

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eleventh Annual General Meeting of OSK Holdings Berhad (formerly known as O.S.K. Holdings Berhad) will be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 April 2001 at 9.30 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 2000. **Resolution 1**
2. To sanction the declaration of a final dividend of 5 sen per ordinary share less 28% Malaysian income tax in respect of the financial year ended 31 December 2000. **Resolution 2**
3. To approve the Directors' fees of RM90,000 for the financial year ended 31 December 2000. **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 Din Bin Datuk Nik Yusoff **Resolution 4**
  - b) Mr Wong Chong Kim **Resolution 5**
  - c) Mr Loh Siew Cheang **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:

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

3 April 2001

**Notes:**

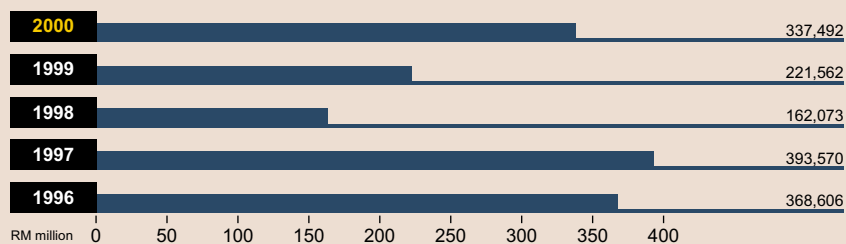
1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, 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.

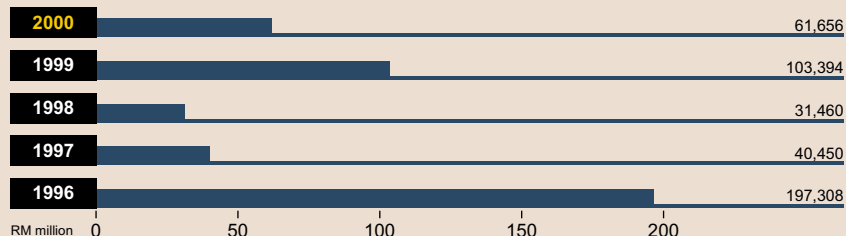
# Five-Year Financial Summary

In RM'000	2000	1999	1998	1997	1996
Operating Revenue	337,492	221,562	162,073	393,570	368,606
Profit Before Tax	61,656	103,394	31,460	40,450	197,308
Profit After Tax and Minority Interests	33,157	96,567	23,961	15,358	136,452
Dividends	48,597	51,559	15,623	28,853	47,136
Paid-up Capital	536,423	304,272	298,325	271,190	268,584
Shareholders' Funds	1,119,177	772,269	715,956	680,104	666,852
Basic Earnings Per Share (sen)	7.3	24.0	8.7	5.7	51.0
Dividends Per Share (sen)	12.5	15.0	7.5	15.0	25.0
Net Tangible Assets Per Share (RM)	1.70	2.53	2.39	2.50	2.48

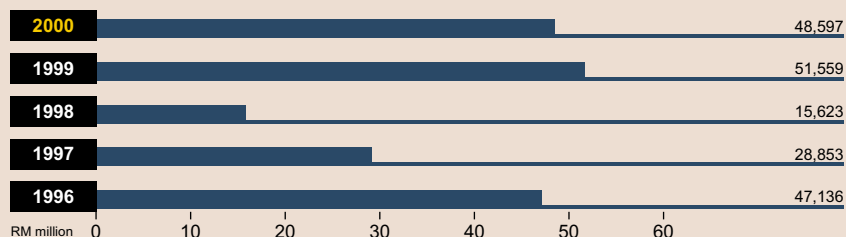
## Operating Revenue



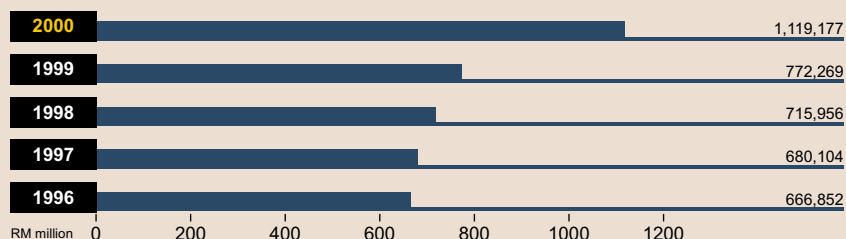
## Profit Before Taxation



## 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*

### Members

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

ABN-AMRO Bank Berhad  
Affin Bank Berhad  
Bank Utama (M) Berhad  
Bumiputra-Commerce Bank Berhad  
HSBC (Hong Kong) Ltd.  
Malayan Banking Berhad  
OCBC Bank (M) Berhad  
Public Bank Berhad  
RHB Bank Berhad  
Southern Bank Berhad  
Standard Chartered Bank (M) Berhad  
Standard Chartered Bank (Hong Kong) Ltd.  
United Overseas Bank (M) Berhad

## AUDITORS

HLB I.M. Chieng & Co.  
*Public Accountants*

## SOLICITORS

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

## REGISTRAR

Signet Share Registration Services Sdn. Bhd.  
21 & 23, Jalan Hussein (Ground Floor)  
30250 Ipoh, Perak Darul Ridzuan

## REGISTERED OFFICE/PRINCIPAL BUSINESS ADDRESS

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 (as at 12 March 2001)

Teoh Eng Chooi

*Executive Vice Chairman, OSK Asia Corporation Limited*

Loh Siew Hooi, Hugh

*Executive Vice President/ Chief Operating Officer, Corporate Finance*

Tuan Haji Azmazuraiddi Bin Dato' Dr. Hj. Dzulkarnain

*General Manager, Group Human Resource & Administration*

Ho Kok Cheong, Mike

*General Manager, Group Information Technology (IT)*

Ong Boon Aun, Jaymes

*General Manager, Planning & Product Development*

Teong King Hua

*General Manager, Property Development*

Wong Kum Cheong

*Assistant General Manager, Strategic Planning & Risk Management*

Chan Wai Keong

*Senior Manager, Capital*

Choy Yin Leng, Tina

*Senior Manager, Group Finance & Accounts*

Nik Mariam Salina Nik Idris

*Senior Manager, Group Corporate Communications*

Tai Lee Chuan, Albert

*Senior Manager, Group Compliance*

Gnana Guruparan A/L Rajaratnam

*Manager, Building Management*

Lt. Col (Rtd.) Ho Chee Pong

*Manager, Security*

Yogeswaran A/L Subramaniam

*Deputy Manager, Group Legal Affairs*

Leong Seng Yein, Eunice

*Assistant Manager, Group Internal Audit*

## OSK SECURITIES BERHAD

### Principal Office

Nik Halim @ Nik Ghazi Bin Nik Daud

*Executive Director, Dealing*

Diong King Kuang

*Executive Director, Operations*

Ng Ghim Ann, William

*Executive Vice President, Business Development*

Chye Kok Hoe

*General Manager/ Senior Vice President, Institutional Sales*

Chung Tin Fah

*General Manager, Retail/ Online Marketing & Dealing*

Izamuddin Bin Ishak

*Vice President, Marketing & Dealing*

Chan Mun Wah

*Senior Manager, Operations*

Wong Eng Kui

*Senior Manager, Credit Control & Supervision*

Christina Yong

*Deputy Manager, Priority Broking*

Lai Yit Loong

*Assistant Manager, Nominees*

Ng Cheong Yoke, Angela

*Senior Executive, Institutional Unit Trust Agent*

### Ipoh Branch Office

Ho Seng Yee

*General Manager, Branch Operations*

## OSK SECURITIES (MELAKA) SDN. BHD.

Chan Kong Ming

*Chief Operating Officer*

## KE-ZAN SECURITIES SDN. BHD.

Tan Kheak Geai, Eddy

*General Manager*

## OSK RESEARCH SDN. BHD.

Leong Hon Sze

*General Manager*

## OSK-UOB UNIT TRUST MANAGEMENT BERHAD

Tan Lib Chau, Michael

*General Manager/ Chief Executive Officer (CEO)*

## OSK FUTURES AND OPTIONS SDN. BHD.

Lai Choon Lim, Steven

*General Manager*

## OSK VENTURE EQUITIES SDN. BHD.

Yap Yuh Foh, Eddie

*General Manager*



# Significant Events

12 January 2000

OSK completed its 1 : 3 Bonus Issue

18 February 2000

Incorporation of a new subsidiary, OSK Venture Equities Sdn. Bhd., as a special-purpose vehicle to undertake venture capital business

29 February 2000

Extraordinary General Meeting wherein the shareholders of OSK approved the proposed acquisition and proposed conditional voluntary offer of TCL Premier Holdings Berhad ("TCL")

2 March 2000

OSK completed its 14.85% over-subscribed 1 : 3 Rights Issues of ICULS and RUB with free Warrants B

7 April 2000

Tenth Annual General Meeting

26 April 2000

OSK entered into a joint-venture agreement and a subscription and option agreement pursuant to the E-Strategic Alliance with I.T. & e Limited

19 June 2000

OSK Securities Berhad acquired the business of Premier Capital Securities Sdn. Bhd. ("PCS") and operate PCS as a branch office in Ipoh, Perak

25 August 2000

The conditional voluntary offer to acquire the entire issued and paid-up share capital of TCL had closed and received a 95.17% level of acceptances

28 September 2000

The listing of OSK Asia Corporation Limited ("OSK Asia"), a subsidiary company of OSK, on the Stock Exchange of Hong Kong

10 October 2000

OSK Securities Berhad entered into a conditional share sale agreement with the shareholders of KE-ZAN Holdings Berhad ("KE-ZAN") to acquire the entire equity interest of KE-ZAN. The share sale agreement was assigned to OSK on 24 November 2000 and subsequently completed on 29 January 2001

15 November 2000

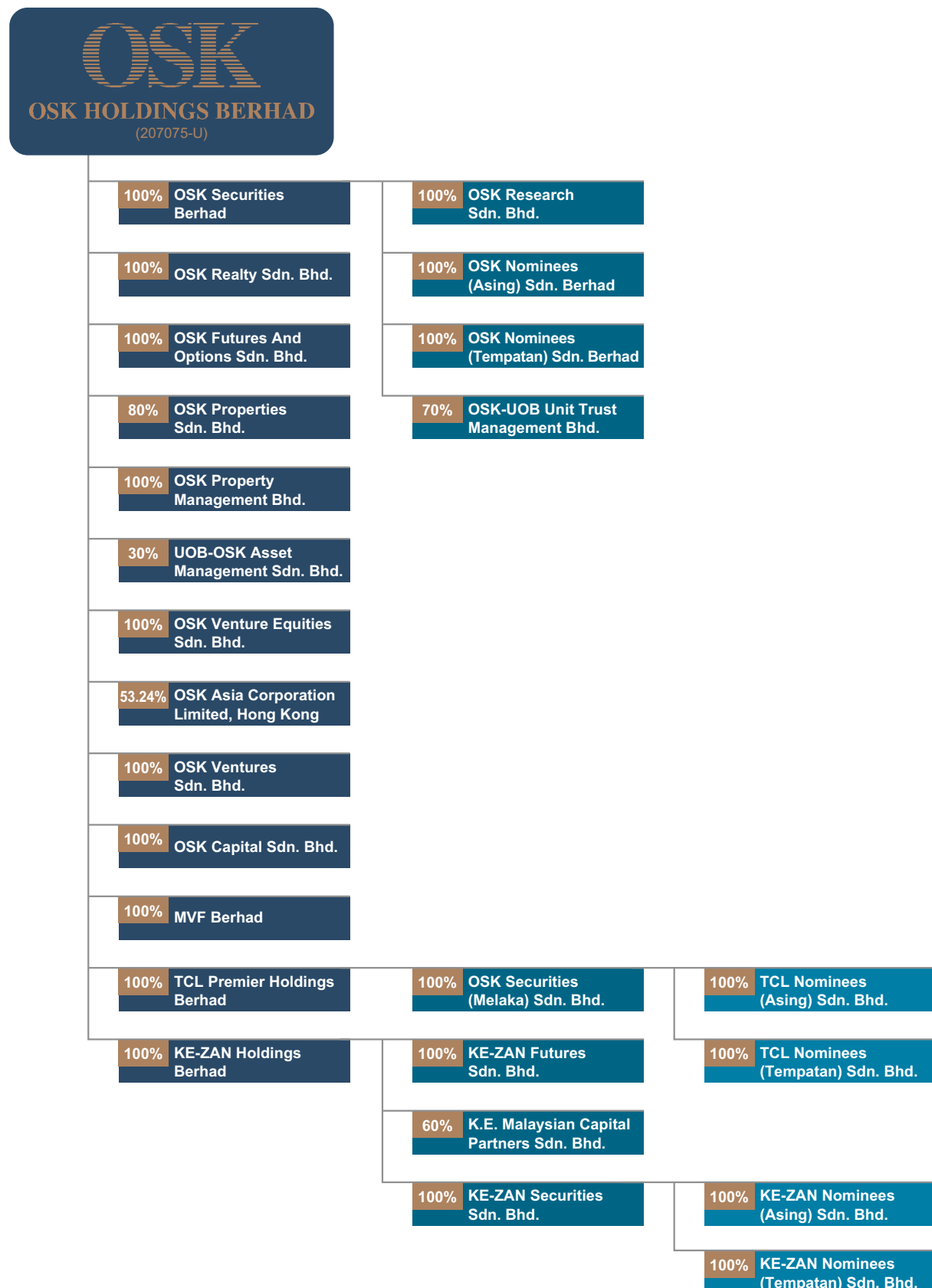
OSK completed the compulsory acquisition of the remaining TCL shares

18 December 2000

Extraordinary General Meeting wherein the shareholders of OSK approved the proposed acquisition of KE-ZAN, proposed shares buy back, proposed change of name and the ratification of the listing of OSK Asia

# Corporate Structure

as at 12 March 2001



A man with a mustache, wearing a dark blue double-breasted suit, a white shirt, and a blue patterned tie, stands with his hands clasped in front of him. He is positioned on the left side of the frame. The background is a blurred office interior with green and blue tones.

# Chairman's Statement

For the financial year ended  
31 December 2000

*“ The Year 2000 started off  
with a bang after Y2K passed  
without incident, fueled by the  
global technology bubble and  
anticipation that Malaysia’s  
reinstatement by Morgan  
Stanley Capital International  
(MSCI) will trigger an inflow  
of foreign funds.”*





# The

Year 2000 started off with a bang after Y2K passed without incident, fueled by the global technology bubble and anticipation that Malaysia's reinstatement by Morgan Stanley Capital International (MSCI) will trigger an inflow of foreign funds. The Kuala Lumpur Stock Exchange (KLSE) Composite Index (KLCI) hit a high of 1013 in February, with average daily trading volumes during the first two months of the year exceeding 800 million shares. Alas, the remainder of the year saw a sharp turnaround in fortunes, with the bursting of the technology bubble and MSCI's reinstatement failing to encourage foreign fund managers to return to our local bourse. In the second half of the year, CLOB shares were released into the market on a staggered basis, adding to the overhang of shares on the KLSE. As a result, the subsequent ten months of the year saw daily trading volumes averaging less than 200 million shares, with the KLCI closing the year down 16% at about 680. Overall, the volume of shares traded on the KLSE fell 20% in 2000 compared to 1999, but the value of shares traded improved 20%.



## Financial Performance

OSK Holdings Berhad (OSK) Group registered a 52% jump in turnover to RM337.5 million for the financial year ended 31 December 2000 (FY2000). Pretax profit, however, dropped 40% to RM61.7 million while net profit fell 66% to RM33.2 million. Basic earnings per share was shaved even more by 69% to 7.3 sen, because OSK's share base increased from 304.3 million shares to 536.4 million shares, arising from a 1:3 bonus issue and the issue of 125 million new shares in exchange for 100% of TCL Premier Holdings Berhad. After tax return on shareholders' funds declined to 3.0% from 12.5% in the financial year ended 31 December 1999 (FY1999), and net tangible assets per share was reduced to RM1.70 from RM2.53.

## Dividend

The Board of Directors are recommending a final gross dividend of 5 sen per share for FY2000. Together with the interim gross dividend of 7.5 sen per share, the total gross dividend for FY2000 will be 12.5 sen per share compared with 15 sen per share in FY1999.

## Review of Operations

OSK Securities Berhad made a pretax profit of RM38.6 million on a revenue of RM161.0 million for FY2000, compared to RM53.2 million and RM130.5 million for FY1999 respectively. This represented a revenue improvement of 23% compared to FY1999, which was better than the 20% improvement

in the value of KLSE transactions. The poorer profit performance can be attributed to the reduction in commission rates in the last four months of FY2000. Commission mix was 67% from retail clients, 17% from foreign brokers and 16% from institutional end-clients. Foreign fund managers continued to avoid Malaysia during the financial year, while the bearish market conditions discouraged retail clients.

OSK-UOB Unit Trust Management Berhad made a pretax profit of RM5.9 million. On 3 April 2000, we launched our fourth fund, the KLCI Tracker Fund which is a true index fund that tracks the KLCI with minimal transaction fees. By the end of FY2000, we had 28,000 unitholders with a fund size of RM468 million.

OSK Asia Corporation Limited made a pretax profit of HK\$35.1 million (RM17.1 million) on a revenue of HK\$112.7 million (RM54.9 million). At the beginning of FY2000, the head office of OSK Asia Corporation Limited was shifted to the more prestigious address at Cheung Kong Centre in Hong Kong, which entailed higher overheads.

To maintain our technology edge, OSK upgraded its computer system from the existing IBM AS/400 Model 530-2150 to a

730-2068 Interactive Processor 1510 which was formalised at a signing ceremony on 7 August 2000. With the increased capacity, the new model is expected to meet the growing needs of the OSK Group.

## Corporate Developments

Following through from FY1999, OSK completed its 1:3 bonus issue on 12 January 2000, followed by its 1:3 rights issue of 6% Irredeemable Convertible Unsecured Loan Stocks (ICULS) and 3.5% Redeemable Unsecured Bonds (RUB) with detachable Warrants B on 2 March 2000. This exercise raised a total of RM202.8 million for OSK and we have utilised RM110.8 million for the intended purposes as stated in the abridged prospectus dated 7 January 2000 except for the unutilised balance of RM92 million reserved for investment in venture capital entities/business. The unutilised balance of RM92 million is currently deposited in various banks. We have obtained approval from the Securities Commission to revise the original utilisation wherein RM50 million of the fund reserved for venture capital investment will now be utilised as working capital of the OSK Group. The balance of RM42 million will remain for venture capital investment purposes. The revision in the utilisation will assist the Group in meeting its additional working capital requirements.

**OSK Securities Berhad made a pretax profit of RM38.6 million on a revenue of RM161.0 million for FY2000, compared to RM53.2 million and RM130.5 million for FY1999 respectively.**



To develop a network of Pan Asian internet portals that provide e-stockbroking and related financial services, OSK entered into a joint-venture and a subscription and option agreement on 26 April 2000 with I.T. & e Limited (ITe), an e-commerce solutions provider listed on the Australian Stock Exchange. The 60%-owned joint venture called finexasia.com Sdn. Bhd. was incorporated.

In progress towards Universal Broker status, we completed two stockbroking acquisitions that were proposed towards the end of FY1999. Effective 19 June 2000, we acquired the stockbroking business of Premier Capital Securities Sdn. Bhd. (PCS) and made it a branch in Ipoh, and by 25 August 2000, our conditional voluntary general offer for TCL Premier Holdings Bhd. (TCL) had given us 95% of the KLSE Main Board-listed company. On 15 November 2000, we completed the compulsory acquisition of the remaining TCL shares to give us a presence in Melaka. OSK spent RM73.3 million cash for acquisition of PCS while TCL was acquired via a share swap of 125 million new OSK shares at RM2.80 per share.

To satisfy the criteria of having four stockbroking companies under a Universal Broker, on 10 October 2000, OSK entered into a conditional share sale agreement to acquire the entire paid-up capital of KE-ZAN Holdings Bhd. (KE-ZAN) for RM200 million cash. KE-ZAN has stockbroking operations in Penang.

Meanwhile, on 28 September 2000, OSK's subsidiary in Hong Kong, OSK Asia Corporation Limited (OSK Asia), gained a listing on the Main Board of the Stock Exchange of Hong Kong. This exercise raised HKD68.8 million and marked one of the rare successes of a Malaysian-owned company in the Hong Kong stockbroking scene. As a result, OSK's interest in OSK Asia was diluted to 53.2% from 67.2%.

*The Malaysian economy is projected to continue growing in 2001, albeit at a slower pace given the concerns of a slowdown in the US and Japan still struggling to right its economy.*

## Prospects For 2001

The Malaysian economy is projected to continue growing in 2001, albeit at a slower pace given the concerns of a slowdown in the United States and Japan still struggling to right its economy. With a risk that Malaysia's electronic exports will be dampened by these concerns

and the consolidation in the global technology arena, domestic consumption and investment together with government spending will have to take up the slack.



This time last year, when everything appeared so rosy, the KLSE ended up being ravished by the bear. Hence this year, when the aftermath of last year's bear market has dimmed prospects and wrought pessimism, perhaps the KLSE might surprise us on the upside. Key to this will be the United States, where a hard or soft landing will determine the fate of regional equity markets. The jury is still out, with the Dow Jones Industrial Average having consolidated sideways for almost two years now despite the collapse of NASDAQ.



Amidst the uncertainty, OSK's priority is to achieve Universal Broker status this year. Once we have consolidated four stockbroking operations under one roof, we will then be undertaking measures to reduce our fixed overheads to achieve the desired economies of scale that should come from any merger exercise. At the same time, as the quality and motivation of our people are just as crucial to our success, we are looking

towards an appropriate performance-based and profit-sharing remuneration system. Hopefully, we can transform OSK into a leaner and more flexible organisation, which we foresee as necessary for survival in an increasingly competitive and rapidly changing environment. In terms of business segments, we will continue to strengthen our advisory and asset management capabilities as commission rates in our traditional brokerage business come down. The Universal Broker status enables us to diversify into fee-based income, and our branch network will bring us closer to retail investors in Malaysia. Although we can also provide access to customers via our online trading system, it will be a few more years before internet trading in Malaysia becomes popular.

### Acknowledgement

A word of thanks to all clients of the OSK Group of companies – we hope we have served you well the past year, and will further improve our level of service to you this coming year. To the long term shareholders of OSK, although the market capitalisation of your stock has shrunk in line with the bear market of 2000, we have continued to maintain a generous dividend policy within the Company's means. We also appreciate the effort put in by the employees of OSK, and hope that everyone can adapt to the ongoing changes that OSK is implementing – in this “new economy”, the adage that “only the best and fittest will survive” has never been more true. We have incurred a heavy cost to merge with other stockbroking companies in pursuit of Universal Broker status, and this is testimony to our faith in the authorities, that they will provide the industry with clear guidelines and incentives to enable Universal Brokers to survive once financial services are liberalised in Malaysia.

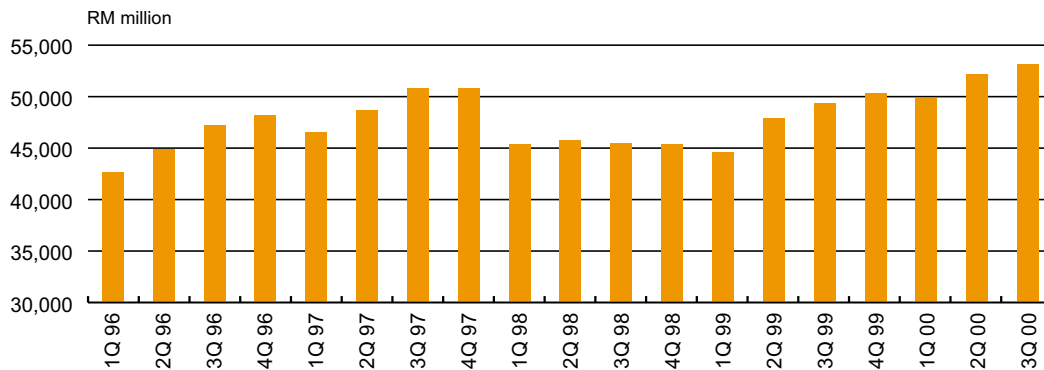
**Dato' Nik Mohamed Din Bin Datuk Nik Yusoff**  
*Executive Chairman*

12 March 2001

*In this “new economy”,  
the adage that  
“only the best  
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# The Malaysian Economy in 2000 And Outlook For 2001

## Malaysian Real GDP



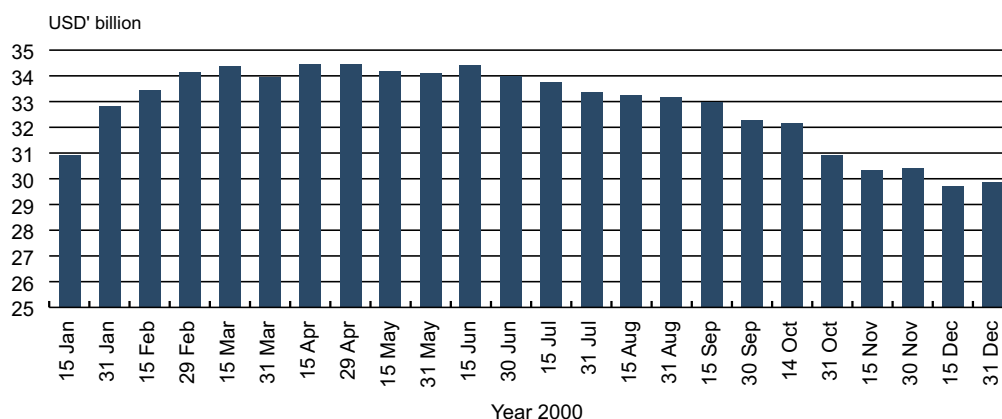
## Growth

Malaysia's real GDP growth is projected to slow down to 6% in 2001 after jumping 8.5% in 2000. In 2000, private consumption and investment took up the slack from the external sector, while the Government again spent more than budgeted to ensure a robust recovery. Private consumption growth was estimated at 15%, supported by higher disposable income, low interest rates, improving consumer confidence and pent-up demand following the crisis years. Meanwhile, private investment surged an estimated 27%, with the revival of investor confidence particularly in the export-oriented manufacturing sector. Investment applications to MIDA jumped 68% in the first seven months of 2000 and investments approved by MIDA over the same period rose 29% compared to the previous year. The Federal Government is estimating a total expenditure of RM81.5 billion in 2000 compared to an original budget of RM72.9 billion. Pulling down our headline growth figure was a lower current account surplus. For 2001, the Government has budgeted to increase total expenditure to RM85.7 billion, but is also banking on a sustained improvement in private consumption and investment to drive economic growth. In contrast, our current account surplus is projected to shrink further given the slowdown being experienced in the United States and the still struggling Japanese economy.

## External Developments

Our current account surplus is estimated to have shrunk from RM43 billion in 1999 to RM30 billion in 2000 or 10% of GNP, and this is projected by the Government to narrow further to RM25 billion or 8% of GNP in 2001. Although demand for our exports remained resilient in 2000, growing at an estimated 15% p.a., import growth accelerated to 25% p.a. on the back of intermediate and capital goods. Despite the still significant current account surplus, the huge outflow of short term capital during 2000 resulted in our foreign reserves stagnating compared to the end of 1999.

## Malaysian Foreign Reserves





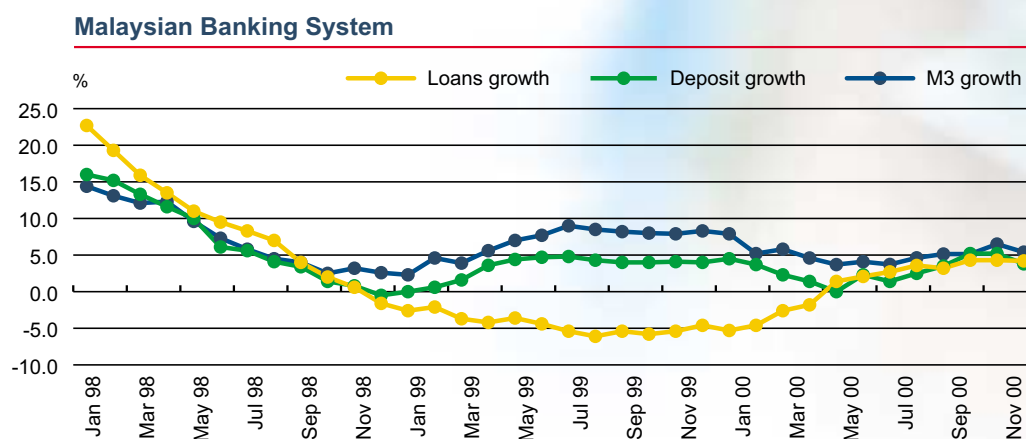
Export growth in 2001 will be more subdued based on the bearish projections for global semiconductor sales which constitute a high proportion of our exports. The Government has projected 9% growth, but because of the close correlation between our exports and imports, the latter is also forecast to decelerate to 11%, still outstripping export growth and causing our current account surplus to shrink further.

### Ringgit

The Ringgit peg at RM3.80 to the USD can be maintained as long as our foreign reserves can stay above USD25 billion. Despite the appreciation of the USD against regional currencies during 2000, demand for our exports remained resilient and the current account surplus generated at this exchange rate has been able to absorb the short term capital outflow witnessed in 2000. Although our foreign reserves have been gradually falling since second quarter 2000, it still stands at close to USD30 billion.

### Liquidity

Contrary to expectations of improving liquidity in 2000, money supply growth as depicted by M3 actually decelerated from 8% p.a. at the beginning of 2000 to 4% p.a. in the middle of the year. Although it started picking up to 6-7% p.a. by October 2000, it started losing steam again to end the year at about 5% p.a.. The reinstatement of Malaysia into Morgan Stanley Capital International (MSCI)'s indices in mid-2000 did not spur an inflow of portfolio capital, and instead, there was a huge outflow of short term capital. Despite the strong recovery in the real economy, loan and deposit growth remained subdued at around 4% p.a. which also contributed to poor M3 growth. Banks were partially detracted from their business strategies in their rush to complete their mergers before the end-2000 deadline. With real GDP growing at 6-8% p.a. and inflation still low at under 2% p.a., there was a shortfall of liquidity which was reflected in the drop in asset prices and transactions e.g. stocks and properties. For 2001, the completion of the bank mergers will enable them to refocus efforts on their business of lending, but this will be tempered by the cautious outlook for the global economy. Our current account surplus can provide some additional liquidity, since foreign portfolio investors are already so underweight in Malaysia that the outflow of short term capital should dwindle.



### Inflation

Inflation as measured by the CPI decelerated to 1.5% for the first eleven months of 2000, compared to 2.8% for the corresponding period in 1999. Stiffer competition kept a lid on prices in the face of a recovery in domestic demand. It was only in fourth quarter 2000 that the CPI accelerated to 1.9% p.a. following the raising of bus fares and retail price of petrol. The slower economic growth expected in 2001 should keep demand-push inflation at bay, but potential tariff revisions for utilities e.g. water and electricity, could lead to higher inflation.



# Stock Market Review 2000

2000 was a bad year for stocks all round the globe. Contrary to bullish expectations at the beginning of the year, regional markets ended the year with double-digit percentage losses. The Dow Jones ended its 11-year running streak, closing down 6% even as the NASDAQ bubble burst with a 39% decline. Other major markets like the UK's FTSE dropped 10% but Japan's Nikkei fell 27%. Regionally, Hong Kong's Hang Seng, Malaysia's KLCI and Singapore's STI did not fall as much with declines ranging from 11-19%. The other regional markets were hammered with sharper falls of 30-50%.

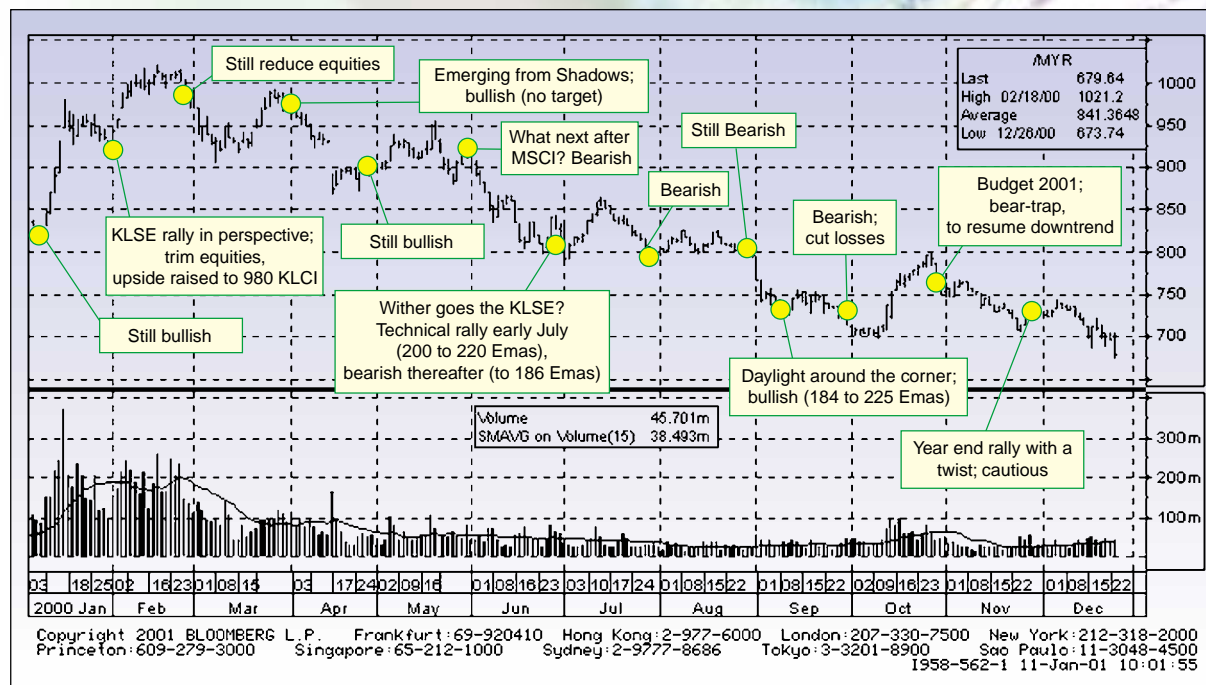
Key to this sell-off was the bursting of the NASDAQ bubble and other technology bubbles in more advanced regional economies like Japan. This led to concerns that US economic growth was set to slow down sharply, crimping her appetite for imports which had been spurring regional economic recovery. Emerging markets which had been dragging their feet over proper corporate restructuring would be dealt another blow, just as they were picking themselves up from the earlier crisis. Japan is a harbinger of what could happen to these countries, still struggling to keep herself from going back into recession. To top it off, political uncertainty plagued many of these countries, clouding government policy-making which was essential to guide corporate restructuring.

Hence, despite strong economic growth in 2000, the Thailand SET was almost back to its previous crisis low, while Korea's KOSPI and the Jakarta Composite were back down to their end-1998 levels. Hong Kong and Singapore, which are smaller, service-based economies and more adept at liberalisation, fared much better in terms of their benchmark indices.

The KLSE enjoyed a bullish first quarter, spilling over from 1999 on the back of the technology bubble, positive corporate earnings surprises, rising foreign reserves and in anticipation of our reinstatement by MSCI. The KLCI attained a peak of 1013 in February 2000, but thereafter it was a one-way journey down with one disappointment after another. In March the NASDAQ bubble started to deflate, in May the Time-Singtel deal was scrapped and the reinstatement by Morgan Stanley did not trigger any inflow of foreign funds; in July, CLOB shares were released into the market on a staggered basis, our foreign reserves began to fall and the NTT-Telekom deal fell through; in August, corporate results started to disappoint inflated expectations, followed by the 2001 Budget in October which failed to completely remove the exit levy. November saw another round of disappointing corporate results and UEM announced it will buy out Renong's assets. In December, MSCI adopted a free-float methodology to weight its indices which penalised the KLSE, and Tan Sri Halim Saad effectively delayed his put option to UEM on Renong by another year. As a result, the KLCI ended the year 16% down, and would have been worse-off if not for support from tightly held index heavyweight components. Quite a few second and third liners had already dropped back to their crisis lows.

The number of new companies listed on the KLSE increased to 38 in 2000 from 21 in 1999, encouraged by the bullish market conditions in the earlier part of the year. Almost 70% of the IPOs were for the Second Board. On the other hand, fund-raising on the KLSE dropped to about RM5.6 billion in 2000 from RM7.3 billion in 1999, discouraged by the bearish market conditions. Total number of shares traded also shrank 20% to 68.3 billion from 85.2 billion shares, but total value of shares traded actually improved 20% to RM222.3 billion from RM185.3 billion.

# OSK Research Monthly Guide Through the Ups and Downs of the KLSE Composite Index (KLCI)



Overseas	31/12/99	31/12/00	% Change
Dow Jones	11,497.1	10,786.8	(6)
NASDAQ	4,069.3	2,470.5	(39)
FTSE 100	6,930.2	6,222.5	(10)
Hang Seng	16,962.1	15,095.5	(11)
Nikkei	18,934.3	13,785.7	(27)
Taiwan Weighted	8,448.8	4,739.1	(44)
Korea KOSPI	1,028.1	504.6	(51)
Singapore STI	2,372.5	1,926.8	(19)
Bangkok SET	482.4	269.2	(44)
Manila Composite	2,143.0	1,494.5	(30)
Jakarta Composite	676.9	416.3	(38)
KLSE Composite	812.3	679.6	(16)

# Sectoral Performance

The Kuala Lumpur Composite Index (KLCI) closed the year with a loss of 16% from the end of 1999. The broader-based Emas Index fared even worse with a 23% decline, with second and third liners severely bashed down in contrast to selected KLCI heavyweights which were better supported. In the absence of liquidity, the Second Board Index fell by the widest margin of 26%.

By sub-indices, worst hit was the Property sector which was plagued by the overhang in commercial, hotel and retail space. The bearish stock market during the year also affected confidence and resulted in lower property transactions. Closely tied to the Property sector was the Finance sector, where fears of higher non-performing loans, weak loan growth and preoccupation with mergers caused share prices to fall back. The Plantation sector in turn was adversely affected by the collapse of crude palm oil prices.

Half of the top gainers had such fantastic run-ups on the technology bubble in the first quarter 2000, that the subsequent deflation in their share prices did not prevent them from outperforming over the year as a whole. Some of them were also spiced up by changes in controlling shareholders.

The top losers again consisted mostly of companies facing financial problems, some of which had been "played up" in 1999 amidst bullish market conditions. They also tended to be exposed to the timber and property sectors, both of which have not fared well during 2000.

KLSE	31/12/99	31/12/00	% Change
Composite	812.33	679.64	(16)
Emas	206.39	159.77	(23)
Industrial	1,389.44	1,217.28	(12)
Finance	6,446.80	5,070.60	(21)
Property	1,026.68	632.54	(38)
Mining	235.14	193.38	(18)
Plantation	1,677.09	1,361.60	(19)
Second Board	180.57	132.98	(26)
Avg. daily value (RM'm)	726.00	910.28	25
Avg. daily volume (m)	332.50	279.84	(16)

## BIGGEST GAINERS

Stock Name	% Change	Price (RM)
MOL.com Bhd	262	4.38
Formis (M) Bhd	203	2.88
Bintai Kinden Corporation Bhd	165	5.47
Nexnews.com Bhd	102	4.14
SCB Developments Bhd	95	4.68
Palmco Holdings Bhd	87	3.18
Loh & Loh Corporation Bhd	76	3.22
Sapura Telecommunications Bhd	47	3.28
Hume Cemboard Bhd	46	2.71
Uniphone Telecommunications Bhd	46	1.99

## BIGGEST LOSERS

Stock Name	% Change	Price (RM)
Aokam Perdana Bhd	(84)	1.610
Pan Pacific Asia Bhd	(84)	0.310
MBf Capital Bhd	(81)	0.185
Innovest Bhd	(78)	0.165
Avenue Assets Bhd	(77)	0.810
Land & General Bhd	(76)	0.400
Petaling Tin Bhd	(74)	0.570
Wembley Industries Bhd	(72)	0.230
Kejora Harta Bhd	(71)	0.730
Datuk Keramat Holdings Bhd	(71)	0.610



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# Directors' Report

For the financial year ended 31 December 2000

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 2000.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiary and associated companies are described in Note 36 to the accounts.

There have been no significant changes in the nature of these activities during the financial year other than the incorporation or acquisition of new subsidiary companies as disclosed.

## CHANGE OF NAME

On 8 January 2001, the Company changed its name from O.S.K. Holdings Berhad to OSK Holdings Berhad.

## FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit after taxation	41,856,419	26,005,264
Minority interests	(8,698,898)	-
Profit for the year	33,157,521	26,005,264
Retained profits brought forward	307,315,430	255,936,750
Profits available for appropriation	340,472,951	281,942,014
Dividends	(48,597,447)	(48,597,447)
Retained profits carried forward	291,875,504	233,344,567

## DIVIDENDS

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

- A final tax exempt dividend of 10 sen per share amounting to RM41,177,142 in respect of the financial year ended 31 December 1999 was paid on 5 June 2000 as dealt with in the Directors' Report of that financial year.
- An interim dividend of 7.5 sen per share less 28% income tax amounting to RM28,678,272 in respect of the financial year ended 31 December 2000 was paid on 10 October 2000.
- The directors recommend the payment of a final dividend of 5 sen per share less 28% income tax amounting to RM19,311,224 for the financial year ended 31 December 2000.

## RESERVES AND PROVISIONS

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

## 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 had been written off and 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.

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 as 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 or 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 34 to the accounts.

## SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 35 to the accounts.

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS implemented by the Company on 17 November 1995 for a period of five (5) years expired on 16 November 2000. The number of unexercised options on the expiry date was 13,023,071.

## ISSUE OF SHARES

During the financial year, the Company issued the following:-

- a) 101,419,930 ordinary shares of RM1 each as bonus issue on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held;
- b) 129,333 ordinary shares of RM1 each at RM1.47 per share and 167 ordinary shares of RM1 each at RM2.80 per share pursuant to the exercise of 129,333 Warrant A 1994/2004 and 167 Warrant B 2000/2005 respectively, in accordance with the terms as stated in Note 18 to the accounts;
- c) 3,170,533 ordinary shares of RM1 each at RM2.80 per share pursuant to the conversion of RM3,170,533 nominal value of the 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 in accordance with the terms as stated in Note 19 to the accounts;
- d) 4,378,935 ordinary shares of RM1 each arising from the exercise of share options pursuant to the ESOS at option prices ranging from RM1.00 to RM3.48 per share; and
- e) 124,994,997 new ordinary shares of RM1 each at an issue price of RM2.80 per share to shareholders of TCL Premier Holdings Berhad ("TCL"), on the basis of five (5) new shares in the Company for every four (4) existing TCL shares, pursuant to the Conditional Voluntary Offer as stated in Note 34 (ix) to the accounts.

The new shares issued pursuant to the above exercises rank pari passu in all respects with the then existing ordinary shares in issue other than non-entitlement to any dividends that were declared on an entitled basis at the times of issue.

## SHARE BUY-BACK

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own shares. The directors are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan is to the best interests of the Company and its shareholders.

In December 2000, the Company repurchased 1,943,000 of its issued share capital from the open market at a total cost of RM3,477,054. The highest, lowest and average price paid for the shares repurchased were RM1.85, RM1.68 and RM1.79 per share respectively. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares, in accordance with the requirement of Section 67A of the Companies Act, 1965.

## ISSUE OF DEBENTURES

### a) 3.5% Redeemable Unsecured Bonds 2000/2005 ("RUB")

On 2 March 2000, the Company made a rights issue of RM101,423,995 nominal value of 3.5% RUB at 100% nominal value and RM101,423,995 nominal value of 6% ICULS at 100% nominal value together with 101,423,995 detachable Warrant B 2000/2005 on the basis of RM1 nominal value of 3.5% RUB and RM1 nominal value of 6% ICULS with one (1) Warrant B 2000/2005 for every three (3) existing ordinary shares of RM1 each held prior to the Bonus Issue as mentioned in Note 34(i) to the accounts. The 3.5% RUB are constituted under a Trust Deed dated 6 January 2000.

### b) 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

On 2 March 2000, RM101,423,995 nominal value of 6% ICULS were issued together with the 3.5% RUB and Warrant B 2000/2005 as an integral part of the rights issue as mentioned in Note 19 and Note 34(iii) to the accounts. Each 6% ICULS is convertible into one (1) new ordinary share of RM1 at any time on or before 1 March 2005 at the conversion price of RM2.80 per share payable by any combination of 6% ICULS and cash. The 6% ICULS are constituted under a Trust Deed dated 6 January 2000.

## OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

### a) Warrant A 1994/2004

Pursuant to a circular dated 22 December 1998, options granted by way of a detachable Warrant A with the issue of 7% RUB on 23 March 1994 were extended by an additional period of 5 years expiring on 22 March 2004.

Statutory information concerning the Warrant A 1994/2004 is set out below:-

- i) Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1 each in the Company at a price of RM1.47 per share;
- ii) The Warrant A 1994/2004 may be exercised at any time during normal business hours up to 5.00 pm on 22 March 2004;
- iii) Full provisions regarding the transferability of Warrant A 1994/2004 to new ordinary shares, which will thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Kuala Lumpur Stock Exchange ("KLSE") and other terms and conditions pertaining to the Warrant A 1994/2004 are set out in detail in a Deed Poll executed by the Company on 19 January 1994 and two Supplementary Deed Polls dated 3 April 1997 and 9 February 1999, which are available for inspection at the registered office of the Company;

## OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES (Cont'd)

- iv) 129,333 Warrant A 1994/2004 were converted into ordinary shares during the financial year; and
  - v) The number of Warrant A 1994/2004 outstanding at the end of financial year was 102,568,997.
- b) Warrant B 2000/2005  
Pursuant to an abridged prospectus dated 7 January 2000, options were granted by way of a detachable Warrant B 2000/2005 with the issue of 3.5% RUB and 6% ICULS on 2 March 2000.

Statutory information concerning the Warrant B 2000/2005 is set out below:-

- i) Each warrant entitles the holder to subscribe for one (1) new ordinary share of RM1 each in the Company at a price of RM2.80 per share;
- ii) The Warrant B 2000/2005 may be exercised at any time during normal business hours up to 5.00 pm on 1 March 2005;
- iii) Full provisions regarding the transferability of Warrant B 2000/2005 to new ordinary shares, which will thereafter rank pari passu with the existing ordinary shares of the Company, adjustment of the Exercise Price in certain circumstances, quotation on Kuala Lumpur Stock Exchange ("KLSE") and other terms and conditions pertaining to the Warrant B 2000/2005 are set out in detail in a Deed Poll executed by the Company on 6 January 2000, which is available for inspection at the registered office of the Company;
- iv) 167 Warrant B 2000/2005 were converted into ordinary shares during the financial year; and
- v) The number of Warrant B 2000/2005 outstanding at the end of financial year was 101,423,828.

There were no options granted over unissued debentures as at the end of the financial year.

## DIRECTORS IN OFFICE

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

Dato' Nik Mohamed Din Bin Datuk Nik Yusoff  
Ong Leong Huat @ Wong Joo Hwa  
Dato' Nik Mohamed Bin Nik Yahya  
Wong Chong Kim  
Gan Neap Kai  
Chin Cheng Mei  
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 Din Bin Datuk Nik Yusoff, Mr. Wong Chong Kim and Mr. Loh Siew Cheang retire from the Board at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS

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, option and debentures of the Company and its related corporations during the financial year were as follows:-

OSK Holdings Berhad	Number of ordinary shares of RM1.00 each			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
<b>Direct interest</b>				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	10,790,431	3,896,810	-	14,687,241
Ong Leong Huat @ Wong Joo Hwa	88,073,750	35,119,916	-	123,193,666
Dato' Nik Mohamed Bin Nik Yahya	3,568,000	1,208,782	(265,000)	4,511,782
Wong Chong Kim	13,000,000	4,333,333	-	17,333,333
Chin Cheng Mei	7,801,500	2,600,499	-	10,401,999
Wong Chong Che	6,500,000	2,166,666	-	8,666,666
Loy Tuan Bee	30,000	10,000	-	40,000
<b>Indirect interest</b>				
Ong Leong Huat @ Wong Joo Hwa	1,185,000	395,000	-	1,580,000

	Options over ordinary shares of RM1.00 each				
	As at 1.1.2000	Granted	Exercised	Expired	As at 31.12.2000
Direct interest					
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	400,000	50,000	(200,000)	(250,000)	-
Ong Leong Huat @ Wong Joo Hwa	666,666	-	-	(666,666)	-
Dato' Nik Mohamed Bin Nik Yahya	133,333	-	-	(133,333)	-
Wong Chong Kim	666,666	-	-	(666,666)	-
Gan Neap Kai	533,333	-	-	(533,333)	-
Chin Cheng Mei	666,666	-	-	(666,666)	-
Wong Chong Che	120,000	-	-	(120,000)	-

The options over ordinary shares of the Company were granted pursuant to the Company's Employees Share Option Scheme. The options expired on 16 November 2000.

## DIRECTORS' INTERESTS (Cont'd)

	Number of Warrant A 1994/2004			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
Direct interest				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	354,026	118,008	-	472,034
Ong Leong Huat @ Wong Joo Hwa	29,706,270	9,902,090	-	39,608,360
Dato' Nik Mohamed Bin Nik Yahya	116,939	38,979	-	155,918
Chin Cheng Mei	2,198,480	732,826	(40,000)	2,891,306
Indirect interest				
Ong Leong Huat @ Wong Joo Hwa	169,158	56,386	-	225,544

Each Warrant A 1994/2004 entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM1.47 per share, at any time before the expiry date of 22 March 2004.

	Number of Warrant B 2000/2005			As at 31.12.2000
	As at 1.1.2000	Addition	Disposal	
Direct interest				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	-	3,596,810	-	3,596,810
Ong Leong Huat @ Wong Joo Hwa	-	35,191,249	-	35,191,249
Dato' Nik Mohamed Bin Nik Yahya	-	1,208,782	(70,000)	1,138,782
Chin Cheng Mei	-	2,600,499	(896,000)	1,704,499
Wong Chong Che	-	666,666	-	666,666
Loy Tuan Bee	-	10,000	-	10,000

Each Warrant B 2000/2005 entitles the registered holder to subscribe for one (1) new ordinary share in the Company at an exercise price of RM2.80 per share, at any time before the expiry date of 2 March 2005.

	Number of 6% ICULS 2000/2005			As at 31.12.2000
	As at 1.1.2000	Addition	Disposal	
Direct interest				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	-	3,596,810	-	3,596,810
Ong Leong Huat @ Wong Joo Hwa	-	35,191,249	-	35,191,249
Dato' Nik Mohamed Bin Nik Yahya	-	1,208,782	-	1,208,782
Chin Cheng Mei	-	2,600,499	-	2,600,499
Wong Chong Che	-	666,666	-	666,666
Loy Tuan Bee	-	10,000	-	10,000

Each 6% Irredeemable Convertible Unsecured Loan Stocks ("ICULS") entitles the registered holder to convert it into one (1) new ordinary share in the Company at an exercise price of RM2.80 per ICULS, at any time before the expiry date of 2 March 2005.

## DIRECTORS' INTERESTS (Cont'd)

	Number of 3.5% Redeemable Unsecured Bonds 2000/2005			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
<b>Direct interest</b>				
Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	-	3,596,810	(3,596,810)	-
Ong Leong Huat @ Wong Joo Hwa	-	35,191,249	(35,191,249)	-
Dato' Nik Mohamed Bin Nik Yahya	-	1,208,782	(1,208,782)	-
Chin Cheng Mei	-	2,600,499	(2,600,499)	-
Wong Chong Che	-	666,666	(666,666)	-
Loy Tuan Bee	-	10,000	-	10,000

	Number of ordinary shares of HK\$0.10 each			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
<b>OSK Asia Corporation Limited</b>				
<b>Direct interest</b>				
Ong Leong Huat @ Wong Joo Hwa	-	3,690,000	-	3,690,000

	Options over ordinary shares of HK\$0.10 each			
	As at 1.1.2000	Granted	Exercised	As at 31.12.2000
<b>Direct interest</b>				
Ong Leong Huat @ Wong Joo Hwa	-	1,875,000	-	1,875,000
Wong Chong Kim	-	1,875,000	-	1,875,000
Gan Neap Kai	-	1,875,000	-	1,875,000

The options over ordinary shares of OSK Asia Corporation Limited ("OSKAC") were granted pursuant to OSKAC's Pre-IPO Share Option Scheme at a subscription price of HK\$0.50 per share in accordance with the forms as stipulated in the prospectus dated 19 September 2000. The options will expire on 31 December 2002.

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. The particulars of his deemed interest in the subsidiaries, except wholly-owned subsidiaries, are as follows:-

	Number of ordinary shares of RM1.00 each			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
OSK-UOB Unit Trust Management Berhad	7,000,000	-	-	7,000,000
OSK Properties Sdn. Bhd. (formerly known as O.S.K. Properties Sdn. Bhd.)	32,000,000	-	-	32,000,000
finexasia.com Sdn. Bhd.	-	6,000,000	-	6,000,000



## DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares of HK\$1.00 each			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
OSK Asia Holdings Limited	132,754,618	-	(132,754,618)	-

	Number of ordinary shares of HK\$0.10 each			
	As at 1.1.2000	Addition	Disposal	As at 31.12.2000
OSK Asia Corporation Limited	-	319,443,618	-	319,443,618

Other than the above, none of the directors in office at the end of the financial year had any interest in the shares in the Company or its related corporations during and as at the end of the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or has become entitled to receive any benefit, other than those as 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 implemented by the Company which had expired on 16 November 2000.

## 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

WONG CHONG KIM

Kuala Lumpur  
27 February 2001

# Balance Sheets

As at 31 December 2000

	Note	GROUP		COMPANY	
		2000 RM	1999 RM	2000 RM	1999 RM
FIXED ASSETS	2	202,594,090	174,616,991	-	-
SUBSIDIARY COMPANIES	3	-	-	1,246,169,055	736,653,316
ASSOCIATED COMPANY	4	1,312,647	981,247	1,200,000	1,200,000
INVESTMENTS	5	21,735,067	5,692,208	-	-
LAND AND DEVELOPMENT EXPENDITURE	6	142,688,895	135,201,290	-	-
DEVELOPMENT COST		2,998,864	-	-	-
DEFERRED EXPENDITURE	7	1,876,960	2,169,058	1,000,000	1,000,000
INTANGIBLE ASSETS	8	197,400,117	-	-	-
<b>CURRENT ASSETS</b>					
Land and development expenditure	6	17,658,955	2,856,288	-	-
Marketable securities	9	34,412,365	18,724,830	-	-
Trade debtors	10	497,348,542	486,966,663	-	-
Other debtors, deposits and prepayments	11	45,453,129	51,399,410	11,368,595	-
Cash, bank balances and deposits	12	567,928,412	354,075,894	13,809	274,360
		1,162,801,403	914,023,085	11,382,404	274,360
Less:-					
<b>CURRENT LIABILITIES</b>					
Trade creditors	13	220,475,266	301,655,891	-	-
Other creditors, deposits and accruals		44,726,788	44,020,967	3,379,057	247,440
Bank overdrafts	14	6,901,084	4,276,145	-	-
Provision for taxation		14,738,367	884,521	-	-
Proposed dividends		19,311,224	40,569,191	19,311,224	40,569,191
		306,152,729	391,406,715	22,690,281	40,816,631
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		856,648,674	522,616,370	(11,307,877)	(40,542,271)
		1,427,255,314	841,277,164	1,237,061,178	698,311,045
<b>CAPITAL AND RESERVES</b>					
Share capital	15	538,365,880	304,271,985	538,365,880	304,271,985
Reserves	16	584,287,699	467,997,296	502,494,895	394,039,060
Less: Treasury shares	17	(3,477,054)	-	(3,477,054)	-
<b>SHAREHOLDERS' FUNDS</b>	17	1,119,176,525	772,269,281	1,037,383,721	698,311,045
MINORITY INTERESTS		106,125,025	67,225,283	-	-
3.5% REDEEMABLE					
UNSECURED BONDS 2000/2005	18	101,423,995	-	101,423,995	-
6% IRREDEEMABLE CONVERTIBLE					
UNSECURED LOAN STOCKS 2000/2005	19	98,253,462	-	98,253,462	-
DEFERRED TAXATION	20	2,276,307	1,782,600	-	-
		1,427,255,314	841,277,164	1,237,061,178	698,311,045

The accompanying notes form an integral part of these accounts.

# Profit And Loss Account

For the financial year ended 31 December 2000

	Note	GROUP		COMPANY	
		2000 RM	1999 RM	2000 RM	1999 RM
Turnover	1(m)	337,492,154	221,561,519	44,543,031	56,425,628
Cost of sales		(121,723,214)	(63,833,372)	-	-
Gross profit		215,768,940	157,728,147	44,543,031	56,425,628
Other operating income		22,403,207	24,701,144	208	121
Administrative costs		(51,068,541)	(25,677,272)	(1,329,969)	(1,530,659)
Amortisation and depreciation		(12,388,405)	(9,286,254)	-	-
Staff costs		(53,450,931)	(35,106,545)	(90,000)	(45,000)
Other operating expenses		(42,920,295)	(6,642,959)	-	-
Profit from operations		78,343,975	105,716,261	43,123,270	54,850,090
Finance costs		(11,905,145)	(2,496,979)	(7,966,006)	(861,329)
Exceptional item	21	(5,233,483)	-	-	-
Share of profit of associated company		451,099	174,342	-	-
<b>Profit before taxation</b>	22	61,656,446	103,393,624	35,157,264	53,988,761
Taxation	23	(19,800,027)	(527,888)	(9,152,000)	9,947
<b>Profit after taxation</b>		41,856,419	102,865,736	26,005,264	53,998,708
Minority interests		(8,698,898)	(6,298,847)	-	-
Profit for the year		33,157,521	96,566,889	26,005,264	53,998,708
Earnings per share (sen)	24				
Basic		7.34	23.97		
Fully diluted		5.92	22.37		
Dividend per share (sen)	25				
Interim		7.50	5.00		
Final		5.00	10.00		

The accompanying notes form an integral part of these accounts.

# Statement Of Changes In Equity

For the financial year ended 31 December 2000

## GROUP

	Share capital ( Note 15 ) RM	Share premium ( Note 16 ) RM	Exchange fluctuation reserve ( Note 16 ) RM	Reserve on consolidation ( Note 16 ) RM	Retained profits ( Note 16 ) RM	Treasury shares ( Note 17 ) RM	Total RM
At 1 January 1999	298,324,607	133,516,402	15,779,663	6,027,997	262,307,082	-	715,955,751
Currency translation differences	-	-	809,907	-	-	-	809,907
Goodwill on consolidation written off	-	-	-	(38,011)	-	-	(38,011)
	298,324,607	133,516,402	16,589,570	5,989,986	262,307,082	-	716,727,647
Profit for the year	-	-	-	-	96,566,889	-	96,566,889
Dividends (Note 25)	-	-	-	-	(51,558,541)	-	(51,558,541)
Increase during the year	5,947,378	5,460,669	-	-	-	-	11,408,047
Capitalised for bonus issue	-	(571,574)	-	-	-	-	(571,574)
Share issue expenses	-	(303,187)	-	-	-	-	(303,187)
At 31 December 1999/ 1 January 2000	304,271,985	138,102,310	16,589,570	5,989,986	307,315,430	-	772,269,281
Currency translation differences	-	-	715,412	-	-	-	715,412
Goodwill on consolidation written off	-	-	-	(33,101)	-	-	(33,101)
	304,271,985	138,102,310	17,304,982	5,956,885	307,315,430	-	772,951,592
Profit for the year	-	-	-	-	33,157,521	-	33,157,521
Dividends (Note 25)	-	-	-	-	(48,597,447)	-	(48,597,447)
Increase during the year	234,093,895	234,356,023	-	-	-	-	468,449,918
Shares repurchased	-	-	-	-	-	(3,477,054)	(3,477,054)
Capitalised for bonus issue	-	(101,419,930)	-	-	-	-	(101,419,930)
Share issue expenses	-	(1,888,075)	-	-	-	-	(1,888,075)
At 31 December 2000	538,365,880	269,150,328	17,304,982	5,956,885	291,875,504	(3,477,054)	1,119,176,525
Total equity at 31 December 2000 is analysed as follows:-							
Non-distributable	538,365,880	269,150,328	17,304,982	5,956,885	-	(3,477,054)	827,301,021
Distributable	-	-	-	-	291,875,504	-	291,875,504
	538,365,880	269,150,328	17,304,982	5,956,885	291,875,504	(3,477,054)	1,119,176,525

The accompanying notes form an integral part of these accounts.

COMPANY	Share capital ( Note 15 ) RM	Share premium ( Note 16 ) RM	Retained profits ( Note 16 ) RM	Treasury shares ( Note 17 ) RM	Total RM
At 1 January 1999	298,324,607	133,516,402	253,496,583	-	685,337,592
Profit for the year	-	-	53,998,708	-	53,998,708
Dividends (Note 25)	-	-	(51,558,541)	-	(51,558,541)
Increase during the year	5,947,378	5,460,669	-	-	11,408,047
Capitalised for bonus issue	-	(571,574)	-	-	(571,574)
Share issue expenses	-	(303,187)	-	-	(303,187)
At 31 December 1999/ 1 January 2000	304,271,985	138,102,310	255,936,750	-	698,311,045
Profit for the year	-	-	26,005,264	-	26,005,264
Dividends (Note 25)	-	-	(48,597,447)	-	(48,597,447)
Increase during the year	234,093,895	234,356,023	-	-	468,449,918
Shares repurchased	-	-	-	(3,477,054)	(3,477,054)
Capitalised for bonus issue	-	(101,419,930)	-	-	(101,419,930)
Share issue expenses	-	(1,888,075)	-	-	(1,888,075)
At 31 December 2000	538,365,880	269,150,328	233,344,567	(3,477,054)	1,037,383,721
Total equity at 31 December 2000 is analysed as follows:-					
Non-distributable	538,365,880	269,150,328	-	(3,477,054)	804,039,154
Distributable	-	-	233,344,567	-	233,344,567
	538,365,880	269,150,328	233,344,567	(3,477,054)	1,037,383,721

The accompanying notes form an integral part of these accounts.

# Consolidated Cash Flow Statement

For the financial year ended 31 December 2000

	Note	2000 RM	1999 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before taxation and exceptional item</b>		66,889,929	103,393,624
Adjustments for:-			
Exceptional items	21	(5,233,483)	-
Share of profit of associated company		(451,099)	(174,342)
Depreciation of fixed assets		9,122,334	9,286,254
Amortisation of purchased goodwill		1,397,490	-
Amortisation of trading right		40,459	-
Amortisation of goodwill on consolidation		1,828,122	-
Loss/(Gain) on disposal of fixed assets		162,685	(27,607)
Fixed assets written off		945,099	16,455
Gain on disposal of quoted securities		(16,588,599)	(825,340)
Net gain derived from hedging activities in equity and futures markets		(155,365)	(978,069)
Provision for bad and doubtful debts		39,168,105	21,997,345
Bad debts written off		382,588	3,476,141
Provision for diminution in value of marketable securities		15,280,334	61,359
Gross dividend received from quoted securities		(89,589)	(118,483)
Interest expenses		8,985,896	1,089,167
Interest income		(49,480,820)	(41,098,744)
Exchange difference		1,056,278	329,231
<b>Operating profit before working capital changes</b>		73,260,364	96,426,991
Increase in marketable securities		(30,967,869)	(16,829,376)
Decrease/(Increase) in trade and other receivables		48,265,820	(263,962,688)
(Decrease)/Increase in trade and other payables		(104,784,139)	182,099,047
Land and development expenditure		(14,802,667)	(2,856,288)
<b>Cash used in operations</b>		(29,028,491)	(5,122,314)
Income tax paid		(6,958,058)	(5,728,726)
Dividends paid		(69,855,414)	(21,729,036)
Interest paid		(8,985,896)	(1,089,167)
Interest received		49,480,820	41,098,744
<b>Net cash (used in)/generated from operating activities</b>		(65,347,039)	7,429,501

The accompanying notes form an integral part of these accounts.

	Note	2000 RM	1999 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Deposit paid for proposed acquisition	11	(10,000,000)	(7,250,000)
Purchase of fixed assets		(17,166,002)	(13,106,020)
Proceeds from disposal of fixed assets		97,847	6,774,246
Purchase of trading right		(483,795)	-
Purchase of other investments		(16,042,859)	(1,250,000)
Purchase of securities in equity and futures markets		(36,733,772)	(162,755,984)
Proceeds from disposal of securities in equity and futures markets		53,477,736	164,559,393
Dividend received		89,589	118,483
Payment for development cost		(2,998,864)	-
Deferred expenditure		292,098	(16,197)
Land and development expenditure		(7,487,605)	(10,767,595)
Consideration paid for the acquisition of stockbroking business	27	(66,020,076)	-
Net cash inflow from acquisition of subsidiaries	27	138,358,807	-
Acquisition of additional shares in subsidiary	26	-	(2,470,000)
<b>Net cash generated from/(used in) investing activities</b>		<b>35,383,104</b>	<b>(26,163,674)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of shares		17,043,995	10,836,473
Share issue expenses		(8,024,577)	(303,187)
Proceeds from issuance of ICULS		101,423,995	-
Proceeds from issuance of RUB		101,423,995	-
Proceeds from issuance of shares to minority shareholders in subsidiaries		36,304,246	-
Purchase of own shares		(3,477,054)	-
Redemption of ICULS		(3,170,533)	(2,058,092)
Redemption of 7% RUB at maturity	15	-	(54,008,450)
<b>Net cash generated from/(used in) financing activities</b>		<b>241,524,067</b>	<b>(45,533,256)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>211,560,132</b>	<b>(64,267,429)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>			
As previously reported		349,799,749	413,226,329
Effect of exchange rate changes		(332,553)	840,849
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	28	<b>561,027,328</b>	<b>349,799,749</b>

The accompanying notes form an integral part of these accounts.



# Notes To The Accounts

For the financial year ended 31 December 2000

## 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 2000. 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. Long term leasehold land is land held on long term lease being a lease with an unexpired period of fifty (50) years or more.

Depreciation of other fixed assets is calculated on a straight line basis to write off the cost of each asset 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 (40 - 99 years)
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 financial year. The translation differences arising therefrom are taken to Exchange Fluctuation Reserve.

### **(g) Investments**

#### **Short term investments**

- (i) Quoted securities are stated at the lower of cost and market value;
- (ii) Unquoted investments are stated at cost less any impairment in value;
- (iii) Managers' stocks represent units held by subsidiary companies in unit trust funds and are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. Market value of the trust units is based on the underlying value of the respective trust funds.

#### **Long term investments**

Investments are stated at cost. 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.

### **(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) Deferred expenditure**

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

Preliminary and pre-operating expenses are written off when they are incurred.

### **(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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Land and related development at the date of acquisition of a subsidiary company expenditure is 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.

### (k) 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 Kuala Lumpur Stock Exchange, where applicable.

### (l) Intangible assets

#### (i) Purchased goodwill

This represents the excess of the purchase price over the fair value of the attributable net assets of the business acquired. Purchased goodwill is amortised over a period of twenty five (25) years from the commencement date of the business operation.

#### (ii) Trading rights

The cost of trading rights in the Stock Exchange of Hong Kong Limited and Hong Kong Futures Exchange Limited are capitalised and amortised over a period of ten (10) years.

#### (iii) Goodwill on consolidation

This represents the difference between the consideration paid for the investments in subsidiary companies and the fair value of the attributable net assets acquired. Goodwill on consolidation is amortised over a period of twenty five (25) years.

### (m) 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.

### (n) 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.

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Revenue recognition (Cont'd)

Revenue from development properties 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. Anticipated losses are recognised immediately in the profit and loss account.

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

Income on sale of trust units is recognised upon allotment of units.

### (o) Development cost

Development cost is capitalised and amortised on a straight line basis over a period of seven (7) years upon commencement of commercial operation where future economic benefits from development activities are probable and measurable.

### (p) Cash and cash equivalents

These comprise cash in hand and at banks including trust accounts, short term deposits less bank overdrafts. Trust accounts are maintained with bank in accordance with the rules of the relevant authorities.

## 2. FIXED ASSETS - GROUP

	As at 1.1.2000 RM	Additions RM	Acquisition of subsidiary companies RM	Acquisition of a stockbroking business RM	Disposals RM	Written off	Exchange differences RM	As at 31.12.2000 RM
<b>At cost</b>								
Freehold land	87,324,208	-	-	1,500,000	-	-	-	88,824,208
Freehold buildings	71,049,980	1,126,157	262,846	6,798,440	-	-	-	79,237,423
Leasehold improvements	2,428,277	3,257,347	305,246	-	(2,192,644)	-	(8,720)	3,789,506
Long term leasehold land and building	786,967	30,300	2,911,018	-	-	(6,000)	-	3,722,285
Short term leasehold land and building	2,582,760	44,420	-	-	-	-	-	2,627,180
Plant and machinery	19,168,960	355,900	-	1,201,560	-	-	-	20,726,420
Motor vehicles	6,019,844	947,955	2,241,484	904,426	(118,512)	-	(1,329)	9,993,868
Office equipment	24,829,983	7,621,587	8,936,461	1,573,523	(519,574)	(4,780,271)	(14,705)	37,647,004
Furniture and fittings	6,851,713	1,706,631	720,481	1,396,505	(815,199)	(835,261)	(3,257)	9,021,613
Renovations	3,734,671	2,075,705	-	3,173	-	(30,860)	-	5,782,689
	224,777,363	17,166,002	15,377,536	13,377,627	(3,645,929)	(5,652,392)	(28,011)	261,372,196

## 2. FIXED ASSETS - GROUP (Cont'd)

	As at 1.1.2000 RM	Charge for the year RM	Acquisition of subsidiary companies RM	Acquisition of a stockbroking business RM	Disposals RM	Written off	Exchange differences RM	As at 31.12.2000 RM
<b>Accumulated depreciation</b>								
Freehold buildings	7,341,074	1,524,580	10,523	-	-	-	-	8,876,177
Leasehold improvements	2,150,352	473,287	204,734	-	(2,128,286)	-	(8,259)	691,828
Long term leasehold land and building	46,844	27,926	451,943	-	-	(647)	-	526,066
Short term leasehold land and building	129,138	65,679	-	-	-	-	-	194,817
Plant and machinery	19,081,160	260,753	-	-	-	-	-	19,341,913
Motor vehicles	3,213,837	1,060,492	1,474,267	-	(27,441)	-	(757)	5,720,398
Office equipment	14,909,080	4,287,609	4,890,530	-	(512,737)	(4,253,171)	(8,138)	19,313,173
Furniture and fittings	2,883,423	843,855	576,097	-	(716,933)	(441,171)	(2,850)	3,142,421
Renovations	405,464	578,153	-	-	-	(12,304)	-	971,313
	50,160,372	9,122,334	7,608,094	-	(3,385,397)	(4,707,293)	(20,004)	58,778,106

	Net book value As at 31.12.2000 RM	As at 31.12.1999 RM	Depreciation charge 1999 RM
Freehold land	88,824,208	87,324,208	-
Freehold buildings	70,361,246	63,708,906	1,420,985
Leasehold improvements	3,097,678	277,925	253,456
Long term leasehold land and building	3,196,219	740,123	9,368
Short term leasehold land and building	2,432,363	2,453,622	64,569
Plant and machinery	1,384,507	87,800	2,572,314
Motor vehicles	4,273,470	2,806,007	919,285
Office equipment	18,333,831	9,920,903	2,979,717
Furniture and fittings	5,879,192	3,968,290	693,093
Renovations	4,811,376	3,329,207	373,467
	202,594,090	174,616,991	9,286,254

Included in the net book value of the fixed assets is an amount of RM12,788,667 (1999: Nil) which was acquired by a subsidiary company, OSK Securities Berhad, resulting from the completion of the acquisition of the entire stockbroking business of Premier Capital Securities Sdn. Bhd. [Note 34 (viii)].

Fully depreciated assets at a total cost of RM25,638,575 (1999: RM25,988,784) are still in use.

Depreciation charges of the Group amounting to RM135,918 (1999: Nil) has been capitalised to development cost.

### 3. SUBSIDIARY COMPANIES

	COMPANY	
	2000 RM	1999 RM
At cost:-		
Quoted shares in Malaysia	356,810,965	-
Quoted shares outside Malaysia	39,226,700	-
Unquoted shares in Malaysia	692,092,007	540,092,007
Unquoted shares outside Malaysia	-	39,193,600
	1,088,129,672	579,285,607
Amount due from subsidiary companies	368,196,650	233,288,675
Amount due to subsidiary companies	(210,157,267)	(75,920,966)
	1,246,169,055	736,653,316
At market value:-		
Quoted shares in Malaysia	325,986,960	-
Quoted shares outside Malaysia	39,686,397	-
	365,673,357	-

The amounts due from/(to) subsidiary companies are unsecured, have no fixed terms of repayment and are interest-free other than for an amount due from a subsidiary company of RM96,732,294 (1999: RM90,078,696) on which the Company charged interest at 9% (1999: 5.75% to 8%) per annum and an amount payable by the Company to a subsidiary company of RM28,000,000 (1999: Nil) which bears interest at 4% (1999: Nil) per annum.

The effects of the subsidiary company acquired are disclosed in Note 27 to the Accounts.

The particulars of the subsidiary companies are disclosed in Note 36 to the Accounts.

### 4. ASSOCIATED COMPANY

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Unquoted shares, at cost	1,200,000	1,200,000	1,200,000	1,200,000
Share of post-acquisition results	112,647	(218,753)	-	-
	1,312,647	981,247	1,200,000	1,200,000
Represented by:-				
Share of net assets	1,312,647	981,247		

The particulars of the associated company are disclosed in Note 36 to the accounts.



## 5. INVESTMENTS

	GROUP	
	2000 RM	1999 RM
Unquoted, at cost:-		
Shares in Malaysia	2,490,000	490,000
One fully paid "A" preference share in the Kuala Lumpur Options and Financial Futures Exchange Berhad	1,500,000	1,500,000
Membership fee in the Commodity and Monetary Exchange of Malaysia	1,128,608	1,128,608
Advisor and membership fees in the Malaysian Exchange of Securities Dealing & Automated Quotation Berhad (MESDAQ)	1,250,000	1,250,000
Transferable club membership	150,000	150,000
Two shares in Stock Exchange of Hong Kong Limited	-	841,080
One share in Hong Kong Futures Exchange Limited	-	332,520
	6,518,608	5,692,208
Quoted shares outside Malaysia, at cost	15,216,459	-
	21,735,067	5,692,208
Market value of quoted shares outside Malaysia	3,781,824	-

During the current financial year, OSK Asia Holdings Limited, a subsidiary company in Hong Kong, surrendered two unquoted shares in Stock Exchange of Hong Kong Limited ("SEHK") and one unquoted share in Hong Kong Futures Exchange Limited ("HKFE") in exchange for certain quoted shares in Hong Kong Exchange and Clearing Limited ("HKEC") and two trading rights in SEHK and one trading right in HKFE [Note 8 (b)].

All the quoted shares in HKEC were disposed of during the current financial year.

## 6. LAND AND DEVELOPMENT EXPENDITURE

	GROUP	
	2000 RM	1999 RM
Freehold land, at cost	117,305,177	115,706,389
Development expenditure	75,680,387	24,754,332
	192,985,564	140,460,721
Attributable profit (Note a)	11,330,255	1,349,561
	204,315,819	141,810,282
Progress billings	(43,967,969)	(3,752,704)
	160,347,850	138,057,578
Current portion of development properties included in current assets	(17,658,955)	(2,856,288)
	142,688,895	135,201,290

## 6. LAND AND DEVELOPMENT EXPENDITURE (Cont'd)

	GROUP	
	2000 RM	1999 RM
<u>Note a</u>		
Proportion of aggregate sales value recognised on a percentage of completion method:-		
- At 31 December	50,121,741	4,890,382
- At 1 January	(4,890,382)	-
	45,231,359	4,890,382
Attributable cost:-		
- At 31 December	(38,791,486)	(3,540,821)
- At 1 January	3,540,821	-
	(35,250,665)	(3,540,821)
Attributable profit recognised to date	11,330,255	1,349,561
Attributable profit recognised in prior year	(1,349,561)	-
Attributable profit for current year	9,980,694	1,349,561

The Group, through its subsidiary company, OSK Properties Sdn. Bhd., entered into a Joint Venture Agreement with Majlis Perbandaran Sungai 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.

## 7. DEFERRED EXPENDITURE

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Preliminary expenses	114,200	20,042	-	-
Write off during the year	(114,200)	-	-	-
	-	20,042	-	-
Pre-operating expenses	414,244	268,816	-	-
Write off during the year	(414,244)	-	-	-
	-	268,816	-	-
Contribution fees to Kuala Lumpur Stock Exchange	1,000,000	1,000,000	1,000,000	1,000,000

## 7. DEFERRED EXPENDITURE (Cont'd)

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Fidelity and Compensation Fund contributions to the Stock Exchange of Hong Kong Limited and Hong Kong Securites Clearing Company Limited	876,960	880,200	-	-
	1,876,960	2,169,058	1,000,000	1,000,000

Included in pre-operating expenses of the Group are auditors' remuneration of RM2,800 (1999: RM2,000) and depreciation of RM2,775 (1999: Nil) incurred for the financial year.

## 8. INTANGIBLE ASSETS

	GROUP	
	2000 RM	1999 RM
Purchased goodwill (Note a)	58,494,958	-
Trading rights (Note b)	443,031	-
Goodwill on consolidation (Note c)	138,462,128	-
	197,400,117	-
<u>Note a - Purchased goodwill</u>		
At 1 January	-	-
Addition during the year [Note 27 (a)]	59,892,449	-
Amortised during the year	(1,397,491)	-
At 31 December	58,494,958	-
<u>Note b - Trading rights</u>		
Two trading rights in Stock Exchange of Hong Kong Limited	410,866	-
One trading right in Hong Kong Futures Exchange Limited	72,930	-
	483,796	-
Amortised during the year	(40,459)	-
Exchange differences	(306)	-
At 31 December	443,031	-
<u>Note c - Goodwill on consolidation</u>		
At 1 January	-	-
Addition during the year [Note 27 (b)]	140,290,250	-
Amortised during the year	(1,828,122)	-
At 31 December	138,462,128	-

## 9. MARKETABLE SECURITIES

	GROUP	
	2000 RM	1999 RM
At cost:-		
Manager's stock - unit trusts in Malaysia	1,918,913	1,279,864
Manager's stock - unit trusts outside Malaysia	1,132,740	-
Securities quoted in Malaysia	42,943,183	12,646,388
Securities quoted outside Malaysia	3,679,007	3,883
Bonds quoted outside Malaysia	-	4,953,521
Others	24,789	429
	49,698,632	18,884,085
Less: Provision for diminution in value	(15,286,267)	(159,255)
	34,412,365	18,724,830
At market value:-		
Manager's stock - unit trusts in Malaysia	1,850,079	1,274,261
Manager's stock - unit trusts outside Malaysia	951,918	-
Securities quoted in Malaysia	29,342,052	13,490,068
Securities quoted outside Malaysia	2,248,236	900
Bonds quoted outside Malaysia	-	4,892,249
Others	5,972	-
	34,398,257	19,657,478

The securities quoted in Malaysia mainly comprise securities subscribed by OSK Securities Berhad, a subsidiary of the Company, via two underwriting commitments at a total cost of RM29,759,219. The market value of these securities underwritten at the end of the financial year is RM20,194,743.

## 10. TRADE DEBTORS

	GROUP	
	2000 RM	1999 RM
Amount due from clients	641,591,060	666,483,837
Less: Provision for bad and doubtful debts	(165,883,926)	(141,583,576)
Interest-in-suspense	(90,997,573)	(63,894,261)
	384,709,561	461,006,000
Amount due from brokers	91,026,618	14,260,746
Amount due from clearing houses	16,035,593	10,449,182
Other trade receivables	5,576,770	1,250,735
	497,348,542	486,966,663

Both the stockbroking subsidiary companies, OSK Securities Berhad and OSK Securities (Melaka) Sdn. Bhd., have complied with Rule 9.4.1 of Kuala Lumpur Stock Exchange in respect of the provisioning for bad and doubtful debts and the suspension of interest .

## 11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Other debtors, deposits and prepayments	50,805,228	56,825,306	11,368,595	-
Less: Provision for doubtful debts	(5,352,099)	(5,425,896)	-	-
	45,453,129	51,399,410	11,368,595	-

Included in deposits of the Group and of the Company was an amount of RM10 million, being deposit paid by the Company for the proposed acquisition of 100% equity interest in KE-ZAN Holdings Berhad [Note 34 (xi)].

Included in deposits of the Group for the previous financial year was an amount of RM7,250,000 being deposit paid by a subsidiary company, OSK Securities Berhad for the acquisition of the entire stockbroking business of Premier Capital Securities Sdn. Bhd. [Note 34 (viii)].

## 12. CASH, BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>General accounts:-</b>				
Cash and bank balances	22,507,064	22,169,958	13,809	274,360
Short term placements with:-				
- licensed banks	40,633,600	23,200,000	-	-
- licensed discount houses	8,976,276	7,583,000	-	-
Fixed deposits with:-				
- licensed banks	375,705,845	185,655,372	-	-
- licensed finance companies	27,319,471	23,472,385	-	-
	475,142,256	262,080,715	13,809	274,360
<b>Segregated Accounts:-</b>				
Bank balances	12,790,961	19,836,975	-	-
Housing Development Accounts	4,047,528	1,329,204	-	-
Short term placements with licensed banks	30,857,867	24,950,000	-	-
Fixed deposits with licensed banks	45,089,800	45,879,000	-	-
	92,786,156	91,995,179	-	-
	567,928,412	354,075,894	13,809	274,360

Cash held under the Housing Development Accounts represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Developer (Control and Licensing) Act, 1961.

Other segregated accounts represent monies held in trust accounts and dividend accounts for clients and dealer's representatives. Trust accounts are maintained with banks in accordance with the rules of the relevant authorities.

### 13. TRADE CREDITORS

	GROUP	
	2000 RM	1999 RM
Amount due to clients	115,334,647	136,775,220
Amount due to brokers	85,306,148	156,157,925
Other trade payables	19,834,471	8,722,746
	220,475,266	301,655,891

### 14. BANK OVERDRAFTS (UNSECURED) - GROUP

The bank overdrafts pertaining to subsidiary companies are supported by corporate guarantees from the Company. Interest is charged at 1.25% to 2.25% (1999: 1.75% to 2.5%) per annum above the financial institutions' base lending rates.

### 15. SHARE CAPITAL

	GROUP/COMPANY	
	2000 RM	1999 RM
<b>Authorised:-</b>		
Ordinary shares of RM1 each		
At beginning and end of year	1,500,000,000	1,500,000,000
<b>Issued and fully paid:-</b>		
Ordinary shares of RM1 each		
At 1 January	304,271,985	298,324,607
Issued during the year pursuant to:-		
Bonus Issue (Note a)	101,419,930	571,574
Exercise of Warrants (Note b)	129,500	113,828
Conversion of ICULS (Note c)	3,170,533	380,976
Employees' Share Option Scheme (Note d)	4,378,935	4,881,000
Conditional Voluntary Offer (Note e)	124,994,997	-
	234,093,895	5,947,378
At 31 December	538,365,880	304,271,985



## 15. SHARE CAPITAL (Cont'd)

During the financial year, the Company issued :-

- (a) 101,419,930 (1999: 571,574) ordinary shares of RM1 each as bonus issue on the basis of one (1) new ordinary share for every three (3) ordinary shares held as stated in Note 34 (i) to the accounts (1999: on the basis of three (3) new ordinary shares for every two (2) ordinary shares held as stated in Note 19 to the accounts);
- (b) 129,500 (1999: 113,828) ordinary shares of RM1 each pursuant to the exercise of 129,333 (1999: 113,828) Warrant A 1994/2004 and 167 (1999: Nil) Warrant B 2000/2005 in accordance with the terms as stated in Note 18 to the accounts;
- (c) 3,170,533 (1999: 380,976) ordinary shares of RM1 each pursuant to the conversion of RM3,170,533 (1999: RM2,058,092) nominal value of 6% ICULS (1999: 5% ICULS) in accordance with the terms as stated in Note 19 to the accounts;
- (d) 4,378,935 (1999: 4,881,000) ordinary shares of RM1 each arising from the exercise of share options pursuant to the Employees' Share Option Scheme ("ESOS") at option prices ranging from RM1.00 to RM3.48 (1999: RM1.33 to RM3.44) per share; and
- (e) 124,994,997 new ordinary shares of RM1 each at an issue price of RM2.80 to shareholders of TCL Premier Holdings Berhad ("TCL"), on the basis of five (5) new shares in the Company for every four (4) existing TCL shares, pursuant to the Conditional Voluntary Offer as stated in Note 34 (ix) to the accounts.

The ESOS implemented by the Company on 17 November 1995 for a period of five (5) years expired on 16 November 2000. The number of unexercised options on the expiry date was 13,023,071.

The new shares issued pursuant to the above exercises rank pari-passu in all respects with the then existing ordinary shares in issue other than non-entitlement to any dividends that were declared on an entitled basis at the times of issue.

## 16. RESERVES

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Non-distributable:-</b>				
Share premium (Note a)	269,150,328	138,102,310	269,150,328	138,102,310
Exchange fluctuation reserve (Note b)	17,304,982	16,589,570	-	-
Reserve on consolidation (Note c)	5,956,885	5,989,986	-	-
	292,412,195	160,681,866	269,150,328	138,102,310
<b>Distributable:-</b>				
Retained profits	291,875,504	307,315,430	233,344,567	255,936,750
	584,287,699	467,997,296	502,494,895	394,039,060

## 16. RESERVES (Cont'd)

	GROUP/COMPANY	
	2000 RM	1999 RM
<u>Note a - Share premium</u>		
At 1 January	138,102,310	133,516,402
Premium arising from exercise of 129,333 (1999: 113,828) Warrant A 1994/2004 and 167 (1999: Nil) Warrant B 2000/2005	61,087	117,243
Premium arising from conversion of RM3,170,533 nominal value of 6% ICULS at RM2.80 per share into 3,170,553 ordinary shares	5,706,960	-
Premium arising from conversion of RM2,058,092 nominal value of 5% ICULS at RM5.40 per share into 380,976 ordinary shares	-	1,677,116
Premium arising from exercise of 4,378,935 (1999: 4,881,000) options pursuant to the ESOS	3,596,981	3,666,310
Premium arising from Conditional Voluntary Offer	224,990,995	-
Share issue expenses	(1,888,075)	(303,187)
	370,570,258	138,673,884
Amount capitalised for bonus issue [Note 15 (a)]	(101,419,930)	(571,574)
At 31 December	269,150,328	138,102,310
<b>GROUP</b>		
	2000 RM	1999 RM
<u>Note b - Exchange fluctuation reserve</u>		
At 1 January	16,589,570	15,779,663
Movement in the financial year	715,412	809,907
At 31 December	17,304,982	16,589,570
<b>GROUP</b>		
	2000 RM	1999 RM
<u>Note c - Reserve on consolidation</u>		
At 1 January	5,989,986	6,027,997
Goodwill on consolidation written off	(33,101)	(38,011)
At 31 December	5,956,885	5,989,986

## 17. SHAREHOLDERS' FUNDS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Share capital (Note a)	538,365,880	304,271,985	538,365,880	304,271,985
Share premium	269,150,328	138,102,310	269,150,328	138,102,310
Exchange fluctuation reserve	17,304,982	16,589,570	-	-
Reserve on consolidation	5,956,885	5,989,986	-	-
Retained profits	291,875,504	307,315,430	233,344,567	255,936,750
Less: 1,943,000 treasury shares, at cost	(3,477,054)	-	(3,477,054)	-
	1,119,176,525	772,269,281	1,037,383,721	698,311,045

The shareholders of the Company, by a special resolution passed at the Extraordinary General Meeting held on 18 December 2000, approved the Company's plan to repurchase its own shares. The directors are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan is to the best interests of the Company and its shareholders.

In December 2000, the Company repurchased 1,943,000 of its issued share capital from the open market at a total cost of RM3,477,054. The highest, lowest and average price paid for the shares repurchased were RM1.85, RM1.68 and RM1.79 per share respectively. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares, in accordance with the requirement of Section 67A of the Companies Act, 1965.

### Note a - Share capital

Of the total of 538,365,880 issued and fully paid ordinary shares, 1,943,000 are held as treasury shares by the Company. As at 31 December 2000, the number of outstanding shares as issued and fully paid is 536,422,880 ordinary shares of RM1 each.

## 18. REDEEMABLE UNSECURED BONDS ("RUB")

	GROUP/COMPANY	
	2000 RM	1999 RM
At 1 January:-		
7% Redeemable Unsecured Bonds 1994/1999 ("7% RUB")	-	54,008,450
Redemption at maturity:-		
7% RUB	-	(54,008,450)
Issued during the year:-		
3.5% Redeemable Unsecured Bonds 2000/2005 ("3.5% RUB")	101,423,995	-
At 31 December	101,423,995	-

## 18. REDEEMABLE UNSECURED BONDS ("RUB") (Cont'd)

On 2 March 2000, the Company made a rights issue of RM101,423,995 nominal value of 3.5% RUB at 100% nominal value and RM101,423,995 nominal value of 6% ICULS (Note 19) at 100% nominal value together with 101,423,995 detachable Warrant B on the basis of RM1 nominal value of 3.5% RUB and RM1 nominal value of 6% ICULS with one (1) Warrant B for every three (3) existing ordinary shares of RM1 each held prior to the Bonus Issue as mentioned in Note 34 (i) to the accounts. The 3.5% RUB are constituted under a Trust Deed dated 6 January 2000.

The 3.5% RUB will be redeemed by the Company for cash at 100% nominal value together with the interest accrued thereon on maturity, unless previously purchased or cancelled.

In accordance with the Trust Deed, a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB. The contribution to the Sinking Fund will include all proceeds receivable from the exercise of Warrant B and/or internally generated funds and shall be no less than the following percentages at each anniversary of the issue date:-

Year	Date	Contribution of nominal value of 3.5% RUB	
		Per annum (%)	Amount RM
1	2 March 2001	10	10,142,400
2	2 March 2002	10	10,142,400
3	2 March 2003	20	20,284,799
4	2 March 2004	20	20,284,799
5	2 March 2005	40	40,569,597
		100	101,423,995

Each Warrant B carries the right to subscribe for one (1) new ordinary share of RM1 at a subscription price of RM2.80 per share by cash at any time on or before 1 March 2005. The subscription price and the number of outstanding Warrant B are subject to adjustments in accordance with the provisions as set out in a Deed Poll dated 6 January 2000. As at 31 December 2000, the total number of Warrant B remaining unexercised is 101,423,828 (1999: Nil).

The 7% RUB were fully redeemed by the Company for cash at 100% nominal value inclusive of accrued interest in the previous financial year.

The detachable Warrant A which were issued pursuant to the issuance of 7% RUB were extended by an additional period of five (5) years expiring on 22 March 2004.

Each Warrant A carries the right to subscribe for one (1) new ordinary share of RM1 at a subscription price of RM1.47 per share by cash at any time on or before 22 March 2004. The subscription price and the number of outstanding Warrant A are subject to adjustments in accordance with the provisions as set out in a Deed Poll dated 19 January 1994 and two Supplementary Deed Polls dated 3 April 1997 and 9 February 1999. As at 31 December 2000, the total number of Warrant A remaining unexercised is 102,568,997 (1999: 102,698,330).

## 19. IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("ICULS")

	<b>GROUP/COMPANY</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM</b>	<b>RM</b>
At 1 January:-		
5% Irredeemable Convertible Unsecured Loan Stocks 1994/1999 ("5% ICULS")	-	2,058,092
Issued during the year:-		
6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("6% ICULS")	101,423,995	-
Converted to ordinary shares of RM1 each [Note 15 (c)]:-		
- 5% ICULS	-	(2,058,092)
- 6% ICULS	(3,170,533)	-
At 31 December	98,253,462	-

On 2 March 2000, RM101,423,995 nominal value of 6% ICULS were issued together with the 3.5% RUB and Warrant B as an integral part of the rights issue as mentioned in Note 18 and Note 34 (iii) to the accounts. Each 6% ICULS is convertible into one (1) new ordinary share of RM1 at any time on or before 1 March 2005 at the conversion price of RM2.80 per share payable by any combination of 6% ICULS and cash. The 6% ICULS are constituted under a Trust Deed dated 6 January 2000.

Unless previously converted, all outstanding 6% ICULS will be fully converted into new ordinary shares at RM2.80 per share on maturity.

During the financial year, RM3,170,533 nominal value of 6% ICULS were converted into 3,170,533 new ordinary shares of RM1 each.

During the previous financial year, RM2,058,092 nominal value of 5% ICULS were converted into 380,976 new ordinary shares of RM1 each at RM5.40 per share. The holders of the 5% ICULS, upon conversion, were entitled to the bonus issue of 571,574 ordinary shares of RM1 each on the basis 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.

## 20. DEFERRED TAXATION

	<b>GROUP</b>	
	<b>2000</b>	<b>1999</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,782,600	1,806,600
Transfer to Profit and Loss Account (Note 23)	(466,293)	(24,000)
Acquisition of a subsidiary	960,000	-
At 31 December	2,276,307	1,782,600

The deferred taxation is in respect of material timing differences between depreciation and corresponding capital allowances which are expected to reverse in the foreseeable future.

## 21. EXCEPTIONAL ITEM

This arose from the dilution of the Company's shareholding in OSK Asia Corporation Limited, Hong Kong, from 67.25% to 53.24% as mentioned in Note 34 (x) to the accounts.

## 22. PROFIT BEFORE TAXATION

This is arrived at:-

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>After charging/(crediting):-</b>				
Amortisation				
- purchased goodwill	1,397,490	-	-	-
- trading rights	40,459	-	-	-
- goodwill on consolidation	1,828,122	-	-	-
Auditors' remuneration:-				
- statutory audit	447,405	287,527	27,000	21,500
- underprovision in prior year	1,000	-	-	-
- other audits	34,809	45,983	19,059	43,733
Bad debts recovered	(33,986)	(5,157,520)	-	-
Bad debts written off	382,588	3,476,141	-	-
Depreciation	9,122,334	9,286,254	-	-
Directors' remuneration				
- fees	140,000	95,000	90,000	45,000
- other emoluments	3,229,500	3,504,450	-	-
Fee paid to a firm in which a partner is also a director of the Company	24,000	24,000	-	-
Fixed assets written off	945,099	16,455	-	-
(Gain)/Loss on foreign exchange	(8,116)	26,578	-	4,686
Gain on disposal of quoted securities				
- in Malaysia	(3,515,503)	(825,340)	-	-
- outside Malaysia	(13,073,096)	-	-	-
Gross dividends received from:-				
- securities quoted in Malaysia	(89,589)	(118,483)	-	-
- an unquoted subsidiary in Malaysia	-	-	(31,500,000)	(50,000,000)
- a quoted subsidiary outside Malaysia	-	-	(3,890,823)	-
Hire of equipment	1,363,572	538,920	-	-
<b>After charging/(crediting):-</b>				
Interest expense:-				
- bank overdrafts	1,056,613	227,838	-	-
- other short term borrowings	58,400	-	-	-
- subsidiary company	-	-	95,123	-
- 3.5% RUB 2000/2005	2,958,210	-	2,958,210	-
- 6% ICULS 2000/2005	4,912,673	-	4,912,673	-
- 7% RUB 1994/1999	-	838,751	-	838,751
- 5% ICULS 1994/1999	-	22,578	-	22,578
	8,985,896	1,089,167	7,966,006	861,329



## 22. PROFIT BEFORE TAXATION (Cont'd)

This is arrived at:-

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Interest income				
- from operating activities	(36,459,659)	(26,600,696)	-	-
- from investing activities	(13,021,161)	(14,498,048)	(9,152,208)	(6,425,628)
	(49,480,820)	(41,098,744)	(9,152,208)	(6,425,628)
Lease rental in respect of:-				
- premises	3,922,633	3,002,155	-	-
- equipment	2,062,020	747,144	-	-
Loss/(Gain) on disposal of fixed assets	162,685	(27,607)	-	-
Net gains derived from hedging activities in equity and futures markets	(155,365)	(978,069)	-	-
Preliminary expenses written off	114,200	-	-	-
Pre-operating expenses written off	414,244	-	-	-
Provision for bad and doubtful debts	39,168,105	21,997,345	-	-
Provision for bad and doubtful debts written back	(13,384,122)	(18,857,890)	-	-
Provision for diminution in value of marketable securities	15,280,334	61,359	-	-
Provision for diminution in value of marketable securities written back	(154,245)	(755,910)	-	-
Rental income	(4,292,509)	(3,659,030)	-	-
Rental of premises	467,818	381,383	-	-

The estimated monetary value of benefit-in-kinds of the Group received by the directors is RM103,900 (1999: RM98,800).

The total number of employees of the Group at the financial year end was 910 (1999: 725). The Company does not have any employee as all operating and administrative functions are performed by the subsidiary companies. Staff cost of the company is in respect of the directors' fees.

## 23. TAXATION

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
Provision for the year	20,872,551	995,359	9,152,000	-
Transfer from deferred taxation (Note 20)	(466,293)	(24,000)	-	-
Share of taxation of associated company	119,700	2,661	-	-
	20,525,958	974,020	9,152,000	-
Overprovision in prior years	(725,931)	(446,132)	-	(9,947)
	19,800,027	527,888	9,152,000	(9,947)

## 23. TAXATION (Cont'd)

The disproportionate taxation charge of the Group for the current financial year is principally due to non-availability of Group tax relief.

The provision in the previous financial year was in respect of Hong Kong operations and the Group's dividend income derived from Malaysian operations. No provision was made in respect of the Group's business income derived from Malaysian operations for the previous financial year as the amount payable was 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 and tax exempt income under Section 12 of the Income Tax (Amendment) Act, 1999 to frank the payment of dividends out of its entire retained profits as at 31 December 2000 without incurring additional tax liability.

A subsidiary company has been granted Multimedia Super Corridor ("MSC") status on 3 October 2000 by Multimedia Development Corporation, which entitles the subsidiary company to enjoy the incentives and benefits backed by the Malaysian Government's Bill of Guarantee. The incentives include five years exemption from Malaysian income tax commencing from the date the subsidiary company starts generating income or a 100% Investment Tax Allowance. The subsidiary company has opted for the five years exemption tax incentive.

## 24. EARNINGS PER SHARE

The basic earnings per share is calculated based on the Group profit after taxation and minority interests of RM33,157,521 (1999: RM96,566,889) over the weighted average number of ordinary shares in issue during the financial year of 451,713,044 (1999: 402,801,134).

The fully diluted earnings per share is calculated based on the adjusted Group profit after taxation and minority interests of RM36,694,646 (1999: RM96,589,467) over the adjusted number of shares in issue and issuable of 619,808,977 (1999: 431,807,930). The adjusted Group profit after taxation and minority interests is arrived at after adding back interest (net of tax) on the 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("6% ICULS") which are assumed to be fully converted on 1 January 2000. The adjusted number of shares is calculated based on the weighted average number of shares in issue during the financial year, the incremental shares deemed issuable at no consideration pursuant to the exercise of warrants and the shares issuable pursuant to the conversion of 6% ICULS on 1 January 2000.

Both the basic and fully diluted earnings per share for the previous financial year were restated for the Bonus Issue as stated in Note 34 (i) to the accounts.

## 25. DIVIDENDS

	GROUP/COMPANY	
	2000 RM	1999 RM
Additional dividend paid in respect of final dividend for the financial year ended 31 December 1999/1998 arising from additional shares issued upon the conversion of ICULS and exercise of warrants and share options under the ESOS	607,951	73,424
Interim dividend of 7.5 sen (1999: 5 sen) per share less 28% income tax	28,678,272	10,915,926
Proposed final dividend of 5 sen less 28% income tax (1999: Final tax exempt dividend of 10 sen) per share	19,311,224	40,569,191
	48,597,447	51,558,541

## 26. EFFECTS OF ACQUISITION OF ADDITIONAL SHARES IN SUBSIDIARY COMPANY

	GROUP	
	2000 RM	1999 RM
Share of net assets acquired from minority interest	-	2,431,989
Goodwill	-	38,011
Cash outflow on acquisition	-	2,470,000

## 27. ACQUISITION OF A STOCKBROKING BUSINESS AND SUBSIDIARY COMPANY

	GROUP	
	2000 RM	1999 RM
<u>Note a - Stockbroking business</u>		
Net assets acquired:-		
Fixed assets	13,377,627	-
Purchased goodwill [Note 8 (a)]	59,892,449	-
Cash outflow for the acquisition of a stockbroking business	73,270,076	-
Less: Deposit paid in 1999 (Note 11)	(7,250,000)	7,250,000
Net cash outflow	66,020,076	7,250,000

### Note b - Subsidiary company

On 15 November 2000, TCL Premier Holdings Berhad, a company listed on the Kuala Lumpur Stock Exchange became a 100% owned subsidiary company of the Company pursuant to the Conditional Voluntary Offer as mentioned in Note 34 (ix).

## 27. ACQUISITION OF A STOCKBROKING BUSINESS AND SUBSIDIARY COMPANY (Cont'd)

### Note b - Subsidiary company (Cont'd)

The effects of acquisition are as follows:-

	GROUP	
	2000 RM	1999 RM
Net liabilities acquired:-		
Fixed assets	7,769,442	-
Net current assets	202,741,300	-
Compensation fund	145,000	-
Deferred taxation	(960,000)	-
Goodwill on consolidation [Note 8 (c)]	140,290,250	-
	349,985,992	-
Less: Portion discharged by issue of shares of the Company	(349,985,992)	-
	-	-
Add: Cash and bank balances of the subsidiary company acquired	138,358,807	-
Net cash inflow on acquisition	138,358,807	-

## 28. CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

	GROUP	
	2000 RM	1999 RM
Cash and cash equivalents at end of financial year comprise:-		
Cash, bank balances and deposits (Note 12)	567,928,412	354,075,894
Bank overdrafts (Note 14)	(6,901,084)	(4,276,145)
	561,027,328	349,799,749

## 29. SIGNIFICANT RELATED COMPANY TRANSACTIONS

	COMPANY	
	2000 RM	1999 RM
Transactions with subsidiary companies:-		
Gross dividends received/receivable from:-		
- OSK Securities Berhad	31,500,000	50,000,000
- OSK Asia Corporation Limited	3,890,823	-
Interest paid to TCL Premier Holdings	95,123	-
Interest received/receivable from OSK Capital Sdn. Bhd.	8,609,633	6,341,630

## 29. SIGNIFICANT RELATED COMPANY TRANSACTIONS (Cont'd)

The above transactions have been entered into in the normal course of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with third parties.

## 30. CONTINGENT LIABILITIES - COMPANY

The Company has issued corporate guarantees amounting to RM520,600,000 (1999: RM233,550,000) to financial institutions in respect of banking facilities granted to subsidiary companies for working capital purposes. The facilities utilised as at 31 December 2000 amounted to RM6,901,084 (1999: RM4,276,145).

## 31. COMMITMENTS

	GROUP		COMPANY	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Capital commitments:-</b>				
Capital expenditure in respect of acquisition of fixed assets/investments				
- authorised but not contracted for	-	1,174,758	-	-
- contracted but not provided for in the accounts	191,111,111	66,520,242	190,000,000	-
	191,111,111	67,695,000	190,000,000	-
			GROUP	
			2000 RM	1999 RM
<b>Operating lease commitments:-</b>				
The obligations under operating lease commitments are repayable as follows:-				
- within one year			3,448,576	1,281,290
- in the second to fifth years inclusive			268,934	117,360
- over five years			2,080,149	2,087,834
			5,797,659	3,486,484
Underwriting commitments			53,370,400	-

As mentioned in Note 6 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 Sungai Petani with a minimum guaranteed value of RM71,000,000.

As mentioned in Note 18 to the accounts, a Sinking Fund has been set up under the legal control of the Trustee for the redemption of the 3.5% RUB.

### 32. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY

The amount estimated by the directors are as follows:-

GROUP	Not later than 2 years RM	2 - 5 years RM	Later than 5 years RM
<b>As at 31 December 2000</b>			
<u>Liabilities payable by the Group</u>			
Trade and other creditors	265,202,054	-	-
Short term borrowings	6,901,084	-	-
Taxation	14,738,367	-	-
Proposed dividend	19,311,224	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	20,284,800	81,139,195	-
Deferred taxation	-	-	2,276,307
	<u>326,437,529</u>	<u>81,139,195</u>	<u>2,276,307</u>

#### Debts payable to the Group

Trade and other debtors	<u>542,175,624</u>	-	-
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### **As at 31 December 1999**

#### Liabilities payable by the Group

Trade and other creditors	345,676,858	-	-
Short term borrowings	4,276,145	-	-
Taxation	884,521	-	-
Proposed dividend	40,569,191	-	-
Deferred taxation	-	-	1,782,600
	<u>391,406,715</u>	<u>-</u>	<u>1,782,600</u>

#### Debts payable to the Group

Trade and other debtors	<u>525,616,416</u>	-	-
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COMPANY	Not later than 2 years RM	2 - 5 years RM	Later than 5 years RM
<b>As at 31 December 2000</b>			
<u>Liabilities payable by the Company</u>			
Other creditors	3,379,057	-	-
3.5% Redeemable Unsecured Bonds 2000/2005	20,284,800	81,139,195	-
Proposed dividend	19,311,224	-	-
	<u>42,975,081</u>	<u>81,139,195</u>	<u>-</u>



### 32. LIABILITIES PAYABLE BY AND DEBTS PAYABLE TO THE GROUP AND THE COMPANY (Cont'd)

COMPANY	Not later than 2 years RM	2 - 5 years RM	Later than 5 years RM
<u>Debts payable to the Company</u>			
Subsidiary companies balances-net	158,039,383	-	-
Other debtors	1,368,595	-	-
	<u>159,407,978</u>	<u>-</u>	<u>-</u>
<b>As at 31 December 1999</b>			
<u>Liabilities payable by the Company</u>			
Other creditors	247,440	-	-
Proposed dividend	40,569,191	-	-
	<u>40,816,631</u>	<u>-</u>	<u>-</u>
<u>Debts payable to the Company</u>			
Subsidiary companies balances-net	<u>157,367,709</u>	<u>-</u>	<u>-</u>

### 33. SEGMENT INFORMATION

#### GROUP

Analysis by activities:-

	Turnover RM	Profit before taxation RM	Total assets employed RM
<b>As at 31 December 2000</b>			
Stockbroking and related activities	365,570,918	118,483,757	2,714,660,265
Property investment and development	56,361,056	16,751,592	279,372,881
	<u>421,931,974</u>	<u>135,235,349</u>	<u>2,994,033,146</u>
Consolidation adjustments	(84,439,820)	(73,578,903)	(1,260,625,103)
	<u>337,492,154</u>	<u>61,656,446</u>	<u>1,733,408,043</u>
<b>As at 31 December 1999</b>			
Stockbroking and related activities	268,162,989	150,488,185	1,812,294,530
Property investment and development	15,495,643	2,731,097	217,691,839
	<u>283,658,632</u>	<u>153,219,282</u>	<u>2,029,986,369</u>
Consolidation adjustments	(62,097,113)	(49,825,658)	(797,302,490)
	<u>221,561,519</u>	<u>103,393,624</u>	<u>1,232,683,879</u>

### 33. SEGMENT INFORMATION (Cont'd)

#### GROUP

Analysis by geographical locations:-

	Turnover RM	Profit before taxation RM	Total assets employed RM
<b>As at 31 December 2000</b>			
Malaysia	367,057,757	118,128,224	2,781,273,047
Hong Kong	54,874,217	17,107,125	212,760,099
	421,931,974	135,235,349	2,994,033,146
Consolidation adjustments	(84,439,820)	(73,578,903)	(1,260,625,103)
	337,492,154	61,656,446	1,733,408,043
<b>As at 31 December 1999</b>			
Malaysia	239,875,443	139,842,664	1,838,725,030
Hong Kong	43,783,189	13,376,618	191,261,339
	283,658,632	153,219,282	2,029,986,369
Consolidation adjustments	(62,097,113)	(49,825,658)	(797,302,490)
	221,561,519	103,393,624	1,232,683,879

### 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- i) On 12 January 2000, a total of 101,419,930 new ordinary shares of RM1 each were issued and allotted on the basis of one (1) new ordinary share for every three (3) existing ordinary shares held as bonus issue ("Bonus Issue").
- ii) On 18 February 2000, the Company incorporated a new subsidiary, namely OSK Venture Equities Sdn. Bhd. ("OSKVE"), with an authorised and paid-up share capital of RM250 million and RM2 respectively, as a special purpose vehicle to undertake venture capital business. On 20 March 2000, the Company subscribed for an additional 4,999,998 ordinary shares of RM1 each in OSKVE at par for cash.
- iii) On 2 March 2000, the Company made a rights issue of RM101,423,995 nominal value of 3.5% Redeemable Unsecured Bonds 2000/2005 ("3.5% RUB") at 100% nominal value together with 101,423,995 detachable Warrant B and RM101,423,995 nominal value of 6% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("6% ICULS") at 100% nominal value on the basis of RM1 nominal value of 3.5% RUB with one (1) Warrant B and RM1 nominal value of 6% ICULS for every three (3) existing ordinary shares of RM1 each held prior to the Bonus Issue as mentioned in (i) above.
- iv) On 24 March 2000, the Company subscribed for an additional 47 million ordinary shares of RM1 each in OSK Capital Sdn. Bhd., a wholly-owned subsidiary, at par for cash.

#### 34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (Cont'd)

- v) On 30 March 2000 and 13 December 2000, the Company subscribed for a total of 100 million ordinary shares of RM1 each in OSK Securities Berhad ("OSKS"), a wholly-owned subsidiary, at par for cash.
- vi) On 9 May 2000 and 3 November 2000, OSK Asia Limited ("OSKA"), a subsidiary company in Hong Kong, subscribed for 5,668,864 and 808,803 new ordinary shares respectively of IT&e Limited ("IT&e"), a company incorporated and listed in Australia, at an issue price of A\$1.07 per share for a total consideration of A\$6,931,104 (RM14,714,733). With this subscription, OSKA holds a total of 6,477,667 shares in IT&e, representing 9% of the issued and paid up shares of IT&e.
- vii) On 7 June 2000, OSKVE incorporated a new subsidiary, namely finexasia.com Sdn. Bhd. ("finexasia"), with an authorised and paid-up share capital of RM25 million and RM2 respectively, to engage in a joint venture project with IT&e for the development of a Pan-Asian financial services portal and related activities. On 26 June 2000, OSKVE subscribed for an additional 1,999,998 ordinary shares of RM1 each in finexasia at par for cash, resulting in an increase in its paid up share capital from RM2 to RM2 million. On 4 October 2000, OSKVE and IT&e subscribed for an additional 4 million ordinary shares of RM1 each respectively in finexasia at par for cash, resulting in an increase in its paid up share capital from RM2 million to RM10 million.
- viii) On 19 June 2000, OSKS completed the acquisition of the entire stockbroking business of Premier Capital Securities Sdn. Bhd. for a total cash consideration of RM73,270,076. OSKS has since then operated the business acquired as a branch in Ipoh, Perak Darul Ridzuan.
- ix) On 25 August 2000 being the closing date of the Conditional Voluntary Offer ("CVO") by the Company to acquire the entire share capital of TCL Premier Holdings Berhad ("TCL"), the Company had successfully acquired 95,169,400 ordinary shares of RM1 each in TCL representing 95.17% interest in TCL. Subsequent to the CVO, the Company had on 15 November 2000 completed the compulsory acquisition to acquire the remaining 4,826,600 TCL shares from all remaining TCL shareholders pursuant to Section 34 of the Securities Commission Act, 1993, making TCL a wholly owned subsidiary company by the issuance of a total of 124,994,997 new ordinary shares in the Company at RM2.80 per share on the basis of five (5) new shares in the Company for every four (4) existing TCL shares.
- x) During the current financial year, OSK Asia Holdings Limited ("OSKAH") and its subsidiary companies in Hong Kong ("HK Group") had completed a group reorganisation to rationalise the HK Group's structure for the purpose of listing on the Stock Exchange of Hong Kong Limited ("SEHK"). After the reorganisation, OSK Asia Corporation Limited (previously a subsidiary company of OSKAH) had become the new immediate holding company of the HK Group and had successfully been listed on the SEHK on 28 September 2000. Following the listing, the Company's stake in the HK Group has been diluted from 67.25% to 53.24%.
- xi) On 10 October 2000, OSKS entered into a conditional share sale agreement to acquire of 105,750,000 ordinary shares of RM1 each in Ke-zan Holdings Berhad ("KZH") representing the entire issued and paid up share capital of KZH for a total cash consideration of RM200 million. The share agreement was assigned to the Company on 24 November 2000 and was subsequently completed on 29 January 2001. Following the completion, the Company now holds 100% equity interest in KZH.
- xii) On 1 December 2000, OSKS entered into a Business Merger Agreement with OSK Securities (Melaka) Sdn. Bhd. ("OSM") [formerly known as OCBC Securities (Melaka) Sdn. Bhd.], a subsidiary company of TCL, to merge the stockbroking business of OSM with that of OSKS and to subsequently operate OSM as a branch of OSKS.

### 35. SUBSEQUENT EVENTS

- i) On 8 January 2001, the Company changed its name from O.S.K. Holdings Berhad to OSK Holdings Berhad.
- ii) On 8 January 2001, finexasia entered into a Conditional Sale and Purchase Agreement for the acquisition of 100% equity stake in Stock188.com Sdn. Bhd. for a total cost of RM1,111,111 to be satisfied by the issuance of 1,111,111 new ordinary shares of RM1 each. The transaction had been duly completed on 16 February 2001.
- iii) Kuala Lumpur Stock Exchange and Securities Commission had on 19 January 2001 and 21 February 2001 respectively approved, in principle, the merger of OSM with OSKS as stated in Note 34 (xii) to the accounts.
- iv) On 22 January 2001, OSKS submitted its application to KLSE and SC for Universal Broker status. The application is pending approvals from the relevant authorities as at the date of these accounts.
- v) On 15 February 2001, OSKS entered into a Business Merger Agreement with KE-ZAN Securities Sdn. Bhd. ("KZS"), a subsidiary company of KZH, to merge the stockbroking business of KZS with that of OSKS and to subsequently operate KZS as a branch of OSKS.
- vi) Subsequent to the balance sheet date, the Company repurchased 7,293,000 of its issued share capital from the open market at a total cost of RM14,105,227.

Details of the share buy-backs are as follows:-

Month	Number of Shares Purchased	Highest Price  (RM)	Lowest Price  (RM)	Average Price  (RM)	Total Amount Paid  (RM)	Number of Shares Held as Treasury Shares
Balance b/f	1,943,000	1.85	1.68	1.79	3,477,054	1,943,000
Jan '2001	5,768,000	2.14	1.61	1.91	11,223,546	5,768,000
Feb '2001(*)	1,525,000	1.92	1.82	1.90	2,881,681	1,525,000
	7,293,000				14,105,227	7,293,000
<b>Total</b>	<b>9,236,000</b>				<b>17,582,281</b>	<b>9,236,000</b>

Note \* : Up to and including 21 February 2001.

### 36. 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
		2000 %	1999 %	
OSK Securities Berhad (formerly known as O.S.K. Securities Berhad)	To engage in stock and share broking and related activities	100	100	Malaysia
OSK Realty Sdn. Bhd. (formerly known as O.S.K. Realty Sdn. Bhd.)	Property investment	100	100	Malaysia
OSK Futures And Options Sdn. Bhd. (formerly known as O.S.K. Futures and Options Sdn. Bhd.)	To engage in futures and options broking and related activities	100	100	Malaysia
OSK Capital Sdn. Bhd. (formerly known as O.S.K. Capital Sdn. Bhd.)	To engage in money lending business	100	100	Malaysia
OSK Ventures Sdn. Bhd. (formerly known as O.S.K. Ventures Sdn. Bhd.)	Provision of venture capital business	100	100	Malaysia
+* OSK Property Management Berhad (formerly known as O.S.K. Property Management Sdn. Bhd.)	Dormant	100	100	Malaysia
+* MVF Berhad (formerly known as M.V.F. Berhad)	Dormant	100	100	Malaysia
OSK Properties Sdn. Bhd. (formerly known as O.S.K. Properties Sdn. Bhd.)	Property development and cultivation and sale of oil palm produce	80	80	Malaysia
* OSK Asia Corporation Limited	Investment holding with interest in stockbroking and other related activities	53.24	-	Bermuda
* OSK Asia Holdings Limited	Investment holding with interest in stockbroking and other related activities	-	67.25	British Virgin Islands

### 36. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

#### (A) Subsidiary companies of the Company (Cont'd):-

Name of company	Principal activities	Equity interest		Place of incorporation
		2000 %	1999 %	
OSK Venture Equities Sdn. Bhd. (formerly known as O.S.K. Venture Equities Sdn. Bhd.)	Provision of venture capital business	100	-	Malaysia
* TCL Premier Holdings Berhad	Investment holding with interest in stockbroking and other related activities	100	-	Malaysia

#### (B) Subsidiary companies of OSK Securities Berhad:-

OSK Nominees (Tempatan) Sdn. Berhad (formerly known as 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
OSK Nominees (Asing) Sdn. Berhad (formerly known as 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
OSK Research Sdn. Bhd. (formerly known as O.S.K. Research Sdn. Bhd.)	To provide investment research services	100	100	Malaysia
* OSK-UOB Unit Trust Management Berhad	Management of unit trust funds	70	70	Malaysia

#### (C) Subsidiary companies of OSK Venture Equities Sdn. Bhd.:-

finexasia.com Sdn. Bhd.	Development of a Pan-Asian financial services portal and related activities	60	-	Malaysia
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#### (D) Subsidiary companies of OSK Asia Corporation Limited:-

* OSK Asia Limited	Investment holding	100	100	Hong Kong
* OSK Asia Holdings Limited	Investment holding	100	-	British Virgin Islands

### 36. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Name of company	Principal activities	Equity interest 2000 %	1999 %	Place of incorporation
(E) Subsidiary companies of OSK Asia Limited:-				
* OSK Asia Asset Management Limited	To provide investment advisory and fund management services	100	100	Hong Kong
* OSK Asia Capital Limited	To provide corporate finance and advisory services	100	100	Hong Kong
* OSK Asia Corporate Services Limited	To provide corporate secretarial 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	To provide management services	100	100	Hong Kong
* OSK Asia Nominee Limited	To provide nominees services	100	100	Hong Kong
* OSK Asia Realty Limited	Investment holding	100	100	Hong Kong
* OSK Asia Research Limited	To provide research services	100	100	Hong Kong
* OSK Asia Securities Limited	Securities dealing and margin financing	100	100	Hong Kong
** PW Asia Forex Limited	Dormant	100	100	Hong Kong
** Ibrokers Company Limited	Dormant	100	-	Hong Kong
* Oskasia.com Limited	To provide information services	100	-	Hong Kong
(F) Subsidiary company of OSK Asia Realty Limited:-				
* Betamax International Limited	Investment holding	100	100	Hong Kong



### 36. SUBSIDIARY AND ASSOCIATED COMPANIES (Cont'd)

Name of company	Principal activities	Equity interest 2000 %	1999 %	Place of incorporation
<b>(G) Subsidiary company of TCL Premier Holdings Berhad:-</b>				
* OSK Securities (Melaka) Sdn. Bhd. (formerly known as OCBC Securities (Melaka) Sdn. Bhd.)	To engage in stock and share broking and related activities	100	-	Malaysia
<b>(H) Subsidiary companies of OSK Securities (Melaka) Sdn. Bhd.:-</b>				
* TCL Nominees (Tempatan) Sdn. Bhd.	To act as attorneys, nominees, agents, trustees and engage in the related activities for local beneficial shareholders	100	-	Malaysia
* TCL Nominees (Asing) Sdn. Bhd.	To act as attorneys, nominees, agents, trustees and engage in the related activities for foreign beneficial shareholders	100	-	Malaysia
<b>(I) Associated company of the Company:-</b>				
* UOB-OSK Asset Management Sdn. Bhd.	To provide investment management services and related activities	30	30	Malaysia

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

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

### 37. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP	
	2000 RM	1999 RM
i) Construction cost paid/payable to Dindings Construction Sdn. Bhd. ("DC") and PJD Construction Sdn. Bhd.	36,489,623	N/A
ii) Office maintenance and renovation costs paid/payable to DC	2,612,277	N/A
iii) Project management fee paid to PJD Management Services Sdn. Bhd.	708,750	N/A
iv) Rental income received from PJD Management Services Sdn. Bhd., Dindings Consolidated Sdn. Bhd. and Swiss Garden International Sdn. Bhd.	713,141	N/A

Certain of the directors in the abovementioned related parties are the spouse or brothers of some of the directors in the Company's subsidiaries. The above transactions have been entered into in the normal course of business at terms mutually agreed between the companies concerned and are not less favourable than those arranged with third parties.

Pursuant to the Malaysian Accounting Standards Board, No. 8 "Related Party Disclosures", comparative figures need not be presented as the current financial year is the first reporting year in which the Company applies the requirements of the Standard.

During the current and previous financial years, some of the Company's subsidiaries had purchased insurance policies from certain insurance companies via Dindings Risks Management Services Sdn. Bhd. ("DRMS"), an insurance agent, in which a director is the spouse of a director in the subsidiaries. The transactions have been entered into in the normal course of business and DRMS does not charge any fee to the subsidiaries as it is the practice in the insurance business to charge fee directly to the insurance companies.

(Note: N/A - Not applicable)

### 38. COMPARATIVE FIGURES

The Group and the Company have adopted the Malaysian Accounting Standards Board, Standard No. 1 : Presentation of Financial Statements. As a result, certain comparative figures have been reclassified to conform with the current financial year's presentation.

# Statement By Directors

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

We, Dato' Nik Mohamed Bin Datuk Nik Yahya and Wong Chong Kim, being two of the directors of OSK HOLDINGS BERHAD (formerly known as O.S.K. Holdings Berhad), do hereby state that, in the opinion of the directors, the accounts set out on pages 29 to 67 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 2000, and of their results and the consolidated cash flows of the Group for the financial year then ended.

On behalf of the Board,

DATO' NIK MOHAMED BIN NIK YAHYA

WONG CHONG KIM

Kuala Lumpur  
27 February 2001

# Statutory Declaration

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

I, Tina Choy Yin Leng, being the officer primarily responsible for the financial management of OSK HOLDINGS BERHAD (formerly known as O.S.K. Holdings Berhad), do solemnly and sincerely declare that the accounts set out on pages 29 to 67 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed Tina Choy Yin Leng )  
at Kuala Lumpur in the state of )  
Wilayah Persekutuan on 27 February 2001 )

TINA CHOY YIN LENG

Before me,

Commissioner for Oaths  
(Pesuruhjaya Sumpah)  
Kuala Lumpur  
27 February 2001

# Auditors' Report

To the shareholders of OSK HOLDINGS BERHAD

We have audited the accounts set out on pages 29 to 67 of OSK HOLDINGS BERHAD (formerly known as 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 test basis, evidence relevant to the amounts and disclosures in the accounts. Our audit also 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 2000 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 36 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 these 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  
No. 711/6/02 (J/PH)  
Public Accountant  
Chartered Accountant  
Certified Public Accountant

Kuala Lumpur  
27 February 2001

# List of Properties

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
Plaza OSK Jalan Ampang, Kuala Lumpur	24 storey building situated on Lot 148, Section 43, Bandar Kuala Lumpur, Negeri Wilayah Persekutuan Land status: freehold land Land area: 5,351 sq. meters Title no: Geran 11034	Office Building	16 years	105,784
Jalan Ampang, Kuala Lumpur	2 storey building situated on Lot 26, Seksyen 43, Bandar Kuala Lumpur Negeri Wilayah Persekutuan Land Status: freehold land Land Area: 1a.2r.18.3p Title no: Geran 5692	Restaurant	73 years	42,786
No 40, Jalan Radin Anum 2, Bandar Baru Sri Petaling, Kuala Lumpur	3 storey shop house situated on Lot 21315 Mukim Petaling, Negeri Wilayah Persekutuan Land status: leasehold land (expiring on 5/4/2078) Land area: 167 sq. meters Title no: PM1958 (formerly known as H.S.(M) 2895)	Storage Facilities	15 years	731
Raub, Pahang	Lot 569, Mukim of Tras, District of Raub Land status: freehold agriculture land Land area: 85a.3r.10p Title no: C.T. 4823	Agriculture Land	-	1,288
Raub, Pahang	Lot 431, Mukim of Tras, District of Raub Land status: freehold agriculture land Land area: 4a.1r.30p Titke no: EMR 1050	Agriculture Land	-	338
Sungai Petani, Kedah Darul Aman	Lot 18479 and 14215, Mukim Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman Land status: freehold development land Land area: 2,500 acres	Commercial and Housing Development	-	117,305
Lot 47450 Jalan Kuala Ketil, 08000 Sungai Petani, Kedah Darul Aman	Single storey building situated on H.S. (D) 12898/96 PT No. 47450, Mukim Sungai Petani, Daerah Kuala Muda, Kedah Darul Aman Land status: freehold Land area: 80,912 sq. meters	Sales office	1 year	519

LOCATION	DESCRIPTION	EXISTING USE	AGE OF BUILDING	NET BOOK VALUE RM'000
A-34, Lot 89, Jalan Pekeliling/ Padang Golf/Bungalow, 39000 Tanah Rata Cameron Highlands	Riverview Bungalow situated on Lot 89 Mukim of Tanah Rata in the District of Cameron Highlands, Pahang Land area: 2a.2r.27p. Land status: leasehold land (expiring on 1/11/2038) Title no: C.T. 3506	Staff Accommodation and Recreation	42 years	2,432
21-25, Jalan Seenivasagam, Green Town, Ipoh, Perak	Seven storey office building including sub basement measuring 7,200 square feet at Town of Ipoh, District of Kinta, State of Perak held under the following titles: CT 22450-Lot 2269N CT 22452-Lot 2271N CT 22453-Lot 2272N CT 22411-Lot 2279N CT 22412-Lot 2280N CT 22413-Lot 2281N Land status :freehold (7,152 square feet) Pajakan negeri no: 81190-Lot 2270N Land status: leasehold (48 sq. feet) (expiring on 21/9/2894)	Office Building	4 years	8,219
No. 579 –580, Taman Melaka Raya, 75000 Melaka	Three storey shophouse held under Lot No. 365, Pajakan Negeri 2082 and Lot No. 366, Pajakan Negeri 2083 both in the Town Area XXXIX, District of Melaka Tengah, Melaka. Land area: 466 sq. meters Land status: leasehold (99 years expiring on 4 October 2082)	Office	14 years	2,465
No.39 & 39-A, Jalan Saujana 2/2, Taman Saujana Seksyen 2, Bukit Katil, 75450 Melaka	Double storey shop/office unit, held under Lot No. 5645, Geran 18872 (formerly known as H.S.(D) 29176, P.T. No. 4379) in Mukim Bukit Katil, Daerah Melaka Tengah, Melaka Land Area: 143 sq. meters Land Status: freehold	Disaster Recovery Site	3 years	251

# Statement of Shareholdings

As at 2 March 2001

Authorised Capital	RM1,500,000,000
Issued and fully paid-up capital	RM529,017,880 (Excluding 9,348,000 Treasury Shares)
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	695	2.69	170,014	0.03
500 - 999	243	0.94	162,828	0.03
1,000 - 5,000	18,986	73.37	41,659,647	7.87
5,001 - 10,000	3,115	12.04	23,693,708	4.48
10,001 - 100,000	2,624	10.14	65,686,033	12.42
100,001 - 1,000,000	172	0.66	47,560,026	8.99
1,000,001 - and above	41	0.16	350,085,624	66.18
<b>TOTAL</b>	<b>25,876</b>	<b>100.00</b>	<b>529,017,880</b>	<b>100.00</b>

## 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 Substantial Shareholders	Direct interest	No. of Shares held			
		%	Deemed interest	%	
1. Ong Leong Huat @ Wong Joo Hwa	123,193,666	23.29	1,580,000*	0.30	
2. Oversea-Chinese Banking Corporation Limited	-	-	37,553,500**	7.10	
3. OSPL Holdings Sdn. Bhd.	37,498,500	7.09	-	-	
4. Wong Ah Chiew	677,085	0.13	35,369,483^	6.69	
5. Dindings Consolidated Sdn. Bhd.	153	-	35,369,330^^	6.69	
6. PJ Development Holdings Berhad	-	-	35,369,330^^^	6.69	
7. Pengerang Jaya Pte. Ltd.	26,580,331	5.02	-	-	
8. Employees Provident Fund Board	20,778,333	3.93	-	-	
9. Wong Chong Kim	17,333,333	3.28	-	-	
10. Dato' Nik Mohamed Din Bin Datuk Nik Yusoff	14,687,241	2.78	-	-	

### Notes:

\* Deemed interested through his family trust's shareholdings in OSK Holdings Berhad

\*\* Deemed interested under Section 6A(4) (C) of the Companies Act 1965

^ 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	55,560,333	10.50
2.	OSPL Holdings Sdn. Bhd.	37,498,500	7.09
3.	Southern Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (KUL)</i>	26,300,000	4.97
4.	KE-ZAN Nominees (Asing) Sdn. Bhd. <i>Kim Eng Securities (Private) Limited</i>	23,000,000	4.35
5.	Employees Provident Fund Board <i>Seksyen Depositori Pusat</i>	20,778,333	3.93
6.	Amsec Nominees (Tempatan) Sdn. Bhd. <i>Arab-Malaysian Bank Berhad for Ong Leong Huat @ Wong Joo Hwa</i>	17,000,000	3.21
7.	Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ong Leong Huat @ Wong Joo Hwa (BK 7/745-5)</i>	17,000,000	3.21
8.	Wong Chong Kim	14,953,333	2.83
9.	Southern Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Dato' Nik Mohamed Din Bin Datuk Nik Yusoff</i>	14,000,000	2.65
10.	RHB Merchant Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Pengerang Jaya Pte. Ltd.</i>	12,951,500	2.45
11.	RC Nominees (Tempatan) Sdn. Bhd. <i>Chin Cheng Mei (SBB KLMPs)</i>	10,129,333	1.91
12.	OSK Nominees (Tempatan) Sdn. Berhad <i>Pledged Securities Account for Wong Chong Che</i>	8,666,666	1.64
13.	UOBM Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for Pengerang Jaya Pte. Ltd. (MP)</i>	7,643,331	1.44
14.	OSK Nominees (Tempatan) Sdn. Berhad <i>UOB Kay Hian Pte. Ltd. For Ong Leong Huat @ Wong Joo Hwa</i>	7,333,333	1.39
15.	Malaysian Assurance Alliance Berhad <i>As Beneficial Owner, Equity Investment Dept.</i>	6,000,000	1.13
16.	Public Merchant Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for PJ Equity Sdn. Bhd.</i>	5,608,999	1.06
17.	Loh Teck Yen	4,820,848	0.91
18.	Mirzan Bin Mahathir	4,700,000	0.89
19.	Tan Soo Sum	4,373,277	0.83
20.	Md Yusoff Bin Md Ali	3,800,000	0.72

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## OSK HOLDINGS BERHAD

(207075-U)

(Formerly known as O.S.K. Holdings Berhad)

## Proxy Form

No. of Shares Held

I/We .....

of .....

being a member/members of OSK Holdings Berhad (formerly known as 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 Eleventh Annual General Meeting of the Company to be held at the Auditorium, 11th Floor, Plaza OSK, Jalan Ampang, 50450 Kuala Lumpur on Thursday, 19 April 2001 at 9.30 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 dividend		
3.	Approve payment of Directors' Fees		
4.	Re-election of Director: Dato' Nik Mohamed Din Bin Datuk Nik Yusoff		
5.	Re-election of Director: Mr. Wong Chong Kim		
6.	Re-election of Director: Mr. Loh Siew Cheang		
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 ..... 2001

.....  
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.