

# Pan Malaysia Holdings Berhad

Company No: 95469-W

**LAPORAN TAHUNAN**  
**2001**  
**ANNUAL REPORT**

# CONTENTS

---

Notice of Meeting	3
Statement Accompanying Notice of Annual General Meeting	4
Corporate Information	5
Profile of Directors	6
Statement on Corporate Governance	8
Directors' Responsibilities in Respect of Financial Statements	13
Other Information	14
Report of the Audit Committee	16
Chairman's Statement	18
Directors' Report	21
Balance Sheets	27
Income Statements	28
Statement of Changes in Equity	29
Cash Flow Statements	30
Notes to the Financial Statements	33
Statement by Directors	72
Statutory Declaration	72
Report of the Auditors	73
Analysis of Shareholding	74
Properties Owned by The Group	76
Form of Proxy	

---

## NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 25 June 2002 at 9.00 a.m. for the following purposes:-

### AGENDA

1. To receive the audited financial statements for the financial year ended 31 December 2001 and the Report of the Directors and Auditors thereon.
2. To approve Directors' fees of RM103,500.00.
3. To consider and, if thought fit, pass the following resolutions in accordance with Section 129(6) of the Companies Act, 1965:-
  - (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad be re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company."
  - (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Rastam bin Abdul Hadi be re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company."
  - (iii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Yong Ming Sang be re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company."
4. To re-elect the following Directors:-
  - (i) Dato' Mohd Ibrahim bin Mohd Zain
  - (ii) Mr Khet Kok Yin
  - (iii) Dato' Choong Kok Min
  - (iv) Datuk Mohd Yassin bin Jaafar
5. To elect Dato' Seri Dr Ting Chew Peh as Director.
6. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.
7. To transact any other business of which due notice shall have been received.

By order of the Board

Chik Wai Ming  
*Company Secretary*

Kuala Lumpur  
3 June 2002

### Note:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor, a person approved by the Registrar of Companies in a particular case or a person approved by the Directors. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy must be deposited at the Registered Office, 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must either be under its Common Seal or under the hand of an Attorney duly authorised.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors who are seeking re-appointment pursuant to Section 129(6) of the Companies Act, 1965 are:-

- (i) Dato' Abdul Aziz bin Ahmad
- (ii) Dato' Rastam bin Abdul Hadi
- (iii) Yong Ming Sang

Directors who are standing for re-election pursuant to paragraph 7.28 of the Listing Requirements of Kuala Lumpur Stock Exchange are:-

- (i) Dato' Mohd Ibrahim bin Mohd Zain
- (ii) Khet Kok Yin
- (iii) Dato' Choong Kok Min
- (iv) Datuk Mohd Yassin bin Jaafar

The Director who is standing for election pursuant to Article 118 of the Company's Articles of Association is Dato' Seri Dr Ting Chew Peh.

2. Details of Attendance of Directors at Board Meetings held during the financial year ended 31 December 2001.

Name of Directors	Number of Meetings Attended
Dato' Mohd Ibrahim bin Mohd Zain	3/4
Khet Kok Yin	4/4
Dato' Choong Kok Min	4/4
Dato' Abdul Aziz bin Ahmad	3/4
Datuk Mohd Yassin bin Jaafar	4/4
Dato' Rastam bin Abdul Hadi	4/4
Yong Ming Sang	3/4
Dato' Seri Dr Ting Chew Peh	*

\* There were no Board Meetings held during the period from the date of his appointment to 31 December 2001.

3. The Nineteenth Annual General Meeting of the Company will be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 25 June 2002 at 9.00 a.m..

4. Details of Dato' Seri Dr Ting Chew Peh who is standing for election.

Age 58. Malaysian. Independent Non-Executive Director of Pan Malaysia Holdings Berhad since 15 November 2001. Holds a Bachelor of Arts from University of Malaya, Master of Science from University of London and Doctorate in Philosophy from University of Warwick. Formerly served as Minister of Housing and Local Government and was an Associate Professor in Sociology, University Kebangsaan Malaya. Currently, a Member of Parliament for Gopeng, Perak and the Chairman of Klang Port Authority. Presently, also a Director of Puncak Niaga Holdings Berhad and Pan Malaysia Capital Berhad. Does not hold any shares in the Company and its subsidiaries. Not related to any Director and/or major shareholder of the Company and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past ten (10) years.

## CORPORATE INFORMATION

### Board of Directors

Dato' Mohd Ibrahim bin Mohd Zain, D.S.P.N., D.I.M.P., *Chairman*

Khet Kok Yin, *Managing Director*

Dato' Choong Kok Min, D.P.T.J., P.J.K., *Executive Director*

Dato' Abdul Aziz bin Ahmad, D.S.D.K., D.P.M.J., J.M.N., K.M.N., J.B.S.

Datuk Mohd Yassin bin Jaafar, P.N.B.S., J.M.N., K.M.N., A.M.N., A.S.K.

Dato' Rastam bin Abdul Hadi, P.G.D.K., D.C.S.M., D.P.M.T., K.M.N.

Yong Ming Sang

Dato' Seri Dr Ting Chew Peh, D.P.M.P., D.P.M.S., S.P.M.P.

### Secretary

Chik Wai Ming

### Registered Office

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21482566 Fax No: 03-21445209

### Principal Place of Business

14th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-20316722 Fax No: 03-20311299

### Registrar

Pan Malaysia Management Sdn Bhd

6th Floor, MUI Plaza

Jalan P. Ramlee

50250 Kuala Lumpur

Tel No: 03-21487696 Fax No: 03-21442118

### Auditors

BDO Binder *Chartered Accountants*

### Principal Bankers

Alliance Bank Malaysia Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Southern Bank Berhad

### Stock Exchange Listing

The Main Board of the Kuala Lumpur Stock Exchange

## PROFILE OF DIRECTORS

### **Dato' Mohd Ibrahim bin Mohd Zain**

Age 58. Malaysian. Independent Non-Executive Director and Chairman. Appointed as Director on 28 May 1998. Chairman of Audit Committee. Graduated from British Institute of Management and Institute of Marketing in United Kingdom. Holds a Masters in Business Administration from the University of Ohio. Upon graduation in 1965, was attached with University Technology MARA (formerly known as Institute Technology MARA) where later he was appointed a Director, a position which he holds to date. Formerly, Chairman of the International Executive Service Corps Steering Committee, Malaysia and Chapter Chairman of Young Presidents' Organisation. Founding Board Member of the Penang Regional Development Authority ("PERDA") and had served as a Board Member of the Tourist Development Corporation Malaysia. Was also formerly, Chief Executive of Amanah International Finance Berhad, Amanah Chase Merchant Bank Berhad and Oriental Bank Berhad, Chairman and Chief Executive Officer of Setron (Malaysia) Berhad, Chairman of Bank Kerjasama Rakyat (M) Berhad, Bescorp Industries Berhad and Pan Malaysian Industries Berhad. Currently, Chairman of Pan Malaysia Capital Berhad and Chemical Company of Malaysia Berhad, Deputy Chairman of Metrojaya Berhad and a Director of K & N Kenanga Holdings Berhad and Pan Malaysian Industries Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended 3 Board Meetings held in the financial year.

### **Khet Kok Yin**

Age 55. Malaysian. Managing Director. Appointed as Director on 28 May 1998. Member of Audit Committee. Holds a Bachelor of Economics (Hons) from University of Malaya. Currently, also a Managing Director of Pan Malaysian Industries Berhad, Pan Malaysia Corporation Berhad, Pan Malaysia Capital Berhad and Metrojaya Berhad. Currently, also a Director of Malayan United Industries Berhad, MUI Properties Berhad, MUI Continental Insurance Berhad and Chemical Company of Malaysia Berhad. Had served as President of North American operations of The MUI Group in the United States of America and Managing Director of Kerry Securities Ltd (now known as Morning Star Securities Ltd). Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the 4 Board Meetings held in the financial year.

### **Dato' Choong Kok Min**

Age 60. Malaysian. Executive Director. Appointed as Director on 8 January 1991. Graduated in Law from the University of London and Barrister-at-Law from Gray's Inn. Was formerly a Chairman of Alliance Finance Berhad, Director cum Legal Adviser and Company Secretary of Oriental Bank Berhad, Director of Setron (Malaysia) Berhad and partner of Messrs Ariffin & Ooi and Messrs Allen & Gledhill. Currently, also sits on the Board of Alliance Finance Berhad and is the Chairman of its Audit Committee and also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the 4 Board Meetings held in the financial year.

### **Dato' Abdul Aziz bin Ahmad**

Age 74. Malaysian. Independent Non-Executive Director. Appointed as Director on 27 March 1990. Formerly a Government servant and had served in Polis DiRaja Malaysia. His last posting before retirement in May 1985 was in the Prime Minister's Department. His total service with the Government was for a period of 35 years. Also sits on the Board of Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended 3 Board Meetings held in the financial year.

---

**Datuk Mohd Yassin bin Jaafar**

Age 65. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Audit Committee. Formerly, Chairman of Suremax Berhad and a Director of Pan Malaysia Corporation Berhad. Was also formerly, Police Inspector in the Malaysian Police Force before leaving as Commissioner of Police and served as a Director General of Prisons until retirement in 1994. During his tenure of service in the police force, he was involved in the Criminal Investigation Department, Narcotics Division, the Special Branch and finally in the Management Branch as Commissioner of Police, Sarawak and Director of Internal Security and Public Order at Bukit Aman, Kuala Lumpur. In recognition of his meritorious service, he was awarded a Datukship (PNBS) by T.Y.T. The Governor of Sarawak in 1987. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the 4 Board Meetings held in the financial year.

**Dato' Rastam bin Abdul Hadi**

Age 71. Malaysian. Non-Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Remuneration Committee and Chairman of Nomination Committee. Holds a Bachelor of Science (Hons) in Mathematics from the University of Malaya, Singapore. Formerly, a State Financial Officer, Pahang and later Under-Secretary, Treasury of Ministry of Finance, Deputy Secretary General of Ministry of Defence, Deputy Governor of Bank Negara, Malaysia. Was also formerly, Executive Director and later as Managing Director and finally as Senior-Vice President of Petroleum Nasional Berhad ("Petronas"). Currently, the Group Adviser to The MUI Group. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended all the 4 Board Meetings held in the financial year.

**Yong Ming Sang**

Age 71. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 August 1996. Member of Nomination Committee and Remuneration Committee. He is a Fellow of the Royal Institution of Chartered Surveyors (United Kingdom) and of the Institution of Surveyors (Malaysia). Prior to joining the corporate sector in 1978, practised as a Chartered Quantity Surveying Consultant in a quantity-surveying firm of Messrs Yong and Mohamad Faiz of which he was the founder member. His corporate sector experience ranges from financial services, manufacturing, hotel, property development, airline industry to tourism. Also serves as a Director of Malayan United Industries Berhad, MUI Properties Berhad and Star Publications (Malaysia) Berhad. He is also the Chairman of Star Publications (Malaysia) Berhad. He had previously served as a Director of Malaysian Airline System Berhad, the national airline and of two statutory bodies, namely, Tourist Development Corporation Malaysia and Keretapi Tanah Melayu. Currently, he is a member of the Board of Trustees of the National Art Gallery. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years. Attended 3 Board Meetings held in the financial year.

**Dato' Seri Dr Ting Chew Peh**

Age 58. Malaysian. Independent Non-Executive Director. Appointed as Director on 15 November 2001. Member of Nomination Committee and Chairman of Remuneration Committee. Holds a Bachelor of Arts from University of Malaya, Master of Science from University of London and Doctorate in Philosophy from University of Warwick. Formerly served as Minister of Housing and Local Government and was an Associate Professor in Sociology, University Kebangsaan Malaya. Currently, a Member of Parliament for Gopeng, Perak and the Chairman of Klang Port Authority. Presently, also a Director of Puncak Niaga Holdings Berhad and Pan Malaysia Capital Berhad. Not related to any Director and/or major shareholder of Pan Malaysia Holdings Berhad and does not have any conflict of interest with Pan Malaysia Holdings Berhad. Has had no convictions for any offences within the past 10 years.

---

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to the principles of corporate governance in the Malaysian Code of Corporate Governance (the “Code”).

The Board of Directors will continuously evaluate the status of the Group’s corporate governance practices and procedures with a view to adopt and implement the Best Practices of the Code wherever applicable in the best interests of the shareholders of the Company. The Board considers that it has generally applied the Principles and Best Practices of the Code.

Set out below is the description on the manner in which the Company has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

### 1. Directors

#### 1.1 The Board

An effective Board leads and controls the Group. The Board is responsible for the overall performance of the Company and focuses mainly on strategies, performance, standards of conduct and critical business issues.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. The Chairman is responsible for setting the agenda for Board meetings. Any Board member may, however, recommend the inclusion of items on the agenda. Such recommendations will be accommodated to the extent practicable. The agenda reaches the Board at least two (2) to three (3) weeks prior to Board meetings. Board meetings are typically scheduled a year in advance.

Four (4) Directors’ meetings were held during the financial year ended 31 December 2001. Details of the attendance of the Directors are disclosed on page 4 of the Annual Report.

#### 1.2 Board Balance

The Board currently consist of eight (8) Directors:-

- One (1) Independent Non-Executive Chairman
- One (1) Managing Director
- One (1) Executive Director
- One (1) Non-Independent Non-Executive Director
- Four (4) Independent Non-Executive Directors



There is a clear division of responsibility between the Chairman and Managing Director to ensure there is a balance of power and authority. All major matters and issues are referred to the Board for consideration and approval. The roles and contributions of independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board.

Together, the Directors bring a wide range of business and financial experience for effective direction and management of the Group's businesses. A brief description of the background of each Director is presented on pages 6 to 7 of the Annual Report.

The Board complies with the Listing Requirements of Kuala Lumpur Stock Exchange that requires at least two (2) or one-third (1/3) of the Board, whichever is higher, to be independent Directors.

Mr Yong Ming Sang has been identified as the senior independent non-executive Director to whom concerns regarding the Company may be conveyed.

The Board has established Board committees, which operate within defined terms of reference. These committees are:-

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report of the Audit Committee for the financial year ended 31 December 2001 is set out on pages 16 to 17 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 10 and 11 respectively.

### **1.3 Supply of Information**

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties, which is not only quantitative but also any other information deemed suitable.

Board papers are distributed to Board members at least seven (7) days prior to the meeting. Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company's shares may be discussed at the meeting without materials being distributed prior to the meeting.

In addition to Group performances that are discussed at the meeting, there is a schedule of matters reserved specifically for the Board's decision.

All Directors have access to the advice and service of the Company Secretary and where necessary, in the furtherance of their duties, obtain independent professional advice at the Group's expense.

#### 1.4 Appointments to the Board

On 25 March 2002, the Board established the Nomination Committee. The members of the Nomination Committee are as follows:-

Chairman	Dato' Rastam bin Abdul Hadi	- Non-Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director

The duties and functions of the Nomination Committee are:-

- identifying and recommending new nominees for the Board and Board Committees
- annually assesses the effectiveness of the Board as a whole, the Board Committees and contribution of each Director on an on-going basis
- annually reviews the mix of skills, experience and other qualities, including core competencies of non-executive Directors
- annually reviews the Board structure, size and composition

The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the Nomination Committee.

The Directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from Directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Listing Requirements of Kuala Lumpur Stock Exchange and other regulatory requirements.

#### 1.5 Directors' Training

All Directors are required to attend the training programmes that are prescribed by the Kuala Lumpur Stock Exchange from time to time. All Directors have attended the Mandatory Accreditation Programme during the calendar year 2001.

There is a familiarisation programme in place for new Board members, which include visits to the Group's businesses, and meetings with senior management as appropriate, to facilitate their understanding of the Group.

#### 1.6 Re-election of Directors

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the next Annual General Meeting following their appointment.

In accordance with the existing Articles of Association of the Company, one-third (1/3) of the Directors (except for the Managing Director), or if their number is not a multiple of three (3), then the number nearest to one-third (1/3), are required to submit themselves for re-election by rotation at each Annual General Meeting. The Directors propose to amend the Company's Articles of Association, inter-alia, to take account of paragraph 7.28 of the Listing Requirements of Kuala Lumpur Stock Exchange requiring all Directors to retire from office once at least in each three (3) years but shall be eligible for re-election. The proposed amendments to the Articles of Association would be tabled for approval by shareholders at the forthcoming Extraordinary General Meeting.

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

## 2. Directors' Remuneration

The remuneration of Directors is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to govern the Group effectively. In the case of executive Directors, their remuneration are structured to link rewards to corporate and individual performance. In the case of non-executive Directors, the level of remuneration reflects the experience and level of responsibility undertaken by them.

On 25 March 2002, the Board established the Remuneration Committee. The members of the Remuneration Committee are as follows:-

Chairman	Dato' Seri Dr Ting Chew Peh	- Independent Non-Executive Director
Members	Yong Ming Sang	- Independent Non-Executive Director
	Dato' Rastam bin Abdul Hadi	- Non-Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of executive Directors in all forms, drawing from outside advice as necessary. Nevertheless, the determination of remuneration packages of executive Directors is a matter for the Board as a whole and individual executive Directors are required to abstain from discussion of their own remuneration.

The Remuneration Committee shall also recommend to the Board the remuneration of non-executive Directors. The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole.

For the financial year ended 31 December 2001, the aggregate of remuneration of the Directors received from the Company and its subsidiaries categorised into appropriate components were as follows:-

	<b>Salaries RM</b>	<b>Fees RM</b>	<b>Benefits- in-kind RM</b>	<b>Other RM</b>	<b>Total RM</b>
Executive Directors	90,000	48,000	15,159	21,500	174,659
Non-Executive Directors	—	139,207	10,200	238,867	388,274

The number of Directors of the Company whose remuneration during the year falls within the respective bands were as follows:-

<b>Range of remuneration</b>	<b>Number of Directors</b>	
	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000	1	5
RM50,001 to RM100,000	—	2
RM100,001 to RM150,000	1	—
RM150,001 to RM200,000	—	1

### **3. Relationship with Shareholders and Investors**

In addition to various announcements made during the year, the timely release of quarterly financial results provides shareholders with a regular overview of the Group's performance and operations.

Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing the Kuala Lumpur Stock Exchange's website.

Notice of the Annual General Meeting and the Annual Report are sent to all shareholders. At Annual General Meetings, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session.

### **4. Accountability and Audit**

#### **4.1 Financial Reporting**

In presenting the annual and quarterly reports, the Directors aim to present a balanced and comprehensive assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 72 of the Annual Report and the Statement explaining the Directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27(a) of the Listing Requirements of Kuala Lumpur Stock Exchange is set out on page 13 of the Annual Report.

#### **4.2 Internal Control**

The Directors acknowledge their responsibilities for the internal control system in the Group, covering not only financial controls but also controls relating to operational, compliance and risk management. The system of internal control involves each key business unit and its management, including the Board, and is designed to meet the business units' particular needs, and to manage the risks to which they are exposed. The system, by its nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud. The concept of reasonable assurance recognises the costing aspect, whereby the cost of control procedures is not to exceed the expected benefits.

The Board recognises that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimising and managing them. Ongoing reviews are continuously carried out to ensure the effectiveness, adequacy and integrity of the system of internal controls in safeguarding the Group's assets.

#### **4.3 Relationship with the Auditors**

The Company's external auditors, Messrs BDO Binder has continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the auditors to meet their professional requirements.

The role of the Audit Committee in relation to the external auditors is set out in the Report on Audit Committee on pages 16 to 17 of the Annual Report.

## **DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements.

The Directors also ensure that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

## OTHER INFORMATION

### 1. Utilisation of Proceeds of Company's Rights Issue

As at 30 April 2002, the Company has utilised RM197.30 million of the proceeds of RM198.61 million of the Company's rights issue. The said RM197.30 million were utilised to subscribe for shares in Pan Malaysia Capital Berhad ("PM Capital") under PM Capital's rights issue, to acquire irredeemable convertible preference shares in PM Capital ("PM Capital ICPS"), as settlement of debts owing to unsecured creditors excluded from the schemes of arrangement of the Company and certain of its subsidiary companies, as working capital and to defray expenses incurred pursuant to the Company's rights issue, schemes of arrangement and rationalisation exercises.

Pending their utilisation, the balance of the unutilised proceeds amounting to RM1.31 million are placed as deposits with financial institutions.

### 2. Sanctions and/or Penalties Imposed

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

### 3. Non-Audit Fees

For the financial year ended 31 December 2001, non-audit fees paid to the external auditors amounted to RM41,000.

### 4. Material Contracts

For the financial year ended 31 December 2001, there were no material contracts including contracts relating to a loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests except for the following:-

- (i) On 18 January 2001, PM Capital accepted a term loan facility of RM40.0 million made available by MUI Capital Sdn Bhd ("MUI Capital"), a wholly-owned subsidiary of Malayan United Industries Berhad ("MUI"), which in turn is the ultimate holding company of the Company. The loan is granted for a period of two years at interest rate of 7.5% per annum and is unsecured. The interest is to be paid monthly in arrears on the last day of every calendar month. The principal is to be repaid on 18 January 2003. The loan is for onward lending to PM Securities Sdn Bhd ("PM Securities") for purposes of PM Securities' working capital and expansion of business. PM Capital was then a 73.83%-owned subsidiary of the Company and PM Securities is a 99.99%-owned subsidiary of PM Capital.

- (ii) On 18 January 2001, PM Capital granted a subordinated loan of RM40.0 million to PM Securities. The loan is for a period of two years from 19 January 2001 at interest rate of 8.0% per annum and is unsecured. The principal together with the interest for the two years are to be repaid on 19 January 2003. Pursuant to the terms and conditions of the loan which have been approved by the Committee of the Kuala Lumpur Stock Exchange ("KLSE"), the repayment of the whole or part of the principal or interest shall be made only with the prior written approval of the KLSE. Further subject to such terms and conditions as may be imposed by the Committee of the KLSE, the indebtedness of PM Securities in respect of the loan shall be converted into equity of PM Securities if PM Securities fails to comply with the Capital Adequacy Requirement under the Rules of the KLSE and to undertake or effect an appropriate capital reconstruction which has been approved by the Committee of the KLSE.
- (iii) On 31 May 2001, the Company entered into an agreement with Mr Yap Ah Wak, a Director of Labels Specialist Industries Sdn Bhd ("Labels"), a former subsidiary of the Company, for the disposal of the Company's entire shareholding of 3,434,000 ordinary shares of RM1.00 each representing 51.25% of the issued and paid-up share capital of Labels to Mr Yap Ah Wak for a cash consideration of RM16.0 million. The agreement was subsequently completed on 2 October 2001.
- (iv) On 24 July 2001, PM Capital has also accepted a term loan facility of RM30.0 million made available by MUI Capital. The loan is granted for a period of three years at interest rate of 7.0% per annum and is unsecured. The interest is to be paid monthly in arrears on the last day of every calendar month. The principal is to be repaid on 24 July 2004. The loan was used for purpose of subscribing the rights issue of PM Securities.

## 5. Revaluation Policy

The Group does not have a revaluation policy on landed properties (see also Note 5 to the financial statements).

# REPORT OF THE AUDIT COMMITTEE

## MEMBERS

<b>Name</b>	<b>Designation</b>
Dato' Mohd Ibrahim bin Mohd Zain - <i>Chairman</i>	Independent Non-Executive Director
Datuk Mohd Yassin bin Jaafar	Independent Non-Executive Director
Khet Kok Yin	Managing Director

## TERMS OF REFERENCE

### 1. Constitution

The Audit Committee was established on 28 July 1994. The Board shall ensure that the composition of the Audit Committee comply with the Listing Requirements of Kuala Lumpur Stock Exchange as well as other regulatory requirements.

### 2. Authority

- The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- The Audit Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.
- The Audit Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

### 3. Functions

The functions of the Audit Committee shall be:-

- to report to the Board of Directors after reviewing the following:-
  - (a) the audit plan with the external auditors;
  - (b) the evaluation of the system of internal controls with the external auditors;
  - (c) the audit report with the external auditors;
  - (d) the assistance and co-operation given by the employees of the Company to the external auditors;
  - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
  - (f) the internal audit programme, processes, the results of the internal audits, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant and unusual events;
    - (iii) significant adjustments arising from the audit;
    - (iv) the going concern assumption; and
    - (v) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors;
  - (j) whether there is any reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment;
- to recommend the nomination of a person or persons as external auditors;
- to consider the external auditors' fee and questions of dismissal;
- to discuss problems and reservations arising out of external or internal audits and any matters which the auditors may wish to bring up (in the absence of management or the Executive Directors of the Group where necessary);
- to review the external auditors' management letter and management's response; and
- to consider the major findings of internal investigations and management's response together with such other functions as may be agreed to by the Audit Committee and Board of Directors.



#### **4. Meetings**

During the financial year ended 31 December 2001, six (6) Audit Committee Meetings were held. Except for Dato' Mohd Ibrahim bin Mohd Zain who attended five (5) meetings, the other members of the Audit Committee attended all the six (6) meetings of the Audit Committee.

At each of these Audit Committee Meetings, the Vice-President of Finance & Administration and Head of Internal Audit were in attendance. The respective head of companies/departments and their management team attend when audit reports on their companies/departments are tabled for discussion. The presence of the external auditors will be requested when required.

Upon the request of the external auditors, the Chairman shall convene a meeting of the Audit Committee to consider any matter the external auditors believe should be brought to the attention of the Board or shareholders.

#### **5. Summary of Activities of the Audit Committee During the Financial Year Ended 31 December 2001**

The Audit Committee reviewed and deliberated seven (7) audit reports on assignments conducted by the Internal Audit. The Audit Committee also appraised the adequacy and effectiveness of management's response in resolving the audit issues reported.

In addition, the unaudited quarterly financial statements and the audited financial statements of the Company and the Group were reviewed by the Audit Committee together with the Vice-President of Finance & Administration, prior to recommending the same for approval by the Board, upon being satisfied that the financial reporting and disclosure requirements of the relevant authorities had been complied with. Any significant issues resulting from the audit of the financial statements by the external auditors were deliberated.

The Audit Committee reviewed and approved the Annual Audit Plan for the calendar year 2001. In its review of the Annual Audit Plan, the Audit Committee reviewed the scope and coverage over the activities of the respective business units of the Group.

#### **6. Internal Audit Function**

The internal audit function is centralised at the Group Internal Audit Department of Malayan United Industries Berhad and is independent of the activities audited. The function is performed with impartiality, proficiency and due professional care. The Internal Audit reports to the Audit Committee, and regularly reviews and appraises the Group's key operations. Its activities include:-

- appraising the adequacy and integrity of internal controls and management information systems;
- ascertaining the effectiveness of management in identifying principal risks and to manage such risks through appropriate systems of internal control;
- ascertaining the level of compliance with Group's plans, policies, procedures and adherence to laws and regulations;
- appraising the effectiveness of administrative controls applied and the reliability and integrity of data that is produced within the Group;
- ascertaining the adequacy of controls for safeguarding Group's assets from losses of all kinds; and
- conducting special reviews or investigations requested by management or by the Audit Committee.

The Internal Audit carries out audit assignments based on an audit plan that is reviewed and approved by the Audit Committee. The reports of the audits undertaken were presented to the Audit Committee and forwarded to the management concerned for attention and necessary action.

# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present herewith the Annual Report of our Company and the Group for the financial year ended 31 December 2001.

## ECONOMIC REVIEW

The year 2001 was a difficult year for the Malaysian economy as it was affected by a slow-down in the world economy, particularly in the United States and Japan, and the September 11 incident and its aftermath. After achieving a robust growth of 8.3% in 2000, the Malaysian Real Gross Domestic Product ("GDP") grew by 0.4% in 2001. On a quarterly basis, Real GDP for the fourth quarter rose by 1.4% over the third quarter and the improved performance was driven by strong fiscal stimulus expenditure and the strengthened domestic demand against a gradual recovery in external demand.

In the capital account, Malaysia continued to receive inflows of foreign direct investment and portfolio investments. For 2001 as a whole, the net international reserves of the country increased by RM3.7 billion from the level at end 2000 to RM117.2 billion as at end December 2001.

Reflecting the positive impact of the fiscal stimulus and strengthening demand conditions, value added in the services sector rose by 4.9% in 2001. On the other hand, the manufacturing sector contracted by 5.1% due to the decline in exports of manufactured goods.

The year 2001 was also a difficult year for the stockbroking industry with the value of market transactions on the Kuala Lumpur Stock Exchange ("KLSE") dropping substantially by 60.66% from RM244.05 billion in 2000 to RM96.02 billion in 2001. The year also witnessed a further consolidation of the industry in line with the Capital Market Masterplan ("CMM") with the number of stockbroking Member Companies of the KLSE reduced from 61 at the beginning of the year to 49 at the end of the year.

In line with the CMM to create a single Malaysian exchange to enhance the efficiency of market institutions, the Kuala Lumpur Options & Financial Futures Exchange and the Commodity and Monetary Exchange were merged in June 2001 to form a single derivatives exchange called Malaysia Derivatives Exchange, placed under the KLSE group. The KLSE acquired the Malaysian Exchange of Securities Dealing & Automated Quotation ("MESDAQ") in February 2002 resulting in shares previously listed on the MESDAQ being currently quoted on the KLSE.

## FINANCIAL HIGHLIGHTS AND REVIEW OF OPERATIONS

Reflecting the difficult economic conditions of the Malaysian economy, the Group registered a pre-tax loss of RM49.40 million in the year 2001 as against a pre-tax profit of RM7.91 million in the previous financial year. Group revenue declined to RM75.64 million from RM163.79 million in the previous financial year attributable primarily to the disposals and voluntary winding-up of some subsidiary companies in 2001.

The Financial Services Division which comprises mainly stockbroking operations, recorded a pre-tax loss of RM42.79 million and revenue of RM7.45 million for the year 2001 as against a pre-tax profit of RM22.92 million and revenue of RM18.48 million for the previous financial year. The poor performance of the stockbroking operations was due to the low market volume of the KLSE, reduction in brokerage rates, higher finance cost, higher provision for diminution in value of investments and impairment losses on property, plant and equipment.

For the year under review, the Manufacturing and Trading Division recorded a pre-tax profit of RM10.30 million for the year 2001 against a pre-tax loss of RM5.57 million for the previous financial year attributed to the reversal of past post-acquisition losses of subsidiary companies which were disposed of or placed under voluntary winding-up. Revenue for the year 2001 was RM28.00 million as against RM107.48 million for the previous financial year. With the disposals and voluntary winding-up of subsidiary companies comprising the Division in the year, the Manufacturing and Trading Division ceased operations in December 2001.

The Property and Leisure Division spearheaded by Pengkalen Holiday Resort Sdn Bhd which owns and operates the 201-room hotel known as “Corus Paradise resort” in Port Dickson recorded satisfactory room occupation with an improved gross operating profit of RM2.07 million in 2001. Pan Malaysia Travel & Tours Sdn Bhd achieved a modest increase in revenue from RM29.70 million to RM31.50 million and remained profitable despite the difficult trading environment especially after the September 11 incident.

## **CORPORATE DEVELOPMENTS**

I am pleased to report that the Securities Commission (“SC”) had by its letter dated 29 August 2001 approved PM Securities Sdn Bhd (“PM Securities”) to be a “Universal Broker”. As a Universal Broker, PM Securities will, in addition to being just a pure stockbroker, be able to diversify and to offer a full range of capital market and advisory services, including asset management and trading in derivative products. The SC has also by its letter dated 25 March 2002 approved PM Securities to be an Adviser pursuant to the SC’s Policies and Guidelines on Issue/Offer of Securities.

In line with the SC’s approval, PM Securities expanded its current network of branches to include Kuala Lumpur, Seremban, Puchong, Penang and Johor Bahru. It is expected by the end of June 2002, another two additional branches in Melaka and Klang will be opened for business.

To augment its capital, PM Securities had on 25 July 2001 completed a rights issue of 30,000,007 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share on the basis of 1 new ordinary share of RM1.00 each for approximately every 8.715 existing ordinary shares held. Pan Malaysia Capital Berhad (“PM Capital”) was issued 30,000,001 new ordinary shares pursuant to its entitlement under the rights issue.

To meet the objectives of the Universal Broker, the Group embarked and completed on 8 December 2001 an internal capital rationalisation exercise involving the transfer of PM Capital’s entire equity interest in Pan Malaysia Equities Sdn Bhd to PM Securities (“PME Transfer”) and the subsequent transfer of PM Capital’s entire equity interest in PM Securities to Kimara Asset Management Sdn Bhd (“Kimara Transfer”), another wholly-owned subsidiary of PM Capital. PM Securities issued 100 million new ordinary shares of RM1.00 each at par and paid RM17.58 million cash to PM Capital as consideration for the PME Transfer.

Kimara Asset Management Sdn Bhd (“Kimara Asset”) issued 391,000,005 new ordinary shares of RM1.00 each at par to PM Capital as consideration for the Kimara Transfer. PM Securities is now a 99.99% owned subsidiary of Kimara Asset.

In line with the Group’s continuing rationalisation exercise to divest non-core businesses, the Company completed the sale of its entire equity interest in Pengkalen Concrete Sdn Bhd on 23 March 2001 and in Labels Specialist Industries Sdn Bhd on 2 October 2001 for a total cash consideration of RM6.90 million and RM16.00 million respectively. The Group also completed the sale of its entire equity interest in

Focusprint Sendirian Berhad on 23 March 2001 for a total cash consideration of RM4.50 million. The funds raised from such sales were utilised towards reducing the Group's borrowings and for working capital and future investments.

Pengkalen Building Materials Sdn Bhd which ceased operations in November 2001 and 14 other inactive and dormant subsidiary companies were placed under voluntary liquidation in December 2001. Another dormant subsidiary company was also placed under voluntary liquidation in January 2002.

On 2 April 2002, the Company completed the acquisition of 800,000 ordinary shares of RM1.00 each, representing the remaining 10% of the total issued and paid-up share capital of Pengkalen Holiday Resort Sdn Bhd ("PHR") from Lai Sun Development Company Limited ("Lai Sun") for a total cash consideration of RM1.00 and the acceptance by the Company of the assignment of debt owing to Lai Sun by PHR of RM2.47 million for a total cash consideration of RM0.55 million pursuant to the Agreement entered into between the Company and Lai Sun on 19 December 2001. PHR is now a wholly-owned subsidiary of the Company. The said completion had resulted in a gain of RM2.65 million to the Group.

## **PROSPECTS FOR 2002**

The worst appears to be over for the Malaysian economy as economic conditions generally improved in the fourth quarter of 2001. The economy is expected to strengthen in 2002 with a projected 3.5% Real GDP growth in tandem with sustained domestic demand and improved global economic conditions. Whilst the stockbroking industry is expected to perform better in 2002 in line with the improving economy, ample domestic liquidity and various expansionary fiscal measures taken by the Government, the industry is also expected to undergo further consolidation and brokerage rates are expected to be fully negotiable in July 2002. The hotel and travel businesses are envisaged to face uncertain operating conditions in 2002 although there is a general consensus that the economic outlook may be brighter in the second half of the year. The Group anticipates major challenges in its businesses in 2002 although the KLSE started the new year on a promising note as reflected in a higher Composite Index of 756.10 points as at 31 March 2002.

## **ACKNOWLEDGEMENTS**

I would like to express my sincere appreciation to our shareholders and bankers for their continued support and confidence in the Management and the Board. To our staff and management, I would like to thank them for their dedication and hard work. I would also like to express my appreciation and thanks to the various regulatory authorities and to my fellow colleagues on the Board for their support.

**Dato' Mohd Ibrahim bin Mohd Zain**  
*Chairman*

Kuala Lumpur  
29 April, 2002

# Directors' Report

The Directors wish to present their report and audited financial statements of the Group and of the Company for the financial year ended 31 December 2001.

## Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Financial Services
- Manufacturing and Trading
- Property and Leisure
- Investment Holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except that the Group has ceased its business operation in manufacturing and trading segment as a consequence of disposal and voluntary liquidation of certain subsidiary companies as disclosed in Note 41 (iv)(f) to the financial statements.

## Results

	<i><b>Group RM'000</b></i>	<i><b>Company RM'000</b></i>
Loss after taxation	50,191	11,048
Minority interests	758	-
	<hr/>	<hr/>
Loss for the year	50,949	11,048

## Movements In Reserves And Provisions

Material movements in reserves and provisions during the financial year are disclosed in the notes to the financial statements.

## Dividends

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend in respect of the financial year ended 31 December 2001.

## Share Capital

During the financial year, the changes to the issued and paid-up share capital of the Company are as follows:-

- (i) issuance of 6,313,607 new irredeemable convertible preference shares ("ICPS") of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to the scheme of arrangement of the Company.

The new ICPS rank pari passu in all respects with the then existing ICPS of the Company.

- (ii) the conversion of 124,470,793 ICPS of RM1.00 each into 124,470,793 new ordinary shares of RM1.00 each credited as fully paid-up in the ordinary share capital of the Company in accordance with the terms of the ICPS.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## Directors

The Directors who held office since the date of the last report and at the date of this report are:-

Dato' Mohd Ibrahim bin Mohd Zain (Chairman)

Khet Kok Yin (Managing Director)

Dato' Choong Kok Min (Executive Director)

Dato' Abdul Aziz bin Ahmad

Datuk Mohd Yassin bin Jaafar

Dato' Rastam bin Abdul Hadi

Yong Ming Sang

Dato' Seri Dr Ting Chew Peh (Appointed on 15 November 2001)

Christopher Martin Boyd (Retired on 28 June 2001)

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings, any interest in the shares of the Company and its related corporations except as stated below:-

<b>Ordinary shares of RM1.00 each in Pan Malaysia Holdings Berhad</b>	<b>Number of shares</b>		
	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>

	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2001</b>
Dato' Abdul Aziz bin Ahmad Indirect	10,000	—	—	10,000
Dato' Choong Kok Min Direct	21,241,332	—	—	21,241,332

<b>Ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad</b>	<b>Number of shares</b>		
	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>

	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2001</b>
Dato' Choong Kok Min Direct	3,196,500	—	—	3,196,500
Yong Ming Sang Indirect	20,000	—	20,000	—

<b>Ordinary shares of RM1.00 each in Malayan United Industries Berhad</b>	<b>Number of shares</b>		
	<b>Balance as at 1.1.2001/ *As at date of appointment on 15.11.2001</b>	<b>Bought</b>	<b>Sold</b>

	<b>Balance as at 1.1.2001/ *As at date of appointment on 15.11.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2001</b>
Dato' Choong Kok Min Direct	1,307,000	—	157,000	1,150,000
Yong Ming Sang Direct	1,981,800	—	—	1,981,800
Indirect	549,640	—	—	549,640
Dato' Seri Dr Ting Chew Peh Indirect	*10,000	—	—	10,000

<b>Ordinary shares of 50 sen each in MUI Properties Berhad</b>	<b>Number of shares</b>		
	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>

	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2001</b>
Dato' Choong Kok Min Direct	5,000	—	—	5,000

<b>Ordinary shares of 50 sen each in Pan Malaysia Corporation Berhad</b>	<b>Number of shares</b>			
	<b>Balance as at 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>Balance as at 31.12.2001</b>
Dato' Rastam bin Abdul Hadi				
Direct	1,016,000	–	–	1,016,000
Indirect	88,000	25,000	–	113,000

Mr Khet Kok Yin and Dato' Rastam bin Abdul Hadi had been granted options to subscribe for 112,000 ordinary shares of RM1.00 each and 100,000 ordinary shares of RM1.00 each respectively in the share capital of Malayan United Industries Berhad ("MUI"), the ultimate holding company, at an exercise price of RM1.80 per share pursuant to the Executive Share Option Scheme of MUI which was exercisable between 5 July 2000 and 4 July 2001. These options were not exercised and they lapsed on 5 July 2001.

In accordance with Section 129(2) of the Companies Act, 1965, Dato' Abdul Aziz bin Ahmad, Dato' Rastam bin Abdul Hadi and Mr Yong Ming Sang retire from the Board at the forthcoming Annual General Meeting, and the Directors recommend their re-appointment under Section 129(6) of the said Act.

Pursuant to paragraph 7.28 of the Listing Requirements of Kuala Lumpur Stock Exchange, Dato' Mohd Ibrahim bin Mohd Zain, Mr Khet Kok Yin, Dato' Choong Kok Min and Datuk Mohd Yassin bin Jaafar retire from the Board at the forthcoming Annual General Meeting, and they being eligible, offer themselves for re-election.

In accordance with Article 118 of the Company's Articles of Association, Dato' Seri Dr Ting Chew Peh retires from the Board at the forthcoming Annual General Meeting and he, being eligible, offers himself for election.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than benefits as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than remuneration received by certain Directors as directors/executives of the related companies.

Neither at the end of the financial year, nor at any time during the financial year, did there subsist any arrangements, to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for Dato' Choong Kok Min who has been purportedly granted options to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The trial dates which were fixed on 21 January 2002 and 22 January 2002 were vacated and 23 April 2002 has been fixed for mention pending the parties' compliance with case management directions given.

## Share Options

Pursuant to the Company's Executive Share Option Scheme ("ESOS" or "Scheme") which was approved by the shareholders on 12 October 1994 and revised on 29 September 1995, options for a total of 19,553,000 ordinary shares of the Company have been purportedly granted to eligible executive employees of the Group. However, the validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The trial dates which were fixed on 21 January 2002 and 22 January 2002 were vacated and 23 April 2002 has been fixed for mention pending the parties' compliance with case management directions given.

The details of the ESOS are contained in the Bye-Laws and the salient features thereof are as follows:-

- (a) The Scheme is set up for participation in the ordinary share capital of the Company only. The total number of shares offered under the ESOS shall not exceed 10% of the total number of the issued and paid-up ordinary shares of the Company at any time during the duration of the Scheme.
- (b) Eligible executives are those who have been employed full-time by any company within the Group for at least three (3) years prior to the date of offer of the option under the ESOS, and includes any full-time salaried executive Director of any company within the Group.
- (c) The ESOS was in force for a duration of five (5) years and expired on 27 October 2000.
- (d) The Scheme shall be administered by a Committee appointed by the Board and comprised Directors of the Company who are not participating in the ESOS.
- (e) An option granted under the ESOS shall be capable of being exercised by the grantee at any time within the period of five (5) calendar years from the date of offer of the option or such shorter period as may be specifically stated in such offer but not beyond 27 October 2000, by notice in writing to the Company. The option granted shall be exercisable by the grantee in multiples of not less than 1,000 shares.
- (f) The persons to whom the options are granted under the Scheme shall not be entitled to participate in any other share option schemes of any other company within the Group.
- (g) The exercise price for each RM1.00 ordinary share under the Scheme shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five (5) preceding market days prior to the date of offer or at the par value of the shares of the Company, whichever is higher.
- (h) In the event of any alteration in the capital structure of the Company during the option period, corresponding alterations (if any subject to the provisos as stated in the Bye-Laws) shall be made in:-
  - (i) the number of shares relating to the option so far as unexercised;
  - (ii) the exercise price for the option; and
  - (iii) the terms of exercise of the option.

During the period from the expiry of the Scheme on 27 October 2000 to the end of the financial year, there has been no change in the position of the Company's unissued ordinary shares of RM1.00 each under options which have purportedly been granted as shown below:-

	<i>Number of shares</i>		
	<i>Balance on expiry of the Scheme on 27.10.2000</i>	<i>Granted</i>	<i>Balance as at 31.12.2001</i>
Number of unissued ordinary shares under options which have purportedly been granted	16,465,000	—	16,465,000



To the best of the Directors' knowledge, on expiry of the Scheme on 27 October 2000, the number of unissued ordinary shares under the options which have purportedly been granted and their exercise prices per share were:-

<i>Number of unissued ordinary shares under options</i>	<i>Exercise price per share RM</i>
10,000	2.57
4,597,000	3.02
11,571,000	3.09
287,000	3.14
<u>16,465,000</u>	

In the event the Court finds that the options have been validly granted, the paid-up share capital of the Company will be increased accordingly.

### **Other Statutory Information**

- (a) In the opinion of the Directors:-
- (i) the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature;
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely 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; and
  - (iii) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.
- (b) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) 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 satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (c) At the date of this report, the Directors are not aware of any circumstances:-
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

- (d) As 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; and
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year other than the corporate guarantee executed by the Company as disclosed in Note 41 (vi)(d) to the financial statements.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.

### **Significant Events**

The significant events are disclosed in Note 41 to the financial statements.

### **Ultimate Holding Company**

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of the Kuala Lumpur Stock Exchange, as the ultimate holding company.

### **Auditors**

The retiring auditors, Messrs. BDO Binder, have expressed their willingness to accept re-appointment as auditors and a resolution proposing their appointment will be submitted at the forthcoming Annual General Meeting.

On behalf of the Board

**Khet Kok Yin**

**Dato' Choong Kok Min**

Kuala Lumpur  
23 April 2002

# Balance Sheets

As at 31 December 2001

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2001</b> <b>RM'000</b>	<b>2000</b> <b>RM'000</b>	<b>2001</b> <b>RM'000</b>	<b>2000</b> <b>RM'000</b>
Property, Plant And Equipment	5	<b>90,839</b>	117,156	<b>34,179</b>	34,966
Investment In					
Subsidiary Companies	6	–	–	<b>287,655</b>	285,790
Investment In					
Associated Companies	7	–	–	–	–
Long Term Investments	8	<b>21,124</b>	57,721	<b>1,471</b>	1,588
Goodwill On Consolidation	9	<b>8,368</b>	9,721	–	–
Intangible Assets	10	<b>144,037</b>	–	–	–
Current Assets					
Inventories	11	<b>914</b>	15,589	–	–
Development property	12	<b>4,727</b>	4,727	–	–
Short term investments	13	<b>10,197</b>	16,902	<b>2</b>	2
Receivables	14	<b>41,215</b>	130,332	<b>2,522</b>	2,807
Amount due from customer	15	–	1,414	–	–
Amounts owing by					
subsidiary companies	16	–	–	<b>90,801</b>	92,838
Amounts owing by					
associated companies	17	<b>407</b>	1,261	<b>48</b>	96
Term and call deposits	18	<b>103,193</b>	130,579	<b>34,464</b>	28,331
Cash and bank balances	19	<b>10,169</b>	9,267	<b>97</b>	403
		<b>170,822</b>	310,071	<b>127,934</b>	124,477
Current Liabilities					
Payables	20	<b>51,995</b>	100,957	<b>46,200</b>	54,838
Amounts owing to subsidiary					
companies	16	–	–	<b>2</b>	9,980
Amounts owing to related companies	21	<b>2,521</b>	1,487	<b>861</b>	961
Bank borrowings	22	<b>54,182</b>	16,890	<b>900</b>	–
Taxation		<b>1,938</b>	2,920	<b>717</b>	717
		<b>110,636</b>	122,254	<b>48,680</b>	66,496
Net Current Assets		<b>60,186</b>	187,817	<b>79,254</b>	57,981
		<b>324,554</b>	372,415	<b>402,559</b>	380,325
Financed By:-					
Share Capital	23	<b>924,824</b>	918,511	<b>924,824</b>	918,511
Reserves	24	<b>(1,213,474)</b>	(1,181,756)	<b>(549,265)</b>	(538,217)
		<b>(288,650)</b>	(263,245)	<b>375,559</b>	380,294
Minority Interests		<b>515,204</b>	557,919	–	–
Deferred And Long					
Term Liabilities	25	<b>98,000</b>	77,741	<b>27,000</b>	31
		<b>324,554</b>	372,415	<b>402,559</b>	380,325

# Income Statements

For the financial year ended 31 December 2001

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>
Revenue	26				
– Continuing Operations		<b>47,639</b>	56,317	<b>2,477</b>	3,487
– Discontinued Operations	27	<b>27,998</b>	107,478	–	–
		<b>75,637</b>	163,795	<b>2,477</b>	3,487
Cost Of Sales		<b>(58,641)</b>	(116,250)	–	–
Gross Profit		<b>16,996</b>	47,545	<b>2,477</b>	3,487
Other Operating Income		<b>21,812</b>	23,828	<b>4,836</b>	3,786
Distribution Costs		<b>(80)</b>	(968)	–	–
Administration Expenses		<b>(27,633)</b>	(22,210)	<b>(3,833)</b>	(7,590)
Other Operating Expenses		<b>(51,464)</b>	(38,646)	<b>(31,232)</b>	(2,626)
Gain On Disposal Of Investment In Subsidiary Companies		<b>2,654</b>	–	<b>18,513</b>	–
(Deficit)/Surplus Arising From Subsidiary Companies Not Consolidated		<b>(831)</b>	8,446	–	–
(Loss)/Profit From Operations					
– Continuing Operations		<b>(39,199)</b>	12,286	<b>(9,239)</b>	(2,943)
– Discontinued Operations	27	<b>653</b>	5,709	–	–
		<b>(38,546)</b>	17,995	<b>(9,239)</b>	(2,943)
Finance Costs		<b>(10,855)</b>	(10,316)	<b>(1,809)</b>	(576)
Share Of Results Of Associated Companies		–	234	–	–
(Loss)/Profit Before Taxation	28	<b>(49,401)</b>	7,913	<b>(11,048)</b>	(3,519)
Taxation	29	<b>(790)</b>	3,811	–	–
(Loss)/Profit After Taxation		<b>(50,191)</b>	11,724	<b>(11,048)</b>	(3,519)
Minority Interests		<b>(758)</b>	(128)	–	–
(Loss)/Profit For The Year		<b>(50,949)</b>	11,596	<b>(11,048)</b>	(3,519)
		<b>Sen</b>	Sen		
(Loss)/Earnings Per Share	30				
– Basic		<b>(6.36)</b>	1.52		
– Diluted		–	1.32		

The attached notes form an integral part of the financial statements.

# Statement Of Changes In Equity

For the financial year ended 31 December 2001

<b>Group</b>	<b>Ordinary</b>	<b>Irredeemable</b>			<b>Exchange</b>		
	<b>Share</b>	<b>Convertible</b>	<b>Share</b>	<b>Capital</b>	<b>Fluctuation</b>	<b>Accumulated</b>	<b>Total</b>
	<b>Capital</b>	<b>Share Capital</b>	<b>Premium</b>	<b>Reserve</b>	<b>Reserve</b>	<b>Losses</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance as at							
31 December 1999	716,936	111,003	34,753	10,645	(87,045)	(1,170,001)	(383,709)
Exchange adjustment	–	–	–	–	11,126	–	11,126
Net gain not recognised							
in the consolidated							
income statement	–	–	–	–	11,126	–	11,126
Issue of share capital	83,418	7,154	–	–	–	–	90,572
Reserve arising from							
investment in a subsidiary's							
ICPS	–	–	–	7,170	–	–	7,170
Profit for the year	–	–	–	–	–	11,596	11,596
Balance as at							
31 December 2000	<b>800,354</b>	<b>118,157</b>	<b>34,753</b>	<b>17,815</b>	<b>(75,919)</b>	<b>(1,158,405)</b>	<b>(263,245)</b>
Exchange adjustment	–	–	–	–	(1,370)	–	(1,370)
Net loss not recognised							
in the consolidated							
income statement	–	–	–	–	(1,370)	–	(1,370)
Reserve arising from							
investment in a subsidiary's							
ICPS	–	–	–	20,601	–	–	20,601
Issue of share capital	–	6,313	–	–	–	–	6,313
Conversion of ICPS	<b>124,470</b>	<b>(124,470)</b>	–	–	–	–	–
Loss for the year	–	–	–	–	–	(50,949)	(50,949)
Balance as at							
31 December 2001	<b>924,824</b>	<b>–</b>	<b>34,753</b>	<b>38,416</b>	<b>(77,289)</b>	<b>(1,209,354)</b>	<b>(288,650)</b>
<b>Company</b>							
Balance as at							
31 December 1999	716,936	111,003	34,753	–	–	(569,451)	293,241
Issue of share capital	83,418	7,154	–	–	–	–	90,572
Loss for the year	–	–	–	–	–	(3,519)	(3,519)
Balance as at							
31 December 2000	<b>800,354</b>	<b>118,157</b>	<b>34,753</b>	<b>–</b>	<b>–</b>	<b>(572,970)</b>	<b>380,294</b>
Issue of share capital	–	6,313	–	–	–	–	6,313
Conversion of ICPS	<b>124,470</b>	<b>(124,470)</b>	–	–	–	–	–
Loss for the year	–	–	–	–	–	(11,048)	(11,048)
Balance as at							
31 December 2001	<b>924,824</b>	<b>–</b>	<b>34,753</b>	<b>–</b>	<b>–</b>	<b>(584,018)</b>	<b>375,559</b>

# Cash Flow Statements

For the financial year ended 31 December 2001

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash Flows From Operating Activities				
(Loss)/Profit before taxation	<b>(49,401)</b>	7,913	<b>(11,048)</b>	(3,519)
Adjustments for:-				
Amortisation of investment	<b>3</b>	3	—	—
Bad debts written off	<b>201</b>	47	<b>17</b>	—
Depreciation of property, plant and equipment	<b>7,095</b>	11,397	<b>783</b>	1,405
Dividend income	<b>(205)</b>	(258)	<b>(704)</b>	—
Property, plant and equipment written off	<b>130</b>	—	—	—
Property, plant and equipment written down	—	2,867	—	2,867
Gain on disposal of investment in subsidiary companies	<b>(2,654)</b>	—	<b>(18,513)</b>	—
Gain on disposal of investments	<b>(216)</b>	(1,545)	—	—
Impairment losses of property, plant and equipment	<b>5,519</b>	—	—	—
Interest expenses	<b>10,855</b>	10,316	<b>1,809</b>	576
Interest income	<b>(3,624)</b>	(9,432)	<b>(979)</b>	(1,036)
Interest waived under schemes of arrangement	—	(210)	—	—
Gain on disposal of property, plant and equipment	<b>(644)</b>	(358)	<b>(177)</b>	(78)
Unrealised (gain)/loss on foreign exchange	<b>(910)</b>	3,319	—	(55)
Provision for contingent liabilities no longer required	—	(419)	—	—
Provision for contract loss	—	2,600	—	—
Provision for diminution in value of investments	<b>42,780</b>	3,442	<b>1,653</b>	272
Provision for corporate guarantees	—	2,350	—	2,350
Provision for corporate guarantees no longer required	<b>(2,332)</b>	—	<b>(2,332)</b>	—
Provision for doubtful debts no longer required	<b>(13,308)</b>	(10,845)	<b>(1,073)</b>	(3,610)
Share of results of associated companies	—	(234)	—	—
Deficit/(Surplus) arising from subsidiary companies not consolidated	<b>831</b>	(8,446)	—	—
Settlement and novation of bank borrowings of subsidiary companies guaranteed by the Company (Note 41(iv)(a))	—	—	<b>28,326</b>	—
Waiver of debt	—	(4,240)	—	—
Operating (loss)/profit before working capital changes	<b>(5,880)</b>	8,267	<b>(2,238)</b>	(828)
Decrease/(Increase) in inventories	<b>1,494</b>	(1,353)	—	—
Decrease/(Increase) in trade receivables	<b>16,075</b>	15,620	<b>372</b>	(275)
Decrease/(Increase) in other receivables	<b>5,122</b>	7,203	<b>(98)</b>	(306)
Increase/(Decrease) in trade payables	<b>12,510</b>	(10,478)	<b>6</b>	(42)
(Decrease)/Increase in other payables	<b>(16,498)</b>	(7,704)	<b>39</b>	(6,513)
Increase in amounts owing to related companies	<b>908</b>	991	—	—
Cash generated from/(used in) operations	<b>13,731</b>	12,546	<b>(1,919)</b>	(7,964)

The attached notes form an integral part of the financial statements.

## Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2001

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash generated from/(used in) operations	<b>13,731</b>	12,546	<b>(1,919)</b>	(7,964)
Deposits received from dealers and remisiers maintained as trust monies	<b>(3,567)</b>	(701)	—	—
Interest paid	<b>(224)</b>	(923)	<b>(3)</b>	(576)
Interest income received	<b>1,175</b>	5,062	<b>979</b>	1,036
Tax paid	<b>(1,512)</b>	(31,831)	—	—
Tax refund	<b>12</b>	537	—	—
Net cash from/(used in) operating activities	<b>9,615</b>	(15,310)	<b>(943)</b>	(7,504)
<b>Cash Flows From Investing Activities</b>				
Interest income received	<b>2,449</b>	4,370	—	—
Proceeds from disposal of subsidiary companies	—	—	<b>22,899</b>	—
Proceeds from disposal of investments	<b>733</b>	29,582	—	—
Proceeds from disposal of property, plant and equipment	<b>1,951</b>	613	<b>231</b>	78
Amount paid for acquisition of stockbroking licences pursuant to business merger arrangements (Note 10 and 41 (v) (b))	<b>(97,537)</b>	(46,500)	—	—
Dividend received	<b>163</b>	186	<b>704</b>	—
Acquisition of investments (Note 31)	—	(736)	—	—
Acquisition of property, plant and equipment (Note 32)	<b>(13,066)</b>	(2,969)	<b>(50)</b>	(223)
Additional investment in subsidiary companies	<b>(45)</b>	—	<b>(845)</b>	(89)
Repayment from subsidiary companies	—	—	<b>3,095</b>	7,441
Repayment from/(Advances to) associated companies	<b>516</b>	52	<b>58</b>	(15)
Additional investment in irredeemable convertible preference shares ("ICPS") of a subsidiary company	<b>(6,941)</b>	(12,402)	<b>(6,941)</b>	(12,402)
Placement of term deposits pledged with banks	<b>(255)</b>	(1,066)	<b>(15)</b>	(503)
Disposal of subsidiary companies (Note 33)	<b>23,792</b>	—	—	—
Subsidiary companies under winding-up not consolidated (Note 34)	<b>(829)</b>	(9)	—	—
Acquisition of a subsidiary company (Note 35)	—	37	—	—
Net cash (used in)/from investing activities	<b>(89,069)</b>	(28,842)	<b>19,136</b>	(5,713)

The attached notes form an integral part of the financial statements.

## Cash Flow Statements (Cont'd)

For the financial year ended 31 December 2001

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Financing Activities</b>				
Interest paid	<b>(10,631)</b>	(8,169)	<b>(1,806)</b>	–
Repayment of hire-purchase creditors	<b>(114)</b>	(1,444)	<b>(69)</b>	(48)
Repayment of bank borrowings	<b>(3,837)</b>	(1,422)	–	–
Repayment to subsidiary companies	–	–	<b>(10,404)</b>	(3,527)
Advances from/(Repayment to) related companies	<b>70,000</b>	2,856	<b>(102)</b>	(668)
Dividend paid to minority shareholders of a subsidiary company	<b>(670)</b>	–	–	–
Proceeds from issue of shares of a subsidiary company to minority shareholders	<b>200</b>	22	–	–
Net cash from/(used in) financing activities	<b>54,948</b>	(8,157)	<b>(12,381)</b>	(4,243)
<b>Effect Of Exchange Rate Changes</b>	<b>(1,358)</b>	2,435	–	–
<b>Net (Decrease)/Increase In Cash And Cash Equivalents</b>	<b>(25,864)</b>	(49,874)	<b>5,812</b>	(17,460)
<b>Cash And Cash Equivalents At Beginning Of The Year</b>				
As previously reported	<b>129,711</b>	179,573	<b>28,231</b>	45,691
Effect of exchange rate changes on cash and cash equivalents	<b>3</b>	12	–	–
As restated	<b>129,714</b>	179,585	<b>28,231</b>	45,691
<b>Cash And Cash Equivalents At End Of The Year (Note 36)</b>	<b>103,850</b>	129,711	<b>34,043</b>	28,231

The attached notes form an integral part of the financial statements.



# Notes To The Financial Statements

31 December 2001

## 1. General Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The registered office and principal place of business of the Company is located at 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur.

The Directors regard Malayan United Industries Berhad, a company incorporated in Malaysia and quoted on the Main Board of the Kuala Lumpur Stock Exchange, as the ultimate holding company.

The financial statements are presented in Ringgit Malaysia.

## 2. Principal Activities

The Company is an investment, property holding and management company. The principal activities of the Group consist of the following:-

- Financial Services
- Manufacturing and Trading
- Property and Leisure
- Investment Holding

There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year under review except that the Group has ceased its business operation in manufacturing and trading segment as a consequence of disposal and voluntary liquidation of certain subsidiary companies as disclosed in Note 41 (iv)(f) to the financial statements.

## 3. Basis Of Preparation Of Financial Statements

The financial statements of the Group and the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

## 4. Significant Accounting Policies

### 4.1 Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the significant accounting policies and in respect of the Group, also modified to include the revaluation of a landed property.

The preparation of financial statements in conformity with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## 4. Significant Accounting Policies (Cont'd)

### 4.2 Basis of Consolidation

Other than those subsidiary companies not consolidated as mentioned in Note 6.2(i) and those subsidiary companies not consolidated from the date control in those subsidiary companies ceased as mentioned in Note 6.2(ii), the consolidated financial statements include the financial statements of the Company and all the other subsidiary companies made up to 31 December 2001. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Significant inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The difference between the purchase price and the fair value of the attributable net assets of subsidiary companies at the date of acquisition represents goodwill or reserve arising on consolidation. Goodwill on consolidation is stated at cost and is written down only when there is a permanent diminution in its value.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences which were not previously recognised in the consolidated income statements.

### 4.3 Associated Companies

Associated companies are defined as those companies not being subsidiary companies in which the Group holds a long term equity interest and is in a position to exercise significant influence.

The Group's share of post-acquisition results and reserves of associated companies is included in the consolidated financial statements.

### 4.4 Intangible Assets

Intangible assets relate to cost incurred on acquisition of stockbroking licences to enable the stockbroking subsidiary company to fulfil the requisite criteria of a "Universal Broker". Intangible assets are stated at cost less provision for permanent diminution in value, if any.

### 4.5 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Freehold land and building in progress are not depreciated. Leasehold land is amortised over the period of the lease ranging from 24 to 99 years.

Other property, plant and equipment are depreciated on a straight line method to write off the cost or valuation of the assets over their estimated useful lives. The principal annual depreciation rates are as follows:-

Buildings	2% – 2.5%
Plant and machinery and other assets	5% – 20%

### 4.6 Foreign Currencies

#### (i) Transactions in foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange prevailing on transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange prevailing at that date. All gains and losses are included in the income statements.

#### 4. Significant Accounting Policies (Cont'd)

##### (ii) Translation of foreign currency financial statements

In the consolidated financial statements, assets and liabilities of overseas subsidiary companies are translated at exchange rates ruling at the balance sheet date. Income statements items are translated at average exchange rates for the financial year. All exchange differences arising are dealt with through the exchange fluctuation reserve account.

The closing rates used in the translation of foreign currencies are as follows:-

- (i) RM1 = £0.1818 (2000 : £0.1769)
- (ii) RM1 = S\$0.4878 (2000 : S\$0.4568)
- (iii) RM1 = USD0.2635 (2000 : USD0.2635)
- (iv) RM1 = AUD0.5171 (2000 : AUD0.4766)
- (v) RM1 = HKD2.0561 (2000 : HKD2.0566)
- (vi) RM1 = Rp2,941 (2000 : Rp2,703)
- (vii) RM1 = ¥34.6380 (2000 : ¥30.1932)

#### 4.7 Deferred Taxation

Deferred taxation is provided for under the liability method in respect of all material timing differences except where it can be demonstrated with reasonable probability that the tax deferrals will continue in the foreseeable future. Deferred tax benefits are recognised only when there are reasonable assurance of their realisation.

#### 4.8 Investments

A subsidiary company is a company in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from its activities.

Investments in subsidiary companies, associated companies and other long term investments are stated at cost. Such investments are only written down when there is a permanent diminution in their value.

Short term investments are stated at the lower of cost and net realisable value.

#### 4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out or weighted average method.

Cost of raw materials and consumable inventories comprise the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

The cost of work-in-progress and finished goods include the cost of raw materials, direct labour and a proportion of manufacturing overheads.

#### 4.10 Amount Due From Customer

Amount due from customer is stated at cost plus attributable profits, less foreseeable losses and progress claims received and receivable. Costs comprise direct labour, direct material and direct expenses incurred in connection with the contract.

#### 4.11 Receivables

Known bad debts are written off and provision is made for debts where the collectibility is considered doubtful.

For stockbroking subsidiary company, specific provisions for doubtful debts are made for trade receivable which have been classified as non-performing, after deducting interest-in-suspense,

#### 4. Significant Accounting Policies (Cont'd)

the value of collateral held and the deposit of and all amounts owing to the dealers representatives. A general provision based on a percentage of trade receivables is made after deducting specific provisions, to cover possible losses which are not specifically identified. Interest is suspended and credited to the interest-in-suspense account when an account is classified as non-performing. The classification of an account as performing and non-performing for provisions for doubtful debts and the suspension of interest is made in accordance with the Rules of Kuala Lumpur Stock Exchange.

##### 4.12 Assets Acquired Under Hire-purchase

Assets financed by hire-purchase agreements which in substance transfer the risks and benefits of ownership of the assets to the Group and the Company have been capitalised under property, plant and equipment and the corresponding obligations are treated as liabilities. These assets are depreciated on the same basis as that of the Group's assets. The finance charges are allocated to the income statements so as to give a constant periodic rate of charge on the remaining hire-purchase liabilities.

##### 4.13 Development Property

Development property comprise cost of land and related development expenditure including interest on borrowings used to finance the project and administrative overheads relating to the project. Development property is written down to its estimated recoverable amount if the development of the project is no longer viable.

##### 4.14 Revenue Recognition

Revenue from sale of goods and rendering of services are recognised upon delivery of products and customer acceptance, if any, or performance of services, net of sales taxes and discounts.

Brokerage fees are recognised on the contract date.

Revenue relating to long term contracts are accounted for under the percentage of completion method; the stage of completion is measured by reference to the actual costs incurred to-date to estimated total costs for each contract.

Interest income are recognised on an accrual basis except where margin accounts and contra losses of share trading accounts are considered non-performing in accordance with the Rules of Kuala Lumpur Stock Exchange, in which case recognition of such interest is suspended. Subsequent to suspension, interest is recognised upon receipt until all arrears have been paid.

Royalty income and rental income are recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from subsidiary companies are recognised when the investing company's right to receive payment is established.

Dividend income from other investments are recognised as and when received.

Underwriting commission are recognised upon implementation of the corporate proposals in which the underwriting relate.

All other revenues are recognised on accrual basis.

##### 4.15 Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances, bank overdrafts, deposits and other short term, highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

## 5. Property, Plant And Equipment

Group	Freehold Land RM'000	Long Term Leasehold Land RM'000	Short Term Leasehold Land RM'000	Buildings RM'000	Building in Progress RM'000	Plant and Machinery and Other Assets RM'000	Total 2001 RM'000	Total 2000 RM'000
<b>Cost or Valuation</b>								
Balance as at 1 January	13,924	1,575	3,234	80,736	40	120,160	219,669	218,354
Cost	—	6,617	—	—	—	—	6,617	6,617
Valuation	13,924	8,192	3,234	80,736	40	120,160	226,286	224,971
Exchange differences	—	—	—	—	—	(2)	(2)	(7)
Additions	2,410	—	—	3,490	—	7,166	13,066	3,009
Disposals	(326)	—	—	(1,037)	—	(2,037)	(3,400)	(1,702)
Written off	—	—	—	—	—	(7,449)	(7,449)	—
Subsidiaries disposed	(3,902)	(429)	(3,234)	(8,362)	—	(71,625)	(87,552)	—
Subsidiary acquired	—	—	—	—	—	—	—	15
Subsidiaries not consolidated	—	—	—	—	(40)	(584)	(624)	—
Balance as at 31 December	12,106	7,763	—	74,827	—	45,629	140,325	226,286
Representing:-								
Cost	12,106	1,146	—	74,827	—	45,629	133,708	219,669
Valuation	—	6,617	—	—	—	—	6,617	6,617
	12,106	7,763	—	74,827	—	45,629	140,325	226,286
<b>Accumulated Depreciation</b>								
Balance as at 1 January	—	621	1,210	10,045	—	97,254	109,130	96,303
Exchange differences	—	—	—	—	—	(2)	(2)	(5)
Charge for the financial year	—	87	13	1,744	—	5,251	7,095	11,397
Disposals	—	—	—	(258)	—	(1,835)	(2,093)	(1,447)
Written off	—	—	—	—	—	(7,319)	(7,319)	—
Written down	—	—	—	—	—	—	—	2,867
Subsidiaries disposed	—	(149)	(1,223)	(1,434)	—	(59,454)	(62,260)	—
Subsidiary acquired	—	—	—	—	—	—	—	15
Subsidiaries not consolidated	—	—	—	—	—	(584)	(584)	—
Balance as at 31 December	—	559	—	10,097	—	33,311	43,967	109,130
<b>Accumulated Impairment Losses</b>								
Balance as at 1 January	—	—	—	—	—	—	—	—
Charge for the financial year	—	—	—	5,032	—	487	5,519	—
Balance as at 31 December	—	—	—	5,032	—	487	5,519	—
<b>Net Book Value</b>								
Balance as at 31 December 2001	12,106	7,204	—	59,698	—	11,831	90,839	—
Balance as at 31 December 2000	13,924	7,571	2,024	70,691	40	22,906	—	117,156

## 5. Property, Plant And Equipment (Cont'd)

### Company

	<i>Freehold Land RM'000</i>	<i>Buildings RM'000</i>	<i>Office Equipment, Furniture and Motor Vehicles RM'000</i>	<i>Total 2001 RM'000</i>	<i>2000 RM'000</i>
<b>Cost</b>					
Balance as at 1 January	10,850	26,542	11,579	48,971	49,061
Additions	—	—	50	50	223
Disposals	—	—	(559)	(559)	(313)
Balance as at 31 December	10,850	26,542	11,070	48,462	48,971
<b>Accumulated Depreciation</b>					
Balance as at 1 January	—	3,568	10,437	14,005	10,046
Charge for the financial year	—	531	252	783	1,405
Written down	—	—	—	—	2,867
Disposals	—	—	(505)	(505)	(313)
Balance as at 31 December	—	4,099	10,184	14,283	14,005
<b>Net Book Value</b>					
Balance as at 31 December 2001	10,850	22,443	886	34,179	—
Balance as at 31 December 2000	10,850	22,974	1,142	—	34,966

As at 31 December 2001, a landed property of the Group is carried at revalued amount based on valuation made by independent professional valuers using the open market value basis in 1993. The valuation has not been updated as the Group has not adopted a policy of regular revaluation.

Had the said asset been carried at cost less depreciation, the carrying amount would have been:-

	<i>2001 RM'000</i>	<i>2000 RM'000</i>
Cost	727	727
Less: Accumulated depreciation	(46)	(38)
Net book value	681	689

The net book value of property, plant and equipment pledged to financial institutions for banking facilities amounted to RM72,892,466 (2000 : RM84,020,985) for the Group and RM33,092,211 (2000 : RM33,618,181) for the Company.

The net book value of plant and machinery and other assets acquired under hire-purchase amounted to RM10,819 (2000 : RM133,899) and RM10,818 (2000 : RM88,622) for the Group and for the Company respectively.

## 6. Investment In Subsidiary Companies

	2001 RM'000	2000 RM'000
<b>6.1 Company</b>		
Shares quoted in Malaysia, at cost	286,456	279,470
Unquoted shares, at cost	15,936	58,522
	<b>302,392</b>	337,992
Less: Provision for diminution in value of unquoted shares	(14,737)	(52,202)
	<b>287,655</b>	285,790
Market value of quoted shares	<b>101,964</b>	147,096

## 6.2 Group

- (i) The consolidated financial statements of the Group do not deal with the following subsidiary companies:-

Asia Entertainment Network Sdn Bhd  
GCIH (Singapore) Pte Ltd  
Grand Union General and Motor Insurance Company Limited  
Grand Union Insurance Company Limited  
Heng's Food & Beverage Industries Pte Ltd  
Office Business Systems (Malacca) Sdn Bhd  
Office Business Systems (Penang) Sdn Bhd  
Office Business Systems Sdn Bhd  
Pengkalan Electronics Industries Sdn Bhd  
Sensor Equipment Sdn Bhd  
Technitone (M) Sdn Bhd  
Welland Investments Pte Ltd

These companies which are in the process of winding-up were placed under winding-up or receivership prior to 2000. The companies which were placed under receivership were also subsequently placed under winding-up.

- (ii) The consolidated financial statements of the Group do not deal with the following subsidiary companies from the date control in these subsidiary companies ceased:-

- (a) Pengkalen Heights Sdn Bhd ("PH")

A winding-up order has been made by the Kuala Lumpur High Court against PH in 2000.

The effects of the non-consolidation of PH on the financial results of the Group for the previous financial year were as follows:-

	2000 RM'000
Revenue	—
Operating costs	(102)
Surplus arising from subsidiary company not consolidated	8,446
Profit from operation	8,344
Finance cost	(938)
Increase in Group net profit	<b>7,406</b>

## 6. Investment In Subsidiary Companies (Cont'd)

The effects of the non-consolidation of PH on the financial position of the Group for the previous financial year were as follows:-

	<i><b>At the Date of Non-Consolidation</b></i>
	<i>2000</i>
	<i>RM'000</i>
Development property	20,000
Current assets	9
Current liabilities	(28,455)
Decrease in Group net liabilities	<u>(8,446)</u>

- (b) Those companies mentioned in Note 27(iv) which were placed under voluntary winding-up during the financial year. Accordingly, the consolidated income statement includes the result of these companies up to the date when these companies were placed under winding-up.

The effects of the non-consolidation of these companies on the financial results of the Group are as follows:-

	<i><b>2001</b></i>	<i>2000</i>
	<i><b>RM'000</b></i>	<i>RM'000</i>
Revenue	<b>5,090</b>	9,206
Operating costs	<b>(5,616)</b>	(11,720)
Deficit arising from subsidiary companies not consolidated	<b>(831)</b>	-
Loss from operations before taxation	<b>(1,357)</b>	(2,514)
Taxation	<b>11</b>	(190)
Loss after taxation	<b>(1,346)</b>	(2,704)
Minority interest	<b>(5)</b>	-
Increase in Group net loss	<b><u>(1,351)</u></b>	<u>(2,704)</u>



## 6. Investment In Subsidiary Companies (Cont'd)

The effects of the non-consolidation of these companies on the financial position of the Group are as follows:-

	<i>At the Date of Non-Consolidation</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>
Property, plant and equipment	40	281
Goodwill on consolidation	623	623
Current assets	1,925	4,279
Current liabilities	(1,752)	(1,050)
Minority interest	(5)	—
Decrease in Group net assets	<b>831</b>	<b>4,133</b>

### 6.3 Acquisition of a Subsidiary Company

In 2000, the Group acquired 2 ordinary shares of RM1.00 each representing the entire issued and paid-up share capital of Meridian Nominees (Tempatan) Sdn Bhd for a cash consideration of RM2.00.

- (i) The effect of this acquisition on the financial results of the Group during previous financial year was as follows:-

	<i>1.12.2000 to 31.12.2000</i>
	<i>RM'000</i>
Revenue	—
Operating costs	(1)
Increase in Group net loss	<b>(1)</b>

- (ii) The effect of this acquisition on the financial position of the Group at the end of the previous financial year was as follows:-

	<i>2000</i>
	<i>RM'000</i>
Cash and bank balances	37
Other receivables, deposits and prepayments	7
Other payables and accruals	(525)
Increase in Group net liabilities	<b>(481)</b>

Detail of net assets acquired, goodwill and cash flow arising from the acquisition were disclosed in Note 35 to the financial statements.

## 6. Investment In Subsidiary Companies (Cont'd)

### 6.4 Disposal of Subsidiary Companies

During the financial year, the Group has disposed of Focusprint Sendirian Berhad, Labels Specialist Industries Sdn Bhd and Pengkalen Concrete Sdn Bhd.

- (i) The effects of the disposal on the results of the Group for current financial year up to date of disposal are as follows:-

	<b>1.1.2001 to Date of Disposal RM'000</b>	<b>2000 RM'000</b>
Revenue	<b>22,908</b>	98,272
Operating costs	<b>(23,552)</b>	(98,393)
Gain on disposal of investment in subsidiary companies	<b>2,654</b>	—
Profit/(Loss) from operations	<b>2,010</b>	(121)
Finance cost	<b>(321)</b>	(3,002)
Profit/(Loss) before taxation	<b>(1,689)</b>	(3,123)
Taxation	<b>(288)</b>	477
Profit/(Loss) after taxation	<b>(1,401)</b>	(2,646)
Less: minority interest	<b>(849)</b>	(150)
Decrease/(Increase) in Group net loss	<b>552</b>	(2,796)

- (ii) The effects of the disposal on the financial position of the Group for the current financial year to the date of disposal are as follows:-

	<b>At the Date of Disposal 2001 RM'000</b>	<b>2000 RM'000</b>
Property, plant and equipment	<b>25,292</b>	27,006
Goodwill on consolidation	<b>730</b>	730
Current assets	<b>52,064</b>	51,510
Current liabilities	<b>(36,259)</b>	(69,267)
Deferred and long term liabilities	<b>(1,627)</b>	(4,370)
Minority interest	<b>(15,455)</b>	(15,269)
Decrease/(Increase) in Group net assets	<b>24,745</b>	(9,660)

Detail of net assets disposed, goodwill and cash flow arising from the disposal were disclosed in Note 33 to the financial statements.

## 7. Investment In Associated Companies

	<b>Group 2001 RM'000</b>	<b>2000 RM'000</b>
Unquoted shares, at cost	<b>208</b>	208
Share of post acquisition losses	<b>(208)</b>	(208)
	<b>—</b>	—

The associated companies are listed in Note 42 to the financial statements.

## 8. Long Term Investments

	<i>Group</i>		<i>Company</i>	
	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>
Unquoted shares, at cost	<b>225,710</b>	225,710	<b>24,190</b>	24,190
Less: Provision for diminution in value	<b>(206,569)</b>	(170,095)	<b>(24,190)</b>	(24,190)
	<b>19,141</b>	55,615	–	–
Quoted shares, at cost:-				
– Outside Malaysia	<b>20,336</b>	20,336	<b>20,222</b>	20,222
Less: Provision for diminution in value	<b>(19,248)</b>	(19,128)	<b>(19,152)</b>	(19,035)
	<b>1,088</b>	1,208	<b>1,070</b>	1,187
Other unquoted investments, at cost	<b>1,034</b>	1,034	<b>401</b>	401
Less: Provision for diminution in value	<b>(121)</b>	(121)	–	–
Accumulated amortisation	<b>(18)</b>	(15)	–	–
	<b>895</b>	898	<b>401</b>	401
	<b>21,124</b>	57,721	<b>1,471</b>	1,588
Market value of quoted shares:-				
– Outside Malaysia	<b>2,337</b>	2,543	<b>2,319</b>	2,523

## 9. Goodwill On Consolidation

	<i>Group</i>	
	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>
Balance as at 1 January	<b>9,721</b>	9,161
Arising from acquisition of a subsidiary company	–	560
Realisation of goodwill on:-		
– disposal of subsidiary companies	<b>(730)</b>	–
– wind-up of subsidiary companies	<b>(623)</b>	–
Balance as at 31 December	<b>8,368</b>	9,721

## 10. Intangible Assets

	<b>Group 2001 RM'000</b>
Balance as at 1 January	–
Acquisition of stockbroking licences during the financial year	<u>144,037</u>
Balance as at 31 December	<u>144,037</u>

## 11. Inventories

	<b>Group 2001 RM'000</b>	<b>2000 RM'000</b>
At Cost:-		
Raw materials	–	12,310
Work-in-progress	–	1,378
Finished goods	128	1,033
Consumables, food, beverages, etc	786	868
	<u>914</u>	<u>15,589</u>

## 12. Development Property

	<b>Group 2001 RM'000</b>	<b>2000 RM'000</b>
Freehold land, at cost	2,953	2,953
Development expenditure	1,774	1,774
	<u>4,727</u>	<u>4,727</u>

## 13. Short Term Investments

	<b>Group 2001 RM'000</b>	<b>2000 RM'000</b>	<b>Company 2001 RM'000</b>	<b>2000 RM'000</b>
Quoted shares in Malaysia, at cost	25,326	25,847	10	10
Less: Provision for diminution in value	(15,129)	(8,945)	(8)	(8)
	<u>10,197</u>	<u>16,902</u>	<u>2</u>	<u>2</u>
Market value of quoted shares	<u>10,197</u>	<u>16,902</u>	<u>2</u>	<u>2</u>

#### 14. Receivables

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>473,501</b>	655,548	<b>683</b>	1,177
Less: Provision for doubtful debts, net of bad debts written off of RM118,628,266 (2000 : RM53,405,633) for the Group and RM122,170 (2000 : Nil) for the Company	<b>(444,524)</b>	(591,263)	<b>(122)</b>	(245)
	<b>28,977</b>	64,285	<b>561</b>	932
Other receivables	<b>54,363</b>	57,265	<b>3,568</b>	3,533
Less: Provision for doubtful debts, net of bad debts written off of RM32,855 (2000 : RM144,943) for the Group and RM15,555 (2000 : RM9,423) for the Company	<b>(50,702)</b>	(52,535)	<b>(3,511)</b>	(3,471)
	<b>3,661</b>	4,730	<b>57</b>	62
Deposits	<b>1,492</b>	48,623	<b>296</b>	235
Prepayments	<b>5,766</b>	10,742	<b>293</b>	263
Tax recoverable	<b>1,319</b>	1,952	<b>1,315</b>	1,315
	<b>41,215</b>	130,332	<b>2,522</b>	2,807

Included in deposits of the Group in 2000 were deposits of totalling RM46.5 million paid in relation to Business Merger Agreements (Note 41 (v)(b)).

#### 15. Amount Due From Customer

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>
Contract cost	—	72,836
Attributable loss	—	(8,305)
	—	64,531
Less: Progress claims receivable	—	(63,117)
	—	1,414

## 16. Amounts Owning By/To Subsidiary Companies

	<i>Company</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>
Amounts owing by subsidiary companies	<b>440,800</b>	476,071
Less: Provision for doubtful debts, net of bad debts written off of RM32,158,482 (2000 : Nil)	<b>(349,999)</b>	(383,233)
	<b>90,801</b>	92,838
Amounts owing to subsidiary companies	<b>2</b>	9,980

Amounts owing by/to subsidiary companies represent balances arising from advances and payments made on behalf and balances arising from the settlement of certain subsidiary companies' debts by the issuance of shares in the Company pursuant to the schemes of arrangement of the Company and these subsidiary companies under Section 176 of the Companies Act, 1965 which are unsecured and have no fixed terms of repayment. During the financial year, the amount owing by a subsidiary company of RM150,000 (2000 : RM276,498) bears interest at 9% (2000 : 14.5%) per annum. In 2000, the amount owing to a subsidiary company of RM6,084,574 bear interest of 8% per annum.

## 17. Amounts Owning By Associated Companies

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Amounts owing by associated companies	<b>1,559</b>	3,271	<b>83</b>	262
Less: Provision for doubtful debts net of bad debts written off of RM867,007 (2000 : Nil) for the Group and RM122,002 (2000 : Nil) for the Company	<b>(1,152)</b>	(2,010)	<b>(35)</b>	(166)
	<b>407</b>	1,261	<b>48</b>	96

The amounts owing by associated companies represent balances arising from advances, normal trade transactions and payments on behalf which are unsecured, interest-free and have no fixed terms of repayment.

## 18. Term And Call Deposits

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Term and call deposits with:-				
– Licensed banks	<b>77,233</b>	72,688	<b>25,424</b>	20,230
– Other corporations	<b>25,960</b>	57,891	<b>9,040</b>	8,101
	<b>103,193</b>	130,579	<b>34,464</b>	28,331

Included in deposits with licensed banks are:-

- (i) deposits totalling RM12,409,392 (2000 : RM5,013,202) of subsidiary companies maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange and Securities Industry Act, 1983;

## 18. Term And Call Deposits (Cont'd)

- (ii) a deposit of RM34,146 (2000 : Nil) belonging to a subsidiary company representing customers segregated funds which has been segregated and separately accounted for under Section 52A of the Futures Industry Act, 1993;
- (iii) deposits totalling RM1,052,883 (2000 : RM813,549) of subsidiary companies pledged to secure their banking facilities; and
- (iv) deposits totalling RM517,956 (2000 : RM502,887) of the Company pledged to secure banking facility of a subsidiary company.

## 19. Cash And Bank Balances

### Group

Included in cash and bank balances of the Group are amounts totalling RM6,498,508 (2000 : RM3,672,827) maintained as trust monies in accordance with the requirements of the Kuala Lumpur Stock Exchange and the Securities Industry Act, 1983.

Included in cash and bank balances of the Group in 2000 is an amount of RM18,406 representing customers segregated funds which has been segregated and separately accounted for under Section 52A of the Futures Industry Act, 1993.

## 20. Payables

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Trade payables	<b>20,333</b>	37,773	<b>26</b>	19
Other payables and accruals	<b>16,938</b>	18,764	<b>981</b>	942
Dealers' and remisiers' commission and deposits	<b>9,526</b>	28,986	—	—
Amounts owing to directors	—	1,512	—	—
Provision for corporate guarantees	<b>5,185</b>	13,830	<b>45,184</b>	53,830
Current portion of hire-purchase creditors (Note 25)	<b>13</b>	92	<b>9</b>	47
	<b>51,995</b>	100,957	<b>46,200</b>	54,838

## 21. Amounts Owing To Related Companies

### Group and Company

The amounts owing to related companies represent balances arising from normal trade transactions, payments made on behalf and advances.

These balances are unsecured, interest-free and have no fixed terms of repayment except for the following:-

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>
Outstanding advances	<b>350</b>	350
Interest rate per annum (%)	<b>8</b>	8

## 22. Bank Borrowings

	<i>Group</i>		<i>Company</i>	
	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>RM'000</i>
Bank overdrafts				
– secured	–	775	–	–
– unsecured	656	4,326	–	–
Short term loans				
– secured	–	3,261	–	–
– unsecured	–	5,785	–	–
Current portion of term loans (Note 25)	53,526	2,743	900	–
	<b>54,182</b>	16,890	<b>900</b>	–

Bank overdrafts as at 31 December 2001 bear interest at rates ranging from 1.25% to 1.75% per annum above the base lending rates of the lending institutions and are guaranteed by the Company and certain directors of a subsidiary company.

Bank overdrafts and short term loans as at 31 December 2000 are secured by the following:-

- (i) fixed charges over certain landed properties, and plant and machinery of certain subsidiary companies;
- (ii) floating charges over all the other assets of certain subsidiary companies;
- (iii) corporate guarantees from the Company, certain subsidiary companies and certain directors of the subsidiary companies;

and bear interest at rates ranging from 1.25% to 2.00% per annum above the base lending rates/cost of funds of the lending institutions.

## 23. Share Capital

	<i>Group and Company</i>			
	<i>2001</i> <i>Number of shares ('000)</i>	<i>2001</i> <i>RM'000</i>	<i>2000</i> <i>Number of shares ('000)</i>	<i>2000</i> <i>RM'000</i>
(a) Authorised:-				
Ordinary shares of RM1.00 each	2,000,000	2,000,000	2,000,000	2,000,000
Irredeemable convertible preference shares ("ICPS") of RM1.00 each	1,000,000	1,000,000	1,000,000	1,000,000
Total	<b>3,000,000</b>	<b>3,000,000</b>	3,000,000	3,000,000



## 23. Share Capital (Cont'd)

	<i>Group and Company</i>			
	<i>2001</i>		<i>2000</i>	
	<i>Number of shares ('000)</i>	<i>RM'000</i>	<i>Number of shares ('000)</i>	<i>RM'000</i>
(b) Issued and fully paid:-				
Ordinary shares of RM1.00 each:-				
Balance as at 1 January	800,354	800,354	716,936	716,936
Issued during the year	–	–	83,418	83,418
Converted from ICPS during the year	124,470	124,470	–	–
Balance as at 31 December	924,824	924,824	800,354	800,354
ICPS of RM1.00 each:-				
Balance as at 1 January	118,157	118,157	111,003	111,003
Issued during the year	6,313	6,313	7,154	7,154
Converted to ordinary shares during the year	(124,470)	(124,470)	–	–
Balance at 31 December	–	–	118,157	118,157
Total	924,824	924,824	918,511	918,511

During the financial year, the changes to the issued and paid-up share capital of the Company are as follows:-

- issuance of 6,313,607 new ICPS of RM1.00 each credited as fully paid-up in the capital of the Company for settlement with scheme creditors pursuant to the scheme of arrangement of the Company.  
The new ICPS rank pari passu in all respects with the then existing ICPS of the Company.
- the conversion of 124,470,793 ICPS of RM1.00 each into 124,470,793 new ordinary shares of RM1.00 each credited as fully paid-up in the ordinary share capital of the Company in accordance with the terms of the ICPS.  
The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## 24. Reserves

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(i) Non-distributable reserves:-				
– Exchange fluctuation reserve	(77,289)	(75,919)	–	–
– Capital reserve	38,416	17,815	–	–
– Share premium	34,753	34,753	34,753	34,753
(ii) Accumulated losses	(1,209,354)	(1,158,405)	(584,018)	(572,970)
	(1,213,474)	(1,181,756)	(549,265)	(538,217)

## 25. Deferred And Long Term Liabilities

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
<b>Deferred Taxation</b>				
Balance as at 1 January	1,627	1,595	–	–
Transferred from income statement (Note 29)	–	32	–	–
Deferred taxation of subsidiary companies disposed	(1,627)	–	–	–
Balance as at 31 December	–	1,627	–	–
<b>Long Term Liabilities</b>				
Redeemable convertible bond	1,000	1,000	–	–
Term loans				
– secured	52,626	53,513	–	–
– unsecured	27,900	24,309	27,900	–
Hire-purchase creditors	13	127	9	78
Amount owing to related company	70,000	–	–	–
	151,539	78,949	27,909	78
Less: Portion repayable within the next 12 months included under current liabilities				
Hire-purchase creditors (Note 20)	13	92	9	47
Term loans (Note 22)	53,526	2,743	900	–
	(53,539)	(2,835)	(909)	(47)
Portion repayable after the next 12 months	98,000	76,114	27,000	31
Total	98,000	77,741	27,000	31

The principal terms of the redeemable convertible bond ("Bond") are as follows:-

- convertible up to 1,000,000 new ordinary shares of RM1.00 each in Pan Malaysia Capital Berhad ("PM Capital") within a five (5) years period to 28 December 2004 or redeemable for cash at maturity date on 29 December 2004 at the issue price; and
- no coupon rate shall be attached to and no interest shall be payable on the Bond.

Other than a term loan for RM3.60 million (2000 : Nil) which carries interest at 1.00% per annum above the base lending rate of the lending institution, the remaining term loans carry interest at 8.00% (2000 : 8.00%) per annum. The term loans are repayable by lump sum and fixed instalment which vary from half-yearly and yearly basis.

## 25. Deferred And Long Term Liabilities (Cont'd)

The term loans are secured by way of the following:-

- (i) Fixed charges over certain landed properties of the Group;
- (ii) Fixed and floating charges over the assets of a subsidiary company; and
- (iii) Corporate guarantees from the Company and other shareholder of a subsidiary company.

The details of the hire-purchase are as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Hire-purchase instalments payable:-				
– not later than one year	<b>13</b>	102	<b>9</b>	54
– later than one year and not later than five years	–	35	–	31
	<b>13</b>	137	<b>9</b>	85
Less: Future interest charges	–	(10)	–	(7)
Amount outstanding as at 31 December	<b>13</b>	127	<b>9</b>	78
Portion payable:-				
– not later than one year included under current liabilities	<b>13</b>	92	<b>9</b>	47
– later than one year and not later than five year included under long term liabilities	–	35	–	31
Amount outstanding as at 31 December	<b>13</b>	127	<b>9</b>	78

The amount owing to a related company consists of:-

- (i) Unsecured term loan of RM40 million which bears interest rate at 7.5% per annum and is repayable by lump sum upon maturity (Note 41 (vi)(f)); and
- (ii) Unsecured term loan of RM30 million which bears interest rate at 7.0% per annum and is repayable by lump sum upon maturity (Note 41 (vi)(h)).

## 26. Revenue

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sales of goods	<b>27,998</b>	107,477	–	–
Rendering of services	<b>38,252</b>	35,866	–	–
Interest income	<b>1,175</b>	5,062	<b>980</b>	1,036
Rental and parking income	<b>126</b>	184	<b>396</b>	2,049
Brokerage fees	<b>6,893</b>	12,786	–	–
Underwriting commission	<b>50</b>	1,501	–	–
Royalty fee	<b>865</b>	769	–	–
Dividend income	–	–	<b>704</b>	–
Others	<b>278</b>	150	<b>397</b>	402
	<b>75,637</b>	163,795	<b>2,477</b>	3,487

## 27. Discontinued Operations

The effects of the discontinued operations on the financial results of the Group are as follows:-

	<b>2001</b> <b>RM'000</b>	<b>2000</b> <b>RM'000</b>
Revenue		
– Disposal of subsidiary companies (Note 6.4)	<b>22,908</b>	98,272
– Winding-up of subsidiary companies (Note 6.2 (ii)(a))	–	–
– Winding-up of subsidiary companies (Note 6.2 (ii)(b))	<b>5,090</b>	9,206
	<b>27,998</b>	107,478
(Loss)/Profit From Operations		
– Disposal of subsidiary companies (Note 6.4)	<b>2,010</b>	(121)
– Winding-up of subsidiary companies (Note 6.2 (ii)(a))	–	8,344
– Winding-up of subsidiary companies (Note 6.2 (ii)(b))	<b>(1,357)</b>	(2,514)
	<b>653</b>	5,709

Discontinued operations in 2001 are in respect of the following:-

- (i) Pengkalen Concrete Sdn Bhd, a subsidiary company which is principally engaged in manufacturing and dealing in cement, pre-mixed concrete and builders' requisite, was disposed of on 23 March 2001 for cash consideration of RM6.90 million. The result of this operation had previously been reported in the manufacturing and trading segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 40 to the financial statements. The financial effects of this discontinued operation have been disclosed in Note 6.4 to the financial statements.
- (ii) Focusprint Sendirian Berhad, a subsidiary company of Labels Specialist Industries Sdn Bhd, which is principally engaged in manufacturing of carton boxes, general packaging products and printing press, was disposed of on 23 March 2001 for cash consideration of RM4.50 million. The result of this operation had previously been reported in the manufacturing and trading segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 40 to the financial statements. The financial effects of this discontinued operation have been disclosed in Note 6.4 to the financial statements.
- (iii) Labels Specialist Industries Sdn Bhd, a subsidiary company which is principally engaged in manufacturing and sale of self-adhesive sticker labels, was disposed of on 2 October 2001 for cash consideration of RM16.00 million. The result of this operation had previously been reported in the manufacturing and trading segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 40 to the financial statements. The financial effect of this discontinued operation have been disclosed in Note 6.4 to the financial statements.
- (iv) The following subsidiary companies which were placed under voluntary winding-up:-

Company	Commencement	Principal Activities	Segment	Geographical Region
	Date of Winding-up		Industry	
1. Pengkalen Engineering & Construction Sdn Bhd	12.12.2001	Inactive	Manufacturing and trading	Malaysia
2. Pengkalen Pasar Borong Sdn Bhd	12.12.2001	Inactive	Property and leisure	Malaysia

## 27. Discontinued Operations (Cont'd)

Company	Commencement Date of Winding-up	Principal Activities	Segment Industry	Geographical Region
3. Pengkalen Raya Sdn Bhd	12.12.2001	Inactive	Investment holding	Malaysia
4. Buana Mewah Sdn Bhd	19.12.2001	Inactive	Investment holding	Malaysia
5. Fiberoptik (Sabah) Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
6. GCIH (Malaysia) Sdn Bhd	19.12.2001	Inactive	Investment holding	Malaysia
7. Giatjaya Enterprise Sdn Bhd	19.12.2001	Inactive	Investment holding	Malaysia
8. Kejora Etika Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
9. Pengkalen Building Materials Sdn Bhd	19.12.2001	Trading in building materials	Manufacturing and trading	Malaysia
10. Pengkalen Comtec Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
11. Pengkalen HB Property Services Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
12. Pengkalen Hill Resort Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
13. Serba Sinar Sdn Bhd	19.12.2001	Dormant	Investment holding	Malaysia
14. Tenamaju Sdn Bhd	19.12.2001	Inactive	Investment holding	Malaysia
15. Pengkalen (Hong Kong) Limited	28.12.2001	Inactive	Investment holding	Hong Kong

Accordingly, for accounting purposes, the consolidated financial statements of the Group did not include these subsidiary companies with effect from the date of winding-up. The result of these operation had previously been reported in the respective segments under the analyses of Group operations as disclosed in Note 40 to the financial statements. The financial effects of these discontinued operations have been disclosed in Note 6.2 (ii)(b) to the financial statements.

## 27. Discontinued Operations (Cont'd)

Discontinued operation in 2000 is in respect of Pengkalen Heights Sdn Bhd, where a winding-up order was made by the Kuala Lumpur High Court against this subsidiary company. Accordingly, for accounting purposes, the consolidated financial statements of the Group did not include this subsidiary company with effect from 25 April 2000. The subsidiary company was principally engaged in the development of a hotel and service apartments project. The result of this operation had previously been reported in the property and leisure segment, and Malaysia segment under the analyses of Group operations as disclosed in Note 40 to the financial statements. The financial effects of this discontinued operation have been disclosed in Note 6.2(ii)(a) to the financial statements.

## 28. (Loss)/Profit Before Taxation

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
(Loss)/profit before taxation is arrived at:-				
After charging:-				
Amortisation of investment	3	3	—	—
Auditors' remuneration:-				
– current year provision	226	283	25	25
– over provision in prior year	(12)	(9)	(2)	—
Bad debts written off	201	47	17	—
Depreciation of property, plant and equipment	7,095	11,397	783	1,405
Directors' remuneration:-				
– fees	199	12	117	—
– other emoluments	1,209	1,233	183	195
– benefits-in-kind	89	111	25	25
Property, plant and equipment written off	130	—	—	—
Property, plant and equipment written down	—	2,867	—	2,867
Impairment losses of property, plant and equipment	5,519	—	—	—
Interest expense:-				
– bank overdrafts	113	442	—	—
– term loans	6,825	9,155	1,806	—
– related company	3,806	28	—	—
– subsidiary companies	—	—	—	565
– others	111	691	3	11
Lease rental	—	232	—	—
Loss on foreign exchange:-				
– realised	7	3,207	—	—
– unrealised	—	3,319	—	—
Provision for contract loss	—	2,600	—	—
Provision for diminution in value of investments	42,780	3,442	1,653	272
Provision for corporate guarantee	—	2,350	—	2,350

## 28. (Loss)/Profit Before Taxation (Cont'd)

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Rental of:-				
– land and buildings	–	1,111	–	–
– equipment	<b>1,584</b>	400	<b>6</b>	7
Rental payable to a related company	<b>1,067</b>	116	<b>158</b>	45
Settlement and novation of bank borrowings of subsidiary companies guaranteed by the Company (Note 41 (iv)(a))	–	–	<b>28,326</b>	–
Deficit arising from subsidiary companies not consolidated	<b>831</b>	–	–	–
And crediting:-				
Bad debts recovered	–	1,619	–	–
Gain on disposal of investment in subsidiary companies	<b>2,654</b>	–	<b>18,513</b>	–
Gain on disposal of investments	<b>216</b>	1,545	–	–
Gain on disposal of property, plant and equipment	<b>644</b>	358	<b>177</b>	78
Gain on foreign exchange:-				
– realised	–	–	–	6
– unrealised	<b>910</b>	–	–	55
Gross dividends from quoted investments in Malaysia	<b>205</b>	258	<b>704</b>	–
Interest receivable:-				
– subsidiary companies	–	–	<b>13</b>	22
– others	<b>3,624</b>	9,432	<b>966</b>	1,014
Management fees received from subsidiary companies	–	–	<b>398</b>	402
Interest waived under schemes of arrangement	–	210	–	–
Provision for contingent liabilities no longer required	–	419	–	–
Provision for corporate guarantees no longer required	<b>2,332</b>	–	<b>2,332</b>	–
Provision for doubtful debts no longer required	<b>13,308</b>	10,845	<b>1,073</b>	3,610
Rental income:-				
– subsidiary companies	–	–	<b>358</b>	1,825
– related companies	–	150	–	150
– others	<b>199</b>	91	<b>14</b>	15
Surplus arising from a subsidiary company not consolidated	–	8,446	–	–
Waiver of debt	–	4,240	–	–

## 29. Taxation

	<b>Group</b>
	<b>2001</b>
	<b>RM'000</b>
Taxation based on the results for the financial year:-	
– Current	801
– Overprovision in prior years	(11)
	790
– Deferred taxation (Note 25)	–
	32
	790
	(3,811)

Provision for taxation is made in the financial statements of the Group even though the Group recorded a loss before taxation in 2001 due mainly to certain expenses which are not deductible for tax purposes and the non-availability of group relief where tax losses of subsidiary companies cannot be set-off against the taxable profits of other subsidiary companies.

The effective tax rate of the Group in 2000 was lower than the statutory tax rate due mainly to certain income which are not taxable.

Subject to the agreement with the Inland Revenue Board, the Company's unabsorbed tax losses and unabsorbed capital allowances totalling approximately RM15.0 million (2000 : RM13.7 million) are available for set-off against future taxable income.

## 30. (Loss)/Earnings Per Share

The basic (loss)/earnings per ordinary share is calculated based on consolidated loss for the year amounting to RM50,948,749 (2000 : consolidated profit for the year of RM11,595,784) and the weighted average number of ordinary shares in issue during the financial year of 801,376,633 (2000 : 762,291,635) shares.

The diluted earnings per share in 2001 is not disclosed as it is antidilutive.

The diluted earnings per ordinary share in 2000 was calculated based on the consolidated profit for the year of RM11,595,784 and on the adjusted weighted average number of ordinary shares issued and issuable of 876,804,367 shares. The adjusted weighted average number of ordinary shares issued and issuable has been arrived at based on the assumption that all the ICPS issued are converted to ordinary shares at the beginning of the year or at date of issue.

The weighted average number of ordinary shares outstanding plus weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares was calculated as follows:-

	<b>2000</b>
Weighted average number of ordinary shares in issue	762,291,635
Weighted average number of ordinary shares upon conversion of ICPS	114,512,732
Weighted average number of ordinary shares for diluted earnings per share	876,804,367

## 31. Acquisition Of Investments

In 2000, the Group acquired quoted shares totalling RM5,106,309 of which RM4,370,021 were acquired from debtors pursuant to debts settlement arrangements and no cash was paid for the acquisition. Cash of RM736,288 was paid to acquire the remaining shares.



### 32. Acquisition Of Property, Plant And Equipment

In 2000, the Group acquired property, plant and equipment totalling RM3,009,450 of which RM40,246 were acquired from debtors pursuant to debts settlement arrangements and no cash was paid for the acquisition. Cash of RM2,969,204 was paid to acquire the other property, plant and equipment.

### 33. Disposal Of Subsidiary Companies

	<i>Group At the Date of Disposal 2001 RM'000</i>
Property, plant and equipment	25,292
Deposits, cash and bank balances	5,097
Other current assets	46,967
Bank overdrafts	(1,490)
Short term loans	(1,617)
Other current liabilities	(33,152)
Deferred taxation	(1,627)
Minority interest	(15,455)
Goodwill on consolidation	730
	<hr/>
Attributable net assets disposed	24,745
Gain on disposal of investment in subsidiary companies	2,654
	<hr/>
Net proceed received	27,399
Add: cash and cash equivalents of subsidiary companies	(3,607)
	<hr/>
Cash flow on disposal, net of cash and cash equivalent disposed	23,792
	<hr/>

57

### 34. Subsidiary Companies Under Winding-Up Not Consolidated

	<i>Group 2001 RM'000</i>	<i>2000 RM'000</i>
Development property	—	20,000
Property, plant and equipment	40	—
Goodwill on consolidation	623	—
Other current assets	1,096	—
Other current liabilities	(1,752)	(5,987)
Term loans and bank borrowings	—	(22,468)
Minority interests	(5)	—
(Deficit)/surplus on subsidiary companies not consolidated	(831)	8,446
	<hr/>	<hr/>
Cash flow on subsidiary companies under winding-up not consolidated	(829)	(9)
	<hr/>	<hr/>

### 35. Acquisition Of A Subsidiary Company

In 2000, the Group acquired the entire paid-up capital of Meridian Nominees (Tempatan) Sdn Bhd. The fair value of the assets acquired and the liabilities assumed were as follows:-

	<b>Group</b> 2000 RM'000
Other receivables, deposits and prepayments	7
Cash and bank balances	37
Other payables and accruals	(604)
Attributable net liabilities assumed	(560)
Goodwill on acquisition	560
Total purchase consideration	– *
Less: Cash and bank balances of subsidiary company acquired	(37)
Cash flow on acquisition, net of cash and bank balances of subsidiary company acquired	37

\* Represents RM2.00

### 36. Cash And Cash Equivalents

The cash and cash equivalents included in the cash flow statements comprise the following balance sheet amount:-

	<b>Group</b>		<b>Company</b>	
	<b>2001</b> <b>RM'000</b>	<b>2000</b> <b>RM'000</b>	<b>2001</b> <b>RM'000</b>	<b>2000</b> <b>RM'000</b>
Term and call deposits	103,193	130,579	34,464	28,331
Cash and bank balances	10,169	9,267	97	403
Bank overdrafts	(656)	(5,101)	–	–
	<b>112,706</b>	<b>134,745</b>	<b>34,561</b>	<b>28,734</b>
Less: Deposits pledged to banks	(1,571)	(1,316)	(518)	(503)
	<b>111,135</b>	<b>133,429</b>	<b>34,043</b>	<b>28,231</b>
Less: Dealers and remisiers' deposit maintained as trust monies included in:-				
– cash and bank balances	(306)	(582)	–	–
– term and call deposits	(6,979)	(3,136)	–	–
	<b>(7,285)</b>	<b>(3,718)</b>	<b>–</b>	<b>–</b>
	<b>103,850</b>	<b>129,711</b>	<b>34,043</b>	<b>28,231</b>

### 37. Significant Transactions With Related Parties

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>	<i>RM'000</i>
Rental income received from				
MUI Property Services Sdn Bhd	—	150	—	150
Royalty income received from				
Network Foods Industries Sdn Bhd	865	769	—	—
Sales to Malayan United Management				
Sdn Bhd, Ming Court Hotel (KL) Sdn Bhd,				
Network Foods (Malaysia) Sdn Bhd,				
Network Foods Industries Sdn Bhd,				
MUI dotCom Sdn Bhd, Corus & Regal				
Hotels plc and MUI Properties Berhad	737	764	—	—
Rental expenses paid and payable to				
MUI Plaza Sdn Bhd	1,067	116	158	45
Interest expenses paid and payable to				
MUI Capital Sdn Bhd	3,806	28	—	—
Sales to Laura Ashley Holdings				
plc, Laura Ashley (North America),				
Inc, Morning Star Travel Service				
Limited and Metrojaya Berhad	8,713	6,559	—	—
Term loans from MUI Capital Sdn Bhd	70,000	—	—	—
Brokerage income from				
Lembaran Megah Sdn Bhd,				
Mikonwadi Sdn Bhd and				
PMCW Enterprises Sdn Bhd	39	473	—	—
Purchases from Ming Court Hotel (KL)				
Sdn Bhd	911	—	—	—

The related party transactions are in the normal course of business and were negotiated on an arm's length basis.

The relationships between the Company and related parties, other than disclosed elsewhere in the financial statements, are as follows:-

#### Identities of Related Parties

#### Relationships with the Group

Corus & Regal Hotels plc	}	Subsidiary companies of the ultimate holding company
Lembaran Megah Sdn Bhd	}	
Malayan United Management Sdn Bhd	}	
Mikonwadi Sdn Bhd	}	
Ming Court Hotel (KL) Sdn Bhd	}	
MUI Capital Sdn Bhd	}	
MUI dotCom Sdn Bhd	}	
MUI Plaza Sdn Bhd	}	
MUI Properties Berhad	}	
MUI Property Services Sdn Bhd	}	
Network Foods (Malaysia) Sdn Bhd	}	

### 37. Significant Transactions With Related Parties (Cont'd)

Network Foods Industries Sdn Bhd	}	Subsidiary companies of the
PMCW Enterprises Sdn Bhd	}	ultimate holding company
Laura Ashley Holdings plc	}	
Laura Ashley (North America), Inc	}	Associated companies of the ultimate
Morning Star Travel Service Limited	}	holding company
Metrojaya Berhad	}	Subsidiary of Pan Malaysian
		Industries Berhad, a substantial
		shareholder of the ultimate holding
		company

### 38. Contingent Liabilities – Unsecured

#### Group

- (a) On 13 September 1995, Wakefield Nominees Ltd (“WNL”), which is incorporated in Hong Kong, presented a petition to the Supreme Court of Bermuda against the Company and AGA Holdings Ltd (“AGA”) in which the Company allegedly has a 35% equity interest. WNL has petitioned to seek for compensation in respect of the dilution of its interest in AGA and Central Reinsurance Limited (“CRL”), a subsidiary company of AGA.

Consequent to the petition described above, Receivers and Managers have been appointed by the court to AGA and the Receivers and Managers have further petitioned and obtained an order to liquidate CRL.

The Company’s solicitors are of the considered opinion that based upon available evidence, the Company has a valid defence to the petition.

- (b) As at 31 December 2001, the contingent liabilities in respect of corporate guarantees given by the Group for banking facilities granted to unconsolidated and former subsidiary companies were RM2 million (2000 : RM35 million).

#### Company

- (a) A suit was filed on 17 May 1996 in the High Court of Kuala Lumpur by Loyal Design Sdn Bhd (“LDSB”) a wholly-owned subsidiary of Malayan United Industries Berhad (“MUI”), against the Company and all its then existing directors for breach of directors’ duties in conducting the affairs of the Company during the period involved with the takeover offer by MUI through LDSB in respect of the Company. The suit also seek to declare, inter-alia, that various options granted by the Company under the Company’s Executive Share Option Scheme are void.

The trial dates which were fixed on 21 January 2002 and 22 January 2002, were vacated and 23 April 2002 has been fixed for mention pending the parties’ compliance with case management directions given. The Company’s solicitors are of the opinion, based on the documents available, that LDSB’s chance of success on the claim is good.

- (b) As at 31 December 2001, the contingent liabilities in respect of corporate guarantees given by the Company for banking facilities and supply of goods granted to subsidiary companies, and unconsolidated and former subsidiary companies were RM13 million (2000 : RM98 million).

### 39. Capital Commitment

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>
Authorised and contracted but not provided for:-		
– purchase of property, plant and equipment	<b>8,180</b>	–
– balance of purchases consideration in respect of Business Merger Agreements with MBf Northern Securities Sdn Bhd (Special Administrators Appointed) and Malpac Securities Sdn Bhd	–	104,247
	<b>8,180</b>	104,247

### 40. Analyses Of Group Operations

The analyses of Group operations for the financial year ended 31 December 2001 are as follows:-

	<b>Revenue</b>		<b>(Loss)/Profit Before Taxation</b>		<b>Total Assets</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) By Industry</b>						
Continuing Operations:-						
Financial services	<b>7,452</b>	18,483	<b>(42,790)</b>	22,921	<b>292,781</b>	269,214
Property and leisure	<b>38,217</b>	35,865	<b>153</b>	(1,381)	<b>54,487</b>	52,322
Investment holding	<b>1,970</b>	1,969	<b>(16,909)</b>	(15,629)	<b>87,922</b>	88,701
	<b>47,639</b>	56,317	<b>(59,546)</b>	5,911	<b>435,190</b>	410,237
Discontinued Operations:-						
Manufacturing and trading	<b>27,998</b>	107,478	<b>10,304*</b>	(5,566)	–	84,296
Property and leisure	–	–	<b>(10)</b>	7,404	–	44
Investment holding	–	–	<b>(149)</b>	(70)	–	92
	<b>27,998</b>	107,478	<b>10,145</b>	1,768	–	84,432
Share of results of associated companies/investment in associated companies	–	–	–	234	–	–
	<b>75,637</b>	163,795	<b>(49,401)</b>	7,913	<b>435,190</b>	494,669

\* attributed to reversal of post-acquisition losses on disposal and winding-up subsidiary companies.

#### (b) By Geographical Region

Continuing Operations:-						
Malaysia	<b>46,774</b>	55,547	<b>(57,024)</b>	12,696	<b>430,589</b>	401,657
Asia-Pacific	<b>865</b>	770	<b>(2,193)</b>	(2,367)	<b>4,117</b>	8,051
United Kingdom	–	–	<b>(329)</b>	(4,418)	<b>484</b>	529
	<b>47,639</b>	56,317	<b>(59,546)</b>	5,911	<b>435,190</b>	410,237
Discontinued operations:-						
Malaysia	<b>27,998</b>	107,478	<b>10,145</b>	1,768	–	84,432
Share of results of associated companies/investment in associated companies	–	–	–	234	–	–
	<b>75,637</b>	163,795	<b>(49,401)</b>	7,913	<b>435,190</b>	494,669

## 41. Significant Events

### (i) Schemes of Arrangement

The schemes of arrangement of the Company and certain of its subsidiary companies ("Scheme") which were implemented on 29 December 1999 have been completed except for settlement with three scheme creditors.

As at 29 December 2001, a total of up to 5,184,238 ICPS could not be issued by the Company to two scheme creditors to settle the indebtedness due to them pursuant to the Scheme as they had either not provided to the Company within the relevant timeframe the relevant Central Depository System details required for the allotment and issue of the ICPS or had not finalised and submitted their claim on the amount of indebtedness. It remains the intention of the Company to settle all indebtedness pursuant to the Scheme and as such, the Directors proposed the direct issuance of up to 5,184,238 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to these scheme creditors in substitution of the issuance of up to 5,184,238 ICPS of the Company as proposed earlier in the Scheme ("Proposed Share Issue"). The Company has on 20 February 2002 applied to the Securities Commission ("SC") to seek approval for the Proposed Share Issue. The Proposed Share Issue is pending the SC's approval.

### (ii) Special Issue to Bumiputera Investors

On 26 April 2001 and 20 June 2001, the SC and Foreign Investment Committee approved respectively an extension of 12 months to 30 June 2002 for the Company to implement its special issue of 75,270,000 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share to Bumiputera investors to be approved by the Ministry of International Trade and Industry.

### (iii) Private Placement to Bumiputera Investors

On 25 April 2001, the SC approved an extension of 12 months to 8 May 2002 for PM Capital to implement the private placement by PM Capital to Bumiputera investors of up to 25,308,713 new ordinary shares of RM1.00 each representing approximately 10% of the issued and paid-up ordinary share capital of PM Capital, at an issue price of up to 15% discount based on the 5-day weighted average market price of the ordinary shares on a date to be determined later, subject to a minimum of the par value of RM1.00 per share. On 16 April 2002, PM Capital applied to the SC to seek approval for a further extension until 31 December 2003 to implement the private placement. The application is pending the SC's approval.

### (iv) Continuing Exercise to Divest and Wind-up Non-Core Businesses

#### (a) Disposal of Shares in Pengkalen Concrete Sdn Bhd ("PCSB")

The disposal by the Company of its entire shareholding of 10,000,000 ordinary shares of RM1.00 each representing the total issued and paid-up share capital of PCSB at the mutually agreed adjusted sale consideration of RM6.90 million cash was completed on 23 March 2001. PCSB has two subsidiary companies, namely Pengkalen Concrete (E.M.) Sdn Bhd ("PCEM"), a wholly-owned subsidiary company, and Pengkalen-SMJ J.V. Sdn Bhd, a 70%-owned subsidiary company.

Pursuant to the term of the agreement for the disposal, the Company has settled RM0.44 million of the bank borrowings of PCSB and PCEM which were guaranteed by the Company. The primary obligation to settle a further RM27.90 million, also guaranteed by the Company, was also novated to the Company with the consent of the relevant banks.

The gain on disposal to the Company and Group was RM6.90 million and RM0.10 million respectively.

#### 41. Significant Events (Cont'd)

- (b) Disposal of Shares in Focusprint Sendirian Berhad ("Focusprint") by Labels Specialist Industries Sdn Bhd ("Labels")

The disposal by Labels, then 51.25%-owned subsidiary of the Company, of its entire shareholdings of 124,950 ordinary shares of RM1.00 each representing 51% of the total issued and paid-up share capital of Focusprint for a cash consideration of RM4.50 million was completed on 23 March 2001. The gain on the disposal to the Group was RM0.82 million.

- (c) Disposal of Shares in Labels

The disposal by the Company of its entire shareholding of 3,434,000 ordinary shares of RM1.00 each, representing 51.25% of the total issued and paid-up share capital of Labels for a total cash consideration of RM16.00 million was completed on 2 October 2001. The gain on the disposal to the Company and Group was RM11.61 million and RM0.95 million respectively.

- (d) The following associated and subsidiary companies were placed under voluntary winding-up:-

Associated Companies Placed Under Members' Voluntary Winding-Up On 1 October 2001

Schwartau (Far East) Sdn Bhd

Pufrut Preserving Works (Malaysia) Sdn Bhd

Subsidiary Companies Placed Under Creditors' Voluntary Winding-Up On 12 December 2001

Pengkalen Engineering & Construction Sdn Bhd ("PEC")

Pengkalen Pasar Borong Sdn Bhd

Pengkalen Raya Sdn Bhd

Subsidiary Companies Placed Under Members' Voluntary Winding-Up On 19 December 2001

Buana Mewah Sdn Bhd

Fiberoptik (Sabah) Sdn Bhd

GCIH (Malaysia) Sdn Bhd

Giatjaya Enterprise Sdn Bhd

Kejora Etika Sdn Bhd

Pengkalen Building Materials Sdn Bhd ("PBM")

Pengkalen Comtec Sdn Bhd

Pengkalen HB Property Services Sdn Bhd

Pengkalen Hill Resort Sdn Bhd

Serba Sinar Sdn Bhd

Tenamaju Sdn Bhd

Subsidiary Company Placed Under Members' Voluntary Winding-Up On 28 December 2001

Pengkalen (Hong Kong) Limited

Other than PBM which was engaged in trading in building materials and which ceased its operations on 28 November 2001, these associated and subsidiary companies were inactive or dormant.

The winding-up of these companies resulted in a deficit of RM0.83 million to the Group.

- (e) On 9 January 2002, another dormant subsidiary company, namely Fibercorp (Sarawak) Sdn Bhd was also placed under members' voluntary winding-up.

#### 41. Significant Events (Cont'd)

(f) Ceassation of Operations of Group's Manufacturing and Trading Division

With the disposals of PCSB, Focusprint and Labels, and the voluntary winding-up of PBM and PEC, the Group's Manufacturing and Trading Division has ceased operations in December 2001.

(v) **Universal Broker Status For PM Securities Sdn Bhd ("PM Securities")**

(a) The SC had by its letter dated 29 August 2001 approved PM Securities to be a Universal Broker ("Universal Broker Approval"). The operation of PM Securities as a Universal Broker shall be subject to a readiness audit by the Kuala Lumpur Stock Exchange ("KLSE"). In relation to the Universal Broker Approval, the SC had also approved PM Securities' application to establish additional branch offices in Klang, Penang and Johor Bahru. Further, the SC had also approved the application by PM Securities to relocate the stockbroking business of Pan Malaysia Equities Sdn Bhd ("PM Equities") (which acquisition by PM Securities has been approved earlier by the SC) to Melaka. The SC had by its letter dated 25 March 2002 approved PM Securities as an Adviser pursuant to the SC's Policies and Guidelines on Issue/Offer of Securities.

(b) To enable PM Securities to comply with the criteria of a Universal Broker which stipulates amongst others, that a Universal Broker must be an existing stockbroker who acquires or merges with a minimum of three other stockbrokers and also to allow for a more flexible group structure to enable PM Securities to diversify into complementary areas of business, the Group has embarked and completed the Business Merger Agreements with MBf Northern Securities Sdn Bhd (Special Administrators Appointed) ("MBf Northern") and Malpac Securities Sdn Bhd ("Malpac Securities"), and an internal capital rationalisation exercise as follows:-

- (1) On 22 January 2001, PM Securities completed the Business Merger Agreement with MBf Northern whereby the existing business of PM Securities was merged with the stockbroking and associated activities of MBf Northern and further acquired certain property, plant and equipment of MBf Northern for a total cash consideration of RM65.00 million. Approval has also been received from the relevant authorities to resite the business of MBf Northern as a branch of PM Securities in Puchong, Selangor Darul Ehsan.
- (2) On 26 July 2001, PM Securities completed the Business Merger Agreement with Malpac Securities whereby the existing business of PM Securities was merged with the stockbroking and associated activities of Malpac Securities and further acquired certain property, plant and equipment of Malpac Securities for a total cash consideration of RM85.75 million. Following the merger, the licence of Malpac Securities was surrendered and subsequently varied to allow the operations of Malpac Securities as a branch of PM Securities.
- (3) On 8 December 2001, PM Capital completed the sale and transfer of its interest in the entire issued and paid-up share capital of PM Equities comprising 237,123,722 ordinary shares of RM1.00 each, 91,934,379 redeemable non-convertible preference shares of RM1.00 each and 36,000,000 redeemable exchangeable preference shares of RM1.00 each for a sale consideration of RM117.58 million which was satisfied by the issuance of 100,000,000 new ordinary shares of RM1.00 each in PM Securities at an issue price of RM1.00 each per share and cash payment of RM17.58 million.



#### 41. Significant Events (Cont'd)

- (4) On 8 December 2001, PM Capital also completed the sale and transfer of its entire equity interest in PM Securities comprising 391,448,138 ordinary shares of RM1.00 each and 174,048,190 redeemable non-convertible preference shares ("RNPS") of RM1.00 each representing 99.99% of the issue and paid-up ordinary share capital and the entire issued and paid-up RNPS capital respectively of PM Securities to Kimara Asset Management Sdn Bhd ("Kimara Asset") for a consideration of RM391.00 million which was satisfied by the issuance of 391,000,005 new ordinary shares of RM1.00 each in Kimara Asset at an issue price of RM1.00 per share.

Kimara Asset, a wholly-owned subsidiary of PM Capital, now holds 99.99% equity interest in PM Securities and PM Equities is a wholly-owned subsidiary company of PM Securities.

#### (vi) Other Corporate Developments

- (a) During the financial year, the Company acquired from the open market a total of 27,542,000 irredeemable convertible preference shares of PM Capital ("PM Capital ICPS") of RM1.00 each for an aggregate cash consideration of RM6.94 million which was funded from the proceeds of the Company's rights issue. Subsequent to the financial year end, during the period from 1 January 2002 to 15 April 2002, the Company further acquired from the open market a total of 28,923,000 PM Capital ICPS for an aggregate cash consideration of RM6.35 million which was also funded from the proceeds of the Company's rights issue. The SC has on 4 July 2000 approved the utilisation of RM25.92 million being part of the Company's rights issue proceeds to acquire PM Capital ICPS from the open market. As at 15 April 2002, the Company has utilised RM24.85 million of the said RM25.92 million to acquire PM Capital ICPS.
- (b) On 19 July 2001, the Company purchased 84,000 ordinary shares of PM Capital of RM1.00 each from the open market for a cash consideration of RM44,594.99 which was funded by internal funds. The Company's interest in the total issued and paid-up ordinary share capital of PM Capital increased accordingly from 73.83% to 73.86% as at 31 December 2001. Subsequent to the financial year end, on 7 January 2002, the Company further purchased 71,000 ordinary shares of PM Capital from the open market for a cash consideration of RM43,896.53 which was funded by internal funds. The Company's interest in the issued and paid-up ordinary share capital of PM Capital increased accordingly from 73.86% to 73.89%.
- (c) During the financial year, the Company and Pengkalen Equities Sdn Bhd ("PESB") subscribed for a total of 790,000 and 10,000 new ordinary shares of RM1.00 each respectively at an issue price of RM1.00 per share in Pan Malaysia Travel & Tours Sdn Bhd, a 80%-owned subsidiary of the Company. PESB is a wholly-owned subsidiary of the Company.
- (d) On 19 December 2001, the Company entered into an agreement ("Agreement") with Lai Sun Development Company Limited ("Lai Sun") for the acquisition of 800,000 ordinary shares of RM1.00 each representing 10% of the total issued and paid-up share capital of Pengkalen Holiday Resort Sdn Bhd ("PHR") from Lai Sun for a cash consideration of RM1.00 and the acceptance by the Company of the assignment of Debt owing to Lai Sun by PHR for a cash consideration of RM0.55 million.

PHR was then a 90%-owned subsidiary of the Company, with the remaining 10% beneficially owned by Lai Sun. PHR is principally engaged in operating a hotel in Port Dickson, Seremban called "Corus Paradise resort".

#### 41. Significant Events (Cont'd)

As at the date of the Agreement, there is a sum of RM3.20 million due and owing by PHR to Lai Sun being the aggregate of the advances given by Lai Sun to PHR, together with interest.

Lai Sun has unequivocally agreed that upon completion of the Agreement, the interest accrued in the sum of RM0.73 million shall be waived and the full and final sum due and owing by PHR to Lai Sun shall be RM2.47 million (the "Debt"). Under the terms of the Agreement, Lai Sun agreed to absolutely assign the Debt to the Company at a cash consideration of RM0.55 million and Lai Sun is to be released and discharged from the corporate guarantee given in respect of banking facilities granted to PHR.

Subsequent to the financial year end, on 13 March 2002, the Company executed a corporate guarantee, which, inter-alia assumed the 10% financial obligation of Lai Sun amounting to RM2.10 million in respect of the banking facilities of PHR and Lai Sun was subsequently discharged of its obligations to the lending financial institutions under its corporate guarantee. The Agreement was then completed on 2 April 2002. The said completion has resulted in a gain of RM1.92 million and RM2.65 million to the Company and Group respectively.

- (e) In accordance with the terms of the ICPS of the Company, 124,470,793 ICPS were automatically cancelled and converted into 124,470,793 new ordinary shares of RM1.00 each in the capital of the Company on 29 December 2001.
- (f) On 18 January 2001, PM Capital accepted a term loan facility of RM40.00 million made available by MUI Capital Sdn Bhd. The loan is granted for a period of two years at interest rate of 7.5% per annum and is unsecured. The loan is for onward lending to PM Securities for purposes of PM Securities' working capital and expansion of business.
- (g) On 18 January 2001, PM Capital granted a subordinated loan of RM40.00 million to PM Securities. The terms and conditions of the loan which comply with the provisions of Rule 9.5.4 (3) (b) of the KLSE Rules Relating to Member Companies have been approved by the Committee of the KLSE.

The salient terms and conditions as contained in the agreement are as follows:-

- (1) the subordinated loan is subordinated to all other liabilities and subject to the prior approval of the KLSE, is fully repayable together with the interest on the second anniversary of the drawdown date;
  - (2) the interest charged is at 8% per annum; and
  - (3) the loan is convertible into equity based upon the terms and conditions as may be imposed by the Committee of the KLSE if PM Securities fails to comply with the KLSE Capital Adequacy Requirements.
- (h) On 24 July 2001, PM Capital also accepted a term loan facility of RM30.00 million made available by MUI Capital Sdn. Bhd. The loan is granted for a period of three years at interest rate of 7% per annum and is unsecured. The loan was used for purpose of subscribing the rights issue of PM Securities.
  - (i) On 25 July 2001, PM Securities completed its rights issue of 30,000,007 new ordinary shares of RM1.00 each at an issue price of RM1.00 per share on the basis of approximately 1 new ordinary share of RM1.00 each for every 8.715 existing ordinary shares held. PM Capital was issued 30,000,001 new ordinary shares pursuant to its entitlement under the rights issue. The proceeds of the rights issue was utilised as part payment for the acquisition of the dealer's licence and certain property, plant and equipment of Malpac Securities.

## 42. Subsidiary And Associated Companies

### Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
1. Fibercorp (Sarawak) Sdn Bhd (a 55% subsidiary company of Pengkalen Comtec Sdn Bhd)	<b>30.25</b>	30.25	Dormant	Malaysia
■ 2. Focusprint Sendirian Berhad	—	26.14	Manufacturing of carton boxes, general packaging products & printing press	Malaysia
+ 3. Golden Carps Pte Ltd	<b>100</b>	100	Inactive	Singapore
+ 4. Grandvestment Company Limited	<b>100</b>	100	Investment holding	Hong Kong
5. Kayangan Makmur Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
■ 6. Labels Specialist Industries Sdn Bhd	—	51.25	Manufacturing & sale of self-adhesive sticker labels	Malaysia
7. Pan Malaysia Capital Berhad	<b>73.86</b>	73.83	Investment holding	Malaysia
+ 8. Pengkalen Company Limited	<b>100</b>	100	Dormant	United Kingdom
■ 9. Pengkalen Concrete Sdn Bhd	—	100	Manufacturing & dealing in cement, pre-mixed concrete & builders' requisites	Malaysia
■ 10. Pengkalen Concrete (E.M.) Sdn Bhd	—	100	Manufacturing & dealing in cement, pre-mixed concrete & builders' requisites	Malaysia
11. Pengkalen Equities Sdn Bhd	<b>100</b>	100	Investment holding & dealing	Malaysia
12. Pengkalen Foodservices Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
13. Pengkalen Holiday Resort Sdn Bhd	<b>90</b>	90	Operating a hotel	Malaysia
14. Pengkalen Properties Sdn Bhd	<b>100</b>	100	Inactive	Malaysia
■ 15. Pengkalen-SMJ J.V. Sdn Bhd (a 70% subsidiary company of Pengkalen Concrete Sdn Bhd)	—	70	Supply & trading of ready-mixed concrete, construction & civil engineering works	Malaysia
16. Pan Malaysia Travel & Tours Sdn Bhd	<b>80</b>	80	Travel agent & provision of travel-related services	Malaysia
+ 17. Pengkalen (UK) Plc	<b>84.12</b>	84.12	Investment holding	United Kingdom
18. Twin Phoenix Sdn Bhd	<b>100</b>	100	Dormant	Malaysia
<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
* 1. Excelpac Industries Sdn Bhd (a 25% associated company of Pan Malaysia Travel & Tours Sdn Bhd)	<b>20</b>	20	Inactive	Malaysia

## 42. Subsidiary And Associated Companies (Cont'd)

### Subsidiary Companies of Pan Malaysia Capital Berhad

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
1. Bayan Niaga Sdn Bhd	<b>100</b>	100	Moneylending	Malaysia
2. KESB Nominees (Asing) Sdn Bhd	<b>99.99</b>	100	Dormant	Malaysia
3. KESB Nominees (Tempatan) Sdn Bhd	<b>99.99</b>	100	Nominee & custodian services	Malaysia
4. Kimara Asset Management Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
5. Meridian Nominees (Tempatan) Sdn Bhd	<b>99.99</b>	100	Share registration, nominee & share custodian services	Malaysia
6. Pan Malaysia Equities Sdn Bhd	<b>99.99</b>	100	Property & investment holding	Malaysia
7. PCB Asset Management Sdn Bhd	<b>100</b>	100	Research & fund management services	Malaysia
8. Pengkalen Nominees (Asing) Sdn Bhd	<b>99.99</b>	99.99	Nominee & custodian services	Malaysia
9. Pengkalen Nominees (Tempatan) Sdn Bhd	<b>99.99</b>	99.99	Nominee & custodian services	Malaysia
10. Pengkalen Options & Futures Sdn Bhd	<b>100</b>	100	Options & financial futures broker	Malaysia
11. PM Securities Sdn Bhd	<b>99.99</b>	99.99	Stockbroking	Malaysia

### Subsidiary and Associated Companies of Pengkalen (UK) Plc

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
1. Anglo Pacific Corporation (Malaysia) Sdn Bhd	<b>64.82</b>	64.82	Investment holding	Malaysia
2. Anglo Pacific Holdings (Malaysia) Sdn Bhd	<b>100</b>	100	Investment holding	Malaysia
* 3. Aqua Lanka (Private) Limited	<b>100</b>	100	Dormant	Sri Lanka
+ 4. Central Cocoa Pte Ltd	<b>100</b>	100	Dormant	Singapore
5. Cocoa Specialities (Malaysia) Sdn Bhd	<b>64.82</b>	64.82	Inactive	Malaysia
+ 6. GCIH Property Limited	<b>100</b>	100	Investment holding	Hong Kong
>+ 7. GCIH Trademarks Limited	<b>100</b>	100	Licensing of trademarks	Hong Kong
* 8. Grand Central (Ceylon) Rubber Estates, Limited	<b>100</b>	100	Dormant	United Kingdom
* 9. Grand Central Limited	<b>100</b>	100	Dormant	Sri Lanka
* 10. Highland Tea Company of Ceylon, Limited	<b>100</b>	100	Dormant	United Kingdom
11. Kuril Plantations Sdn Berhad	<b>64.82</b>	64.82	Inactive	Malaysia
+ 12. Meltis Holdings Limited	<b>84</b>	84	Investment holding	United Kingdom

## 42. Subsidiary And Associated Companies (Cont'd)

### Subsidiary and Associated Companies of Pengkalen (UK) Plc (Cont'd)

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
* 13. Nagolle Holdings Limited	<b>100</b>	100	Dormant	United Kingdom
* 14. Nagolle (Ceylon) Rubber and Tea Plantations, Limited	<b>100</b>	100	Dormant	United Kingdom
* 15. Network Foods International Limited	<b>100</b>	100	Dormant	United Kingdom
* 16. The Panawatte Tea and Rubber Estates, Limited	<b>100</b>	100	Dormant	United Kingdom
* 17. The Yatiyantota Ceylon Rubber Company Limited	<b>100</b>	100	Dormant	United Kingdom
18. Upali Group Sdn Bhd	<b>64.82</b>	64.82	Dormant	Malaysia
+ 19. Wellon Distribution Pte Ltd	<b>100</b>	100	Dormant	Singapore

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Principal Activities</i>	<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>		
	<i>%</i>	<i>%</i>		
1. Desa Kuril Sdn Berhad	<b>32.41</b>	32.41	Dormant	Malaysia

### Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad which are in liquidation

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>	
	<i>%</i>	<i>%</i>	
1. Asia Entertainment Network Sdn Bhd	<b>60</b>	60	Malaysia
2. Buana Mewah Sdn Bhd	<b>100</b>	100	Malaysia
3. Fiberoptik (Sabah) Sdn Bhd	<b>55</b>	55	Malaysia
4. GCIH (Malaysia) Sdn Bhd	<b>84.12</b>	84.12	Malaysia
5. GCIH (Singapore) Pte Ltd	<b>54.53</b>	54.53	Singapore
6. Giatjaya Enterprise Sdn Bhd	<b>54.53</b>	54.53	Malaysia
7. Grand Union General and Motor Insurance Company Limited	<b>55</b>	55	Hong Kong
8. Grand Union Insurance Company Limited	<b>55</b>	55	Hong Kong
9. Heng's Food & Beverage Industries Pte Ltd	<b>84.12</b>	84.12	Singapore

## 42. Subsidiary And Associated Companies (Cont'd)

### Subsidiary and Associated Companies of Pan Malaysia Holdings Berhad which are in liquidation (Cont'd)

<i>Subsidiary Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>	
	<i>%</i>	<i>%</i>	
10. Kejora Etika Sdn Bhd	<b>100</b>	100	Malaysia
11. Office Business Systems (Malacca) Sdn Bhd	<b>41.67</b>	41.67	Malaysia
12. Office Business Systems (Penang) Sdn Bhd	<b>64.10</b>	64.10	Malaysia
13. Office Business Systems Sdn Bhd	<b>64.10</b>	64.10	Malaysia
14. Pengkalen (Hong Kong) Limited	<b>100</b>	100	Hong Kong
15. Pengkalen Building Materials Sdn Bhd	<b>100</b>	100	Malaysia
16. Pengkalen Comtec Sdn Bhd	<b>55</b>	55	Malaysia
17. Pengkalen Electronics Industries Sdn Bhd	<b>67</b>	67	Malaysia
18. Pengkalen Engineering & Construction Sdn Bhd	<b>100</b>	100	Malaysia
19. Pengkalen HB Property Services Sdn Bhd	<b>100</b>	100	Malaysia
20. Pengkalen Heights Sdn Bhd	<b>70</b>	70	Malaysia
21. Pengkalen Hill Resort Sdn Bhd	<b>100</b>	100	Malaysia
22. Pengkalen Pasar Borong Sdn Bhd	<b>80</b>	80	Malaysia
23. Pengkalen Raya Sdn Bhd	<b>100</b>	100	Malaysia
24. Sensor Equipment Sdn Bhd	<b>64.10</b>	64.10	Malaysia
25. Serba Sinar Sdn Bhd	<b>100</b>	100	Malaysia
26. Technitone (M) Sdn Bhd	<b>64.10</b>	64.10	Malaysia
27. Tenamaju Sdn Bhd	<b>54.53</b>	54.53	Malaysia
28. Welland Investment Pte Ltd	<b>84.12</b>	84.12	Singapore

<i>Associated Company</i>	<i>Equity Interest</i>		<i>Country of Incorporation</i>
	<i>2001</i>	<i>2000</i>	
	<i>%</i>	<i>%</i>	
1. Pufrut Preserving Works (Malaysia) Sdn Bhd	<b>42.06</b>	42.06	Malaysia
2. Schwartau (Far East) Sdn Bhd	<b>42.06</b>	42.06	Malaysia

+ Subsidiary companies audited by overseas member firms associated with BDO Binder, Malaysia.

\* Subsidiary and associated companies not audited by member firms of BDO Binder.

> GCIH Property Limited has a direct equity interest of 49%.

■ Subsidiary companies disposed of during the financial year ended 31 December 2001.

## 43. Number of Employees and Staff Costs

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
Number of employees	<b>321</b>	722	<b>26</b>	31
Staff costs (RM'000)	<b>10,077</b>	15,943	<b>1,133</b>	1,050

#### 44. Comparative Figures

Certain comparative figures in the cash flow statement have been reclassified to conform with the current year's presentation. The changes in the comparative figures are as follows:-

	<b>Group</b>	
	<b>As previously reported RM'000</b>	<b>As restated RM'000</b>
Decrease/(Increase) in other receivables	(39,297)	7,203
Amount paid for acquisition of stockbroking licences pursuant to business merger arrangements	–	(46,500)
Interest paid		
– operating activities	(9,092)	(923)
– financing activities	–	(8,169)
Interest income received		
– operating activities	9,432	5,062
– investing activities	–	4,370

## Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 27 to 71 have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:-

- (i) the state of affairs of the Group and of the Company as at 31 December 2001 and of their results for the financial year then ended; and
- (ii) the cash flows of the Group and of the Company for the financial year ended 31 December 2001.

On behalf of the Board

**Khet Kok Yin**

**Dato' Choong Kok Min**

Kuala Lumpur  
23 April 2002

## Statutory Declaration

72

I, Lum Seng Yip, being the officer primarily responsible for the financial management of Pan Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 27 to 71 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 Lum Seng Yip at Kuala Lumpur in the Federal Territory on 23 April 2002.

**Lum Seng Yip**

Before me

**Robert Lim Hock Kee**

No. W092  
*Commissioner for Oaths*  
Kuala Lumpur



# Report Of The Auditors

We have audited the financial statements set out on pages 27 to 71. These financial statements are the responsibility of the Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 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 2001 and of the results and cash flows for the financial year then ended; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors as disclosed in Note 42 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

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

**BDO Binder**

AF : 0206

*Chartered Accountants*

**Tan Kim Leong, JP**

235/06/03(J/PH)

*Partner*

Kuala Lumpur

23 April 2002

# Analysis Of Shareholding

As at 23 April 2002

Class of Shares : Ordinary share of RM1.00 each

Voting Rights : 1 vote per ordinary share

## Substantial Shareholders

as per Register of Substantial Shareholders

Name	No. of Shares held			
	Direct	%	Deemed	%
Pan Malaysian Industries Berhad	—	—	576,968,075	62.39
Tan Sri Dato' Dr Khoo Kay Peng	—	—	576,968,075	62.39
Malayan United Industries Berhad	—	—	576,335,338	62.32
Loyal Design Sdn Bhd	347,354,740	37.56	—	—
MUI Media Ltd	83,417,208	9.02	—	—
Megawise Sdn Bhd	82,749,507	8.95	—	—
Pan Malaysia Corporation Berhad	—	—	82,749,507	8.95
MUI Capital Sdn Bhd	62,699,810	6.78	—	—

## Directors' Shareholdings

as per Register of Directors' Shareholdings

In the Company	Name	No. of Shares held			
		Direct	%	Deemed	%
	Dato' Choong Kok Min*	21,653,332	2.34	—	—
	Dato' Abdul Aziz bin Ahmad	—	—	10,000	negligible

\* Dato' Choong Kok Min has purportedly been granted option to subscribe for 500,000 ordinary shares of RM1.00 each at an exercise price of RM3.02 per share pursuant to the Executive Share Option Scheme of the Company. The validity of the options granted has been challenged in the Kuala Lumpur High Court Civil Suit No. D2-22-337-1996. The case has now been fixed for mention on 29 July 2002 to enable the parties to finalise their documents before trial.

## In Related Companies

Pan Malaysia Capital Berhad	Dato' Choong Kok Min	3,196,500	1.26	—	—
Malayan United Industries Berhad	Dato' Choong Kok Min	1,150,000	0.06	—	—
	Yong Ming Sang	1,981,800	0.10	549,640	0.03
	Dato' Seri Dr Ting Chew Peh	—	—	10,000	negligible
MUI Properties Berhad	Dato' Choong Kok Min	5,000	negligible	—	—
Pan Malaysia Corporation Berhad	Dato' Rastam bin Abdul Hadi	986,000	0.13	113,000	0.01

## Distribution of Shareholders

No. of Holders	Holdings	Total Holdings	%
672	Less than 1,000 shares	305,977	0.03
8,781	1,000 – 10,000 shares	30,603,117	3.31
1,180	10,001 – 100,000 shares	32,033,146	3.47
135	100,001 to less than 5% of issued shares	217,817,352	23.55
5	5% and above of issued shares	644,064,786	69.64
10,773	Total	924,824,378	100.00

### Thirty (30) Largest Securities Accounts Holders

<i><b>Name</b></i>	<i><b>No. of Shares</b></i>	<i><b>%</b></i>
1. Loyal Design Sdn Bhd	347,354,740	37.56
2. MUI Media Ltd	83,417,208	9.02
3. Megawise Sdn Bhd	82,749,507	8.95
4. Malayan Banking Berhad	67,843,521	7.34
5. MUI Capital Sdn Bhd	62,699,810	6.78
6. Merchant Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for Affin Merchant Bank Berhad	23,500,000	2.54
7. Arab-Malaysian Credit Berhad	22,845,416	2.47
8. Citibank Berhad	21,062,948	2.28
9. U.B. Nominees (Tempatan) Sdn Bhd - Bank Utama (Malaysia) Bhd	20,926,132	2.26
10. Southern Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chong Yuet Hwa @ Choong Kok Min	20,311,332	2.20
11. Kenanga Nominees (Tempatan) Sdn Bhd - Danaharta Urus Sdn Bhd	13,554,211	1.46
12. Aseam Malaysia Nominees (Tempatan) Sdn Bhd - Aseambankers Malaysia Berhad (A/C Three)	11,686,224	1.26
13. Alliance Bank Malaysia Berhad	11,491,421	1.24
14. Amsec Nominees (Tempatan) Sdn Bhd - Arab-Malaysian Bank Berhad	7,153,028	0.77
15. Bank Kerjasama Rakyat Malaysia Berhad	5,903,034	0.64
16. Multi-Purpose Credit Sdn Bhd	5,900,758	0.64
17. Danaharta Managers Sdn Bhd	5,792,118	0.63
18. PAB Nominee (Tempatan) Sdn Bhd - Affin Bank Berhad (Corpbanking)	4,994,215	0.54
19. EB Nominees (Tempatan) Sendirian Berhad - EON Bank Berhad	3,323,002	0.36
20. Newest Sdn Bhd (In Creditors Voluntary Liquidation)	2,790,000	0.30
21. Bumiputra-Commerce Bank Berhad	2,324,247	0.25
22. Mayban Securities Nominees (Tempatan) Sdn Bhd - Aseam Credit Sdn Bhd for Pan Malaysia Holdings Berhad	2,204,812	0.24
23. Bank Kerjasama Rakyat Malaysia Berhad	1,985,751	0.21
24. RHB Capital Nominees (Tempatan) Sdn Bhd - RHB Bank Berhad (RMB Investment)	1,864,593	0.20
25. Public Bank Berhad	1,121,096	0.12
26. Teh Chin Soon	920,000	0.10
27. Cimsec Nominees (Tempatan) Sdn Bhd - Pengurusan Danaharta Nasional Berhad	833,101	0.09
28. Peh Teck Quee	751,769	0.08
29. Yeap Poh Tin	700,000	0.08
30. Menteri Kewangan Malaysia - Section 29 (SICDA)	672,119	0.07
Total	838,676,113	90.68

# Properties Owned By The Group

As at 31 December 2001

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>	<i>Date of Acquisition/ Last Revaluation</i>
MALAYSIA							
Federal Territory of Kuala Lumpur							
Menara Pengkalen, No. 2, Jalan Changkat Ceylon, 50200 Kuala Lumpur	1 lot of freehold land with a 15-storey office building	Office building for rental	Freehold	2,459	16	33,092	18.10.1993
KL Court Penthouse Rooftop K.L. Plaza Jalan Bukit Bintang, 55100 Kuala Lumpur	1 unit of freehold apartment	Vacant	Freehold	1,051	15	1,360	01.01.1999
State of Selangor Darul Ehsan							
605 Block A, No. 92, Jalan 5/60, 46000 Petaling Jaya, Selangor Darul Ehsan	1 unit of freehold condominium	Vacant	Freehold	144	10	201	18.08.1992
Lot No. 4666, Mukim of Kapar, District of Klang, Selangor Darul Ehsan	1 lot of freehold agricultural land held for future development	Vacant	Freehold	5,815	—	93	03.08.1983
No. 15, Jalan Ragum 15/17, Section 15, Shah Alam Industrial Estate, 40000 Shah Alam, Selangor Darul Ehsan	1 lot of industrial land with a single-storey detached factory and an annexed 3-storey office building	Vacant	Leasehold 2086	8,137	12	4,025	06.04.1989
State of Negeri Sembilan Darul Khusus							
Unit A8-10, 8th Floor, Tanjung Tuan Beach Resort, 5th Mile, Jalan Pantai, 71050 Port Dickson, Negeri Sembilan Darul Khusus	1 unit of leasehold condominium	Vacant	Leasehold 2081	117	17	198	28.08.1993
Lots 286, 288 & 289, 3 ½ km, Jalan Pantai, Port Dickson, Negeri Sembilan Darul Khusus	3 lot of leasehold land with a 10-storey resort hotel	Hotel	Leasehold 2087	15,278	6	35,931	1993

As at 31 December 2001

<i>Location</i>	<i>Description</i>	<i>Usage</i>	<i>Tenure Expiry Year</i>	<i>Approximate Area Sq. Metres</i>	<i>Approximate Age of the Building No. of Years</i>	<i>Net Book Value RM'000</i>	<i>Date of Acquisition/ Last Revaluation</i>
State of Negeri Sembilan Darul Khusus							
Lot No. 926 No. 18, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	1 lot of freehold land with a 4-storey shop-office	Office	Freehold	177	2	933	26.07.2001
Lot No. 1371 No. 19, 20 & 21 Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	1 lot of freehold land with a 4-storey office building	Office	Freehold	474	12	2,803	26.07.2001
Lot No. 930 No. 22, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus	1 lot of freehold land with a 2-storey shophouse	Office	Freehold	177	Pre-war	599	26.07.2001
State of Pahang Darul Makmur							
HS10468 PT11291, Bentong, Pahang Darul Makmur	1 lot of freehold bungalow land held for future development	Vacant	Freehold	1,115	—	180	06.03.1992
Lot 301, Di Simpang, Jalan Beserah & Jalan Telok Sisek, Kuantan Pahang Darul Makmur	1 lot of freehold land held for future development	Vacant	Freehold	10,825	—	3,300	16.07.1991
UNITED KINGDOM							
Flat 53, 5th Floor, Park Mansion, 141-149, Knightsbridge, London	1 unit of leasehold apartment	Vacant	Leasehold 2052	111	8	1,020	30.09.1994

# Form Of Proxy

No. of Shares Held

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Tel. No. \_\_\_\_\_  
being a member of PAN MALAYSIA HOLDINGS BERHAD hereby appoint \*THE CHAIRMAN  
OF THE MEETING or \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Occupation \_\_\_\_\_  
or failing him/her, \_\_\_\_\_ NRIC No. \_\_\_\_\_  
of \_\_\_\_\_ Occupation \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Crystal Ballroom, Corus hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Tuesday, 25 June 2002 at 9.00 a.m. and at any adjournment thereof.

My/Our Proxy is to vote as indicated below:-

Resolutions	For	Against
1. To receive the audited financial statements for the financial year ended 31 December 2001 and the Report of the Directors and Auditors thereon.		
2. To approve Directors' fees of RM103,500.00.		
3. To re-appoint Dato' Abdul Aziz bin Ahmad as Director.		
4. To re-appoint Dato' Rastam bin Abdul Hadi as Director.		
5. To re-appoint Mr Yong Ming Sang as Director.		
6. To re-elect Dato' Mohd Ibrahim bin Mohd Zain as Director.		
7. To re-elect Mr Khet Kok Yin as Director.		
8. To re-elect Dato' Choong Kok Min as Director.		
9. To re-elect Datuk Mohd Yassin bin Jaafar as Director.		
10. To elect Dato' Seri Dr Ting Chew Peh as Director.		
11. To re-appoint Messrs BDO Binder as auditors of the Company and to authorise the Directors to fix their remuneration.		

\* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Please indicate with an 'X' in the appropriate spaces how you wish your votes to be cast. If you do not do so, the proxy will vote as he thinks fit or, at his discretion, abstain from voting.

\_\_\_\_\_  
Signature

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002.

Seal

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy, if not a member of the Company, must be a qualified legal practitioner, an approved company auditor, a person approved by the Registrar of Companies in a particular case or a person approved by the Directors. Where a member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. The instrument appointing a proxy must be deposited at the Registered Office, 14th Floor, MUI Plaza, Jalan P. Ramlee, 50250 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
3. Where the Proxy Form is executed by a corporation, it must either be under its Common Seal or under the hand of an Attorney duly authorised.

---

Stamp

The Company Secretary  
**Pan Malaysia Holdings Berhad**  
14th Floor, MUI Plaza  
Jalan P. Ramlee  
50250 Kuala Lumpur  
Malaysia

---