



**ASIAN PAC HOLDINGS BERHAD**  
(Company No. 129-T)



annual  
report  
**2002**

# Content

---

Notice of Annual General Meeting .....	2 - 3
Statement Accompanying Notice of Annual General Meeting .....	4
Notice of Nomination of Auditors .....	5
Corporate Information .....	6
Board of Directors .....	7 - 9
Audit Committee Report .....	10 - 12
Statement on Corporate Governance and Other Information .....	13 - 15
Statement on Internal Controls .....	16 - 17
Directors' Responsibility Statement .....	17
Chairman's Statement .....	18 - 20
Directors' Report .....	21 - 25
Statement by Directors .....	26
Statutory Declaration .....	26
Auditors' Report .....	27
Balance Sheet .....	28
Income Statements .....	29
Statements of Changes in Equity .....	30
Cash Flow Statements .....	31 - 32
Notes to the Financial Statements .....	33 - 62
List of Properties Held .....	63
Analysis of Equity Shareholdings .....	64 - 65
Analysis of Convertible Securities Holdings .....	66 - 68
Analysis of Warrantholdings .....	69 - 70
Proxy Form .....	Enclosed

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighty-Fourth Annual General Meeting of the Company will be held at the West VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 25 September, 2002 at 11.30 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 2002 and the Reports of the Directors and Auditors.
2. To approve the Directors' Fees for the year ended 31 March 2002.
3. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-
  - i) Yg. Bhg. Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas;
  - ii) Yg. Bhg. Dato' Mohamed Salleh bin Bajuri.
4. To appoint Auditors and to authorise the Directors to fix their remuneration.

Notice of Nomination pursuant to Section 172 (11) of the Companies Act, 1965 had been received by the Company for the nomination of Messrs Ernst & Young who have given their consent to act, for appointment as Auditors of the Company in place of the retiring Auditors and of the intention to propose the following ordinary resolution:

"THAT Messrs Ernst & Young be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Arthur Andersen & Co. and such appointment shall be until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."

### As Special Business

5. To consider and, if thought fit, pass the following Resolution with or without modifications as **Ordinary Resolution**:

#### **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."

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  
3 September, 2002

### **Explanatory Notes on Special Business:**

#### **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.

#### **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. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting.*
- 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

## The names of individuals who are standing for election or re-election:

- a) Dato' Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas; and
- b) Dato' Mohamed Salleh bin Bajuri.

## Details of Directors who are standing for re-election:

The details of the above named Directors who are standing for re-election at the Eighty-Fourth Annual General Meeting and their shareholdings are set out in the Directors' Profiles appearing on page 7 to 9.

## The details of attendance of directors at board meetings:

There were nine (9) board meetings held during the financial year ended 31 March 2002. The numbers of meetings attended by each director are as follows:

	<b>Attendance</b>
a) Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	5
b) Dato' Mustapha bin Buang	9
c) Gong Chiok Sin	9
d) Senator Dato' Hamzah bin Zainudin	9
e) Dato' Mohamed Salleh bin Bajuri	8
f) Ong Kee Chak	4

## The place, date and hour of the Annual General Meeting:

The West VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur at 11.30 a.m. on Wednesday, 25 September, 2002

# Notice of Nomination of Auditors

**GONG CHIOK SIN**  
No. 3, Jalan SS 3/88  
47300 Petaling Jaya

26 August, 2002

Asian Pac Holdings Berhad  
11th Floor, Menara SMI  
No. 6 Lorong P. Ramlee  
50250 Kuala Lumpur

Dear Sirs

## **NOTICE OF NOMINATION OF AUDITORS**

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company hereby give notice of my intention to nominate Messrs Ernst & Young for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual General Meeting of the Company to replace the retiring auditors, Messrs Arthur Andersen & Co.:

"THAT Messrs Ernst & Young be and are hereby appointed Auditors of the Company in place of the retiring Auditors, Messrs Arthur Andersen & Co. and such appointment shall be until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors.

Yours faithfully

**GONG CHIOK SIN**



# Corporate Information

## DIRECTORS:

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

## AUDIT COMMITTEE:

Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	- Chairman-Independent Non-Executive Director
Senator Dato' Hamzah bin Zainudin	- Independent Non-Executive Director
Dato' Mohamed Salleh bin Bajuri	- Independent Non-Executive Director
Dato' Mustapha bin 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:

Tenaga Koperat Sdn Bhd  
20th Floor, Plaza Permata  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : (03) 4041 6522  
Fax: (03) 4042 6352

## PRINCIPAL BANKERS:

Alliance Bank Malaysia Berhad  
Malayan Banking Bhd  
Public Bank Berhad

# Board of Directors

## **Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas**

Malaysian, aged 57 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, Nomination 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").

Dato' Megat also holds directorships in Seal Incorporated Bhd, SEG International Bhd, MY-Infotech (M) Berhad and Dialog Group Berhad.

He has direct shareholding of 1,857,000 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended five out of the nine board meetings that were held in the financial year ended 31 March 2002.

## **Dato' Mustapha bin Buang**

Malaysian, aged 54 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 and Remuneration Committees.

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.

He has indirect shareholding of 800,000 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the nine board meetings held in the financial year ended 31 March 2002.



### **Gong ChioK Sin**

Malaysian, aged 52 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 was also an Executive Director of Gula Perak Bhd from 1989 to 1993.

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

He has direct shareholding of 1,667,000 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the nine board meetings that were held in the financial year ended 31 March 2002.

### **Senator Dato' Hamzah bin Zainudin**

Malaysian, aged 45 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, Nomination 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 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 and Bintai Kinden Corporation Berhad. These companies are listed on the Kuala Lumpur Stock Exchange.

He has direct shareholding of 2,912,243 ordinary shares of RM1.00 each in Asian Pac Holdings Berhad.

Senator Dato' Hamzah 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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended all the nine board meetings held in the financial year ended 31 March 2002.



### **Dato' Mohamed Salleh bin Bajuri**

Malaysian, aged 51 was appointed an Independent Non-Executive Director of the Company on 27 March 2001. He is also a member of the Audit, Nomination and Remuneration Committees of the Company.

He is a Chartered Accountant from the Institute of Chartered Accountants, Ireland.

He started his career in Malaysia 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, Tongkah Holdings Berhad, Eden Enterprise (M) Berhad and London Biscuit Berhad, public companies listed on the Kuala Lumpur Stock Exchange.

He has no shareholding in Asian Pac Holdings Berhad.

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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended eight out of the nine board meetings held in the financial year ended 31 March 2002.

### **Ong Kee Chak**

Malaysian, aged 54 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 OJY 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.

He has no shareholding in Asian Pac Holdings Berhad.

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 a personal interest. He does not have any convictions for offences within the past 10 years.

He attended four out of the nine board meetings that were held in the financial year ended 31 March 2002.

# 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 Non-Executive Director
Senator Dato' Hamzah bin Zainudin	- Independent Non-Executive Director
Dato' Mohamed Salleh bin Bajuri	- Independent Non-Executive Director
Dato' Mustapha bin 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;
  - their evaluation of the system of internal controls;
  - their 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 auditors.
- 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 transactions 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:

	<b>Attendance</b>
Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	1
Senator Dato' Hamzah bin Zainudin	6
Dato' Mohamed Salleh bin Bajuri	5
Dato' Mustapha bin Buang	6
Gong Chiok Sin	2

## SUMMARY OF ACTIVITIES

Pursuant to the terms of reference of the Committee, the following activities were carried out by the Committee during the year ended 31 March 2002 in the discharge of its duties and responsibilities:

- a) Review of the audit plans for the year 2001/2002 for the Company and the Group prepared by the internal and external auditors to ensure adequate scope and coverage over the activities of the Group;
- b) Review of the audit reports for the Company and the Group prepared by the internal and external auditors and consideration of the major findings by the auditors and management's responses thereto and ensuring material findings are adequately addressed by management;
- c) Review of the quarterly and annual reports of the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- d) Review of the Company's status of compliance with the Malaysian Code on Corporate Governance for the purpose of the issuing of a Corporate Governance Statement pursuant to the requirement of paragraph 15.26 of the KLSE Listing Requirements; and
- e) Commissioning of special reviews on specific areas of operations of the Companies in the Group.

## INTERNAL AUDIT FUNCTION

The Internal Audit Department of the Group was established to assist the Audit Committee in discharging its duties and responsibilities.

The Internal Audit Department undertakes internal audit functions based on an audit plan that is reviewed by the Audit Committee and approved by the Board. However, where relevant or necessary, special ad-hoc audits were also performed.

A systematic and disciplined approach is adopted to provide required assurance to stakeholders and also to add value across the Board so as to improve the Group's operations by providing independent, objective assurance and consulting activities. These are designed to evaluate and enhance risk management, control and governance processes to assist Management to achieve its goals.

Going forward, the Internal Audit Department will further enhance its risk-based auditing techniques, enhance the level of staff expertise and benchmark itself against world class practices in internal auditing so as to enable the Group to ultimately achieve corporate excellence.

# Statement on Corporate Governance and Other Information

The Board of Directors is committed to maintaining high standards of corporate governance and ensuring that the principles and best practices on corporate governance are observed and practiced throughout the Group. It strives to continually improve and comply with the processes and structure as articulated in the Principles and Best Practices set out in the Malaysian Code on Corporate Governance ("the Code").

The principles of the Code are divided into four Sections:

- Section 1 : Directors
- Section 2 : Directors' Remuneration
- Section 3 : Shareholders
- Section 4 : Accountability and Audit

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

## SECTION 1 : DIRECTORS

### The Board of Directors and Board Balance

The Board presently has six (6) members, which comprises the Managing Director, an Executive Director and four independent non-executive directors. Together, the Directors have the necessary mix of skills and experience ranging from business, finance and corporate to general disciplines in managing the Group's business. A profile of each Director is presented on pages 7 to 9.

No individual or group of individuals dominates the Board's decision making and the number of directors reflects fairly the investment of the shareholders. The presence of a majority of independent non-executive Directors in the Board ensures the balance of power in the exercise of objective and independent judgement on corporate issues dealt with at the Board level to safeguard the interest of the minority shareholders.

### Supply of Information

The Directors are provided with timely and relevant information to discharge their duties and responsibilities, which include, amongst other, quarterly, half yearly and annual financial statements, board papers recommending business and operational decisions, corporate and business development plans, status reports, minutes of meeting and reports/opinions from independent advisors.

All Directors have access to the Group's senior management and the advice and services of the Company Secretary. If required, the Directors, whether as a full Board or in their individual capacity may take independent professional advice in the furtherance of their duties at the Company's expense.

### Appointments to the Board

A Nomination Committee was formalised on 29 May 2002, comprising three independent non-executive Directors namely Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas, Senator Dato' Hamzah bin Zainudin and Dato' Mohamed Salleh bin Bajuri. This Committee is empowered to bring to the Board recommendations as to the appointment of any new executive or non-executive director, provided that the Chairman of the Nomination Committee, in developing such recommendations, consults all directors and reflects that consultation in any recommendation of the Nomination Committee brought forward to the Board.

### Re-election

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first Annual General Meeting after their appointment. The Articles also provided that at least one-third of the Board including the Executive Directors shall be subject to re-election by rotation at each Annual General Meeting.

### 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.

## SECTION 2 : DIRECTORS' REMUNERATION

### Remuneration Policy and Procedure

The Remuneration Committee set up in May 2001, comprises three independent non-executive Directors, namely Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas, Senator Dato' Hamzah bin Zainudin and Dato' Mohamed Salleh bin Bajuri together with the Managing Director, Dato' Mustapha bin Buang.

The Committee reviews the annual salaries, incentive arrangements, service arrangements and other employment conditions for the executive Directors. They shall ensure that the Company's Directors are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration shall be sufficient to attract and retain Directors to run the Company and Group successfully.

The determination of the remuneration of the non-executive Directors is a matter for the Board as a whole. Decisions and recommendations of the Committee shall be reported back to the Board for approval and ratification and where required by the rules and regulations governing the Company, for approval of shareholders in general meeting. The remuneration of Executive Directors is compatible with their corporate and individual performances while the level of remuneration for Non-executive Directors shall reflect the experience and level of responsibility undertaken by the particular Non-executive Director concerned. No director shall be involved in deciding his own remuneration.

The details of the total remuneration of each director of the Company during the financial year are as follows:

	Basic Salary/ Fees RM	Allowance RM	Bonus RM	Other Benefits RM	Total 2002 RM
<b>Executive</b>					
Dato' Mustapha bin Buang	375,000	36,270	25,000	52,362	488,632
Gong Chiok Sin	332,040	-	27,670	43,212	402,922
	<u>707,040</u>	<u>36,270</u>	<u>52,670</u>	<u>95,574</u>	<u>891,554</u>
<b>Non-Executive</b>					
Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	108,000	-	-	-	108,000
Senator Dato' Hamzah bin Zainudin	162,000	-	-	-	162,000
Dato' Mohamed Salleh bin Bajuri	36,000	-	-	-	36,000
Ong Kee Chak	24,000	-	-	-	24,000
	<u>330,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,000</u>
Grand total	<u>1,037,040</u>	<u>36,270</u>	<u>52,670</u>	<u>95,574</u>	<u>1,221,554</u>

## SECTION 3 : SHAREHOLDERS

### Dialogue Between Company and Investors

Shareholders and investors are kept informed of all major developments within the Group by way of announcements via the KLSE LINK, the Company's annual reports and other circulars to shareholders. The principle forum for dialogue with shareholders is during the Annual General Meetings.

At each Annual General Meeting, the Board presents the progress and performance of the business and encourages shareholders to participate in a question and answer session. Directors are available to respond to shareholders' questions during the meeting. Extraordinary General Meetings are held as and when required.

## SECTION 4 : ACCOUNTABILITY AND AUDIT

### Financial Reporting

For financial reporting through quarterly reports to the KLSE and the annual report to shareholders, the Directors have a responsibility to present a fair statement of the Group's position and prospect. The Audit Committee assists the Board in reviewing information for disclosure to ensure accuracy, adequacy and completeness. The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out on page 26 of this Annual Report.

### **Internal Control**

Information on the Group's Internal Control is presented in the Statement on Internal Control laid out on page 16.

### **Relationship with Auditors**

The role of the Audit Committee in relation to external auditors may be found in the Audit Committee Report. The Company has always maintained a close and transparent relationship with its auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia. The role of the Audit Committee in relation to external auditors may be found in the Audit Committee Report.

## **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**

During the financial year, the Company raised RM5.8 million through the Rights Issue of 116.7 million Naked Warrants and as at the financial year ended 31 March 2002, these proceeds were fully utilised.

### **Share Buybacks**

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

### **Options, Warrants or Convertible Securities Exercised**

There were no options, warrants or convertible securities exercised during the financial year ended 31 March 2002.

### **American Depository Receipt ("ADR") and Global Depository ("GDR")**

During the financial year, the Company did not sponsor any ADR or GDR programme.

### **Sanctions and/or Penalties Imposed**

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

### **Non-Audit Fee**

During the financial year, non-audit fee paid to the external auditors amounted to RM129,210.

### **Variation in Results**

There were no variances of 10% or more for the results of the financial year and the unaudited results.

### **Profit Guarantee**

During the financial year, there were no profit guarantees given by the Company.

### **Material Contracts Involving Directors' and Substantial Shareholders' Interest**

The Company and its subsidiaries did not enter into any material contracts which involved the interests of the Directors' or substantial shareholders' during the financial year.

Statement made in accordance with the resolution of the Board of Directors dated 28 August 2002.

**DATO' HJ MEGAT NAJMUDDIN BIN DATO' SERI (DR) HJ MEGAT KHAS**  
Chairman

# Statement on Internal Controls

## Introduction

Pursuant to paragraph 15.27(b) of the Kuala Lumpur Stock Exchange (“KLSE”) Listing Requirements, the Board of Directors (“the Board”) of Asian Pac Holdings Berhad (“the Company”) is pleased to provide the following statement on the state of internal control of the Company and its subsidiaries (“the Group”), which has been prepared in accordance with the “Statement of Internal Control : Guidance for Directors of Public Listed Companies” issued by the Institute of Internal Auditors Malaysia and as adopted by the KLSE.

## Board of Director’s Responsibility

The Board of Directors of the Company acknowledges its responsibilities for the systems of internal controls, in order to safeguard the assets of the Group and shareholders’ investments, and for reviewing the adequacy and integrity of such system. However, such systems are intended to manage rather than eliminate the risk of failure to achieve business objectives. The systems can only provide reasonable and not absolute assurance against material misstatement of loss.

## Risk Management

The Company is in the midst of establishing a risk management policy. This risk management policy shall include a risk management framework that encompasses a risk management system which identifies and assesses systematically and at regular intervals the risks which could threaten the Company’s and the Group’s existence. This risk management policy also seeks to ensure that adequate financial resources are available for the development of the Group’s businesses whilst managing its currency, interest rate, market, credit, liquidity and cash flow risk.

## Maintaining a Sound System of Internal Control and Financial Reporting

The Company has a well defined organisation structure with clearly defined lines of authority, responsibility and accountability. Various procedural manuals, authority limits and internal guidelines have been enacted and communicated to all levels of management and staff so that they are aware of what is expected of them and the discretion that they may exercise in the course of their daily work.

The key strategies to achieve the Group’s business plans and budgets are approved by the Board. The management performs monthly review to monitor the performance of the Group. The budget is monitored and major variances are followed-up by the management. These are then reported to the Board on a quarterly basis.

The Company’s financial system records business transactions to produce quarterly reports that allow management to focus on key areas of concern. The public release of quarterly financial reporting of the Group will only be made after being reviewed by the Audit Committee and approved by the Board.

## Board Review of System of Internal Control, Audit Committee and the Internal Audit Function

The Board also review the system of internal control regularly. This requirement is consistent with the requirements of KLSE Listing requirements. To assist the Board in the review of internal controls systems, the Board has set up an effective Audit Committee of the Board and an effective Group Internal Audit Function.



An independent non-executive Director chairs the Audit Committee which meets at least 4 times a year to carry out its functions and duties pursuant to its terms of reference. The key processes undertaken by the audit committee in carrying out its review include the operation and regular the operation and regular updating of internal control, both financial and non-financial, review of external audit reports and legal updates. With the establishment of an internal audit function, the Audit Committee will be better positioned to gauge the effectiveness and adequacy of the system of internal controls. Appropriate recommendations for improvement will then be made to the board for approval.

The Group Internal auditors, who are independent of the operational activities of the company, conduct regular audits on the internal controls and risk management practices the Company as well as its material operating subsidiaries. The Internal Audit Function of the Group complies with the requirements of KLSE and BNM. These regulations emphasizes on the internal auditors independence, objectivity and professional proficiency. The core function of the internal auditors is to perform an independent appraisal of the Group's activity, to provide assurance on the proper implementation of the systems of internal control and to help management accomplish its objectives by bringing a systematic, desciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

## Conclusion

Based on the assessment of the internal controls of the group, the Board of Directors is of the opinion that the state of internal controls of the Group is adequate for the current needs of the Group. The Board is also of the view that there is no significant breakdown or weaknesses in the system of internal control that could potentially result in material losses for the Group for the financial year ended 31 March 2002.

The Board will ensure that the internal control system of the Group will continuously improve to meet the changing and challenging operating environment. On going reviews will be continuously carried out, in accordance with "Statement of Internal Control: Guidance for Directors of Public Listed Companies", to ensure continued effectiveness of the system.

This statement is made in accordance with a resolution of the Board of Directors dated 28 August, 2002.

# 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 2002, 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.

**DATO' HJ MEGAT NAJMUDDIN BIN DATO' SERI (DR) HJ MEGAT KHAS**  
Chairman

28 August, 2002

# Chairman's statement

On behalf of the Board, I am pleased to present the Annual Report and audited Financial Statements of the Group and the Company for the financial year ended 31 March, 2002.

## PERFORMANCE REVIEW

For the financial year ended 31 March 2002, the consolidated revenue of the Group decreased by 5.6% to RM69.9 million as against RM74 million in the preceding year. The decrease is mainly due to the cessation of contribution from the stock-broking business which was transferred to Avenue Securities Sdn Bhd ("ASSB" formerly known as Allied Avenue Assets Securities Sdn Bhd) on 4 February 2002.

The Group achieved a pre-tax profit of RM9.8 million for the year ended 31 March 2002 as compared to a pre-tax loss of RM90.3 million in the preceding year. The improvement in results in the current financial year was mainly due to the gain from the disposal of the stock-broking business after deducting the provision of doubtful debts, provision for diminution in value of quoted investments, amortisation of premium payable for the Company's Redeemable Convertible Secured Loan Stocks ("RCSLS") and amortisation of goodwill.

## OPERATIONAL REVIEW

### Stock-broking

The stock-broking segment recorded a turnover of RM2.4 million as compared to RM4.8 million in the preceding year. The lower turnover in the stock-broking segment was largely due to lower trading volume on the Kuala Lumpur Stock Exchange and cessation of the stock-broking business on 4 February 2002.

Nevertheless, the stock-broking segment achieved a gain from the disposal of the stock-broking business and this reversed the preceding year's pre-tax loss of RM20.1 million to pre-tax profit of RM19.4 million in the current financial year.

### Insurance Services

For the year under review, the insurance segment reported a gross premium of RM67.5 million, a decrease of 2.6% as compared to the gross premium of RM69.3 million in the preceding year. The lower gross premium was mainly due to the uncertainties associated with the proposed disposal of the insurance business to Tahan Insurance Bhd ("Tahan" - formerly known as Talasco Insurance Bhd), a wholly owned subsidiary of Idris Hydraulic (Malaysia) Bhd ("Idris").

However, the overall performance of the insurance segment improved significantly with pre-tax profit of RM2.6 million as compared to pre-tax loss of RM3.9 million in the preceding year. The favourable performance was largely due to writebacks of provision arising from the improvement in the share prices in the investment portfolio.

Meanwhile, the Company made an appeal to Bank Negara Malaysia ("BNM") to waive the requirements to increase its paid-up share capital and margin of solvency to RM100 million by 31 December 2001 pursuant to Section 18(1) and Section 46(1) of the Insurance Act 1996 due to the impending disposal of the insurance business to Tahan.



## Property Development

The Group's involvement in the property development sector is through its subsidiaries namely, BH Realty Sdn Bhd ("BH Realty"), Syarikat Kapasi Sdn Bhd and Selamat Ayer Puteh & Co. Sdn Bhd. and an associated company, Glomac Enterprise Sdn Bhd.

The initial development in Klang Valley will be spearheaded by BH Realty which owns 84 acres as land bank in Kepong Entrepreneurs' Park which is strategically located within the vicinity of the integrated township of Kepong, Jinjang, Segambut, Selayang and many others.

Towards the end of March 2002, a soft launch was initiated for the proposed development of 48 units of 4 1/2 storey shops/office suites in Kepong Entrepreneurs' Park which was aptly named Fortune Square. Fortune Square proved to be a great investment opportunity with the sale of the shop units fully taken up within weeks of the said launch.

The other proposed developments submitted to the authorities by BH Realty included 88 units of 4 1/2 story shops/apartments, 132 units of 10 storey shop/apartments, 1,356 units of medium cost apartments and 676 units of medium cost condominiums which are expected to be launched in stages commencing in the fourth quarter of year 2002. These proposed developments are expected to be completed by year 2008.

Following the Group's exit from the stock-broking business and the impending completion of the insurance business, the Group's main operating business will now focus on property development. As such, the Company needs to actively seek out new business opportunities/partners, to identify suitable development projects and strategic land banks to complement or increase our involvement in the property sector

## CORPORATE DEVELOPMENT

**A number of corporate events took place during the year under review. They were as follows:**

- **170.6 million Asian Pac's Warrants 2001/2006**

The Rights Issue of 116.7 million Naked Warrants together with 53.9 million of free Warrants pursuant to the Debt Restructuring Scheme were completed with the allotment made on 16 October 2001 and listed on the Kuala Lumpur Stock Exchange on 24 October 2001.

- **Disposal of Stock-broking Business**

The disposal of the Stock-broking business by our wholly-owned subsidiary, Kin Khoon & Co. Sdn Bhd ("Kin Khoon") to ASSB pursuant to the Business Merger Agreement ("BMA") dated 29 November 2000 was completed on 4 February 2002 with the transfer of Kin Khoon's business assets to ASSB.

As such, with effect from 4 February 2002, Kin Khoon has ceased its operations as a dealer of stock and shares, while its subsidiaries, namely Kin Khoon & Co Nominees (Tempatan) Sdn Bhd and Kin Khoon & Co. (Asing) Sdn Bhd had ceased its nominees operations. Currently, Kin Khoon has been concentrating in the collection of debts from its clients and identifying new business opportunities.



- **Proposed Disposal of Tenaga Insurance Bhd ("Tenaga")**

BNM has initiated measures to strengthen and encourage greater competition to spur the development of a more efficient and resilient financial services industry to meet the challenges arising from the liberalization and globalization. This has resulted in the need of more funds and since the Group has just completed its debt restructuring exercise, it was hard pressed for the Group to meet some of the measures imposed by BNM as mentioned in the operations review of the insurance segment.

The Group then has decided to dispose its 77.71% equity interest in Tenaga to Tahan for a cash consideration of RM68,933,349. A Vesting Order was granted by the High Court of Malaya to transfer all assets and liabilities of Tenaga to Tahan by 31 August 2002. Currently, the disposal of Tenaga is conditional upon the injection of RM100 million funds into Tahan by Idris to comply with the margin of solvency by Tahan.

- **Redemption of Redeemable Convertible Secured Loan Stocks ("RCSLS")**

During the financial year, pursuant to the Debt Restructuring Agreement dated 6 March 2000, Letter of Undertaking and Memorandum of Deposit dated 19 December 2000, the Company redeemed RM4.397 million RCSLS from the Specific Secured Lenders ("SSL"). Subsequent to the financial year end, to complete the Company's obligations under the Letter of Undertaking, a further RM3.969 million RCSLS was redeemed from the SSL.

## PROSPECTS

In the light of current world economic uncertainties which have a direct effect in our economic growth. We remain cautious as to the prospects for the property sector which is our core business for the forthcoming year. As such, we will continue to rationalize all our operating units and ensure proper product mix, pricing and launching for the development projects in Kepong Entrepreneurs' Park.

## APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere appreciation and gratitude to the management and staff of the Group for their contribution, commitment and continued support shown during the year.

I also wish to express my sincere appreciation and gratitude to the shareholders for your continued support and to my fellow directors for their contribution and commitment to the Group.

**DATO' HJ MEGAT NAJMUDDIN BIN DATO' SERI (DR.) HJ MEGAT KHAS**  
Chairman

28 August, 2002

# Directors' Report

## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 March, 2002.

## PRINCIPAL ACTIVITIES

The Company is principally involved in the holding of securities for investment purposes and provision of management services. The Company also intends to commence operations in the trading of building materials.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. During the current financial year, Kin Khooon & Co. Sdn. Bhd. has surrendered its stockbroking license following the disposal of its stockbroking assets as mentioned in Note 40 to the financial statements. As such, Kin Khooon & Co. Sdn. Bhd. and its subsidiaries, namely Kin Khooon & Co. Nominees (Tempatan) Sdn. Bhd. and Kin Khooon & Co. Nominees (Asing) Sdn. Bhd., have ceased their respective operations as stockbroker and nominees respectively. Kin Khooon & Co. Sdn. Bhd. is now an investment holding company while its subsidiaries are dormant.

Other than as stated above, there have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit/(loss) for the year	7,328	(11,324)
Minority interest	(42)	-
Profit/(loss) for the year	<u>7,286</u>	<u>(11,324)</u>

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous 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 there were no known bad debts 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 require any amounts to be written off as bad debts or render the amount provided for as doubtful debts in the financial statements of the Group and the Company 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 Group and the Company 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 Group and the Company misleading.

## **VALUATION METHODS**

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

## **ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and the Company 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 Note 40 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 Group or the Company 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.

## WARRANTS

The 2001/2006 Warrants are constituted by a Deed Poll dated 1 August, 2001 executed by the Company. The Warrants were listed on the Kuala Lumpur Stock Exchange on 24 October, 2001. The main features of the 2001/2006 Warrants are as follows:

- (a) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM1.25, subject to adjustment in accordance with the provisions in the Deed Poll.
- (b) The warrants may be exercised at any time on or before the expiry date of four and a half (4½) years from the date of issue of the rights to allotment of warrants of 16 October, 2001. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
- (c) The new ordinary shares of RM1 each to be issued pursuant to the exercise of the warrants will rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the record date of which is on or before the date of allotment and issue of the new ordinary shares of the Company pursuant to the exercise of the warrants.

For the purpose hereof, record date means the date as at the close of business on which the shareholders must be registered as members of the Company in order to participate in any dividends, rights, allotments or any other distributions.

As at the balance sheet date, the entire 2001/2006 Warrants of 170,602,799 remain unexercised.

## 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



## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is 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, other than the Warrants issued by the Company.

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 Note 33 to 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, 2002
	1 April, 2001	Bought	Sold	
<b>Direct</b>				
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	1,992,000	-	325,000	1,667,000

### Indirect

Dato' Mustapha bin Buang	800,000	-	-	800,000
--------------------------	---------	---	---	---------

	Number of Warrants			31 March, 2002
	1 April, 2001	Allotted	Exercised	
<b>Direct</b>				
Dato' Hj. Megat Najmuddin bin Dato' Seri (Dr) Hj. Megat Khas	-	619,000	-	619,000
Senator Dato' Hamzah bin Zainudin	-	1,400,747	-	1,400,747
Gong Chiok Sin	-	830,000	-	830,000

### Indirect

Dato' Mustapha bin Buang	-	266,666	-	266,666
Gong Chiok Sin	-	4,000	-	4,000

None of the other 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.

## **AUDITORS**

Arthur Andersen & Co. retire and do not wish to seek re-appointment. A resolution for the appointment of Ernst & Young as auditors will be proposed at the forthcoming Annual General Meeting.

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, 2002



# Statement by Directors

We, DATO' MUSTAPHA BIN BUANG and GONG CHIOK SIN, being two of the directors of ASIAN PAC HOLDINGS BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 28 to 62 give a true and fair view of the state of affairs of the Group and of the Company as at 31 March, 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

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, 2002

## Statutory Declaration

I, DATO' MUSTAPHA BIN BUANG, the director primarily responsible for the financial management of ASIAN PAC HOLDINGS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 28 to 62 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	)	
by the abovenamed DATO' MUSTAPHA	)	
BIN BUANG at Kuala Lumpur in Wilayah	)	
Persekutuan on 30 July, 2002	)	DATO' MUSTAPHA BIN BUANG

Before me:

Commissioner for Oaths  
No. W 164  
Ralph Kinny Fernandez  
30 July, 2002

# Auditors' Report

To the Shareholders of ASIAN PAC HOLDINGS BERHAD

We have audited the financial statements set out on pages 28 to 62. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) 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:
  - (i) the state of affairs of the Group and the Company as at 31 March, 2002 and of their results and their cash flows for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) 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.

The 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 5 to the financial statements.

Without qualifying our opinion, we draw attention to Notes 39 and 40 to the financial statements which elaborate on the Company's debt restructuring scheme and its proposed disposal of the insurance subsidiary and certain assets of the stockbroking subsidiary. 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 Group and the Company to continue as a going concern is dependent upon their achieving profitable operations. The financial statements of the Group and the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the financial statements be inappropriate.

Arthur Andersen & Co.  
No. AF 0103  
Chartered Accountants

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

30 July, 2002

# Balance Sheets 31 March, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	3	349,729	353,581	125	49
Development properties	4	35,758	35,863	-	-
Investments in subsidiaries	5	-	-	343,718	343,718
Interest in associated companies	6	13,007	10,884	-	-
Investments	7	93,909	49,759	2,679	6,737
Intangible assets	8	61,242	64,476	-	-
		<u>553,645</u>	<u>514,563</u>	<u>346,522</u>	<u>350,504</u>
<b>CURRENT ASSETS</b>	9	212,064	233,752	230,561	233,900
<b>CURRENT LIABILITIES</b>	17	<u>(97,918)</u>	<u>(94,034)</u>	<u>(17,885)</u>	<u>(19,996)</u>
<b>NET CURRENT ASSETS</b>		<u>114,146</u>	<u>139,718</u>	<u>212,676</u>	<u>213,904</u>
		<u>667,791</u>	<u>654,281</u>	<u>559,198</u>	<u>564,408</u>
<b>FINANCED BY:</b>					
Share capital	22	350,000	350,000	350,000	350,000
Reserves	23	106,669	100,842	184,551	178,717
Accumulated losses		<u>(351,916)</u>	<u>(359,202)</u>	<u>(455,772)</u>	<u>(444,448)</u>
Shareholders' funds		104,753	91,640	78,779	84,269
Minority interests		11,081	11,039	-	-
		<u>115,834</u>	<u>102,679</u>	<u>78,779</u>	<u>84,269</u>
Deferred taxation	24	50,155	50,155	-	-
Deferred liabilities	25	6,156	1,595	5,977	1,300
Long term loan	26	32,328	32,328	32,328	32,328
Reserve for unearned premiums		21,204	21,013	-	-
4% redeemable convertible secured loan stocks 2000/2005	27	293,855	298,252	293,855	298,252
4% irredeemable convertible unsecured loan stocks 2000/2005	28	148,259	148,259	148,259	148,259
Non-current liabilities		<u>551,957</u>	<u>551,602</u>	<u>480,419</u>	<u>480,139</u>
		<u>667,791</u>	<u>654,281</u>	<u>559,198</u>	<u>564,408</u>

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

# Income Statements for the year ended 31 March, 2002

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	29	69,890	74,036	883	1,960
Other operating income	30	63,573	6,520	82	134
Reinsurance		(21,014)	(20,967)	-	-
Net claims incurred		(31,272)	(28,482)	-	-
Increase in reserves		(192)	(2,392)	-	-
Commission		(5,586)	(6,372)	-	-
Personnel costs	31	(9,627)	(10,395)	(1,240)	(623)
Depreciation		(656)	(948)	(63)	(103)
Other operating expenses	32	<u>(52,381)</u>	<u>(39,276)</u>	<u>(5,219)</u>	<u>(791)</u>
Profit/(loss) from operations		12,735	(28,276)	(5,557)	577
Finance costs	34	<u>(5,952)</u>	<u>(2,230)</u>	<u>(5,687)</u>	<u>(1,551)</u>
Profit/(loss) before exceptional items		6,783	(30,506)	(11,244)	(974)
Debt restructuring expenses	35	(36)	(63,700)	(36)	(63,700)
Share of profits of associated companies		<u>3,088</u>	<u>3,864</u>	<u>-</u>	<u>-</u>
Profit/(loss) before taxation		9,835	(90,342)	(11,280)	(64,674)
Taxation	36	<u>(2,507)</u>	<u>(1,075)</u>	<u>(44)</u>	<u>-</u>
Profit/(loss) after taxation		7,328	(91,417)	(11,324)	(64,674)
Minority interest		<u>(42)</u>	<u>1,093</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u><u>7,286</u></u>	<u><u>(90,324)</u></u>	<u><u>(11,324)</u></u>	<u><u>(64,674)</u></u>
Basic earnings/(loss) per share (sen)	37	<u>2.1</u>	<u>(25.8)</u>		
Fully diluted earnings/(loss) per share (sen)	37	<u>1.7</u>	<u>(25.8)</u>		

The accompanying notes are an integral part of these statements.

# Statements of Changes in Equity for the year ended 31 March, 2002

	Share capital RM'000	Non- distributable Reserves (Note 23) RM'000	Accumulated losses RM'000	Total RM'000
<b>Group</b>				
At 1 April, 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	350,000	100,842	(359,202)	91,640
Net profit for the year	-	-	7,286	7,286
Reserve arising from the issuance of Naked Warrants (Note 39)	-	5,834	-	5,834
Amortisation of reserve on consolidation	-	(7)	-	(7)
At 31 March, 2002	<u>350,000</u>	<u>106,669</u>	<u>(351,916)</u>	<u>104,753</u>
<b>Company</b>				
At 1 April, 2000	350,000	178,717	(379,774)	148,943
Net loss for the year	-	-	(64,674)	(64,674)
At 31 March, 2001	350,000	178,717	(444,448)	84,269
Net loss for the year	-	-	(11,324)	(11,324)
Reserve arising from the issuance of Naked Warrants (Note 39)	-	5,834	-	5,834
At 31 March, 2002	<u>350,000</u>	<u>184,551</u>	<u>(455,772)</u>	<u>78,779</u>

The accompanying notes are an integral part of these statements.

# Cash Flow Statements

for the year ended 31 March, 2002

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit/(loss) before taxation	9,835	(90,342)	(11,280)	(64,674)
Adjustments for non-cash items:				
Provision for doubtful debts (net of writebacks)	34,816	5,116	-	-
Depreciation	656	948	63	103
Property, plant and equipment written off	2	102	-	-
Amortisation of premiums less accretion of discounts on Malaysian Government Securities	74	103	-	-
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	55	190	-	-
Provision for diminution in value of investments	521	21,863	4,057	-
RCCLS premium written off	4,684	1,294	4,684	1,294
Intangible assets written off	-	67	-	-
Interest expense	1,265	928	1,004	257
Profit on disposal of property, plant and equipment	(117)	(23)	-	-
Loss on sale of investments	922	3	-	-
Interest income	(4,441)	(4,603)	(841)	(1,764)
Dividend income	(197)	(218)	-	-
Gain arising from the disposal of assets of the stockbroking subsidiary	(52,546)	-	-	-
Share of profit in associated companies	(3,088)	(3,864)	-	-
Cash used in operations before working capital changes carried forward	(4,331)	(2,761)	(2,313)	(2,337)
(Increase)/decrease in receivables	(111)	46,235	603	549
Decrease in amount due from an associated company	100	12	-	12
Increase/(decrease) in payables	7,581	(28,173)	(715)	2,545
(Increase)/decrease in deposits of the insurance subsidiary	(1,897)	4,553	-	-
Changes in subsidiaries balances	-	-	8,915	(187)
Increase in reserve for unearned premium	191	2,393	-	-
Cash generated from operations carried forward	1,533	22,259	6,490	582
Interest received	2,814	3,783	82	20
Deposits received for the disposal of business of a subsidiary	-	1,000	-	-
Taxation paid	(2,172)	(4,295)	(44)	-
Net cash generated from operating activities	2,175	22,747	6,528	602

# Cash Flow Statements for the year ended 31 March, 2002 (Continued)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	-	111	-	-
Dividend received	173	218	-	-
Proceeds from sale of property, plant and equipment	1,896	28	-	-
Proceeds from sale of investments	23,684	5,007	-	-
Purchase of property, plant and equipment	(472)	(1,524)	(139)	(7)
Investment in development expenditure	(333)	(1,351)	-	-
Purchase of investments	(21,237)	(15,642)	-	(665)
Term loan issued	-	(7)	-	-
Payment of retirement benefits	-	(105)	-	-
Net cash generated from/(used in) investing activities	<u>3,711</u>	<u>(13,265)</u>	<u>(139)</u>	<u>(672)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Opening cash and cash equivalents converted to ICULS and RCCLS	-	15,213	-	15,213
Redemption of RCCLS	(4,397)	-	(4,397)	-
Repayment of short term borrowings	(4,346)	-	(4,346)	-
Issuance of Naked Warrants (Note 39)	5,834	-	5,834	-
Repayment of lease and hire purchase financing	(6)	(38)	(6)	(14)
Interest paid	(258)	(678)	(3)	(6)
Dividend paid to minority interests	-	(674)	-	-
Net cash (used in)/generated from financing activities	<u>(3,173)</u>	<u>13,823</u>	<u>(2,918)</u>	<u>15,193</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>2,713</b>	<b>23,305</b>	<b>3,471</b>	<b>15,123</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>3,756</b>	<b>(19,549)</b>	<b>477</b>	<b>(14,646)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b><u>6,469</u></b>	<b><u>3,756</u></b>	<b><u>3,948</u></b>	<b><u>477</u></b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>				
Cash and bank balances (excluding monies held in trust)	2,014	1,843	60	84
Short term deposits (excluding monies held in trust and deposits of the insurance subsidiary)	<u>4,455</u>	<u>1,913</u>	<u>3,888</u>	<u>393</u>
	<b><u>6,469</u></b>	<b><u>3,756</u></b>	<b><u>3,948</u></b>	<b><u>477</u></b>

The accompanying notes are an integral part of these statements.

# Notes to the Financial Statements 31 March, 2002

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally involved in the holding of securities for investment purposes and provision of management services. The Company also intends to commence operations in the trading of building materials.

The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. During the current financial year, Kin Khooon & Co. Sdn. Bhd. has surrendered its stockbroking license following the disposal of its stockbroking assets as mentioned in Note 40 to the financial statements. As such, Kin Khooon & Co. Sdn. Bhd. and its subsidiaries, namely Kin Khooon & Co. Nominees (Tempatan) Sdn. Bhd. and Kin Khooon & Co. Nominees (Asing) Sdn. Bhd., have ceased their respective operations as stockbroker and nominees respectively. Kin Khooon & Co. Sdn. Bhd. is now an investment holding company while its subsidiaries are dormant.

Other than as disclosed above, there have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 11th Floor, Menara SMI, No. 6, Lorong P. Ramlee, 50250 Kuala Lumpur.

The number of employees in the Group and the Company at the end of the financial year were 224 and 28 (2001 : 302 and 25) respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention modified by the revaluation of certain long term leasehold land and buildings and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. 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, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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.

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

### **(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.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies.

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.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition and is amortised or credited to the income statement over 25 years.

### **(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 in which it is earned.

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

Dividends from subsidiaries and from quoted investments are recognised when the right to receive payment is established.

- (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 sales and purchase agreements.

**(e) Investments****(i) Insurance subsidiary:**

Malaysian Government Securities, and other approved investments as specified by Bank Negara Malaysia are stated at cost adjusted for the amortisation of premiums or accretion of discounts, calculated on a straight line basis, from date of purchase to maturity date.

Quoted investments and unit trusts are stated at the lower of cost and market value determined on an aggregate portfolio 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.

Investments in unquoted corporate bonds with minimum ratings of “BBB” or “P3” are valued at cost adjusted for amortisation of premiums and accretion of discounts from date of purchase to maturity date. Any corporate bond with a lower rating is stated at the lower of cost or net realisable value.

Unquoted investments are stated at cost less provision for any impairment.

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. Cost is determined on the weighted average basis.

**(iii) Investment holding, 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. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

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

**(f) Property, Plant and Equipment and Depreciation**

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

Depreciation is not provided on freehold land and certain long term leasehold land held for development. Depreciation of other property, plant and equipment 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%

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

#### (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 of being developed are classified as property, plant and equipment 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**

Preliminary and pre-operating expenses are charged to income statement as and when incurred.

As referred to in Notes 2(b) and 2(c) 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 principal exchange rates for every unit of foreign currency ruling at the balance sheet date used are as follows:

	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>
United States Dollar (USD)	3.80	3.80
Singapore Dollar (SGD)	2.07	2.04

**(k) Deferred Taxation**

Deferred taxation is provided under the liability method in respect of all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

**(l) Hire Purchase**

Property, plant and equipment 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**

The general insurance underwriting results are determined for each class of business after taking into account reinsurances, commissions, unearned premiums and claims incurred.

**(i) Premium Income**

Premium income net of all reinsurances is recognised based on the booking dates and not on risk assumption dates as recommended in the Malaysian Accounting Standard Board ("MASB") Standard No 17. However, in accordance with Circular JPI 7/1994, an adjustment is made to account for premiums by risk assumption dates at the end of the financial year.

Inward treaty reinsurance premiums are recognised on the basis of periodic advices received from ceding companies.



## (ii) Unearned Premium Reserves

The Unearned Premium Reserves (“UPR”) represent the portion of the net premiums of insurance policies written that relate to the unexpired periods of the policies at the end of the financial year.

In determining the UPR at the balance sheet date, the method that most accurately reflects the actual unearned premium is used. These methods are as follows:

- 25% method for marine cargo, aviation cargo and transit.
- 1/24th method for all other classes (except non-annual policies) of Malaysian general policies, reduced by the corresponding percentage of accounted gross direct business commissions and agency-related expenses not exceeding limits specified by Bank Negara Malaysia as follows:

Motor	10%
Fire, engineering and marine hull	15%
Other classes	20%

- 1/8th method for all other classes of overseas inwards treaty business, with a deduction of 20% for acquisition costs.
- Non-annual policies with a duration of cover extending beyond one year is time apportioned over the period of the risk.
- Time apportionment method for bond business with effect from 26 July, 2001. Prior to 26 July, 2001, the 100% method was applied for all bond policies with a deduction of 10% for commission.

## (iii) Provision for Claims

A liability for outstanding claims is recognised in respect of both direct insurance and inward reinsurance. The amount of outstanding claims is the best estimate of the expenditure required together with related expenses less recoveries to settle the present obligations at the balance sheet date.

Provision is also made for the cost of claims, together with related expenses incurred but not reported at balance sheet date, using a mathematical method of estimation.

## (iv) Retirement Benefits

Provision for retirement benefits is made in the financial statements under a defined contribution plan, in accordance with the contractual obligations entered into by the Company.

Provision for retirement benefits in the balance sheet is based on the current emoluments of eligible employees with less than five years’ length of completed service. The provision for retirement benefits of eligible employees with more than five years of service is transferred to the Employees’ Provident Fund (“EPF”).

## (v) Receivables

Known bad debts are written off and specific provisions are made for any premiums including agents, brokers or reinsurance balances which remain outstanding for more than six months from the date on which they become receivable and for all debts which are considered doubtful.

## (vi) Acquisition Costs

The cost of acquiring and renewing insurance policies net of income derived from ceding reinsurance premiums is recognised as incurred and properly allocated to the periods in which it is probable they give rise to income.

## (vii) Other Revenue Recognition

Interest 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.

Other interest income and rental income are recognised on an accrual basis.

Dividend income is recognised when the right to receive payment is established.

**(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 an 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 and service charges are recognised on an accrual basis.

Dividends from quoted investments are recognised when the right to receive payment is established.

## (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+3 market day.
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) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (p) 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, but excludes deposits and placements of the insurance subsidiary company with financial institutions.

## 3. PROPERTY, PLANT AND EQUIPMENT

Group	AT VALUATION <— AT COST —>		Motor vehicles, office furniture, equipment and renovation and	Total RM'000
	Land and buildings* RM'000	Land and buildings** RM'000		
<b>Valuation/Cost</b>				
At 1 April, 2001	250,370	102,208	8,837	361,415
Additions	-	288	184	472
Disposals/write offs/ transfer to development properties	-	(3,083)	(1,484)	(4,567)
At 31 March, 2002	250,370	99,413	7,537	357,320
<b>Accumulated Depreciation</b>				
At 1 April, 2001	74	691	7,069	7,834
Charge for the year	7	170	479	656
Disposals	-	(14)	(885)	(899)
At 31 March, 2002	81	847	6,663	7,591
<b>Net Book Value</b>				
At 31 March, 2002	250,289	98,566	874	349,729
At 31 March, 2001	250,296	101,517	1,768	353,581
Depreciation charge for 2001	8	177	763	948

**\* LAND AND BUILDINGS AT VALUATION**

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Long term leasehold land and buildings RM'000</b>	<b>Total RM'000</b>
<b>Valuation</b>			
At 1 April, 2001	60,000	190,370	250,370
<b>Accumulated Depreciation</b>			
At 1 April, 2001	-	74	74
Charge for the year	-	7	7
At 31 March, 2002	-	81	81
<b>Net Book Value</b>			
At 31 March, 2002	60,000	190,289	250,289
At 31 March, 2001	60,000	190,296	250,296
Depreciation charge for 2001	-	8	8

**\*\* LAND AND BUILDINGS AT COST**

<b>Group</b>	<b>Freehold land and buildings RM'000</b>	<b>Long term leasehold land and buildings RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 April, 2001	1,196	101,012	102,208
Additions	-	288	288
Disposals/transfer to development properties	(1,196)	(1,887)	(3,083)
At 31 March, 2002	-	99,413	99,413
<b>Accumulated Depreciation</b>			
At 1 April, 2001	14	677	691
Charge for the year	-	170	170
Disposals	(14)	-	(14)
At 31 March, 2002	-	847	847
<b>Net Book Value</b>			
At 31 March, 2002	-	98,566	98,566
At 31 March, 2001	1,182	100,335	101,517
Depreciation charge for 2001	14	163	177



Company	Motor vehicles RM'000	Office furniture and equipment RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>				
At 1 April, 2001	119	841	263	1,223
Additions	-	65	74	139
At 31 March, 2002	119	906	337	1,362
<b>Accumulated Depreciation</b>				
At 1 April, 2001	101	818	255	1,174
Charge for the year	11	31	21	63
At 31 March, 2002	112	849	276	1,237
<b>Net Book Value</b>				
At 31 March, 2002	7	57	61	125
At 31 March, 2001	18	23	8	49
Depreciation charge for 2001	20	61	22	103

**(a) Land and buildings of the Group, stated at valuation**

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 of a subsidiary which is held subject to a clause included in the land title stating 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.

The freehold land and leasehold land were charged in favour of the Trustee for the holders of the Company's RCSLS (as referred to in Note 27).

**(b) Land and buildings of the Group, at cost**

As mentioned in Notes 26 and 27, certain leasehold properties have been pledged for the term loan facility of the Company and in favour of the Trustee for the holders of the Company's RCSLS.

### (c) Fully Depreciated Assets

Included in the property, plant and equipment of the Group and the Company are the following cost of fully depreciated assets which are still in use:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Motor vehicles	1,493	611	66	66
Office furniture and equipment	3,303	658	824	565
Renovations	753	164	256	163

### (d) Assets Held Under Hire Purchase

Included in the cost of property, plant and equipment for the Group and the Company are motor vehicles acquired under hire purchase amounting to approximately RM52,000 (2001 : RM172,000) and approximately RM52,000 (2001 : RM52,000) respectively.

## 4. DEVELOPMENT PROPERTIES - NON-CURRENT

	Group	
	2002 RM'000	2001 RM'000
Leasehold land, at cost	11,185	11,185
Development expenditure, at cost	24,573	24,678
	<u>35,758</u>	<u>35,863</u>

A charge on the leasehold land of the Group has been created in favour of the Trustees for the holders of the Company's RCSLS (as referred to in Note 27).

## 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	564,543	564,543
Provision for diminution in value	<u>(220,825)</u>	<u>(220,825)</u>
	<u>343,718</u>	<u>343,718</u>



The following are the subsidiaries of the Group:

Incorporated in Malaysia	Effective Interests		Paid-up Share Capital RM'000	Principal Activities
	2002 %	2001 %		
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 Khoo & Co. Sdn. Bhd.	100	100	110,000	Investment holding
Kin Khoo & Co. Nominees (Tempatan) Sdn. Bhd.	100	100	24	Dormant
Kin Khoo & Co. Nominees (Asing) Sdn. Bhd.	100	100	-*	Dormant
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.

The auditors' report of a subsidiary, Tenaga Insurance Berhad has drawn attention to the fact that as at 31 March, 2002, it has not complied with the minimum paid-up share capital and margin of solvency requirements as stipulated in the Insurance Act and Regulations, 1996 (refer to Note 40(a)). The financial statements of Tenaga Insurance Berhad as at 31 March, 2002 do not incorporate adjustments which may arise from this non-compliance.

## 6. INTERESTS IN ASSOCIATED COMPANIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost	2,650	2,650	150	150
Share of profits	10,507	8,284	-	-
	13,157	10,934	150	150
Provision for diminution in value	(150)	(150)	(150)	(150)
	13,007	10,784	-	-
Amount due from associated companies	849	949	849	849
Provision for doubtful debts	(849)	(849)	(849)	(849)
	-	100	-	-
<b>Total</b>	<b>13,007</b>	<b>10,884</b>	<b>-</b>	<b>-</b>

The Group's share of the net assets of the associated companies amounted to approximately RM13,007,000 (2001 : RM10,784,000).

The following are the associated companies of the Group, all of which are incorporated in Malaysia

	Effective Interests		Paid-up Share Capital	Principal Activities
	2002 %	2001 %		
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



## 7. INVESTMENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Malaysian Government Securities, at cost	2,875	8,205	-	-
Amortisation of premium	(186)	(443)	-	-
	<u>2,689</u>	<u>7,762</u>	<u>-</u>	<u>-</u>
Cagamas Bonds and Malaysian Treasury Bills	23,812	21,882	-	-
Accretion of discount, net	3	45	-	-
	<u>23,815</u>	<u>21,927</u>	<u>-</u>	<u>-</u>
Shares, debentures, bonds and other investments, at cost				
Quoted in Malaysia	52,640	52,595	20,212	20,212
Quoted outside Malaysia	2	2	2	2
	<u>52,642</u>	<u>52,597</u>	<u>20,214</u>	<u>20,214</u>
Provision for diminution in value	(40,272)	(37,577)	(17,535)	(13,477)
	<u>12,370</u>	<u>15,020</u>	<u>2,679</u>	<u>6,737</u>
Unquoted investments in corporations, at cost	55,070	5,136	-	-
Provision for diminution in value	(35)	(86)	-	-
	<u>55,035</u>	<u>5,050</u>	<u>-</u>	<u>-</u>
	<u>93,909</u>	<u>49,759</u>	<u>2,679</u>	<u>6,737</u>
Market value:				
Malaysian Government Securities	2,973	6,656	-	-
Cagamas Bonds and Malaysian Treasury Bills	23,883	22,003	-	-
Shares, debentures, bonds and other investments:				
Quoted in Malaysia	12,359	10,567	2,677	2,284
Quoted outside Malaysia	11	2	2	2
	<u>12,370</u>	<u>10,569</u>	<u>2,679</u>	<u>2,286</u>

Certain quoted investments of the Group in the prior year were pledged for credit facilities granted to the Group, which have since been restructured pursuant to the debts restructuring scheme in the prior year.

Include in the unquoted investments are 55 million shares in Avenue Assets Berhad which was received by the Group as consideration for the disposal of the assets of the stockbroking business of Kin Khoo & Co. as mentioned in Note 40. These shares were listed on the Kuala Lumpur Stock Exchange subsequent to the financial year end on 25 June, 2002.

## 8. INTANGIBLE ASSETS

	Group	
	2002 RM'000	2001 RM'000
Goodwill arising on consolidation	81,252	81,252
Cumulative amortisation	(20,010)	(16,776)
As at 31 March	<u>61,242</u>	<u>64,476</u>

## 9. CURRENT ASSETS

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Development properties	10	8,775	6,450	-	-
Trade receivables	11	51,536	88,500	-	-
Other receivables	12	68,145	64,236	319	162
Amounts due from subsidiaries	13	-	-	226,294	233,261
Marketable securities	14	14,487	10,055	-	-
Short term deposits	15	67,107	62,586	3,888	393
Cash and bank balances	16	2,014	1,925	60	84
		<u>212,064</u>	<u>233,752</u>	<u>230,561</u>	<u>233,900</u>

## 10. DEVELOPMENT PROPERTIES - CURRENT

	Group	
	2002 RM'000	2001 RM'000
Leasehold land, at cost	6,372	4,485
Property development expenditure	2,403	1,965
	<u>8,775</u>	<u>6,450</u>

A charge has been created on the leasehold land of the Group in favour of the Trustee for the holders of the Company's RCLS (as referred to in Note 27).

## 11. TRADE RECEIVABLES

	Group	
	2002 RM'000	2001 RM'000
Trade receivables	141,314	156,664
Interest in suspense	(24,282)	(37,483)
	<u>117,032</u>	<u>119,181</u>
Provision for doubtful debts	(65,496)	(30,681)
	<u>51,536</u>	<u>88,500</u>



## 12. OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Sundry receivables	1,466	1,342	147	141
Less : Provision for doubtful debts	(59)	(452)	(46)	(46)
	1,407	890	101	95
Accrued income	2,715	1,669	-	-
Tax recoverable	106	-	106	-
Deposits	4,730	3,586	75	67
Prepayments	1,187	91	37	-
Margin clients assumed by a subsidiary	58,000	58,000	-	-
	<u>68,145</u>	<u>64,236</u>	<u>319</u>	<u>162</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.

## 13. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Non-interest bearing:		
Amounts due from subsidiaries	224,966	221,655
Provision for doubtful debts	(10,239)	(10,239)
	214,727	211,416
Interest bearing at 8% (2001 : 8%) per annum:		
Amount due from subsidiaries	11,567	21,845
	<u>226,294</u>	<u>233,261</u>

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

## 14. MARKETABLE SECURITIES

	Group	
	2002 RM'000	2001 RM'000
Quoted shares, loan stocks, warrants and unit trusts	35,673	33,415
Provision for diminution in value	(21,186)	(23,360)
	<u>14,487</u>	<u>10,055</u>
Market value	<u>14,496</u>	<u>10,057</u>

## 15. SHORT TERM DEPOSITS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits with:				
Licensed banks	21,523	26,518	-	-
Licensed finance companies	35,618	27,303	-	-
Other financial institutions	9,966	8,765	3,888	393
	<u>67,107</u>	<u>62,586</u>	<u>3,888</u>	<u>393</u>

Included in short term deposits of the Group are the stockbroking subsidiary's remisiers' monies held in trust of approximately RM Nil (2001 : RM1,888,000).

Included in the short term deposits of the Group are the following deposits of the insurance subsidiary:

	2002 RM'000	2001 RM'000
Fixed and call deposits with:		
Licensed banks	20,956	23,110
Licensed finance companies	35,618	27,303
Other financial institutions	6,078	8,372
	<u>62,652</u>	<u>58,785</u>

## 16. 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 RM Nil (2001 : RM1,000) and RM Nil (2001 : RM81,000) respectively.



## 17. CURRENT LIABILITIES

	Note	Group		Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Provision for outstanding claims	18	53,510	52,880	-	-
Trade payables		2,487	6,768	-	-
Due to agents, brokers and other accruals		5,538	5,487	-	-
Interest payable		1,687	251	1,687	251
Deposits received		14,292	5,397	-	-
Other creditors and accruals	19	13,066	11,037	3,292	4,441
Amounts due to subsidiaries	20	-	-	12,906	10,958
Taxation		7,338	7,868	-	-
Short term borrowings	21	-	4,346	-	4,346
		<u>97,918</u>	<u>94,034</u>	<u>17,885</u>	<u>19,996</u>

## 18. PROVISION FOR OUTSTANDING CLAIMS

	Group	
	2002 RM'000	2001 RM'000
Provision for outstanding claims	123,284	127,914
Recoverable from reinsurers	(69,774)	(75,034)
Net outstanding claims	<u>53,510</u>	<u>52,880</u>

## 19. OTHER PAYABLES

Included in other payables are:

- (i) hire purchase creditors of the Group and the Company, as referred to in Note 25, due within 12 months of approximately RM6,000 (2001 : RM41,000) and approximately RM6,000 (2001 : RM7,000) respectively.
- (ii) a deposit of approximately RM Nil (2001 : RM1,000,000) received by the Group for the proposed disposal of its stockbroking subsidiary business assets as mentioned in Note 40(b).

## 20. AMOUNTS DUE TO SUBSIDIARIES

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

## 21. SHORT TERM BORROWINGS

Short term borrowings of the Group and the Company in the prior year comprise factoring facilities. In the current financial year, these factoring facilities have been fully repaid by the proceeds from the Proposed Rights Issues as mentioned in Note 39.

All the facilities in the previous year bore interest at rates varying from 8.30% to 12.50% per annum.

## 22. SHARE CAPITAL

	Number of ordinary shares of RM1 each		Amount	
	2002 '000	2001 '000	2002 RM'000	2001 RM'000
Authorised:				
At 1 April, 2001/2000	1,500,000	500,000	1,500,000	500,000
Created during the year	-	1,000,000	-	1,000,000
At 31 March, 2002/2001	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Issued and fully paid up:				
At 31 March, 2002/2001	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>

## 23. RESERVES - Non-distributable

Group	Share premium RM'000	Capital reserve RM'000	Merger reserve RM'000	Reserve on consolidation RM'000	Total RM'000
At 1 April, 2000	100,705	12	-	130	100,847
Amortisation of reserve on consolidation	-	-	-	(5)	(5)
At 31 March, 2001	100,705	12	-	125	100,842
Reserve arising from the issuance of Naked Warrants (Note 39)	-	5,834	-	-	5,834
Amortisation of reserve on consolidation	-	-	-	(7)	(7)
At 31 March, 2002	<u>100,705</u>	<u>5,846</u>	<u>-</u>	<u>118</u>	<u>106,669</u>
<b>Company</b>					
At 1 April, 2000 / At 31 March, 2001	100,705	12	78,000	-	178,717
Reserve arising from the issuance of Naked Warrants (Note 39)	-	5,834	-	-	5,834
At 31 March, 2002	<u>100,705</u>	<u>5,846</u>	<u>78,000</u>	<u>-</u>	<u>184,551</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.

## 24. 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.



## 25. DEFERRED LIABILITIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Hire purchase creditors	8	63	8	19
Interest in suspense	(2)	(16)	(2)	(6)
	<u>6</u>	<u>47</u>	<u>6</u>	<u>13</u>
Repayment due within 12 months included under other payables (Note 19)	(6)	(41)	(6)	(7)
	-	6	-	6
Retirement benefits	179	296	-	-
Accrued premium payable on RCSLS (Note 34)	<u>5,977</u>	<u>1,293</u>	<u>5,977</u>	<u>1,294</u>
	<u>6,156</u>	<u>1,595</u>	<u>5,977</u>	<u>1,300</u>

The hire purchase facilities bear interest at rates varying from 5.9% to 10% (2001 : 5.9% to 10%) per annum.

The premium payable 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 27 to the financial statements. The premium payable is being accrued over the 60 months tenure of the RCSLS. In the previous financial year, the premium payable amounted to RM23,860,000 but was revised to RM23,508,000 in the current financial year due to redemption of RM4,397,119 RCSLS during the year.

## 26. LONG TERM LOAN

The long term loan of the Group and the Company 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 had been settled in advance by the issuance of the ICULS (Note 28). The term loan is secured on certain leasehold land of the Group as referred to in Note 3.

## 27. 4% REDEEMABLE CONVERTIBLE SECURED LOAN STOCKS 2000/2005

	Group and Company	
	2002 RM'000	2001 RM'000
At 1 April, 2001/2000	298,252	298,252
Redeemed during the year	(4,397)	-
At 31 March, 2002/2001	<u>293,855</u>	<u>298,252</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 was rated BB3 by an external rating agency in the previous financial year. This rating was revised to B1 in the current financial year.

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). 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 for such distribution or allotments.

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 purchased by the Company or its subsidiaries, the RCSLS will be redeemed at the option of the Company based on the following terms:

<b>Redemption period</b>	<b>Percentage of RCSLS to be redeemed</b>	<b>Redemption Price</b>
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, as these were settled upon issuance of the said RCSLS.

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 for the ordinary shares arising from the Naked Warrants (as mentioned in Note 39), partly from the disposal of a subsidiary’s stockbroking business and contributions from the Group’s ongoing development projects.



## 28. 4% IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS 2000/2005

	Group and Company	
	2002	2001
	RM'000	RM'000
At 31 March, 2002/2001	<u>148,259</u>	<u>148,259</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 for such distribution or allotments.

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, as these were settled upon issuance of the said ICULS.

## 29. REVENUE

Revenue of the Group and the Company comprises the following:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest on advances to subsidiaries	-	-	759	1,744
Intercompany management and secretarial fees	-	-	124	216
Direct and reinsurance inward premiums	67,429	69,253	-	-
Brokerage and nominee fees	2,461	4,783	-	-
	<u>69,890</u>	<u>74,036</u>	<u>883</u>	<u>1,960</u>

### 30. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Gross dividends received from investments quoted in Malaysia	197	218	-	-
Interest income	4,441	4,603	82	20
Rental income	513	148	-	-
Profit on disposal of property, plant and equipment	117	23	-	-
Bad debts recovered	66	164	-	-
Writeback of provision for bad and doubtful debts	2,083	989	-	114
Gain arising from the disposal of assets of the stockbroking subsidiary	52,546	-	-	-
Writeback of provision for diminution in value of investments	3,536	-	-	-

### 31. PERSONNEL COSTS

Included in personnel costs are:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors' salaries and other remuneration (Note 33)	1,339	1,371	489	-



### 32. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Auditors' remuneration:				
- statutory	86	86	20	20
- others	25	14	28	-
Directors' fees (Note 33):				
Directors of the Company	330	310	60	-
Directors of subsidiaries	5	10	-	-
Provision for doubtful debts	36,899	6,105	-	-
Rental of land and buildings	507	580	227	226
Property, plant and equipment written off	2	102	-	-
Rental of equipment	82	101	-	-
Provision for retirement benefits	55	190	-	-
Provision for diminution in value of investments	4,057	21,863	4,057	-
Intangible assets written off	-	67	-	-
Loss on disposal of marketable securities	922	3	-	-
Amortisation of premiums less accretion of discounts on Malaysian Government Securities	74	103	-	-
Amortisation of goodwill and reserve from consolidation	3,228	3,228	-	-
Insurance expenses paid to subsidiary	-	-	17	17

### 33. DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors of the Company:				
Executive:				
Salaries and other emoluments	839	580	464	-
Fees	-	40	-	-
Bonus	53	48	25	-
	<u>892</u>	<u>668</u>	<u>489</u>	<u>-</u>
Non-executive:				
Fees	<u>330</u>	<u>270</u>	<u>60</u>	<u>-</u>
Directors of subsidiaries:				
Executive:				
Salaries and other emoluments	416	692	-	-
Fees	-	5	-	-
Bonus	31	51	-	-
	<u>447</u>	<u>748</u>	<u>-</u>	<u>-</u>
Non-executive:				
Fees	<u>5</u>	<u>5</u>	<u>-</u>	<u>-</u>
Total	<u>1,674</u>	<u>1,691</u>	<u>549</u>	<u>-</u>

The number of directors of the Company whose total remuneration during the year fall within the following bands is as follows:

	Number of Directors	
	2002	2001
<b>Executive directors:</b>		
Below RM50,000	-	1
RM400,001 - RM450,000	1	-
RM450,001 - RM500,000	1	-
RM550,001 - RM600,000	-	1
<b>Non-executive directors:</b>		
Below RM50,000	2	-
RM100,001 - RM150,000	1	1
RM150,001 - RM200,000	1	1
	<u>1</u>	<u>1</u>

### 34. FINANCE COSTS

Included in finance costs are:

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest expense	1,265	928	1,004	257
RCSLS premium accrued (Note 25)	4,684	1,294	4,684	1,294
	<u>4,684</u>	<u>1,294</u>	<u>4,684</u>	<u>1,294</u>

### 35. DEBT RESTRUCTURING EXPENSES

The debt restructuring expenses for the year relate to legal and other professional fees in respect of the debt restructuring scheme.

The debt restructuring expenses in the prior year of approximately RM63,700,000 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.

### 36. TAXATION

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Current year provision	1,642	-	-	-
Net (over)/under provision in prior year	-	(7)	44	-
	<u>1,642</u>	<u>(7)</u>	<u>44</u>	<u>-</u>
Share of tax in associated company	865	1,082	-	-
	<u>2,507</u>	<u>1,075</u>	<u>44</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, 2002, the Company has tax losses of approximately RM77,740,000 (2001 : RM77,358,000) and unutilised capital allowances of approximately RM788,000 (2001 : RM728,000) which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board.

As at 31 March, 2002, the Company has a potential deferred tax benefit of approximately RM21,987,000 (2001 : RM21,866,000) 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.

### 37. EARNINGS/(LOSS) PER SHARE - Group

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

	Profit/(loss)		Weighted Average Number of Shares		Earnings/(Loss) Per Share	
	2002 RM'000	2001 RM'000	2002 '000	2001 '000	2002 sen	2001 sen
Profit/(loss) for the year	7,286	(90,324)	350,000	350,000		
Basic earnings/(loss) per share					<u>2.1</u>	<u>(25.8)</u>
Assumed conversion of RCSLS*	3,372	-	235,084	-		
Assumed conversion of ICULS*	-	-	118,607	-		
Assumed conversion of Warrants**	4,607	-	170,603	-		
	<u>15,265</u>	<u>(90,324)</u>	<u>874,294</u>	<u>350,000</u>		
Diluted earnings/(loss) per share					<u>1.7</u>	<u>(25.8)</u>

\* For the current financial year, the assumed conversion of RCSLS and ICULS were based on the conversion price of RM1.25 for each new ordinary share of the Company to be satisfied by five RCSLS/ICULS of RM1.00 nominal value each for four new ordinary shares.

\*\* The assumed conversion of Warrants, at the conversion price of RM1.25 per Warrant, will result in an assumed cash inflow of approximately RM213,254,000, and an assumed interest income thereon has been computed based on a notional interest of 3% per annum.

In the prior year, 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.

### 38. CONTINGENT LIABILITIES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Secured:</b>				
Guarantees given to financial institutions for facilities granted to subsidiaries	-	-	-	8,696

### 39. DEBT RESTRUCTURING SCHEME

In the prior year, the debt restructuring scheme of the Company and four of its subsidiaries, namely Kin Khoon & Co. Sdn. Bhd., BH Realty Sdn. Bhd., Selamat Ayer Puteh Co. Sdn. Bhd. and Syarikat Kapasi Sdn. Bhd., with certain secured and unsecured lenders were completed with the approval of the shareholders of the Company at an extraordinary general meeting held on 30 August, 2000 except for the issuance of 53.9 million warrants which was to have the similar terms and conditions, including series, as of the warrants to be issued pursuant to a Proposed Rights Issue of Naked Warrants, as explained below.

In the current financial year, on 20 April, 2001, the Company received approval from the Securities Commission ("SC") to revise the indicative issue price of the 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 from RM0.30 per Warrant previously to RM0.05 per Warrant. The gross proceeds raised of RM5.8 million are to be utilised as working capital for the Group. The Abridged Prospectus in relation to the issuance of the Warrants was approved by the SC on 23 July, 2001.

A total of 170.6 million Warrants were subsequently issued on 16 October, 2001 and listed on the Kuala Lumpur Stock Exchange on 24 October, 2001.

With the issuance and listing of the warrants, there are no other outstanding matters in relation to the Group's debt restructuring scheme.

### 40. SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) In the previous financial year, the Company had 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 subsidiaries, AGB Properties Sdn. Bhd. ("AGB Properties").

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 Idaman Unggul Sdn. Bhd. ("Newco") at an issue price of RM1.60 per share. Newco was 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.

On 30 August, 2001, AGB Properties had entered into a supplemental agreement with Idris and its wholly owned subsidiary company, Talasco Insurance Berhad ("Talasco"). Salient details of the supplemental agreement were as follows:

- The purchaser of TIB was changed from Idris to Talasco,
- The sale consideration for the sale was revised from RM69,939,000 to RM69,942,857,
- The sale consideration will be satisfied wholly in cash instead of shares in 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.

BNM's approval on the proposed disposal of TIB to Talasco was obtained on 20 November, 2001. This approval is conditional upon the injection of RM100 million funds into Talasco by Idris, before the expected completion date, to ensure compliance with the margin of solvency requirement by Talasco.

The proposed disposal of TIB has been approved by the Securities Commission and shareholders of the Company on 19 February, 2002 and 8 February, 2002 respectively. Subsequent to the current financial year and pursuant to the Vesting Order dated 24 April, 2002 granted by the High Court of Malaya, all the assets and liabilities of TIB are to be transferred to Talasco by 30 June, 2002. On 24 June, 2002, an application was made to the High Court to extend the transfer date as specified in the Vesting Order, to facilitate Talasco fulfilling certain conditions precedent.

- (b) In the previous financial year, 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 are to be merged into a single business to be operated and managed by AAA with the stockbroking business of Kin Khoon being converted into a business branch of AAA.

The Merger Agreement has been approved by the relevant regulatory authorities and shareholders of the Company as well as shareholders of AAB. The transfer of assets from Kin Khoon to AAB has been implemented and the conversion to a branch of AAA was completed on 4 February, 2002.

On the same date, Kin Khoon ceased its operation as a dealer of stocks and shares and subsequent to the completion of the Merger Agreement, Kin Khoon will venture into new business operations to be determined by the Company.

On 27 February, 2002, Kin Khoon accepted a debt restructuring proposal from certain of its clients to settle their outstanding position via a property held by a company, Wangsa Masyhur Sdn Bhd ("Wangsa"). Wangsa is an investment holding company and the beneficial owner of a piece of land having a land area of approximately 20.23 hectares (50.0 acres) located in the State of Selangor Darul Ehsan which was valued at RM30,000,000 by a professional valuer. Subsequent to year end, the entire issued and paid-up share capital of Wangsa amounting to 30,000,000 ordinary shares of RM1 each was transferred and allotted to Kin Khoon as settlement of an amount due to Kin Khoon by its client and the book value of the debt is deemed settled.

## 41. COMMITMENTS

The Group and the Company provide an undertaking to South Malaysia Industries Berhad ("SMI") to subscribe for their whole entitlement of 5,212,187 and 1,153,500 respectively of SMI's rights shares at RM1.00 per rights share. The rights issue will be payable in two calls in the following manner:

- (a) such sum in cash based on a discount of not more than 30% on the theoretical ex-rights price based on the five (5) days average market price of SMI shares prior to the price fixing date to be determined later; and
- (b) the balance unpaid for each Rights Share shall be paid out from the share premium account of SMI.

## 42. SEGMENT REPORTING

### Analysis by industries

Group	Revenue RM'000	(Loss)/profit before taxation and extraordinary item RM'000	Gross assets employed RM'000
<b>2002</b>			
Investment holding	884	(12,082)	717,988
Insurance	67,472	2,569	139,586
Stockbroking	2,460	19,706	114,696
Property investment and development	-	(303)	444,750
Others	-	2	300
	<u>70,816</u>	<u>9,892</u>	<u>1,417,320</u>
Consolidation adjustments	<u>(926)</u>	<u>(3,145)</u>	<u>(664,618)</u>
	69,890	6,747	752,702
Group's share of associated companies' results	<u>-</u>	<u>3,088</u>	<u>13,007</u>
	<u>69,890</u>	<u>9,835</u>	<u>765,709</u>



## 42. SEGMENT REPORTING (Continued)

Group	Revenue RM'000	(Loss)/profit before taxation and extraordinary item RM'000	Gross assets employed RM'000
<b>2001</b>			
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>

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

## 43. COMPARATIVE FIGURES

The following balance sheet and cash flow comparative figures have been reclassified to conform with current year's presentation:

	As restated RM'000	As previously stated RM'000
Investments	49,759	19,549
Marketable securities	10,055	40,265
Short term deposits as included in cash and cash equivalents	<u>1,913</u>	<u>60,698</u>

# List of Properties Held as at 28 August, 2002

LOCATION	DESCRIPTION	EXISTING USE	TENURE	AGE OF BUILDING	AREA	NET BOOK VALUE RM'000	REVALUATION / ACQUISITION DATE
Lot 216, Jalan Pekeliling Tanah Rata Cameron Highlands	2 storey bungalow	For Rental	Leasehold Expires : 30/1/2072	26	30,505 sq. ft.	289	1/4/1991
PT 15193, HS (D) 94775, Lot No. 46349, 46350, PT 17074, HS (D) 101227 to PT 17081, HS (D) 101234, PT 17084, HS (D) 101236 & PT 17086, HS (D) 101237 Mukim of Batu, Wilayah Persekutuan	Land held for development	Vacant	Leasehold Expires: 11/1/2087	N/A	83.78 acres	87,578	21/10/1988
No. 15, Jalan 3/116D Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	41/2 Storey Shop / Office	Office Premises	Leasehold Expires: 23/6/2081	7	13,904 sq. ft.	1,603	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	5	43,498 sq. ft.	7,206	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	3	5,344 sq. ft.	1,009	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 & 2317 Mukim of Ayer Puteh District of Pendang Kedah	Land held for development	Vacant	Freehold	N/A	688 acres	60,000	06/08/1998
PT 298, HS (D) 39196 Mukim Bandar Kundang Gombak, Selangor	Land held for development	Vacant	Leasehold Expires: 24/1/2101	N/A	49.97 acres	30,000	22/01/2002



# Analysis of Equity Shareholdings as at 8 August, 2002

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	366	1.1388	94,590	0.0270
1,000 - 10,000	27,210	84.6661	102,614,831	29.3185
10,001 - 100,000	4,358	13.5603	117,092,961	33.4552
100,001 - 17,499,999	203	0.6317	111,590,618	31.8830
17,500,000 and Above	1	0.0031	18,607,000	5.3163
<b>Total</b>	<b>32,138</b>	<b>100.0000</b>	<b>350,000,000</b>	<b>100.0000</b>

## LIST OF THIRTY LARGEST SHAREHOLDERS

Name	No. Shares Held	% of Issued Capital
1. ERICO ESTATES SDN BHD	18,607,000	5.3163
2. AMFINANCE BERHAD <i>Pledged Securities Account for Mah Sau Cheong</i>	8,728,000	2.4937
3. HSBC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for South Malaysia Industries Bhd</i>	7,000,000	2.0000
4. HDM NOMINEES (ASING) SDN BHD <i>UOB Kay Hian Pte Ltd for Pax Realty &amp; Development Pte Ltd</i>	6,619,000	1.8911
5. PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mah Sau Cheong</i>	6,468,000	1.8480
6. RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for South Malaysia Industries Berhad</i>	4,750,000	1.3571
7. SOUTH MALAYSIA INDUSTRIES BERHAD	4,503,000	1.2866
8. A. A. ASSETS NOMINEES (TEMPATAN) SDN BHD <i>KKC for Gabriel Voon Shau Cheong</i>	3,970,000	1.1343
9. CARTABAN NOMINEES (ASING) SDN BHD <i>Prudential Securities Inc New York for Mr Ho Sai Lon Mark</i>	3,769,000	1.0769
10. LIM HOCK CHUAN	3,648,000	1.0423
11. PUNCAMAS INDAH (M) SDN BHD	3,016,000	0.8617
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. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>Arab-Malaysian Credit Berhad for Panglobal Berhad</i>	1,800,000	0.5143
14. THE CENTRAL DEPOSITORY (PTE) LIMITED	1,700,010	0.4857
15. GONG CHIOK SIN	1,667,000	0.4763
16. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>Arab-Malaysian Credit Berhad for Hamzah bin Zainudin</i>	1,589,000	0.4540

# Analysis of Equity Shareholdings as at 8 August, 2002 (Continued)

## LIST OF THIRTY LARGEST SHAREHOLDERS (Continued)

Name	No. Shares Held	% of Issued Capital
17. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for South Malaysia Industries Bhd</i>	1,500,000	0.4286
18. HO SAI LON MARK	1,466,000	0.4189
19. MENTERI KEWANGAN MALAYSIA SECTION 29 (SICDA)	1,400,115	0.4000
20. AMFINANCE BERHAD <i>Pledged Securities Account for Hamzah bin Zainudin</i>	1,323,243	0.3781
21. EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>Pledged Securities Account for Mah Sau Cheong</i>	1,300,000	0.3714
22. CHIN LAI KUEN	1,181,000	0.3374
23. AMFINANCE BERHAD <i>Pledged Securities Account for Gabriel Voon Shau Cheong</i>	1,160,000	0.3314
24. HDM NOMINESS (ASING) SDN BHD <i>UOB Kay Hian Pte Ltd for Pax Investment Holdings Co P/L</i>	1,106,000	0.3160
25. HDM NOMINESS (ASING) SDN BHD <i>UOB Kay Hian Pte Ltd for Ong Chee Meng</i>	1,021,000	0.2917
26. ENG NOMINESS (ASING) SDN BHD <i>OCBC Securities Private Limited for Allswell Foods Pte Ltd</i>	1,001,000	0.2860
27. AMFINANCE BERHAD <i>Pledged Securities Account for Chin Lai Kuen</i>	993,000	0.2837
28. TAN CHUAN TONG	873,000	0.2494
29. HDM NOMINESS (ASING) SDN BHD <i>UOB Kay Hian Pte Ltd for Cheong Sim Lam</i>	812,000	0.2320
30. FOO TOON SWEE	800,000	0.2286
	<b>95,627,368</b>	<b>27.3221</b>

## SUBSTANTIAL SHAREHOLDERS

	Direct	No. of Shares Held		%
		%	Indirect	
1. South Malaysia Industries Berhad	36,360,000	10.39	-	-
2. Mah Sau Cheong	17,406,000	4.97	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 bin Zainudin	2,912,243	0.83	-	-
3. Dato' Mustapha bin Buang	-	-	800,000	0.23
4. Gong Chiok Sin	1,667,000	0.48	-	-
5. Dato' Mohamed Salleh bin Bajuri	-	-	-	-
6. Ong Kee Chak	-	-	-	-

# Analysis of Convertible Securities Holdings as at 8 August, 2002

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

Nominal Value	: RM1.00 each
No. of Holders	: 110
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	90.9091	100,000	0.0345
10,001 - 100,000	0	0.0000	0	0.0000
100,001 - 14,494,295	6	5.4545	26,786,548	9.2404
14,494,296 and Above	4	3.6364	262,999,387	90.7251
<b>Total</b>	<b>110</b>	<b>100.0000</b>	<b>289,885,935</b>	<b>100.0000</b>

## LIST OF THIRTY LARGEST RCSLS HOLDERS

Name	No. RCSLS Held	% of RCSLS Issued
1. AMMERCHANT BANK BERHAD	182,891,941	63.0910
2. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AmFinance Berhad</i>	37,774,561	13.0308
3. PB SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Public Finance Bhd</i>	27,482,885	9.4806
4. BSNC FACTORS SDN BHD	14,850,000	5.1227
5. MAYFIN NOMINEES (TEMPATAN) SDN BHD <i>Mayban Finance Berhad</i>	5,955,095	2.0543
6. PAB NOMINEE (TEMPATAN) SDN BHD <i>Affin Bank Berhad</i>	5,715,274	1.9716
7. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Danaharta Urus Sdn Bhd</i>	5,000,000	1.7248
8. ASEAM MALAYSIA NOMINEES (TEMPATAN) SDN BHD <i>Aseambankers Malaysia Berhad</i>	4,201,271	1.4493
9. KEWANGAN BERSATU BERHAD	3,775,610	1.3024
10. PAB NOMINEE (TEMPATAN) SDN BHD <i>Pledged Securities Account for Asian Pac Holdings Berhad</i>	2,139,298	0.7380
11. SOO CHOI FOONG	1,000	0.0003
12. CHONG SOI CHEON	1,000	0.0003
13. LOW SIEW BENG	1,000	0.0003
14. ONG ENG HIN	1,000	0.0003
15. HAM SAI KIT	1,000	0.0003
16. YONG WEE LANG	1,000	0.0003
17. CHIN SET FAH	1,000	0.0003
18. LEE LAI LENG	1,000	0.0003

# Analysis of Convertible Securities Holdings as at 8 August, 2002 (Continued)

## LIST OF THIRTY LARGEST RCSLS HOLDERS (Continued)

Name	No. RCSLS Held	% of RCSLS Issued
19. WONG LI WAN	1,000	0.0003
20. OOI SEOK PENG	1,000	0.0003
21. CHAN KAI HOONG	1,000	0.0003
22. LOW SEOW CHIN	1,000	0.0003
23. YAP TSAI PENG	1,000	0.0003
24. POK YAW FEE	1,000	0.0003
25. ONG JOO SIM	1,000	0.0003
26. TAN TIAN CHEW	1,000	0.0003
27. LEE BOON SENG	1,000	0.0003
28. LOW AI LIANG	1,000	0.0003
29. LO KIT PENG	1,000	0.0003
30. CHONG CHEE WAI	1,000	0.0003
	<u>289,805,935</u>	<u>99.9724</u>

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

Nominal Value	: RM1.00 each
No. of Holders	: 128
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	78.1250	100,000	0.0674
10,001 - 100,000	0	0.0000	0	0.0000
100,001 - 7,412,964	24	18.7500	54,374,097	36.6750
7,412,965 and Above	4	3.1250	93,785,211	63.2576
Total	<u>128</u>	<u>100.0000</u>	<u>148,259,308</u>	<u>100.0000</u>

## LIST OF THIRTY LARGEST ICULS HOLDERS

Name	No. ICULS Held	% of ICULS Issued
1. AMFINANCE BERHAD	48,000,000	32.3757
2. AMMERCHANT BANK BERHAD	21,980,156	14.8255
3. MALAYSIA BUILDING SOCIETY BERHAD	16,358,950	11.0340
4. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Danaharta Urus Sdn Bhd</i>	7,446,105	5.0224
5. A.A. ASSETS NOMINEES (TEMPATAN) SDN BHD <i>KKC for Kwan Chu Wah</i>	6,000,000	4.0470

# Analysis of Convertible Securities Holdings as at 8 August, 2002 (Continued)

## LIST OF THIRTY LARGEST ICULS HOLDERS (Continued)

Name	No. ICULS Held	% of ICULS Issued
6. MP FACTORS SDN BHD	5,040,000	3.3994
7. BUMIPUTRA-COMMERCE FACTORING BERHAD	5,040,000	3.3994
8. KWAN CHU WAH	4,860,000	3.2780
9. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AmFinance Berhad</i>	4,800,000	3.2376
10. PB SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Public Finance Bhd</i>	3,491,061	2.3547
11. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AmBank Berhad</i>	2,800,000	1.8886
12. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>Societe Generale, Singapore Branch for Mah Sau Cheong</i>	2,700,000	1.8211
13. ALLIANCE BANK MALAYSIA BERHAD	2,500,000	1.6862
14. HDM NOMINEES (TEMPATAN) SDN BHD <i>DBS Vickers Secs (S) Pte Ltd for Mah Sau Cheong</i>	2,500,000	1.6862
15. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD <i>Alliance Finance Berhad</i>	2,500,000	1.6862
16. BSNC FACTORS SDN BHD	1,782,000	1.2019
17. AZAINARIAH BT MUHD YUSOF	1,500,000	1.0117
18. EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD <i>Pledged Securities Account for Kwan Chu Wah</i>	1,500,000	1.0117
19. UOBM NOMINEES (TEMPATAN) SDN BHD <i>United Overseas Bank (Malaysia) Bhd</i>	1,232,000	0.8310
20. HDM NOMINEES (TEMPATAN) SDN BHD <i>DBS Bank Labuan Branch for Mah Sau Cheong</i>	1,000,000	0.6745
21. MAYFIN NOMINEES (TEMPATAN) SDN BHD <i>Mayban Finance Berhad</i>	993,138	0.6699
22. HAMZAH BIN ZAINUDIN	932,000	0.6286
23. PAB NOMINEE (TEMPATAN) SDN BHD <i>Affin Bank Berhad</i>	685,833	0.4626
24. KEWANGAN BERSATU BERHAD	669,077	0.4513
25. HLB NOMINEES (TEMPATAN) SDN BHD <i>Hong Leong Bank Berhad</i>	560,000	0.3777
26. ASEAM MALAYSIA NOMINEES (TEMPATAN) SDN BHD <i>Aseambankers Malaysia Berhad</i>	504,153	0.3400
27. PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Kwan Chu Wah</i>	500,000	0.3372
28. PAB NOMINEE (TEMPATAN) SDN BHD <i>Pledged Securities Account for Asian Pac Holdings Berhad</i>	284,835	0.1921
29. SOO CHOI FOONG	1,000	0.0007
30. CHONG SOI CHEON	1,000	0.0007
	<b>148,161,308</b>	<b>99.9336</b>

# Analysis of Warrantholdings as at 8 August, 2002

## WARRANTS 2001/2006

No. of Warrants in issue	: 170,602,799
No. of Holders	: 5,968
Voting Rights	: Not applicable until upon conversion into ordinary shares of RM1.00 each.

## DISTRIBUTION OF WARRANTHOLDERS

Size of Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrants Held	% of Warrants Issued
1 - 999	173	2.8988	84,618	0.0496
1,000 - 10,000	4,393	73.6092	16,524,796	9.6861
10,001 - 100,000	1,184	19.8391	43,914,040	25.7405
100,001 - 8,530,138	217	3.6361	98,087,679	57.4948
8,530,139 and Above	1	0.0168	11,991,666	7.0290
<b>Total</b>	<b>5,968</b>	<b>100.0000</b>	<b>170,602,799</b>	<b>100.0000</b>

## LIST OF THIRTY LARGEST WARRANTHOLDERS

Name	No. Warrants Held	% of Warrants Issued
1. ERICO ESTATES SDN BHD	11,991,666	7.0290
2. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>AmFinance Berhad</i>	6,000,000	3.5169
3. MALAYSIA BUILDING SOCIETY BERHAD	4,907,685	2.8767
4. PB SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Public Finance Bhd</i>	4,363,827	2.5579
5. KESTREL SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye</i>	3,293,000	1.9302
6. AMFINANCE BERHAD <i>Pledged Securities Account for Mah Sau Cheong</i>	2,909,333	1.7053
7. HDM NOMINEES (TEMPATAN) SDN BHD <i>J.M. Sassoon &amp; Co. (Pte) Ltd for Pak Liew Mei</i>	2,268,000	1.3294
8. MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Chai Yeng Sun</i>	2,264,000	1.3270
9. BSNC FACTORS SDN BHD	2,227,500	1.3057
10. PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mah Sau Cheong</i>	2,061,000	1.2081
11. AMSEC NOMINEES (TEMPATAN) SDN BHD <i>P.T. Arab-Malaysian Capital Indonesia for Tan Jiun Leng</i>	2,050,000	1.2016
12. SIAU FART JUM	2,000,000	1.1723
13. PAK CHEOW KOON JASON	1,713,000	1.0041
14. RHB MERCHANT NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for South Malaysia Industries Berhad</i>	1,583,333	0.9281



# Analysis of Warrantholdings as at 8 August, 2002 (Continued)

## LIST OF THIRTY LARGEST WARRANTHOLDERS (Continued)

Name	No. Warrants Held	% of Warrants Issued
15. MAYFIN NOMINEES (TEMPATAN) SDN BHD <i>Mayban Finance Berhad</i>	1,241,423	0.7277
16. PAB NOMINEE (TEMPATAN) SDN BHD <i>Affin Bank Berhad</i>	1,213,334	0.7112
17. WONG WAI LUM	1,100,000	0.6448
18. AMSTEEL EQUITY NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tan Chin Yong</i>	1,066,000	0.6248
19. KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Danaharta Urus Sdn Bhd</i>	1,055,630	0.6188
20. MAH SAU CHEONG	1,012,000	0.5932
21. HSBC NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for South Malaysia Industries Berhad</i>	1,000,000	0.5862
22. CITICORP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Pheng Chin Huat</i>	1,000,000	0.5862
23. CHOO YOKE YING	869,000	0.5094
24. LAI WENG CHEE @ LAI KOK CHYE	857,000	0.5023
25. KEWANGAN BERSATU BERHAD	836,346	0.4902
26. GONG CHIOK SIN	830,000	0.4865
27. TAN AH HONG	800,000	0.4689
28. LIM SOOT TEE	800,000	0.4689
29. MAYBAN NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Tan Chuan Ming</i>	705,000	0.4132
30. RHB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for AB Halim @ Zaidanie bin Haji Gazali</i>	700,000	0.4103
	<b>64,718,077</b>	<b>37.9349</b>

## DIRECTORS' INTEREST

	Direct	No. of Warrants Held		%
		%	Indirect	
1. Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas	619,000	0.36	-	-
2. Senator Dato' Hamzah bin Zainudin	1,400,747	0.82	-	-
3. Dato' Mustapha bin Buang	-	-	266,666	0.16
4. Gong Chiok Sin	830,000	0.49	4,000	0
5. Dato' Mohamed Salleh bin Bajuri	-	-	-	-
6. Ong Kee Chak	-	-	-	-



**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 West VIP Lounge, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Wednesday, 25 September, 2002 at 11.30 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 approve the payment of Directors' Fees		
3.	To re-elect the following Directors:		
	i) Dato' Hj Megat Najmuddin bin Dato' Seri (Dr) Hj Megat Khas		
	ii) Dato' Mohamed Salleh bin Bajuri		
4.	To appoint Messrs Ernst & Young as Auditors		
5.	To give authority under Section 132E of the Companies Act, 1965		

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 ..... 2002

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. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting.
- 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.

