



30 years of a challenging and exciting journey. Like the pearl which has to pass numerous organic processes before transforming into an ornament of beauty, we too have passed and survived processes that have included scores of setbacks, before earning our leadership position in the industry. Our perseverance, ethical practices and commitment towards offering only the best have earned the trust of our principals, global joint venture partners and most important of all, our customers. As we move forward into the future, we are also preparing our employees to be suitably trained and skilled to meet the demands of the new millennium. Together with our joint venture partners and principals, we pledge to give our best in terms of value and customer satisfaction. In drawing an analogy with the magnificent pearl, UMW will continue to strive to earn its place as a corporate jewel to be coveted in any investment portfolio.

Perjalanan 30 tahun yang mencabar namun penuh bermakna. Seperti mutiara yang harus melalui pelbagai proses organik sebelum bertukar menjadi perhiasan yang indah, kami juga melalui dan berjaya mengatasi proses-proses itu termasuk mengharungi pelbagai rintangan, sebelum berjaya menerajui industri ini. Ketahanan kami, amalan beretika dan komitmen untuk menawarkan hanya yang terbaik telah mendapat keyakinan prinsipal kami, rakan kongsi usahasama global dan yang terpenting, pelanggan kami. Dalam meneruskan langkah ke masa hadapan, kami juga menyediakan kakitangan kami dengan latihan dan kemahiran yang bersesuaian untuk menghadapi kehendak alaf baru. Bersama-sama dengan rakan kongsi usahasama dan prinsipal, kami berikrar untuk memberikan yang terbaik dari segi nilai dan kepuasan pelanggan. Laksana mutiara yang indah, UMW akan terus berusaha menempatkan diri sebagai sebutir permata korporat yang disanjung dalam mana-mana portfolio pelaburan.

years of success

o u r m i s s i o n

The UMW Group is a leading industrial enterprise, serving the economies of Malaysia and the Asia-Pacific region.

We will manage our businesses with excellence in partnership with leading global companies.

We will always exceed our customers' expectations by providing premium value to them.

We will be creative and single-minded in our drive to be a company of distinction for the sustained well-being of our shareholders and employees as well as the nation.

And in all that we do, we will be guided by the highest standards of integrity.

Because we expect great things from every member of the UMW team.



Commitment to personalised
customer service

In the face of technology constantly revolutionising the modes of communication in the corporate world, there is an even greater need to foster the human touch.

contents

2	Notice of Annual General Meeting
5	Financial Calendar
5	Summary of Group Results
6	Five-Year Group Summary Results
7	Corporate Information
8	Board of Directors
10	Directors' Profile
12	Audit Committee
13	Audit Committee Report
14	Nomination Committee
16	Remuneration Committee
18	UMW Group Structure
21	Chairman's Statement
30	Review of Operations
38	Corporate Governance
40	Accountability and Audit
41	Material Contracts Involving Related Parties
42	Safety, Health and Environment
43	Human Resource, Training and Development
45	Community Relations
48	2000 Diary of Events
52	Statistics on Shareholdings
53	Statistics on Warrant Holdings
54	Properties Held by the UMW Group

Form of Proxy

notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at the UMW Auditorium, UMW Holdings Berhad, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2001 at 10.00 a.m. for the following purposes:-

1. To receive and consider the Reports of the Directors and Auditors and the Audited Financial Statements for the year ended 31 December 2000. *resolution 1*
2. To declare a final dividend of 7.5 sen per share for the year ended 31 December 2000, giving a total gross dividend of 12.5 sen per share for the year. *resolution 2*
3. * To re-elect the following Directors who are retiring in accordance with Article 96 of the Company's Articles of Association -
 - a. Tan Sri Datuk Asmat bin Kamaludin *resolution 3*
 - b. Tan Sri Datuk Mohamed Khatib bin Abdul Hamid. *resolution 4*
4. * To re-elect the following Directors who are retiring in accordance with Article 109 of the Company's Articles of Association -
 - a. Thomas Mun Lung Lee *resolution 5*
 - b. Md. Yusof bin Hussin. *resolution 6*
5. * To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act 1965 -

"THAT, pursuant to Section 129(6) of the Companies Act 1965, Lt. Gen. (R) Dato' Mohd. Yusof bin Din, who has attained the age of seventy (70) years, be re-appointed as Director of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company." *resolution 7*

6. ** To approve the increase in Directors' fees from RM153,200 to RM281,375 for the year ended 31 December 2000. *resolution 8*
7. To re-appoint Messrs. Arthur Andersen & Co. as Auditors for the next financial year and to authorise the Directors to fix their remuneration. *resolution 9*
8. # As Special Business -

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modifications -

Share Options to Encik Abdul Halim bin Harun *resolution 10*

"THAT, approval be and is hereby given for the Company to offer and if accepted, to allot and issue from time to time to Encik Abdul Halim bin Harun, a full-time salaried Group Managing Director and Chief Executive Officer of the Company, options to subscribe to the maximum allowable allocation of 169,000 new shares in the Company pursuant to the UMW Employee Share Option Scheme ("ESOS"), subject always to any adjustments which may be made in accordance with the Bye-laws of the ESOS."

9. To transact any other ordinary business for which due notice has been given.

By Order of the Board



Suseela Menon
Secretary

29 May 2001
Shah Alam, Selangor Darul Ehsan.

notice of annual general meeting

notes:

1. Appointment of Proxy

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company but, in accordance with Section 149 of the Companies Act 1965 and the Articles of Association of the Company, if not a member of the Company, he must be a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies in a particular case. A proxy form is enclosed herewith.

Shareholders' attention is hereby drawn to the revamped Listing Requirements of the Kuala Lumpur Stock Exchange which will come into effect on 1 June 2001, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

In accordance with Clause 11 of the Third Schedule of the Deed Poll of the Company dated 16 January 1995, a copy of this Annual Report to shareholders has been simultaneously extended to every warrant holder of the Company for information only.

2. Increase in Directors' Fees - Item 6** of the Agenda

There has been no change in Directors' fees since 1988. In recent years there has been a substantial increase in Directors' duties and responsibilities and these are reflected in the Malaysian Code on Corporate Governance and the revamped Listing Requirements of the Kuala Lumpur Stock Exchange. As the level of remuneration should rightfully reflect such increased responsibilities, a proposal is being submitted to shareholders to approve an increase in Directors' fees.

3. Share Options to Encik Abdul Halim bin Harun - Item 8# of the Agenda

The UMW Employee Share Option Scheme ("ESOS") was approved by shareholders on 22 June 2000 and the relevant authorities on 23 August 2000. The ESOS was officially implemented on 29 August 2000 for a period of five (5) years, expiring on 28 August 2005. Encik Abdul Halim bin Harun, as Group Managing Director and Chief Executive Officer, is eligible to participate in the ESOS, following his appointment as a full-time Executive Director of the Company on 5 April 2001. Shareholders' approval is hereby sought for the granting of the options to subscribe for shares in the Company to Encik Abdul Halim bin Harun pursuant to the ESOS. The ESOS provides for a maximum allotment entitlement of 169,000 new ordinary shares in the Company to the said Director.

4. Please see Attachment I below for details on items (3)*, (4)* and (5)* of the Agenda.

attachment I

Directors standing for re-election at the Annual General Meeting of the Company to be held at the UMW Auditorium, UMW Holdings Berhad, Jalan Utas (15/7), Batu Tiga Industrial Estate, 40200 Shah Alam, Selangor Darul Ehsan on Thursday, 21 June 2001 at 10.00 a.m.

Directors standing for re-election pursuant to Article 96 of the Articles of Association

(Appointed since the last Annual General Meeting)

- * Tan Sri Datuk Asmat bin Kamaludin
- * Tan Sri Datuk Mohamed Khatib bin Abdul Hamid

Directors standing for re-election pursuant to Article 109 of the Articles of Association

(Retirement by Rotation)

- * Thomas Mun Lung Lee
- * Md. Yusof bin Hussin

Director standing for re-election pursuant to Section 129(6) of the Companies Act 1965

(Attainment of 70 Years of Age)

- * Lt. Gen. (R) Dato' Mohd. Yusof bin Din

Details of attendance at board meetings held in financial year ended 31 December 2000

(Total of 13 meetings held)

Name of Director	Date of Appointment	No. of Meetings Attended
Tan Sri Datuk Asmat bin Kamaludin	20-02-2001	n/a
Tan Sri Datuk Mohamed Khatib bin Abdul Hamid	07-09-2000	5/5
Thomas Mun Lung Lee	15-03-1995	12/13
Md. Yusof bin Hussin	01-07-1988	12/13
Lt. Gen. (R) Dato' Mohd. Yusof bin Din	01-07-1988	11/13

notice of annual general meeting

Details of Directors standing for re-election

Tan Sri Datuk Asmat bin Kamaludin (57 years of age - Malaysian)

- * Graduated with a BA (Hons.) in Economics from the University of Malaya
- * Non-Independent and Non-Executive Director/Chairman
- * Served in the Ministry of International Trade & Industry for over 31 years until his retirement as Secretary-General in January 2001
- * Appointed to the Board of UMW Holdings Berhad as Group Chairman on 20 February 2001. Other Directorships include Malaysian Pacific Industries Berhad, Hong Leong Properties Berhad, Permodalan Nasional Berhad, Lion Land Berhad, Shangri-La Hotels (Malaysia) Berhad, Carlsberg Brewery Malaysia Berhad and YTL Cement Berhad
- * Does not hold any shares or warrants, direct or indirect, in UMW Holdings Berhad or any of its subsidiary companies
- * No family relationship with any Director and/or major shareholder of UMW Holdings Berhad
- * No conflict of interest with UMW Holdings Berhad
- * Has not been convicted of any offences in the past ten (10) years

Tan Sri Datuk Mohamed Khatib bin Abdul Hamid (62 years of age - Malaysian)

- * Graduated with a BA (Hons.) from the University of Malaya
- * Non-Independent and Non-Executive Director
- * Served in the Ministry of Foreign Affairs for over 36 years in various capacities. Former ambassador to Kuwait, Bahrain, UAE, Qatar and Oman, Indonesia and Japan
- * Appointed to the Board of UMW Holdings Berhad on 7 September 2000. Member of the Nomination Committee of the Board. Also Chairman of Small and Medium Industries Development Corporation
- * Does not hold any shares or warrants, direct or indirect, in UMW Holdings Berhad or any of its subsidiary companies
- * No family relationship with any Director and/or major shareholder of UMW Holdings Berhad
- * No conflict of interest with UMW Holdings Berhad
- * Has not been convicted of any offences in the past ten (10) years

Thomas Mun Lung Lee (63 years of age - Malaysian)

- * Graduated from Cambridge University, England and is a Barrister-at-Law, England
- * Independent Non-Executive Director
- * Has been in legal practice for nearly 40 years. Managing partner of Messrs. Lee Hishammuddin
- * Joined the Board of UMW Holdings Berhad on 15 March 1995. Member of the Audit Committee and Chairman of the Remuneration Committee of the Board. Current directorships of public companies are Bank of America Malaysia Berhad, Saujana Consolidated Bhd. and Saujana Resort (M) Bhd.
- * Does not hold any shares or warrants, direct or indirect, in UMW Holdings Berhad or any of its subsidiary companies
- * No family relationship with any Director and/or major shareholder of UMW Holdings Berhad
- * No conflict of interest with UMW Holdings Berhad except in the case of professional services rendered by Messrs. Lee Hishammuddin
- * Has not been convicted of any offences in the past ten (10) years

Md. Yusof bin Hussin (51 years of age - Malaysian)

- * Graduated with a Bachelor of Economics degree from the University of Tasmania. Member of the Malaysian Institute of Accountants and a member of the Malaysian Association of Certified Public Accountants
- * Non-Independent and Non-Executive Director (Nominee of a substantial shareholder)
- * Former Managing Director of Island & Peninsular Berhad
- * Appointed to the Board of UMW Holdings Berhad on 1 July 1988. Member of the Audit Committee and Remuneration Committee of the Board. Also a Director of Mayban Management Berhad
- * Does not hold any shares or warrants, direct or indirect, in UMW Holdings Berhad or any of its subsidiary companies
- * No family relationship with any Director and/or major shareholder of UMW Holdings Berhad
- * No conflict of interest with UMW Holdings Berhad
- * Has not been convicted of any offences in the past ten (10) years

Lt. Gen. (R) Dato' Mohd. Yusof bin Din (70 years of age - Malaysian)

- * Pursued military training at the Officer Cadet School in Eaton Hall, UK and Command and Staff College - Wellington, India. Member of the Executive Council of the American Institute of Management and the Institute of Personnel Management and Fellow member of the British Institute of Management
- * Independent Non-Executive Director
- * Served in the armed forces until retirement as Lieutenant General in 1986
- * Appointed to the Board of UMW Holdings Berhad on 1 July 1988. Chairman of the Audit Committee and member of the Nomination Committee of the Board. Also Non-Executive Director of Boustead Holdings Berhad and Affin Bank Berhad
- * Does not hold any shares or warrants, direct or indirect, in UMW Holdings Berhad or any of its subsidiary companies
- * No family relationship with any Director and/or major shareholder of UMW Holdings Berhad
- * No conflict of interest with UMW Holdings Berhad
- * Has not been convicted of any offences in the past ten (10) years

financial calendar year ended 31 december 2000

takwim kewangan tahun berakhir 31 disember 2000

financial year ended/ending tahun kewangan berakhir	31 Dec 2000	31 Dec 2001
Announcement of Results Pengumuman Keputusan		
First Quarter Suku Pertama	8 May 2000	21 May 2001
Second Quarter Suku Kedua	7 Aug 2000	Aug 2001
Third Quarter Suku Ketiga	16 Nov 2000	Nov 2001
Fourth Quarter Suku Keempat	13 Feb 2001	Feb 2002
Issue of Annual Report and Financial Statements Terbitan Laporan Tahunan dan Penyata Kewangan	29 May 2001	May 2002
Annual General Meeting Mesyuarat Agung Tahunan	21 June 2001	June 2002
Dividends Dividen		
Interim Interim		
- Declaration Pengumuman	7 Aug 2000	Aug 2001
- Payment Bayaran	31 Oct 2000	Oct 2001
Final Terakhir		
- Declaration Pengumuman	13 Feb 2001	Feb 2002
- Payment Bayaran	Aug 2001	Aug 2002

summary of group results year ended 31 december 2000

ringkasan keputusan kumpulan tahun berakhir 31 disember 2000

1999	2000
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RM '000 RM '000

sen sen

Gross revenue Perolehan kasar

2,484,988 3,136,089

Basic earnings per share Pendapatan asas sesaham

43.8 36.2

Profit before taxation Keuntungan sebelum cukai

167,001 204,866

Dividend per share Dividen sesaham

- gross kasar
10.0 12.5

Net profit for the year Keuntungan bersih bagi tahun semasa

116,918 97,143

- net bersih
7.2 9.0

Share capital Modal saham

268,315 268,319

Net tangible assets per share Harta ketara bersih sesaham

477.0 503.0

Reserves Rizab

1,015,324 1,082,562

five-year group summary results
 ringkasan keputusan lima tahun kumpulan

Gross revenue *RM million*
 Perolehan kasar *RM juta*

3,678.5 4,101.0 1,699.7 2,485.0 3,136.1

Profit/(Loss) before taxation *RM million*
 Keuntungan/(Kerugian) sebelum cukai *RM juta*

374.3 391.2 (47.8) 167.0 204.9

Net profit/(loss) for the year *RM million*
 Keuntungan bersih/(kerugian) bagi tahun *RM juta*

233.1 234.9 (48.0) 116.9 97.1

Basic earnings/(loss) per share *sen*
 Pendapatan asas/(kerugian) sesaham *sen*

88.8 88.6 (18.1) 43.8 36.2

Shareholders' funds *RM million*
 Dana pemegang saham *RM juta*

995.0 1,234.1 1,175.1 1,283.6 1,350.9

corporate information

board of directors

group chairman Tan Sri Datuk Asmat bin Kamaludin
non-independent non-executive director

*group managing director &
chief executive officer* Abdul Halim bin Harun
non-independent executive director

directors Tan Sri Datuk Mohamed Khatib bin Abdul Hamid
non-independent non-executive director

Dato' Dr. Mokhzani bin Abdul Rahim
independent non-executive director

Lt. Gen. (R) Dato' Mohd. Yusof bin Din
*independent non-executive director**

Md. Yusof bin Hussin
non-independent non-executive director

Thomas Mun Lung Lee
*independent non-executive director**

Jamiah binte Abdul Hamid
non-independent non-executive director

secretary Suseela Menon (MAICSA 7028386)

registered office **UMW Holdings Berhad** (90278-P)
3rd Floor, The Corporate, Jalan Utas (15/7),
Batu Tiga Industrial Estate, 40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.
tel: 603 5519 1911
fax: 603 5519 3890

share/warrant registration office **Securities Services (Holdings) Sdn. Bhd.** (36869-T)
Level 22, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Malaysia.
tel: 603 255 7077
fax: 603 254 9940

auditors **Arthur Andersen & Co.**
Level 23A, Menara Milenium, Jalan Damanlela,
Pusat Bandar Damansara, Damansara Heights,
50490 Kuala Lumpur, Malaysia.

principal bankers **Affin Bank Berhad** (formerly known as Perwira Affin Bank Berhad)
Bumiputra-Commerce Bank Berhad
Bank Islam Malaysia Berhad
RHB Bank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia Berhad

* please refer to page 38 on Corporate Governance

board of directors
lembaga pengarah

*from left to right
dari kiri ke kanan*

Thomas Mun Lung Lee

Suseela Menon
(Group Secretary/
Corporate Director)
(Setiausaha Kumpulan/
Pengarah Korporat)

**Dato' Dr. Mokhzani
bin Abdul Rahim**

**Lt. Gen. (R) Dato' Mohd. Yusof
bin Din**

**Tan Sri Datuk Asmat
bin Kamaludin**
(Group Chairman)
(Pengerusi Kumpulan)

Abdul Halim bin Harun
(Group Managing Director &
Chief Executive Officer)
(Pengarah Urusan Kumpulan &
Ketua Pegawai Eksekutif)

Jamiah binte Abdul Hamid

**Tan Sri Datuk Mohamed Khatib
bin Abdul Hamid**

Md. Yusof bin Hussin



directors' profile

Tan Sri Datuk Asmat bin Kamaludin (57 years of age - Malaysian)

Non-Independent and Non-Executive Director. Graduated with a BA (Hons.) in Economics from the University of Malaya. Served in the Ministry of International Trade & Industry for over 31 years until his retirement as Secretary-General in January 2001. Appointed to the Board of UMW Holdings Berhad as Group Chairman on 20 February 2001. Current directorships include Malaysian Pacific Industries Berhad, Hong Leong Properties Berhad, Permodalan Nasional Berhad, Lion Land Berhad, Shangri-La Hotels (Malaysia) Berhad, Carlsberg Brewery Malaysia Berhad and YTL Cement Berhad. Information on attendance of Board meetings is not applicable as appointment was only effected in February 2001. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

Abdul Halim bin Harun (50 years of age - Malaysian)

Non-Independent Executive Director. Received formal training from Universiti Teknologi Mara and Emile Woolf College of Accountants (UK). Fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Accountants. Former Managing Director of Klang Port Management Sdn. Bhd. and Klang Container Terminal Berhad. Joined the Board of UMW Holdings Berhad as Non-Executive Director on 15 October 1990. Appointed to Executive position, i.e., as Group Managing Director/Chief Executive Officer, on 5 April 2001. Attended ten (10) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

10

Tan Sri Datuk Mohamed Khatib bin Abdul Hamid (62 years of age - Malaysian)

Non-Independent and Non-Executive Director. Graduated with a BA (Hons.) from the University of Malaya. Attached to the Ministry of Foreign Affairs for over 36 years in various capacities. Former ambassador to Kuwait, Bahrain, UAE, Qatar and Oman, Indonesia and Japan. Appointed to the Board of UMW Holdings Berhad on 7 September 2000. Member of the Nomination Committee of the Board. Also Chairman of Small and Medium Industries Development Corporation. Attended five (5) out of the five (5) Board meetings held after his appointment. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

Dato' Dr Mokhzani bin Abdul Rahim (62 years of age - Malaysian)

Independent Non-Executive Director to whom concerns on the Group may be conveyed. Graduated with a BA (Hons.) from the University of Malaya and MA and Ph.D from the London School of Economics. Appointed to the Board of UMW Holdings Berhad on 10 August 1987. Chairman of the Nomination Committee of the Board. Chairman of Metal Reclamation Berhad and Human Resources Development Council, President Emeritus of the Malaysian Employers Federation and member of the Malaysian Business Council and the Malaysia-Norway Business Council. He is Vice-President of Malaysia-Japan Economic Association and also a member of the Board of Malaysian Industrial Development Authority, the Institute of Strategic & International Studies, Employees Provident Fund and the Board of Trustees of the Malaysian Institute of Economic Research. Attended eleven (11) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

directors' profile

Lt. Gen. (R) Dato' Mohd. Yusof bin Din (70 years of age - Malaysian)

Independent Non-Executive Director. Pursued military training at the Officer Cadet School in Eaton Hall, UK and Command and Staff College - Wellington, India. Served in the armed forces until retirement as Lieutenant General in 1986. Appointed to the Board of UMW Holdings Berhad on 1 July 1988. Chairman of the Audit Committee and member of the Nomination Committee of the Board. Also Non-Executive Director of Boustead Holdings Berhad and Affin Bank Berhad. Member of the Executive Council of the American Institute of Management and the Institute of Personnel Management and Fellow member of the British Institute of Management. Attended eleven (11) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

Md. Yusof bin Hussin (51 years of age - Malaysian)

Non-Independent and Non-Executive Director (Nominee of a substantial shareholder). Graduated with a Bachelor of Economics degree from the University of Tasmania. Member of the Malaysian Institute of Accountants and a member of the Malaysian Association of Certified Public Accountants. Former Managing Director of Island & Peninsular Berhad. Appointed to the Board of UMW Holdings Berhad on 1 July 1988. Member of the Audit Committee and Remuneration Committee of the Board. Also a Director of Mayban Management Berhad. Attended twelve (12) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

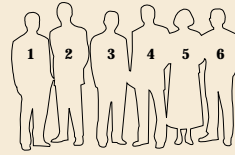
Thomas Mun Lung Lee (63 years of age - Malaysian)

Independent Non-Executive Director. Graduated from Cambridge University, England and is a Barrister-at-Law, England. Has been in legal practice for nearly 40 years. Managing partner of Messrs. Lee Hishammuddin. Joined the Board of UMW Holdings Berhad on 15 March 1995. Member of the Audit Committee and Chairman of the Remuneration Committee of the Board. Current directorships of public companies are Bank of America Malaysia Berhad, Saujana Consolidated Bhd. and Saujana Resort (M) Bhd.. Attended twelve (12) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad except in the case of professional services rendered by Messrs. Lee Hishammuddin. Has not been convicted of any offences in the past ten (10) years.

Jamiah binte Abdul Hamid (46 years of age - Malaysian)

Non-Independent and Non-Executive Director. Graduated from Northern Illinois University with a Bachelor of Science (Finance) degree and pursued MBA at University Kebangsaan Malaysia. Served Permodalan Nasional Berhad in various capacities since 1982 and is currently General Manager of the Corporate Finance, Communication and International Division of Permodalan Nasional Berhad. Appointed to the Board of UMW Holdings Berhad on 25 June 1998. Member of the Remuneration Committee of the Board. Current directorships of public companies are Malaysian Mining Corporation Berhad and Mesiniaga Berhad. Attended ten (10) out of the thirteen (13) Board meetings held in the financial year. No family relationship with any Director and/or major shareholder of UMW Holdings Berhad. No conflict of interest with UMW Holdings Berhad. Has not been convicted of any offences in the past ten (10) years.

audit committee
jawatankuasa audit



Lt. Gen. (R) Dato' Mohd. Yusof bin Din (4)
chairman of committee, independent non-executive director
pengerusi jawatankuasa, pengarah bebas dan bukan eksekutif

Thomas Mun Lung Lee (3)
independent non-executive director
pengarah bebas dan bukan eksekutif

Md. Yusof bin Hussin (6)
non-independent non-executive director
pengarah bukan bebas dan bukan eksekutif

Suseela Menon (5)
secretary
setiausaha

included in the picture are
terdapat dalam gambar

Meor Mohar Azhar bin Abdul Ghani (1)
general manager, group internal audit division
pengurus besar, bahagian audit dalaman kumpulan

Zulkifly bin Haji Zakaria (2)
group financial controller
pengawal kewangan kumpulan



audit committee report

terms of reference

The primary objective of the Audit Committee of the Board is to assist the Board of UMW Holdings Berhad in fulfilling its fiduciary responsibilities relating to corporate accounting, system of internal controls, management and financial reporting practices of the Group.

The Audit Committee's functions are as follows and to review, evaluate and report to the Board on these matters:-

1. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal.
2. To discuss with the external auditors before the audit commences, the nature and scope of the audit plan, and ensure co-ordination where more than one audit firm is involved.
3. To review the quarterly, half-year and annual financial statements of the Board focusing particularly on:-
 - (a) any changes in accounting policies and practices;
 - (b) significant adjustments arising from the audit;
 - (c) the going concern assumption;
 - (d) compliance with accounting standards and other legal requirements.
4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary), and to review the external auditors' management letter and management's response.
5. To ensure that the Internal Audit Division is adequately resourced and has appropriate standing within the Group, and to formulate the terms of reference of the Internal Audit Division.
6. To consider any related party transactions that may arise within the Group.
7. To review the Internal Audit Division's annual audit plan and all reports generated by the Internal Audit Division and to issue instructions for further action to be taken by the Internal Audit Division, and provide general guidance to the Internal Audit Division.

8. To consider the major findings of internal investigations (by internal and external auditors) and management's response.
9. To review the adequacy and effectiveness of the Group's accounting procedures and policies, the adequacy and effectiveness of its internal control systems as well as the financial reporting standards of the Group.
10. To consider other topics as defined by the Board.

meetings and procedures

There are to be at least four (4) meetings per year although additional meetings may be called for by the Chairman at his discretion. The quorum for each meeting shall be two (2). The majority of members present to form a quorum in respect of such meetings must be Independent Directors.

The head of the Group Internal Audit Division and the Group Financial Controller will normally attend this meeting to brief the Audit Committee on the internal audit reports and any significant control issues/concerns. The Committee will decide on its own administrative procedures to effectively discharge its responsibilities. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Audit Committee meeting. The approved minutes of Audit Committee meetings are forwarded to Board members for information.

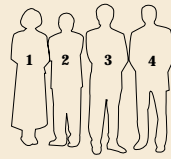
The Audit Committee met five (5) times during the year ended 31 December 2000. Lt. Gen. (R) Dato' Mohd. Yusof bin Din attended all the Audit Committee meetings held during the financial year whilst Thomas Mun Lung Lee attended four (4) out of the five (5) Audit Committee meetings held during the period. Md. Yusof bin Hussin attended the one (1) Audit Committee meeting held since his appointment.

During the year, the Audit Committee discharged all of its duties and responsibilities as set out in the Terms of Reference above.

internal audit division

The Internal Audit Division carried out audits of 107 companies/branches of the Group during the financial year. The Division generated a total of 58 reports in the financial year, all of which were reviewed by the Audit Committee.

nomination committee
jawatankuasa pemilihan



Dato' Dr. Mokhzani bin Abdul Rahim (3)
chairman of committee, independent non-executive director
pengerusi jawatankuasa, pengarah bebas dan bukan eksekutif

Tan Sri Datuk Mohamed Khatib bin Abdul Hamid (2)
non-independent non-executive director
pengarah bukan bebas dan bukan eksekutif

Lt. Gen. (R) Dato' Mohd. Yusof bin Din (4)
independent non-executive director
pengarah bebas dan bukan eksekutif

Suseela Menon (1)
secretary
setiausaha



nomination committee

jawatankuasa pemilihan

terms of reference

1. To propose new nominees for the Boards of UMW Holdings Berhad and its subsidiaries, whether to be filled by Board members, shareholders or executives. The Committee shall also consider candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder.
2. To make recommendations to the Board on Directors to fill seats on Board Committees.
3. To assist the Board in annually reviewing the required mix of skills and experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
4. To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
5. To review management's proposals for the appointment, dismissal, transfer and promotions of all executives to/in Grades 22 and above.

meetings and procedures

Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nomination Committee meeting.

The Committee met twice since its formation in October 2000. All three (3) Directors attended all the meetings held during the period.

bidangkuasa rujukan

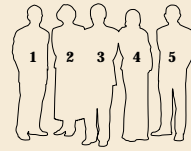
1. *Mengesyorkan calon baru bagi Lembaga UMW Holdings Berhad dan subsidiari-subsidiarinya, sama ada jawatan diisi oleh ahli Lembaga, pemegang saham atau eksekutif. Jawatankuasa juga akan pertimbangkan calon Pengarah yang dicadangkan oleh Ketua Pegawai Eksekutif dan dalam batasan yang praktikal, oleh eksekutif kanan lain atau Pengarah atau pemegang saham.*
2. *Mencadangkan kepada Lembaga Pengarah untuk mengisi kerusi dalam Jawatankuasa Lembaga.*
3. *Membantu Lembaga setiap tahun dalam mengkaji kemahiran, pengalaman dan kualiti lain termasuk kecekapan teras yang perlu ada pada Pengarah Bukan Eksekutif.*
4. *Menjalankan proses yang akan dilaksanakan oleh Lembaga untuk menilai keberkesanan Lembaga secara keseluruhannya, Jawatankuasa Lembaga dan untuk menilai sumbangan setiap Pengarah pada setiap tahun.*
5. *Mengkaji cadangan pengurusan bagi perantikan, pemecatan, pertukaran dan kenaikan pangkat semua eksekutif ke/dalam Gred 22 ke atas.*

mesyuarat dan prosedur

Mesyuarat diadakan apabila perlu. Korum bagi setiap mesyuarat adalah dua (2). Jawatankuasa akan menentukan prosedurnya sendiri dan lain-lain susunan pentadbiran. Minit mesyuarat akan disimpan oleh Setiausaha sebagai bukti bahawa Jawatankuasa telah melaksanakan fungsinya. Pengerusi Jawatankuasa akan melaporkan kepada Lembaga selepas setiap mesyuarat Jawatankuasa Pemilihan.

Jawatankuasa telah bermesyuarat dua kali sejak penubuhannya pada Oktober 2000. Ketiga-tiga (3) Pengarah menghadiri mesyuarat yang telah diadakan sepanjang tempoh itu.

remuneration committee
jawatankuasa saraan



Thomas Mun Lung Lee (3)
chairman of committee, independent non-executive director
pengerusi jawatankuasa, pengarah bebas dan bukan eksekutif

Md. Yusof bin Hussin (5)
non-independent non-executive director
pengarah bukan bebas dan bukan eksekutif

Jamiah binte Abdul Hamid (4)
non-independent non-executive director
pengarah bukan bebas dan bukan eksekutif

Suseela Menon (2)
secretary
setiausaha

included in the picture is
terdapat dalam gambar

Mohd. Fahmi bin Ishak (1)
director, group human resource division
pengarah, bahagian sumber manusia kumpulan



remuneration committee

jawatankuasa saraan

terms of reference

1. To review and recommend to the Board the remuneration of Executive Directors and all executives in Grades 22 and above.
2. To recommend to the Board after reviewing management's proposals:-
 - (a) overall annual salary increment guidelines/limits for all non-unionised staff;
 - (b) annual bonus limits/guidelines;
 - (c) ex-gratia for unionised staff;
 - (d) remuneration, benefits and other terms and conditions of employment, which have to be introduced as part of the Group's overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

meetings and procedures

Meetings are held as and when necessary. The quorum for each meeting shall be two (2). The Chief Executive Officer shall attend and make presentations at meetings, whenever business is not related to Executive Directors' remuneration. The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Remuneration Committee meeting.

The Committee met twice since its re-composition in October 2000. Thomas Mun Lung Lee and Md. Yusof bin Hussin attended both meetings held during the financial year whilst Jamiah binte Abdul Hamid attended one (1) of the two (2) meetings held in the period.

bidangkuasa rujukan

1. Mengkaji dan mengesyorkan kepada Lembaga mengenai saraan Pengarah Eksekutif dan semua eksekutif Gred 22 ke atas.
2. Mengesyorkan kepada Lembaga selepas meneliti cadangan pengurusan:-
 - (a) garis panduan kenaikan gaji tahunan secara keseluruhannya/had bagi semua pekerja yang bukan dalam kesatuan pekerja;
 - (b) garis panduan/had bonus tahunan;
 - (c) ex-gratia bagi pekerja dalam kesatuan pekerja;
 - (d) saraan, manfaat serta lain syarat dan peraturan perkhidmatan yang perlu diperkenalkan sebagai sebahagian dari pelan Kumpulan untuk membangunkan sumber manusia secara keseluruhannya. Ini termasuklah perkara seperti penetapan gaji Kumpulan selaras dengan taraf industri dan perubahan utama dalam pakej manfaat.

mesyuarat dan prosedur

Mesyuarat diadakan apabila perlu. Korum bagi setiap mesyuarat adalah dua (2). Ketua Pegawai Eksekutif akan hadir dan membuat pembentangan dalam mesyuarat sekiranya ia tidak melibatkan saraan Pengarah Eksekutif. Jawatankuasa akan menentukan prosedurnya sendiri dan lain-lain susunan pentadbiran. Minit mesyuarat akan disimpan oleh Setiausaha sebagai bukti bahawa Jawatankuasa telah melaksanakan fungsinya. Pengerusi Jawatankuasa akan melaporkan kepada Lembaga selepas setiap mesyuarat Jawatankuasa Saraan.

Jawatankuasa telah bermesyuarat sebanyak dua kali sejak penubuhan semula pada Oktober 2000. Thomas Mun Lung Lee dan Md. Yusof bin Hussin telah menghadiri kedua-dua mesyuarat yang diadakan sepanjang tahun kewangan manakala Jamiah binte Abdul Hamid menghadiri satu (1) dari dua (2) mesyuarat yang diadakan dalam tempoh tersebut.

UMW group structure
struktur kumpulan UMW

UMW group structure
struktur kumpulan UMW

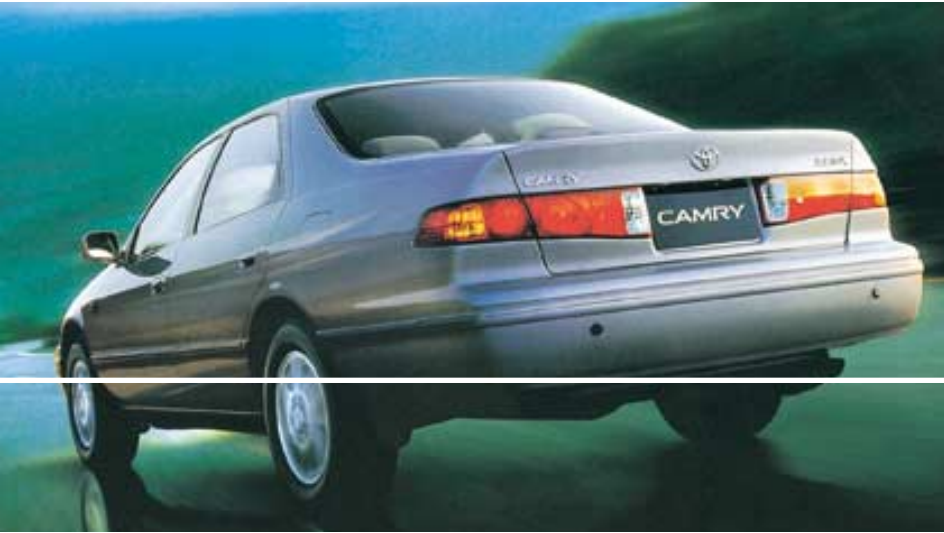
UMW HOLDINGS BERHAD

UMW HOLDINGS BERHAD



Upholding the principle of
ethics

The adherence to strong ethical principles is the intangible stamp of a company that has maintained a position of leadership for any length of time.



Dear Shareholders,

I am pleased to be able to address shareholders for the first time since taking over the Chairmanship of UMW on 20 February 2001.

I consider it an honour and privilege to have been appointed as Group Chairman of UMW. I am looking forward to serving the Group, which has a history of being a key industry player, and, with the support of my fellow Directors, management and staff, to take UMW to greater heights in the years to come.

First of all, on behalf of the Board, management and staff of the UMW Group, I would like to place on record my appreciation for the able leadership provided by my predecessor, Y Bhg. Dato' Rahmat bin Jamari, who resigned as Chairman/Director on 20 February 2001. We extend our best wishes to him for the future.



1. ASSB's plant in Shah Alam is able to assemble ten models on five assembly lines.

2. The Perodua Kenari has gained market acceptance in Malaysia.

On 26 December 2000, we announced the resignation of our Group Managing Director/Chief Executive Officer, Encik Mohd. Sallehuddin bin Othman, who left the UMW Group to take up the position of Chief Executive Officer in another PNB company. Encik Mohd. Sallehuddin had served the Group as Executive Director for six years, two of which were as Group Managing Director/Chief Executive Officer. The Board, management and staff join me in thanking him for his valuable contributions during his tenure of service and in wishing him well in his new position and in all his future endeavours. The candidate that the Board had originally identified to replace Encik Mohd. Sallehuddin did not take up the appointment and therefore, an Executive Committee of the Board was set up to temporarily oversee the operations of the Group, pending the appointment of a new Group Managing Director/Chief Executive Officer. We would like to thank the members of this Executive Committee, Y Bhg. Dato' Dr. Mokhzani bin Abdul Rahim, Y Bhg. Tan Sri Datuk Mohamed Khatib bin Abdul Hamid and Y Bhg. Lt. Gen. (R) Dato' Mohd. Yusof bin Din for their efforts and contributions during this period.

Our new Group Managing Director/Chief Executive Officer, Encik Abdul Halim bin Harun, came on board on 5 April 2001. Encik Abdul Halim is no stranger to UMW as he has been a Board member for more than ten years and is therefore very knowledgeable about the Group's operations and background. I would like to extend a warm welcome to Encik Abdul Halim in his new position as our Group Managing Director/Chief Executive Officer, and look forward to working closely with him.

financial results

I am pleased to report yet another year of satisfactory results - Group revenue improved 26.2% over the previous year to RM3,136.1 million, with all major operating units showing positive results. Group profit before tax amounted to RM204.9 million, a 22.7% increase from the RM167.0 million registered in 1999. This was achieved despite the strengthening of the Yen against Ringgit Malaysia during the year, which contracted our margins to a certain extent. Nevertheless, the expansionary fiscal and monetary policies pursued by the government benefited the industries which we serve, resulting in an increase in volumes which helped to make up for the currency factor.

earnings per share

For the year ended 31 December 2000, the Group's basic earnings per share was 36.2 sen. This has been calculated based on consolidated profit after tax and minority interests of RM97.1 million divided by the weighted average number of shares in issue of 268,316,000 shares during the year.

highlights

Our motor operations continue to contribute significantly to Group sales and profitability.

Total Industry Volume ("TIV") at 343,173 units, registered an improvement of 18.9% over 1999. Toyota vehicle sales, at 19,245 units, improved by 38.9% over the 13,860 units sold in 1999, registering a non-national segment market share of 30.1% (1999 - 29.1%). The Toyota marque maintained its market leadership position in this segment for the eleventh consecutive year.



UMW Toyota Motor Sdn. Bhd. ("UMW Toyota") effected a series of price increases during the year to partially compensate for the higher Yen exchange rate. At the same time, the company implemented some attractive promotional programmes for certain models to meet targeted order rates.

During the year, UMW Toyota introduced the new Unser 1.8 Automatic model. The model has been immensely successful and the company has had to step up its production rate for this model to cope with the demand.

Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua") achieved record registered sales of 96,985 units in year 2000, a significant increase over the previous year's sales of 82,591 units, bringing its market share to 28.3% for the year.

During the year, Perodua focused on its plant capacity improvement programme which has just been completed. This has increased total annual production capacity to 150,000 units from 120,000 units previously. There were also R&D activities in respect of development of new models, the launch of the Perodua Kenari in Kuala Lumpur in June 2000 and in the United Kingdom in October 2000, and the implementation of the Electronic Excise System in July 2000 in collaboration with the Jabatan Pengangkutan Jalan, Jabatan Kastam, EDI and RHB Bank Berhad. This system enables on-line payment of excise duties to Jabatan Kastam. Perodua also continued with its export programme, which included exports to the United Kingdom, Egypt, Mauritius, Malta, Cyprus, Fiji, Singapore, Brunei, Sri Lanka and Nepal.

Our Heavy Equipment Division continued to benefit from the government's infrastructure development efforts. However, our operations in Sabah were adversely affected by the general decline in the logging sector. The civil unrest in the Solomon Islands necessitated a speedy cost reduction programme by UMW Solomon Islands Limited, mainly due to the temporary closure of the Gold Ridge Gold Mine. Our operations in Myanmar continued to be profitable.

The Heavy Equipment Division is constantly working with its existing principals to develop new products for all the sectors that it serves. In December 2000, UMW Corporation Sdn. Bhd. was appointed by LG Cable Ltd. of Korea as the sole distributor in Malaysia for LG agricultural equipment. In January this year, UMW Equipment Sdn. Bhd. was appointed by Astec International, Inc., of Tennessee, United States of America, as the official distributor in Malaysia for Astec asphalt plants and related equipment and control systems, Roadtec cold planers, asphalt pavers and material transfer vehicles and Heatec asphalt heating equipment, polymer and rubber blending plants and storage systems, and also for provision of parts and after-sales service support therefor.

With the start-up of various deferred infrastructure projects and the government's present focus on reviving the construction sector, it is expected that there will be new demand for construction equipment in Peninsular Malaysia, Sabah and Sarawak.

The Industrial Equipment Division, consisting of UMW Industries (1985) Sdn. Bhd. ("UMW

chairman's statement

Industries”), UMW Industries (Philippines), Inc., and UMW Industrial Power Sdn. Bhd. (“UMW Industrial Power”) continued to perform well in year 2000.

UMW Industries registered strong growth in the sales of new Toyota and BT forklifts as a result of the strong demand from the manufacturing sector. The fleet management/rental programme that the company commenced in recent years has taken off very well. Management is continuing with efforts to promote and market this programme to customers in keeping with the industry trend.

in the Middle East, Asean countries and China. Efforts are ongoing to achieve cost reduction by way of localisation wherever possible.

The Division continued to maintain its market leadership position in the sales and rental of Toyota forklift trucks in Singapore, despite intense competition. Toyota’s position in the market was further strengthened with the introduction of the new AC battery-powered truck model. The Toyota Overall Excellence Award was presented to UMW Equipment Systems in recognition of its excellent performance in sales and after-sales service. The



1. The Toyota towing tractor is a market leader in the Malaysian airline industry.

2. The Toyota forklift is a market leader in Malaysia and Singapore.

UMW Industrial Power also performed satisfactorily in year 2000. Its new product, the Cooper turbocompressor, has gained good market acceptance. The comprehensive range of Honda power products that the company offers contributed significantly to the company’s revenue and profitability.

Our Singapore Division consolidated its operations in Singapore in December 2000, with the merging of our two companies, UMW Trading & Engineering Pte. Ltd. and UMW Equipment Systems Pte. Ltd. (“UMW Equipment Systems”), into an integrated operation under the new name of UMW Equipment & Engineering Pte. Ltd., to reflect the two core businesses of equipment distribution and engineering. This move was targeted not only to achieve cost effectiveness and better efficiencies but to set new directions for growth in the region. The construction sector in Singapore remained sluggish in year 2000 with sales having been affected by the overhang of customers’ surplus stock brought forward from previous years.

The Division expanded sales of Aerex equipment, UMW’s in-house brand of ground support equipment for truck-mounted applications, to regional airlines

company was also one of the top ten distributors in the world to be given the “Platinum Award” for the year by BT for exceeding sales targets for hand pallet trucks.

Our overseas operations in China are doing well. During the year, we concentrated on the start-up of Toyota industrial equipment operations in the Shanghai region. Our company, UMW Equipment Systems (Changshu) Co. Ltd., was appointed dealer for Toyota industrial equipment for the greater Shanghai area. The performance of our operations in Vietnam has not been satisfactory due to the adverse business conditions. However, specific project sales were undertaken, and also after-sales service for existing customers. Our strategy is to maintain a meaningful presence in Vietnam for now so as to be able to take advantage of opportunities when the market improves.

The Singapore Division remains committed to a clean, safe and healthy environment and it is noteworthy that our operations in Singapore received the Singapore Healthy Lifestyle Silver

chairman's statement

Award for 2000 from the Ministry of Health in recognition of its health programmes for its employees and their families.

The recovery in the domestic automotive sector benefited our Parts Division, which chalked up a 14.9% increase in revenue in year 2000 over 1999. The Division expanded its filter exports to the United Kingdom/Germany in year 2000.

UMW Auto Parts Sdn. Bhd. implemented several efficiency improvement programmes in year 2000, aimed at further improving its competitiveness, and

Seabanc GE Capital Sdn. Bhd. continues to be selective in its customer financing policies, placing emphasis on the quality of loans, rather than in generating higher business volume. Despite a drop in business volume in year 2000, the company registered a marked improvement in profit before tax as a result of the implementation of cost rationalisation and efficiency programmes. The company will continue to build on quality assets by focusing on developing innovative financial products for the market and providing service excellence to its valued customers.



also localisation programmes to minimise the impact of higher imported component cost. The company achieved another quality milestone with the QS 9000 certification in November 2000, in addition to its successful ISO 9001 certification in 1998.

UMW Engineering Sdn. Bhd. saw a 48.9% increase in revenue and a return to the black, with some support from the port transportation sector.

Our subsidiary, Kayaba (Malaysia) Sdn. Bhd., which is the largest manufacturer of shock absorbers in the country, performed well, enjoying a market share of more than 60% of the Original Equipment Market ("OEM"). Kayaba Hydraulics (Malaysia) Sdn. Bhd. ("Kayaba Hydraulics"), which is the only local manufacturer of hydraulic power-steering pumps in Malaysia, exports up to 50% of its output to countries in the region. Both the companies' facilities are Quality System ISO 9000 registered, with Kayaba Hydraulics also meeting the requirements of QS 9000.

The downsizing exercise of the operations of UMW-Dennis Specialist Vehicles Sdn. Bhd. is nearing completion. However, the UMW Group will continue to provide parts and service operations to support the Dennis buses that have been sold by the company.

The weak property market affected sales of residential units by UMW-PNSB Development Sdn. Bhd.. The project has accordingly been scaled down and we will review the project when some recovery is seen. The company is presently assessing a proposal to provide staff housing requirements for Perodua.

Our associated company, UMW-EDS Technologies Sdn. Bhd. ("UET"), continues to provide information technology and consulting services to the UMW Group of Companies. UET recently invested in a technology platform, Amtrix, which enables the UMW Group to exchange and share information electronically, regardless of the different back-end computer systems. In addition, UET has developed and integrated internet applications for the UMW

1. UMW Auto Parts expanded its export of filters to the United Kingdom/Germany in year 2000.

2. Kayaba Hydraulics is the only local manufacturer of hydraulic power-steering pumps in Malaysia.



Group. Using these technologies, UMW subsidiaries can now exchange production orders and schedules with their business partners, both locally and overseas. UMW customers and dealers in the Asia-Pacific region are now also able to order electronically. Efforts are ongoing to ensure that UET will continue to improve its services and to add value for the UMW Group by providing it with a competitive advantage in its various businesses.

Our Manufacturing Resource Division intensified its computer-aided design (CAD), engineering (CAE) and manufacturing (CAM) activities during the year. The parts supplied by UMW subsidiaries were designed completely in 3 Dimensional CAD-CATIA, through electronic data exchange with customers, and analysed using Finite Element Methods, NASTRAN. This was a major step towards a closer and more efficient working relationship with OEM customers and marked a significant improvement in the engineering capability of the UMW Group. The Manufacturing Resource Division makes continuous efforts to meet the needs of the Group's customers for lower cost and lighter, energy-efficient and environmentally-sustainable products. The Division is providing technology support in the Group's efforts to identify and develop new businesses/products in Malaysia and within the Asean countries.

community relations

Our efforts towards the development of local entrepreneurs under our Vendor & Entrepreneur Development programme have been successful. We recently handed over a number of our Perodua dealerships under Otomobil Sejahtera Sdn. Bhd.

to local individuals, which included retiring staff, all of whom have undergone training in the skills and experience required to successfully take over these operations.

The annual Toyota Classics Concert, brought to Malaysia for the tenth year running, was held on 24 October 2000. This event featured the Nagoya Philharmonic Orchestra from Japan. Proceeds from ticket sales and corporate donations totalling RM208,620 were donated to charity homes, Yayasan Budi Penyayang Malaysia and Darul Bakti, Sabah.

The UMW Group's staff remain committed to contributions to MAKNA - Majlis Kanser Nasional. UMW is the single largest local contributor to MAKNA's payroll project.

dividend

The Board of Directors has recommended a final gross dividend of 7.5 sen per share, less 28% tax, for the year ended 31 December 2000, which will bring the total gross dividend for the year to 12.5 sen per share. This compares to 10.0 sen per share paid in 1999.

corporate governance

The Board of Directors is fully committed to ensuring that the highest standards of Corporate Governance are practised throughout the Group. This is in recognition of its responsibilities towards shareholders and investors to observe transparency, accountability and, above all, integrity in all of the Group's dealings. Towards this end, we have taken steps to comply with the Malaysian Code on



Corporate Governance, and we are currently in the process of complying with the revamped Listing Requirements of the Kuala Lumpur Stock Exchange.

Although the Group is only required under the Listing Requirements to comply with the disclosure requirements on Corporate Governance in the 2001 Annual Report, the Group has adopted a policy of immediate voluntary disclosure, wherever relevant and possible. In this respect, a separate section devoted to Corporate Governance compliance has been introduced in this Annual Report.

prospects/future direction

UMW is adopting a cautious approach for 2001 as the anticipated slowdown in the United States of America as well as the weakening regional economies are expected to impact on the domestic business environment. Nevertheless, the government's measures towards pump-priming the economy to encourage consumer spending, the prevailing more-favourable exchange rates and our continuing cost-down and value-adding efforts are expected to contribute to a satisfactory performance in 2001, barring any unforeseen circumstances.

Our core automotive businesses will continue to be fundamental in our future business direction. In the longer-term, and in preparation towards the implementation of AFTA in 2005, we are working closely with our principals towards attaining regional competitiveness and higher quality standards. We are confident that the steps that we are taking in this regard will place the

Group in a position of strength so as to be able to take advantage of the opportunities that AFTA can bring and to become a reputable manufacturer in the region.

acknowledgement

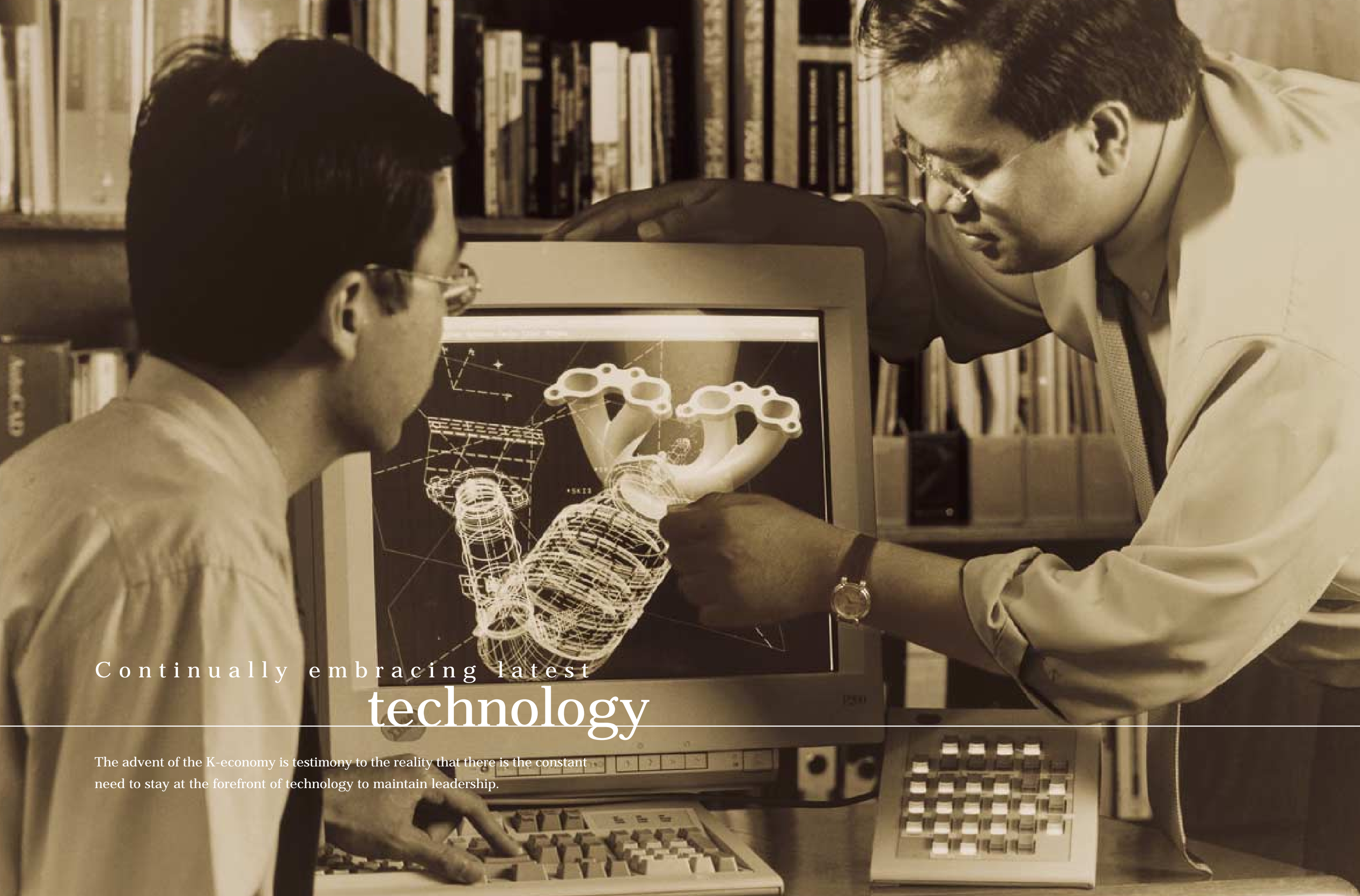
In closing, I would like to record my thanks and appreciation for the dedication of our employees at all levels, and also to the Board members for their support and commitment.

I wish to also extend my deep appreciation to our principals, customers, shareholders, suppliers, bankers and business associates for their support, co-operation and loyalty.

A handwritten signature in black ink, appearing to read 'Asmat Bin Kamaludin'.

ASMAT BIN KAMALUDIN
Group Chairman

UMW Holdings Berhad
Shah Alam, Selangor Darul Ehsan.
17 May 2001



Continually embracing latest
technology

The advent of the K-economy is testimony to the reality that there is the constant need to stay at the forefront of technology to maintain leadership.