

ASIAN PAC HOLDINGS BERHAD

(Company No. 129-T)



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at the Cempaka Room, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 27 September, 2001 at 10.30 a.m. to transact the following business:-

AGENDA

As Ordinary Business

1. To receive and adopt the Audited Accounts for the year ended 31 March 2001 and the Reports of the Directors and Auditors.
2. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-
 - i) Yg. Bhg. Dato' Mohamed Salleh Bin Bajuri
 - ii) Mr Gong Chiok Sin
 - iii) Mr Ong Kee Chak
3. To re-appoint Messrs Arthur Andersen & Co. as the Company's Auditors to hold office for the ensuing year and to authorise the Directors to fix their remuneration.

As Special Business

4. To consider and, if thought fit, pass the following Resolution as Ordinary Resolution:

- (i) Proposed authorisation in accordance to Section 132E of the Companies Act, 1965

"THAT in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of Section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to land, development properties, capital equipment and related machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms, of a revenue and/or trading nature in the ordinary course of business, such authority will continue to be in force until the conclusion of the next annual general meeting AND THAT for the avoidance of doubt, any such transactions entered into by the Company or its subsidiaries with the Directors or connected persons prior to the date of this resolution be and are hereby approved and ratified."

5. To consider and, if thought fit, pass the following Resolution as Special Resolution:

- (i) Adoption of Articles of Association

"THAT the Articles of Association of the Company contained in the document marked "Appendix A" submitted to this Meeting, copies of which have been circulated to the members and for the purpose of identification subscribed by the Chairman thereof, be approved and adopted as the Articles of Association of the Company, in substitution for, and to the exclusion of all existing Articles thereof."

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6. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

By Order of the Board
ONG JOO CHOO, ACIS
Secretary

Kuala Lumpur
5 September, 2001

Explanatory Notes on Special Business:

(a) Ordinary Resolution Pursuant to Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Companies Act, 1965, a non-cash asset is considered to be of the "requisite value", if, at the time of the arrangement or transaction, its value is greater than RM250,000 or 10% of the Company's net assets, subject to minimum of RM10,000.

This Ordinary Resolution proposed and if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its Directors or connected persons, products, services or any other non-cash assets which may fall within the definition of the "requisite value" provided that such acquisition or disposal are on normal commercial terms, of a revenue and/or trading nature in the ordinary course of business. This authority, unless revoked or varied by the Company at general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(b) Special Resolution on Adoption of Articles of Association

The proposed adoption of a new set of Articles of Association is for the purpose of updating the Articles of Association of the Company to be in line with the amendments made to the Securities Industry (Central Depositories) Act, 1991, the Rules of Malaysian Central Depository Sdn Bhd and the Kuala Lumpur Stock Exchange Listing Requirements.

A copy of the proposed new set of Articles of Association is set out in Appendix A which was despatched together with the Company's 2001 Annual Report.

Notes :

- 1) *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.*
- 2) *An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.*
- 3) *An instrument appointing a proxy must be deposited at the Registered Office of the Company at 11th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.*



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1.	The names of individuals who are standing for election or re-election:	a) Dato' Mohamed Salleh Bin Bajuri; b) Gong Chiok Sin; and c) Ong Kee Chak.
2.	The details of attendance of directors at board meetings; There were 4 board meetings held during the financial year.	Attendance a) Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas 4 b) Dato' Mustapha Buang 3 c) Gong Chiok Sin 4 d) Senator Dato' Hamzah Zainudin 2 e) Dato' Mohamed Salleh Bin Bajuri 1 f) Ong Kee Chak 1
3.	The place, date and hour of the Annual General Meeting:	The Cempaka Room, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 27 September, 2001 at 10.30 a.m.
4.	Further details of individuals who are standing for election as directors:	
i.	Name	Dato' Mohamed Salleh Bin Bajuri
	Age	50
	Nationality	Malaysian
	Qualification	Fellow of the Institute of Chartered Accountants, Ireland
	Position in the Company	Independent Director
	Working experience and occupation	Yg. Bhg. Dato' Mohamed Salleh was appointed an Independent Director of Asian Pac on 27 March 2001. He started his career in 1978 as a Senior Audit with Peat Marwick & Co. In 1979, he joined Mayban Finance Berhad as Manager and was subsequently promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and served in this position until 1992. In 1992, he was appointed Managing Director of JB Securities Sdn Bhd, a stockbroking firm of which he was a founder member. After selling his equity stake in the said stockbroking firm in 1995, he joined CRSC Holdings Berhad whose main activities are hotel operations, property management and hospital operations. He has also served as a director in Saham Sabah Berhad from 1997 to 1999. He is a trustee for Tabung Anak-Anak Melayu Pontian since 1995 and Yayasan Kebajikan SDARA since 1997.
	Any other directorships of public companies	K.P. Keningau Berhad Tongkah Holdings Berhad Seacera Tiles Berhad CRSC Holdings Berhad
	The securities holdings in the listed issuer and its subsidiaries	None
	The family relationship with any director and/or major shareholder of the Company	None
	Any conflict of interest that he has with the Company	None
	List of convictions for offences within the past 10 years other than traffic offences, if any	None

ii.	Name	Gong Chiok Sin
	Age	51
	Nationality	Malaysian
	Qualification	Certificate in Business Studies, Ungku Omar Polytechnic, Ipoh, Perak.
	Position in the Company	Executive Director
	Working experience and occupation	Mr Gong was appointed the Executive Director of Asian Pac on 1 January 1993. Prior to this he was the Executive Director of Gula Perak Berhad from 1989 to 1993. He has more than 20 years experience in the finance and credit sector.
	Any other directorships of public companies	Tenaga Insurance Bhd, a subsidiary of Asian Pac Holdings Berhad
	The securities holdings in the listed issuer and its subsidiaries	a) In the Company - 1,992,000 (0.569%) - Direct b) In subsidiaries - None
	The family relationship with any director and/or major shareholder of the Company	None
	Any conflict of interest that he has with the Company	None
iii.	Name	Ong Kee Chak
	Age	53
	Nationality	Malaysian
	Qualification	-
	Position in the Company	Independent Director
	Working experience and occupation	Mr Ong was appointed a Non-Executive Director of Asian Pac on 1 August 1997. He has extensive experience in the property development and the construction sectors after having undergone his internship since completing his education more than 30 years ago. The projects executed by him are housing developments for Sri Jeluda Sdn Bhd in Pulau Pinang and for O.Y.J. Sdn Bhd in Mukim Kulim, Kedah. He is currently the Managing Director of Ong Kee Chak Sdn Bhd, a company with a class "B" licence from the Jabatan Kerja Raya, Pulau Pinang.
	Any other directorships of public companies	None
	The securities holdings in the listed issuer and its subsidiaries	None
	The family relationship with any director and/or major shareholder of the Company	None
	Any conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None	



CORPORATE INFORMATION

DIRECTORS:

Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- Chairman/Independent Director
Dato' Mustapha Buang	- Managing Director
Gong Chiok Sin	- Executive Director
Senator Dato' Hamzah Bin Zainudin	- Independent Director
Dato' Mohamed Salleh Bin Bajuri	- Independent Director
Ong Kee Chak	- Independent Director

AUDIT COMMITTEE:

Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- Chairman - Independent Director
Senator Dato' Hamzah Bin Zainudin	- Independent Director
Dato' Mohamed Salleh Bin Bajuri	- Independent Director
Dato' Mustapha Buang	- Managing Director
Gong Chiok Sin	- Executive Director

SECRETARY:

Ong Joo Choo, ACIS
(MAICSA 0811752)

AUDITORS:

Arthur Andersen & Co.
P.O. Box 11040
50734 Kuala Lumpur

REGISTERED OFFICE:

11th Floor, Menara SMI
6 Lorong P. Ramlee
50250 Kuala Lumpur
Tel : (03) 2070 5152
Fax : (03) 2070 5195

SOLICITORS:

Megat Najmuddin, Leong & Co.
102 Jalan Bangsar
59200 Kuala Lumpur

SHARE REGISTRAR:

M & C Services Sdn Bhd
11th Floor, Wisma Damansara
Jalan Semantan, Damansara Heights
50490 Kuala Lumpur
Tel : (03) 255 7188
Fax : (03) 253 6325

PRINCIPAL BANKERS:

Alliance Bank Malaysia Berhad
Arab-Malaysian Merchant Bank Berhad
Public Bank Berhad

BOARD OF DIRECTORS



Yg. Bhg. Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas

Malaysian, aged 56 was appointed a Non-Executive Director and Chairman of the Company on 19 October 1994. He is an Independent Director and serves as the Chairman of the Audit and Remuneration Committees of the Company.

He is a lawyer by profession and he graduated from the University of Singapore in 1970. He was attached to Messrs. Ariffin & Co. after graduating until 1973 before embarking on his own firm, Megat Najmuddin, Leong & Co. However, he resigned in 1986 due to heavy involvement in business activities and political commitments. He was formerly the State Assemblyman of Kelana Jaya, Selangor for two terms.

He was appointed Executive Committee Member of the Federation of Public Listed Companies Berhad (FPLC) in August 1994 and elected President in October 1997. He represents this organisation to the High Finance Committee of the Ministry of Finance. Further, he was also one of the first members of the Management Committee of the Malaysian Institute of Corporate Governance (MICG), and was elected President in April 1998. He represents MICG in the Minority Shareholders Watchdog Group since its establishment in August 1999. In addition, he was appointed as a member of the National Economic Advisory Council 2 (NEAC 2) by the Prime Minister, where he was involved in the Human Resource Development Works Committee. In September 1999, he was appointed to the Capital Market Strategic Committee by the Finance Minister and in August 2001, he was appointed as a member of the Corporate Debt Restructuring Committee (CDRC).

Yg. Bhg. Dato' Megat also holds directorships in Seal Incorporated Bhd, Systematic Education Group Bhd and Tropicana Golf & Country Resort Bhd, a subsidiary of Dijaya Corporation Bhd.

He does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the four board meetings that were held in the financial year ended 31 March 2001.

Yg. Bhg. Dato' Mustapha Buang

Malaysian, aged 53 is the Managing Director of the Company. He first joined the Board as a Non-Executive Director on 14 October 1994. He is also a member of the Audit Committee.

He holds a degree in Economics from University Malaya. After graduation in 1972, he joined the Johore State Government as an Economic Planner. He then joined the finance industry from the year 1974 holding senior management positions and gathered 16 years experience in the finance sector. He also holds directorships in Gula Perak Berhad and several private limited companies.

Yg. Bhg. Dato' Mustapha does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended three meetings out of the total four board meetings held in the financial year ended 31 March 2001.



Mr. Gong Chiok Sin

Malaysian, aged 51 is the Executive Director of the Company since 1 January 1993. He is also a member of the Audit Committee.

He holds a certificate in Business Studies from Ungku Omar Polytechnic, Ipoh, Perak.

He joined MBf Finance Berhad as a Credit & Marketing Executive in 1974 and subsequently moved on to Financial Lease (M) Sdn Bhd as a General Manager in 1975. He joined Equipment Lease (M) Sdn Bhd as a Managing Director, a credit and leasing company which he founded. After he sold his interest in 1987, he joined Farizar Development Sdn Bhd, a property developer as Managing Director until 1993.

He is a Director of Tenaga Insurance Bhd, a public company and a subsidiary of the Company.

Mr Gong does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the four board meetings that were held in the financial year ended 31 March 2001.

YB Senator Dato' Hamzah Zainudin

Malaysian, aged 44 was appointed a Non-Executive Director of the Company on 14 October 1993. He is an Independent Director and is a member of the Audit and Remuneration Committees of the Company.

He holds a diploma in Quantity Surveying from University Technology Malaysia and is an experienced Quantity Surveyor in the construction industry. He was the General Manager of Maju Bangun Sdn Bhd, a subsidiary of the State Economic Development Corporation of Perak from 1979 to 1984. He then joined Justera Sdn Bhd, a subsidiary of CASH Bhd and resigned as a Director in 1991. He was a member of the Ipoh City Council from 1989 to 1994. He is the Chairman of Hexagon Holdings Bhd and Evermaster Group Bhd since 1996 and a Director of Isuta Holdings Berhad. These companies are listed on the Kuala Lumpur Stock Exchange.

YB Senator does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended two meetings out of the four board meetings held in the financial year ended 31 March 2001.

Yg. Bhg. Dato' Mohamed Salleh Bin Bajuri

Malaysian, aged 50 was appointed an Independent Director of the Company on 27 March 2001. He is also a member of the Audit and Remuneration Committees of the Company.

He is a Fellow member of the Institute of Chartered Accountants, Ireland.

He started his career in 1978 with Peat Marwick & Co. as Senior Audit. In 1979, he joined Mayban Finance Berhad as Manager and was subsequently promoted to General Manager in 1982. He was then promoted to General Manager of Malayan Banking Berhad in 1988 and served in this position until 1992. In 1992, he was appointed Managing Director of JB Securities Sdn Bhd, a stockbroking firm of which he was a founder member. After selling his equity stake in the said stockbroking firm in 1995, he joined CRSC Holdings Berhad as a Group Executive Director. CRSC is principally engaged in hotel operations, property management and hospital operations. He has also served as a director in Saham Sabah Berhad from 1997 to 1999. He is a trustee for Tabung Anak-Anak Melayu Pontian since 1995 and Yayasan Kebajikan SDARA since 1997.

He is also a director of K.P. Keningau Berhad, Seacera Tiles Berhad and Tongkah Holdings Berhad, public companies listed on the Kuala Lumpur Stock Exchange.

Yg. Bhg. Dato' Salleh does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended one board meeting in the financial year ended 31 March 2001 in view of his appointment to the Board on March 2001.

Mr. Ong Kee Chak

Malaysian, aged 53 was appointed an Independent Non-Executive Director of the Company on 1 August 1997.

He has extensive experience in the property development and the construction sectors after having undergone his internship since completing his education more than 30 years ago. The projects executed by him are housing development for Sri Jeluda Sdn Bhd in Pulau Pinang and for O.Y.J. Sdn Bhd in Mukim Kulim, Kedah. He is currently the Managing Director of Ong Kee Chak Sdn Bhd, a building contractor with a class "B" licence from the Jabatan Kerja Raya, Pulau Pinang.

Mr Ong does not have any family relationship with any Director and/or major shareholder of the Company and there is no business arrangement with the Company in which he has personal interest. He does not have any convictions for offences within the past 10 years.

He attended one out of the four board meetings that were held in the financial year ended 31 March 2001.



CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the Annual Report and Audited Accounts of the Company and the Group for the financial year ended 31 March, 2001.

PERFORMANCE REVIEW

The Group recorded a turnover of RM74 million for the year ended 31 March 2001, a decrease of 9.6% as compared to RM82 million in the preceding year. The decrease was mainly due to the lacklustre performance on the Kuala Lumpur Stock Exchange which resulted in the drop in turnover for our stock-broking segment.

The Group recorded a pre-tax loss of RM90.3 million for the year ended 31 March 2001 as compared to profit of RM3.7 million for the preceding year. The huge loss incurred in the current financial year was mainly due to the expenses incurred for the debts restructuring exercise of RM63.7 million (which included an upfront coupon payment for three years for the Redeemable Convertible Secured Loan Stocks ("RCSLS") and Irredeemable Convertible Unsecured Loan Stocks ("ICULS") of RM62.4 million), provision for diminution in value of quoted investment of RM21.9 million and provision for doubtful debts of RM6.1 million.

OPERATIONAL REVIEW

Insurance Services

For the year under review, the insurance segment reported an increase of 13.6% in premium income from RM61.0 million to RM69.3 million. Coupled with the reduction in net claims incurred, the underwriting loss was significantly reduced from RM7.3 million in the previous year to RM6,000 in the current financial year.

However, the overall performance of the insurance segment was significantly affected by low fixed deposit income and the poor performance of the KLSE. The significant decrease in the share prices on the KLSE has resulted in huge provision for diminution in value of quoted investments. As a result, the insurance segment suffered a pre-tax loss of RM3.9 million in the current financial year.

Pursuant to Section 18(1) of Insurance Act 1996, Tenaga Insurance Bhd (Tenaga") is required to increase its paid-up share capital to RM50 million by 31 December 2000. An appeal was made to Bank Negara to waive this requirement due to the impending merger between Tenaga and Talasco Insurance Bhd, a wholly owned subsidiary of Idris Hydraulic (Malaysia) Bhd as mentioned in the Corporate Development section.

Stockbroking

The significant improvement in the trading volume on the KLSE in the last financial year was not followed through in the current financial year with the trading volume decreased from RM288,265 million to RM108,273 million. The significant decrease was largely due to the slow down in the global economy especially in the United States.

The low trading volume coupled with the cut in the stock-broking commission had resulted in the huge drop in turnover of our stock-broking segment from RM21.0 million to RM4.8 million.

The loss of the stock-broking segment was further compounded by the provision for diminution in value of marketable securities and the provision for doubtful debts due to the depressed share prices on the KLSE.

Property Development

The promising sign of improvement in the property market at the beginning of Year 2000 was short-lived due to the slow down of the Malaysian economy in the second half of Year 2000. As such, a more cautious approach was adopted in the product mixed, pricing and launching for the development projects in Kepong Entrepreneurs' Park.

We are still waiting for the approval for our development proposals from the regulatory authorities. Among the submissions made to the authorities are 48 units of 4 1/2 storey shops/shoplexes/offices, 88 units of 4 1/2 story shops/apartments, 1,356 units of medium cost apartments and 676 units of medium cost condominiums.

Based on the strategic location of our Kepong land coupled with the improvement in the infrastructure for roads leading into Kepong such as, Middle Ring Road II, Lebuhraya Damansara Puchong Highway and Jalan Kuching, we believe that there will be strong demand for our proposed product mixed offering predominantly affordable housing. In addition, the current low interest rate is an added incentive for the Group to launch the proposed development in the near future.

As such, we are confident that our proposed development in Kepong Entrepreneurs' Park will contribute significantly to the Group's earnings in the next five years.

CORPORATE DEVELOPMENT

The main corporate events for the past year are as follows:

- **Corporate Debt Restructuring**

Moving forward from the approval obtained from the shareholders at an Extraordinary General Meeting held on 30 August 2000 for the Debt Restructuring Scheme and the Proposed Rights Issue of Warrants, the Group has successfully completed the conversion of the amount due to the lenders and creditors to RCSLS and ICULS on 23 December 2000. These RCSLS and ICULS were also listed on the KLSE on 16 January 2001.

As for the Proposed Rights Issue of 116.7 million Warrants, the Company had on 2 April 2001 announced that the exercise price for the warrants had been fixed at RM1.25 per share. The Company had proposed to reduce the issue price of the Warrants from 30 sen to 5 sen per Warrant.

We are in the final stage of implementing the Proposed Rights Issue with the registration of the Abridged Prospectus with Securities Commission on 20 August 2001 and lodgement with Registrar of Companies on 22 August 2001. The Proposed Rights Issue is anticipated to be completed by November 2001.

- **Proposed Disposal of Kin Khoon's Business Assets**

The Government's call for the consolidation of the Stock-broking industry and the establishment of Universal Brokers had resulted in the Company's decision to dispose the Stock-broking business.

Kin Khoon & Co. Sdn Bhd, our wholly-owned subsidiary had entered into a Business Merger Agreement ("BMA") on 29 November 2000 with Allied Avenue Assets Sdn Bhd ("AAA") and its holding company, Avenue Assets Bhd ("AAB") for the assignment and transfer of its business assets for a sale consideration of up to RM68 million.

The Merger Agreement is currently pending the approval from the shareholders of AAB and as a result, the time frame for the fulfillment of the conditions precedent for the BMA had been extended to 31 October 2001.



- **Proposed Disposal of Tenaga Insurance Bhd**

A further consolidation exercise in the financial sector was initiated by the government with the objective of reducing the 52 mostly private insurance companies to 10 or 15 companies to strengthen these companies for the liberalization of the financial services sector. As a result, the management had sought the approval of Bank Negara to commence negotiation with interested party.

A Memorandum of Understanding was signed on 21 December 2000 with Idris Hydraulic (Malaysia) Bhd ("Idris"), the holding company of Talasco Insurance Bhd (Talasco) for the disposal of the 77.71 equity interest in Tenaga Insurance Bhd (Tenaga").

Subsequently, a Sale and Purchase Agreement was signed on 28 May 2001 with Idris for the disposal of the entire equity interest in Tenaga for a consideration of RM69,939,000 to be satisfied by the issuance of 43,711,875 new ordinary shares of RM1.00 each in Idris and/or Idaman Unggul Sdn Bhd ("Newco") at an issue price of RM1.60 per share. The disposal is subject to the approval of the regulatory authorities and the shareholders of the Company.

PROSPECTS

The Group will depart from the financial services sector with the divestment of its stock-broking and insurance segment in line with the Government's call to consolidate these industries. Currently, the Company has been actively identifying and pursuing new opportunities to replace the assets and enhance the earning base of the Group.

In the meantime, the Group will concentrate on the property segment. There are high possibilities of the economic slowdown to be prolonged with the declining business conditions and weak consumer sentiments which will result in an increasing difficult and challenging operating environment. The Group will endeavour to market its products to ensure high absorption rate and minimise the risk associated with overhang properties.

APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere appreciation to lenders, creditors and advisors for their support, assistance and contribution to the successful implementation of the Debt Restructuring Scheme.

I would also like to thank my fellow Board members, the management and staff for their dedication and commitment to the Group. To our valued shareholders, thank you for the support and the trust you have shown to us.

Lastly, I would like to take this opportunity to congratulate Dato' Mustapha Bin Buang on his appointment as the Company's Managing Director and welcome Dato' Mohamed Salleh Bin Bajuri on his appointment as the new independent member of the Board.

Dato' Hj Megat Najmuddin Bin
Dato' Seri (Dr.) Hj Megat Khas

Chairman
5 September 2001

AUDIT COMMITTEE REPORT



COMPOSITION

The composition of the Audit Committee presently consists of the following:

Members of the Committee

Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- Chairman - Independent Director
Senator Dato' Hamzah Bin Zainudin	- Independent Director
Dato' Mohamed Salleh Bin Bajuri	- Independent Director
Dato' Mustapha Buang	- Managing Director
Gong Chiok Sin	- Executive Director

TERMS OF REFERENCE

A) Composition of Audit Committee

The Committee shall be appointed by the Directors from among its members which fulfils the following requirements:-

- a) the audit committee must be composed of no fewer than 3 members;
- b) a majority of the audit committee must be independent directors; and
- c) at least one member of the audit committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Committee shall elect a chairman from among its members who shall be an independent director.

In the event that a member of an audit committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

B) Meetings

The Committee shall meet at least four times a year.

The Chairman shall convene a meeting of the Committee if requested to do so by any member, the management or the internal or external auditors to consider any matter within the scope and responsibilities of the Committee.

C) Secretary to Audit Committee

The Company Secretary shall be the secretary of the Committee.



D) Quorum

A quorum shall consist of a majority of members who are independent directors.

E) Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee is also authorised by the Board to obtain external legal or other independent professional advice as necessary.

F) Duties and Responsibilities

The duties and responsibilities of the Committee shall be :-

- i) To review the quarterly announcements to the Kuala Lumpur Stock Exchange and year end annual financial statements before submission to the Board, focusing on:-
 - going concern assumption;
 - compliance with accounting standards and regulatory requirements;
 - any changes in accounting policies and practices;
 - significant issues arising from the audit; and
 - major judgmental areas.
- ii) To review with the external auditors the following:-
 - the audit plan;
 - his evaluation of the system of internal controls;
 - his audit report;
 - problems and reservations arising from their interim and final audits; and
 - the assistance given by the employees of the company or group to the external auditor.
- iii) To review the internal audit functions on the following:-
 - adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its work;
 - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings.
- iv) To monitor 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.
- v) To review:-
 - any letter of resignation from the external auditors of the company or group; and
 - whether there is reason (supported by grounds) to believe that the company or group's external auditor is not suitable for re-appointment;
 - and recommend the nomination of a person or persons as external auditors.

- vi) To assess the adequacy and effectiveness of the systems of internal control and accounting control procedures of the Company and the Group by reviewing the external auditors' management letters and management response.
- vii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- viii) To report to the Board its activities, significant results and findings.

ATTENDANCE OF MEETINGS

During the last financial year, there were six (6) meetings held. The details of attendance of each member are as follows:

Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	- 6
Senator Dato' Hamzah Bin Zainudin	- 4
Dato' Mohamed Salleh Bin Bajuri	- N/R (Appointed on 27 March 2001)
Dato' Mustapha Buang	- 6
Gong Chiok Sin	- 6

SUMMARY OF ACTIVITIES

The Committee met six times during the year to review the Company and its subsidiaries' quarterly and annual financial statements prior to their approval by the Board. The Committee also acts as a forum for discussion of internal control issues and contributes to the Board's review of the Group of Companies' internal control and risk management systems.

The Committee reviewed the authority, scope and results of work of the Internal Audit function, ensuring no restrictions placed on the independence of the internal audit function.

INTERNAL AUDIT FUNCTION

Internal Audit function of the Group was established in 1994. The internal audit department reports directly to the Committee and assists the Committee in the discharge of its duties and responsibilities. Its key role is to provide independent and objective assurance designed to add value and assist the Group in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

During the year, Internal Auditors presented to the Committee, audit reports encapsulating operations and regulatory compliance of the subsidiary companies. The audits were carried out in accordance with the annual audit plan, excluding audit assignments on ad-hoc basis.



CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board of Asian Pac fully acknowledges the importance of good corporate governance and is taking steps to evaluate the status of the corporate governance practices adopted by the Group as tabulated below and its compliance with the Code of best practices.

The Board of Directors

The Board presently has six (6) members and is headed by a Chairman who is an independent non-executive director. The Board had four (4) meetings during the financial year. A brief description of the background of each director is presented in pages 7 - 9.

Board Balance

The composition of the Board comprises of four (4) non-executive directors and two (2) executive directors. All the four non-executive directors are independent directors.

Board Committees

The Board has set up the Audit Committee in 1994 to assist the Board in the execution of its duties. A Remuneration Committee which consists of non-executive directors only was set-up in May 2001 to look into the remuneration of the executive directors.

Directors' Responsibility Statement

Pursuant to Paragraph 15.27(a) of Chapter 15 of the Listing Requirements of Kuala Lumpur Stock Exchange

The Companies Act, 1965 requires the Directors 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 financial year and of the results and cash flows of the Group and of the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 March 2001, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

Directors Training

All Directors of the Company have attended the Mandatory Accreditation Programme ("MAP") organised by the Research Institute of Investment Analysis Malaysia ("RIIAM") in accordance with the Listing Requirements of the Kuala Lumpur Stock Exchange.

Directors' Remuneration

1. Aggregate remuneration of Directors of the Company in the Group are categorised into appropriate components as at 31 March 2001:

	Fees RM	Salaries RM	Allowance RM	Bonuses RM	Total RM
Executive Directors	39,920	431,640	80,400	47,670	594,630
Non-Executive Directors	270,000	-	-	-	270,000

2. Number of directors whose remuneration falls into the following bands:

	Executive	Non-Executive
Below 50,000	1	-
50,001 - 100,000	-	-
100,001 - 150,000	-	1
150,001 - 200,000	-	1
200,001 - 250,000	-	-
250,001 - 300,000	-	-
300,001 - 350,000	-	-
350,001 - 400,000	-	-
400,001 - 450,000	-	-
450,001 - 500,000	-	-
500,001 - 550,000	-	-
550,001 - 600,000	1	-

OTHER INFORMATION

Conflict of Interest

None of the Directors has any family relationship with other Directors or major shareholders of the Company and they do not have any conflict of Interest with the Company.

Utilisation of Proceeds

No proceed were raised by the Company from any corporate proposal during the financial year.

Share buybacks

During the financial year, there were no share buybacks by the Company.

Convertible Securities

No convertible securities in the Company were exercised during the financial year.

Imposition of Sanctions/Penalties

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

Profit Estimate, Forecast or Projections

The Company did not release any profit estimate, forecast or projections for the financial year.

Non-Audit Fee

The total amount of non-audit fee paid for the year ended 31 March 2001 amounted to RM14,000.00



DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March, 2001.

PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes and provision of management services. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

There have been no significant changes in the principal activities of the Company and of the Group during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the year	<u>90,324</u>	<u>64,674</u>

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any final dividend to be paid in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that 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.

At the date of this report, the directors are not aware of any circumstances which would render the amounts written off as bad debts or provided for as doubtful debts in the financial statements of the Company and of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company and of the Group have been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Company or of the Group which has arisen since the end of the financial year which secures the liabilities of any other person, except as disclosed in the notes to the financial statements; or
- (b) any contingent liability of the Company or of the Group which has arisen since the end of the financial year.

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Company or of the Group to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company and of the Group during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than that stated in Notes 34 and 39 to the financial statements.

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

DEBT RESTRUCTURING SCHEME, SIGNIFICANT AND SUBSEQUENT EVENTS

The debt restructuring scheme, and significant and subsequent events are as disclosed in Notes 39 and 40 to the financial statements, respectively.



DIRECTORS

The directors who served since the date of the last report are:

Dato' Hj. Megat Najmuddin Bin Dato' Seri (Dr) Hj. Megat Khas
Senator Dato' Hamzah Bin Zainudin
Dato' Mustapha Bin Buang
Gong Chiok Sin
Ong Kee Chak
Dato' Mohamed Salleh bin Bajuri (appointed on 27 March, 2001)

In accordance with the Company's Articles of Association, Gong Chiok Sin, Ong Kee Chak and Dato' Mohamed Salleh bin Bajuri retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries are a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company and related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares of RM1.00 Each			31 March, 2001
	1 April, 2000	Bought	Sold	
Direct				
Dato' Hj. Megat Najmuddin Bin Dato' Seri (Dr) Hj. Megat Khas	1,857,000	-	-	1,857,000
Senator Dato' Hamzah Bin Zainudin	2,912,243	-	-	2,912,243
Gong Chiok Sin	2,490,000	10,000	508,000	1,992,000
Indirect				
Dato' Mustapha Bin Buang	800,000	-	-	800,000

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

NUMBER OF EMPLOYEES AND REGISTERED OFFICE

The number of employees in the Company and the Group at the end of the financial year were 25 (2000 : 30) and 302 (2000 : 309) respectively. The registered office of the Company is located at 11th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur.

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

Signed on behalf of the Board in
accordance with a resolution of
the directors

DATO' MUSTAPHA BIN BUANG

GONG CHIOK SIN

Kuala Lumpur
30 July 2001

AUDITORS' REPORT



To the Shareholders of ASIAN PAC HOLDINGS BERHAD

We have audited the financial statements set out on pages 24 to 60. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these 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.

We report as follows:

- 1) The financial statements have been prepared on a going concern basis which contemplate the realisation of assets and liquidation of liabilities in the normal course of business. The ability of the Company and the Group to continue as a going concern is dependent upon the successful completion of the debt restructuring scheme, as mentioned in Note 39 to the financial statements and return to profitability of the Group and the Company, taking into account the significant and subsequent events as mentioned in Note 40 to the financial statements.
- 2) We draw attention to Note 17 to the financial statements on our reservation on the financial statements of a subsidiary, Kin Khoon & Co. Sdn. Bhd., where no provision for doubtful debts has been made as at 31 March, 2001 in the financial statements of the Group for an amount of approximately RM59 million. The financial statements of the Group do not include any adjustments relating to the recoverability of this amount.

In view of the significance of the matters in the preceding paragraphs, we are unable to form an opinion as to whether the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:

- (a) the state of affairs of the Group and the Company as at 31 March, 2001 and of the results and cash flows of the Group and the Company for the year then ended; and
- (b) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements.

However, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries 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 these purposes.

Our auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act except for those mentioned in Note 17 to the financial statements.

Arthur Andersen & Co.
No. AF 0103
Public Accountants

Pushpanathan a/l S.A. Kanagarayar
No. 1056/03/03(J/PH)
Partner of the Firm

30 July 2001



BALANCE SHEETS

31 MARCH, 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CURRENT ASSETS	3	263,962	335,031	233,900	231,908
CURRENT LIABILITIES	11	(94,034)	(553,033)	(19,996)	(432,902)
NET CURRENT ASSETS/(LIABILITIES)		169,928	(218,002)	213,904	(200,994)
INVESTMENTS	16	19,549	17,062	6,737	6,072
INVESTMENTS IN SUBSIDIARIES	17	-	-	343,718	343,718
INTEREST IN ASSOCIATED COMPANIES	18	10,884	8,114	-	12
FIXED ASSETS	19	353,581	353,111	49	145
DEVELOPMENT PROPERTIES	20	35,863	35,067	-	-
INTANGIBLE ASSETS	21	64,476	67,778	-	-
DEFERRED TAXATION	22	(50,155)	(50,155)	-	-
DEFERRED LIABILITIES	23	(1,595)	(254)	(1,300)	(10)
LONG TERM LOAN	24	(32,328)	-	(32,328)	-
RESERVE FOR UNEARNED PREMIUMS		(21,013)	(18,620)	-	-
4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005	25	(298,252)	-	(298,252)	-
4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005	26	(148,259)	-	(148,259)	-
		<u>102,679</u>	<u>194,101</u>	<u>84,269</u>	<u>148,943</u>
Represented by:					
SHARE CAPITAL	27	350,000	350,000	350,000	350,000
RESERVES	28	100,842	100,847	178,717	178,717
ACCUMULATED LOSSES		(359,202)	(268,878)	(444,448)	(379,774)
SHAREHOLDERS' FUNDS		91,640	181,969	84,269	148,943
MINORITY INTERESTS		11,039	12,132	-	-
		<u>102,679</u>	<u>194,101</u>	<u>84,269</u>	<u>148,943</u>

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

INCOME STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2001



	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue	29	74,036	81,967	1,960	2,032
Other operating income	30	6,520	15,532	134	2,656
Reinsurance		(20,967)	(18,554)	-	-
Net claims incurred		(28,482)	(29,850)	-	-
Increase in reserves		(2,392)	(3,226)	-	-
Commission		(6,372)	(11,427)	-	-
Personnel costs	31	(10,395)	(11,596)	(623)	(742)
Depreciation		(948)	(1,081)	(103)	(134)
Other operating expenses	32	(39,276)	(16,207)	(791)	(1,094)
(Loss)/profit from operations		(28,276)	5,558	577	2,718
Finance costs	33	(2,230)	(2,219)	(1,551)	(1,270)
(Loss)/profit before exceptional items		(30,506)	3,339	(974)	1,448
Exceptional items	34	(63,700)	(249)	(63,700)	(5,911)
Share of profits of associated companies		3,864	588	-	-
(Loss)/profit before taxation		(90,342)	3,678	(64,674)	(4,463)
Taxation	35	(1,075)	(2,172)	-	-
(Loss)/profit after taxation		(91,417)	1,506	(64,674)	(4,463)
Minority interest		1,093	(1,889)	-	-
Loss for the year		<u>(90,324)</u>	<u>(383)</u>	<u>(64,674)</u>	<u>(4,463)</u>
Basic loss per share (sen)	36	<u>(25.8)</u>	<u>(0.1)</u>		
Fully diluted loss per share (sen)	36	<u>(25.8)</u>	<u>(0.1)</u>		

The accompanying notes are an integral part of these statements.



STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2001

	Share capital	Non- distributable Reserves (Note 28)	Accumulated losses	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1 April, 1999	350,000	100,853	(268,495)	182,358
Net loss for the year	-	-	(383)	(383)
Amortisation of reserve on consolidation	-	(6)	-	(6)
At 31 March, 2000	350,000	100,847	(268,878)	181,969
Net loss for the year	-	-	(90,324)	(90,324)
Amortisation of reserve on consolidation	-	(5)	-	(5)
At 31 March, 2001	<u>350,000</u>	<u>100,842</u>	<u>(359,202)</u>	<u>91,640</u>
Company				
At 1 April, 1999	350,000	178,717	(375,311)	153,406
Net loss for the year	-	-	(4,463)	(4,463)
At 31 March, 2000	350,000	178,717	(379,774)	148,943
Net loss for the year	-	-	(64,674)	(64,674)
At 31 March, 2001	<u>350,000</u>	<u>178,717</u>	<u>(444,448)</u>	<u>84,269</u>

The accompanying notes are an integral part of these statements.

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2001



	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(90,342)	3,678	(64,674)	(4,463)
Adjustments for non-cash items:				
Provision for doubtful debts (net of writebacks)	5,116	(226)	-	44
Depreciation	948	1,081	103	134
Fixed assets written off	102	43	-	-
Amortisation of premiums less accretion of discounts on Malaysian Government Securities	103	98	-	-
Amortisation of goodwill and reserve on consolidation	3,228	3,228	-	-
ICULS issued under debt restructuring scheme	62,447	-	62,447	-
Provision for retirement benefits	190	90	-	-
Provision for/(reversal of) diminution in value of investments	21,863	1,371	-	(2,639)
RCCLS premium written off	1,294	-	1,294	-
Intangible assets written off	67	-	-	-
Bad debts written off	-	228	-	-
Tax recoverable written off	-	-	-	362
Interest expense	928	2,212	257	1,270
Profit on disposal of fixed assets	(23)	(121)	-	-
Loss/(profit) on sale of investments	3	(2,418)	-	-
Loss on termination of agreement	-	-	-	5,662
Interest income	(4,603)	(9,770)	(1,765)	(1,830)
Dividend income	(218)	(125)	-	-
Share of profit in associated companies	(3,864)	(588)	-	-
Cash used in operations before working capital changes carried forward	(2,761)	(1,219)	(2,338)	(1,460)



CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2001 (CONTINUED)

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash used in operations before working capital changes brought forward	(2,761)	(1,219)	(2,338)	(1,460)
Decrease/(increase) in debtors	46,235	(39,416)	550	(546)
Decrease/(increase) in amount due from an associated company	12	(9)	12	(9)
(Decrease)/increase in creditors	(28,173)	29,092	2,545	(4,917)
Changes in subsidiaries balances	-	-	(187)	(19,201)
Increase in reserve for unearned premium	2,393	3,226	-	-
Cash generated from/(used in) operations carried forward	17,706	(8,326)	582	(26,133)
Interest received	3,783	9,721	20	13
Deposits received for the proposed disposal of business of a subsidiary	1,000	-	-	-
Taxation paid	(4,295)	(254)	-	-
Net cash generated from/(used in) operating activities	18,194	1,141	602	(26,120)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	111	49	-	-
Dividend received	218	125	-	-
Proceeds from sale of fixed assets	28	168	-	-
Proceeds from sale of investments	5,007	26,797	-	25,187
Purchase of fixed assets	(1,524)	(940)	(7)	(3)
Investment in development expenditure	(1,351)	(1,840)	-	-
Intangible assets	-	(1)	-	-
Purchase of investments	(15,642)	(22,941)	(665)	-
Term loan issued	(7)	-	-	-
Payment of retirement benefits	(105)	(153)	-	-
Net cash (used in)/generated from investing activities	(13,265)	1,264	(672)	25,184

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH, 2001 (CONTINUED)



	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Opening cash and cash equivalents converted to ICULS and RCCLS	15,213	-	15,213	-
Repayment of lease and hire purchase financing	(38)	(115)	(14)	(74)
Interest paid	(678)	(961)	(6)	(18)
Dividend paid	(674)	-	-	-
Net cash generated from financing activities	<u>13,823</u>	<u>(1,076)</u>	<u>15,193</u>	<u>(92)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	18,752	1,329	15,123	(1,028)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>43,789</u>	<u>42,460</u>	<u>(14,646)</u>	<u>(13,618)</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>62,541</u>	<u>43,789</u>	<u>477</u>	<u>(14,646)</u>
CASH AND CASH EQUIVALENTS COMPRISE:				
Cash and bank balances (excluding monies held in trust)	1,843	3,798	84	16
Short term deposits (excluding monies held in trust)	60,698	63,900	393	551
Bank overdrafts	-	(23,909)	-	(15,213)
	<u>62,541</u>	<u>43,789</u>	<u>477</u>	<u>(14,646)</u>

The accompanying notes are an integral part of these statements.



NOTES TO THE FINANCIAL STATEMENTS

31 MARCH, 2001

1. PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes and provision of management services. The principal activities of the subsidiaries are disclosed in Note 17 to the financial statements.

There have been no significant changes in the principal activities of the Company and of the Group during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention modified by the revaluation of certain long term leasehold land and buildings and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The Group's financial statements include the financial statements of the Company and all its subsidiaries. Companies acquired or disposed during the year are included in the consolidated financial statements from the date of acquisition or to the date of disposal. All intragroup transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiaries are consolidated using the acquisition method of accounting except for a subsidiary which met the criteria for merger accounting under the Malaysian Accounting Standard ("MAS") No. 2, Accounting for Mergers, and is accounted for using merger accounting principles.

- (i) Under the acquisition method of accounting, the excess/(shortfall) of the purchase price over the fair value of the net assets of subsidiaries at the date of acquisition represents goodwill/(reserve) on consolidation which is written off over a period of twenty five years.
- (ii) Where merger accounting principles are used, the cost of investment in the Company's records are recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as a merger reserve or merger deficit. Merger deficits are adjusted against the income statement in the year of merger. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

(c) Associated Companies

The Group treats as associated companies those companies in which the Group has a long term equity interest and where it exercises significant influence through management participation.

The Group's share of post acquisition profits less losses of associated companies is included in the consolidated income statement and the Group's interest in associated companies is stated at cost plus the Group's share of post-acquisition retained profits and reserves.

(d) Revenue Recognition

- (i) Insurance company - refer to Note 2(m) below
- (ii) Stockbroking company - refer to Note 2(n) below
- (iii) Investment holding companies:

Interest income is recognised on an accrual basis over the period on which it is earned.

Management and secretarial fees are recognised on an accrual basis when these services are performed.

Dividends from subsidiaries are recognised on a declared basis while dividends from quoted investments are recognised on receipt basis.

- (iv) Property development and investment companies:

Income from sale of development properties are recognised on the percentage of completion method determined on the proportion of development costs incurred to date against total estimated costs where the outcome of the projects can be reliably estimated. All anticipated losses on development properties are fully provided for. Sales are recognised net of discounts when transfer of risks and rewards has been completed.

Profit from sale of vacant land is recognised in full upon signing of sale and purchase agreements.

(e) Investments

- (i) Insurance subsidiary:

Malaysian Government Securities, Malaysian Treasury Bills and Cagamas Bonds are stated at cost adjusted for amortisation of premiums or accretion of discounts from date of purchase to maturity date.

Quoted investments are stated at the lower of cost and market value determined on an aggregate basis by category of investments except that if diminution in value of a particular investment is not regarded as temporary, provision is made against the value of that investment.

Unquoted investments are stated at cost less provision for any permanent diminution in value.

Investments in unquoted corporate bonds with ratings of "BBB" or "P3" and above are permissible by Bank Negara Malaysia to be stated at cost adjusted for amortisation of premiums and accretion of discounts, where applicable to their respective maturity dates. Any corporate bond with a lower rating is stated at the lower of cost and market value.

For purposes of the consolidated financial statements, the directors of the Company regard quoted shares, convertible loan stocks, warrants and unit trusts of the insurance subsidiary as current assets. All other investments are regarded as non-current assets.



(ii) Stockbroking subsidiary:

Marketable securities are stated at lower of cost and market value.

For purposes of the consolidated financial statements, the directors of the Company regard all marketable securities of the stockbroking subsidiary as current assets.

(iii) Investment holding and property development and investment companies:

Investments in subsidiaries, associated companies and other long term investments are stated at cost less provision for any permanent diminution in value.

For purposes of the consolidated financial statements, the directors of the Company regard all investments of the investment holding and property development and investment companies as non-current assets.

(f) Fixed Assets and Depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment loss.

Depreciation is not provided on freehold land and long term leasehold land. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost or valuation of each asset over its estimated useful life.

The freehold land have not been revalued since they were first revalued in 1998. Certain long term leasehold land and buildings have not been revalued since some of them were first revalued in 1992 and others in 1996. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards (IAS) No. 16 (Revised): Property, Plant and Equipment as adopted by the Malaysian Accounting Standards Board, the long term leasehold land and building are stated at their 1992/1996 valuation less accumulated depreciation while the freehold land are stated at their 1998 valuation and are not depreciated.

The principal annual rates of depreciation are as follows:

Long term leasehold land and buildings	1 1/3%	-	4%
Motor vehicles			20%
Office furniture and equipment	10%	-	20%
Renovation	10%	-	33 1/3%

(g) Development Properties

Land and development expenditure whereby significant development work has been undertaken and is expected to be completed within the normal operating cycle are classified as development properties under current assets. Where development work is not expected to commence within the next 12 months, the related land and development expenditure are classified as development properties under non-current assets.

Development properties include land stated at valuation and development expenditure, plus profits less losses and applicable progress billings. Development expenditure includes all direct building costs and other related expenditure, including interest expenses incurred during the period of development.

(h) Long Term Leasehold Land

Leasehold land held for the long term with no intention being developed are classified as fixed assets and are stated at cost/valuation. The depreciation policy is set out in Note 2(f) above.

The carrying amount includes the land stated at cost/valuation and expenditure incurred to prepare the land for possible future use.

(i) Intangible Assets

(i) In previous years, intangible assets comprising preliminary and pre-operating expenses of certain subsidiaries were stated at cost and were to be written off upon commencement of operations of the subsidiaries.

In the current year, the accounting policy for treatment of intangible assets was changed to directly write-off such expenses in the year incurred. This change in accounting policy was made to comply with the requirements of MASB 1, Presentation of Financial Statements. The effect of this change in accounting policy is not considered significant to the consolidated financial statements and has not been accounted for retrospectively.

(ii) As referred to in Note 2(b) to the financial statements, goodwill arising on consolidation is amortised over a period of twenty five years.

(j) Currency Conversion and Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

The exchange rates ruling at balance sheet date used (denominated in units of Ringgit Malaysia per foreign currency) are as follows:

	2001	2000
United States Dollar (USD)	3.80	3.80
Singapore Dollar (SGD)	2.04	2.22

(k) Deferred Taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.

(l) Hire Purchase

Fixed assets acquired under hire purchase are capitalised in the financial statements and are depreciated in accordance with the policy set out in Note 2(f) above. The corresponding outstanding obligations due under the hire purchase after deducting finance expenses are included as liabilities in the financial statements. Finance expenses are charged to the income statement over the period of the respective agreements using the sum-of-digits method.



(m) Insurance Subsidiary

(i) Underwriting Results

The underwriting results, other than those arising from inward treaty business, are determined for each class of business after taking into account inter alia, reserves for unexpired risks, outstanding claims and additional reserves.

Premium income net of all reinsurances is recognised based on the booking date and not on the inception date as recommended in the Malaysian Accounting Standard No. 3 and as prescribed by Bank Negara Malaysia under guidelines JPI/GPI 3 and circular JPI 7/1994. However, an adjustment is made to account for premiums by inception dates at the end of the financial year.

Premium income on marine cargo, aviation cargo and inland transit business are recognised as being earned in equal instalments over a three month period from the inception date. Premium income is recognised on the date of assumption of risk and for treaty inwards business on the date of receipt of the accounts. Premium income on other general business is recognised as being earned on the time-apportionment method.

(ii) Unearned Premium Reserves

Reserves for unearned premiums ("UPR") represent the portion of premium income not earned as at balance sheet date.

Reserve for unearned premiums is determined in accordance to the method as prescribed by Bank Negara Malaysia as follows:

- 25% method for marine cargo, aviation cargo and transit.
- 1/24 method for fire, engineering and marine hull with a deduction of 15%, bonds (until 31 May, 2000) and motor with a deduction of 10% and all other classes of business with a deduction of 20% or actual commission incurred, whichever is lower.
- 1/8 method for overseas inwards business with a deduction of 20%.
- 100% method for bonds (effective from 1 June, 2000), with a deduction of 10% for commission.

(iii) Provision for Claims

Provision is made for the estimated costs of all claims together with related expenses less reinsurance recoveries, in respect of claims notified but not settled at balance sheet date. Provision is also made for the cost of claims incurred but not reported as at the balance sheet date (IBNR), determined by actuarial valuation using the Link-Ratio method.

(iv) Retirement Benefits

Provision for retirement benefits is made in the financial statements in accordance with the contractual obligations entered into by the Company calculated based on the current emoluments of eligible employees and the length of their service. Retirement benefits are not funded externally.

(v) Receivables

Specific provision is made for debts which are outstanding for more than 6 months from the date on which they become payable and for all debts which are considered doubtful. Known bad debts are written off after all legal avenues for recovery have been exhausted.

(vi) Revenue Recognition

Interest income on loans are recognised on an accrual basis except where a loan is considered non-performing, i.e. where repayments are in arrears for more than six months, in which case, recognition of such interest is suspended. Subsequent to suspension, interest is recognised on the receipt basis until all arrears have been paid.

Interest income and rental income are recognised on an accrual basis.

Dividend income is recognised on a receipt basis.

(n) Stockbroking Subsidiary

(i) Revenue Recognition

Revenue represents brokerage income and is recognised when contracts are executed.

Interest income from margin facilities is recognised on accrual basis. Where an account is classified as non-performing, interest is suspended until it is realised on a cash basis, except for margin accounts where interest is suspended until the account is reclassified as performing.

All other interest income, dividend income and service charges are recognised on receipt basis.

(ii) Trade Receivables and Bad and Doubtful Debts

Clients' accounts are classified as non-performing under the following circumstances:

Type of accounts	Criteria
Contra losses	When the account remains outstanding for more than 16 calendar days from the date of contra transaction.
Overdue purchase contracts	When the account remains outstanding from T+5 market day onwards effective from 20 December, 2000 (2000 : T+7 market days onwards).
Margin accounts	When the value of collateral has fallen below 130% of the outstanding balance on the last day of each calendar month.

All known bad debts are written off against income in the year in which the debts are deemed to be irrecoverable.

Specific provisions are made for clients' accounts classified as non-performing, net of interest-in-suspense and taking into consideration any collateral held by the Company, in accordance with the Rules of the Kuala Lumpur Stock Exchange.



(o) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, short term deposits and short term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, net of monies held in trust and bank overdrafts.

3. CURRENT ASSETS

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	4	1,925	4,383	84	16
Short term deposits	5	62,586	68,089	393	551
Marketable securities	6	40,265	54,086	-	-
Trade debtors	7	88,500	133,417	-	-
Other debtors	8	64,236	69,160	162	712
Amounts due from subsidiaries	9	-	-	233,261	230,629
Development properties	10	6,450	5,896	-	-
		<u>263,962</u>	<u>335,031</u>	<u>233,900</u>	<u>231,908</u>

4. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group are the stockbroking subsidiary's clients' and remisiers' monies held in trust of approximately RM1,000 (2000 : RM252,000) and RM81,000 (2000 : RM333,000) respectively.

5. SHORT TERM DEPOSITS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits with:				
Licensed banks	26,518	23,028	-	-
Licensed finance companies	27,303	-	-	-
Other financial institutions	8,765	45,061	393	551
	<u>62,586</u>	<u>68,089</u>	<u>393</u>	<u>551</u>

Included in short term deposits of the Group are the stockbroking subsidiary's remisiers' monies held in trust of approximately RM1,888,000 (2000 : RM4,189,000).

6. MARKETABLE SECURITIES

	Group	
	2001 RM'000	2000 RM'000
Cagamas Bonds and Malaysian Treasury Bills	21,882	19,462
Accretion of discount	45	10
	<u>21,927</u>	<u>19,472</u>
Quoted shares, loan stocks, warrants and unit trusts	59,393	60,232
Provision for diminution in value	(41,055)	(25,618)
	<u>18,338</u>	<u>34,614</u>
Total	<u>40,265</u>	<u>54,086</u>
Market value:		
Cagamas Bonds and Malaysian Treasury Bills	22,003	19,472
Quoted shares, loan stocks, warrants and unit trusts	18,340	36,496
	<u>18,340</u>	<u>36,496</u>

In the prior year, certain quoted marketable securities of the Group were pledged for credit facilities granted to the Group (as referred to in Note 12). Pursuant to the Debt Restructuring Scheme as mentioned in Note 39, the Company is given a period of one year from 23 December, 2000 to redeem these marketable securities from the secured lenders.

7. TRADE DEBTORS

	Group	
	2001 RM'000	2000 RM'000
Trade debtors	156,664	159,911
Interest in suspense	(37,483)	-
	<u>119,181</u>	<u>159,911</u>
Provision for doubtful debts	(30,681)	(26,494)
	<u>88,500</u>	<u>133,417</u>

Included in the trade debtors, after provision for bad debts and net of collaterals, are amounts of approximately RM59 million, representing realised losses incurred by certain retail clients and deficits incurred by certain margin clients of the stockbroking subsidiary. The Group has taken actions in recovering the above debts which include negotiations with its clients on a scheduled repayment scheme, as well as requesting for additional collaterals and instituting legal proceedings. The ability of the Group to recover these amounts will depend upon the successful outcome of the actions taken. Based presently on conditions prevailing and information available at the date of this report, the directors are of the opinion that no provisions are currently required for these amounts as the



likelihood of recoverability remains favourable. Based on current uncertainties, future effects, if any, will be reported in the financial statements as and when they become known and can be reasonably estimated. This non-provision by the stockbroking subsidiary does not comply with Rule 9.4.1 of the Rules of the Kuala Lumpur Stock Exchange pertaining to stockbroking companies.

8. OTHER DEBTORS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Other debtors, deposits and prepayments	6,688	11,610	208	758
Provision for doubtful debts	(452)	(450)	(46)	(46)
	<u>6,236</u>	<u>11,160</u>	<u>162</u>	<u>712</u>
Margin clients assumed by a subsidiary	58,000	58,000	-	-
	<u>64,236</u>	<u>69,160</u>	<u>162</u>	<u>712</u>

A subsidiary of the Group has assumed the margin clients of RM58 million from the stockbroking subsidiary under a restructuring exercise which commenced in 1998. The restructuring exercise was carried out to revive the stockbroking subsidiary in preparation for the consolidation and merger exercise initiated by the regulatory authorities. The amount due from the margin clients are collateralised by the unquoted shares of a property company.

At the Group level, the directors are currently working towards the recovery of the said amount, albeit at a protracted time frame due to the slower than anticipated recovery of the trading environment.

9. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Non interest bearing:		
Amounts due from subsidiaries	222,504	217,886
Provision for doubtful debts	(11,088)	(10,239)
	<u>211,416</u>	<u>207,647</u>
Interest bearing at 8% (2000 : 8%) per annum:		
Amount due from subsidiaries	<u>21,845</u>	<u>22,982</u>
	<u>233,261</u>	<u>230,629</u>

The amounts due from subsidiaries are unsecured and have no fixed terms of repayment.

10. DEVELOPMENT PROPERTIES - CURRENT

	Group	
	2001 RM'000	2000 RM'000
Leasehold land, at cost	4,485	4,485
Property development expenditure	1,965	1,411
	<u>6,450</u>	<u>5,896</u>

In the prior year, the leasehold land included in development properties of the Group was pledged for credit facilities granted to the Group (as referred to in Note 12). Pursuant to the debt restructuring scheme as mentioned in Note 39, a further charge has been created on the leasehold land of the Group in favour of the Trustee for the holders of the Company's RCSLS (as referred to in Note 25).

11. CURRENT LIABILITIES

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Short term borrowings	12	4,346	350,193	4,346	341,497
Trade creditors		6,768	12,800	-	-
Other creditors	13	16,685	96,911	4,692	81,148
Taxation		7,868	11,639	-	-
Amounts due to subsidiaries	14	-	-	10,958	10,257
Due to agents, brokers and other accruals		5,487	27,273	-	-
Provision for outstanding claims	15	52,880	54,217	-	-
		<u>94,034</u>	<u>553,033</u>	<u>19,996</u>	<u>432,902</u>

12. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Bank overdrafts				
- secured	-	13,696	-	5,000
- unsecured	-	10,213	-	10,213
Flexi loans - secured	-	40,000	-	40,000
Term loans - secured	-	206,861	-	206,861
Revolving credits - secured	-	34,702	-	34,702
Factoring facilities	4,346	37,996	4,346	37,996
Share margin financing - secured	-	6,725	-	6,725
	<u>4,346</u>	<u>350,193</u>	<u>4,346</u>	<u>341,497</u>



Included in prior year's short term borrowings of the Company are loans of certain subsidiaries, including interest up to 31 March, 1998, amounting to approximately RM255,836,000 which have been assumed by the Company for purposes of the debt restructuring scheme as mentioned in Note 39.

In the prior year, the short term borrowings of the Group and Company were secured on certain quoted and unquoted marketable securities and investments (as referred to in Notes 6, 16 and 17) and certain freehold and leasehold land (as referred to in Notes 10, 19 and 20) of the Group.

In the current year, the factoring facilities are secured on certain leasehold land and buildings of the Group. Pursuant to the Debt Restructuring Scheme, the factoring facilities outstanding at the end of the current year will be repaid by the proceeds from the Proposed Rights Issues as mentioned in Note 39.

All the above facilities bear interest at rates varying from 8.30% to 12.50% (2000 : 8.30% to 10.55%) per annum.

13. OTHER CREDITORS

Included in other creditors are:

- (i) an amount of approximately RM1,800 (2000 : RM58,002,000) owing by the Company in respect of the balance of purchase consideration of the two subsidiaries acquired in 1998.
- (ii) a portion of hire purchase creditors of the Group and the Company, as referred to in Note 23, due within 12 months of approximately RM41,000 (2000 : RM40,000) and approximately RM7,000 (2000 : RM17,000) respectively.
- (iii) a deposit of approximately RM1,000,000 (2000 : Nil) received by the Group for the proposed disposal of its stockbroking subsidiary business assets as mentioned in Note 40(b).
- (iv) creditors of a subsidiary amounting to approximately RMNil (2000 : RM21,242,000), inclusive of interest up to 31 March, 1998, which was assumed by the Company for purposes of the debt restructuring scheme.

14. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries by the Company are unsecured, non-interest bearing and have no fixed terms of repayment.

15. PROVISION FOR OUTSTANDING CLAIMS

	Group	
	2001 RM'000	2000 RM'000
Provision for outstanding claims	127,914	97,768
Recoverable from reinsurers	(75,034)	(43,551)
Net outstanding claims	<u>52,880</u>	<u>54,217</u>

16. INVESTMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Malaysian Government Securities, at cost	8,205	6,279	-	-
Amortisation of premium	(443)	(361)	-	-
	<u>7,762</u>	<u>5,918</u>	<u>-</u>	<u>-</u>
Shares, debentures, bonds and other investments, at cost				
Quoted in Malaysia	20,212	19,547	20,212	19,547
Quoted outside Malaysia	2	2	2	2
	<u>20,214</u>	<u>19,549</u>	<u>20,214</u>	<u>19,549</u>
Provision for diminution in value	(13,477)	(13,477)	(13,477)	(13,477)
	<u>6,737</u>	<u>6,072</u>	<u>6,737</u>	<u>6,072</u>
Unquoted investments in corporations, at cost	5,136	5,136	-	-
Provision for diminution in value	(86)	(64)	-	-
	<u>5,050</u>	<u>5,072</u>	<u>-</u>	<u>-</u>
	<u>19,549</u>	<u>17,062</u>	<u>6,737</u>	<u>6,072</u>
Market value:				
Malaysian Government Securities	6,656	6,231	-	-
Shares, debentures, bonds and other investments:				
Quoted in Malaysia	2,284	6,071	2,284	6,071
Quoted outside Malaysia	2	2	2	2
	<u>2,286</u>	<u>6,073</u>	<u>2,286</u>	<u>6,073</u>

The directors regard the diminution in value of quoted investments of the Company amounting to approximately RM4,451,000 in the current year as temporary in nature as the investees' net tangible assets exceed the current carrying values of the investment.

In the prior year, certain quoted investments of the Group were pledged for credit facilities granted to the Group (as referred to in Note 12). This existing charge will be discharged upon full implementation of the debt restructuring scheme, as mentioned in Note 39.



17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	564,543	564,543
Provision for diminution in value	(220,825)	(220,825)
	343,718	343,718

Certain of the Company's unquoted shares in subsidiaries were pledged for credit facilities granted to the Group (as referred to in Note 12). This existing charge will be discharged upon full implementation of the debt restructuring scheme, as mentioned in Note 39.

The following are the subsidiaries of the Group:

Incorporated in Malaysia	Effective Interests		Paid-up Share Capital RM'000	Principal Activities
	2001 %	2000 %		
Climate Engineering (Malaya) Sdn. Bhd.	100	100	50,000	Investment holding
BH Realty Sdn. Bhd.	99.83	99.83	3,100	Property investment and development
AGB Properties Sdn. Bhd.	100	100	1,000	Investment holding
Tenaga Insurance Bhd.	77.71	77.71	42,000	Underwriting of general insurance business
Pinus Park Sdn. Bhd.	100	100	680	Investment holding
Kin Khoon & Co. Sdn. Bhd.	100	100	110,000	Stockbroking
Kin Khoon & Co. Nominees (Tempatan) Sdn. Bhd.	100	100	24,000	To act as nominees
Kin Khoon & Co. Nominees (Asing) Sdn. Bhd.	100	100	-*	To act as nominees
Asian Pac Group Bhd.	100	100	-*	Has not commenced operations
Primadana Utama Sdn. Bhd.	100	100	2,500	Investment holding
Selamat Ayer Puteh Co. Sdn. Bhd.	100	100	78,700	Property investment and development
Syarikat Kapasi Sdn. Bhd.	100	100	178,000	Property investment and development

* Represents paid-up share capital of RM2.

- (i) The auditors of Kin Khoon & Co. Sdn. Bhd. are of the opinion that the financial statements of Kin Khoon & Co. Sdn. Bhd. have been properly prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of Kin Khoon & Co. Sdn Bhd. as at 31 March, 2001 and of its results and cash flows for the year then ended except for the effects of the non-provision for the realised losses amounting to approximately RM59 million as mentioned in Note 7.
- (ii) The auditors' report of Tenaga Insurance Berhad has drawn attention to Tenaga Insurance Berhad not complying with the minimum paid-up share capital and margin of solvency requirements as stipulated in the Insurance Act and Regulations, 1996. The financial statements of Tenaga Insurance Berhad as at 31 March, 2001 do not incorporate adjustments which may arise from this non-compliance.
- (iii) The auditors' reports of the following subsidiaries have also drawn attention to the successful completion of the debt restructuring scheme, as mentioned in Note 39, and its impact on their going concern:
- BH Realty Sdn. Bhd.
 - Syarikat Kapasi Sdn. Bhd.
 - Selamat Ayer Puteh Co. Sdn. Bhd.
 - Pinus Park Sdn. Bhd.
 - Climate Engineering (Malaya) Sdn. Bhd.

18. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unquoted shares, at cost	2,650	2,650	150	150
Share of profits	8,284	5,502	-	-
	10,934	8,152	150	150
Provision for diminution in value	(150)	(150)	(150)	(150)
	10,784	8,002	-	-
Amount due from associated companies	949	1,074	849	974
Provision for doubtful debts	(849)	(962)	(849)	(962)
	100	112	-	12
Total	10,884	8,114	-	12

The Group's share of the net assets other than goodwill of the associated companies amounted to approximately RM10,784,000 (2000 : RM8,002,000).



The following are the associated companies of the Group, all of which are incorporated in Malaysia unless otherwise stated:

	Effective Interests		Paid-up Share Capital	Principal Activities
	2001 %	2000 %		
Held by the Company:				
Progaya (M) Sdn. Bhd.	50	50	RM300,000	Investment holding
Held by Primadana Utama Sdn. Bhd.:				
Glomac Enterprise Sdn. Bhd.	50	50	RM5,000,000	Property development and investment
Held by Glomac Enterprise Sdn. Bhd.:				
Prisma Legacy Sdn. Bhd.	50	50	RM250,000	Building contractor
Held by Progaya (M) Sdn. Bhd.:				
Summit Solutions Pte. Ltd. (incorporated in Singapore)	-	25	SGD1,600	Provision of electronic data processing services and computer system development and implementation
Held by Summit Solutions Pte. Ltd.:				
Summit Solutions Sdn. Bhd.	-	25	RM350,000	Ceased operations

19. FIXED ASSETS

<-AT VALUATION-> <-----AT COST----->

Group	Land and buildings* RM'000	Land and buildings** RM'000	Motor vehicles, office furniture, equipment and renovation RM'000	Total RM'000
Valuation/Cost				
At 1.4.2000	250,370	101,011	8,904	360,285
Additions	-	1,197	327	1,524
Disposals/write offs	-	-	(394)	(394)
At 31.3.2001	<u>250,370</u>	<u>102,208</u>	<u>8,837</u>	<u>361,415</u>
Accumulated Depreciation				
At 1.4.2000	66	514	6,594	7,174
Additions	8	177	763	948
Disposals	-	-	(288)	(288)
At 31.3.2001	<u>74</u>	<u>691</u>	<u>7,069</u>	<u>7,834</u>
Net Book Value				
At 31.3.2001	<u>250,296</u>	<u>101,517</u>	<u>1,768</u>	<u>353,581</u>
At 31.3.2000	<u>250,304</u>	<u>100,497</u>	<u>2,310</u>	<u>353,111</u>
Depreciation charge for 2000	<u>7</u>	<u>151</u>	<u>923</u>	<u>1,081</u>



*** LAND AND BUILDINGS AT VALUATION**

Group	Freehold land RM'000	Long term leasehold land and buildings RM'000	Total RM'000
2001			
Valuation			
At 1.4.2000/31.3.2001	60,000	190,370	250,370
Accumulated Depreciation			
At 1.4.2000	-	66	66
Additions	-	8	8
At 31.3.2001	-	74	74
Net Book Value			
At 31.3.2001	60,000	190,296	250,296
At 31.3.2000	60,000	190,304	250,304
Depreciation charge for 2000	-	7	7

The freehold land were revalued in 1998 and long term leasehold land and buildings in 1992 and 1996 based on professional valuations conducted on the basis of open market value. The freehold land is subject to certain restrictions of title and the subsidiary concerned is taking necessary measures to satisfy the State Authority involved in order that the title restrictions can be removed.

The long term leasehold land includes land held for development owned by a subsidiary and is held subject to a clause included in the land title which states that the said land is for the purpose of erecting residential and commercial buildings and this was to be completed by January 1997. The directors of the subsidiary have made the necessary applications to the relevant authority for an extension of time to fulfill the said condition.

**** LAND AND BUILDINGS AT COST**

Group	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Total RM'000
2001			
Cost			
At 1.4.2000	1,196	99,815	101,011
Additions	-	1,197	1,197
At 31.3.2001	1,196	101,012	102,208
Accumulated Depreciation			
At 1.4.2000	-	514	514
Additions	14	163	177
At 31.3.2001	14	677	691
Net Book Value			
At 31.3.2001	1,182	100,335	101,517
At 31.3.2000	1,196	99,301	100,497
Depreciation charge for 2000	-	151	151

In the prior year, the freehold land and certain leasehold properties of the Group were pledged for credit facilities granted to the Group (as referred to in Note 12). As mentioned in Note 24 and pursuant to the debt restructuring scheme as mentioned in Note 39, certain leasehold properties of the Group are currently charged for the long term loans of the Company. The Company is in the process of discharging this first charge while a further charge has been created on the freehold land and certain leasehold properties of the Group in favour of the Trustees for the holders of the Company's RCSLS (as referred to in Note 25).



Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Renovation RM'000	Total RM'000
2001				
Cost				
At 1.4.2000	119	834	263	1,216
Additions	-	7	-	7
At 31.3.2001	119	841	263	1,223
Accumulated Depreciation				
At 1.4.2000	81	757	233	1,071
Additions	20	61	22	103
At 31.3.2001	101	818	255	1,174
Net Book Value				
At 31.3.2001	18	23	8	49
At 31.3.2000	38	77	30	145
Depreciation charge for 2000	23	83	28	134

(a) Fully Depreciated Assets

Included in the fixed assets of the Group and the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Motor vehicles	611	1,052	66	3
Office furniture and equipment	658	2,410	565	464
Renovations	164	529	163	123

(b) Assets Held Under Hire Purchase and Lease Financing

Included in the cost of fixed assets for the Group and the Company are motor vehicles acquired under hire purchase amounting to approximately RM172,000 (2000 : RM236,000) and approximately RM52,000 (2000 : RM115,000) respectively.

20. DEVELOPMENT PROPERTIES - NON-CURRENT

	Group	
	2001 RM'000	2000 RM'000
Leasehold land, at cost	11,185	11,185
Development expenditure, at cost	24,678	25,293
	<u>35,863</u>	<u>36,478</u>
Transfer to property under development	-	(1,411)
	<u>35,863</u>	<u>35,067</u>

In the prior year, the leasehold land included in development properties of the Group was pledged for credit facilities granted to the Group (as referred to in Note 12). Pursuant to the debt restructuring scheme as mentioned in Note 39, a further charge has been created on the leasehold land of the Group in favour of the Trustee for the holders of the Company's RCSLS (as referred to in Note 25).

21. INTANGIBLE ASSETS

	Group	
	2001 RM'000	2000 RM'000
Preliminary and pre-operating expenses, at cost	67	67
Written-off during the year	(67)	-
	<u>-</u>	<u>67</u>
Goodwill arising on consolidation	81,252	81,252
Cumulative amortisation	(16,776)	(13,541)
	<u>64,476</u>	<u>67,711</u>
As at 31 March	<u>64,476</u>	<u>67,778</u>

As mentioned in Note 2(i), preliminary and pre-operating expenses of certain subsidiaries of the Group have been fully written off during the year. This change in accounting policy was made to comply with the requirements of MASB 1, Presentation of Financial Statements. The effect of this change in accounting policy was not considered significant to the consolidated financial statements and therefore has not been accounted for retrospectively.

22. DEFERRED TAXATION

The deferred taxation of the Group is in respect of the surplus arising on the revaluation of the leasehold land of a subsidiary acquired in 1998.



23. DEFERRED LIABILITIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Hire purchase creditors	63	115	19	39
Interest in suspense	(17)	(31)	(6)	(12)
	46	84	13	27
Repayment due within 12 months included under other creditors (Note 13)	(41)	(40)	(7)	(17)
	5	44	6	10
Retirement benefits	296	210	-	-
Accrued premium payable on RCSLS	1,294	-	1,294	-
	<u>1,595</u>	<u>254</u>	<u>1,300</u>	<u>10</u>

The hire purchase facilities bear interest at rates varying from 5.9% to 10% (2000 : 5.9% to 10%) per annum.

The premium payable of RM23,860,000 on the RCSLS is determined based on the amount of RCSLS outstanding and on the assumption that the entire amount outstanding will be redeemed on the Maturity Date at the redemption price of RM1.08 as mentioned in Note 25 to the financial statements. The premium payable is being accrued over the 60 months tenure of the RCSLS.

24. LONG TERM LOAN - Group and Company

The long term loan relates to a 5-year secured term loan which bears interest of 10% per annum. The principal amount of the long term loan is repayable in full on maturity. The interest accruing for the entire tenure of the term loan shall be settled in advance by the issuance of the additional ICULS (as referred to in Note 26). The term loan is secured on certain leasehold land of the Group.

This long term loan was converted from an amount previously owing to a secured lender prior to the implementation of the debt restructuring scheme (as mentioned in Note 39).

25. 4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005

	Group and Company	
	2001 RM'000	2000 RM'000
At 1.4.2000 / 1999	-	-
Issued during the year	298,252	-
At 31.3.2001 / 2000	<u>298,252</u>	<u>-</u>

The 4% Redeemable Convertible Secured Loan Stocks 2000/2005 ("RCSLS") were constituted by a Trust Deed made on 19 December, 2000 between the Company and the Trustee for the holders of the RCSLS, and were issued on 23 December, 2000 ("Issue Date") and has been rated BB3 by an external rating agency.

The RCSLS are convertible into new ordinary shares of the Company of RM1.00 each at any time during the period commencing on the day immediately following the second (2nd) anniversary of the Issue Date and ending on the date of redemption by the Company or the Maturity Date (i.e. 22 December 2005), whichever is the earlier. The Conversion Price of RM1.25 for each new ordinary share of the Company (i.e. at a premium of 25 sen per share) is to be satisfied by either:

- (i) tendering a cash payment of 25 sen plus RM1.00 nominal value of RCSLS for one (1) new ordinary share of RM1.00 each, or
- (ii) five (5) RCSLS of RM1.00 nominal value each for four (4) new ordinary shares.

Upon conversion of the RCSLS into new ordinary shares of the Company, such shares shall rank *pari passu* in all respect with the ordinary shares of the Company except that they shall not be entitled to any dividend, rights, allotment or other distribution if conversion is made after the relevant entitlement dates.

The Company or its subsidiaries may, at any time, purchase or acquire the RCSLS at any price in the open market. Where the RCSLS are purchased, they shall be deemed not to remain outstanding.

Where the RCSLS are not converted by their holders or purchase by the Company or its subsidiaries, the RCSLS will be redeemed at the option of the Company based on the following terms:

Redemption period	Percentage of RCSLS to be redeemed	Redemption Price
From the third (3rd) anniversary to the eve of the fourth (4th) anniversary date	10%	Nominal value
From the fourth (4th) anniversary to the eve of the Maturity Date	10%	Nominal value
Maturity Date	80%	RM1.08

Any RCSLS not redeemed on maturity date will be converted into shares of the Company at the Conversion Price.

All RCSLS purchased by the Company or its subsidiaries or redeemed by the Company shall be cancelled, together with all interest accrued, and all such RCSLS cancelled may not be reissued or resold.

Interest on the RCSLS is payable on the fourth (4th) and fifth (5th) anniversary dates of the Issue Date. The RCSLS purchased on the open market by the public within the first three (3) years from the Issue Date will not be entitled to any coupon payment.

The RCSLS is secured on certain freehold and leasehold land and buildings of the Group as well as on a sinking fund to be created. The source of the sinking fund will be from the subscription of the ordinary shares arising from the Warrants (as mentioned in Note 39) and contributions from the Company's ongoing development projects.



26. 4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005

	Group and Company	
	2001	2000
	RM'000	RM'000
At 1.4.2000 / 1999	-	-
Issued during the year	148,259	-
At 31.3.2001 / 2000	<u>148,259</u>	<u>-</u>

The 4% Irredeemable Convertible Unsecured Loan Stocks 2000/2005 ("ICULS") were constituted by a Trust Deed made on 19 December, 2000 between the Company and the Trustee for the holders of the ICULS, and were issued on 23 December, 2000 ("Issue Date").

The ICULS are convertible into new ordinary shares of the Company of RM1.00 each at any time during the period commencing on the day immediately following the second (2nd) anniversary of the Issue Date and ending on the Maturity Date (i.e. 22 December 2005). The Conversion Price of RM1.25 for each new ordinary share of the Company (i.e. at a premium of 25 sen per share) is to be satisfied by either:

- (i) tendering a cash payment of 25 sen plus RM1.00 nominal value of ICULS for one (1) new ordinary share of RM1.00 each, or
- (ii) five (5) ICULS of RM1.00 nominal value each for four (4) new ordinary shares.

Upon conversion of the ICULS into new ordinary shares of the Company, such shares shall rank pari passu in all respect with the ordinary shares of the Company except that they shall not be entitled to any dividend, rights, allotment or other distribution if conversion is made after the relevant entitlement dates.

Interest on the ICULS is payable on the fourth (4th) and fifth (5th) anniversary dates of the Issue Date. The ICULS purchased on the open market by the public within the first three (3) years from the Issue Date will not be entitled to any coupon payment.

27. SHARE CAPITAL

	2001	2000
	RM'000	RM'000
Ordinary shares of RM1.00 each:		
Authorised		
At 1.4.2000 / 1999	500,000	500,000
Created during the year	1,000,000	-
At 31.3.2001 / 2000	<u>1,500,000</u>	<u>500,000</u>
Issued and fully paid up	<u>350,000</u>	<u>350,000</u>

28. RESERVES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Non-distributable:				
Share premium	100,705	100,705	100,705	100,705
Capital reserve	12	12	12	12
Merger reserve	-	-	78,000	78,000
Reserve on consolidation	125	130	-	-
	<u>100,842</u>	<u>100,847</u>	<u>178,717</u>	<u>178,717</u>

The premium on shares issued in respect of the acquisition of Kin Khoon & Co. Sdn. Bhd. ("KKCSB") has been credited to the merger reserve in accordance with the relief granted by Section 60(4) of the Companies Act, 1965.

29. REVENUE

Revenue of the Group and the Company comprises the following:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest on intercompany advances	-	-	1,744	1,816
Intercompany management and secretarial fees	-	-	216	216
Direct and reinsurance inward premiums	69,253	60,993	-	-
Brokerage fee	4,783	20,974	-	-
	<u>74,036</u>	<u>81,967</u>	<u>1,960</u>	<u>2,032</u>

Inter-company transactions have been excluded in the revenue of the Group.



30. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Gross dividends received from investments quoted in Malaysia	218	125	-	-
Interest income	4,603	9,770	21	14
Rental income	148	181	-	-
Profit on disposal of fixed assets	23	121	-	-
Profit on sale of quoted investments	-	2,418	-	-
Bad debts recovered	164	-	-	-
Writeback of provision for bad and doubtful debts	989	823	114	-
Writeback of provision for diminution in value of securities	-	-	-	2,639
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,639</u>

31. PERSONNEL COSTS

Included in personnel costs are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Directors' salaries and other remuneration:				
Directors of the Company	627	1,068	-	-
Directors of subsidiaries	744	638	-	-
	<u>744</u>	<u>638</u>	<u>-</u>	<u>-</u>

32. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Auditors' remuneration:				
- statutory	86	84	20	20
- others	14	14	-	-
Directors' fees:				
Directors of the Company	310	292	-	-
Directors of subsidiaries	10	10	-	-
Provision for doubtful debts	6,105	597	-	44
Rental of land and buildings	580	671	226	298
Fixed assets written off	102	43	-	-
Rental of equipment	101	109	-	-
Provision for retirement benefits	190	90	-	-
Provision for diminution in value of investments	21,863	1,371	-	-
Intangible assets written off	67	-	-	-
Bad debts written off	-	228	-	-
Loss on disposal of marketable securities	3	-	-	-
Amortisation of premiums less accretion of discounts on Malaysian Government Securities	103	98	-	-
Amortisation of goodwill and reserve from consolidation	3,228	3,228	-	-
Insurance expenses paid to subsidiary	-	-	17	17
	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>

33. FINANCE COSTS

Included in finance costs are:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Interest expense	928	2,212	257	1,270
RCSLS premium accrued (Note 23)	1,294	-	1,294	-
	<u>1,294</u>	<u>-</u>	<u>1,294</u>	<u>-</u>



34. EXCEPTIONAL ITEMS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Debt restructuring expenses	63,700	249	63,700	249
Loss on termination of agreement	-	-	-	5,662
	<u>63,700</u>	<u>249</u>	<u>63,700</u>	<u>5,911</u>

- The debt restructuring expenses of approximately RM63,700,000 in the current year mainly relates to the difference between nominal value of the RCSLS and ICULS issued and book value of debts restructured pursuant to the debt restructuring scheme as mentioned in Note 39.
- On 17 April, 1998, the Company entered into a Sale and Purchase Agreement for shares with a subsidiary, Kin Khoo & Co. Sdn. Bhd. to acquire from the subsidiary certain quoted investments comprising ordinary shares and warrants for a total consideration of RM34,369,999 payable in 5 instalments by 17 February, 1999. This agreement was rescinded by both parties on 27 July, 1999 resulting in a loss to the Company amounting to RM5,662,266 in the prior year.

35. TAXATION

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current year provision	-	2,008	-	-
Net overprovision in prior year	(7)	-	-	-
Share of tax in associated company	1,082	164	-	-
	<u>1,075</u>	<u>2,172</u>	<u>-</u>	<u>-</u>

There is no tax charge for the year as the Company and its subsidiaries were in tax loss positions. The tax charge of the Group in the prior year were related to taxable income of certain subsidiaries as there were no Group relief on tax losses of fellow subsidiaries. There was no tax charge for the Company in the prior year as it was in a tax loss position.

As at 31 March, 2001, the Company has tax losses of approximately RM77,358,000 (2000 : RM13,127,000) and unutilised capital allowances of approximately RM728,000 (2000 : RM730,000) which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 March, 2001, the Company has a potential deferred tax benefit of approximately RM21,866,000 (2000 : RM3,885,000) arising principally from tax losses and unutilised capital allowances carried forward, the effects of which are not included in the financial statements as there is no assurance beyond any reasonable doubt that future taxable income will be sufficient to allow the benefit to be realised.

36. LOSS PER SHARE - Group

The basic and diluted loss per share are calculated as follows:

	Income		Weighted Average Number of Shares		Loss Per Share	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000	2001 sen	2000 sen
Loss for the year	90,324	383	350,000	350,000		
Basic loss per share					<u>25.8</u>	<u>0.1</u>
Assumed conversion of RCSLS*	-	-	-	-		
Assumed conversion of ICULS*	-	-	-	-		
Diluted loss per share	<u>90,324</u>	<u>383</u>	<u>350,000</u>	<u>350,000</u>	<u>25.8</u>	<u>0.1</u>

* The effects of the assumed conversion of RCSLS and ICULS would be anti-dilutive in nature; accordingly, the basic and fully diluted loss per share are the same.

37. CAPITAL COMMITMENTS

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Approved and contracted for				
- Increase of investment in a subsidiary	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,217</u>

38. CONTINGENT LIABILITIES

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unsecured:				
Unsecured guarantee given to licensed banks on behalf of third parties	4,877	4,919	-	-
Secured:				
Guarantees given to financial institutions for facilities granted to subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,696</u>



39. DEBT RESTRUCTURING SCHEME

On 6 March, 2000, the Company and four of its subsidiaries (the "scheme companies"), i.e. Kin Khoon & Co. Sdn. Bhd., BH Realty Sdn. Bhd., Selamat Ayer Puteh Co. Sdn. Bhd. and Syarikat Kapasi Sdn. Bhd., have entered into a debt restructuring agreement with certain secured and unsecured lenders of the scheme companies in respect of a proposed debt restructuring of secured and unsecured debts amounting to RM416,782,605 which was facilitated by the Corporate Debt Restructuring Committee.

This debt restructuring scheme has been approved by the relevant regulatory authorities, namely Bank Negara Malaysia, the Foreign Investment Committee, the Kuala Lumpur Stock Exchange and the Securities Commission, as well as the shareholders of the Company in an extraordinary general meeting held on 30 August, 2000. The salient features of the approved debt restructuring agreement, which is currently being implemented by the Company, are as follows:

- Except for a secured lender, all accrued and penalty interest from 1 April, 1998 up to 23 December, 2000 (the "Debt Conversion Date") would be waived. For the secured lender, all accrued and late payment interest from 1 August, 1999 up to the Debt Conversion Date would be waived.
- The debts, based on balances as at 31 March, 1998, except for the secured lender which is at 31 July, 1999, together with the interest waived thereon as explained above, were classified into three categories and were converted as follows:

Category	Amount of debts converted (as at 31 July, 1999/31 March, 1998) RM'000	Nominal amount of RCLS issued (Note b) RM'000	Nominal amount of ICULS issued (Note b) RM'000	Number of warrants to be granted for waiver of interest (Note c)	Nominal amount of additional ICULS issued * (Note b) RM'000
A secured lender (Note a)	32,718	-	-	4,908	16,359
Other secured lenders	298,252	298,252	-	44,738	35,790
Unsecured lenders	85,813	-	85,813	4,290	10,298
	<u>416,783</u>	<u>298,252</u>	<u>85,813</u>	<u>53,936</u>	<u>62,447</u>

* The additional ICULS are issued for waiver of cash interest by the lenders.

- The amount previously owed to a secured lender prior to the debt restructuring scheme has been converted into a 5-year term loan as disclosed in Note 24.
- The RCLS and ICULS were issued during the year, as disclosed in Notes 25 and 26 respectively, and were listed on the Kuala Lumpur Stock Exchange on 16 January, 2001.
- The warrants to be issued pursuant to the debt restructuring scheme would have similar terms and conditions, including series, as of the warrants to be issued pursuant to the Proposed Rights Issue, as explained below.

- In conjunction with the debt restructuring scheme, the Company had also received approvals from the relevant regulatory authorities to undertake a rights issue of 116.7 million of Naked Warrants 2001/2006 to its shareholders on the basis of 1 Warrant for every 3 existing shares held at an indicative issue price of RM0.30 per Warrant to raise gross proceeds of RM35 million to be utilised as working capital for the Group. This was initially approved by the Securities Commission ("SC") on 13 June, 2000 but the Company had proposed to revise the indicative issue price to RM0.05 during the financial year. The draft Abridged Prospectus, in which the revision in price was proposed, was approved by the SC on 23 July, 2001.

The proposed total number of 170.6 million Warrants (53.9 million to be issued under the debt restructuring scheme and 116.7 million to be issued under the Proposed Rights Issue) would have a tenure of four and half years from the date of issuance and entitle the holder to subscribe for one new ordinary share of the Company at any time from the issue date at a price of RM1.25 per ordinary share.

40. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) During the year, the Company signed a Memorandum of Understanding with Idris Hydraulic (Malaysia) Bhd. ("Idris") for the disposal of 32,640,000 ordinary shares of RM1 each, representing a 77.71% equity interest, in Tenaga Insurance Bhd. ("TIB") which is held through one of the Company's subsidiary, AGB Properties Sdn. Bhd. ("AGB Properties").

Subsequent to year end, on 28 May, 2001, AGB Properties entered into a sale and purchase agreement with Idris to dispose of its entire equity interest of 32,640,000 ordinary shares of RM1 each, representing a 77.71% equity interest in TIB for a consideration of RM69,939,000 (which is subject to variation of not more than 5% based on final audited accounts as at 31 March, 2001) to be satisfied by the issuance of 43,711,875 new ordinary shares of RM1.00 each in Idris and/or Idaman Unggul Sdn. Bhd. ("Newco") at an issue price of RM1.60 per share.

Newco is to be formed from the Proposed Debt Restructuring exercise of Idris, where Newco would assume the listing status of Idris and Idris would then become a 100% subsidiary of Newco.

Idris has also proposed to enter into an arrangement vide the Company to acquire the remaining 22.29% equity interest of TIB, from the minority shareholders.

- (b) On 29 November, 2000, a subsidiary of the Company, Kin Khoon & Co. Sdn. Bhd. ("Kin Khoon"), entered into a business merger agreement ("Merger Agreement") with Allied Avenue Assets Securities Sdn. Bhd. (formerly known as MGI Securities Sdn. Bhd.) ("AAA") and its holding company, Avenue Assets Berhad ("AAB") for the assignment and transfer of its business assets for a sale consideration of up to RM68 million ("Purchase Price").

Pursuant to the Merger Agreement, the stockbroking businesses of Kin Khoon and AAA will be merged into a single business to be operated and managed by AAA. The stockbroking business of Kin Khoon shall be converted into a business branch of AAA.

The Merger Agreement has been approved by the relevant regulatory authorities and shareholders of the Company and is currently pending approval from the shareholders of AAB.

Until the completion of the merger, Kin Khoon will continue to operate as a stockbroker. Subsequent to the merger, Kin Khoon will venture into new business operations to be determined by the Company.

- (c) During the year, an associated company, Progaya (M) Sdn. Bhd. disposed its interest in Summit Solutions Pte. Ltd., a company incorporated in Singapore, for a cash consideration of SGD64,000.



41. SEGMENT REPORTING

Analysis by industries

Group		(Loss)/profit before taxation and extraordinary item	Gross assets employed
2001	Revenue RM'000	RM'000	RM'000
Investment holding	1,960	(66,447)	725,819
Insurance	69,318	(3,928)	135,886
Stockbroking	4,831	(20,080)	98,758
Property investment and development	-	(438)	443,726
Others	-	(70)	325
	<u>76,109</u>	<u>(90,963)</u>	<u>1,404,514</u>
Consolidation adjustments	(2,073)	(3,243)	(667,083)
	<u>74,036</u>	<u>(94,206)</u>	<u>737,431</u>
Group's share of associated companies' results	-	3,864	10,884
	<u>74,036</u>	<u>(90,342)</u>	<u>748,315</u>
2000			
Investment holding	5,312	(3,074)	714,710
Insurance	60,993	10,783	143,945
Stockbroking	20,973	2,256	159,764
Property investment and development	-	(365)	439,067
Others	-	(17)	376
	<u>87,278</u>	<u>9,583</u>	<u>1,457,862</u>
Consolidation adjustments	(5,311)	(6,493)	(649,813)
	<u>81,967</u>	<u>3,090</u>	<u>808,049</u>
Group's share of associated companies' results	-	588	8,114
	<u>81,967</u>	<u>3,678</u>	<u>816,163</u>

Segment analysis by geographical locations have not been prepared as the Group's operations are predominantly conducted in Malaysia.

42. COMPARATIVE FIGURES

The presentation of the financial statements for the current year has been changed to adopt the format as prescribed by the Malaysian Accounting Standards Board Standard 1 : Presentation of Financial Statements. Comparative figures have been reclassified to conform with this presentation, where necessary.

43. CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise stated.

ANALYSIS OF EQUITY SHAREHOLDINGS

AS AT 24 AUGUST, 2001



Authorised Share Capital	:	RM1,500,000,000
Issued and Paid-up Capital	:	RM350,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Capital
1 - 999	387	1.1780	98,872	0.0282
1,000 - 10,000	27,952	85.0820	103,895,785	29.6845
10,001 - 100,000	4,310	13.1190	114,414,915	32.6900
100,001 - 17,499,999	204	0.6210	131,590,428	37.5973
17,500,000 and Above	-	0.0000	0	0.0000
	32,853	100.0000	350,000,000	100.0000

LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. of Shares Held	% of Issued Capital
1. Kin Khoon & Co. Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Erico Estates Sdn Bhd</i>	8,750,000	2.5000
2. Arab-Malaysian Finance Berhad <i>pledged securities account for Mah Sau Cheong</i>	8,728,000	2.4937
3. South Malaysia Industries Berhad	8,503,000	2.4294
4. Mayfin Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Kin Khoon & Co. Sdn Bhd</i>	6,993,000	1.9980
5. HDM Nominees (Asing) Sdn Bhd <i>Grand Orient Securities Pte Ltd for PAX Realty & Development Pte Ltd</i>	6,619,000	1.8911
6. Public Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Mah Sau Cheong</i>	6,468,000	1.8480
7. Public Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Kin Khoon & Co. Sdn Bhd</i>	6,282,000	1.7949
8. Cartaban Nominees (Asing) Sdn Bhd <i>Prudential Securities Inc New York for Mr Ho Sai Lon Mark</i>	4,769,000	1.3626
9. RHB Merchant Nominees (Tempatan) Sdn Bhd <i>pledged securities account for South Malaysia Industries Berhad</i>	4,750,000	1.3571
10. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Finance Berhad for Kin Khoon & Co. Sdn Bhd</i>	3,034,000	0.8668
11. HSBC Nominees (Tempatan) Sdn Bhd <i>pledged securities account for South Malaysia Industries Bhd</i>	3,000,000	0.8571
12. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Credit Berhad for Megat Najmuddin Bin Haji Megat Khas</i>	1,857,000	0.5306
13. Kin Khoon & Co. Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Puncamas Indah (M) Sdn Bhd</i>	1,812,000	0.5177
14. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Credit Berhad for Panglobal Berhad</i>	1,800,000	0.5143
15. The Central Depository (Pte) Limited	1,700,010	0.4857



ANALYSIS OF EQUITY SHAREHOLDINGS

AS AT 24 AUGUST, 2001 (CONTINUED)

Name	No. of Shares Held	% of Issued Capital
16. Gong Chiok Sin	1,667,000	0.4763
17. KBB Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Kin Khoon & Co. Sdn Bhd</i>	1,635,000	0.4671
18. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Credit Berhad for Hamzah Bin Zainudin</i>	1,589,000	0.4540
19. Thong & Kay Hian Nominees (Asing) Sdn Bhd <i>UOB Kay Hian Pte Ltd for Kay Swee Tuan</i>	1,572,000	0.4491
20. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>pledged securities account for South Malaysia Industries Bhd</i>	1,500,000	0.4286
21. Menteri Kewangan Malaysia Section 29 (SICDA)	1,452,115	0.4149
22. Mayban Nominees (Tempatan) Sdn Bhd <i>Societe Generale, Singapore branch for Mah Sau Cheong</i>	1,414,000	0.4040
23. Arab-Malaysian Finance Berhad <i>pledged securities account for Hamzah Bin Zainudin</i>	1,323,243	0.3781
24. EB Nominees (Tempatan) Sendirian Berhad <i>pledged securities account for Mah Sau Cheong</i>	1,300,000	0.3714
25. Arab-Malaysian Finance Berhad <i>pledged securities account for Gabriel Voon Shau Cheong</i>	1,160,000	0.3314
26. HDM Nominees (Asing) Sdn Bhd <i>Grand Orient Securities Pte Ltd for PAX Investment Holdings Co. P/L</i>	1,106,000	0.3160
27. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund ZV6M for State Street Bank & Trust Funds for Employee Trusts</i>	1,058,000	0.3029
28. HDM Nominees (Asing) Sdn Bhd <i>Grand Orient Securities Pte Ltd for Ong Chee Meng</i>	1,021,000	0.2917
29. Eng Nominees (Asing) Sdn Bhd <i>OCBC Securities Private Limited for Allswell Foods Pte Ltd</i>	1,001,000	0.2860
30. Foo Toon Swee	1,000,000	0.2857
	94,863,368	27.1042

SUBSTANTIAL SHAREHOLDERS

	Direct	No. of Shares Held		%
		%	Indirect	
1. South Malaysia Industries Berhad	36,360,000	10.39	-	-
2. Mah Sau Cheong	18,820,000	5.38	2,174,000	0.62

DIRECTORS' INTEREST

	Direct	No. of Shares Held		%
		%	Indirect	
1. Dato' Hj Megat Najmuddin Bin Dato' Seri (Dr) Hj Megat Khas	1,857,000	0.53	-	-
2. Senator Dato' Hamzah Zainudin	2,912,243	0.83	-	-
3. Dato' Mustapha Buang	-	-	800,000	0.23
4. Gong Chiok Sin	1,992,000	0.57	-	-
5. Dato' Mohamed Salleh Bin Bajuri	-	-	-	-
6. Ong Kee Chak	-	-	-	-

ANALYSIS OF CONVERTIBLE SECURITIES HOLDINGS AS AT 24 AUGUST, 2001



4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005 ("RCSLS 2000/2005")

Nominal Value	:	RM1.00 each.
No. of Holders	:	109
Voting Rights	:	Not applicable until upon conversion into ordinary shares of RM1.00 each.

DISTRIBUTION OF RCSLS HOLDERS

Size of Holdings	No. of RCSLS Holders	% of RCSLS Holders	No. of RCSLS Held	% of RCSLS Issued
1 - 999	0	0.0000	0	0.0000
1,000 - 10,000	100	91.7431	100,000	0.0335
10,001 - 100,000	0	0.0000	0	0.0000
100,001 - 14,912,604	6	5.5046	45,991,960	15.4205
14,912,605 and Above	3	2.7523	252,160,150	84.5460
	109	100.0000	298,252,110	100.0000

LIST OF THIRTY LARGEST RCSLS 2000/2005 HOLDERS

Name	No. of RCSLS Held	% of RCSLS Issued
1. Arab-Malaysian Merchant Bank Berhad	183,167,971	61.4138
2. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Finance Bhd</i>	40,000,000	13.4115
3. PB Securities Nominees (Tempatan) Sdn Bhd <i>Public Finance Bhd (Custody)</i>	28,992,179	9.7207
4. BSNC Factors Sdn Bhd	14,850,000	4.9790
5. Malayan Banking Berhad	12,477,421	4.1835
6. PAB Nominee (Tempatan) Sdn Bhd <i>Affin Bank Bhd (Corpbanking)</i>	5,715,274	1.9162
7. Kewangan Bersatu Berhad	5,575,643	1.8694
8. CIMSEC Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd</i>	5,000,000	1.6764
9. PAB Nominee (Tempatan) Sdn Bhd <i>pledged securities account for Asian Pac Holdings Bhd (BSNC - Jln Bonus)</i>	2,373,622	0.7958
10. Soo Choi Foong	1,000	0.0003
11. Chong Soi Cheon	1,000	0.0003
12. Low Siew Beng	1,000	0.0003
13. Ong Eng Hin	1,000	0.0003
14. Ham Sai Kit	1,000	0.0003
15. Yong Wee Lang	1,000	0.0003
16. Chin Set Fah	1,000	0.0003
17. Lee Lai Leng	1,000	0.0003
18. Wong Li Wan	1,000	0.0003
19. Ooi Seok Peng	1,000	0.0003
20. Chan Kai Hoong	1,000	0.0003



ANALYSIS OF CONVERTIBLE SECURITIES HOLDINGS AS AT 24 AUGUST, 2001 (CONTINUED)

Name	No. of RCSLS Held	% of RCSLS Issued
21. Low Seow Chin	1,000	0.0003
22. Yap Tsai Peng	1,000	0.0003
23. Pok Yaw Fee	1,000	0.0003
24. Ong Joo Sim	1,000	0.0003
25. Tan Tian Chew	1,000	0.0003
26. Lee Boon Seng	1,000	0.0003
27. Low Ai Liang	1,000	0.0003
28. Lo Kit Peng	1,000	0.0003
29. Chong Chee Wai	1,000	0.0003
30. Ong Joo Cheng	1,000	0.0003
	298,173,110	99.9726

4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005 ("ICULS 2000/2005")

Nominal Value	:	RM1.00 each.
No. of Holders	:	125
Voting Rights	:	Not applicable until upon conversion into ordinary shares of RM1.00 each.

DISTRIBUTION OF ICULS HOLDERS

Size of Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS Held	% of ICULS Issued
1 - 999	0	0.0000	0	0.0000
1,000 - 10,000	100	80.0000	100,000	0.0674
10,001 - 100,000	0	0.0000	0	0.0000
100,001 - 7,412,964	20	16.0000	39,914,097	26.9218
7,412,964 and Above	5	4.0000	108,245,211	73.0108
	125	100.0000	148,259,308	100.0000

LIST OF THIRTY LARGEST ICULS 2000/2005 HOLDERS

Name	No. of ICULS Held	% of ICULS Issued
1. Arab-Malaysian Finance Bhd	48,000,000	32.3757
2. Arab-Malaysian Merchant Bank Bhd	21,980,156	14.8255
3. Malaysia Building Society Bhd	16,358,950	11.0340
4. Kwan Chu Wah	14,460,000	9.7532
5. CIMSEC Nominees (Tempatan) Sdn Bhd <i>Danaharta Urus Sdn Bhd</i>	7,446,105	5.0224
6. MP Factors Sdn Bhd	5,040,000	3.3994
7. Bumiputra-Commerce Factoring Bhd	5,040,000	3.3994

ANALYSIS OF CONVERTIBLE SECURITIES HOLDINGS

AS AT 24 AUGUST, 2001 (CONTINUED)



Name	No. of ICULS Held	% of ICULS Issued
8. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Finance Bhd</i>	4,800,000	3.2376
9. PB Securities Nominees (Tempatan) Sdn Bhd <i>Public Finance Bhd (Custody)</i>	3,491,061	2.3547
10. AMSEC Nominees (Tempatan) Sdn Bhd <i>Arab-Malaysian Bank Bhd</i>	2,800,000	1.8886
11. Mayban Nominees (Tempatan) Sdn Bhd <i>Societe Generale, Singapore branch for Mah Sau Cheong</i>	2,700,000	1.8211
12. Alliance Bank Malaysia Berhad	2,500,000	1.6862
13. HDM Nominees (Tempatan) Sdn Bhd <i>Vickers Ballas & Company Pte Ltd For Mah Sau Cheong</i>	2,500,000	1.6862
14. BSNC Factors Sdn Bhd	1,782,000	1.2019
15. Azainariah Bt Mohd Yusof	1,500,000	1.0117
16. Malayan Banking Berhad	1,497,291	1.0099
17. UOBM Nominees (Tempatan) Sdn Bhd <i>United Overseas Bank (Malaysia) Bhd</i>	1,232,000	0.8310
18. HDM Nominees (Tempatan) Sdn Bhd <i>DBS Bank Labuan Branch For Mah Sau Cheong</i>	1,000,000	0.6745
19. Public Nominees (Tempatan) Sdn Bhd <i>pledged securities account for Kwan Chu Wah</i>	900,000	0.6070
20. Hamzah Bin Zainudin	932,000	0.6286
21. PAB Nominee (Tempatan) Sdn Bhd <i>Affin Bank Berhad (Corpbanking)</i>	685,833	0.4626
22. Kewangan Bersatu Berhad	669,077	0.4513
23. HLB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Berhad</i>	560,000	0.3777
24. PAB Nominee (Tempatan) Sdn Bhd <i>pledged securities account for Asian Pac Holdings Berhad (BSNC - Jln Bonus)</i>	284,835	0.1921
25. Soo Choi Foong	1,000	0.0007
26. Chong Soi Cheon	1,000	0.0007
27. Low Siew Beng	1,000	0.0007
28. Ong Eng Hin	1,000	0.0007
29. Ham Sai Kit	1,000	0.0007
30. Yong Wee Lang	1,000	0.0007
	148,165,308	99.9365



LIST OF PROPERTIES HELD AS AT 24 AUGUST, 2001

LOCATION	DESCRIPTION	EXISTING USE	TENURE	AGE OF BUILDING	AREA	NET BOOK VALUE RM'000	VALUATION / ACQUISITION DATE
Lot 216, Jln. Pekeliling Tanah Rata Cameron Highlands	2 storey bungalow	For Rental	Leasehold Expires : 30/1/2072	25	32,505 sq. ft.	296	1/4/1991
PT 15193, HS (D) 94775, Lot No. 46349, 46350 & 46353 Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 10/1/2087	N/A	87.42 acres	105,135	21/10/1988
Lot No. D/10/007, D/10/008, D/10/009, D/10/13A Kelana Entrepreneurs' Exchange, Kelana Jaya, Selangor	Office Lots	For Rental	Leasehold Expires: 14/4/2089	1	4,564 sq.ft.	1,185	11/12/2000
No. 15, Jalan 3/116D Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	4 1/2 Storey Shop / Office	Office Premises	Leasehold Expires: 23/6/2081	6	13,904 sq. ft.	1,628	27/05/1994
No. 1, Jalan 1/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	7 Storey Shop / Office	For Rental	Leasehold Expires: 26/2/2097	4	43,498 sq. ft.	7,042	30/06/1997
Block B, Lot 12 Damai Point Off Jalan Damai Kota Kinabalu, Sabah	3 Storey Shop / Office	Office Premises	Leasehold Expires: 27/8/2916	2	5,344 sq. ft.	1,017	01/04/1999
Kota Kinabalu, Sabah Title No. TL17533505	Land held for development	Vacant	Leasehold Expires: 31/12/2076	N/A	15.45 acres	190,000	7/12/1996
Title No. TL17540500	Land held for development	Vacant	Leasehold Expires: 31/12/2080	N/A	8.0 acres		
Lot No. 2316 and 2317 Mukim of Ayer Puteh Daerah Pendang, Kedah	Land held for development	Vacant	Freehold	N/A	688 acres	60,000	06/08/1998
Lot No. 13772s, Geran No. 10602/M1/1/1 & M1/N1/2, Lot No. 13771s, Geran No. 10601/M1/1/2, Bandar Ipoh, Daerah Kinta Perak	Wisma Kota Emas Ground & Mezzanine Floor	Trading Hall / Office Premises	Freehold	18	7,958 sq.ft.	1,181	29/11/1997



ASIAN PAC HOLDINGS BERHAD

(Company No. 129-T)
(INCORPORATED IN MALAYSIA)

PROXY FORM

I/We, of

.....
being a member of ASIAN PAC HOLDINGS BERHAD, hereby appoint

.....
of

or failing him, the Chairman of the Meeting as my/our Proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the Cempaka Room, Hotel Equatorial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 27 September, 2001 at 10.30 a.m. and at any adjournment thereof.

With reference to the Agenda set forth in the Notice of Meeting, please indicate with an "X" in the spaces provided below how you wish your votes to be cast in resolutions specified.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To receive the Accounts and Reports		
2.	To re-elect the following Directors:		
	i) Yg. Bhg. Dato' Mohamed Salleh Bin Bajuri		
	ii) Mr Gong Chiok Sin		
	iii) Mr Ong Kee Chak		
3.	To re-appoint Auditors		
4.	To give authority under Section 132E of the Companies Act, 1965		
	SPECIAL RESOLUTION:		
5.	To adopt new Articles of Association		

Subject to any voting instructions so given, the proxy will vote or may abstain from voting on any resolutions as he may think fit.

Signed this day of 2001

Number of shares held

.....
Signature(s)

Notes :

- 1) A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy need not be a member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints more than one proxy to attend the same meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy.
- 2) An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his/her attorney and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.
- 3) An instrument appointing a proxy must be deposited at the Registered Office of the Company at 11th Floor, Menara SMI, 6 Lorong P. Ramlee, 50250 Kuala Lumpur not less than forty eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

