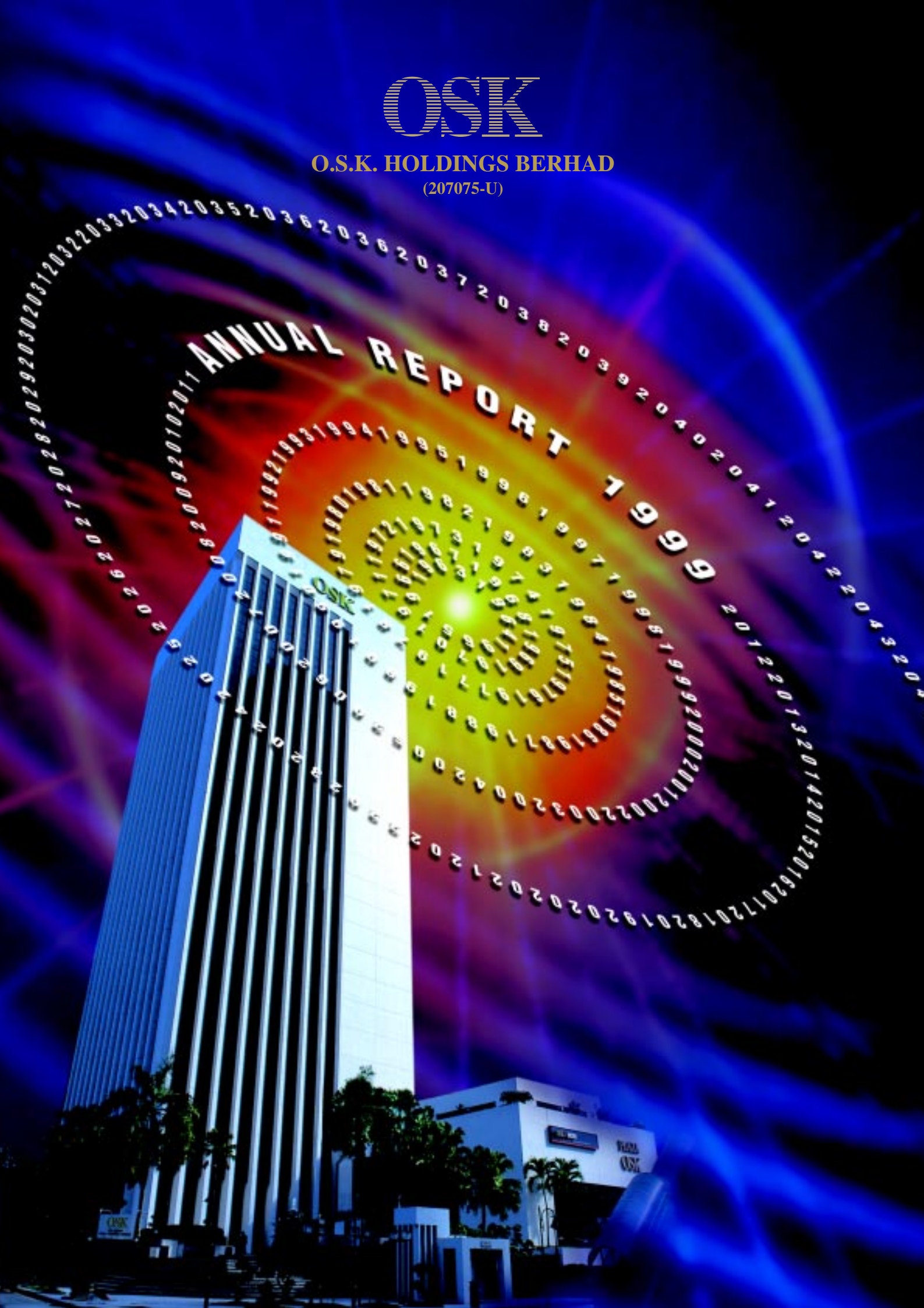




O.S.K. HOLDINGS BERHAD

(207075-U)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of O.S.K. Holdings Berhad will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Friday, 7 April 2000 at 10.00 a.m. for the purpose of transacting the following businesses:-

AGENDA

1. To receive and adopt the Directors' Report, Audited Accounts and the Auditors' Report for the financial year ended 31 December 1999. **Resolution 1**
2. To sanction the declaration of a final tax exempt dividend of 10 sen per ordinary share in respect of the financial year ended 31 December 1999. **Resolution 2**
3. To approve the Directors' fees of RM45,000 for the financial year ended 31 December 1999. **Resolution 3**
4. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company and being eligible, offer themselves for re-election:-
 - a) Dato' Nik Mohamed Bin Nik Yahya **Resolution 4**
 - b) Dato' Mohamed Tarmizi Bin Mohd. Tahir **Resolution 5**
 - c) Mr. Wong Chong Che **Resolution 6**
5. To re-appoint Messrs. HLB I.M. Chieng & Co. as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**
6. As Special Business (Note 4):

To consider, and if thought fit, to pass the following Ordinary Resolution:

AUTHORITY TO ALLOT AND ISSUE SHARES

"That, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

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

BY ORDER OF THE BOARD

TAN MUI LIAN
Secretary

Kuala Lumpur
21 March 2000

Notes:

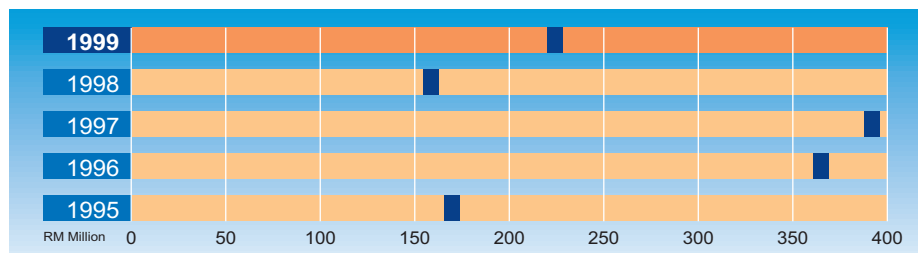
1. *A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.*
3. *The instrument appointing a proxy must be deposited at the registered office of the Company, 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*
4. *Explanatory Statement on Special Business*

The Ordinary Resolution 8, if passed will empower the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interests of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

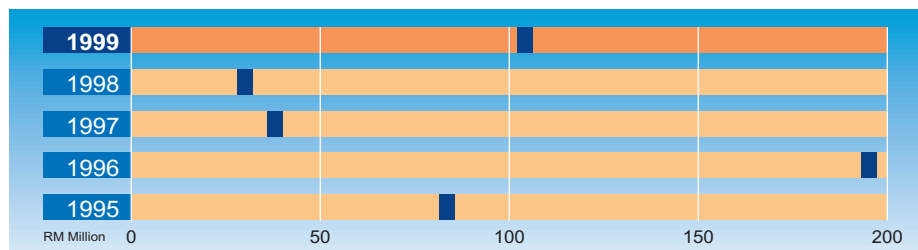
Five-Year Financial Summary

In RM'000	1999	1998	1997	1996	1995
Operating Revenue	221,662	162,073	393,570	368,606	173,462
Profit Before Tax	103,394	31,460	40,450	197,308	85,930
Profit After Tax and Minority Interests	96,567	23,961	15,358	136,452	57,815
Dividends	51,559	15,623	28,853	47,136	29,430
Paid-up Capital	304,272	298,325	271,190	268,584	265,629
Shareholders' Funds	772,269	715,956	680,104	666,852	573,276
Basic Earnings Per Share (sen)	32.0	8.7	5.7	51.0	26.7
Dividends Per Share (sen)	15.0	7.5	15.0	25.0	27.5
Net Tangible Assets Per Share (RM)	2.53	2.39	2.50	2.48	2.15

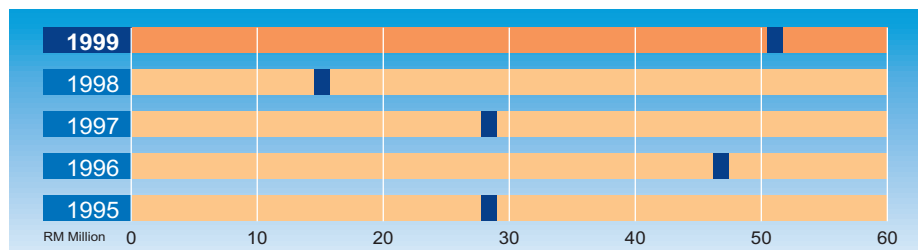
Operating Revenue



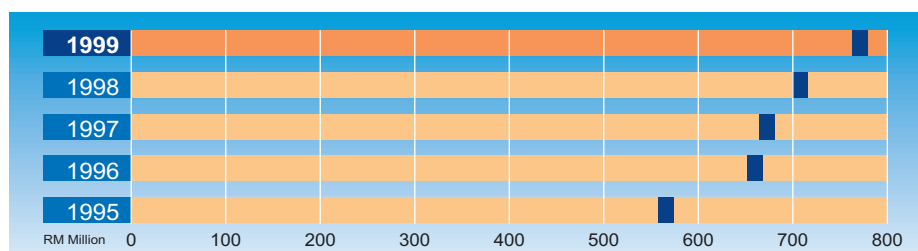
Profit Before Taxation



Dividends



Shareholders' Funds



Corporate Information

BOARD OF DIRECTORS

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman

Ong Leong Huat @ Wong Joo Hwa
Group Managing Director/Chief Executive Officer

Dato' Nik Mohamed Bin Nik Yahya
Executive Director

Wong Chong Kim
Executive Director

Chin Cheng Mei
Executive Director

Gan Neap Kai
Executive Director

Wong Chong Che

Dato' Mohamed Tarmizi Bin Mohd. Tahir

Loh Siew Cheang

Loy Tuan Bee
Alternate Director to Loh Siew Cheang

MANAGEMENT BOARD

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff*
Executive Chairman

Ong Leong Huat @ Wong Joo Hwa*
Group Managing Director/Chief Executive Officer

Dato' Nik Mohamed Bin Nik Yahya*
Executive Director

Wong Chong Kim*
Executive Director

Gan Neap Kai*
Executive Director

Chin Cheng Mei

(* Member of the Executive Committee)

COMPANY SECRETARIES

Tan Mui Lian
Chew Swee Inn

AUDIT COMMITTEE

Chairman

Dato' Mohamed Tarmizi Bin Mohd Tahir
Independent Non-Executive Director

Member

Loh Siew Cheang
Independent Non-Executive Director

Loy Tuan Bee
(Alternate Director to Loh Siew Cheang)

Wong Chong Kim
Executive Director

TERMS OF REFERENCE

a) To review:

- i) with the external auditors, the audit plan;
- ii) with the external auditors, their evaluation of the system of internal accounting controls;
- iii) with the external auditors, their audit report;
- iv) the assistance given by the Company's officers to the external auditors;
- v) the scope and results of the internal audit procedures;
- vi) the balance sheet and profit and loss account of the Company and, the consolidated balance sheet and profit and loss account, submitted to it by the Company, and thereafter to submit them to the directors of the Company; and
- vii) any related party transactions that may arise within the Company or Group;

b) To consider the nomination of person or persons as auditors.

c) To perform such other functions as may be agreed to by the Audit Committee and the Board of Directors.

PRINCIPAL BANKERS

Bank Utama (M) Berhad
BSN Commercial Bank (M) Berhad
RHB Bank Berhad
Southern Bank Berhad
Standard Chartered Bank (M) Berhad
Standard Chartered Bank (Hong Kong) Ltd.
The HongKong and Shanghai Banking Corporation Ltd.
United Overseas Bank (M) Berhad

AUDITORS

HLB I.M. Chieng & Co.
Public Accountants

SOLICITORS

Cheang & Ariff
Raghavji & Pillai
S.N. Yap & Associates

REGISTRAR

Signet & Co. Sdn. Bhd.
No. 21 & 23, Jalan Hussein (Ground Floor)
30250 Ipoh, Perak Darul Ridzuan

REGISTERED OFFICE

20th Floor, Plaza OSK, Jalan Ampang
50450 Kuala Lumpur
Tel: 03-2162 4388 Fax: 2161 8254

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange - Main Board

MANAGEMENT TEAM

Teoh Eng Chooi
*Executive Vice Chairman, OSK Asia Holdings Limited
Group, Hong Kong*

Nik Halim Bin Nik Daud
Executive Director - Dealings, O.S.K. Securities Bhd.

Diong King Kuang
*Executive Director - Operations, O.S.K. Securities
Bhd.*

Hugh Loh Siew Hooi
*Executive Vice President/ Chief Operating Officer,
Corporate Finance*

William Ng Ghim Ann
Executive Vice President, Business Development

Michael Tan Lib Chau
*General Manager/ Chief Executive Officer (CEO)
Designate, Unit Trust*

Chye Kok Hoe
*General Manager/ Senior Vice President,
Institutional Sales*

Tuan Haji Azmazuraiddi Bin Dato' Dr. Hj. Dzulkarnain
*General Manager, Group Human Resource &
Administration*

Chung Tin Fah
General Manager, Priority Broking

Izamuddin Bin Ishak
General Manager, Capital

Leong Hon Sze
General Manager, Research

Steven Lai Choon Lim
General Manager, Futures & Options

Teong King Hua
General Manager, Property Development

Chan Kong Ming
Assistant General Manager, Institutional Sales

Lee Seng Young
Assistant General Manager, Unit Trust

Ng Kim Huat
Assistant General Manager, Information Technology

Yvonne Lee Kwee Yuen
Assistant General Manager, Credit Control

Albert Tai Lee Chuan
Senior Manager, Group Legal Affairs

Chan Mun Wah
Senior Manager, Operations

Nik Mariam Salina Nik Idris
Senior Manager, Group Corporate Communications

Noorhayati Binti Abdul Jalil
Senior Manager, Operations - Futures & Options

Tina Choy Yin Leng
Senior Manager, Group Finance & Accounts

Wong Eng Kui
Senior Manager, Group Compliance

Wong Kim Hoe
Senior Manager, IT Support

Wong Kwok Cheong
Senior Manager, Group Internal Audit

Yeoh Chew Lian Chye
*Senior Manager, IT Operations & Data
Communication*

Gnana Guruparan A/L Rajaratnam
Manager, Building Management

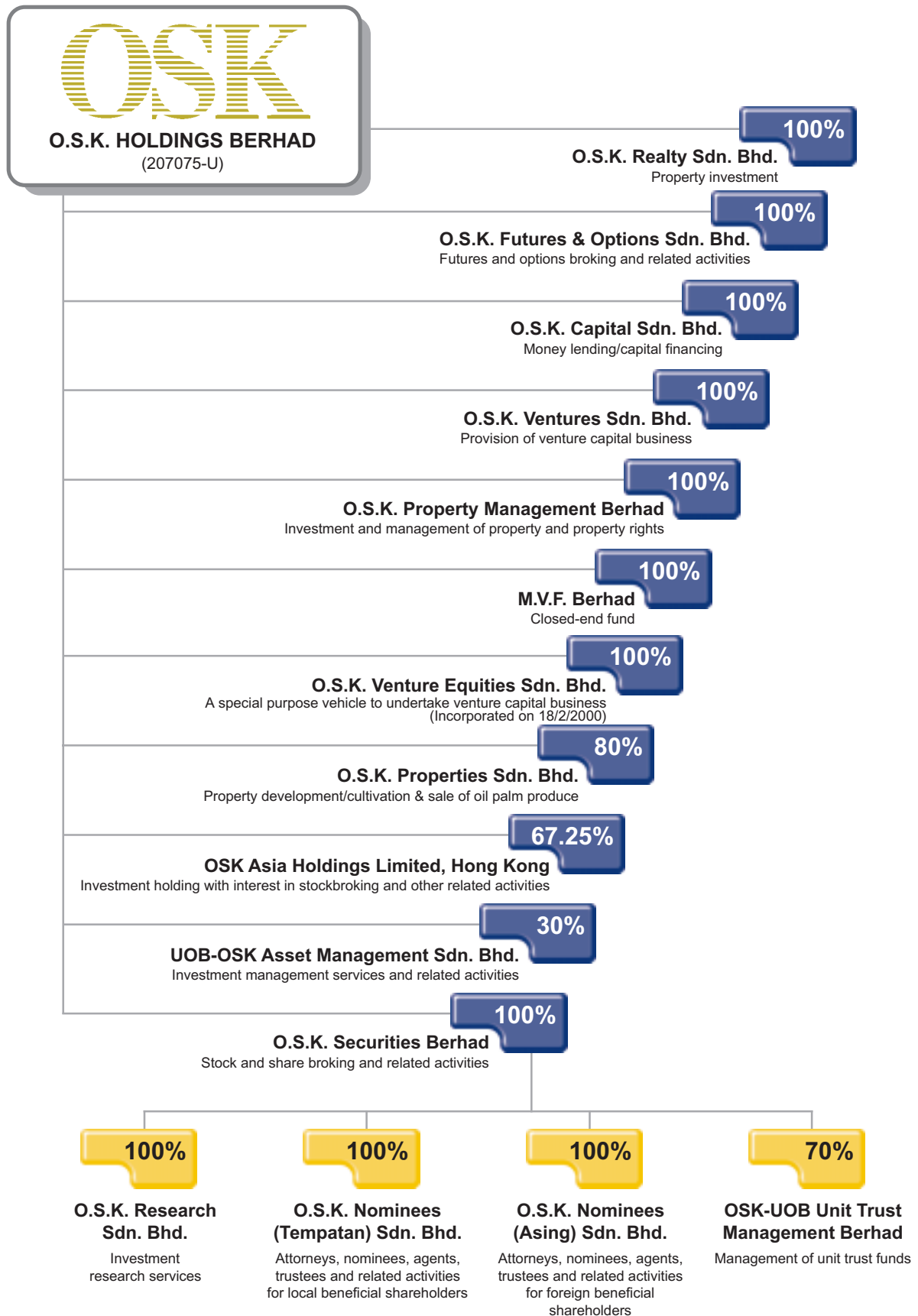
Lt. Col (Rtd.) Ho Chee Pong
Manager, Security

Rosie Tan Chin Cheng
Manager, Nominees

Significant Events

15 January 1999	The shareholders and Warrants holders had approved the extension of the exercise period of the Warrants 1994/1999 to 22 March 2004 in the Extraordinary General Meeting
4 February 1999	Announcement on the abortion of the proposed establishment of a branch office in Ipoh, Perak by O.S.K. Securities Berhad
9 February 1999	A supplemental deed poll was executed to extend the duration and exercise period of the Company's outstanding Warrants 1994/1999 by an additional period of five (5) years up to and including 22 March 2004
31 March 1999	The 7% Redeemable Unsecured Bonds 1994/1999 of the Company amounting to RM54,008,450 were fully redeemed. The 5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 amounting to RM2,058,092 matured and were fully converted into ordinary shares
16 April 1999	Ninth Annual General Meeting
21 May 1999	Announcement on the proposed Bonus Issue and Rights Issues of Irredeemable Convertible Unsecured Loan Stock 2000/2005 ("ICULS") and Redeemable Unsecured Bonds 2000/2005 ("RUB") with detachable Warrants B
8 June 1999	Payment of 1998 Final Dividend
9 June 1999	The Company subscribed for additional 1,500,000 ordinary shares of RM1 each in O.S.K. Futures and Options Sdn. Bhd. at par for cash
24 June 1999	O.S.K. Securities Berhad acquired an additional 1,900,000 ordinary shares of RM1 each representing 19% equity interest in OSK-UOB Unit Trust Management Berhad for a total cash consideration of RM2.47million, resulting in an increase in its equity interest from 51% to 70%
27 July 1999	Announcement on the revised quantum for the proposed Bonus Issue and Rights Issues of ICULS and RUB with detachable Warrants B
25 October 1999	Payment of 1999 Interim Dividend
12 November 1999	Announcement on the exercise price of the Warrants B and conversion price of the ICULS fixed at RM2.80 respectively
17 November 1999	Announcement on the proposed acquisition of 31.4% equity interest in TCL Premier Holdings Berhad ("TCL") and to implement a voluntary general offer for the remaining 68.6% equity in TCL
23 November 1999	The shareholders had approved the Bonus Issue and Rights Issues of ICULS and RUB with Warrants B in the Extraordinary General Meeting
1 December 1999	Announcement on the change of OSK's registered address to 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur
8 December 1999	Announcement on the proposed acquisition of stockbroking business of Premier Capital Securities Sdn. Bhd. by O.S.K. Securities Berhad

Corporate Structure





Chairman's Statement

*“ 1999 was a much
better year for us,
with our economy
emerging from
recession in V-shaped
fashion. ”*



1999 was a much better year for us, with our economy emerging from recession in V-shaped fashion. After a correction in first quarter 1999, our stock market enjoyed a bullish second quarter 1999 with daily trading volumes exceeding 1 billion shares at the peak in July 1999. Liquidity was aplenty with our rising foreign reserves, and there were increasing signs that we were going to enjoy a very sharp economic recovery. This, however, was followed by consolidation for the most part of second half 1999, with the gradual relaxation of our capital controls and exit of some foreign funds from our market. Reasons for the lack of interest ranged from Morgan Stanley's postponing our reinstatement into its indices and Y2K concerns. During this period, Malaysia also held her General Elections which handed the ruling coalition a more than two-third majority in Parliament. Our stock market began to pick up towards the end of the year, in anticipation that Y2K would be a non-event. As a result, the KLSE Composite Index closed the year at 812, delivering a 39% increase over 586 a year ago. The volume of shares traded on the KLSE improved 46% to 85.2 billion compared to 58.3 billion in 1998. Accompanied by higher share prices, the value of shares traded leapt by 61% from RM114.7 billion in 1998 to RM185.2 billion in 1999.

Financial Performance

Amidst the better environment, O.S.K. Holdings Bhd. (OSK) Group registered a 37% improvement in turnover to RM221.7 million for the financial year ended 31 December 1999. Pretax profit rose 229% to RM103.4 million while net profit improved 303% to RM96.6 million. Basic earnings per share rose 268% to 32 sen, as OSK's share base increased from 298.3 million shares to 304.3 million shares. After tax return on shareholders' funds improved to 12.5% from 3.3% in the financial year ended 1998, and net tangible assets per share rose to RM2.53 from RM2.39.

Dividend

The Board of Directors are recommending a final gross dividend of 10 sen per share (tax-exempt) for the financial year ended 1999. Together with the interim gross dividend of 5 sen (subject to 28% income tax), the total gross dividend for the financial year ended 1999 will be 15 sen per share compared with 7.5 sen per share in the financial year ended 1998.

O.S.K. Securities Bhd. made a pretax profit of RM53.2million on a revenue of RM131.2million for the financial year ended 1999, compared to RM17.6million and RM103.1million for the financial year ended 1998. This represented a revenue improvement of 27% compared to the previous financial year, which was less than the 61% jump in the value of KLSE transactions. Commission mix was 77% from retail, 19% from institutional end-clients and 4% from foreign brokers. With capital controls in place for most part of the year, foreign institutional business remained subdued and continued to be compensated by our retail-based business.

O.S.K. Capital Sdn. Bhd. made a pretax profit of RM9.9million for the financial year ended 1999 compared to RM0.9million for the financial year ended 1998. This represents a ten fold jump in the pretax profit. As for the operating revenue, we registered RM17.2million for the financial year ended 1999 which is a 70% improvement as against RM10.1million in the previous financial year. Our branch in Kuantan commenced operations in March 1999, coupled with our capital financing and also investment activities have contributed significantly to our bottom lines.

O.S.K. Futures & Options Sdn. Bhd. made a loss of RM0.2million. Market conditions remained difficult in 1999, but it managed to improve its market share by almost 50% in both KLOFFE and COMMEX by increasing the number of Futures Brokers's representatives by more than 30%. A few local fund managers are already beginning to trade in futures through us, and the return of foreign players to our market in 2000 should provide a better performance in terms of trading volume and profitability.

OSK Asia Holdings Ltd. (HK) Group made a pretax profit of HK\$27.3million (RM13.4million) on a revenue of HK\$89.4million (RM43.8million). The results were a significant improvement over the previous year's pretax profit of HK\$9.9million (RM4.9million). The stock market in Hong Kong recovered in 1999, particularly in the last quarter of the year.

With the economic recovery, we have activated our property development project in Sungei Petani, called Bandar Puteri Jaya. Phase 1 has been launched consisting of single-storey low cost terrace, medium cost terrace and semi-detached houses. Average take-up rate to date is 57% amounting to sales value of RM42million.





Corporate Developments

The extension of the exercise period of OSK's 1994/1999 warrants by another five years was completed in February 1999. Despite the non-conversion of these warrants, OSK was able to fully redeem its RM54million 7% Redeemable Unsecured Bonds 1994/1999 from internal funds.

In May 1999, OSK proposed a 1:3 bonus issue and 1:3 rights issues of Irredeemable Convertible Unsecured Loan Stock (ICULS) and Redeemable Unsecured Bonds (RUB) with detachable warrants. This was subsequently approved by the relevant authorities and shareholders, and we are now in the midst of completing the exercise which will raise RM200million.

During the year, OSK invested more cash in some of its subsidiaries: RM1.5million into O.S.K. Futures & Options Sdn. Bhd., and RM2.47million to raise O.S.K. Securities Bhd.'s stake in OSK-UOB Unit Trust Management Bhd. from 51% to 70%.

Consistent with our intention to expand our stockbroking operations, we proposed in November 1999 to acquire a 31.4% stake in TCL Premier Holdings Bhd. (TCL) and implement a voluntary general offer for the remaining equity in TCL which is listed on the KLSE Main Board. In the following two months, we proposed to acquire the stockbroking business of Premier Capital Securities Sdn. Bhd. and a 100% stake in Peninsula Securities Sdn. Bhd. These acquisitions will provide us with stockbroking operations in Melaka, Ipoh and Johor Baru respectively.

Prospects For 2000

2000 is shaping up to be an even better year. Regional economies emerged from recession in 1999 and are expected to continue growing in 2000. Whereas the government and trade sectors contributed significantly to Malaysia's recovery in 1999, private sector consumption and investment are being touted to drive economic growth in the coming year.

Stock market volumes should improve with the return of Malaysia to the menu of international portfolio managers. The passing of Y2K has already seen a sudden inflow of foreign capital into our stockmarket at the beginning of 2000, and Malaysia will be reinstated into Morgan Stanley's indices at the end of May 2000. Stock market participants are brimming with confidence, and the general consensus is that share prices on the KLSE have further room to appreciate, with the KLSE Composite Index touted to reach the 1200-1300 pre-crisis levels.

The leading stockbroking firms will garner a bigger share of this growing pie in the year ahead, as the consolidation of the number of member firms in Malaysia continues to play out. As promised last year, OSK has made sure we stay at the forefront. The proposed acquisition of three stockbroking operations will increase our market share and geographical reach, while proceeds from our fund-raising exercise in February 2000 will reinforce the enlarged group's financial strength. The acquisition of TCL is to be executed via a share swap, while the acquisition of Premier Capital Sdn. Bhd. will cost OSK RM72.5million in cash. The purchase consideration of Peninsula Securities Sdn. Bhd. of RM225million will be satisfied by RM100million in cash and the remainder via the issuance of shares. OSK had net cash of RM349.8million at the end of financial year ended 1999, so these acquisitions will not strain our financial resources.

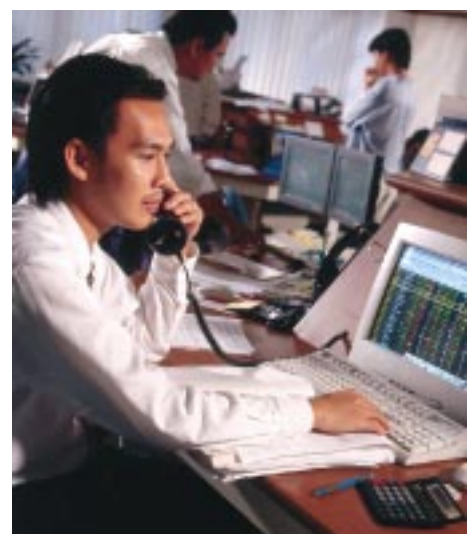
Proceeds from the fund-raising exercise amounting to RM200million will be invested in our diversification efforts. RM100million will be set aside as venture capital to reap investment returns, RM50million will go towards our property development project in Sungei Petani, and RM47million is to be injected into O.S.K. Capital Sdn. Bhd. which provides share financing.

In the longer term, we are aware of other challenges facing our industry, like the shortening of the settlement period, lowering of commission rates and the advent of online share trading. Hence, besides growing our core brokerage business, we are placing equal emphasis on developing our advisory, asset management and financing capabilities. We already have a well-established electronic trading system, which has online trading capabilities.

Acknowledgement

We are grateful to our customers for their business and hope that they in turn, have benefited from dealing with OSK. Our shareholders who continue to invest faithfully in OSK are also much appreciated, and we would like to think that OSK's share price performance over the past year has rewarded them. It is our belief that all relationships must be mutually beneficial to survive through both the good and bad times. The same can be said for the employees of OSK, who are critical to the success of the group in a service industry like ours. Having seen the stockbroking industry through the economic crisis, the authorities are now busily preparing the industry for changes in the new millenium. With their consultative approach, we have utmost faith that the regulatory environment can only progress and develop further.

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
Executive Chairman



The Malaysian Economy In 1999 And Outlook For 2000

Growth

Malaysia's real GDP is projected to grow a further 5% in 2000 after rebounding 5% in 1999. Amidst a benign environment of low interest rates, stable exchange rate and improved stock market, consumer and business confidence continued to recover in 1999. The Government played a major role in this, spending more than they had earlier budgeted to provide a fiscal boost to the economy. The 2000 Budget tabled in October 1999, while still expansionary, sees the Government taking a backseat and leaving the private sector to be the driving force behind economic growth in the new Millennium. Private consumption is expected to accelerate further while private investment turns around from a contraction in 1999. This positive outlook for the economy has been reinforced by Malaysia's political backdrop. In the General Election conducted at the end of November 1999, the ruling coalition maintained its more than two-third majority in Parliament, thus ensuring that its policies will continue to be implemented.

External Developments

The Government has projected a current account surplus of RM42billion for 1999 or 15% of GNP, which is expected to narrow to RM36billion or 12% of GNP in 2000. The record surplus in 1999 is due to exports growing faster (+13%) than imports (+9%), and we have to thank the electrical and electronic manufacturing sector for that. However, there has also been a significant outflow of capital especially after 1 September 1999 when we relaxed our capital controls. As a result, our foreign reserves have only risen by RM15billion since the end of 1998. A smaller current account surplus in 2000 is to be expected if Malaysia's continuing recovery translates into higher imports of consumption and capital goods, even as our exports remain stable amidst a general recovery in the Asian region.

Ringgit

The Ringgit is likely to remain fixed against the USD at RM3.80 next year, as the present competitive rate aids Malaysia in generating current account surpluses. Although there is widespread perception that the Ringgit is undervalued at this rate, it has not deterred Malaysia from increasing her imports. Maintaining a competitive exchange rate to generate trade surpluses is necessary to sustain Malaysia's foreign reserves in the face of short term capital outflows.

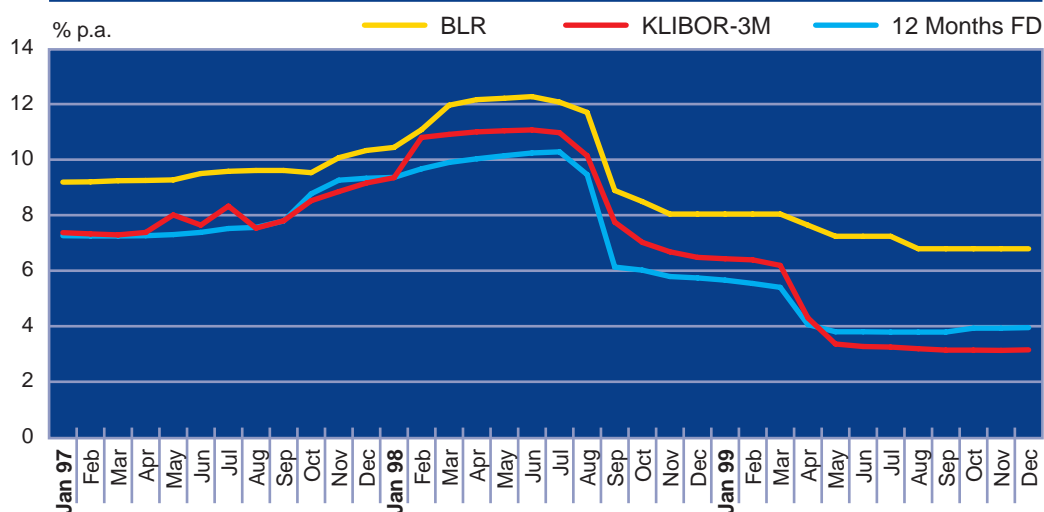
Liquidity

Money supply growth as depicted by M3 recovered from a low of 2% p.a. at the beginning of 1999 to peak at 9% p.a. in July 1999 before tapering off to 8% p.a. towards the end of 1999. Malaysia's rising foreign reserves from her current account surplus and improving private sector confidence contributed to this recovery. The deceleration since July 1999 coincided with the relaxation of capital controls and an acceleration in capital outflow, which appeared to stabilise in November 1999. With Y2K concerns out of the way and the reinstatement of Malaysia into the Morgan Stanley indices in 2000, there is more likelihood of a net capital inflow in 2000 which will improve domestic liquidity. M3 growth should ideally be maintained at 8-9% p.a. in 2000 to be consistent with 5% real GDP growth and relatively low inflation of 3%. Agencies like Danaharta and Danamodal have successfully replaced non-performing loans with government-backed paper, and injected capital into needy financial institutions. Nevertheless, loans of the banking system contracted 5% in 1999, leading to a fall in the loan-deposit ratio from 92% at the end of 1998 to 87% towards the end of 1999.

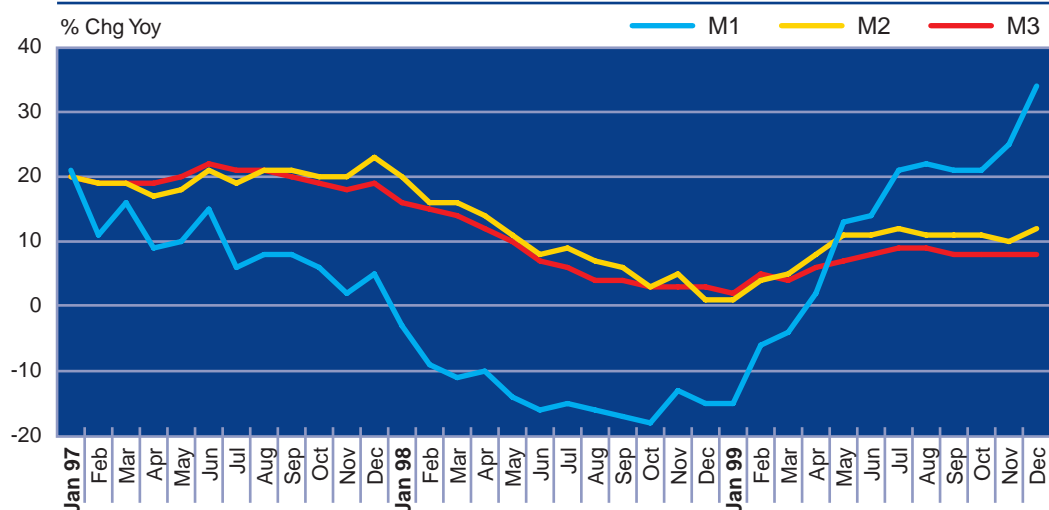
Inflation

Inflation as measured by the CPI decelerated to 2.8% for the first eleven months of 1999, compared to 5.3% for the corresponding period in 1998. This can be attributed to the absence of imported inflation, since the Ringgit on average was 3% stronger against the USD compared to 1998. Although the Ringgit's peg against the USD will ensure that imported inflation remains non-existent in 2000, the recovery in the domestic economy could lead to some demand pressures building up. Nevertheless, given the prevailing excess capacity in the economy, the CPI should be able to remain within the 3% forecast which is relatively low.

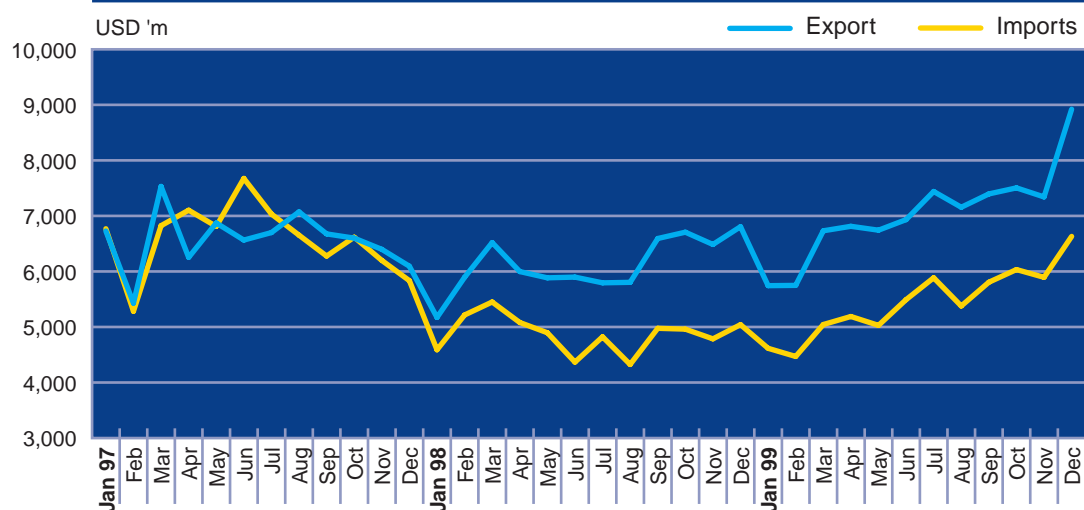
Interest Rates



Monetary Aggregates



Exports And Imports in USD



Stock Market Review 1999

1999 was indeed the year of recovery. All the Asian stock markets except for Manila recorded double digit gains compared to their respective 1998-levels, as the region was awash with liquidity. The Dow Jones continued its 11th consecutive year of gains, closing at 11,453 points for the year, up 25%. The Singapore Straits Times Index, the Australian All Ords and the Hang Seng Index closed the year at their all time highs.

Staving off early fears of another crisis following Brazil's currency devaluation and spectacular defaults by Chinese state investment trusts, most regional bourses rebounded from their 1998 lows. Confidence was boosted when Japan reported better-than-expected growth figures.

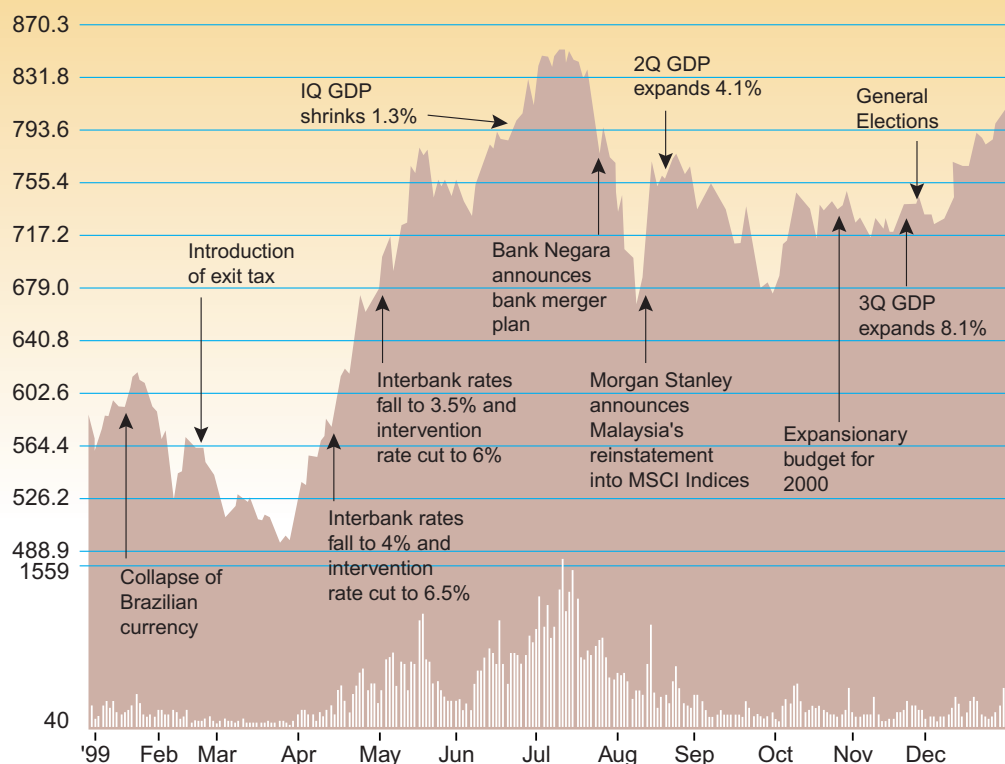
Japan's economic recovery also sparked renewed interest in the yen, which appreciated 10% vis-a-vis the US dollar. The stronger yen, however, held back the Nikkei 225 during the third quarter 1999 from making further gains as it would hurt Japanese exports, thereby undoing its recovery.

Nevertheless, strong GDP figures proved that the region was well on the way to recovery. Korea chalked up a GDP growth of 12.3% in third quarter 1999, followed by Thailand with 7.7% and Singapore, 6.7%. Malaysia recorded a strong third quarter 1999 GDP growth of 8.1%. A rally in technology-related issues towards the end of the year helped to lift most bourses to year highs. As a result of the Internet fever, the US Nasdaq Index rose a phenomenal 47% in fourth quarter 1999.

The KLSE started off on a lacklustre mode, on the back of thin volume and regional weakness. Investors were largely indifferent towards the fine tuning of the capital control measures by Bank Negara introduced in February. However, when interest rates spiked down sharply in May, the KLSE enjoyed a mini-bull run, gaining 73% to hit a high of 851 points. Bank Negara's intervention rate was cut 3 times during the year to 5.5% from 7% in the beginning of the year, effectively capping the base lending rate at 6.8%. Finance stocks rallied strongly when non-performing loans showed signs of peaking and banks' margins improved. The second and third liners followed suit as retail interest in the stock market began to build.

Alas, the "bubble" burst in July when regional markets started to undergo a correction phase. Certain stockbroking companies started to impose trading restrictions when it was obvious that the KLSE was overheating. Bank Negara's announcement of its banks restructuring plan did little to help as investors fretted over inefficient/politically-motivated groupings. That plan was modified in October amidst much hue and cry from the banking fraternity, when the Prime Minister allowed banks to form their own merger groups. Another major development was Malaysia's re-entry into the Morgan Stanley Capital International indices come May 2000. The general elections in November saw the ruling coalition maintaining its two-thirds majority in the Parliament, but suffered setbacks in the two northeastern states of Kelantan and Terengganu. Soon after the national elections, the market jumped 10% led by technology and telecommunication stocks in line with regional sentiment.

Despite the improved market sentiment, the number of new companies listed on the KLSE declined to 21 from about 30 in 1998. IPO activity started to pick up in the second half of the year. The new listings were split in half between main board and second board companies. As a comparison, there were 82 IPOs in 1997. Fund raising from the market rose to RM6.1billion, compared to only RM390million in 1998. Total number of shares traded improved to 84.8billion shares, up 69% from 1998 while total value of shares traded rose 87% to 185.1billion.

KLSE Composite Index (Daily 31/12/98-30/12/99)
Last: (MYR) 812.33


Overseas	31/12/98	31/12/99	% Change
Dow Jones	9,181.43	11,497.12	25
Finanacial Times	5,882.60	6,930.20	18
Hang Seng	10,048.58	16,962.10	69
Nikkei	13,842.17	18,934.34	37
Australian All Ords	2,813.40	3,152.50	12
Taiwan Weighted	6,418.43	8,448.84	32
Korea KOSPI	562.46	1,028.07	83
Singapore STI	1,392.73	2,372.47	70
Bangkok SET	355.81	482.43	36
Manila Composite	1,968.78	2,142.97	9
Jakarta Composite	398.04	676.92	70
KLSE Composite	586.13	812.33	39

Sectoral Performance

The Kuala Lumpur Composite Index (KLCI) closed the year with a gain of 39% from end-1998. The broader-based Emas Index outperformed the KLCI by 1 percentage point, indicating that the both blue chips and second and third liners rose in tandem.

Pacing the stock market's recovery was the finance sector, which rose 76% for the year. Most of the other sectorial indices chalked up gains, with the exception of the Mining Index and the Plantation Index.

The top gainers comprised mainly of warrants due to strong run-ups in their mother shares. Notable gains were made by the two semiconductor companies listed on the KLSE, Malaysian Pacific Industries Bhd and Unisem Bhd, on the back of a strong Nasdaq surge late in the year.

The biggest losers comprise mainly of companies which are in deep financial difficulty like Ho Wah Genting, Global Carriers, Sportma and Pancaran Ikrab. The top loser, Sapura Telecommunications Bhd's warrants is due for expiry in January 2000. The warrant's exercise price is 50% above the mother price, rendering the warrant almost worthless.

KLSE	31/12/98	31/12/99	% Change
Composite	586.13	812.33	39
Emas	146.94	206.39	40
Industrial	1,043.52	1,389.44	33
Finance	3,669.63	6,446.80	76
Property	781.42	1,026.68	31
Mining	246.16	235.14	(4)
Plantation	1,830.06	1,677.09	(8)
Second Board	158.37	180.57	14
Avg. daily value (RM'm)	466.30	726.00	56
Avg. daily volume (m)	236.90	332.50	40

BIGGEST GAINERS

Stock Name	% Change	Price (RM)
Commerce Asset War 02	738	4.02
Hong Leong Ind Bhd War 06	704	4.02
Bolton Properties Bhd W06	489	1.65
Hong Leong Bank War 2000	438	2.18
Gamuda Bhd War 2006	399	3.94
M'sian Pacific Ind Bhd	371	24.50
Hong Leong Credit War 01	364	2.32
United Eng.(M) Bhd C99	343	0.89
Unisem (M) Bhd	328	24.40
AMMB Hldgs Bhd War 97/07	321	2.40

BIGGEST LOSERS

Stock Name	% Change	Price (RM)
Sapura Tele Bhd War 00	(97)	0.01
Ho Wah Genting Bhd War 01	(69)	0.16
Taiping Consolidated Bhd	(65)	0.21
Ho Wah Genting Bhd	(61)	0.56
Global Carriers Bhd	(59)	0.95
Leisure Management Bhd	(58)	8.00
Sportma Corp Bhd	(58)	0.59
Pancaran Ikrab Bhd	(55)	0.88
Actacorp Hldgs Bhd War 04	(55)	0.96
Penas Corporation Bhd	(51)	1.30

Financial Statements



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Directors' Report

For the financial year ended 31 December 1999

The directors have pleasure in presenting their report together with the audited accounts of the Group and of the Company for the financial year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 30 to the accounts.

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit after taxation	102,866	53,999
Minority interests	(6,299)	-
	<hr/>	<hr/>
Retained profit for the year	96,567	53,999
Retained profits brought forward	262,307	253,497
	<hr/>	<hr/>
Profits available for appropriation	358,874	307,496
Dividends	(51,559)	(51,559)
	<hr/>	<hr/>
Retained profits carried forward	307,315	255,937
	<hr/>	<hr/>

DIVIDENDS

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

- i) A final dividend of 5 sen per share less 28% income tax amounting to RM10,813,110 in respect of the financial year ended 31 December 1998 was paid on 8 June 1999 as dealt with in the Directors' Report of that financial year.
- ii) An interim dividend of 5 sen per share less 28% income tax amounting to RM10,915,926 in respect of the financial year ended 31 December 1999 was paid on 25 October 1999.
- iii) The directors recommend the payment of a final tax exempt dividend of 10 sen per share amounting to RM40,569,191, based on the share capital as at 12 January 2000 after the allotment of 101,419,930 new ordinary shares of RM1 each pursuant to the Bonus Issue as stated in Note 27 (iv) to the accounts, for the financial year ended 31 December 1999.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the provision for doubtful debts in the accounts inadequate to any material extent.

CURRENT ASSETS

Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which would be unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the accounts of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year, except for a corporate guarantee given to a bank for a credit facility of RM20 million granted to a subsidiary company which was not utilised as at the date of this report.

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve (12) 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 or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the accounts of the Group and of the Company, which would render any amounts stated in the respective accounts misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than those disclosed in the accounts.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Significant events during the financial year are disclosed in Note 27 to the accounts.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 28 to the accounts.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

Pursuant to the ESOS which was implemented on 17 November 1995, the movements in the options to take up unissued new ordinary shares of RM1 each were as follows:-

Option prices*	As at 1 Jan. 1999	Entitlement net of forfeiture	Exercised during the year	Adjustment for Bonus Issue	As at 31 Dec. 1999
3.11	4,070,500	(48,000)	(994,000)	1,009,500	4,038,000
4.52	1,121,500	(33,000)	-	362,833	1,451,333
4.81	1,772,500	(260,000)	-	504,166	2,016,666
1.48	2,702,500	(164,000)	(1,793,000)	248,500	994,000
1.33	3,635,000	(305,000)	(1,924,000)	468,666	1,874,666
3.44	-	1,593,500	(6,000)	529,166	2,116,666
3.71	-	350,000	-	116,666	466,666
	<u>13,302,000</u>	<u>1,133,500</u>	<u>(4,717,000)</u>	<u>3,239,497</u>	<u>12,957,997</u>

* The option prices of the seven offers of the ESOS have been adjusted to RM2.25, RM3.27, RM3.48, RM1.07, RM1.00, RM2.49 and RM2.71 respectively pursuant to the Bonus Issue as stated in Note 27 (iv) to the accounts.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (Cont'd)

The principal features of the ESOS are as follows:-

- a) Eligible persons are employees including full time Executive Directors who have been confirmed in service and served with the Group for a continuous period of at least one year.
- b) The total number of shares to be offered under the ESOS shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the existence of the ESOS which shall be in force for a period of five years from 17 November 1995.
- c) The option price for each share shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days preceding the date of offer or at par value of the ordinary shares, whichever is the higher.
- d) The shares to be allotted upon any exercise of the option will upon allotment and issue rank pari passu in all respects with the existing shares of the Company.
- e) No option shall be granted for less than 1,000 shares or more than 500,000 shares to any eligible employee.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:-

- a) 113,828 ordinary shares of RM1 each at RM2.03 per share pursuant to the exercise of 113,828 Warrants in accordance with the terms as stated in Note 15 to the accounts;
- b) 380,976 ordinary shares of RM1 each at RM5.40 per share pursuant to the conversion of RM2,058,092 nominal value of 5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 ("ICULS") in accordance with the terms as stated in Note 16 to the accounts;
- c) 571,574 ordinary shares of RM1 each as bonus issue arising from the conversion of RM2,058,092 nominal value of ICULS on the basis of three (3) new ordinary shares for every two (2) ordinary shares held in accordance with the provisions set out in the Trust Deed (Note 16); and
- d) 4,881,000 ordinary shares of RM1 each arising from the exercise of share options pursuant to the ESOS at the option prices ranging from RM1.33 to RM3.44 per share.

These new shares rank pari passu in all respects with the then existing ordinary shares in issue.

The Company has not issued any debentures during the financial year.

DIRECTORS IN OFFICE

The directors who have held office during the financial year since the date of the last report are:-

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff
 Dato' Nik Mohamed Bin Nik Yahya
 Ong Leong Huat @ Wong Joo Hwa
 Wong Chong Kim
 Chin Cheng Mei
 Gan Neap Kai
 Wong Chong Che
 Dato' Mohamed Tarmizi Bin Mohd. Tahir
 Loh Siew Cheang
 Loy Tuan Bee (Alternate director to Loh Siew Cheang)

In accordance with Article 102 (1) of the Company's Articles of Association, Dato' Nik Mohamed Bin Nik Yahya, Dato' Mohamed Tarmizi Bin Mohd. Tahir and Mr. Wong Chong Che retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit, other than those disclosed in the accounts, by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of any transaction entered into in the ordinary course of business between the Company and corporations in which the directors are deemed to have an interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS.

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, the interests, direct and indirect, of the directors in office at the end of the financial year in the ordinary share capital of the Company during the financial year were as follows:-

	Number of ordinary shares of RM1 each			
	As at 1 Jan. 1999	Bought	Sold	As at 31 Dec. 1999
Direct interest:-				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	18,327,700	562,731	(8,100,000)	10,790,431
Dato' Nik Mohamed Bin Nik Yahya	20,555,500	400,000	(17,387,500)	3,568,000
Ong Leong Huat @ Wong Joo Hwa	72,020,750	16,172,000	(119,000)	88,073,750
Wong Chong Kim	15,000,000	-	(2,000,000)	13,000,000
Chin Cheng Mei	7,801,500	-	-	7,801,500
Wong Chong Che	7,600,000	-	(1,100,000)	6,500,000
Loy Tuan Bee	30,000	-	-	30,000
Indirect interest:-				
Ong Leong Huat @ Wong Joo Hwa	1,185,000	-	-	1,185,000

	Options over ordinary shares of RM1 each				As at 31 Dec. 1999
	As at 1 Jan. 1999	Granted	Exercised	Adjustment for Bonus Issue	
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	-	300,000	-	100,000	400,000
Dato' Nik Mohamed Bin Nik Yahya	500,000	-	(400,000)	33,333	133,333
Ong Leong Huat @ Wong Joo Hwa	500,000	-	-	166,666	666,666
Wong Chong Kim	500,000	-	-	166,666	666,666
Chin Cheng Mei	500,000	-	-	166,666	666,666
Wong Chong Che	90,000	-	-	30,000	120,000
Gan Neap Kai	350,000	50,000	-	133,333	533,333

The options over ordinary shares of O.S.K. Holdings Berhad were granted pursuant to the O.S.K. Holdings Berhad Employees' Share Option Scheme.

	Number of Warrants			As at 31 Dec. 1999
	As at 1 Jan. 1999	Bought	Sold	
Direct interest:-				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	354,026	-	-	354,026
Dato' Nik Mohamed Bin Nik Yahya	5,413,187	-	(5,296,248)	116,939
Ong Leong Huat @ Wong Joo Hwa	20,092,270	9,614,000	-	29,706,270
Chin Cheng Mei	2,404,480	-	(206,000)	2,198,480

Indirect interest:-

Ong Leong Huat @ Wong Joo Hwa	169,158	-	-	169,158
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Each Warrant carries the right to subscribe for one (1) new ordinary share of RM1 each in accordance with the terms as stated in Note 15 to the accounts.

Mr. Ong Leong Huat @ Wong Joo Hwa by virtue of his interest in the Company, is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest.

Other than the above, the directors in office at the end of the financial year did not have any interest in the shares of the Company and its subsidiary companies during the financial year.

AUDITORS

The auditors, Messrs. HLB I.M. Chieng & Co., Public Accountants, have expressed their willingness to continue in office.

On behalf of the Board,

DATO' NIK MOHAMED BIN NIK YAHYA
Director

WONG CHONG KIM
Director

Kuala Lumpur
28 February 2000

Balance Sheets

As At 31 December 1999

	NOTE	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
SHARE CAPITAL	2	304,272	298,325	304,272	298,325
RESERVES	3	467,997	417,631	394,039	387,013
SHAREHOLDERS' FUNDS		772,269	715,956	698,311	685,338
MINORITY INTERESTS		67,225	62,963	-	-
DEFERRED TAXATION	4	1,783	1,807	-	-
		841,277	780,726	698,311	685,338
CAPITAL EMPLOYED:-					
FIXED ASSETS	5	174,617	177,540	-	-
EXPENDITURE CARRIED FORWARD	6	2,169	2,153	1,000	1,000
SUBSIDIARY COMPANIES	7	-	-	736,653	747,760
ASSOCIATED COMPANY	8	981	809	1,200	1,200
INVESTMENTS	9	5,692	4,428	-	-
LAND AND DEVELOPMENT EXPENDITURE	10	135,201	124,434	-	-
CURRENT ASSETS					
Land and development expenditure	10	2,856	-	-	-
Marketable securities	11	18,725	1,957	-	-
Trade debtors	12	486,967	282,137	-	-
Other debtors, deposits and prepayments	13	51,399	10,490	-	1,025
Cash, bank balances and deposits	14	354,076	414,281	274	4,072
		914,023	708,865	274	5,097
Less:-					
CURRENT LIABILITIES					
7% Redeemable Unsecured Bonds 1994/1999	15	-	54,008	-	54,008
5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999	16	-	2,058	-	2,058
Trade creditors	17	301,656	127,333	-	-
Other creditors, deposits and accruals		44,021	36,245	247	519
Bank overdrafts	18	4,276	1,055	-	-
Provision for taxation		884	6,064	-	2,394
Proposed dividends	19	40,569	10,740	40,569	10,740
		391,406	237,503	40,816	69,719
NET CURRENT ASSETS/(LIABILITIES)		522,617	471,362	(40,542)	(64,622)
		841,277	780,726	698,311	685,338

The accompanying notes form an integral part of these balance sheets.

Profit And Loss Accounts

For the financial year ended 31 December 1999

	NOTE	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	1(n)	221,662	162,073	56,426	26,395
OPERATING PROFIT BEFORE TAXATION	20	103,219	31,769	53,989	22,117
SHARE OF PROFIT/(LOSS) OF ASSOCIATED COMPANY		175	(310)	-	-
PROFIT BEFORE TAXATION	21	103,394	31,459	53,989	22,117
TAXATION		(528)	(5,697)	10	(6,341)
PROFIT AFTER TAXATION		102,866	25,762	53,999	15,776
MINORITY INTERESTS		(6,299)	(1,801)	-	-
RETAINED PROFIT FOR THE YEAR		96,567	23,961	53,999	15,776
RETAINED PROFITS BROUGHT FORWARD		262,307	253,969	253,497	253,344
PROFITS AVAILABLE FOR APPROPRIATION		358,874	277,930	307,496	269,120
DIVIDENDS	19	(51,559)	(15,623)	(51,559)	(15,623)
RETAINED PROFITS CARRIED FORWARD		307,315	262,307	255,937	253,497
RETAINED BY:-					
The Company		255,937	253,497		
Subsidiary companies		51,597	9,201		
Associated company		(219)	(391)		
		307,315	262,307		
EARNINGS PER SHARE (SEN)	22				
Basic		32.05	8.71		
Fully diluted		27.10	-		

The accompanying notes form an integral part of these accounts.

Consolidated Cash Flow Statement

For the financial year ended 31 December 1999

	NOTE	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		103,394	31,459
Adjustments for:-			
Depreciation of fixed assets	20	9,286	10,007
Gain on disposal of fixed assets	20	(27)	(14)
Fixed assets written off	20	16	2
Interest expenses		2,908	7,739
Interest income		(42,917)	(55,554)
Share of (profit)/loss of associated company		(175)	310
Exchange difference		1,170	(2,734)
Operating profit/(loss) before working capital changes		73,655	(8,785)
(Increase)/Decrease in marketable securities		(16,768)	4,494
(Increase)/Decrease in trade and other receivables		(245,739)	168,329
Increase in trade and other payables		182,099	37,360
Cash (used in)/generated from operations		(6,753)	201,398
Income tax paid		(5,729)	(15,400)
Expenditure carried forward		(16)	(1,117)
Dividends paid		(21,729)	(9,765)
Interest paid		(2,908)	(7,739)
Interest received		42,917	55,554
Land and development expenditure		(13,623)	(1,291)
Net cash (used in)/generated from operating activities		(7,841)	221,640
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(13,106)	(7,549)
Proceeds from disposal of fixed assets		6,774	373
Purchase of other investments		(1,250)	-
Acquisition of additional shares in subsidiary company	31	(2,470)	-
Subscription for shares in associated company		-	(600)
Net cash used in investing activities		(10,052)	(7,776)

The accompanying notes form an integral part of this statement.

	NOTE	1999 RM'000	1998 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		8,778	29,217
Share issue expenses		(303)	(72)
Redemption of Bonds at maturity	15	(54,008)	-
Net cash (used in)/generated from financing activities		(45,533)	29,145
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(63,426)	243,009
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		413,226	170,217
CASH AND CASH EQUIVALENTS AT END OF YEAR	32	349,800	413,226

The accompanying notes form an integral part of this statement.

Notes To The Accounts

31 December 1999

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The accounts of the Group and of the Company have been prepared under the historical cost convention and comply with applicable approved Accounting Standards and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all its subsidiary companies made up to 31 December 1999. The results of subsidiary companies acquired or disposed during the financial year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All inter-company balances and transactions have been eliminated on consolidation and the consolidated accounts reflect external transactions only.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the investments in the subsidiary companies and the fair value of attributable net assets acquired, as applicable.

(c) Subsidiary companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at cost in the Company's accounts. Provision for diminution in value is only made when, in the opinion of the directors, there is a permanent impairment in the value of the investments.

(d) Associated company

An associated company is defined as an investment where the Group holds for long term purpose between 20% and 50% of the issued share capital of that company, and exercises significant influence through Board representation.

Investment in associated company is accounted for under the equity method in the consolidated accounts, which has taken into account the Group's share of the attributable post-acquisition profits and reserves of the investee company from the date of acquisition.

(e) Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land is not depreciated. Depreciation of other fixed assets is calculated on a straight line basis to write off the cost over the expected useful lives of the assets concerned. The principal annual rates of depreciation are as follows :-

Leasehold land and buildings	Over the period of lease
Leasehold improvements	20% - 50%
Buildings	2%
Plant and machinery	20%
Motor vehicles	15% - 25%
Office equipment	15% - 25%
Furniture and fittings	10% - 25%
Renovations	10%

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(f) Foreign currency conversion****(i) Transactions in foreign currencies**

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at the rates of exchange ruling at that date. Gains or losses on foreign exchange are taken up in the profit and loss account.

(ii) Translation of foreign currency financial statements

Assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange ruling at the balance sheet date while the operating results are translated at the average rates of exchange for the year. The translation differences arising therefrom are taken to Exchange Fluctuation Reserve.

(g) Investments and marketable securities

Investments and marketable securities are stated at cost. Provision for diminution in value is made when, in the opinion of the directors, there is an impairment in the value of the investments and marketable securities.

(h) Deferred taxation

Deferred taxation is provided using the liability method on all material timing differences except where there is reasonable evidence that the timing differences will not reverse in the foreseeable future.

(i) Expenditure carried forward

The contribution to the Kuala Lumpur Stock Exchange ("KLSE") in relation to the Company's admission as a Corporate Member of the KLSE and the Fidelity and Compensation Fund contributions to the stock exchange and clearing house in Hong Kong are deferred at cost.

Preliminary and pre-operating expenses are stated at cost and will be written off upon full commencement of business.

(j) Land and development expenditure

This consists of land under development, development cost including interest expense on loans and advances utilised to finance on-going development and the portion of profit attributable to development work performed to date less applicable progress billings.

Land and related development expenditure at the date of acquisition of a subsidiary company are stated in the Group's accounts at values reflecting approximately the effective acquisition cost by the Group of these assets. Development expenditure incurred subsequent to the acquisition date is stated at cost.

The Group considers as current asset that portion of land and development expenditure where significant development work has been undertaken and is expected to be completed within the normal operating cycle of two to three years.

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(k) Dividend income

Dividends from subsidiary companies are included in the profit and loss account when declared or proposed.

(l) Bad and doubtful debts and interest-in-suspense

These are provided for when deemed necessary after due consideration by the directors of the collectibility of the amount or in accordance with the relevant rules of the Kuala Lumpur Stock Exchange, where applicable.

(m) Operating lease commitments

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Turnover

Group

This comprises gross brokerage, interest income, rental income, underwriting commission, placement and advisory fees, handling charges, custodial and service charges, manager's fees, facility and commitment fees, carrying charges, sale proceeds from oil palm produce harvested and the proportion of aggregate sales value of the property development projects sold attributable to the percentage of development work performed during the financial year.

Company

This comprises gross dividend income and interest income.

(o) Revenue recognition

All revenue items are recognised on an accrual basis other than underwriting commission, placement fees and advisory fees which are recognised on a cash basis.

Revenue from contracts are recognised on the percentage of completion method with reference to the proportion of the aggregate sales value of the property development projects sold attributable to the percentage of development work performed during the financial year.

2. SHARE CAPITAL

	GROUP/COMPANY	
	1999	1998
	RM'000	RM'000
Authorised:-		
Ordinary shares of RM1 each		
At 1 January and 31 December	1,500,000	1,500,000
Issued and fully paid:-		
Ordinary shares of RM1 each		
At 1 January	298,325	271,190
Issued during the year pursuant to the:-		
Exercise of Warrants (Note a)	114	-
Conversion of ICULS (Note b)	381	54
Bonus Issue (Note c)	571	81
Employees' Share Option Scheme	4,881	142
Special Issue to Bumiputra Investors	-	26,858
	5,947	27,135
At 31 December	304,272	298,325

During the financial year, the Company issued :-

- 113,828 ordinary shares of RM1 each at RM2.03 per share pursuant to the exercise of 113,828 Warrants in accordance with the terms as stated in Note 15 to the accounts;
- 380,976 ordinary shares of RM1 each at RM5.40 per share pursuant to the conversion of RM2,058,092 nominal value of 5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 ("ICULS") in accordance with the terms as stated in Note 16 to the accounts;
- 571,574 ordinary shares of RM1 each as bonus issue arising from the conversion of RM2,058,092 nominal value of ICULS on the basis on three (3) new ordinary shares for every two (2) ordinary shares held in accordance with the provisions set out in the Trust Deed (Note 16); and
- 4,881,000 ordinary shares of RM1 each arising from the exercise of share options pursuant to the Employees' Share Option Scheme ("ESOS") at the option prices ranging from RM1.33 to RM3.44 per share.

As at the end of the financial year, there were 12,957,997 [adjusted pursuant to the Bonus Issue as stated in Note 27 (iv) to the accounts] unissued shares under the options granted pursuant to the ESOS for which the employees are entitled to exercise at any time within the five years period of the ESOS from 17 November 1995 and 102,698,330 [adjusted pursuant to the Bonus Issue as stated in Note 27 (iv) to the accounts] Warrants remained unexercised.

3. RESERVES

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable:-				
Share premium (Note a)	138,102	133,516	138,102	133,516
Exchange fluctuation reserve (Note b)	16,590	15,780	-	-
Reserve on consolidation (Note c)	5,990	6,028	-	-
	160,682	155,324	138,102	133,516
Distributable:-				
Retained profits	307,315	262,307	255,937	253,497
	467,997	417,631	394,039	387,013

Note a - Share premium

	GROUP/COMPANY	
	1999 RM'000	1998 RM'000
At 1 January	133,516	131,215
Premium arising from exercise of 113,828 Warrants (1998: Nil)	117	-
Premium arising from conversion of RM2,058,092 nominal value of ICULS (1998: RM291,100 ICULS)	1,677	237
Premium arising from exercise of 4,881,000 options pursuant to the ESOS (1998: 142,000 options)	3,666	68
Premium arising from Special Issue of shares to Bumiputra Investors (1998: 26,858,000)	-	2,149
Less:- Share issue expenses	(303)	(72)
	138,673	133,597
Amount capitalised for bonus issue	(571)	(81)
At 31 December	138,102	133,516

Note b - Exchange fluctuation reserve

	GROUP	
	1999 RM'000	1998 RM'000
At 1 January	15,780	17,702
Movement in the financial year	810	(1,922)
At 31 December	16,590	15,780

3. RESERVES (Cont'd)**Note c - Reserve on consolidation**

	GROUP	
	1999 RM'000	1998 RM'000
At 1 January	6,028	6,028
Movement in the financial year	(38)	-
At 31 December	5,990	6,028

4. DEFERRED TAXATION

	GROUP	
	1999 RM'000	1998 RM'000
At 1 January	1,807	1,350
Transfer (to)/from Profit and Loss Account (Note 21)	(24)	457
At 31 December	1,783	1,807

5. FIXED ASSETS

1999 GROUP	Freehold land and buildings RM'000	Leasehold improvements RM'000	Long-term leasehold land and building RM'000	Short-term leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
<u>Cost</u>										
At 1 January 1999	162,670	2,175	787	2,583	19,106	5,949	20,009	5,514	254	219,047
Addition	1,942	227	-	-	63	1,210	4,828	1,355	3,481	13,106
Disposal	(6,237)	-	-	-	-	(1,143)	(20)	(28)	-	(7,428)
Written off	(1)	-	-	-	-	-	(19)	-	-	(20)
Exchange fluctuation	-	26	-	-	-	4	32	10	-	72
At 31 December 1999	158,374	2,428	787	2,583	19,169	6,020	24,830	6,851	3,735	224,777
<u>Accumulated Depreciation</u>										
At 1 January 1999	5,920	1,875	37	65	16,509	2,953	11,922	2,194	32	41,507
Charge for the year	1,421	253	10	64	2,572	920	2,979	693	374	9,286
Disposal	-	-	-	-	-	(660)	(10)	(11)	-	(681)
Written off	-	-	-	-	-	-	(3)	-	-	(3)
Exchange fluctuation	-	22	-	-	-	1	21	7	-	51
At 31 December 1999	7,341	2,150	47	129	19,081	3,214	14,909	2,883	406	50,160
<u>Net Book Value</u>										
At 31 December 1999	151,033	278	740	2,454	88	2,806	9,921	3,968	3,329	174,617

5. FIXED ASSETS (Cont'd)

1998 GROUP	Freehold land and buildings RM'000	Leasehold improvements RM'000	Long-term leasehold land and building RM'000	Short-term leasehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovations RM'000	Total RM'000
<u>Cost</u>										
At 1 January 1998	161,442	2,008	787	-	19,105	5,733	18,433	4,693	36	212,237
Addition	1,228	218	-	2,583	1	724	1,734	842	218	7,548
Disposal	-	-	-	-	-	(499)	(96)	-	-	(595)
Written off	-	-	-	-	-	-	(2)	-	-	(2)
Exchange fluctuation	-	(51)	-	-	-	(9)	(60)	(21)	-	(141)
At 31 December 1998	162,670	2,175	787	2,583	19,106	5,949	20,009	5,514	254	219,047
<u>Accumulated Depreciation</u>										
At 1 January 1998	4,538	1,505	28	-	12,688	2,189	9,290	1,622	7	31,867
Charge for the year	1,382	424	9	65	3,821	931	2,760	590	25	10,007
Disposal	-	-	-	-	-	(163)	(74)	-	-	(237)
Written off	-	-	-	-	-	-	-	-	-	-
Exchange fluctuation	-	(54)	-	-	-	(4)	(54)	(18)	-	(130)
At 31 December 1998	5,920	1,875	37	65	16,509	2,953	11,922	2,194	32	41,507
<u>Net Book Value</u>										
At 31 December 1998	156,750	300	750	2,518	2,597	2,996	8,087	3,320	222	177,540

Certain freehold land and building of a subsidiary company with a total cost of RM111,052,000 in respect of the previous financial year which were charged to banks to secure banking facilities granted to another subsidiary company had been discharged during the previous financial year.

6. EXPENDITURE CARRIED FORWARD

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Preliminary expenses	20	20	-	-
Pre-operating expenses	269	263	-	-
	289	283	-	-
Fidelity and Compensation Fund contributions to the stock exchange and clearing house in Hong Kong	880	870	-	-
Contribution fees to the Kuala Lumpur Stock Exchange	1,000	1,000	1,000	1,000
	2,169	2,153	1,000	1,000

Included in pre-operating expenses of the Group is auditors' remuneration of RM2,000 (1998: RM2,000) incurred for the financial year.

7. SUBSIDIARY COMPANIES

	COMPANY	
	1999	1998
	RM'000	RM'000
Unquoted shares, at cost	579,285	577,786
Amount owing by subsidiary companies	233,289	260,325
Amount owing to subsidiary company	(75,921)	(90,351)
	736,653	747,760

The amounts owing by/(to) subsidiary companies are unsecured, have no fixed terms of repayment and interest-free other than for an amount owing by subsidiary companies of RM90,078,696 (1998: RM107,197,206) on which the Company charged interest at 5.75% to 8% (1998: 7% to 13.5%) per annum.

The particulars of the subsidiary companies are disclosed in Note 30 to the accounts.

8. ASSOCIATED COMPANY

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	1,200	1,200	1,200	1,200
Share of post-acquisition losses	(219)	(391)	-	-
	981	809	1,200	1,200

The particulars of the associated company are disclosed in Note 30 to the accounts.

9. INVESTMENTS

	GROUP	
	1999 RM'000	1998 RM'000
Unquoted, at cost:-		
Shares	490	490
One fully paid "A" preference share in the Kuala Lumpur Options and Financial Futures Exchange Berhad	1,500	1,500
Membership fee in the Commodity and Monetary Exchange of Malaysia	1,129	1,129
Two shares in the Stock Exchange of Hong Kong Limited	841	831
One share in the Hong Kong Futures Exchange Limited	332	328
Transferable club membership	150	150
Malaysian Exchange of Securities Dealing & Automated Quotation Berhad (MESDAQ) advisor and membership fees	1,250	-
	5,692	4,428

10. LAND AND DEVELOPMENT EXPENDITURE

	GROUP	
	1999 RM'000	1998 RM'000
Freehold land, at cost	115,706	109,740
Development expenditure	24,754	14,694
	140,460	124,434
Attributable profit	1,350	-
	141,810	124,434
Progress billings	(3,753)	-
	138,057	124,434
Current portion of development properties	(2,856)	-
	135,201	124,434

10. LAND AND DEVELOPMENT EXPENDITURE (Cont'd)

The Group, through its subsidiary company, O.S.K. Properties Sdn. Bhd., entered into a Joint Venture Agreement with Majlis Perbandaran Sungei Petani ("Majlis") to carry out a development project on land alienated by the Kedah State Authority to Majlis.

Under the Joint Venture Agreement, the subsidiary company is committed to construct 1,800 units of low cost houses and to clear and level a piece of vacant land of about 50 acres, for the benefit of Majlis with a minimum guaranteed value of RM71,000,000.

The title deeds pertaining to the freehold land which were previously registered in the name of Majlis have been transferred to the name of the subsidiary company during the financial year.

Included in the development expenditure in respect of the previous financial year was interest capitalised amounting to RM75,193.

11. MARKETABLE SECURITIES

	GROUP	
	1999	1998
	RM'000	RM'000
Cost:-		
Manager's stock - unit trusts	1,280	982
Securities quoted in Malaysia	12,646	1,242
Securities quoted outside Malaysia	4	4
Bonds quoted outside Malaysia	4,953	-
Unquoted securities in Malaysia	1	1
	18,884	2,229
Less:- Provision for diminution in value	(159)	(272)
	18,725	1,957
Market value:-		
Manager's stock - unit trusts	1,274	968
Securities quoted in Malaysia	13,490	1,108
Securities quoted outside Malaysia	1	1
Bonds quoted outside Malaysia	4,892	-
	19,657	2,077

12. TRADE DEBTORS

	GROUP	
	1999 RM'000	1998 RM'000
Amount owing by clients	666,484	399,179
Less:- Provision for bad and doubtful debts	(141,584)	(145,134)
Interest-in-suspense	(63,894)	(5,033)
	461,006	249,012
Amount owing by brokers	14,261	26,419
Less:- Provision for doubtful debts	-	(2,119)
	14,261	24,300
Amount owing by clearing houses	10,449	8,817
Other trade receivables	1,251	8
	486,967	282,137

In the accounts of O.S.K. Securities Berhad, a wholly-owned subsidiary company, interest receivable from clients arising from share trading (other than interest charged to margin clients) in the Kuala Lumpur Stock Exchange ("KLSE") amounting to RM47,708,946 as at the end of the current financial year which was previously recognised on a cash basis is now accounted for on an accrual basis and duly provided for as interest-in-suspense in accordance with the relevant rules of the KLSE.

13. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Other debtors, deposits and prepayments	56,825	16,411	-	1,025
Less:- Provision for doubtful debts	(5,426)	(5,921)	-	-
	51,399	10,490	-	1,025

Included in deposits is an amount of RM7,250,000 being 10% deposit paid by O.S.K. Securities Berhad, a wholly-owned subsidiary company, for the proposed acquisition of the entire stockbroking business of Premier Capital Securities Sdn. Bhd. as stated in Note 27 (viii) to the accounts.

14. CASH, BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
<u>General Accounts:-</u>				
Cash and bank balances	22,170	8,367	274	72
Short term placements with:-				
- licensed banks	23,200	22,896	-	-
- licensed finance companies	-	1,692	-	-
- licensed discount houses	7,583	9,319	-	-
Fixed deposits with:-				
- licensed banks	185,655	279,120	-	4,000
- licensed finance companies	23,473	25,460	-	-
	262,081	346,854	274	4,072
<u>Segregated Accounts:-</u>				
Cash and bank balances	19,837	2,652	-	-
Housing Development Account	1,329	-	-	-
Short term placements with licensed banks	24,950	30,776	-	-
Fixed deposits with licensed banks	45,879	33,999	-	-
	91,995	67,427	-	-
	354,076	414,281	274	4,072

Fixed deposit with a licensed bank amounting to RM200,000 (1998: RM200,000) was held under lien as security for certain banking facilities granted to a subsidiary company. Subsequent to the financial year end, the lien was uplifted when the relevant facilities were converted onto a clean basis.

15. 7% REDEEMABLE UNSECURED BONDS 1994/1999 ("BONDS")

	GROUP/COMPANY	
	1999	1998
	RM'000	RM'000
At 1 January	54,008	54,008
Redemption of Bonds at maturity	(54,008)	-
	-	54,008
Portion repayable within one year	-	(54,008)
At 31 December	-	-

On 23 March 1994, the Company made a rights issue of RM60,000,000 nominal value of Bonds with 30,000,000 detachable Warrants ("Warrants") on the basis of RM2 nominal value of Bonds with one Warrant for every two ordinary shares of RM1 each held. The Bonds are constituted under a Trust Deed dated 19 January 1994.

15. 7% REDEEMABLE UNSECURED BONDS 1994/1999 ("BONDS") (Cont'd)

Each Warrant carries the right to subscribe for one new ordinary share of RM1 each at a subscription price of RM2.03 (adjusted from RM5.40 pursuant to the bonus and rights issues in 1995) by cash or by surrender of Bonds or partly in cash and partly by surrender of Bonds at any time on or before 22 March 1999, extended by an additional period of five (5) years up to and including 22 March 2004 [Note 27 (ii)]. The subscription price and the number of outstanding Warrants are subject to adjustments in accordance with the provisions set out in the Deed Poll. As at 27 December 1999, the exercise price of the Warrants were adjusted downwards by approximately 0.7222 (13/18) times to RM1.47 while the number of outstanding Warrants were adjusted upwards by approximately 1.3333 (4/3) times to 102,698,330 pursuant to the Proposals as stated in Note 27 (iv) to the accounts.

The Bonds have been fully redeemed by the Company for cash at par together with interest accrued thereon on 31 March 1999.

16. 5% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 1994/1999 ("ICULS")

	GROUP/COMPANY	
	1999 RM'000	1998 RM'000
At 1 January	2,058	2,349
Converted to ordinary shares of RM1 each [Note 2 (b)]	(2,058)	(291)
	-	2,058
Portion convertible within one year	-	(2,058)
At 31 December	-	-

On 23 March 1994, the Company made a rights issue of RM15,000,000 nominal value of ICULS on the basis of RM1 nominal value of ICULS for every four (4) ordinary shares of RM1 each held. Each ICULS is convertible into one (1) new ordinary share of RM1 at any time on or before 22 March 1999 at the rate of RM5.40 payable by any combination of ICULS and cash.

In accordance with the provisions set out in the Trust Deed, the holders of the ICULS upon conversion of the ICULS, are entitled to the bonus issue of three (3) new ordinary shares for every two (2) ordinary shares held pursuant to the bonus and rights issues which were completed in 1995 [Note 2 (c)].

The ICULS are non-redeemable for cash and have been fully converted into equivalent number of new ordinary shares at RM5.40 per share during the financial year [Note 2 (b)].

17. TRADE CREDITORS

	GROUP	
	1999 RM'000	1998 RM'000
Amount owing to clients	136,775	110,376
Amount owing to brokers	156,158	10,195
Other trade payables	8,723	6,762
	301,656	127,333

18. BANK OVERDRAFTS

The bank overdrafts pertaining to subsidiary companies are supported by corporate guarantees from the Company. Interest is charged at 1.75% to 2.5% (1998: 2% to 2.5%) per annum above the financial institutions' base lending rates.

19. DIVIDENDS

	GROUP/COMPANY	
	1999	1998
	RM'000	RM'000
Additional dividend paid in respect of final dividend for the financial year ended 31 December 1998/1997 arising from additional shares issued upon the conversion of ICULS and exercise of Warrants and share options under the ESOS	74	1
Interim dividend of 5 sen per share less 28% income tax (1998: 2.5 sen per share less 28% income tax)	10,916	4,882
Proposed final tax exempt dividend of 10 sen per share (1998: 5 sen per share less 28% income tax)	40,569	10,740
	51,559	15,623

20. OPERATING PROFIT BEFORE TAXATION

Operating profit before taxation is arrived at after charging and (crediting):-

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Rental of premises	381	380	-	-
Lease rental in respect of:-				
- premises	3,002	3,146	-	-
- equipment	747	747	-	-
Hire of equipment	539	716	-	-
Director's remuneration:-				
- fees	102	52	45	45
- other emoluments	6,110	5,110	-	-
Auditors' remuneration:-				
Statutory audit				
- current year	288	295	22	22
- (over)/under provision in prior year	-	(1)	-	2
Other audits				
- current year	46	104	44	88
- under provision in prior year	-	14	-	-

20. OPERATING PROFIT BEFORE TAXATION (Cont'd)

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Depreciation of fixed assets	9,286	10,007	-	-
Interest expenses:-				
- bank overdrafts	228	1,080	-	-
- other short term borrowings	-	1,203	-	-
- bonds	839	3,781	839	3,781
- loan stocks	22	110	22	110
- others	1,819	1,565	-	-
Provision for bad and doubtful debts and interest-in-suspense net of recoveries	3,139	29,682	-	-
Bad debts written off net of recoveries	(1,681)	2,267	-	-
Fee paid to a firm in which a partner is also a director of the Company	24	24	-	-
Fixed assets written off	16	2	-	-
Loss on foreign exchange	27	126	5	-
Gain on disposal of quoted securities	(825)	-	-	-
Gross dividends received from:-				
- securities quoted in Malaysia	(118)	(10)	-	-
- securities quoted outside Malaysia	-	-	-	-
- an unquoted subsidiary company	-	-	(50,000)	(16,000)
Rental income	(3,659)	(3,687)	-	-
Interest income	(42,917)	(55,554)	(6,426)	(10,395)
Gain on disposal of fixed assets	(27)	(14)	-	-
Provision for diminution in value of marketable securities written back	(695)	(8,096)	-	-
Net gains derived from hedging activities in equity and futures markets	(978)	-	-	-

21. TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Provision for the year	995	5,733	-	6,340
(Over)/Underprovision in prior years	(446)	(493)	(10)	1
Transfer (from)/to deferred taxation (Note 4)	(24)	457	-	-
Share of taxation of associated company	3	-	-	-
	528	5,697	(10)	6,341

21. TAXATION (Cont'd)

The provision for the current financial year is in respect of Hong Kong operations and the Group's dividend income derived from Malaysian operations. No provision for taxation is made in respect of the Group's business income derived from Malaysian operations as the amount payable is waived pursuant to Section 8 of the Income Tax (Amendment) Act, 1999.

Subject to agreement by the Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 December 1999 without incurring additional tax liability.

22. EARNINGS PER SHARE

The basic earnings per share based on the Group profit after taxation and minority interests of RM96,566,889 (1998: RM23,961,378) is calculated based on the weighted average number of ordinary shares in issue during the financial year of 301,347,391 (1998: 275,155,180).

The fully diluted earnings per share based on the adjusted Group profit after taxation and minority interests of RM105,586,236 is calculated based on the adjusted number of shares in issue and issuable of 389,668,733. The adjusted Group profit after taxation and minority interests is arrived at after adding back interest (tax exempt) on the 7% Redeemable Unsecured Bonds 1994/1999 and the 5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 ("ICULS") which are assumed to be fully redeemed/converted on 1 January 1999 and after taking into account interest income from placement of proceeds from the redemption/conversion and the full exercise of the Warrants and the share options pursuant to the O.S.K. Holdings Berhad Employees' Share Option Scheme ("ESOS") under fixed deposits. The adjusted number of shares is calculated based on the weighted average number of shares in issue during the financial year and the shares issuable pursuant to the conversion of the ICULS and the exercise of the Warrants and the share options under the ESOS on 1 January 1999.

The fully diluted earnings per share in respect of the previous financial year is not shown, as the effect of the conversion of ICULS and the exercise of Warrants and share options under the ESOS is antidilutive.

23. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	COMPANY	
	1999	1998
	RM'000	RM'000
Received and receivable from subsidiary companies:-		
Gross dividend	50,000	16,000
Interest	6,342	9,269
Financial support charges	-	166

24. CONTINGENT LIABILITIES

The Company has issued guarantees amounting to RM233,550,000 (1998: RM255,739,332) to financial institutions in respect of banking facilities granted to its subsidiary companies for working capital purposes. The facilities utilised by the subsidiary companies as at 31 December 1999 amounted to RM4,276,145 (1998: RM1,055,125).

25. COMMITMENTS

	GROUP	
	1999 RM'000	1998 RM'000
<u>Capital commitments:-</u>		
Capital expenditure in respect of acquisition of fixed assets		
- authorised but not contracted for	1,175	-
- contracted but not provided for in the accounts	1,270	3,913
<u>Operating lease commitments:-</u>		
The obligations under operating lease commitments are repayable as follows:-		
- within one year	1,281	1,031
- in the second to fifth years inclusive	117	2,722
- over five years	2,088	-
	3,486	3,753

As mentioned in Note 10 to the accounts, under the Joint Venture Agreement, the subsidiary company is committed to construct 1,800 units of low cost houses and to clear and level a piece of vacant land of about 50 acres for the benefit of Majlis Perbandaran Sungei Petani with a minimum guaranteed value of RM71,000,000.

26. YEAR 2000 ("Y2K") COMPLIANCE

In ensuring that the software and hardware systems employed by the Group is Y2K compliant, the Group had embarked on its Y2K project to manage and resolve the "millennium bug". There were no complications relating to Y2K during the cross-over on 1 January 2000.

27. SIGNIFICANT EVENTS

- On 8 February 1999, part of a parcel of freehold land held by O.S.K. Realty Sdn. Bhd., a wholly-owned subsidiary company, was compulsorily acquired by the Government of Malaysia for road widening. The compensation for the acquisition amounting to RM6,236,457 was accepted under protest. An appeal on the compensation amount has been submitted to the relevant authority.
- On 9 February 1999, a supplemental deed poll was executed to extend the duration and exercise period of the Company's outstanding Warrants 1994/1999 by an additional period of five (5) years up to and including 22 March 2004.
- On 31 March 1999, the 7% Redeemable Unsecured Bonds 1994/1999 of the Company amounting to RM54,008,450 have been fully redeemed. During the financial year, the 5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 amounting to RM2,058,092 matured and were fully converted into 380,976 ordinary shares together with 571,574 ordinary shares of RM1 each as bonus issue arising from the conversion, in accordance with the provisions set out in the Trust Deed.

27. SIGNIFICANT EVENTS (Cont'd)

- iv) On 21 May 1999, the Company announced proposals ("Proposals") for the proposed bonus issue ("Bonus Issue") of up to 129,600,000 new ordinary shares of RM1 each ("Bonus Shares") on the basis of one (1) new share for every three (3) existing shares held, proposed rights issues ("Rights Issues") of up to RM129,600,000 nominal amount of 6% Irredeemable Convertible Unsecured Loan Stock 2000/2005 ("ICULS") at 100% nominal amount of ICULS and up to RM129,600,000 nominal amount of 3.5% Redeemable Unsecured Bonds 2000/2005 ("RUB") at 100% nominal amount of RUB, with up to 129,600,000 detachable Warrants B on the basis of RM1 nominal amount of ICULS and RM1 nominal amount of RUB with one (1) Warrant B for every three (3) existing ordinary shares held in the Company prior to the proposed Bonus Issue. On 27 July 1999, the Company announced that the quantum of the Proposals had been revised to comprise up to 137,670,000 Bonus Shares, up to RM137,670,000 nominal amount of ICULS and up to RM137,670,000 nominal amount of RUB, as well as up to 137,670,000 Warrants B. On 23 November 1999, the shareholders had approved the Bonus Issue and Rights Issues of ICULS and RUB with Warrants B in the Extraordinary General Meeting.
- v) On 9 June 1999, the Company subscribed for an additional 1,500,000 ordinary shares of RM1 each in O.S.K. Futures and Options Sdn. Bhd., a wholly-owned subsidiary company, at par for cash.
- vi) On 24 June 1999, the Company, through O.S.K. Securities Berhad ("OSKS"), a wholly-owned subsidiary company, acquired an additional 1,900,000 ordinary shares of RM1 each representing 19% equity interest in OSK-UOB Unit Trust Management Berhad for a total cash consideration of RM2.47 million, resulting in an increase in its equity interest from 51% to 70%.
- vii) On 17 November 1999, the Company announced the proposed acquisition of 31.4% equity interest in TCL Premier Holdings Berhad ("TCL") for a total purchase consideration of RM109,881,023 to be satisfied by the issuance of 39,243,222 new O.S.K. Holdings Berhad ("OSK") shares credited as fully paid-up at an issue price of RM2.80 per share and to implement a conditional voluntary general offer for the remaining 68.6% equity in TCL.
- viii) On 8 December 1999, the Company announced the proposed acquisition of the entire stockbroking business of Premier Capital Securities Sdn. Bhd. (Special Administrator appointed) by OSKS for a total cash consideration of RM72.5 million.

28. SUBSEQUENT EVENTS

- i) On 12 January 2000, a total of 101,419,930 new ordinary shares have been allotted pursuant to the Bonus Issue, as mentioned in Note 27 (iv) to the accounts.
- ii) On 25 January 2000, the Company entered into a conditional sale and purchase agreement to acquire the entire issued and paid up share capital of Peninsula Securities Sdn. Bhd. for a total purchase consideration of RM225,000,000 to be satisfied by RM100,000,000 in cash and issuance of 39,431,177 new OSK shares credited as fully paid-up at an issue price of RM3.17 per share.
- iii) On 18 February 2000, the Company incorporated a new subsidiary, namely O.S.K. Venture Equities Sdn. Bhd., with an authorised and paid-up share capital of RM250 million and RM2 respectively, to undertake venture capital business.

29. SEGMENT INFORMATION

GROUP

Analysis by activities:-

	Operating revenue RM'000	Profit/(Loss) before taxation RM'000	Total assets employed RM'000
1999			
Stockbroking and related activities	268,163	150,488	1,812,294
Property investment and property development	15,596	2,731	217,691
	283,759	153,219	2,029,985
Consolidation adjustments	(62,097)	(49,825)	(797,302)
	221,662	103,394	1,232,683

1998

Stockbroking and related activities	186,088	50,172	1,548,505
Property investment and property development	7,458	(2,403)	209,207
	193,546	47,769	1,757,712
Consolidation adjustments	(31,473)	(16,310)	(739,483)
	162,073	31,459	1,018,229

GROUP

Analysis by geographical locations:-

	Operating revenue RM'000	Profit before taxation RM'000	Total assets employed RM'000
1999			
Malaysia	239,976	139,843	1,838,725
Hong Kong	43,783	13,376	191,260
	283,759	153,219	2,029,985
Consolidation adjustments	(62,097)	(49,825)	(797,302)
	221,662	103,394	1,232,683

1998

Malaysia	155,144	42,817	1,614,989
Hong Kong	38,402	4,952	142,723
	193,546	47,769	1,757,712
Consolidation adjustments	(31,473)	(16,310)	(739,483)
	162,073	31,459	1,018,229

30. SUBSIDIARY AND ASSOCIATED COMPANIES

The subsidiary and associated companies of the Group are as follows:-

(A) Subsidiary companies of the Company:-

Name of company	Principal activities	Equity interest		Place of incorporation
		1999	1998	
O.S.K. Securities Berhad	To engage in stock and share broking and related activities	100%	100%	Malaysia
O.S.K. Realty Sdn. Bhd.	Property investment	100%	100%	Malaysia
O.S.K. Futures and Options Sdn. Bhd.	To engage in futures and options broking and related activities	100%	100%	Malaysia
O.S.K. Capital Sdn. Bhd.	To engage in money lending business	100%	100%	Malaysia
O.S.K. Ventures Sdn. Bhd.	Provision of venture capital business	100%	100%	Malaysia
+* O.S.K. Property Management Berhad	Investment and management of property and property rights	100%	100%	Malaysia
+* M.V.F. Berhad	To carry on the business of a closed-end fund	100%	100%	Malaysia
O.S.K. Properties Sdn. Bhd.	Property development and cultivation and sale of oil palm produce	80%	80%	Malaysia
* OSK Asia Holdings Limited	Investment holding with interest in stockbroking and other related activities	67.25%	67.25%	British Virgin Islands

* Not audited by Messrs. HLB I.M. Chieng & Co.

+ These subsidiary companies have not commenced operations during the financial year under review.

30. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

(B) Subsidiary companies of O.S.K. Securities Berhad:-

Name of company	Principal activities	Equity interest		Place of incorporation
		1999	1998	
O.S.K. Nominees (Tempatan) Sdn. Berhad	To act as attorneys, nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100%	100%	Malaysia
O.S.K. Nominees (Asing) Sdn. Berhad	To act as attorneys, nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100%	100%	Malaysia
O.S.K. Research Sdn. Bhd.	To provide investment research services	100%	100%	Malaysia
* OSK-UOB Unit Trust Management Berhad [Note 27 (vi)]	Management of unit trust funds	70%	51%	Malaysia

(C) Subsidiary companies of OSK Asia Holdings Limited:-

* OSK Asia Limited	Investment holding	100%	100%	Hong Kong
* OSK Asia Corporation Limited	Inactive	100%	100%	Bermuda

* Not audited by Messrs. HLB I.M. Chieng & Co.

30. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)**(D) Subsidiary companies of OSK Asia Limited:-**

	Name of company	Principal activities	Equity interest		Place of incorporation
			1999	1998	
*	OSK Asia Asset Management Limited	Fund management	100%	100%	Hong Kong
*	OSK Asia Capital Limited	Investment advisory services	100%	100%	Hong Kong
*	OSK Asia Corporate Services Limited	Corporate services	100%	100%	Hong Kong
*	OSK Asia Finance Limited	Money lending	100%	100%	Hong Kong
*	OSK Asia Futures Limited	Futures and commodities dealing	100%	100%	Hong Kong
*	OSK Asia Management Limited	Management services	100%	100%	Hong Kong
*	OSK Asia Nominee Limited	Nominee services	100%	100%	Hong Kong
*	OSK Asia Realty Limited	Investment holding	100%	100%	Hong Kong
*	OSK Asia Research Limited	Inactive	100%	-	Hong Kong
*	OSK Asia Securities Limited	Securities dealing and margin financing	100%	100%	Hong Kong
*	PW Asia Forex Limited	Inactive	100%	100%	Hong Kong

(E) Subsidiary companies of OSK Asia Realty Limited:-

*	Betamax International Limited	Inactive	100%	100%	Hong Kong
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(F) Associated company of the Company:-

*	UOB-OSK Asset Management Sdn. Bhd.	To provide investment management services and related activities	30%	30%	Malaysia
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* Not audited by Messrs. HLB I.M. Chieng & Co.

31. EFFECTS OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY COMPANY

	1999 RM'000	1998 RM'000
Share of net assets acquired from minority interest	2,432	-
Goodwill	38	-
Cash outflow on acquisition	2,470	-

32. CASH AND CASH EQUIVALENTS AT END OF YEAR

	GROUP	
	1999 RM'000	1998 RM'000
Cash and cash equivalents at end of year comprise:-		
Cash and bank balances	43,336	11,019
Fixed deposits and short term placements with licensed financial institutions	310,740	403,262
Bank overdrafts	(4,276)	(1,055)
	349,800	413,226

33. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

Statement By Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Nik Mohamed Bin Nik Yahya and Wong Chong Kim, being two of the directors of O.S.K. HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the accounts set out on pages 27 to 53 are drawn up in accordance with applicable approved Accounting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of their results and the cash flows of the Group for the financial year then ended.

On behalf of the Board,

DATO' NIK MOHAMED BIN NIK YAHYA
Director

WONG CHONG KIM
Director

Kuala Lumpur
28 February 2000

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Diong King Kuang, being the officer primarily responsible for the financial management of O.S.K. HOLDINGS BERHAD, do solemnly and sincerely declare that the accounts set out on pages 27 to 53 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.

DIONG KING KUANG

Subscribed and solemnly declared by the abovenamed Diong King Kuang at Kuala Lumpur, in the state of Wilayah Persekutuan on 28 February 2000.

Before me,

Commissioner for Oaths
(Pesuruhjaya Sumpah)
Kuala Lumpur
28 February 2000

Auditors' Report

To the members of O.S.K. HOLDINGS BERHAD

We have audited the accounts set out on pages 27 to 53 of O.S.K. Holdings Berhad. The preparation of the accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on the accounts based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the accounts are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. Our audit includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the adequacy of the presentation of information in the accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the accounts give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 1999 and of their results and cash flows of the Group for the financial year ended on that date in accordance with applicable approved Accounting Standards and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 30 to the accounts.

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

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

HLB I.M. CHIENG & CO.
No. AF 0311
Public Accountants

CHIENG ING MUI PA(M), FCA, CPA.
No. 711/6/00 (J/PH)
Public Accountant
Chartered Accountant
Certified Public Accountant

Kuala Lumpur
28 February 2000

List of Properties

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
Jalan Ampang Kuala Lumpur	Geran 5692, Lot 26, Seksyen 43 Bandar Kuala Lumpur Negeri Wilayah Persekutuan 1a.2r.18.3p Freehold land 2-storey building	Restaurant	72 years	42,786
Jalan Ampang Kuala Lumpur	Plaza OSK Geran 11034, Lot 148, Section 43 Bandar Kuala Lumpur Negeri Wilayah Persekutuan 24-storey building 5351 sq. meters Freehold land Commercial	Office Building	15 years	106,619
Sri Petaling Kuala Lumpur	PM1958 <i>(formerly known as H.S. (M) 2895)</i> Lot 21315 Mukim Petaling Negeri Wilayah Persekutuan No. 40, Jalan Radin Anum 2 Bandar Baru Sri Petaling, 57000 Kuala Lumpur 3-storey shop house 167 sq. meters Leasehold (expiring on 5/4/2078)	Storage Facilities	14 years	740
Raub, Pahang	C.T 4823, Lot 569, Mukim of Tras District of Raub 85a.3r.10p. Freehold agriculture land	Agriculture Land	-	1,288
Raub, Pahang	EMR 1050 Lot 431, Mukim of Tras District of Raub 4a.1r.30p. Freehold agriculture land	Agriculture Land	-	340
Sungai Petani Kedah Darul Aman	Lot 18479 - 8652 Mukim Sungai Petani Daerah Kuala Muda, Kedah Darul Aman 2500 acres Freehold development land	Commercial and Housing Development	-	115,706
Tanah Rata Cameron Highlands	C. T 3506, Lot 89 Mukim of Tanah Rata in the District of Cameron Highlands, Pahang 2a. 2r. 27p. Riverview Bungalow Leasehold (expiring on 1/11/2038)	Staff Accomodation and Recreation	41 years	2,454

Statement of Shareholdings

As At 6 March 2000

Authorised Capital	RM1,500,000,000
Issued and fully paid-up capital	RM407,203,905
Class of Shares	Ordinary shares of RM1.00 each fully paid
Voting Rights	One vote per RM1.00 share

BREAKDOWN OF SHAREHOLDINGS

Range of Shareholdings	No. of Holders	Percentage of Holders	No. of RM1.00 Shares	Percentage of Issued Capital
1 - 499	1,044	5.87	208,451	0.05
500 - 999	256	1.44	173,687	0.04
1,000 - 5,000	12,117	68.16	27,700,732	6.81
5,001 - 10,000	2,326	13.08	17,403,377	4.27
10,001 - 100,000	1,875	10.55	45,695,417	11.22
100,001 - 1,000,000	126	0.71	37,535,292	9.22
1,000,001 - and above	34	0.19	278,486,949	68.39
TOTAL	17,778	100.00	407,203,905	100.00

SUBSTANTIAL SHAREHOLDERS

According to the register required to be kept under section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company:-

Name of Shareholder	Direct interest	No. of Shares held		Deemed interest	%
		Direct interest	%		
1. Ong Leong Huat @ Wong Joo Hwa	117,431,666	28.84		1,580,000*	0.39
2. The Great Eastern Life Assurance Co. Ltd.	28,033,000	6.88		5,121,333**	1.26
3. Oversea-Chinese Banking Corporation Limited	-	-		33,154,333***	8.14
4. Great Eastern Holdings Limited	-	-		33,154,333****	8.14
5. Wong Ah Chiew	727,085	0.18		36,702,330^	9.01
6. Dindings Consolidated Sdn. Bhd.	-	-		36,702,330^^	9.01
7. PJ Development Holdings Berhad	-	-		36,702,330^^^	9.01
8. PJ Equity Sdn. Bhd.	18,788,999	4.61		-	-
9. Pengerang Jaya Pte. Ltd.	17,913,331	4.40		-	-
10. Wong Chong Kim	17,333,333	4.26		-	-
11. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	14,587,241	3.58		-	-
12. Chin Cheng Mei	10,401,999	2.55		-	-
13. Wong Chong Che	8,666,666	2.13		-	-

Notes:

* Deemed interested through his family trust's shareholdings in O.S.K. Holdings Berhad

** Deemed interested through its interest in subsidiary company

*** Deemed interested through its interest in The Great Eastern Life Assurance Co. Ltd.

**** Deemed interested through its subsidiary company, The Great Eastern Life Assurance Co. Ltd.

^ Deemed interested through his interest in Dindings Consolidated Sdn. Bhd.

^^ Deemed interested through its interest in PJ Development Holdings Berhad

^^^ Deemed interested through its subsidiary companies, Pengerang Jaya Pte. Ltd. and PJ Equity Sdn. Bhd.

TWENTY LARGEST REGISTERED SHAREHOLDERS

	Name	Shareholdings	Percentage
1.	Ong Leong Huat @ Wong Joo Hwa	86,098,333	21.14
2.	Malaysia Nominees (Asing) Sdn. Bhd. <i>Straits Lion Asset Management Pte. Ltd. for The Great Eastern Life Assurance Co. Ltd. (00-10020)</i>	28,033,000	6.88
3.	Wong Chong Kim	17,333,333	4.26
4.	SMB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for PJ Equity Sdn. Bhd.</i>	14,801,833	3.63
5.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Arab-Malaysian Bank Berhad for Ong Leong Huat @ Wong Joo Hwa</i>	12,000,000	2.95
6.	Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (BK 7/745-5)</i>	12,000,000	2.95
7.	Pengerang Jaya Pte. Ltd.	10,666,665	2.62
8.	RC Nominees (Tempatan) Sdn. Bhd. <i>Chin Cheng Mei (SBB KLMPs)</i>	10,129,333	2.49
9.	Southern Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Nik Mohamed Din Bin Datuk Nik Yusoff</i>	10,000,000	2.46
10.	O.S.K. Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Chong Che</i>	8,666,666	2.13
11.	Employees Provident Fund Board	8,019,333	1.97
12.	O.S.K. Nominees (Tempatan) Sdn. Bhd. <i>Kay Hian Pte. Ltd. for Ong Leong Huat @ Wong Joo Hwa</i>	7,333,333	1.80
13.	RHB Merchant Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Pengerang Jaya Pte. Ltd.</i>	6,000,000	1.47
14.	Malaysia Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (MLF)</i>	5,278,333	1.30
15.	Khor Chai Moi	5,028,904	1.23
16.	Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	4,587,241	1.13
17.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for PJ Equity Sdn. Bhd. (JRC)</i>	3,987,166	0.98
18.	Dato' Nik Mohamed Bin Nik Yahya	3,617,796	0.89
19.	UOBM Nominees (Asing) Sdn. Bhd. <i>United Overseas Bank Nominees (Pte.) Ltd. for JY Ltd.</i>	2,666,666	0.65
20.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. <i>Kuala Lumpur Growth Fund</i>	2,626,666	0.65



O.S.K. HOLDINGS BERHAD (207075-U)
(Incorporated in Malaysia)

Proxy Form

No. of Shares Held

I/We

of

being a member/members of O.S.K. Holdings Berhad hereby appoint

.....

of

or failing him/her

of

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Tenth Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Friday, 7 April 2000 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

	Resolutions	For	Against
1.	Adoption of Reports and Accounts		
2.	Sanction the declaration of a final tax exempt dividend		
3.	Approve payment of Directors' Fees		
4.	Re-election of Director: Dato' Nik Mohamed Bin Nik Yahya		
5.	Re-election of Director: Dato' Mohamed Tarmizi Bin Mohd. Tahir		
6.	Re-election of Director: Mr. Wong Chong Che		
7.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
8.	Authorise the Directors under Section 132D of the Companies Act, 1965 to allot and issue shares in the Company		

Please indicate with " X " in the appropriate space how you wish your proxy to vote. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit or, at his discretion, abstain from voting.

Signed this day of 2000

.....
Signature of Shareholder (s)

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or in some other manner approved by its Board of Directors.
3. The instrument appointing a proxy must be deposited at the registered office of the Company, 20th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

