

FINANCIAL Penyata Kewangan STATEMENTS

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 January 2001.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the manufacture and sale of mosaic and ceramic homogenous tiles. The principal activities of the subsidiaries are as stated in Note 4 to the financial statements. During the year, the Group ceased its brewing and distribution of beer business with the cessation of the business operations of a subsidiary and the disposal of an associate involve in that business. There has been no other significant change in the nature of the principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation	247,597	111,974
Less: Minority interests	(199,828)	-
Net profit for the year	<u>47,769</u>	<u>111,974</u>

RESERVES

There were no material transfers to or from reserves and provisions during the year except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:-

- i) a final dividend of 3% less tax totalling RM6,307,200 in respect of the year ended 31 January 2000 on 20 June 2000; and
- ii) an interim dividend of 2.5% less tax totalling RM5,256,000 in respect of the year ended 31 January 2001 on 17 November 2000.

The final dividend recommended by the Directors in respect of the year ended 31 January 2001 is 3% less tax totalling RM9,460,824 and 2.5% special tax exempt dividend totalling RM10,950,027 based on the enlarged share capital of 438,001,099 ordinary shares of RM1 each pursuant to the bonus issue and conversion of warrants subsequent to year end.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:-

Tan Sri Datuk Seri Panglima Lau Gek Poh (Chairman)
 Chan Hua Eng, R OBE (Vice Chairman)
 Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak
 Liew Chor Beng @ Lau Cho Beng
 Tuan Haji Nik Ariff bin Nik Hassan
 Datuk Henry Chin Poy-Wu
 Dato' Richard Ong Guan Seng
 Edward Lee Ming Foo, JP
 Lee Wee Yong
 Tan Cheow Hian @ Tan Lek Keah (ceased as alternate to John Madsen, R and appointed as a director on 1.2.2001)
 Fong Kok Keong (appointed on 1.11.2000)
 Sim Siew Meng (ceased as alternate to David Park, AMN on 21.7.2000 and appointed as alternate to Datuk Seri Panglima Lau Cho Kun @ Lau Yu Chak on 1.11.2000)
 David Park, AMN (resigned on 21.7.2000)
 John Madsen, R (Managing Director)

The holdings and deemed holdings in the ordinary shares and warrants of the Company and shares and options of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the register of Directors' shareholdings are as follows:-

Name of Company	← Number of shares/warrants/options →			
	Balance at 1.2.2000	Bought/ granted	Sold/ exercised	Balance at 31.1.2001
Shareholdings, warrants and options in which Directors have direct interests:				
Malaysian Mosaics Berhad				
Ordinary shares of RM1 each				
Tuan Haji Nik Ariff bin Nik Hassan	316,000	-	-	316,000
Dato' Richard Ong Guan Seng	30,000	-	-	30,000
John Madsen, R	300,000	115,000	-	415,000
Warrants				
Tuan Haji Nik Ariff bin Nik Hassan	60,000	-	-	60,000
Dato' Richard Ong Guan Seng	10,000	-	-	10,000
Hap Seng Consolidated Berhad ("HSCB")				
Ordinary shares of RM1 each				
Tan Cheow Hian @ Tan Lek Keah	9,368	-	-	9,368
Fong Kok Keong	64,000	-	-	64,000
John Madsen, R	1,316,000	118,000	-	1,434,000

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

DIRECTORS OF THE COMPANY (cont'd)

Name of Company	← Number of shares/warrants/options →			
	Balance at 1.2.2000	Bought/ granted	Sold/ exercised	Balance at 31.1.2001
Hap Seng Consolidated Berhad ("HSCB")				
Options to subscribe for ordinary shares of RM1 each				
John Madsen, R	800,000	-	-	800,000
Fong Kok Keong	220,000	50,000	-	270,000
Shareholdings and warrants in which Directors have indirect interests:				
Malaysian Mosaics Berhad				
Ordinary shares of RM1 each				
Tan Sri Datuk Seri Panglima				
Lau Gek Poh	146,523,261 ⁽¹⁾	-	-	
	8,000,000 ⁽²⁾	-	8,000,000	
	137,000 ⁽³⁾	8,000,000	-	
	-	2,263,000 ⁽⁸⁾	-	156,923,261
Datuk Seri Panglima				
Lau Cho Kun @ Lau Yu Chak	146,523,261 ⁽¹⁾	2,263,000 ⁽⁸⁾	-	148,786,261
Liew Chor Beng @ Lau Cho Beng	146,523,261 ⁽⁷⁾	-	-	
	8,000,000 ⁽⁵⁾	-	8,000,000	
	137,000 ⁽⁶⁾	8,000,000	-	
	-	2,263,000 ⁽⁸⁾	-	156,923,261
Tuan Haji Nik Ariff bin Nik Hassan	2,749,000 ⁽⁴⁾	-	264,000	2,485,000
Malaysian Mosaics Berhad				
Warrants				
Tan Sri Datuk Seri Panglima				
Lau Gek Poh	29,203,000 ⁽¹⁾	-	-	
	1,632,200 ⁽³⁾	-	-	30,835,200
Datuk Seri Panglima				
Lau Cho Kun @ Lau Yu Chak	29,203,000 ⁽¹⁾	-	-	29,203,000
Liew Chor Beng @ Lau Cho Beng	29,203,000 ⁽⁷⁾	-	-	
	1,632,200 ⁽⁶⁾	-	-	30,835,200
Tuan Haji Nik Ariff bin Nik Hassan	604,000 ⁽⁴⁾	-	-	604,000
Hap Seng Consolidated Berhad				
Ordinary shares of RM1 each				
Tan Sri Datuk Seri Panglima				
Lau Gek Poh				
Datuk Seri Panglima				
Lau Cho Kun @ Lau Yu Chak				
Liew Chor Beng @ Lau Cho Beng	312,016,000	1,583,000 ⁽⁸⁾	-	313,599,000
Tan Cheow Hian @ Tan Lek Keah	3,744 ⁽⁹⁾	-	-	3,744
Lee Wee Yong	-	10,000 ⁽¹⁰⁾	-	10,000
Chan Hua Eng, R OBE	-	50,000 ⁽¹¹⁾	-	50,000

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

DIRECTORS OF THE COMPANY (cont'd)

- (1) Deemed interest by virtue of his substantial shareholding in Gek Poh (Holdings) Sdn. Bhd.
- (2) Held through his spouse, Puan Sri Datin Seri Panglima Khoo Geuh Noi @ Koh Geuh Noi
- (3) Held through his daughter, Liew Soong Cheng @ Lau Soong Cheng
- (4) Deemed interest by virtue of his direct interest in Koperasi Sri Nilam Berhad
- (5) Held through his mother, Puan Sri Datin Seri Panglima Khoo Geuh Noi @ Koh Geuh Noi
- (6) Held through his sister, Liew Soong Cheng @ Lau Soong Cheng
- (7) Held through his father, Tan Sri Datuk Seri Panglima Lau Gek Poh's deemed substantial interest in Gek Poh (Holdings) Sdn. Bhd.
- (8) Deemed interest by virtue of his indirect interest in Pembangunan Melati Sdn. Bhd., a wholly-owned subsidiary of Gek Poh (Holdings) Sdn. Bhd.
- (9) Held through his spouse, Low Sin Chen
- (10) Held through his spouse, Tan Siew Fong
- (11) Deemed interest by virtue of his direct interest in Tysim Holdings Sdn. Bhd.

None of the other Directors holding office at 31 January 2001 had any interest in the ordinary shares of the Company and its related corporations during the year.

Tan Sri Datuk Seri Panglima Lau Gek Poh and Chan Hua Eng, R OBE who are over seventy years of age, retire from the Board at the forthcoming Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965. The directors recommend that Tan Sri Datuk Seri Panglima Lau Gek Poh and Chan Hua Eng, R OBE be re-appointed as directors and to hold office until the next Annual General Meeting.

Liew Chor Beng @ Lau Cho Beng and Dato' Richard Ong Guan Seng retire by rotation in accordance with Article 87 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Tan Cheow Hian @ Tan Lek Keah and Fong Kok Keong who were appointed since the last Annual General Meeting, retire from the Board in accordance with Article 91 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had 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 apart from the issuance of warrants of the Company and the Employees' Share Option Scheme ("ESOS") of HSCB.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

ISSUE OF SHARES

There were no changes in the issued and paid-up capital of the Company during the year.

Subsequent to year end, the Company's issued and paid up capital was increased to 438,001,099 ordinary shares of RM1 each pursuant to the bonus issue of 146,000,000 new ordinary shares of RM1 each allotted on 5 February 2001 and conversion of 1,099 warrants to ordinary shares. The new shares rank *pari passu* to the existing shares and will be entitled to the final dividends declared by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES AND DEBENTURES

No options were granted to any person to take up unissued stocks/shares and debentures of the Company during the year apart from the issue of warrants of the Company and ESOS of HSCB as disclosed above.

WARRANTS OF THE COMPANY

On 24 October 1996, the Company issued RM150,000,000 nominal amount 2% Redeemable Secured Bonds 1996/2001 together with 54,400,000 detachable warrants on the basis of one warrant for every five existing ordinary shares held at an offer price of 76.4 sen per warrant.

Each warrant entitles its registered holder the right to subscribe for one new ordinary share not later than 5.00 pm on 23 April 2001 at an exercise price of RM3.36 per ordinary share. As at 31 January 2001, none of the 54,400,000 warrants have been converted to ordinary shares.

Pursuant to the bonus issue subsequent to year end, the number and exercise price of the warrants which were not exercised into new shares on or before 31 January 2001 ("Entitlement Date") were adjusted in accordance with the provisions of the Deed Poll dated 14 October 1996 (amended by the Supplemental Deed Poll dated 12 May 1997).

Accordingly, the Company issued 27,200,000 additional warrants to warrant holders as at 31 January 2001 on the basis of one new warrant for every two existing warrants held and the exercise price of the warrants was adjusted to RM2.24 per ordinary share. Subsequent to year end, up to 6 April 2001, 1,099 warrants were converted to ordinary shares.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF HSCB

Features of HSCB's ESOS includes the following:-

- a) The maximum amount of ordinary shares of RM1 each in HSCB which may be subscribed on the exercise of the ESOS shall not exceed in aggregate 10% of the issued share capital of HSCB at any point of time during the existence of the ESOS.
- b) Eligible employees of HSCB Group and full time executive directors of HSCB with at least one year of service shall be eligible to participate in the ESOS.
- c) The maximum allowable allotment that may be offered to eligible employees and full time executive directors under the ESOS ranges from 4,000 to 500,000 ordinary shares.
- d) The option price shall be the average of the mean market quotation of the shares as quoted and shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the 5 market days immediately preceding the date of the offer or the par value of the shares of HSCB, whichever is higher.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF HSCB (cont'd)

- e) An option shall be capable of being exercised during the option period starting from the second anniversary of the commencement of the Scheme and expiring at the end of five years from the commencement of the Scheme or for such shorter period as may be specifically stated in the offer. The Scheme commenced on 13 September 1997. During the year, the term of the Scheme was extended by five years, to expire on 12 September 2007.

As at 31 January 2001, options to subscribe for 13,234,000 ordinary shares of RM1 each in HSCB had been granted. Option granted to subscribe for 12,777,000 ordinary shares of RM1 each remained unexercised as at 31 January 2001.

As at 31 January 2001, 457,000 ordinary shares of RM1 each were issued at between RM1.98 and RM2.38 per share for cash, upon the exercise of options granted pursuant to the Scheme.

ULTIMATE HOLDING COMPANY

The Directors regard Gek Poh (Holdings) Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:-

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:-

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group 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 and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

OTHER STATUTORY INFORMATION (cont'd)

In the opinion of the Directors except for the exceptional items as disclosed in Note 24 of the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 January 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

- i) On 20 April 2000, the Company entered into a joint venture cum shareholders agreement with Imaspro Process Technology Sdn. Bhd. pursuant to which the Company agreed to subscribe for an additional 550,000 ordinary shares of RM1.00 each in Dewana Sdn. Bhd. at a cash consideration of RM550,000. After the subscription of the shares, the Company held 1,050,000 ordinary shares of RM1.00 each representing 70% of the issued and paid up share capital in Dewana Sdn. Bhd.
- ii) On 31 January 2001, the Company completed the disposal of the entire issued and fully paid up share capital of Si Khiong Industries Sdn. Bhd. comprising 12,000,000 ordinary shares of RM1.00 each at a cash consideration of RM105 million to its subsidiary, HSCB which was approved by the minority shareholders of both the companies at their respective Extraordinary General Meetings ("EGM") held on 4 December 2000.

Prior to the above disposal, the Company disposed the entire issued and fully paid up share capital of Zarah Sdn. Bhd. comprising 2,000,000 ordinary shares of RM1.00 each at the cash consideration of RM11.609 million to Si Khiong Industries Sdn. Bhd.

- iii) On 31 January 2001, the Company completed the disposal of the entire issued and fully paid up share capital of Sasco Sdn. Bhd. comprising 30,000,000 ordinary shares of RM0.50 each at a cash consideration of RM68 million to HSCB which was approved by the minority shareholders of both the companies at their respective EGMs held on 4 December 2000.

Prior to the above disposal, the Company disposed the entire issued and fully paid up share capital of Hap Seng (Oil & Transport) Sdn. Bhd. comprising 2,000,000 ordinary shares of RM1.00 each at the cash consideration of RM7.840 million and its entire equity interest of 70% in Dewana Sdn. Bhd. comprising 1,050,000 ordinary shares of RM1.00 each at the cash consideration of RM1.076 million to Sasco Sdn. Bhd.

- iv) On 4 December 2000, the shareholders of the Company approved to accept a cash advance of up to RM400,000,000 from HSCB which was approved by the shareholders of HSCB on the same date for purposes of retiring the Company's bank borrowings.

The advance is unsecured and has a tenure of five years. The interest is at 6.5% per annum or such other rate which HSCB reserves the right to impose from time to time based on the prevailing Maybank's base lending rate. The interest shall be payable on a quarterly basis. The advance together with the interest accrued is repayable on demand upon receipt of notice in writing within a period of not less than six months. As at 31 January 2001, RM270,000,000 was advanced to the Company.

- v) On 22 December 2000, the Company announced the proposed issue of up to RM330,000,000 nominal value of Irredeemable Convertible Secured Loan Stocks 2001/2011 together with detachable 7.576% coupon per annum. The proposal is subject to the approval of the relevant authorities.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

SIGNIFICANT EVENTS (cont'd)

- vi) As disclosed in the Directors' Report in the previous year, HSCB had announced to the Kuala Lumpur Stock Exchange on 4 August 1999, its acquisition of a 15% equity interest in T.C. Whang & Company (Private) Limited ("TCW"), a company incorporated in Singapore, for a consideration of S\$4,650,000. The transfer of the subject shares to HSCB was pending the completion of registrations in Singapore in respect of the disposal by TCW of certain assets, as agreed upon between the vendors and HSCB.

TCW is a substantial shareholder of Lam Soon Cannery Pte. Ltd. ("LSC"). During the year, a winding up petition was presented to the High Court in Singapore to wind up LSC. With the concurrence of HSCB, an out-of-court settlement was arrived at in respect of the said winding up petition pursuant to which TCW had agreed to dispose of its entire interest in LSC. The Deed of Settlement was executed on 15 November 2000.

In view of the aforesaid disposal by TCW of its principal investment in LSC, HSCB had on 21 November 2000 entered into an agreement with all the other shareholders of TCW ("TCW Shareholders") pursuant to which:-

- (a) HSCB had agreed to dispose of its 15% equity interest in TCW to the TCW Shareholders for a cash consideration of S\$7.098 million; and
- (b) the TCW Shareholders had agreed to procure the transfer of 29,444,411 ordinary shares representing 12.154% equity interest in Lam Soon (Hong Kong) Limited, a public company listed on the Hong Kong Stock Exchange, to HSCB at an ascribed value of S\$10.469 million.

The completion of the settlement with the TCW Shareholders is pending receipt of final payment of the cash consideration outstanding of approximately S\$4.5 million.

In addition, one of the TCW Shareholders had assigned to Forward Supreme Sdn. Bhd., a wholly owned subsidiary of HSCB, various established trade marks in Malaysia. However, the validity of such assignment is presently the subject matter of a legal dispute in Malaysia.

The settlement is expected to give rise to a gain of approximately RM11 million to the Group. The result will be accounted for when the terms are fulfilled and the divestment and settlement are completed.

- vii) On 24 May 2000, HSCB entered into a conditional sale and purchase of shares agreement with The East Asiatic Company Ltd. A/S ("EACL") pursuant to which HSCB had agreed to acquire from EACL 23,752,800 ordinary shares of RM1.00 each in EAC Holdings (Malaysia) Sdn. Bhd. ("EACH") representing 60% of the issued and paid up share capital of EACH at a cash consideration of RM111 million ("EACL Agreement"). The agreement was conditional upon, inter alia, the approval to be obtained from the Foreign Investment Committee ("FIC").

Subsequently on 14 August 2000, HSCB entered into a separate conditional sale and purchase of shares agreement with Lembaga Tabung Angkatan Tentera ("LTAT") pursuant to which HSCB had agreed to purchase from LTAT the remaining 20% equity in EACH comprising 7,917,600 ordinary shares of RM1.00 each.

Completion of this agreement was conditional upon, inter alia, completion of the EACL Agreement.

HSCB announced on 1 March 2001 that the EACL Agreement was effectively terminated on 28 February 2001 due to the failure to obtain an acceptable FIC Approval. With the termination of the EACL Agreement as aforesaid, the LTAT Agreement also ceases to have any further effect due to the aforementioned inter-conditionality.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

SIGNIFICANT EVENTS (cont'd)

- viii) On 24 May 2000, HSCB entered into a sale and purchase of shares agreement ("Dumex Agreement") pursuant to which HSCB agreed to dispose of 6,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital in Dumex (Malaysia) Sdn. Bhd. to EACL at a cash consideration of RM72.6 million. The completion of the Dumex Agreement was conditional upon completion of the EACL Agreement and vice-versa. However, the parties thereto had on 16 February 2001 mutually agreed to waive the said inter-conditional requirement in view of the failure to obtain an acceptable FIC approval for the EACL Agreement as aforesaid. Thereafter, the disposal was completed subsequent to the balance sheet date and gave rise to an exceptional gain to the Group of approximately RM24.5 million which will be accounted for in the ensuing financial year.
- ix) On 9 June 2000, HSCB disposed of 33,555,550 ordinary shares of RM1.00 each, representing a 22.1% equity interest, in Carlsberg Brewery Malaysia Berhad ("CBMB") for a cash consideration of RM503.333 million. On 22 September 2000, HSCB disposed of the remaining 5,770,700 ordinary shares of RM1.00 each, representing a 3.8% equity interest, in CBMB in the open market for a total cash consideration of RM69.248 million. The disposals gave rise to a total exceptional gain to the Group of approximately RM42.3 million.
- x) On 4 August 2000, HSCB entered into a sale and purchase agreement with Asia Pacific Breweries Limited for the sale of the business and transfer of its exclusive rights to use the brands, AOKE and KRONEN in Hainan, China from Hainan Euro-Asia Brewery Company Ltd. ("HEAB"), a 70% owned subsidiary of HSCB Group for approximately USD12.2 million. The completion of the sale is pending the decommissioning of HEAB's production facility in Hainan. The sale is expected to give rise to a gain of approximately RM12.4 million to the Group and will be accounted for when the agreement becomes unconditional and the terms are fulfilled.
- xi) On 20 November 2000, HSCB entered into two conditional agreements in Singapore to acquire the entire business undertakings and assets ("Business and Assets") of Vredelco Food Industries Pte. Ltd. ("VFI") and Vredelco Investments Pte. Ltd. ("VI") at an aggregate cash consideration of S\$5 million. Towards this purpose, HSCB had on 5 January 2001, acquired the entire equity interest comprising 2 ordinary shares of S\$1.00 each in Aceford Food Industry Pte. Ltd. for a total cash consideration of S\$2.00, to acquire the Business and Assets. The acquisition of the Business and Assets is pending the approvals of certain authorities in Singapore.
- xii) On 21 December 2000, HSCB entered into a conditional sale and purchase agreement with certain shareholders of Paos Holdings Berhad ("PAOS") to acquire 15,075,846 ordinary shares of RM1.00 each representing approximately 25.13% shareholding in PAOS at a total cash consideration of RM49.599 million.
- This acquisition was completed subsequent to the year end upon the receipt of approvals from the relevant authorities.
- xiii) On 2 October 2000, HSCB acquired 40,000 new ordinary shares of S\$1.00 each, representing 28.57% of Globalcom Information Services Pte. Ltd. at a cash consideration of S\$2 million.
- xiv) Pursuant to the authority granted by the shareholders of HSCB to their directors at the Extraordinary General Meeting held on 27 May 1999, HSCB repurchased during the year an additional 7,011,000 of its issued shares from the open market for a total cost of RM17,013,909. The repurchase was financed by HSCB's internal funds. The average cost paid for the additional shares repurchased was RM2.43 per share. The shares repurchased are held as treasury shares.

Inclusive of those shares repurchased as of the last financial year ended 31 January 2000, the total number of shares repurchased as at 31 January 2001 amounted to 19,976,000, at a total cost of RM46,275,224. The average cost paid for the shares was RM2.32 per share.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JANUARY 2001

SIGNIFICANT EVENTS (cont'd)

Subsequent to year end and up to 31 March 2001, HSCB repurchased an additional 1,709,000 of its issued shares from the open market for a total cost of RM3,395,686. The average cost paid for the shares subsequently repurchased was RM1.99 per share.

Inclusive of those shares repurchased subsequent to the year end, the total number of shares repurchased is 21,685,000, for a total cost of RM49,670,910 at an average cost of RM2.29 per share.

HSCB had, however, during the financial year, cancelled 457,000 of the shares repurchased. As such, the remaining number of repurchased shares held after the cancellation as of 31 January 2001 is 19,519,000 shares. There were no subsequent cancellation of treasury shares up to 31 March 2001.

The directors of HSCB are committed to enhancing the value of HSCB to its shareholders and believe that the repurchase plan can be applied in the best interests of HSCB and its shareholders.

As of 31 March 2001, upon the aforementioned repurchase of 1,709,000 shares subsequent to the balance sheet date, the issued and paid up capital comprises 622,660,000 ordinary shares of RM1.00 each, of which 21,228,000 ordinary shares are held as treasury shares.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the Directors:



.....
JOHN MADSEN, R



.....
EDWARD LEE MING FOO, JP

Petaling Jaya,
6 April 2001

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169 (15) OF
THE COMPANIES ACT, 1965**

In the opinion of the Directors, the financial statements set out on pages 84 to 122, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 January 2001 and of the results of their operations and of their cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:



.....
JOHN MADSEN, R



.....
EDWARD LEE MING FOO, JP

Petaling Jaya,
6 April 2001

DECLARATION PURSUANT TO SECTION 169 (16) OF THE COMPANIES ACT, 1965

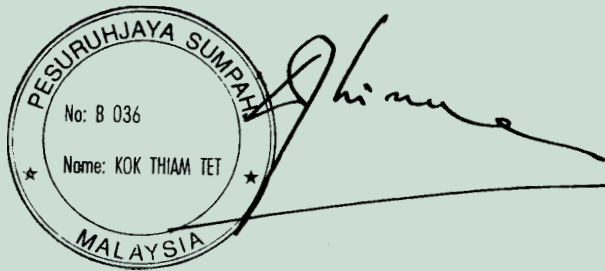
I, Lee Wee Yong, the Director primarily responsible for the financial management of Malaysian Mosaics Berhad, do solemnly and sincerely declare that the financial statements set out on pages 84 to 122 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 at Petaling Jaya in Selangor Darul Ehsan on 6 April 2001



.....
LEE WEE YONG

BEFORE ME:



12B TINGKAT 2
JALAN 52/18
46200 PETALING JAYA

REPORT OF THE AUDITORS TO THE MEMBERS OF MALAYSIAN MOSAICS BERHAD

We have audited the financial statements set out on pages 84 to 122. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 31 January 2001 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 4 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

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 those purposes.

The audit 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.

Without qualifying our opinion, we draw attention to Note 24, where the departure from the provisions of the Malaysian Accounting Standard Board ("MASB") Standard 11, Consolidated Financial Statements and Investment in Subsidiaries, on the recognition of the minority interests' share of the gain on the disposals of subsidiaries to its subsidiary, Hap Seng Consolidated Berhad ("HSCB") in the consolidated income statement is disclosed.

REPORT OF THE AUDITORS TO THE MEMBERS OF MALAYSIAN MOSAICS BERHAD

The Directors are of the view that the recognition of the minority interests' share of the gain amounting to RM30,198,000 on the disposal of subsidiaries to HSCB in the consolidated income statement would give a true and fair view of the transactions due to the following reasons:-

- i) The disposals of subsidiaries to HSCB were approved by the minority shareholders of the Company at an Extraordinary General Meeting ("EGM") of the Company held on 4 December 2000 where its ultimate holding company, Gek Poh (Holdings) Sdn. Bhd., together with persons connected to them, abstained from voting in respect of their direct and indirect shareholdings in the Company; and
- ii) The acquisitions of the subsidiaries by HSCB were approved by the minority shareholders of HSCB at an EGM of HSCB held on 4 December 2000 where the Company, together with persons connected to them, abstained from voting in respect of their direct and indirect shareholdings in HSCB.



KPMG
Firm Number: AF 0758
Public Accountants



JIMMY LEOW MIN FONG
Partner
Approval Number: 595/3/02(J/PH)

Kuala Lumpur,
6 April 2001

BALANCE SHEETS AT 31 JANUARY 2001

	Note	GROUP		COMPANY	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
PROPERTY, PLANT AND EQUIPMENT	2	968,564	976,314	161,933	164,640
INVESTMENT PROPERTIES	3	77,055	86,475	-	-
INVESTMENTS IN SUBSIDIARIES	4	-	-	662,789	759,180
INVESTMENTS IN ASSOCIATES	5	162,304	497,142	-	-
OTHER INVESTMENTS	6	30,935	17,556	134	149
LAND HELD FOR DEVELOPMENT	7	78,301	82,213	-	-
GOODWILL ON CONSOLIDATION	8	6,208	12,729	-	-
LONG TERM RECEIVABLES	12	16,069	9,952	-	-
EXPENDITURE CARRIED FORWARD	9	-	6,167	-	6,124
		<u>1,339,436</u>	<u>1,688,548</u>	<u>824,856</u>	<u>930,093</u>
CURRENT ASSETS					
Inventories	10	187,598	195,024	49,114	58,470
Properties under development	11	38,732	33,812	-	-
Trade and other receivables	12	196,575	198,442	70,878	70,326
Related companies balances	13	7,991	9,106	216,711	174,781
Cash and bank balances	14	344,292	201,378	1,646	1,634
		<u>775,188</u>	<u>637,762</u>	<u>338,349</u>	<u>305,211</u>
CURRENT LIABILITIES					
Trade and other payables	15	217,037	205,694	19,525	14,395
Related companies balances	13	1,066	556	272,667	150,613
Bank borrowings	16	161,206	340,558	51,841	160,863
2% Redeemable secured bonds	17	150,000	-	150,000	-
Provision for taxation		19,291	19,887	-	-
Proposed dividend		20,411	6,307	20,411	6,307
		<u>569,011</u>	<u>573,002</u>	<u>514,444</u>	<u>332,178</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>206,177</u>	<u>64,760</u>	<u>(176,095)</u>	<u>(26,967)</u>
		<u>1,545,613</u>	<u>1,753,308</u>	<u>648,761</u>	<u>903,126</u>
FINANCED BY:-					
CAPITAL AND RESERVES					
Share Capital	18	292,000	292,000	292,000	292,000
Reserves	19	429,449	410,582	349,798	263,491
SHAREHOLDERS' FUNDS		<u>721,449</u>	<u>702,582</u>	<u>641,798</u>	<u>555,491</u>
MINORITY SHAREHOLDERS' INTERESTS	20	807,804	697,492	-	-
LONG TERM AND DEFERRED LIABILITIES					
Bank borrowings	16	-	190,813	-	190,813
2% Redeemable secured bonds	17	-	150,000	-	150,000
Deferred liabilities (Others)	21	16,360	12,421	6,963	6,822
		<u>16,360</u>	<u>353,234</u>	<u>6,963</u>	<u>347,635</u>
		<u>1,545,613</u>	<u>1,753,308</u>	<u>648,761</u>	<u>903,126</u>

The notes set out on pages 89 to 122 form an integral part of, and, should be read in conjunction with, these financial statements.

INCOME STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

	Note	GROUP		COMPANY	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
REVENUE	22	<u>667,360</u>	<u>656,144</u>	<u>177,974</u>	<u>157,925</u>
OPERATING PROFIT	22	93,831	94,557	57,103	49,355
Financing costs	23	(31,666)	(41,468)	(29,873)	(32,480)
Interest income		15,851	12,898	4,019	5,902
Exceptional items	24	179,656	6,600	81,607	-
Share of profit of associates		23,013	54,100	-	-
PROFIT BEFORE TAXATION		<u>280,685</u>	<u>126,687</u>	<u>112,856</u>	<u>22,777</u>
Tax expense	25	(33,088)	(17,999)	(882)	(2,500)
PROFIT AFTER TAXATION		<u>247,597</u>	<u>108,688</u>	<u>111,974</u>	<u>20,277</u>
Less: Minority interests	26	(199,828)	(61,499)	-	-
NET PROFIT FOR THE YEAR		<u>47,769</u>	<u>47,189</u>	<u>111,974</u>	<u>20,277</u>
Basic earnings per ordinary share (sen)	28	<u>16.4</u>	<u>16.2</u>		
Diluted earnings per ordinary share (sen)	28	<u>16.4</u>	<u>16.2</u>		
Proforma earnings per ordinary share (sen)	28	<u>10.9</u>	<u>10.8</u>		
Dividends per ordinary shares - gross (sen)		<u>8.0</u>	<u>5.5</u>	<u>8.0</u>	<u>5.5</u>

The notes set out on pages 89 to 122 form an integral part of, and, should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2001

	Note	Share capital RM'000	Non distributable reserves RM'000	Distributable reserves RM'000	Total RM'000
GROUP					
At 1 February 1999		292,000	152,852	216,483	661,335
Translation differences		-	5,621	-	5,621
Net profit for the year		-	-	47,189	47,189
Dividends	27	-	-	(11,563)	(11,563)
At 31 January 2000		292,000	158,473	252,109	702,582
Translation differences		-	(3,521)	-	(3,521)
Premium arising on issue of shares by a subsidiary		-	286	-	286
Net profit for the year		-	-	47,769	47,769
Dividends	27	-	-	(25,667)	(25,667)
At 31 January 2001		292,000	155,238	274,211	721,449
		Note 18	Note 19	Note 19	
COMPANY					
At 1 February 1999		292,000	145,414	109,363	546,777
Net profit for the year		-	-	20,277	20,277
Dividends	27	-	-	(11,563)	(11,563)
At 31 January 2000		292,000	145,414	118,077	555,491
Net profit for the year		-	-	111,974	111,974
Dividends	27	-	-	(25,667)	(25,667)
At 31 January 2001		292,000	145,414	204,384	641,798
		Note 18	Note 19	Note 19	

The notes set out on pages 89 to 122 form an integral part of, and, should be read in conjunction with, these financial statements.

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	280,685	126,687	112,856	22,777
Adjustments for:				
Amortisation of goodwill	1,369	1,311	-	-
Depreciation	31,821	27,435	12,360	10,031
Dividend income	(38,144)	(750)	(55,442)	(45,472)
Exchange translation adjustments	(9,104)	(314)	-	-
Expenditure carried forward amortised	1,838	1,859	1,795	1,850
Expenditure carried forward written off	1,082	-	1,082	-
Gain on disposal of an associate	(239,181)	-	-	-
Gain on disposal of investment properties	(1,342)	-	-	-
Minority interests' share of gain on disposal of subsidiaries to HSCB	(30,198)	-	-	-
Gain on disposal of subsidiaries to HSCB	-	-	(98,583)	-
Gain on disposal of property, plant and equipment	(282)	(149)	(1,563)	-
Interest expenses	31,666	41,468	29,873	32,480
Interest income	(15,851)	(12,898)	(4,019)	(5,902)
Loss on disposal of property, plant and equipment	4,154	24	64	24
Property, plant and equipment written off	6,503	324	3	254
Provision for diminution in value of other investments	14,313	-	-	-
Provision for diminution in value of investment in a subsidiary	-	-	2,000	-
Provision in respect of amounts due from a subsidiary	-	-	8,000	-
Provision for retirement benefits	166	125	166	125
Share of results of associated companies	(23,013)	(54,100)	-	-
Write down of investment properties	2,409	-	-	-
Write down of land held for development	1,288	-	-	-
Write down of property, plant and equipment	28,543	-	-	-
Operating profit before working capital changes	48,722	131,022	8,592	16,167
Changes in working capital:				
Inventories	7,426	(1,488)	9,356	(4,145)
Properties under development	446	10,459	-	-
Receivables	(459)	(33,818)	(53,307)	(37,922)
Payables	12,149	(10,106)	124,098	37,591
Cash generated from operations	68,284	96,069	88,739	11,691
Income tax paid	(31,409)	(15,087)	-	-
Income tax refunded	14,677	-	14,677	-
Interest paid	(9,031)	(12,251)	(396)	(529)
Interest received	636	832	-	-
Retirement benefits paid	(25)	-	(25)	-
Net cash generated by operating activities	43,132	69,563	102,995	11,162

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2001

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from associates	28,176	40,644	-	-
Dividends received from subsidiaries	-	-	45,794	20,701
Dividends received from other investment	2,750	750	-	-
Deferred expenditure	-	(161)	-	(157)
Expenditure on land held for development	(2,742)	(12,439)	-	-
Interest paid	(7,123)	(8,694)	(7,123)	(8,694)
Interest received	15,140	9,847	-	-
Proceeds from disposal of property, plant and equipment	1,852	1,159	1,650	115
Proceeds from disposal of investments	15	-	15	-
Proceeds from disposal of investment properties	8,353	-	-	-
Proceeds from disposal of shares in an associate	571,011	-	-	-
Proceeds from disposal of shares in subsidiaries	-	-	193,524	-
Purchase of investments	(5,645)	(12)	-	(12)
Purchase of property, plant and equipment	(61,594)	(75,291)	(6,560)	(6,574)
Purchase of shares in an associate	(4,392)	-	-	-
Purchase of shares in a subsidiary	-	-	(550)	(12,000)
Net cash generated by/(used in) investing activities	545,801	(44,197)	226,750	(6,621)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid to minority interests	(33,317)	(12,013)	-	-
Dividends paid	(11,563)	(11,563)	(11,563)	(11,563)
Interest paid	(15,512)	(20,523)	(22,354)	(20,523)
Interest received	75	2,219	4,019	3,168
Payment of bank borrowings	(286,723)	(34,243)	(262,116)	(14,000)
Proceeds from borrowings	2,474	46,579	-	33,897
Proceeds from issue of shares to minority interests	1,477	-	-	-
Shares repurchased by a subsidiary at cost	(17,014)	(23,202)	-	-
Net cash used in financing activities	(360,103)	(52,746)	(292,014)	(9,021)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	228,830	(27,380)	37,731	(4,480)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	80,362	107,742	(37,637)	(33,157)
CASH AND CASH EQUIVALENTS AT END OF YEAR	309,192	80,362	94	(37,637)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits with licensed banks	329,086	190,281	-	-
Cash and bank balances	15,206	11,097	1,646	1,634
Bank overdrafts	(35,100)	(121,016)	(1,552)	(39,271)
	309,192	80,362	94	(37,637)

The notes set out on pages 89 to 122 form an integral part of, and, should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

(a) Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment and in compliance with applicable approved accounting standards in Malaysia except for the non-compliance with Malaysian Accounting Standard Board ("MASB") Standard 11, Consolidated Financial Statements and Investment in Subsidiaries, on the recognition of the minority interests' share of the gain on disposals of subsidiaries to its subsidiary, Hap Seng Consolidated Berhad ("HSCB"), in the consolidated income statement as disclosed in Note 24 to the financial statements. The reasons for the non-compliance are disclosed in Note 24 to the financial statements.

(b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

(c) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost or valuation less accumulated depreciation.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows have not been discounted to their present values. The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it will be charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which it is taken to equity.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Depreciation

Freehold land is not amortised. All other property, plant and equipment are depreciated on a straight-line method at rates with the intention of writing off the cost of the assets over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

Leasehold land	Over lease period of 56 to 999 years
Buildings	2% - 25% per annum
Plant and machinery	5% - 25% per annum
Office equipment, furniture, fixtures and fittings	10% - 33 ⅓% per annum
Motor vehicles	20% - 25% per annum

(e) New planting expenditure

Expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under land cost.

In this context, new planting expenditure is defined as the total cost incurred from land clearing to point of maturity.

(f) Replanting expenditure

Replanting expenditure is charged to the income statement in the period in which the expenditure is incurred.

(g) Investment properties

Investment properties are stated at cost. The carrying amounts of investment properties are reviewed at each balance sheet date. A write down in value of the investment properties is charged to the income statement when the Directors are of the opinion that there is a permanent diminution in value.

(h) Investment in subsidiaries

Investment in subsidiaries is stated at cost less provision for any permanent diminution in value of investment.

(i) Investment in associates

Investments in associates is stated at cost less provision for any permanent diminution in value of the investment.

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Other investments

Other investments are stated at cost. A provision is made when the Directors are of the view that there is a permanent diminution in their value.

(k) Goodwill/Reserve on consolidation

Goodwill arising from the acquisition of a subsidiary, Hap Seng Properties Development Sdn. Bhd. (formerly known as Syarikat Fajar Enterprise Sdn. Bhd.), which is involved in property development, is amortised over twenty-five years or the period of development by reference to the post-acquisition profit earned during the period compared to the total estimated post-acquisition profit, whichever is the shorter period.

Goodwill (net of reserves arising on consolidation) in relation to the acquisition of the other subsidiaries is amortised to the consolidated income statement over twenty-five years.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally as follows :-

Landed properties	-	specific identification method
Agricultural produce	-	weighted average cost method
Raw materials and consumables	-	weighted average cost method except for first-in first-out method used in the trailer fabrication industry
Work-in-progress		
- trailers	-	first-in first-out method
- others	-	weighted average cost method
Finished goods and goods held for resale		
- Vehicles and trucks	-	specific identification method
- Others	-	weighted average cost method

Completed properties held for resale include cost of land, development expenditure and cost of financing capitalised during development.

Cost of agricultural produce stocks includes estate production cost, processing and transport charges where applicable.

Cost of work in progress and finished goods produced by the Group include costs of direct materials, labour and a proportion of production overheads.

(m) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Specific provisions are made for debts which have been identified as bad or doubtful. In addition, general provisions are made to cover possible losses which are not specifically identified.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Properties under development

Properties under development comprising land and development expenditure are stated at cost plus attributable profit less foreseeable losses, net of progress billings. Development expenditure includes interest expense on loans and advances utilised to finance ongoing development.

(o) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(p) Taxation

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there is no indication the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

Deferred taxation is not provided on the surplus arising from the revaluation of property, plant and equipment as it is not the intention of the Directors to dispose of these property, plant and equipment. The deferred tax thereon is not material to the financial statements.

(q) Retirement benefits

The Company operates a defined contribution scheme for eligible employees based on a certain percentage of their basic salary, which is charged to the income statement.

(r) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

(ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rate used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations is as follows:-

RMB

RM0.46

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Revenue

i) Goods sold

Revenue from the sales of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the risks and rewards of ownership have been transferred to the buyer.

ii) Property development

Profit from property development consist of profit from sale of completed and uncompleted properties. Profit on properties under development is recognised using the percentage of completion method. Provision for foreseeable losses is made when total estimated costs exceed total expected income of property development projects.

iii) Investment properties and completed properties held for resale

Revenue from sale of investment properties and completed properties held for resale are recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

iv) Rental income

Rental income is derived from letting out of properties and recognised as it accrues.

v) Hire purchase and Finance lease

Income on hire purchase and finance lease is recognised on the "Rule of 78" method. Where the repayment of an account is in arrears for three months and more, the uncollected interest from that account is suspended until it is realised on a cash basis.

vi) Dividend income from subsidiary companies

Dividend income from subsidiary companies is recognised when the dividend is proposed or declared.

vii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(t) Financing costs

All interests and other costs incurred in connection with borrowings are expensed as incurred except for the borrowing costs incurred on capital work-in-progress, properties under development and plantation development.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(u) Capitalisation of borrowing costs

Borrowing costs incurred on capital work-in-progress, properties under development and plantation development are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The actual borrowing costs incurred on borrowings made specifically for the purpose of financing a specific capital work-in-progress and property under development will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

(v) Repurchase of shares

When shares are repurchased, the amount of consideration paid, including directly attributable costs is recognised as cost and set off against equity.

When shares repurchased are cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased is adjusted to reserves as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings	Long term estate land and estate development	Plant and machinery	Office equipment, furniture, fixtures and fittings	Motor vehicles	Capital work-in-progress	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2000	289,566	496,807	298,091	22,088	10,417	46,924	1,163,893
Additions	1,256	8,047	13,824	2,684	2,289	33,494	61,594
Disposals	(44)	-	(8,710)	(1,298)	(851)	-	(10,903)
Write-off	(4,965)	(44)	(5,638)	(1)	(2)	-	(10,650)
Write down	-	-	(31,913)	-	-	(4,403)	(36,316)
Transfers	14,953	491	5,150	-	-	(20,594)	-
Transfer from expenditure carried forward (Note 9)	-	-	6,641	-	-	-	6,641
At 31 January 2001	<u>300,766</u>	<u>505,301</u>	<u>277,445</u>	<u>23,473</u>	<u>11,853</u>	<u>55,421</u>	<u>1,174,259</u>
Representing items at:							
Cost	296,745	281,567	277,445	23,473	11,853	55,421	946,504
Directors' valuation							
- 1981	4,021	-	-	-	-	-	4,021
- 1995	-	223,734	-	-	-	-	223,734
At 31 January 2001	<u>300,766</u>	<u>505,301</u>	<u>277,445</u>	<u>23,473</u>	<u>11,853</u>	<u>55,421</u>	<u>1,174,259</u>
Depreciation							
At 1 February 2000	58,970	6,848	99,490	14,632	7,639	-	187,579
Charge for the year	6,145	1,227	20,846	2,149	1,454	-	31,821
Disposals	-	-	(3,035)	(1,293)	(851)	-	(5,179)
Write-off	(2,601)	-	(1,546)	-	-	-	(4,147)
Write down	-	-	(7,773)	-	-	-	(7,773)
Transfers	257	1	(258)	-	-	-	-
Transfer from expenditure carried forward (Note 9)	-	-	3,394	-	-	-	3,394
At 31 January 2001	<u>62,771</u>	<u>8,076</u>	<u>111,118</u>	<u>15,488</u>	<u>8,242</u>	<u>-</u>	<u>205,695</u>
Net book value							
At 31 January 2001	<u>237,995</u>	<u>497,225</u>	<u>166,327</u>	<u>7,985</u>	<u>3,611</u>	<u>55,421</u>	<u>968,564</u>
At 31 January 2000	<u>230,596</u>	<u>489,959</u>	<u>198,601</u>	<u>7,456</u>	<u>2,778</u>	<u>46,924</u>	<u>976,314</u>
Depreciation charge for the year ended 31 January 2000	5,479	1,230	17,656	1,801	1,269	-	27,435

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land	Buildings	Plant and machinery	Office equipment, furniture, fixtures and fittings	Motor vehicles	Capital work-in progress	Total
Cost/Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 February 2000	6,961	48,962	134,639	11,038	6,176	-	207,776
Additions	-	540	1,940	1,878	1,694	508	6,560
Disposals	(44)	-	(118)	(14)	(793)	-	(969)
Write-off	-	-	-	(1)	(2)	-	(3)
Transfers from expenditure carried forward (Note 9)	-	-	6,641	-	-	-	6,641
Transfers to subsidiary companies	-	-	-	(36)	-	-	(36)
At 31 January 2001	<u>6,917</u>	<u>49,502</u>	<u>143,102</u>	<u>12,865</u>	<u>7,075</u>	<u>508</u>	<u>219,969</u>
Representing items at:							
Cost	5,578	46,820	143,102	12,865	7,075	508	215,948
Directors' valuation - 1981	1,339	2,682	-	-	-	-	4,021
At 31 January 2001	<u>6,917</u>	<u>49,502</u>	<u>143,102</u>	<u>12,865</u>	<u>7,075</u>	<u>508</u>	<u>219,969</u>
Depreciation							
At 1 February 2000	-	3,093	30,416	5,260	4,367	-	43,136
Charge for the year	-	1,013	8,761	1,666	920	-	12,360
Disposals	-	-	(46)	(10)	(793)	-	(849)
Write off	-	-	-	-	-	-	-
Transfer from expenditure carried forward (Note 9)	-	-	3,394	-	-	-	3,394
Transfers to subsidiary companies	-	-	-	(5)	-	-	(5)
At 31 January 2001	<u>-</u>	<u>4,106</u>	<u>42,525</u>	<u>6,911</u>	<u>4,494</u>	<u>-</u>	<u>58,036</u>
Net book value							
At 31 January 2001	<u>6,917</u>	<u>45,396</u>	<u>100,577</u>	<u>5,954</u>	<u>2,581</u>	<u>508</u>	<u>161,933</u>
At 31 January 2000	<u>6,961</u>	<u>45,869</u>	<u>104,223</u>	<u>5,778</u>	<u>1,809</u>	<u>-</u>	<u>164,640</u>
Depreciation charge for the year ended 31 January 2000	-	980	6,829	1,411	811	-	10,031

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Net book values of land and buildings of the Group comprise:-

	GROUP	
	2001 RM'000	2000 RM'000
Freehold land	6,917	6,961
Long term leasehold land	42,320	42,675
Short term leasehold land	9,326	9,606
Buildings	63,891	65,072
Freehold land and buildings	7,450	7,374
Long term leasehold land and buildings	108,091	98,908
	<u>237,995</u>	<u>230,596</u>

Revaluation

Certain land, buildings, long term estate land and estate development are stated at Directors' valuation based on professional valuations on the open market basis.

It is the Group's policy to state its property, plant and equipment at cost. Revaluation of certain property, plant and equipment were carried out primarily for the purpose of reflecting the fair value of these assets as part of certain corporate exercises undertaken by the Group in the past. It was not intended to effect a change on the accounting policy to one of the revaluation of assets. Surpluses arising from revaluation are dealt with in the revaluation reserve account.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") upon adoption of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment, the valuation of these assets have not been updated, and they continue to be stated at their existing carrying amounts less accumulated depreciation.

Had the land, buildings, long term estate land and estate development been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the year is as follows:

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Freehold land	883	918	883	918
Buildings	496	534	496	534
Long term estate land and estate development	207,378	209,963	-	-
	<u>208,757</u>	<u>211,415</u>	<u>1,379</u>	<u>1,452</u>

Security

Landed properties with a net book value of Nil (2000 - RM10,370,000) were pledged as securities for banking facilities granted to a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

3. INVESTMENT PROPERTIES

	GROUP	
	2001 RM'000	2000 RM'000
At cost		
Long term leasehold land	45,453	50,615
Buildings	34,011	35,860
	79,464	86,475
Less: Write down during the year	(2,409)	-
	77,055	86,475

The carrying values of the investment properties were reviewed by the Directors and the values of certain properties were written down, which in the opinion of the Directors were considered to be permanent in nature based on professional valuations undertaken on the open market basis.

Landed properties amounting to Nil (2000 - RM84,973,000) were pledged as securities for banking facilities granted to a subsidiary.

4. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2001 RM'000	2000 RM'000
At cost		
Quoted shares	623,424	623,424
Unquoted shares	41,365	135,756
	664,789	759,180
Less: Provision for diminution in value	(2,000)	-
	662,789	759,180
Market value of quoted shares	642,753	780,040

The details of subsidiaries of the Company are as follows:

Name of company	Principal activities	Percentage of equity held	
		2001 %	2000 %
<u>Unquoted and Incorporated in Malaysia</u>			
Atlantic Overseas Sdn. Bhd	Property development	100	100
Agritim Corporation Sdn. Bhd.	Cultivation and sale of oil palm	100	100
Bestearn Sdn. Bhd.	Property investment	100	100

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Percentage of equity held	
		2001 %	2000 %
<u>Unquoted and Incorporated in Malaysia (cont'd)</u>			
Hap Seng Properties Development Sdn. Bhd. (formerly known as Syarikat Fajar Enterprise Sdn. Bhd.) and its subsidiaries	Property development and investment holding	100	100
Hap Seng Commercial Development Sdn. Bhd. (formerly known as Promost Sdn. Bhd.)	Property development	100	100
Yan Min Enterprise Sdn. Bhd.	Property development	100	100
MML Marketing Sdn. Bhd.	Dormant	100	100
Sasco Sdn. Bhd.* and its subsidiaries	Trading and distribution of fertilizers and agro-chemicals	-	100
Dewana Sdn. Bhd.*	Manufacture and sale of agro-chemicals	-	100
Hap Seng (Oil & Transport) Sdn. Bhd.*	Trading in petroleum products	-	100
Si Khiong Industries Sdn. Bhd.* and its subsidiaries	Trading in motor vehicles and spares parts, and servicing of motor vehicles and investment holding	-	100
MMB Credit Corporation Sdn. Bhd.*	Leasing, hire purchase financing and licensed money lending	-	100
SKI Segar Sdn. Bhd.*	Trading in motor vehicles	-	70
Saruja Sdn. Bhd.*	Investment holding	-	100
Syarikat Pengangkutan Bunga Raya (Tawau) Sdn. Bhd.*	Property investment	-	100
Zarah Sdn. Bhd.*	Fabrication and sale of commercial trailers	-	100
<u>Quoted and Incorporated in Malaysia</u>			
Hap Seng Consolidated Berhad ("HSCB")#	Investment holding	51.7	51.2
The details of subsidiaries of HSCB are as follows:			
<u>Unquoted and Incorporated in Malaysia</u>			
Jeroco Plantations Sdn. Bhd.	Cultivation and processing of oil palm	66	66
Hap Seng Agrotech Sdn. Bhd.	Provision of plantation advisory services	100	100
Jeroco Agrotech and Management Sdn. Bhd.	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Percentage of equity held	
		2001 %	2000 %
<u>Unquoted and Incorporated in Malaysia (cont'd)</u>			
The River Estates Sdn. Berhad and its subsidiaries #	Cultivation and processing of oil palm	100	100
Ladang Kawa Sdn. Bhd.	Cultivation of oil palm	100	100
Tampilit Sdn. Bhd.#	Cultivation of oil palm	100	100
Wecan Enterprise Sdn. Bhd.#	Cultivation of oil palm	100	100
Euro Progress Sdn. Bhd.#	Property development	100	100
Forward Supreme Sdn. Bhd.#	Dormant	100	-
Oriental Horticulture (Malaysia) Sdn. Bhd.#	Dormant	70	70
Vox Emas Communications Sdn. Bhd. (formerly known as Uni-Estate Projects Sdn. Bhd.)#	Dormant	100	100
Sasco Sdn. Bhd.* and its subsidiaries	Trading and distribution of fertilizers and agro-chemicals	100	-
Dewana Sdn. Bhd.*	Manufacture and sale of agro-chemicals	70	-
Hap Seng (Oil & Transport) Sdn. Bhd.*	Trading in petroleum products	100	-
Si Khiong Industries Sdn. Bhd.* and its subsidiaries	Trading in motor vehicles and spares parts, and servicing of motor vehicles and investment holding	100	-
MMB Credit Corporation Sdn. Bhd.*	Leasing, hire purchase financing and licensed money lending	100	-
SKI Segar Sdn. Bhd.*	Trading in motor vehicles	70	-
Saruja Sdn. Bhd.*	Investment holding	100	-
Syarikat Pengangkutan Bunga Raya (Tawau) Sdn. Bhd.*	Property investment	100	-
Zarah Sdn. Bhd.*	Fabrication and sale of commercial trailers	100	-
Euro-Asia Strategic Holdings Sdn. Bhd. (formerly known as Presnuri Property Sdn. Bhd.)#	Dormant	100	-
Euro-Asia Agrochemical Sdn. Bhd. (formerly known as Splendid Results Sdn. Bhd.)#	Dormant	100	-

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Principal activities	Percentage of equity held	
		2001 %	2000 %
<u>Unquoted and incorporated in Hong Kong</u>			
Euro-Asia Food Limited (formerly known as Euro-Asia Food & Beverage Limited)#	Dormant	100	100
<u>Unquoted and incorporated in Singapore</u>			
Aceford Food Industry Pte Ltd (formerly known as Aceford Pte Ltd)#	Investment holding	100	-
<u>Unquoted and incorporated in Bermuda</u>			
Brewinvest (Bermuda) Limited##	Investment holding	100	100
Euro-Asia Food (Bermuda) Limited##	Dormant	100	100
Education Foundation Limited (formerly known as Euro-Asia Beverage (Bermuda) Limited)##	Dormant	100	100
Euro-Asia Food & Beverage (Bermuda) Limited## and its subsidiaries	Investment holding	100	100
<u>Unquoted and incorporated in Malaysia</u>			
Euro-Asia Brand Holding Company Sdn. Bhd.#	Dormant	100	100
Euro-Asia Brewery Accessories Sdn. Bhd.#	Dormant	100	60
<u>Unquoted and incorporated in Bermuda</u>			
Drei-Kronen 1308 Euro-Asia (Bermuda) Limited##	Production and distribution of beer and other beverages	50	50
<u>Unquoted and incorporated in the British Virgin Islands</u>			
Euro-Asia (South) BVI Investment Limited## and its subsidiaries	Investment holding	100	100
<u>Unquoted and incorporated in China</u>			
Hainan Euro-Asia Brewery Company Limited#	Brewing and distribution of beer	70	70
Hainan Euro-Asia Properties Company Limited#	Property holding	100	100

Audited by other firms of auditors

Auditors not required to be appointed.

* Subsidiaries disposed to HSCB on 31 January 2001

NOTES TO THE FINANCIAL STATEMENTS

5. INVESTMENT IN ASSOCIATES

	GROUP	
	2001 RM'000	2000 RM'000
At cost		
Quoted shares	-	277,968
Unquoted shares	138,513	134,121
Share of post-acquisition reserves	23,791	85,053
	162,304	497,142
Represented by:		
Group's share of net assets	162,304	310,970
Goodwill on acquisition	-	186,172
	162,304	497,142
Market value of quoted shares	-	545,586

The associates of the Group are held by HSCB and are as follows:-

Name of company	Principal activities	Percentage of equity held	
		2001 %	2000 %
<u>Quoted and incorporated in Malaysia</u>			
Carlsberg Brewery Malaysia Berhad	Brewing and distribution of beer	-	25.9
<u>Unquoted and incorporated in Malaysia</u>			
Vintage Heights Sdn. Bhd.	Cultivation of oil palm and property development	20	20
EAC Holdings (Malaysia) Sdn. Bhd.	Import and distribution of photographic equipment, material handling, packaging and food processing equipment, industrial equipment, electrical supplies and consumer products	20	20
Dumex (Malaysia) Sdn. Bhd.	Manufacturing and distribution of nutritional products	20	20
<u>Unquoted and incorporated in Singapore</u>			
Globalcom Information Services Pte. Ltd.	Provision of telecommunication services	28.6	-
<u>Quoted and incorporated in Thailand</u>			
Lam Soon (Thailand) Public Company Limited	Manufacturing and distribution of refined palm oil products, shortening, margarine and detergents	18.9*	24.4

* The company ceases to be an associate as a result of the dilution of equity interest arising from rights issue and accordingly the cost of the investment was transferred to other investments. (Note 6)

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER INVESTMENTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
At cost				
Quoted shares (outside Malaysia)	37,614	9,907	-	-
Less: Provision for diminution in value	(14,313)	-	-	-
	<u>23,301</u>	<u>9,907</u>	<u>-</u>	<u>-</u>
Unquoted shares	7,500	7,515	-	15
Other investment	134	134	134	134
	<u>30,935</u>	<u>17,556</u>	<u>134</u>	<u>149</u>
Market value of quoted shares	<u>23,301</u>	<u>5,002</u>	<u>-</u>	<u>-</u>

7. LAND HELD FOR DEVELOPMENT

	GROUP	
	2001 RM'000	2000 RM'000
At cost		
Freehold land	46,773	46,725
Long term leasehold land	16,608	20,971
Land development expenditure	16,208	14,517
	<u>79,589</u>	<u>82,213</u>
Less: Write down during the year	(1,288)	-
	<u>78,301</u>	<u>82,213</u>

The carrying value of the land held for development was reviewed by the Directors and the value was written down, which in the opinion of the Directors was considered to be permanent in nature based on professional valuation undertaken on the open market basis.

The freehold and long term leasehold land and development expenditure relating to mixed commercial development which have commenced and uncompleted at the balance sheet date are included under inventories. Accordingly, the land and development expenditure consists of those parcels of freehold and leasehold land together with related development expenditure held for future mixed commercial development projects.

NOTES TO THE FINANCIAL STATEMENTS

8. GOODWILL ON CONSOLIDATION

	GROUP	
	2001 RM'000	2000 RM'000
Goodwill arising on consolidation		
At 1 February 2000/1999	39,305	39,305
Realisation arising on the disposal of subsidiaries to HSCB	(12,671)	-
At 31 January	26,634	39,305
Reserve arising on consolidation		
At 1 February 2000/1999	(3,660)	(3,660)
Realisation arising on the disposal of subsidiaries to HSCB	1,403	-
At 31 January	(2,257)	(3,660)
Total	24,377	35,645
Accumulated amortisation		
At 1 February 2000/1999	(22,916)	(21,605)
Amortised during the year	(1,369)	(1,311)
Realisation arising on disposal of subsidiaries to HSCB	6,116	-
At 31 January	(18,169)	(22,916)
Net of amortisation	6,208	12,729

9. EXPENDITURE CARRIED FORWARD

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Expenditure carried forward comprised:-				
Preliminary expenses	-	4	-	-
Pre-operating expenses	-	39	-	-
Deferred expenditure	-	6,124	-	6,124
	-	6,167	-	6,124
At 1 February 2000/1999	9,112	8,951	9,056	8,899
Additions	-	161	-	157
Less: Reclassified to property, plant and equipment (Note 2)	(6,641)	-	(6,641)	-
Amount written off	(2,471)	-	(2,415)	-
At 31 January	-	9,112	-	9,056
Accumulated amortisation				
At 1 February 2000/1999	(2,945)	(1,086)	(2,932)	(1,082)
Amortised during the year	(1,838)	(1,859)	(1,795)	(1,850)
Reclassified to property, plant and equipment (Note 2)	3,394	-	3,394	-
Amount written off during the year	1,389	-	1,333	-
At 31 January	-	(2,945)	-	(2,932)
Net of amortisation	-	6,167	-	6,124

Following the reassessment of the carrying value of the expenditure carried forward, start-up and pre-production costs directly attributable to bringing the plant to working condition for its intended use which were incurred prior to the date of commissioning were reclassified to property, plant and equipment at the carrying amounts, whilst the balance was written off to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

10. INVENTORIES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Completed properties held for resale	62,977	65,746	-	-
Raw materials and consumables	38,243	36,480	19,643	30,261
Work-in-progress	3,728	3,746	1,401	2,602
Agricultural produce	10,440	10,794	-	-
Manufactured inventories	28,070	25,607	28,070	25,607
Trading inventories	44,140	52,651	-	-
	<u>187,598</u>	<u>195,024</u>	<u>49,114</u>	<u>58,470</u>

Group

Completed properties held for resale of RM31,711,000 (2000 - Nil) are carried at net realisable value.

Group and Company

Manufactured inventories of RM2,908,000 (2000 - RM16,166,000) in respect of the Group and Company are carried at net realisable value.

11. PROPERTIES UNDER DEVELOPMENT

	GROUP	
	2001 RM'000	2000 RM'000
Land and development expenditure, at cost	95,594	51,437
Add: Attributable profits	9,710	6,010
	<u>105,304</u>	<u>57,447</u>
Less: Progress billings	(66,572)	(23,635)
	<u>38,732</u>	<u>33,812</u>

Interest expense capitalised under development expenditure incurred during the year amounted to RM1,398,000 (2000 - RM1,224,000), which is capitalised at rates ranging from 6.5% to 8.8% (2000 - 7.3% to 8.9%) per annum.

Properties under development in respect of which significant development work has been undertaken and which is expected to be completed within the normal operating cycle of two to three years is considered as current asset.

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	97,135	80,876	25,165	18,231
Less: Provision for doubtful debts	(9,647)	(10,353)	(1,500)	(1,500)
	87,488	70,523	23,665	16,731
Loan receivables	4,035	4,374	-	-
Associates	149	52	-	-
Hire purchase receivables	12,487	6,617	-	-
Lease receivables	10,228	13,572	-	-
Other receivables, deposits and prepayments	100,340	115,903	47,213	53,595
	214,727	211,041	70,878	70,326
Less: Unearned interest	(2,083)	(2,647)	-	-
	212,644	208,394	70,878	70,326
Amount receivable within one year included in current assets	(196,575)	(198,442)	(70,878)	(70,326)
Amount receivable after one year included in long term receivables	16,069	9,952	-	-
Included in other receivables, deposits and prepayments are:-				
Tax recoverable	21,157	23,833	20,740	23,833
Consideration for acquisition of 15% shareholding in T.C. Whang & Company (Private) Limited ("TCW"), a company incorporated in Republic of Singapore by HSCB	10,416	10,416	-	-
Advance by HSCB to secure the interests in certain proprietary assets in TCW	38,853	38,853	-	-

HSCB has entered into a Deed of Settlement with TCW and its shareholders to dispose of its investment in TCW and to recover all amounts advanced to TCW. The advance of RM38,853,000 has been repaid subsequent to year end.

The amount due from associates are in respect of reimbursable expenses and are unsecured, interest free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

13. RELATED COMPANIES' BALANCES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Amount due from:				
Ultimate holding company				
- interest bearing	-	626	-	626
Subsidiary companies				
- interest bearing	-	-	223,661	172,571
- non-interest bearing	-	-	1,050	1,584
Other related companies				
- non-interest bearing	7,991	8,480	-	-
	<u>7,991</u>	<u>9,106</u>	<u>224,711</u>	<u>174,781</u>
Less: Provision for doubtful debts	-	-	(8,000)	-
	<u>7,991</u>	<u>9,106</u>	<u>216,711</u>	<u>174,781</u>
Amount due to:				
Ultimate holding company				
- interest bearing	486	-	486	-
Subsidiary companies				
- interest bearing	-	-	272,104	150,577
- non-interest bearing	-	-	31	17
Other related companies				
- non-interest bearing	580	556	46	19
	<u>1,066</u>	<u>556</u>	<u>272,667</u>	<u>150,613</u>

The ultimate holding company is Gek Poh (Holdings) Sdn. Bhd., a company incorporated in Malaysia.

The above interest bearing balances are advances and those which are non-interest bearing are trade in nature. The above balances are unsecured.

Included in amount due to subsidiary companies (interest bearing) is an amount due to HSCB of RM270,000,000 which has a tenure of five years. The interest on the advance is at 6.5% per annum or such other rate which HSCB reserves the right to impose from time to time based on Maybank's prevailing base lending rate and is repayable on a quarterly basis. The advance together with the interest accrued is repayable on demand upon receipt of notice in writing within a period of not less than six months.

Interest on the remaining interest bearing balances with subsidiary companies are based on the recovery of the total borrowing costs incurred. Interest charged to and by ultimate holding company range from 4.53% to 7.59% (2000 - 7.54% to 8.86%) per annum.

The above balances, except for the advance from HSCB, have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

14. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits with licensed banks	329,086	190,281	-	-
Cash and bank balances	15,206	11,097	1,646	1,634
	344,292	201,378	1,646	1,634

Included in cash and bank balances of the Group is an amount of RM8,038,000 (2000 - RM3,269,000), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations 1991.

15. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	51,532	63,525	7,184	4,127
Other payables and accrued expenses	165,505	142,169	12,341	10,268
	217,037	205,694	19,525	14,395
Group				

Included in other payables and accrued expenses are advance receipts of approximately RM10 million on sale of produce on behalf of a subsidiary, provisions for costs relating to a discontinued business of a subsidiary amounting to approximately RM12.5 million and accruals in respect of plantation related capital and development expenditure of RM25 million.

16. BANK BORROWINGS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current				
Term loans				
- secured	-	3,265	-	-
- unsecured	-	26,687	-	26,687
Overdrafts				
- secured	-	27,427	-	27,427
- unsecured	35,100	93,589	1,552	11,844
Bankers acceptances	84,106	107,590	10,289	14,905
Revolving credits	42,000	82,000	40,000	80,000
	161,206	340,558	51,841	160,863
Non-current				
Long term loans	-	190,813	-	190,813

Terms and debt repayment schedule

The bank borrowings of the Group and Company are subject to interest ranging from 3.49% to 8.50% (2000 - 3.45% to 9.30%) per annum. Bankers acceptances and revolving credits are either settled or rolled over on their due dates. The term loans were settled during the year upon receipt of advance from HSCB as disclosed in Note 13 above.

NOTES TO THE FINANCIAL STATEMENTS

17. 2% REDEEMABLE SECURED BONDS

Group and Company

On 24 October 1996, the Company issued RM150,000,000 nominal amount of 2% Redeemable Secured Bonds with 54,400,000 detachable warrants on the basis of 1 warrant for every 5 existing ordinary shares of the Company. The Bonds are to be redeemed by 23 October 2001.

Each warrant entitles its registered holder the right to subscribe for one new ordinary share not later than 5.00 pm on 23 April 2001 at an exercise price of RM3.36 per ordinary share. As at 31 January 2001, none of the 54,400,000 warrants have been converted to ordinary shares.

Pursuant to the bonus issue subsequent to year end, the number and exercise price of the warrants which were not exercised into new shares on or before 31 January 2001 ("Entitlement Date") were adjusted in accordance with the provisions of the Deed Poll dated 14 October 1996 (amended by the Supplemental Deed Poll dated 12 May 1997).

Accordingly, the Company issued 27,200,000 additional warrants to warrant holders as at 31 January 2001 on the basis of one new warrant for every two existing warrants held and the exercise price of the warrants was adjusted to RM2.24 per ordinary share. Subsequent to year end, up to 6 April 2001, 1,099 warrants were converted to ordinary shares.

18. SHARE CAPITAL

	GROUP AND COMPANY	
	2001	2000
	RM'000	RM'000
Ordinary shares of RM1.00 each		
Authorised	1,000,000	1,000,000
Issued and fully paid	292,000	292,000

Subsequent to year end, up to 6 April 2001, the Company's issued and paid up capital was increased to 438,001,099 ordinary shares of RM1 each pursuant to the bonus issue of 146,000,000 new ordinary shares of RM1 each allotted on 5 February 2001 and conversion of 1,099 warrants to ordinary shares. The new shares rank pari passu to the existing shares and will be entitled to the final dividends declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

19. RESERVES

Group	Note	← Non-distributable →				Capital reserve RM'000	Retained profits RM'000	Total RM'000
		Share premium RM'000	Revaluation reserve RM'000	Other reserve RM'000	Translation reserve RM'000			
At 1 February 1999		144,047	1,367	7,000	438	278	216,205	369,335
Translation differences		-	-	-	5,621	-	-	5,621
Net profit for the year		-	-	-	-	-	47,189	47,189
Dividends	27	-	-	-	-	-	(11,563)	(11,563)
At 31 January 2000		144,047	1,367	7,000	6,059	278	251,831	410,582
Translation differences		-	-	-	(3,521)	-	-	(3,521)
Premium upon issue of shares by a subsidiary		286	-	-	-	-	-	286
Net profit for the year		-	-	-	-	-	47,769	47,769
Dividends	27	-	-	-	-	-	(25,667)	(25,667)
At 31 January 2001		144,333	1,367	7,000	2,538	278	273,933	429,449

Company	Note	← Non-distributable →			Total RM'000
		Share premium RM'000	Revaluation reserve RM'000	Retained profits RM'000	
At 1 February 1999		144,047	1,367	109,363	254,777
Net profit for the year		-	-	20,277	20,277
Dividends	27	-	-	(11,563)	(11,563)
At 31 January 2000		144,047	1,367	118,077	263,491
Net profit for the year		-	-	111,974	111,974
Dividends	27	-	-	(25,667)	(25,667)
At 31 January 2001		144,047	1,367	204,384	349,798

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank approximately RM74,445,000 (2000 - RM64,764,000) of its distributable reserves at 31 January 2001, if paid out as dividends.

NOTES TO THE FINANCIAL STATEMENTS

20. MINORITY SHAREHOLDERS' INTERESTS

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries, net of their share of subsidiary's goodwill on consolidation charged to the minority shareholders.

21. DEFERRED LIABILITIES (OTHERS)

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Deposits relating to lease receivables	809	1,025	-	-
Deferred taxation	14,125	10,111	5,556	5,556
Provision for retirement benefits	1,426	1,285	1,407	1,266
	<u>16,360</u>	<u>12,421</u>	<u>6,963</u>	<u>6,822</u>

Subject to agreement by the Inland Revenue Board, the Group has potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	GROUP	
	2001 RM'000	2000 RM'000
Unutilised tax losses	14,792	26,145
Other timing differences	(3,260)	(5,006)

22. OPERATING PROFIT

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Revenue				
- goods and services	577,879	592,570	122,532	112,453
- property development	67,442	49,894	-	-
- completed and investment properties	12,110	3,696	-	-
- property rental	7,291	7,277	-	-
- hire purchase and leasing	2,638	2,707	-	-
- dividends	-	-	55,442	45,472
	<u>667,360</u>	<u>656,144</u>	<u>177,974</u>	<u>157,925</u>
Cost of sales				
- goods and services	(429,204)	(384,762)	(90,320)	(82,157)
- property development	(57,547)	(40,974)	-	-
- completed and investment properties	(9,814)	(2,275)	-	-
- property rental	(971)	(504)	-	-
	<u>(497,536)</u>	<u>(428,515)</u>	<u>(90,320)</u>	<u>(82,157)</u>
Gross profit	169,824	227,629	87,654	75,768
Distribution costs	(34,438)	(28,254)	(22,797)	(18,340)
Administration expenses	(67,098)	(77,367)	(9,271)	(8,308)
Other operating expenses	(16,495)	(34,237)	-	-
Other operating income	42,038	6,786	1,517	235
Operating profit	<u>93,831</u>	<u>94,557</u>	<u>57,103</u>	<u>49,355</u>

NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING PROFIT (cont'd)

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Operating profit is arrived at after charging:-				
Amortisation of goodwill (Note 8)	1,369	1,311	-	-
Auditors' remuneration	409	421	55	55
Depreciation (Note 2)	31,821	27,435	12,360	10,031
Directors' remuneration				
- fees				
- directors of the Company	456	431	456	431
- other directors	337	320	-	-
- other emoluments				
- directors of the Company	2,279	1,914	2,279	1,914
- other directors	5,291	3,663	-	-
Expenditure carried forward				
amortised (Note 9)	1,838	1,859	1,795	1,850
Hire of plant	2,158	2,275	-	-
Land and building rental	1,331	2,660	604	724
Loss on disposal of property, plant				
and equipment	4,154	24	64	24
Manufactured inventories written down	5,864	1,783	5,842	1,783
Property, plant and equipment written off	6,503	324	3	254
Provision for doubtful debts	72	74	-	-
Provision for retirement benefits	166	125	166	125
Realised loss on foreign exchange	11	103	11	-
Replanting expenditure	9,689	11,922	-	-
Staff costs	85,091	74,987	22,500	18,317
and after crediting:-				
Gain on disposal of investment properties	1,342	-	-	-
Gain on disposal of property, plant				
and equipment	282	149	1,563	-
Gross dividends from				
- subsidiary companies				
- quoted in Malaysia	-	-	42,122	34,322
- unquoted	-	-	13,320	11,150
- others				
- unquoted	2,750	750	-	-
Provision for doubtful debts written back	778	1,907	-	-
Realised gain on foreign exchange	50	177	-	177
Rental income from properties	1,149	624	-	-
Reversal of write down of inventories	567	3,449	-	1,522

i) The average number of employees of the Group and Company (including Directors) at the end of the year was 7,355 (2000 - 7,065) and 942 (2000 - 875) respectively.

ii) The estimated monetary value of Directors' benefits-in-kind in respect of the Group and Company is RM168,000 (2000 - RM328,000) and RM62,000 (2000 - RM34,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCING COSTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Bank borrowings	31,666	41,468	23,031	29,746
Related company interest	-	-	6,842	2,734
	<u>31,666</u>	<u>41,468</u>	<u>29,873</u>	<u>32,480</u>

24. EXCEPTIONAL ITEMS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Compensation for cessation of an operating segment by an associated company	-	6,600	-	-
Minority interests' share of gain on disposal of subsidiaries *	30,198	-	-	-
Gain on disposal of subsidiaries *	-	-	98,583	-
Gain on disposal of associate **	239,181	-	-	-
Write down of completed properties held for resale	(9,286)	-	-	-
Write down of investment properties (Note 3)	(2,409)	-	-	-
Write down of land held for development	(1,288)	-	-	-
Cost of technical transfer	(3,894)	-	(3,894)	-
Expenses in respect of proposed issue of Irredeemable Convertible Secured Loan Stocks 2001/2011	(2,000)	-	(2,000)	-
Expenditure carried forward written off (Note 9)	(1,082)	-	(1,082)	-
Provision for diminution in value of other investments (Note 6)	(14,313)	-	-	-
Provision for diminution in value of investment in a subsidiary	-	-	(2,000)	-
Provision in respect of amounts due from a subsidiary	-	-	(8,000)	-
Write down of assets in a subsidiary				
- property, plant and equipment (Note 2)	(28,543)	-	-	-
- others	(6,972)	-	-	-
Loss relating to a discontinued business of a subsidiary	(12,516)	-	-	-
Legal and other related costs relating to defending the Group's interests in its investments	(7,420)	-	-	-
	<u>179,656</u>	<u>6,600</u>	<u>81,607</u>	<u>-</u>

* Gain on disposal of subsidiaries

On 31 January 2001, the Company completed the disposal to HSCB:

- The entire issued and fully paid up share capital of Si Khiong Industries Sdn. Bhd. comprising 12,000,000 ordinary shares of RM1.00 each at a cash consideration of RM105 million; and
- The entire issued and fully paid up share capital of Sasco Sdn. Bhd. comprising 30,000,000 ordinary shares of RM0.50 each at a cash consideration of RM68 million.

NOTES TO THE FINANCIAL STATEMENTS

24. EXCEPTIONAL ITEMS (cont'd)

The Group has recognised the minority interests' share of gain on disposals of the abovementioned subsidiaries to its subsidiary, HSCB which is a departure from the provisions of the Malaysian Accounting Standard Board ("MASB") Standard 11, Consolidated Financial Statements and Investments in Subsidiaries. In accordance with the provisions of MASB Standard 11, the gain on disposals of the abovementioned subsidiaries to its subsidiary, HSCB should be eliminated in full.

The Directors, nevertheless consider that the treatment adopted by the Group is more appropriate as it reflects a true and fair view of the transactions due to the following:

- i) The disposals of subsidiaries to its subsidiary, HSCB, were approved by the minority shareholders of the Company at an Extraordinary General Meeting ("EGM") of the Company held on 4 December 2000 where its ultimate holding company, Gek Poh (Holdings) Sdn. Bhd., together with persons connected to them, abstained from voting in respect of their direct and indirect shareholdings in the Company; and
- ii) The acquisitions of the subsidiaries by HSCB were approved by the minority shareholders of HSCB at an EGM of HSCB held on 4 December 2000 where the Company, together with persons connected to them, abstained from voting in respect of their direct and indirect shareholdings in HSCB.

** Gain on disposal of an associate

The gain on disposal of an associate relates to the gain on disposal of Carlsberg Brewery Malaysia Berhad by HSCB net of the Company's goodwill on acquisition of RM155.3 million.

25. TAX EXPENSE

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current tax expense				
- current taxation	26,360	17,390	5,500	2,500
- overprovision in prior year	(2,626)	(1,462)	(4,618)	-
	23,734	15,928	882	2,500
Deferred tax expense				
- current	4,014	206	-	-
Tax expense on share of profit of associates	5,340	1,865	-	-
	33,088	17,999	882	2,500
Group				

The effective tax rate for the current year is lower than the statutory tax rate mainly due to non-taxable capital gain and the utilisation of unabsorbed agriculture allowances brought forward by certain subsidiaries.

The effective tax rate for the previous year was lower than the statutory tax rate mainly due to the utilisation of unabsorbed agriculture allowances brought forward by certain subsidiaries.

Company

The effective tax rate for the current year is lower than the statutory tax rate mainly due to non-taxable capital gains and the tax exempt dividend income.

The effective tax rate for the previous year was lower than the statutory tax mainly due to tax exempt dividend income.

NOTES TO THE FINANCIAL STATEMENTS

26. MINORITY INTERESTS

Included in the minority interests is its share of exceptional gain on disposal of an associate, Carlsberg Brewery Malaysia Berhad during the year of RM196,846,000.

27. DIVIDENDS

	COMPANY	
	2001 RM'000	2000 RM'000
Interim paid:		
2.5% per share less tax (2000 - 2.5% per share less tax)	5,256	5,256
Final proposed:		
3% per share less tax* (2000 - 3% per share less tax)	9,461	6,307
2.5 % special tax exempt per share* (2000 - Nil)	10,950	-
	25,667	11,563

* Based on the enlarged share capital of 438,001,099 ordinary shares pursuant to the bonus issue and conversion of warrants subsequent to year end (see Note 18).

28. EARNINGS PER ORDINARY SHARE - GROUP

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to shareholders of RM47.8 million (2000 - RM47.2 million) and the number of ordinary shares outstanding during the year of 292 million (2000 - 292 million) ordinary shares of RM1 each.

Diluted earnings per ordinary share

The fully diluted earnings per ordinary share after taking into account full exercise of warrants would be anti-dilutive for the financial year ended 31 January 2001 as the exercise price is higher than the market value of the Company's share. Thus, the basic and fully diluted earnings per ordinary share are the same.

Proforma earnings per ordinary share

The calculation of the proforma earnings per ordinary share is based on the net profit attributable to shareholders of RM47.8 million (2000 - RM47.2 million) and the enlarged share capital of 438,001,099 ordinary shares of RM1 each pursuant to the bonus issue and conversion of warrants subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS

29. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business. No segmental reporting by geographical segments have been provided as the Group is primarily involved in business operations in Malaysia. Inter-segment pricing is determined on a negotiated basis.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Manufacturing	Trading and financing	Agricultural	Property development	Investment holdings	Eliminations	Consolidated
2001	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	131,712	287,675	161,130	86,843	-	-	667,360
Inter-segment revenue	5,516	39,921	-	1,061	-	(46,498)	-
Total revenue	137,228	327,596	161,130	87,904	-	(46,498)	667,360
Operating profit	2,471	14,841	59,132	10,968	10,313	(3,894)	93,831
Financing costs							(31,666)
Interest income					15,851		15,851
Exceptional items							179,656
Share of profit of associates	16,983	1,571	-	4,459	-	-	23,013
Profit before taxation							280,685
Segment assets	299,253	185,853	767,878	300,991	398,345	-	1,952,320
Investment in associates	21,253	31,286	-	109,765	-	-	162,304
Total assets							2,114,624
2000							
Revenue from external customers	134,275	267,705	193,297	60,867	-	-	656,144
Inter-segment revenue	7,153	37,408	-	1,092	-	(45,653)	-
Total revenue	141,428	305,113	193,297	61,959	-	(45,653)	656,144
Operating profit	3,403	21,111	80,232	11,135	(18,253)	(3,071)	94,557
Financing costs							(41,468)
Interest income					12,898		12,898
Exceptional items							6,600
Share of profit of associates	49,901	2,056	-	2,143	-	-	54,100
Profit before taxation							126,687
Segment assets	359,463	177,488	724,224	281,271	286,722	-	1,829,168
Investment in associates	363,588	26,193	-	107,361	-	-	497,142
Total assets							2,326,310

NOTES TO THE FINANCIAL STATEMENTS

30. DISCONTINUED OPERATIONS

Group

HSCB ceased its brewing and distribution of beer business with the cessation of the business operations of a subsidiary in China and the disposal of an associate involve in that business. This activity was included in manufacturing segment of the Group.

For accounting purposes, the effective date of discontinuance was 30 June 2000. The gain on the disposal of the associate and the costs relating to the discontinued business of the subsidiary in China are disclosed in Note 24 to the financial statements.

31. CONTINGENT LIABILITIES - UNSECURED

Group

During the year, a claim was filed on behalf of Lam Soon (Thailand) Public Company Limited, where HSCB was named as one of the defendants for wrongful receipt of dividends by the defendants amounting to approximately RM4.8 million. The hearing date for the claim has been fixed at a date subsequent to this report.

Company

	2001 RM'000	2000 RM'000
Guarantees to and contingencies relating to borrowings of subsidiaries in respect of balances outstanding as at 31 January	<u>106,112</u>	<u>177,749</u>

32. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Authorised but not contracted for	54,278	39,517	2,500	3,103
Contracted but not provided for in the financial statements	606	5,599	-	2,660
	<u>54,884</u>	<u>45,116</u>	<u>2,500</u>	<u>5,763</u>

NOTES TO THE FINANCIAL STATEMENTS

33. RELATED PARTIES

Identity of related parties

The Group has a related party relationship with its ultimate holding company, subsidiaries, related companies, and associates.

Related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

	GROUP		COMPANY	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Ultimate holding company				
Interest income	75	2,219	75	2,219
Subsidiary companies				
Sales	-	-	5,516	7,153
Sales of property, plant and equipment	-	-	1,340	-
Dividend income	-	-	55,442	45,472
Interest income	-	-	3,944	3,683
Interest expense	-	-	6,842	2,734
Rental paid	-	-	164	164
Associates				
Commission fees received from associates	773	775	-	-
Compensation for cessation of an operating segment by an associate	-	6,600	-	-
Rental paid	420	433	-	-
Related companies				
Sales	2,040	1,588	-	-
Purchase	1,831	1,608	-	-
Rental income	126	182	-	-
Rental paid	511	403	-	-
Insurance service	446	654	-	-

The transactions have been entered into in the normal course of business and have been established under negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS

- i) On 20 April 2000, the Company entered into a joint venture cum shareholders agreement with Imaspro Process Technology Sdn. Bhd. pursuant to which the Company agreed to subscribe for an additional 550,000 ordinary shares of RM1.00 each in Dewana Sdn. Bhd. at a cash consideration of RM550,000. After the subscription of the shares, the Company held 1,050,000 ordinary shares of RM1.00 each representing 70% of the issued and paid up share capital in Dewana Sdn. Bhd.

- ii) On 31 January 2001, the Company completed the disposal of the entire issued and fully paid up share capital of Si Khiong Industries Sdn. Bhd. comprising 12,000,000 ordinary shares of RM1.00 each at a cash consideration of RM105 million to its subsidiary, HSCB which was approved by the minority shareholders of both the companies at their respective Extraordinary General Meetings (“EGM”) held on 4 December 2000.

Prior to the above disposal, the Company disposed the entire issued and fully paid up share capital of Zarah Sdn. Bhd. comprising 2,000,000 ordinary shares of RM1.00 each at the cash consideration of RM11.609 million to Si Khiong Industries Sdn. Bhd.

- iii) On 31 January 2001, the Company completed the disposal of the entire issued and fully paid up share capital of Sasco Sdn. Bhd. comprising 30,000,000 ordinary shares of RM0.50 each at a cash consideration of RM68 million to HSCB which was approved by the minority shareholders of both the companies at their respective EGMs held on 4 December 2000.

Prior to the above disposal, the Company disposed the entire issued and fully paid up share capital of Hap Seng (Oil & Transport) Sdn. Bhd. comprising 2,000,000 ordinary shares of RM1.00 each at the cash consideration of RM7.840 million and its entire equity interest of 70% in Dewana Sdn. Bhd. comprising 1,050,000 ordinary shares of RM1.00 each at the cash consideration of RM1.076 million to Sasco Sdn. Bhd.

- iv) On 4 December 2000, the shareholders of the Company approved to accept a cash advance of up to RM400,000,000 from HSCB which was approved by the shareholders of HSCB on the same date for purposes of retiring the Company’s bank borrowings.

The advance is unsecured and has a tenure of five years. The interest is at 6.5% per annum or such other rate which HSCB reserves the right to impose from time to time based on the prevailing Maybank’s base lending rate. The interest shall be payable on a quarterly basis. The advance together with the interest accrued is repayable on demand upon receipt of notice in writing within a period of not less than six months. As at 31 January 2001, RM270,000,000 was advanced to the Company.

- v) On 22 December 2000, the Company announced the proposed issue of up to RM330,000,000 nominal value of Irredeemable Convertible Secured Loan Stocks 2001/2011 together with detachable 7.576% coupon per annum. The proposal is subject to the approval of the relevant authorities.

- vi) As disclosed in the Directors’ Report in the previous year, HSCB had announced to the Kuala Lumpur Stock Exchange on 4 August 1999, its acquisition of a 15% equity interest in T.C. Whang & Company (Private) Limited (“TCW”), a company incorporated in Singapore, for a consideration of S\$4,650,000. The transfer of the subject shares to HSCB was pending the completion of registrations in Singapore in respect of the disposal by TCW of certain assets, as agreed upon between the vendors and HSCB.

TCW is a substantial shareholder of Lam Soon Cannery Pte. Ltd. (“LSC”). During the year, a winding up petition was presented to the High Court in Singapore to wind up LSC. With the concurrence of HSCB, an out-of-court settlement was arrived at in respect of the said winding up petition pursuant to which TCW had agreed to dispose of its entire interest in LSC. The Deed of Settlement was executed on 15 November 2000.

NOTES TO THE FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS (cont'd)

In view of the aforesaid disposal by TCW of its principal investment in LSC, HSCB had on 21 November 2000 entered into an agreement with all the other shareholders of TCW ("TCW Shareholders") pursuant to which:-

- (a) HSCB had agreed to dispose of its 15% equity interest in TCW to the TCW Shareholders for a cash consideration of S\$7.098 million; and
- (b) the TCW Shareholders had agreed to procure the transfer of 29,444,411 ordinary shares representing 12.154% equity interest in Lam Soon (Hong Kong) Limited, a public company listed on the Hong Kong Stock Exchange, to HSCB at an ascribed value of S\$10.469 million.

The completion of the settlement with the TCW Shareholders is pending a receipt of final payment of the cash consideration outstanding of approximately S\$4.5 million.

In addition, one of the TCW Shareholders had assigned to Forward Supreme Sdn. Bhd., a wholly owned subsidiary of HSCB, various established trade marks in Malaysia. However, the validity of such assignment is presently the subject matter of a legal dispute in Malaysia.

The settlement is expected to give rise to a gain of approximately RM11 million to the Group. The result will be accounted for when the terms are fulfilled and the divestment and settlement are completed.

- vii) On 24 May 2000, HSCB entered into a conditional sale and purchase of shares agreement with The East Asiatic Company Ltd. A/S ("EACL") pursuant to which HSCB had agreed to acquire from EACL 23,752,800 ordinary shares of RM1.00 each in EAC Holdings (Malaysia) Sdn. Bhd. ("EACH") representing 60% of the issued and paid up share capital of EACH at a cash consideration of RM111 million ("EACL Agreement"). The agreement was conditional upon, inter alia, the approval to be obtained from the Foreign Investment Committee ("FIC").

Subsequently on 14 August 2000, HSCB entered into a separate conditional sale and purchase of shares agreement with Lembaga Tabung Angkatan Tentera ("LTAT") pursuant to which HSCB had agreed to purchase from LTAT the remaining 20% equity in EACH comprising 7,917,600 ordinary shares of RM1.00 each.

Completion of this agreement was conditional upon, inter alia, completion of the EACL Agreement.

HSCB announced on 1 March 2001 that the EACL Agreement was effectively terminated on 28 February 2001 due to the failure to obtain an acceptable FIC Approval. With the termination of the EACL Agreement as aforesaid, the LTAT Agreement also ceases to have any further effect due to the aforementioned inter-conditionality.

- viii) On 24 May 2000, HSCB entered into a sale and purchase of shares agreement ("Dumex Agreement") pursuant to which HSCB agreed to dispose of 6,000,000 ordinary shares of RM1.00 each representing 20% of the issued and paid-up share capital in Dumex (Malaysia) Sdn. Bhd. to EACL at a cash consideration of RM72.6 million. The completion of the Dumex Agreement was conditional upon completion of the EACL Agreement and vice-versa. However, the parties thereto had on 16 February 2001 mutually agreed to waive the said inter-conditional requirement in view of the failure to obtain an acceptable FIC approval for the EACL Agreement as aforesaid. Thereafter, the disposal was completed subsequent to the balance sheet date and gave rise to an exceptional gain to the Group of approximately RM24.5 million, which will be accounted for in the ensuing financial year.

NOTES TO THE FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS (cont'd)

- ix) On 9 June 2000, HSCB disposed of 33,555,550 ordinary shares of RM1.00 each, representing a 22.1% equity interest, in Carlsberg Brewery Malaysia Berhad ("CBMB") for a cash consideration of RM503.333 million. On 22 September 2000, HSCB disposed of the remaining 5,770,700 ordinary shares of RM1.00 each, representing a 3.8% equity interest, in CBMB in the open market for a total cash consideration of RM69.248 million. The disposals gave rise to a total exceptional gain to the Group of approximately RM42.3 million.
- x) On 4 August 2000, HSCB entered into a sale and purchase agreement with Asia Pacific Breweries Limited for the sale of the business and transfer of its exclusive rights to use the brands, AOKE and KRONEN in Hainan, China from Hainan Euro-Asia Brewery Company Ltd. ("HEAB"), a 70% owned subsidiary of HSCB Group for approximately USD12.2 million. The completion of the sale is pending the decommissioning of HEAB's production facility in Hainan. The sale is expected to give rise to a gain of approximately RM12.4 million to the Group and will be accounted for when the agreement becomes unconditional and the terms are fulfilled.
- xi) On 20 November 2000, HSCB entered into two conditional agreements in Singapore to acquire the entire business undertakings and assets ("Business and Assets") of Vredelco Food Industries Pte. Ltd. ("VFI") and Vredelco Investments Pte. Ltd. ("VI") at an aggregate cash consideration of S\$5 million. Towards this purpose, HSCB had on 5 January 2001, acquired the entire equity interest comprising 2 ordinary shares of S\$1.00 each in Aceford Food Industry Pte. Ltd. for a total cash consideration of S\$2.00, to acquire the Business and Assets. The acquisition of the Business and Assets is pending the approvals of certain authorities in Singapore.
- xii) On 21 December 2000, HSCB entered into a conditional sale and purchase agreement with certain shareholders of Paos Holdings Berhad ("PAOS") to acquire 15,075,846 ordinary shares of RM1.00 each representing approximately 25.13% shareholding in PAOS at a total cash consideration of RM49.599 million.

This acquisition was completed subsequent to the year end upon the receipt of approvals from the relevant authorities.

- xiii) On 2 October 2000, HSCB acquired 40,000 new ordinary shares of S\$1.00 each, representing 28.57% of Globalcom Information Services Pte. Ltd. at a cash consideration of S\$2 million.
- xiv) Pursuant to the authority granted by the shareholders of HSCB to their directors at the Extraordinary General Meeting held on 27 May 1999, HSCB repurchased during the year an additional 7,011,000 of its issued shares from the open market for a total cost of RM17,013,909. The repurchase was financed by HSCB's internal funds. The average cost paid for the additional shares repurchased was RM2.43 per share. The shares repurchased are held as treasury shares.

Inclusive of those shares repurchased as of the last financial year ended 31 January 2000, the total number of shares repurchased as at 31 January 2001 amounted to 19,976,000, at a total cost of RM46,275,224. The average cost paid for the shares was RM2.32 per share.

Subsequent to year end and up to 31 March 2001, HSCB repurchased an additional 1,709,000 of its issued shares from the open market for a total cost of RM3,395,686. The average cost paid for the shares subsequently repurchased was RM1.99 per share.

Inclusive of those shares repurchased subsequent to the year end, the total number of shares repurchased is 21,685,000, for a total cost of RM49,670,910 at an average cost of RM2.29 per share.

NOTES TO THE FINANCIAL STATEMENTS

34. SIGNIFICANT EVENTS (cont'd)

HSCB had, however, during the financial year, cancelled 457,000 of the shares repurchased. As such, the remaining number of repurchased shares held after the cancellation as of 31 January 2001 is 19,519,000 shares. There were no subsequent cancellation of treasury shares up to 31 March 2001.

The directors of HSCB are committed to enhancing the value of HSCB to its shareholders and believe that the repurchase plan can be applied in the best interests of HSCB and its shareholders.

As of 31 March 2001, upon the aforementioned repurchase of 1,709,000 shares subsequent to the balance sheet date, the issued and paid up capital comprises 622,660,000 ordinary shares of RM1.00 each, of which 21,228,000 ordinary shares are held as treasury shares.

35. COMPARATIVE FIGURES

Following the adoption of MASB Standards in the preparation of this set of financial statements, the presentation and classification of certain items in the financial statements have been amended. Accordingly, comparative amounts for those items have been reclassified and/or expanded to ensure comparability with the current financial year.

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
KUALA LUMPUR						
6 Jalan Cerunan Tunku 50480 Kuala Lumpur	0.25 ha	Residential land /bungalow	Freehold	-	-	5,104
SELANGOR						
Sungai Pelek, Sepang Selangor	196 ha	Oil palm plantation	Freehold	-	-	45,258
KEDAH						
Padang Meiha 09400 Padang Serai, Kedah	16 ha	Leased out	Freehold	-	-	1,693
JOHOR						
Lot 632 Mukim of Kahang	41,200 m ²	Vacant land	Freehold	-	-	18
Lot 588 & 589 Mukim of Kluang	35,560 m ²	Land held for development	Freehold	-	-	48
Lot 6692, 3 1/2 Miles, Jalan Mersing 86000 Kluang	41,480 m ²	Factory buildings and office	Freehold	-	10 - 36	7,895
Lot PTD 41178 and 663 Mukim of Kluang	117,875 m ²	Factory buildings and office	Freehold	-	3	44,400
SABAH						
KOTA KINABALU						
010500080 G09 Wisma Sabah, Jalan Haji Saman	55 m ²	1 unit shophot for rental	Leasehold 99 years	2071	20	208
Kuala Inanam Likas	4.3 arce	Land held for development	Leasehold 99 years	2080	-	2,280
015376584 Mile 5 1/2 Tuaran Road	10,724 m ²	Showroom, office and workshop	Leasehold 99 years	2065	22	3,629
215353601 Lok Kawi, District of Penampang	10.6 ha	Vacant land	Leasehold 99 years	2044	-	-
TL 017512533 Wisma Gek Poh Jalan Haji Saman	1,208 m ²	5 1/2 storey office building for rental	Leasehold 99 years	2061	24	6,942
SANDAKAN						
Clunny Estate Mile 1 1/2, North Road	2,865 m ²	1 single storey detached house	Leasehold 99 years	2062	21	316
TL 077504799 Mile 1, North Road	1,909 m ²	3 storey office building, showroom and workshop	Leasehold 99 years	2052	27	1,142
075394188 Mile 4, Batu Sapi Road	10,098 m ²	Warehouse and office	Leasehold 999 years	2881	22	4,150

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
SANDAKAN (cont'd)						
Cecily Road	0.12 ha	Vacant land	Leasehold 999 years	2908	-	13
TL 077544248 Wisma Hap Seng Jalan Leila	11,655 m ²	Office	Leasehold 999 years	2911	19	14,510
TL 077544239 Jalan Leila	6,596 m ²	Vacant land	Leasehold 999 years	2911	-	2,152
TL 077508751, TL 077508760 & TL 077508779 Mile 11/2, North Road Clunny Estate	5,601 m ²	3 units bungalows	Leasehold 99 years	2062	22	605
TL 077517116 Mile 11/2, North Road Clunny Estate	2,825 m ²	1 unit bungalow	Leasehold 99 years	2882	22	357
CL 075394302 & CL 075394311 Mile 4, Jalan Batu Sapi Karamunting	17,668 m ²	41 units houses for rental	Leasehold 999 years	2881	22	2,280
CL 075098127 0.8km Airport Road	6.08 ha	Land held for development	Leasehold 999 years	2923	-	1,744
TAWAU						
Taman Guan Soon TB 1647-1653, 1839-1846, 1848-1856 & 1944 Mile 1, Tg. Batu Road	26,198 m ²	8 units 2 storey and 17 units single storey detached houses	Leasehold 99 years	2075	26	3,610
PL 106142287 Mile 2, Tg. Batu Laut	29,492 m ²	1 unit godown for rental	Leasehold 999 years	2929	11	1,496
Taman Guan Soon TB 1899-1902 Mile 2, Tg. Batu Laut	498 m ²	4 units 2 1/2 storey terrace shophouse	Leasehold 999 years	2903	27	714
TL 107505233 TB 1408, Jalan Aman	2,023 m ²	1 unit double storey detached house	Leasehold 99 years	2061	29	314
TL 107505288 TB 1482, Jalan Aman	2,671 m ²	1 unit single storey detached house	Leasehold 99 years	2061	29	431
TB 1532-1535 & 1963-1964 Taman Guan Soon Mile 1, Tg. Batu Road	5,930 m ²	6 units single storey detached houses	Leasehold 999 years	2903	28	921
TL 107520543 Taman Guan Soon, TB 1847, Mile 1 Tg. Batu Road	1,137 m ²	1 unit single storey detached house	Leasehold 99 years	2075	26	171
Taman Guan Soon TB 2109-2112 Mile 2, Tg. Batu Laut	1,000 m ²	4 units 2 1/2 storey terrace shophouses	Leasehold 999 years	2903	27	2,028

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
TAWAU (cont'd)						
TL 107510323 Mile 1, Jalan Kuhara	837 m ²	Land held for development	Leasehold 999 years	2895	-	618
TL 107510225 Mile 1, Jalan Kuhara	572 m ²	Land held for development	Leasehold 999 years	2895	-	164
CL 105316318/CL 105316327 CL 105316336/ CL 105316345 Jalan Tawau Lama	1,000 m ²	Land held for development	Leasehold 999 years	2895	-	121
CL 105240195 Mile 15, Jalan Apas	118,170 m ²	Land held for development	Leasehold 99 years	2061	-	358
CL 105120536 Mile 3 1/2, Jalan Sin On Timur	17,850 m ²	Land held for development	Leasehold 999 years	2918	-	265
CL 105109902 Mile 4.5, Jalan Bunga Raya	20,200 m ²	Land held for development	Leasehold 999 years	2915	-	350
105316256/105330318/ 105330327 No.1823, Mile 1 1/4 Kuhara Road	2,455 m ²	Showroom / office	Leasehold 999 years	2895/2896	27	2,714
CL 105344983 Mile 1, Salleh Road	10,279 m ²	10 detached houses, 8 terrace shop lot and site for car park	Leasehold 999 years	2902	-	1,955
105172843/105172852 1144, Mile 1, Kuhara Road	4,577 m ²	Wisma Gek Poh 3 storey office building	Leasehold 999 years	2896	28	4,096
105361653/105319337/ 105319328/105319355 Tengku Osman Road	4,124 m ²	Warehouse	Leasehold 99 years	2055	24	1,078
105424208 Mile 1 1/4, Kuhara Road	2,045 m ²	Vehicles stock yard for own use/rental	Leasehold 999 years	2901	-	1,773
105420675/105420684 105420693/105420700 105420666 Mile 10, Apas Road	1,239,220 m ²	Central workshop, heavy commercial vehicle body fabrication workshop, spare parts stores, staff quarters and open space	Leasehold 60 years/ 90 years/ 99 years	2042/2081/ 2060	26	6,763
107505126 TB 978, Jln Dunlop	372 m ²	Retail outlet	Leasehold 99 years	2062	26	516
107514081 Jalan Bahagia	4,047 m ²	Workshop, office and staff quarters	Leasehold 99 years	2067	21	1,579
105109859 & TL 107525959 Taman Yacht Club Jalan Tg. Batu	23,496 m ²	9 units 2 storey detached houses and a 2 storey club house	Leasehold 999 years/ 99 years	2898/2084	24	4,587
TL 107521291 Taman Yacht Club Jalan Tg. Batu	1,641 m ²	VIP Guest house	Leasehold 99 years	2071	24	431

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
TAWAU (cont'd)						
CL 105433716 & CL 105465825 Hap Seng Dockyard Off Jalan Tg. Batu Laut	121,400 m ²	1 workshop, 7 warehouses and 4 open sheds	Leasehold 99 years	2084/2087	10 - 20	15,935
CL 105360674 & CL 105396647 Logpond, Jalan Tg. Batu Laut	198,215 m ²	3 sawmills, 34 units open sided shed, 20 units staff quarters, 114 units labour quarters and 3 warehouse for rental/sale	Leasehold 99 years	2076/2080	13 - 14	35,216
CL 105451607 & CL 105459158 Logpond, Jalan Tg. Batu Laut	222,400 m ²	2 units sawmills and 33 units open sided shed	Leasehold 99 years	2086/2087	11 - 12	32,050
Mile 10, Jalan Apas	426 ha	Plantation land	Leasehold 99 years	2049/2073	-	3,947
Mile 8, Jalan Tiku	118 ha	Plantation land and buildings	Leasehold 99 years	2059/2060	24 - 35	926
Apas Claremount Estate Mile 21, Jalan Quoin Hill	552 ha	Oil palm plantation	Leasehold 99 years	2058-2065	-	7,187
Muul Hill Estate Mile 38, Jalan Bukit Kawa	724 ha	Oil palm plantation	Leasehold 99 years	2062-2074	-	8,076
LAHAD DATU						
CL 115410234 4.5km, Jalan Silam	985,000 m ²	Land held for development	Leasehold 999 years	2908	-	8,549
TL 117508559 Mile 2, New Wharf Road	5,974 m ²	Showroom, workshop cum office and open-sided car park	Leasehold 99 years	2066	22	939
TL 117508559 Mile 2, New Wharf Road	43,301 m ²	Building for rental	Leasehold 99 years	2066	21	5,139
CL 115311558 & CL 115329452 Taman Executive Mile 1, Jalan Tengah Nipah	2,056 m ²	2 units bungalows	Leasehold 99 years	2032	21	339
CL 115329872 Taman Executive Mile 1, Jalan Tengah Nipah	1,036 m ²	1 unit bungalow	Leasehold 999 years	2895	21	224
LABUAN						
207527866 Jln Tun Mustapha	3,390 m ²	Vacant land	Leasehold 60 years	2042	-	225

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
SEMPORNA						
CL 125324996 Mile 3, Bukit Lalang	46,670 m ²	Land held for development	Leasehold 99 years	2074	-	117
CL 125324987 Mile 3, Bukit Lalang	35,770 m ²	Land held for development	Leasehold 99 years	2076	-	89
CL 125317222 & PL 126290748 Mile 1 1/2, Sungai Tinagan	309,200 m ²	Land held for development	Leasehold 99 years	2079	-	665
123020011 & 123023469 Mile 1 1/2, Jalan Bubul	41,080 m ²	Land held for development	Freehold	-	-	455
KINABATANGAN						
Mile 32, Jalan Jeroco Off Sandakan-Lahad Datu Highway, District of Kinabatangan	14,162 ha	Oil palm plantation and buildings	Leasehold 99 years	2078	7 - 16	257,391
Wecan Estate	1,078 ha	Oil palm plantation	Leasehold 99 years	2084	-	12,712
Tampilit Estate	202 ha	Oil palm plantation	Leasehold 99 years	2084	-	2,196
Tomanggong Estate	1,148 ha	Oil palm plantation and buildings	Leasehold 99 years	2067	32	
	1,431 ha	Oil palm plantation	Leasehold 99 years	2076	-	
	1,656 ha	Oil palm plantation	Leasehold 999 years	2894	-	
	568 ha	Oil palm plantation	Leasehold 99 years	2094	-	
	182 ha	Oil palm plantation	Leasehold 99 years	2093	-	
Tagas Estate	124 ha	Oil palm plantation	Leasehold 99 years	2097	-	
	1,466 ha	Oil palm plantation	Leasehold 99 years	2067	-	
Litang Estate	2,319 ha	Oil palm plantation	Leasehold 999 years	2894	-	266,969
	998 ha	Oil palm plantation	Leasehold 99 years	2076	-	
	366 ha	Oil palm plantation	Leasehold 99 years	2091	-	
	1,434 ha	Oil palm plantation	Leasehold 999 years	2887	-	
	380 ha	Oil palm plantation	Leasehold 999 years	2900	-	

PARTICULARS OF GROUP'S PROPERTIES BUTIR-BUTIR HARTANAH KUMPULAN

Location Lokasi	Area Keluasan	Description Keterangan	Tenure Jangkamasa	Expiry Date Tarikh Tamat	Approximate Age of Buildings (Yrs) Anggaran Umur Bangunan (Tahun)	Net Book Value At 31/1/01 Nilai Buku Bersih Pada 31/1/01 RM'000
KINABATANGAN (cont'd)						
Sungai Segama Estate	3,843 ha	Oil palm plantation and buildings	Leasehold 99 years	2089	4 - 7	
Bukit Mas Estate	5,044 ha	Oil palm plantation and buildings	Leasehold 99 years	2089	5	
Tongod, Kinabatangan District	8,830 ha	Plantation land under development	Leasehold 99 years	2096	-	24,418
SARAWAK						
Lot 46 & 47 Piasau Road, Miri	4,474 m ²	Office and workshop	Leasehold 56 years	2033	19	1,861
Lot 495 Jalan Lang 1, Miri	526 m ²	2 storey detached house	Leasehold 60 years	2040	20	151
Lot 1895, Sec 64 Mile 2 1/2, Sungai Priok Area Off Jalan Pending, Kuching	5,463 m ²	Warehouse and 2 storey detached houses	Leasehold 60 years	2013	21	690
Lot 198, Sec.64 Sungai Priok, Kuching	9,834 m ²	Showroom cum office and factory	Leasehold 900 years	2789	21	5,120
Lot 697 Kemena Land District Sibiya Road, Bintulu	799 m ²	Factory building and office	Leasehold 60 years	2043	17	395
Lot 656 Kampong Nyabor Road, Sibul	165 m ²	4 storey shophouse cum office	Freehold	-	21	590
TOTAL :						874,368

ANALYSIS OF SHAREHOLDERS AT 30 APRIL 2001 ANALISA PEMEGANG SAHAM PADA 30 APRIL 2001

Authorised Share Capital / Modal Saham Dibenarkan	: RM 1,000,000,000
Issued and Fully-Paid Capital / Modal Diterbitkan dan Berbayar Penuh	: RM 438,002,899
Class of Shares / Kelas Saham	: Ordinary Shares of RM 1.00 each / Saham Biasa bernilai RM 1.00 setiap satu
Voting Rights / Hak Mengundi	: One Vote per Ordinary Share / Satu undi bagi setiap Saham Biasa

DISTRIBUTION OF SHAREHOLDERS PEMBAHAGIAN PEMEGANG-PEMEGANG SAHAM

Size of Holdings Saiz Pegangan	No. of Shareholders Bil. Pemegang Saham	% of Shareholders % Pemegang Saham	No. of Shares held Bil. Saham Dipegang	% of Issued Capital % Modal Diterbitkan
1 - 499	215	2.23	54,361	0.01
500 - 5,000	6,219	64.44	14,964,247	3.42
5,001 - 10,000	1,615	16.73	11,792,349	2.69
10,001 - 100,000	1,496	15.50	35,726,234	8.16
100,001 - 1,000,000	86	0.89	20,345,926	4.64
1,000,001 - 438,002,899	20	0.21	355,119,782	81.08
<hr/>				
TOTAL JUMLAH	9,651	100.00	438,002,899	100.00

LIST OF 20 LARGEST SHAREHOLDERS SENARAI 20 PEMEGANG SAHAM TERBESAR

	Shareholdings Pemegangan Saham	%
1. RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Gek Poh (Holdings) Sdn Bhd	219,757,282	50.17
2. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Forrader Corporation	21,889,500	5.00
3. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Forever Top Investments Limited	16,354,500	3.73
4. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Long-Term Market Limited	15,000,000	3.43
5. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Jetime Investments Limited	14,329,500	3.27
6. Liew Soong Cheng @ Lau Soong Cheng	12,205,500	2.79
7. Employees Provident Fund Board	10,420,500	2.38
8. Permodalan Nasional Berhad	7,500,000	1.71
9. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Peak Lumsden Limited	6,208,000	1.42

ANALYSIS OF SHAREHOLDERS AT 30 APRIL 2001
ANALISA PEMEGANG SAHAM PADA 30 APRIL 2001

	Shareholdings Pemegangan Saham	%
10. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Starway Nominee Inc	6,049,500	1.38
11. HLG Nominee (Asing) Sdn Bhd - Commerzbank (SEA) Ltd for Sachiko ITO	4,074,000	0.93
12. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Bolker Investments Limited	3,874,500	0.89
13. Koperasi Sri Nilam Berhad	3,727,500	0.85
14. Pembangunan Melati Sdn Bhd	3,580,500	0.82
15. HDM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for LSM Enterprises Sdn Bhd	2,403,000	0.55
16. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Cyberview Limited	1,977,000	0.45
17. DB (Malaysia) Nominee (Asing) Sdn Bhd - BNP Paribas Nominees Singapore Pte Ltd for Victory Capital Limited	1,770,000	0.40
18. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Chan See Wing	1,747,500	0.40
19. RHB Capital Nominees (Asing) Sdn Bhd - Kowa Company Ltd	1,200,000	0.27
20. AMSEC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Kong Hwa Ling	1,051,500	0.24
TOTAL JUMLAH	355,119,782	81.08

SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2001
PEMEGANG SAHAM UTAMA PADA 30 APRIL 2001

	Shareholdings Pemegangan Saham	%
1. Gek Poh (Holdings) Sdn Bhd	219,784,891	50.18
2. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Forrader Corporation	21,889,500	5.00
3. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Forever Top Investments Limited	16,354,500	3.73
4. ABN Amro Nominees (Asing) Sdn Bhd - ABN Amro Asia Limited for Long-Term Market Limited	15,000,000	3.43
5. UOBM Nominees (Asing) Sdn Bhd - Lei Shing Hong Securities Ltd for Jetime Investments Limited	14,329,500	3.27
6. Liew Soong Cheng @ Lau Soong Cheng	12,205,500	2.79
7. Employees Provident Fund Board	10,420,500	2.38



PROXY FORM / BORANG PROKSI

NO. OF SHARES HELD BIL. SAHAM DIMILIKI	
---	--

I/ We _____
Saya/Kami

of _____
beralamat

a member/ members of the abovenamed Company, hereby appoint _____
sebagai ahli/ahli-ahli Syarikat yang tersebut di atas, dengan ini melantik

and/ or _____
dan/atau

and failing the abovenamed proxies, the Chairman of the meeting as my/ our proxy to vote for me/ us on my/ our behalf at the Thirty-seventh Annual General Meeting of the Company to be held at the Kristal Ballroom I, Petaling Jaya Hilton, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan on Friday, 29 June 2001 at 3.00 p.m. or at any adjournment thereof, on the following resolutions referred to in the notice of Annual General Meeting :-

dan jika gagal berbuat demikian, Pengerusi mesyuarat sebagai proksi saya/kami untuk mengundi bagi pihak diri saya/kami dalam Mesyuarat Agung Tahunan Syarikat yang Ketiga Puluh Tujuh yang akan diadakan di Kristal Ballroom I, Petaling Jaya Hilton, No.2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan pada hari Jumaat, 29 Jun 2001 jam 3.00 petang atau sebarang penangguhannya, ke atas resolusi-resolusi berikut yang dirujuk dalam notis Mesyuarat Agung Tahunan:-

RESOLUTION/ RESOLUSI	1	2	3	4	5	6	7	8	9	10	11	12	13
FOR/ MENYOKONG													
AGAINST/ MENENTANG													

Please indicate with a " ✓ " in the space above how you wish your vote to be cast. In the absence of specific instructions, the proxy will vote as he thinks fit.

Sila tandakan undian anda dengan " ✓ " dalam ruangan kosong di atas. Dalam keadaan tiada arahan tertentu, proksi anda akan mengundi mengikut keadaan yang difikirkan perlu.

Signed this / Ditandatangani pada day of / haribulan..... 2001

.....
Signature / Common Seal of appointor
Tandatangan / Meterai Biasa orang yang melantik

Notes :

- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies (but not more than two) to attend and vote instead of him. A proxy need not be a member of the Company.
The instrument appointing a proxy or proxies must be deposited with the Secretary at the Registered Office of the Company at 1A, Jalan 205, Off Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for the Meeting or any adjournment thereof.
- In the case of corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
- The signature to the instrument appointing a proxy or proxies executed outside Malaysia must be attested by a solicitor, notary public, consul or magistrate.

Nota-nota :

- Seseorang ahli yang berhak menghadiri dan mengundi di Mesyuarat Agung Tahunan adalah berhak untuk melantik seorang proksi atau proksi-proksi (tetapi tidak melebihi dua orang) untuk menghadiri dan mengundi bagi pihaknya. Seseorang proksi itu tidak semestinya ahli Syarikat.
Surat perlantikan seseorang proksi itu mesti diserahkan kepada Setiausaha di Pejabat Berdaftar Syarikat di 1A, Jalan 205, Off Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, tidak lewat daripada empat puluh lapan (48) jam sebelum masa yang ditetapkan untuk Mesyuarat ini atau sebarang penangguhannya.
- Dalam kes perbadanan, surat perlantikan proksi atau proksi-proksi mestilah disempurnakan di bawah meterai syarikat atau ditandatangani oleh seorang pegawai atau wakil yang diberi kuasa.
- Tandatangan pada surat perlantikan proksi atau proksi-proksi yang disempurnakan di luar Malaysia mesti diakusaksi oleh seorang peguam, notari awam, konsul atau majistret.

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(P.O. BOX 465, JALAN SULTAN 46050 PETALING JAYA)

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