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## Notice Of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Ninth Annual General Meeting of the Company will be held at Narcissus Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 5 August 2003 at 11.00 a.m. for the following purposes: -

### Agenda

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 March 2003 together with the Auditors' Report thereon. **Resolution 1**
2. To approve the declaration of a First and Final Tax Exempt Dividend of 5% for the financial year ended 31 March 2003. **Resolution 2**
3. To approve the Directors' fees for the financial year ended 31 March 2003. **Resolution 3**
4. To pass the following resolution pursuant to Section 129 (6) of the Companies Act, 1965: -  
  

"That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Chan Kok Hiang @ Chan Kock Hiang who has attained the age of 70 years be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting."  
**Resolution 4**
5. To re-elect the following Directors who retire pursuant to Article 94 of the Company's Articles of Association, and being eligible, have offered themselves for re-election: -
  - (a) Mr. Chan Chor Ang **Resolution 5**
  - (b) Mr. Cha Peng Koi @ Chia Peng Koi **Resolution 6**
  - (c) Encik Halimi Bin Hussain **Resolution 7**
6. To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. **Resolution 8**
7. As Special Business  
To consider and, if thought fit, with or without any

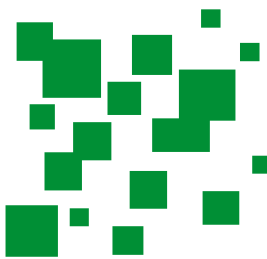
modification to pass the following resolutions as Ordinary and Special Resolutions: -

### **Ordinary Resolution No. 1                      Resolution 9** **- Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965**

"THAT pursuant to Section 132D of the Companies Act, 1965, and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED THAT the aggregate number of shares issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

### **Ordinary Resolution No. 2                      Resolution 10** **- Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of the Kuala Lumpur Stock Exchange**

"THAT pursuant to Paragraph 10.09 of the Listing Requirements of Kuala Lumpur Stock Exchange, a shareholders' mandate be and is hereby granted to PCCS Group Berhad and its subsidiary companies (PCCS Group) to enter into the recurrent related party transactions of a revenue or trading nature which are necessary for PCCS Group's day-to-day operations in respect of the recurrent related party transactions as set out in the circular to shareholders dated 14 July 2003 ("the Circular") with the related parties mentioned therein PROVIDED THAT:



- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and are on terms not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the approval hereby given;

AND THAT the authority conferred by such mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (AGM) of the Company following this AGM, at which the approval hereby given will lapse, unless by a resolution passed at an AGM whereby the approval is renewed;
- (b) the expiration of the period within which the next AGM of the Company after this AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but such period shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorized by this resolution.

**Special Resolution** **Resolution 11**  
- Proposed Amendment to the Articles of Association of the Company

“THAT the existing Article 166 be deleted its entirety and to adopt the following new Article 166:

**Existing Article 166**

Subject to the provisions of any written law, a notice may be given by the Company to any Member either

by serving it on him personally or by sending it by post to him at his address as shown in the Register or the Record of Depositors or the address (if any) in Malaysia supplied by him to the Company for the giving of notices to him. In the case of overseas Securities holders, any notice or other documents shall be forwarded by airmail or any speedier form of transmission.

**New Article 166**

Subject to the provisions of any written law, a notice may be given by the Company to any Member either by serving it on him personally or by sending it by post to him at his address as shown in the Register or the Record of Depositors or the address (if any) in Malaysia supplied by him to the Company for the giving of notices to him.”

8. To transact any other ordinary business of which due notice shall have been given.

**NOTICE OF DIVIDEND ENTITLEMENTS**

**NOTICE IS HEREBY GIVEN** that the First and Final Tax Exempt Dividend of 5% will be payable on 12 September 2003 to depositors who are registered in the Record of Depositors at the close of business on 25 August 2003 if approved by members at the Ninth Annual General Meeting on Tuesday, 5 August 2003.

A Depositor shall qualify for entitlement only in respect of:-

- a. Shares transferred into the Depositor’s Securities Account before 4.00 p.m. on 18 August 2003 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board  
CHUA SIEW CHUAN  
MAICSA 0777689  
Company Secretary  
Kuala Lumpur  
14 July 2003

**Explanatory Notes To Special Business:****1. Authority pursuant to Section 132D of the Companies Act, 1965**

The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.

**2. Authority to grant a shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

The proposed adoption of the Ordinary Resolution No. 2 is to grant a Shareholders' Mandate to enable the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group's day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

**3. Authority to amend the Articles of Association of the Company**

The proposed adoption of the Special Resolution is primarily to reduce cost as well as to improve the efficiency of the Company.

**Notes:**

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.*
2. *Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.*

3. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.*

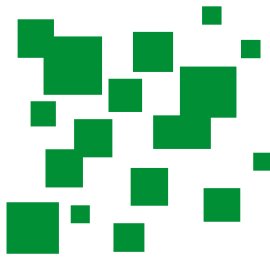
**Statement Accompanying Notice of Annual General Meeting**

1. The Ninth Annual General Meeting of PCCS Group Berhad will be held on Tuesday, 5 August 2003 at 11.00 a.m. at Narcissus Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim.
2. The Directors who are standing for re-election at the Ninth Annual General Meeting of PCCS Group Berhad are:-
  - i. Mr. Chan Kok Hiang @ Chan Kock Hiang (Section 129(6) of the Companies Act, 1965)
  - ii. Mr. Chan Chor Ang (Article 94 of the Company's Articles of Association)
  - iii. Mr. Cha Peng Koi @ Chia Peng Koi (Article 94 of the Company's Articles of Association)
  - iv. Encik Halimi Bin Hussain (Article 94 of the Company's Articles of Association)

Their particulars can be found on pages 5, 6, 7, 8 and 9 of the Annual Report. Their shareholdings in the Company are stated on Page 74 of the Annual Report.

**Information on Board Meetings:-**

The information on Board Meetings and attendance of the Directors can be found on Page 10 of the Annual Report.



## Profile of Directors



**Chan Kok Hiang @ Chan Kock Hiang** (Non-Independent and Non-Executive Chairman), a Malaysian, aged 74, was appointed to the Board of PCCS on 21 June 1995. He is the co-founder of the family's garment business in 1973. With more than 40 years of experience in the business sector, he is actively involve in setting up and managing the family business. His long and in-depth business experience serves as a useful guidance to the Company and the Group in deciding its corporate direction and management. He also sits on the boards of several private limited companies.



**Chan Choo Sing** (Non-Independent and Managing Director), a Malaysian, aged 49, was appointed to the Board of PCCS on 21 June 1995. He commenced his career by assisting his father, Mr Chan Kok Hiang @ Chan Kock Hiang when he formed a partnership business, Chan Trading, in 1973. In 1979, another partnership business under the name of Perusahaan Seng, was set up to manufacture and supply garments to Chan Trading. The business of Perusahaan Seng was taken over by Perusahaan Chan Choo Sing Sdn Bhd upon its incorporation in 1981. He continued his dynamic management approach by setting up Beauty Electronic Embroidering Centre Sdn Bhd in 1983; Keza Sdn Bhd in 1985 and Mega Labels & Stickers Sdn Bhd in 1989. Mr Chan has over 28 years of experience in the textile industry. He was appointed as an exco-member of Malaysian Textile Manufacturers Association in 1992 and is

actively involved in bilateral negotiations with countries like USA, Canada and Europe.

In 1990, Mr Chan ventured into the packaging business by founding Harta Packaging Industries Sdn Bhd (Harta). His sharp business acumen led to successful business ventures through the acquisition by Harta of shares in Harta Packaging Industries (Perak) Sdn Bhd (formerly known as Cinta Packaging Industries Sdn Bhd) in 1992, Fibre Pak (M) Sdn Bhd in 1994, Harta Packaging Industries (Selangor) Sdn Bhd (formerly known as Harta Packaging Industry (JB) Sdn Bhd) in 1995, Chiga Light Industries Sdn Bhd in 1997 and Harta Packaging Industries (Malacca) Sdn Bhd in 1998. Harta was successfully listed on the Second Board of the KLSE on 30 May 1997 as HPI Resources Berhad ("HRB"). Mr Chan is also the Executive Chairman of HRB since 8 April 1997.

Mr Chan is the exco-member for the Chinese Chamber of Commerce in Batu Pahat and the Chairman of Chinese Association in Parit Raja, Batu Pahat. He also sits on the boards of several private limited companies.



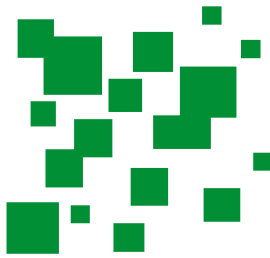
**Chan Chow Tek** (Non-Independent and Executive Director), a Malaysian, aged 46, was appointed to the Board of PCCS on 21 June 1995. He leads all the marketing activities in the Group and has more than 25 years of experience in textile and apparel marketing and merchandising. He started his career in 1973 in marketing the products of Chan Trading to local departmental stores. In 1981, he successfully made the first export order for the company and has since brought the company's export sales to greater success. He is also responsible for the development and growth of the Group's garment business. His job includes keeping abreast with the latest development in the apparel and fashion industry by frequent overseas trips and identify new and potential markets. He also attend regular meetings with overseas raw material suppliers to obtain crucial information on product costing. He

was appointed to the Board of HRB on 8 April 1997 and also sits on the boards of several private limited companies.



**Chan Chor Ngiak** (Non-Independent and Non-Executive Director), a Malaysian, aged 41, was appointed to the Board of PCCS on 21 June 1995. He started his career in 1980 assisting his father and his brother in marketing the products of Chan Trading to local departmental stores. He is currently the Managing Director of HRB and was appointed to the Board of HRB on 8 April 1997. He joined Harta in 1991 as Marketing Manager. During his employment with Harta, his determination and enthusiasm had driven Harta to become a leader of packaging business in the Southern Region of Peninsular Malaysia within a short period of time. He was subsequently promoted to the position of Managing Director in July 1996. He oversees the Group's packaging business, as well as being responsible for identification and penetration of new and potential markets for the Group. His vast experience in marketing

coupled with his good inter-personal and negotiating skills enable him to aggressively penetrate and secure new customers from different types of industries. He is the Treasurer of Chinese Chamber of Commerce in Batu Pahat and Chinese Association in Parit Raja, Batu Pahat. He also sits on the boards of several private limited companies.



**Chan Chor Ang** (Non-Independent and Non-Executive Director), a Malaysian, aged 40, was appointed to the Board of PCCS on 21 June 1995. He joined Perusahaan Chan Choo Sing Sdn Bhd in 1981 and was transferred to Jusca Garments Sdn Bhd as the Factory Manager in 1985. He has more than 20 years of experience in the textile and garment industry. He is currently the Executive Director of HRB and was appointed to the Board of HRB on 8 April 1997. He joined Harta as the Factory Manager in 1990 and was redesignated as Maintenance Manager in 1994. His responsibilities include organising and managing the total maintenance and machinery upkeep for the packaging group of companies. He has undergone training on production management, machine maintenance and productivity enhancement under various expatriate factory managers from Hong Kong, Taiwan and China. He is

currently the Purchasing Director of Harta and also oversees the daily operation of Chiga Light Industries Sdn Bhd. He also sits on the board of several private limited companies.



**Cha Peng Koi @ Chia Peng Koi** (Independent and Non-Executive Director), a Malaysian, aged 52, was appointed to the Board of PCCS on 21 June 1995. He has more than 20 years of experience in the fields of Finance and Operations Management. He graduated with Bachelor of Science (Hons) from University of Malaya in 1977, Post Graduate Diploma in Public Administration (INTAN) in 1981 and Masters in Business Administration (MBA) from the University of California, Los Angeles (UCLA) in 1986. In 1990, he set up his own business consulting firm specialising in Productivity and Quality Management. Prior to setting up his own businesses, he was a government officer with the Administrative and Diplomatic Services and has served in various Ministries and Departments including The Public Enterprises Ministry and the Public Services Department. He also sits on the Board of Orisoft Technology Berhad, a public listed company listed on the MESDAQ market of the KLSE.



**Tan Chuan Hock** (Independent and Non-Executive Director), a Malaysian, aged 42, was appointed to the Board of PCCS on 4 November 1998. He is the managing partner and also the founder of William C. H. Tan & Associates ("WTA"), a Public Accountants firm. He is a member of the Malaysian Institute of Accountants, Malaysian Institute of Taxation and the Fellow Member of the Association of Chartered Certified Accountants.

After obtaining his professional qualification, i.e. Association of Chartered Certified Accountants ("ACCA") in 1983, he joined a Public Accounting firm as an Audit Assistant. He then advanced to the position of Audit Manager in 1988. With his leadership and his dedication towards the profession, he finally took the challenge to establish his own professional practice, i.e. WTA in 1989.

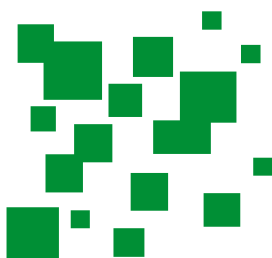
Mr Tan has over 20 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory services. He was appointed as director of several private limited companies. He also sits on the Board of Orisoft Technology Berhad, a public listed company listed on the MESDAQ market of the KLSE.



**Halimi Bin Hussain** (Non-Independent and Non-Executive Director), a Malaysian, aged 52, was appointed to the Board of PCCS on 15 November 2000. He graduated with Bachelor of Arts (Hons) from University Malaya in 1975 and Master in Policy Science from University of Saitama, Japan in 1989. He also obtained Certificate in Public Administration from the National Institute of Public Administration (INTAN) in 1977 and Certificate in Foreign Investment Negotiation from the Investment Negotiation Centre of Georgetown University, Washington D.C. in 1980.

Prior to his appointment to the Board of PCCS, he was with the Malaysian Administrative and Diplomatic Service since 1975 and has served as First Secretary at the Embassy of Malaysia, Tokyo in 1982-1987, Director of Intellectual Property, Ministry of Domestic Trade and Consumer Affairs in 1990, Malaysian Trade Commissioner and Counsellor (Economic), Embassy of Malaysia in Manila from 1991-1997, Director of Program, Asia Pacific Economic Corporation (APEC) Secretariat in Singapore from 1997-1999, and Director of Trade Support, Ministry of International Trade and Industry in 2000.





He is active in the Malaysian Textile Manufacturer Association (MTMA) and is currently serving as its Vice President and Chairman of the International Trade Committee. He is also the Vice President of the Malaysian Textile and Apparel Centre (MATAC). At regional level, he is a council member in The ASEAN Federation of Textiles Industries (AFTEX).

In recognition of his services to the public and private sector En. Halimi was conferred 'Ahli Mangku Negara' (AMN) by Seri Paduka Baginda Yang Di Pertuan Agong and 'Darjah Johan Negeri' (DJN) by TYT the Yang Di Pertua Negeri Pulau Pinang. At the international level, HRH Sultan of Maguindanao (in Muslim Mindanao) consented to award him with the 'Honorary Datukship of Datuk Mahkota Sultan Kudarat' (DMSK).



**Tey Ah Tee @ Teo Ah Tee** (Independent and Non-Executive Director), a Malaysian, aged 58, was appointed to the Board of PCCS on 15 June 2001. He holds a Diploma in Education from the Technical Teacher's College. He has extensive experience in the teaching of Industrial Arts and English Language. A self motivated person, he is currently doing private tutoring. He is presently managing a registered private limited company.

Note:

- 1 Chan Kok Hiang @ Chan Kock Hiang is the father of Chan Choo Sing, Chan Chow Tek, Chan Chor Ngiak and Chan Chor Ang. They are all substantial shareholders of PCCS.
- 2 None of the Directors have any conviction for offences within the past ten (10) years.
- 3 None of the Directors have any conflict of interest with the Company.

## Directors Standing For Re-Election

Directors standing for re-election at the Annual General Meeting of the Company to be held at the Narcissus Room, Level 2, Garden Hotel, No. 29 Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Tuesday, 5 August, 2003 at 11.00 a.m.

### Directors standing for re-election

- Chan Kok Hiang @ Chan Kock Hiang
- Chan Chor Ang
- Cha Peng Koi @ Chia Peng Koi
- Halimi Bin Hussain

Details of attendance at Board Meetings held in the financial year ended 31 March, 2003 (Total of four meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Chan Kok Hiang @ Chan Kock Hiang	21/06/1995	2/4
Chan Choo Sing	21/06/1995	4/4
Chan Chow Tek	21/06/1995	4/4
Chan Chor Ngjak	21/06/1995	4/4
Chan Chor Ang	21/06/1995	4/4
Cha Peng Koi @ Chia Peng Koi	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	3/4
Halimi Bin Hussain	15/11/2000	4/4
Tey Ah Tee @ Teo Ah Tee	15/06/2001	4/4

Details of the Board Meetings held in the financial year ended 31 March, 2003.

Place : PCCS Group Berhad  
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.

Date : 28 May, 2002

Time : 11.40 a.m.

Place : PCCS Group Berhad  
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.

Date : 20 August, 2002

Time : 12.00 p.m.

Place : PCCS Group Berhad  
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.

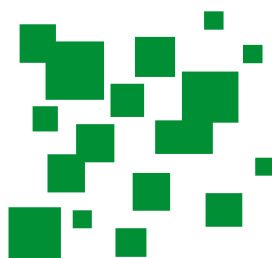
Date : 21 November, 2002

Time : 11.40 a.m.

Place : PCCS Group Berhad  
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.

Date : 25 February, 2003

Time : 11.30 a.m.



# Audit Committee Report

## 1. Membership

The present members of the Audit Committee of the Company are:-

Cha Peng Koi @ Chia Peng Koi  
*Chairman/Independent Non-Executive Director*

Chan Choo Sing  
*Group Managing Director*

Tan Chuan Hock  
*Independent Non-Executive Director*

Tey Ah Tee @ Teo Ah Tee  
*Independent Non-Executive Director*

## 2. Composition of members

The Board shall elect the Audit Committee members from amongst themselves, comprising no fewer than three (3) directors, where the majority shall be independent directors. The term of office of the audit committee is 2 years and may be re-nominated and appointed by the Board of Directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Kuala Lumpur Stock Exchange ('KLSE') Listing Requirements.

At least one member of the Audit Committee must be:-

- (a) a member of the Malaysian Institute of Accountant ('MIA'); or
- (b) if he is not a member of MIA, he must have at least 3 years of working experience and:
  - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
  - ii. he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967.
- (c) fulfills such other requirements as prescribed by the exchange.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

## Retirement and resignation

If a member of the Audit Committee resigns, dies, or for any reason ceases to be a member with the result that the number of members is

reduced below three (3), the Board shall within three (3) months of the event appoint such number of the new members as may be required to fill the vacancy.

## 3. Chairman

The Chairman of the Audit Committee, elected from amongst the Audit Committee members, shall be an independent director. The Chairman of the Committee shall be approved by the Board of Directors.

## 4. Secretary

The Secretary of the Audit Committee shall be the Company Secretary.

The Secretary shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentation to members of the Audit Committee prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee, circulating them to members of the Audit Committee and to the other members of the Board of Directors and for following up outstanding matters.

## 5. Meetings

The Audit Committee meetings shall be conducted at least four (4) times annually, or more frequently as circumstances dictate. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.

Details of attendance at Audit Committee Meetings held in the financial year ended 31 March 2003. (Total of four meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Cha Peng Koi @ Chia Peng Koi	21/06/1995	4/4
Chan Choo Sing	21/06/1995	4/4
Tan Chuan Hock	04/11/1998	3/4
Tey Ah Tee @ Teo Ah Tee	21/06/2001	4/4

In the absence of the Chairman, the other independent director shall be the Chairman for that meeting.

The members of the Audit Committee Chairman, Group Managing Director and the head of internal audit will normally be in attendance at the meetings. Representatives of the external auditors are to be in attendance at meeting where matters relating to the audit of the statutory accounts and/or external auditors are to be discussed.

Other directors, officers and employees of the Company and/or Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Audit Committee.

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors.

#### 6. Quorum

The quorum for the Audit Committee meeting shall be the majority of members present whom must be independent directors.

#### 7. Reporting

The Audit Committee shall report to the Board of Directors, either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference at least once a year, but more frequently if it so wishes.

The Audit, Committee shall report to the Board of Directors on any specific matters referred to it by the Board for investigation and report.

#### 8. Objectives

The principal objectives of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by the internal and external auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's control environment.

#### 9. Authority

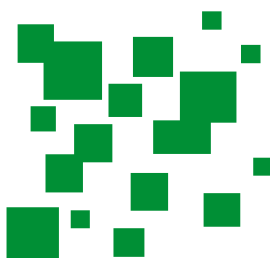
The Audit Committee shall, in accordance with a procedure to be determined by the Board of Directors and at the expense of the Company,

- (a) authorise to investigate any activity within its terms of reference. All employees shall be directed to co-operate as requested by members of the Audit Committee.
- (b) have full and unlimited/unrestricted access to all information and documents/resources which are required to perform its duties as well as to the internal and external auditors and senior management of the Company and Group.
- (c) obtain, at the expense of the Company, other independent professional advice or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.
- (d) be able to convene meetings with the external auditors, without the attendance of the executive members of the Audit Committee, whenever deemed necessary.
- (e) be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurred.

#### 10. Duties and Responsibilities

The duties and responsibilities of the Audit Committee are as follows:-

- To review the maintenance and control of an effective accounting system;
- To review the Group's public accountability and compliance with the law;



- To ensure the adequacy of internal and external audit procedures;
- To evaluate the quality of external auditors and make recommendations concerning their appointment and remuneration and to consider the nomination of a person or persons as external auditors;
- To provide liaison between the external auditors, the management and the Board of Directors and also to review the assistance given by the management to the external auditors;
- To review the findings of the internal and external auditors;
- To review the quarterly results and financial statements and annual report prior to submission to the Board of Directors;
- To monitor any related party transactions that may arise within the Group and to report, if any, transactions between the Group and any related party outside the Group which are not based on arms-length terms and on terms which are disadvantageous to the Group;
- To report its findings on the financial and management performance, and other material matters to the Board of Directors;
- To act in line with the directions of the Board of Directors; and
- To consider and examine such other matters as the Audit Committee considers appropriate.

#### Summary of Activities

The activities of the Audit Committee were primarily in accordance with its duties, as set out in its terms of reference. The main activities undertaken by the Audit Committee during the financial year were as follows:

- (i) Reviewed the quarterly results and financial statements prior to submission to the Board of Directors;
- (ii) Reviewed the internal auditor's scope of work and audit plan for the year;
- (iii) Reviewed the findings of the internal and external auditors and reported to the Board of Directors;

- (iv) Reviewed any related party transactions that may arise within the Group and to report, if any, transactions between the Group and any related party outside the Group which are not based on arms-length terms and on terms which are not favourable to the Group;
- (v) Reviewed the extent of the Group's compliance with the listing requirements of KLSE on Corporate Governance and recommendations made to the Board on action plan to address the identified gaps between the Group's existing corporate governance practices and the prescribed corporate governance principles and best practices under the Code; and
- (vi) Established and formalised Risk Management Framework and action plan to manage the risk identified on an ongoing process.

#### Internal Audit Function

The Group has also established the Internal Audit function in order to assist the Audit Committee in discharging its duties in regards to the adequacy and integrity of the system of internal control. Functions of the Internal Audit include few major areas as follows:

- Perform regular review of operational compliance with the established internal control procedures and the risk profiles of the major business units of the Group. This does not include associated company where the Group has no control over the management of the company.
- Conduct investigations on specific areas or issues directed by the Audit Committee.
- Review the risk management processes.

Audit plan for the Group is presented to the Audit Committee for approval. All adverse findings and weaknesses noted during the audit visit are forwarded to the management for its attention and further action. The report on the audit findings together with management comments are reported to the Audit Committee on a quarterly basis. In this regard, the Board is pleased to report that there were no significant adverse finding during the financial year ended 31 March 2003 that adversely affect the Group's reputation or financial position.

# Corporate Information

## Board Of Directors

Chan Kok Hiang @ Chan Kock Hiang  
*Chairman*

Chan Choo Sing  
*Group Managing Director*

Chan Chow Tek  
*Executive Director*

Chan Chor Ngiak

Chan Chor Ang

Halimi Bin Hussain

Cha Peng Koi @ Chia Peng Koi

Tan Chuan Hock

Tey Ah Tee @ Teo Ah Tee

## Audit Committee

Cha Peng Koi @ Chia Peng Koi  
**Chairman, Independent Non-Executive Director**

Chan Choo Sing

**Group Managing Director**

Tan Chuan Hock

**Independent Non-Executive Director**

Tey Ah Tee @ Teo Ah Tee

**Independent Non-Executive Director**

## Company Secretary

Chua Siew Chuan (MAICSA 0777689)

## Registered Office

PL0 10, Kawasan Perindustrian Parit Raja,  
86400 Batu Pahat, Johor Darul Takzim  
Tel No: 07-454 8888 Fax: 07-454 1320

## Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)  
Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Tel No: 03-2095 7077 Fax: 03-2094 9940

## Auditors

Ernst & Young  
Chartered Accountants  
Graha Maju, Bangunan PKNM,  
Tingkat 10, Lot 1, Jalan Graha Maju,  
75300 Melaka

## Solicitors

Skrine & Co.  
Unit No. 50-8-1, 8<sup>th</sup> Floor,  
Wisma UOA Damansara,  
50 Jalan Dungun,  
Damansara Heights,  
50490 Kuala Lumpur

## Principal Bankers

Standard Chartered Bank Malaysia Berhad  
(115793-P)  
HSBC Bank Malaysia Berhad (127776-V)  
Malayan Banking Berhad (3813-K)  
Hong Leong Bank Malaysia Berhad (97141-X)

## Subsidiary Companies

Perusahaan Chan Choo Sing Sdn Bhd (70765-W)  
Jusca Garments Sdn Bhd (135950-M)  
Beauty Electronic Embroidering Centre Sdn Bhd  
(102438-U)  
Mega Labels & Stickers Sdn Bhd (190144-X)  
Mega Labels & Stickers (Selangor) Sdn Bhd  
(533197-W)  
Keza Sdn Bhd (138288-U)  
Shern Yee Garments Sdn Bhd (206960-W)  
PCCS Garments Limited  
E. M. I. Embroidery Sdn Bhd (411070-V)  
PCCS Capital Sdn Bhd (382952-M)  
Cross Creek Distribution Sdn Bhd (293746-U)  
Jusca Development Sdn Bhd (391830-P)  
Beauty Silk Screen (M) Sdn Bhd  
*Formerly Known as Ekspedisi Efektif Sdn Bhd* (583304-X)  
Beauty Silk Sreen Limited  
Jusca Garments (Cambodia) Limited  
PCCS Marketing Sdn Bhd (612578-V)

## Associate Companies

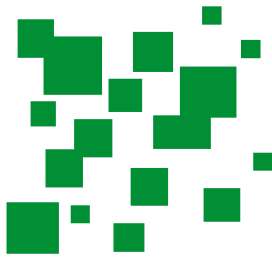
Tex Line Associates Pte Ltd

## Stock Exchange Listing

Kuala Lumpur Stock Exchange Main Board

## Homepage:

<http://www.pccs.net/>



# Statement on Corporate Governance

## The Code

The Board of Directors of PCCS is pleased to report on the manner in which the Principles and Best Practices of Corporate Governance are applied and the extent of compliance thereof as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance pursuant to paragraph 15.26 of the Listing Requirements ("LR") of the Kuala Lumpur Stock Exchange.

The policy of the Company is to achieve best practice in its standard of business integrity in all its activities.

The Board recognises the importance of practising the highest standards of corporate governance throughout the Group as a basis of discharging their fiduciary duties and responsibilities to protect and enhance shareholder value and performance of the Group.

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

## The Board of Directors

### Board Composition

The Board currently has nine members comprising of seven Non-Executive Directors (three of whom are independent) and two Executive Directors.

All members of the Board have attended the Mandatory Accreditation Training Programme (MAP) prescribed by RIIAM, the training arm of KLSE. Directors are also encouraged to attend continuous education programmes and seminars to keep themselves updated on the expectations of their roles and other market developments.

Together, the Directors possess a wide range of business expertise, commercial and financial experience that is relevant to their roles in providing leadership and direction to the Group. A brief description on the background of the Directors are presented separately in this Annual Report.

The Executive Directors have direct responsibilities for business operations whereas the Non-Executive Directors have a responsibility to bring independent and objective judgement on Board decisions.

However, all Directors can have full access to information and are also entitled to obtain full disclosure by management on matters that are put forward to the Board for decisions to ensure that they are being discussed and examined in an impartial manner that takes into consideration the long term interests of shareholders, employees, customers, suppliers, and many communities in which the Group conducts its business.

### Board Meetings

During the financial year ended 31 March 2003, a total of four Board Meetings have been held and were attended by most of the Directors. Details of attendance are provided on page 10 of this Annual Report. Additional meetings are held as and when required.

All Board members, with their extensive knowledge and experience in various fields exercise an independent judgement on issues of strategy, performance, resources and standard of conduct.

All Directors are each provided with written reports together with supporting information before all Meetings and in sufficient time to enable the Directors to obtain further explanations, where applicable, for them to be well-informed before the date of holding the Meeting. During the Meetings, the Board reports and tables, among others, the following:

- Minutes of previous Meeting
- Financial reports and review of Group operations
- The Group's latest business developments and any other matters arising.

#### Audit Committee

The Audit Committee currently comprises of four members, with Mr Cha Peng Koi @ Chia Peng Koi, an Independent Non-Executive Director, in the Chair. One of the remaining members is a member of the Malaysian Institute of Accountants. Fuller details of the composition of the Committee are found on page 11 of this Annual Report.

The Audit Committee met four times during the year. A majority of the Committee members attended all meetings. Details of their attendance are provided on page 11 of this Annual Report.

The terms and reference and details of the Audit Committee as set up on pages 11 to 13 of this Annual Report, have been amended to comply with the Best Practices of the Code.

#### Re-election

In accordance with the amended Memorandum & Articles of Association of the Company, an election of Directors shall take place each year. At the Annual General Meeting in every year one third of the Directors for the time being, or the number nearest to one-third shall retire from office provided always that all Directors shall retire from office once at least every three years in compliance with the Code. For the forthcoming Annual General Meeting, Mr Chan Kok Hiang @ Chan Kock Hiang, Mr Chan Chor Ang, Mr Cha Peng Koi @ Chia Peng Koi and Encik Halimi Bin Hussain have volunteered themselves for re-election.

#### Nomination Committee

The Nomination Committee was set up on 7 February 2002. Mr Chan Kok Hiang @ Chan Kock Hiang was appointed as the Chairman and its other members are Mr Cha Peng Koi @ Chia Peng Koi and Mr Tan Chuan Hock, all of whom are Non-Executive Directors. Its terms of reference was adopted on 20 August, 2002.

The Nomination Committee is responsible for making recommendations for any appointments to the Board including those of subsidiaries and associated companies. In making these recommendations, Nomination Committee will consider the required mix of skills and experience which the Directors should bring to the Board.

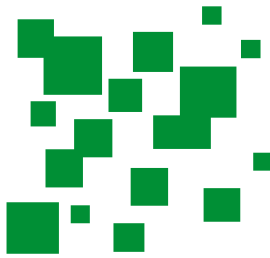
The Committee also regularly reviews the Board Structure, Size and Composition as well as consider the Board Succession Plan.

#### Remuneration Committee

The Remuneration Committee was set up on 7 February 2002, with its terms of reference adopted on 20 August, 2002. Mr Cha Peng Koi @ Chia Peng Koi was appointed as the Chairman and its other members are Mr Chan Choo Sing and Mr Tan Chuan Hock.

The duties and responsibilities of the Committee are to set up policy framework and to make recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. Remuneration package of the Executive Directors will be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration.





Fees payable to Non-Executive Directors is determined by the Board with the approval from shareholders at the Annual General Meeting.

#### Directors' Remuneration

The details of the remuneration for the Directors during the year are as follows:

Aggregate remuneration for directors of the Group categorized into appropriate components:

	Salaries and Other emoluments RM'000	Bonus RM'000	Fees RM,000	Total RM'000
Executive Directors	670	104	125	899
Non-Executive Directors	-	-	107	107

The number of directors of the Company whose total remuneration fall within the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	5
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM200,001 to RM250,000	-	-
RM250,001 to RM300,000	-	-
RM300,001 to RM350,000	-	-
RM350,001 to RM400,000	2	-

#### Shareholders

##### Disclosure Between the Company and Analyst / Investors

Regular discussions were held among the Company's Managing Director, the Deputy Group General Manager and analyst/investors on the Group's performance and major developments. Price sensitive and any information that may be regarded as undisclosed material information about the Group is not disclosed until after the prescribed announcement had been submitted to the KLSE.

In addition, any other extensive information about the Company are available on <http://www.pccs.net/>.

### Annual General Meeting

The Annual General Meeting ("AGM") is the principal form for dialogue with shareholders. Notice of the AGM and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting.

At the AGM, besides the normal agenda, shareholders may raise questions pertaining to the business activities of the Group. The Chairman, and where appropriate, the Group Managing Director will respond to shareholders' questions during the meeting.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meeting regarding Directors who are retiring and who are willing to serve if re-elected. Each item of special business included in the notice of meeting will be accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of issues involved.

### Accountability and Audit

#### Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy and adequacy.

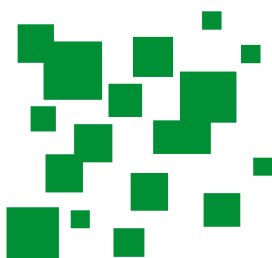
#### Internal Control

Information on the Group's internal control is presented in the Statement of Internal Control laid out on page 19 of this Annual Report.

#### Relationship with the Auditors

The Company maintains a professional and transparent relationship with the auditors in seeking professional advice to ensure compliance with the accounting standards.

The auditors will from time to time brief the Audit Committee and the Board on all relevant matters requiring the Board's attention.



## Statement On Internal Control

The Board of Directors (the Board) is ultimately responsible for the Group's system of internal control and for reviewing its adequacy and integrity. This is to provide shareholders with a return on their investment that is consistent with a responsible assessment and management of risk.

Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The concept of reasonable assurance also recognises that the cost of controls should not exceed the expected benefits.

### Internal Control and Control Environment

The Board has put in place an organizational structure with formally defined lines of responsibility and delegation of authority. There are also adequate procedure manuals equipped for all management and staff in performing their job. These manuals are updated from time to time to incorporate the changes that will enhance working efficiency.

The Group has developed its authority chart for all its capital and revenue expenditure. Yearly budgets for the Group are prepared to monitor the performance of the respective business units. All material variances identified are explained in the monthly financial reports which are reviewed by the management team. Besides, the management team analysed the quarterly group performance with comparison to previous quarter and previous corresponding quarter. The performance analysis is then reported to the Board.

A comprehensive "Company Manual" is developed to cultivate long-lasting and harmonious working

relationship among the employees apart from setting up the rules and regulations required to be adhered by all the employees in performing their duties. The Vision of the Group is clearly spelled in the Manual and well communicated to all level of employees. "Health and Safety Manual" is also developed to assist in maintaining a safe working environment for all the employees besides acting as a guideline to protect the Group's assets.

Regular audits are conducted by the internal auditors to monitor compliance with the established internal control procedures and the risk profiles of the major business units of the Group, whilst the statutory audit of financial statements are conducted by the external auditors and they report their findings to the Audit Committee.

### Risk Management Framework

A risk assessment exercise was conducted in March 2002 to identify, evaluate and manage the significant risks faced by the Group. Subsequently, a risk management policy and risk management framework was put in place. A Risk Management Committee was also being set up to ensure the processes are conducted in accordance to the "Statement on Internal Control: Guidance For Directors of Public Listed Companies" issued by the Kuala Lumpur Stock Exchange. During the financial year, the Board has continued its ongoing process of identifying, evaluating and managing the significant risk faced by the Group.

Based on the above, the Board is of the opinion that the current system of internal control within the Group is adequate.

Statement made in accordance with the resolution of the Board of Directors dated 4 July 2003.

## Statement of Directors' Responsibility in Relation to the Financial Statements

This statement is prepared in compliance with the Listing Requirements of the KLSE.

The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year and of their results and their cash flows for that year then ended.

The directors consider that in preparing the financial statements:-

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act 1965.

The directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

## Other Information Required by the Listing Requirements of the KLSE

### Share Buybacks

During the financial year, the Company did not enter into any share buyback transactions.

### Options or Warrants

Other than as disclosed in Note 21 to the Financial Statements for the year ended 31 March 2003 on page 65, no options or warrants were exercised during the financial year.

### American Depository Receipt ('ADR') or Global Depository Receipt ("GDR") Programme

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

### Imposition of Sanctions and Penalties

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

### Non-Audit Fees

The amount of non-audit fees paid to the external auditors by the Group and by the Company for the financial year amounted to RM138,000 and RM80,000 respectively.

### Material Contracts Involving Directors and Substantial Shareholders

#### a) Material Recurrent Related Party Transactions

Other than as disclosed in Note 27 to the Financial Statements for the year ended 31 March 2003 on page 68, none of the Directors have any material contracts with the Company and /or its subsidiaries during the financial year under review.

#### b) Material Related Party Transactions

Other than disclosed below, none of the substantial shareholders have any material contracts with the Company and/or its subsidiaries during the financial year under review:-

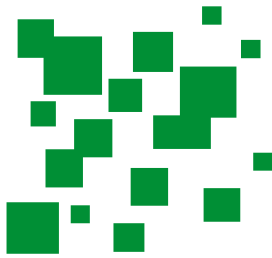
- Sale and Purchase Agreement dated 2 August 2002 between PCCS with Cambodia Investment Limited ("CIL") and the Vendors (CIL and Go Hout Hing, collectively) to acquire 1,400 ordinary shares of USD1,000.00 each in PCCS Garments Limited, representing 40% equity interest therein for a cash consideration of RM5,320,000.

### Profit Estimate, Forecast or Projection

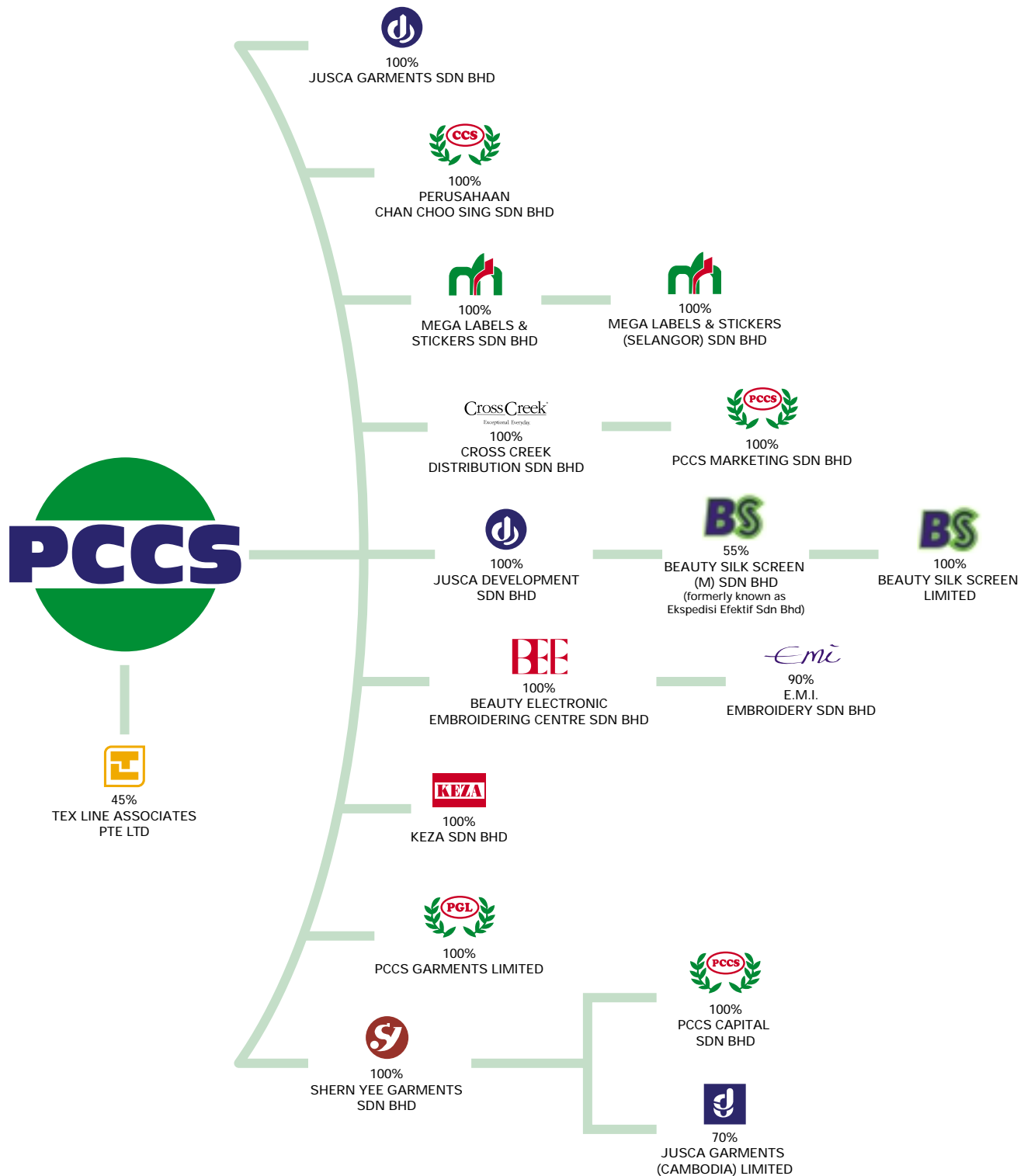
There were no variances of 10% or more between the results for the financial year and the unaudited results and the profit forecast previously announced.

### Profit Guarantee

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



# Corporate Structure



## Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2003.

### Financial Review

The Group recorded a higher turnover of RM259.687 million in the financial year ended 31 March 2003 over the previous year's RM225.033 million. Pre-tax profit, on the other hand decreased from RM21.596 million to RM18.818 million. The decline was attributed to the dilution of shareholding in its associate company, an export buying house and marketing agent. However, the higher pre-tax profit achieved by the rest of the Group's subsidiaries minimized the negative impact on overall performance. Net earnings per share for the Group stood at RM0.233.

### Dividend

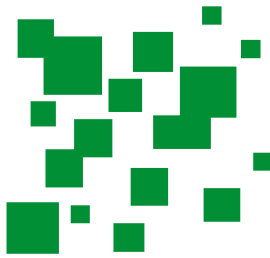
The Board is pleased to recommend a first and final tax exempt dividend of 5% for the financial year ended 31 March 2003 subject to the shareholders' approval at the forthcoming Annual General Meeting.

### Corporate Developments

As at 4 July 2003, PCCS Group Berhad ("PCCS") has undertaken and completed the following transactions :-

1. In October 2002, PCCS completed the acquisition of 1,400 ordinary shares of USD1,000.00 each in PCCS Garments Limited ("PGL"), representing the remaining 40% equity interest in PGL for a total consideration of RM5,320,000/-. Thereafter, PGL became a wholly-owned subsidiary of PCCS.
2. PCCS, through its wholly-owned subsidiary, Jusca Development Sdn. Bhd. had on 26 February 2003 subscribed for 109,999 ordinary shares of RM1/- each representing 55% of the total paid-up capital of Beauty Silk Screen (M) Sdn. Bhd. Following the said acquisition, PCCS became the ultimate holding company of Beauty Silk Screen (M) Sdn. Bhd.
3. Further to the above acquisition, Beauty Silk Screen (M) Sdn. Bhd. had on 28 March 2003 subscribed for 1,000 shares for 195,000 Riels each in the capital of Beauty Silk Screen Limited at a total consideration of USD50,000/- (equivalent to RM190,000/-), resulting in PCCS being the ultimate holding company of Beauty Silk Screen Limited.
4. Acquisition of a total amount of 700 shares of USD1,000/- each representing 70% of the total paid-up capital of Jusca Garments (Cambodia) Limited at a total consideration of USD700,000/- (equivalent to RM2,660,000/-) by Shern Yee Garments Sdn. Bhd., a wholly-owned subsidiary





of PCCS on 27 May 2003. The acquisition resulted in PCCS becoming the ultimate holding company of Jusca Garments (Cambodia) Limited.

- PCCS, through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd. had on 20 June 2003 acquired 100,000 shares of RM1/- each in the capital of PCCS Marketing Sdn. Bhd. at a total consideration of RM100,000/-, resulting in PCCS being the ultimate holding company of PCCS Marketing Sdn. Bhd.

#### Review Of Group Performance

##### Apparel Division

During the financial year ended 31 March 2003, performance of the Apparel Division had been very encouraging, recorded a higher turnover and pre-tax profit over the previous corresponding period.

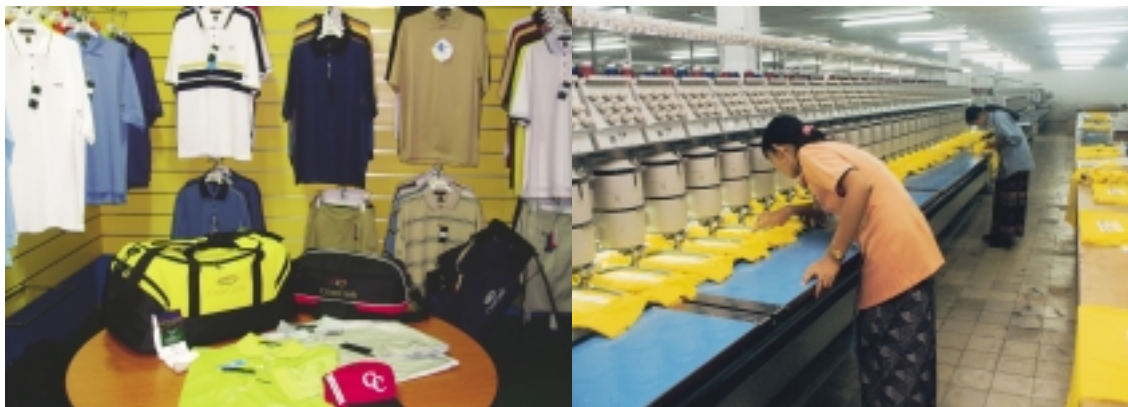
With USA retailers replenishing their stocks after the September 11 2001 attacks, orders received from existing major customers, namely Adidas and The Gap increased substantially. Additional orders received from new buyers including William Carter and Express Garments also contributed to the higher turnover.

Production overheads and operating costs especially foreign worker expenses have gone up, as a result of the recent additional intake to cater for the increase in demand.

The Group sees the need to further enhance its competitive edge under the current challenging business environment. The Apparel Division is thus moving towards ISO 9001 : 2000 through continual improvement in processes, resources and total buyers' satisfaction. Among the benefits to be derived include enhancing company images with internationally accepted standards, increase in quality awareness and teamwork, improve resource management, satisfying customer needs for the first time and always. The ISO 9001 : 2000 was officially implemented in March 2003. Assessment and improvement on systems and processes is in progress.

The Apparel Division is also in the midst of developing a new ERP software system designated to coincide with ISO 9001 : 2000. Implementation of modules under the new software system will be carried out in two phases. The final phase is targeted to be completed and in full swing latest by December 2003. The new software will serve as a management decision support system. It will enhance operational efficiencies, improve competitive edge and keep to a strategy of staying lean, flexible and responsive.

The Group has recently set up an additional garment factory in Cambodia (under the operation of Jusca Garments (Cambodia) Limited) to cope with the additional orders from its major customers and to cater for different group of buyers. The new factory



is located at Kandal Province, situated on the main road leading to Sihanoukville Port from Pnom Penh, Cambodia. With a total land area of 39,000 square metres and a built-up area of 13,890 square metres, production capacity is estimated at 40,000 dozen garments per month. Production is expected to commence in August 2003 with an initial 200 units of sewing machines.

#### Embroidery Division

For the year under review, the Group's Embroidery Division achieved better results as compared to the previous corresponding period.

Additional orders received from the Group's Apparel Division, mainly knit sports-wear and children's knitwear under major USA brands have increased total turnover. Orders from existing major customers have also grown steadily.

In response to customers' demand, the Division has recently traded-in another two sets of older models for two units of new Tajima brand computerized multi-head embroidery machines complete with standard frames and accessories. The new machines come with more embroidery space and advanced features to accommodate high speed operation and achieve operational convenience.

The Division is constantly making efforts to enhance product quality and productivity, shorten delivery time, develop new embroidery techniques to establish a production system that meets customers' demand and make its products distinctive.

#### Fabric Knitting Division

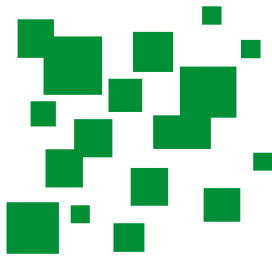
The period under review saw a slight improvement in both turnover and pre-tax profit for the Fabric Knitting Division.

Fabric and elastic orders received from existing customers continued on an upward trend. On the other hand, fabrics supplied to the Group's Apparel Division have dropped substantially, especially for those orders produced in Cambodia. The garment industry has recently experienced the impact of uncertainties in raw material prices and short term consumer demand.

The increase in unit price of yarn, higher labour costs and production overheads have resulted the marginal drop in gross margin. With this scenario, there is a need to increase earnings further by securing more orders and expanding its market share in the garment industry. The Division managed to incur lower operating expenses with reduced depreciation and interest costs.







With stiff competition facing the garment industry, emphasis need to be placed on improving customer service through quick response time, prompt delivery with minimal rejects.

#### Labelling Division

Overall performance of the Labelling Division improved over the previous corresponding period with a higher turnover and pre-tax profit.

Sales of labels and stickers have increased during the year with more orders received mainly from the garment, food, edible oils and consumer products sector. Sales to electronic sector posted further decline as electronic customers transferred part of their production plant to countries with lower manufacturing overheads.

The turnaround in overall performance of its Shah Alam operation was contributed by the increased orders from existing and new customers and better control of production wastages.

#### Marketing And Distribution

The Division, led by Cross Creek Distribution Sdn. Bhd. ("Cross Creek"), has recorded a marginally higher turnover in the financial year ended 31 March 2003.

Sales to existing corporate clients have been on an

upward trend. New corporate accounts secured during the year include Prisma Layon, Pan West Pro Shop, Suneast Private Limited, JNG (M) and One Ten Souvenirs.

Cross Creek is continuously promoting brand awareness and widening its brand exposure especially to the corporate sector via golf sponsoring events and the mass media.

Apart from the Cross Creek brand products, the Company has made plans to tap into other range of sportswear and accessories. The revenue earned from non-Cross Creek products will be invoiced under a newly established subsidiary of Cross Creek, PCCS Marketing Sdn Bhd.

With products ranging from golf apparel to other sportswear, the Division will be able to serve its existing customers better. This will also widen the market share for its products and enhance its earning base.

#### Prospect

Under the current competitive and challenging business environment, the Group will continue to draw up strategies for growth by improving efficiency and productivity whilst exploring new markets for its products. Revenue earned from its



core business of garment manufacturing is expected to grow further with the recent set up of additional garment operation in Cambodia.

Barring any unforeseen circumstances, the Board anticipates that the performance for the current financial year would be in line with that of the previous year.

#### Appreciation

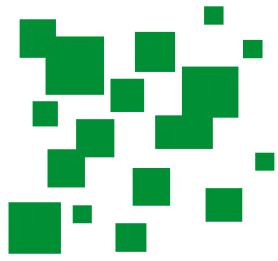
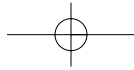
On behalf of the Board, I wish to express our gratitude to the Management, staff and all employees of the Group for their commitment, loyalty and hard work to ensure continued success of the Group.

The Board also express our sincere appreciation and acknowledge with gratitude to the bankers for their support, the shareholders for their confidence, to the business associates and regulatory authorities for their support and assistance.

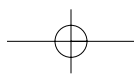
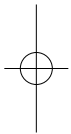
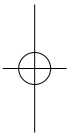
I am also grateful to the distinguished members of the Board for their invaluable advice and guidance.

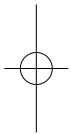
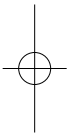
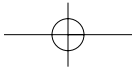
CHAN KOK HIANG @ CHAN KOCK HIANG  
Chairman  
4 July, 2003



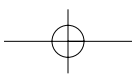


# Highlights For The Year





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# Financial Statement

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## Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2003.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are described in Note 11 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	Group	
	2003	2002
	RM'000	RM'000
Profit after taxation	14,499	6,913
Minority interests	(506)	-
Net profit for the year	13,993	6,913

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The amount of dividends paid by the Company since 31 March 2002 were as follows:

	RM'000
In respect of the financial year ended 31 March 2002	
A first and final tax exempt dividend of 5% paid on 15 November 2002	3,000

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 March 2003, of 5% on 60,011,002 ordinary shares, amounting to a total dividend payable of RM3,000,550 (5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2004.

**DIRECTORS**

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Chan Kok Hiang @ Chan Kock Hiang  
 Chan Choo Sing  
 Chan Chow Tek  
 Chan Chor Ngiak  
 Chan Chor Ang  
 Cha Peng Koi @ Chia Peng Koi  
 Tan Chuan Hock  
 Halimi Bin Hussain  
 Tey Ah Tee @ Teo Ah Tee

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted pursuant to the Employee Share Options Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 5 to the financial statements or the fixed salary of a fulltime employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**DIRECTORS' INTERESTS**

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

	Number of Ordinary Shares of RM1 Each			31 March 2003
	1 April 2002	Bought	Sold	
<b>Direct interest -</b>				
Chan Kok Hiang @ Chan Kock Hiang	78,333	47,000	-	125,333
Chan Choo Sing	1,078,653	-	-	1,078,653
Chan Chow Tek	1,572,884	-	-	1,572,884
Chan Chor Ang	1,009,550	-	-	1,009,550
Chan Chor Ngiak	329,550	-	-	329,550

#### DIRECTORS' INTERESTS (cont'd)

	Number of Ordinary Shares of RM1 Each			31 March 2003
	1 April 2002	Bought	Sold	
<b>Indirect interest –</b>				
Chan Kok Hiang				
@ Chan Kock Hiang	24,000,078	–	–	24,000,078
Chan Choo Sing	26,778,117	–	–	26,778,117
Chan Chow Tek	24,000,078	–	–	24,000,078
Chan Chor Ngiak	24,000,078	–	–	24,000,078
Chan Chor Ang	24,040,078	–	–	24,040,078

	Number of Options over Ordinary Shares of RM1 Each				31 March 2003
	1 April 2002	Granted	Exercised	Lapsed	
Chan Choo Sing	200,000	–	–	–	200,000
Chan Chow Tek	200,000	–	–	–	200,000

Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, Chan Chor Ngiak and Chan Chor Ang by virtue of their interest in shares in the Company are also deemed interested in shares in all the Company's subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

#### ISSUE OF SHARES

During the financial year, the issued and paid up capital of the Company was increased from 60,000,002 ordinary shares of RM1 each to 60,011,002 ordinary shares of RM1 each through the issue of 11,000 new ordinary shares of RM1 each pursuant to the Employee Stock Options Scheme at an option price of RM1.30 per ordinary share. The new ordinary shares rank pari passu in all respects with existing ordinary shares.

#### EMPLOYEE SHARE OPTION SCHEME

The PCCS Group Berhad Employee Share Options Scheme ("ESOS") is governed by the by-laws which was approved by the shareholders at the Extraordinary General Meeting held on 27 September 2001 and became effective on 7 November 2001.



The main features of the ESOS are as follows:

- (a) The number of new shares to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS. Furthermore, not more than 50% of the shares available under the ESOS scheme should be allocated, in aggregate to directors and senior management and not more than 10% of the shares available under the ESOS scheme should be allocated to any individual director or employee who either singly or collectively through his/her associates, holds 20% or more in the issued and paid-up share capital of the Company;
- (b) Any Malaysian employee (including Executive Directors) employed full time by the Company or its subsidiaries (excluding dormant companies) shall be eligible to participate in the ESOS if he or she has been confirmed after two years of service with the Group;
- (c) ESOS granted may be exercised on any working day over a period of 5 years from 7 November 2001 until 6 November 2006;
- (d) The exercise price for each ordinary share price under the ESOS shall be the weighted average market price as shown in the daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days immediately preceding the date on which the options are offered with a discount of not more than 10% or at the par value of the shares whichever is higher; and
- (e) The options granted do not confer any right to the parties concerned to participate in any share issue of any other company.

The movements in the options to take up unissued new ordinary shares of RM1.00 each during the financial year are as follows:

	Number of Options over Ordinary Shares of RM1 Each				31 March 2003
	1 April 2002	Granted	*Lapsed	Exercised	
Options at a price of RM1.30 per share expiring on 6 November 2006	4,400,000	-	(175,000)	(11,000)	4,214,000

\* Options lapsed due to resignation of the entitled individuals.

The name of employees who have been granted options above 100,000 ordinary shares of RM1.00 each during the year are as follows:

Name	Number of Options over Ordinary Shares of RM1 Each			31 March 2003
	Offered and Accepted	*Lapsed	Exercised	
Chan Choo Sing	200,000	-	-	200,000
Chan Chow Tek	200,000	-	-	200,000
Tan Kwee Kee	120,000	-	-	120,000
Chan Choo Keng	120,000	-	-	120,000
Gan Hoe Lian	120,000	-	-	120,000
Chew Seng Ker	120,000	-	-	120,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings which is less than 100,000 ordinary shares of RM1.00 each.

#### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so as to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debt inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this reports, these does not exist:
- (i) any charge on the asset of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of Company which has arisen since the end of the financial year.

- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

#### **SIGNIFICANT EVENTS**

The significant events during the year are as disclosed in Note 30 to the financial statements.

#### **SUBSEQUENT EVENTS**

The subsequent events are as disclosed in Note 31 to the financial statements.

#### **AUDITORS**

The auditors, Ernst & Young, retire and have indicated their willingness to accept reappointment.

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

CHAN CHOO SING

CHAN CHOW TEK

Melaka, Malaysia  
Date: 4 July 2003

## Statement By Directors Pursuant To Section 169(5) Of The Companies Act, 1965

We, CHAN CHOO SING and CHAN CHOW TEK, being two of the directors of PCCS GROUP BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 38 to 72 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

CHAN CHOO SING  
Melaka, Malaysia  
Date: 4 July 2003

CHAN CHOW TEK

## Statutory Declaration Pursuant To Section 169(16) Of The Companies Act, 1965

I, CHAN CHOO SING, being the director primarily responsible for the financial management of PCCS GROUP BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 72 are in my opinion 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 )  
above named, CHAN CHOO SING, at )  
Melaka in the State of Melaka ) CHAN CHOO SING  
on )

Before me,  
A. Supramaniam PIS(M018)  
Commissioner for Oaths

## Report Of The Auditors To The Members Of PCCS Group Berhad (Incorporated in Malaysia)

We have audited the financial statements set out on pages 38 to 72. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with 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 financial position of the Group and of the Company as at 31 March 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 11 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and, in respect of subsidiaries incorporated in Malaysia, did not include any comment required to be made under Section 174 (3) of the Act.

Ernst & Young  
AF: 0039  
Chartered Accountants

Lee Ah Too  
No. 2187/09/03(J)  
Partner

Melaka, Malaysia  
Date: 4 July 2003

## Income Statements for the year ended 31 March 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	3	259,687	225,033	7,506	21,390
Cost of sales		(206,619)	(172,065)	-	-
Gross profit		53,068	52,968	7,506	21,390
Other operating income		1,315	5,987	-	9,140
Administrative expenses		(22,471)	(27,189)	(593)	(999)
Selling and marketing expenses		(15,774)	(11,610)	-	-
Profit from operations	4	16,138	20,156	6,913	29,531
Finance costs, net	6	(1,465)	(2,053)	-	-
Share of results of associate		4,145	3,493	-	-
Profit before taxation		18,818	21,596	6,913	29,531
Taxation	7	(4,319)	(4,273)	-	(1,690)
Profit after taxation		14,499	17,323	6,913	27,841
Minority interests		(506)	(2,093)	-	-
Net profit for the year		13,993	15,230	6,913	27,841
Earnings per share (sen)					
Basic	8	23.3	25.4		

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

## Balance Sheets

as at 31 March 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	74,944	75,211	-	-
Investment in subsidiaries	11	-	-	44,034	38,714
Investment in associate	12	25,040	23,339	4,275	4,275
		99,984	98,550	48,309	42,989
<b>CURRENT ASSETS</b>					
Inventories	13	26,122	17,981	-	-
Trade receivables	14	33,856	27,991	-	-
Other receivables	15	5,140	6,380	26,297	27,733
Cash and bank balances	16	14,905	14,229	34	26
		80,023	66,581	26,331	27,759
<b>CURRENT LIABILITIES</b>					
Short term borrowings	17	31,879	29,113	-	-
Trade payables	19	14,797	12,089	-	-
Other payables	20	11,083	7,946	375	410
Taxation		96	159	-	-
		57,855	49,307	375	410
<b>NET CURRENT ASSETS</b>					
		22,168	17,274	25,956	27,349
		122,152	115,824	74,265	70,338
<b>FINANCED BY:</b>					
Share capital	21	60,011	60,000	60,011	60,000
Reserves		47,836	35,641	14,254	10,338
Shareholders' equity		107,847	95,641	74,265	70,338
Reserve on consolidation, net	22	8,538	7,623	-	-
Minority interests		235	5,874	-	-
		116,620	109,138	74,265	70,338
Long term borrowings	17	2,221	5,135	-	-
Deferred taxation	23	3,311	1,551	-	-
Non-current liabilities		5,532	6,686	-	-
		122,152	115,824	74,265	70,338

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

## Statements Of Changes In Equity for the year ended 31 March 2003

	← Non-distributable →			Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserve RM'000	Legal Reserve Fund RM'000	Retained Profits RM'000	
Group						
At 1 April 2001						
As previously stated	36,000	6,472	345	-	37,939	80,756
Prior year adjustment (Note 25)	-	-	-	-	1,800	1,800
At 1 April 2001 (restated)	36,000	6,472	345	-	39,739	82,556
Disposal of shares in foreign subsidiary, representing net amount not recognised in income statement	-	-	(345)	-	-	(345)
Net profit for the year	-	-	-	-	15,230	15,230
Issuance of bonus shares	24,000	(6,472)	-	-	(17,528)	-
Dividends (Note 9)	-	-	-	-	(1,800)	(1,800)
At 31 March 2002	60,000	-	-	-	35,641	95,641
At 1 April 2002						
As previously stated	60,000	-	-	-	32,641	92,641
Prior year adjustment (Note 25)	-	-	-	-	3,000	3,000
At 1 April 2002 (restated)	60,000	-	-	-	35,641	95,641
Issue of share capital	11	3	-	-	-	14
Net profit for the year	-	-	-	-	13,993	13,993
Transfer to legal reserve fund (Note 26)	-	-	-	107	(107)	-
Translation gain, representing net amount not recognised in income statement	-	-	1,199	-	-	1,199
Dividends (Note 9)	-	-	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	1,199	107	46,527	107,847

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



## Statements Of Changes In Equity (cont'd)

### for the year ended 31 March 2003

	Non-distributable		Distributable Retained Profits	Total
	Share Capital RM'000	Share Premium RM'000		
<b>Company</b>				
At 1 April 2001	36,000	6,472	17,825	60,297
As previously stated				
Prior year adjustments (Note 25)	-	-	(16,000)	(16,000)
At 1 April 2001 (restated)	36,000	6,472	1,825	44,297
Net profit for the year	-	-	27,841	27,841
Issuance of bonus shares	24,000	(6,472)	(17,528)	-
Dividends (Note 9)	-	-	(1,800)	(1,800)
At 31 March 2002	60,000	-	10,338	70,338
At 1 April 2002	60,000	-	10,338	70,338
Issue of share capital	11	3	-	14
Net profit for the year	-	-	6,913	6,913
Dividends (Note 9)	-	-	(3,000)	(3,000)
At 31 March 2003	60,011	3	14,251	74,265

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

## Cash Flow Statements

### for the year ended 31 March 2003

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	18,818	21,596	6,913	29,531
Adjustments for :				
Depreciation	9,126	8,977	-	-
Bad and doubtful debts	208	176	-	-
Gain on disposal of foreign subsidiary	-	(3,895)	-	(9,140)
Share of results in associate	(4,145)	(3,493)	-	-
Property, plant and equipment written off	2	-	-	-
Inventories written off	133	-	-	-
Interest expense	1,574	2,162	-	-
(Gain)/loss on disposal of property, plant and equipment	(25)	70	-	-
Interest income	(109)	(109)	-	-
Operating profit before working capital changes	25,582	25,484	6,913	20,391
Increase in receivables	(3,615)	(52,086)	-	(5)
Increase in inventories	(8,274)	(571)	-	-
Increase/(decrease) in payables	5,837	52,104	(43)	81
Cash generated from operations	19,530	24,931	6,870	20,467
Interest paid	(1,574)	(2,162)	-	-
Tax paid	(1,558)	(2,419)	(10)	(3)
Net cash generated from operating activities	16,398	20,350	6,860	20,464
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from issuance of shares by a subsidiary	90	-	-	-
Purchase of additional shares in a subsidiary	(5,320)	-	(5,320)	-
Purchase of property, plant and equipment	(9,536)	(4,266)	-	-
Interest received	109	109	-	-
Proceeds from issuance of shares	14	-	14	-
Net cash from disposal of interest in subsidiary	-	(24,772)	-	10,565
Withdrawal of deposits	1	16	-	-
Proceeds from disposal of property, plant and equipment	840	362	-	-
Net cash (used in)/generated from investing activities	(13,802)	(28,551)	(5,306)	10,565

## Cash Flow Statements (cont'd)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Advances from/(to) subsidiaries	-	-	1,446	(29,255)
Dividends paid	(2,992)	(1,817)	(2,992)	(1,817)
Repayment of hire purchase liabilities	(433)	(309)	-	-
Dividends received from associate	1,361	1,354	-	-
Drawdown of term loans	-	1,168	-	-
Repayment of term loans	(3,146)	(11,012)	-	-
Short term borrowings	2,933	(12,062)	-	-
Net cash used in financing activities	(2,277)	(22,678)	(1,546)	(31,072)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	319	(30,879)	8	(43)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>				
	13,857	44,736	26	69
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 16)</b>				
	14,176	13,857	34	26

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

## Notes To The Financial Statements

### 31 March 2003

#### 1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 11. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The principal place of business of the Company is located at Plo 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.

The number of employees in the Group at the end of the year was 5,635 (2002 : 5,279).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 4 July 2003.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below.

The financial statements comply with the provisions of the Companies Act 1965 and applicable Approved Accounting Standards in Malaysia.

##### (b) Basis of Consolidation

###### (i) Subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiaries are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or reserve arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

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

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) **Associates**

Associates are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associates. Under the equity method of accounting, the Group's share of profits less losses of associates during the year is included in the consolidated income statement. The Group's interest in associates is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

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

(c) **Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet while goodwill arising on the acquisition of associate is included within the carrying amount of investment in associates.

Goodwill is not amortised.

(d) **Investments in Subsidiaries and Associates**

The Company's investments in subsidiaries and associates are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

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

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

Freehold land and capital work-in-progress are not depreciated. Leasehold land is depreciated over the period of the respective leases which range from 50 years to 60 years. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates :

Buildings	2%
Plant and machinery	10%
Air conditioners	10%
Factory equipment	10%
Electrical installations	10%
Renovation	10% – 50%
Furniture, fittings and office equipment	10% – 20%
Motor vehicles	20%

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

**(f) Inventories**

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**(g) Cash and Cash Equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks, deposits at call and which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

**(h) Hire Purchase**

Assets acquired by way of hire purchase are stated at an amount equal to the lower of their fair values and the present value of the minimum hire purchase payments at the inception of the hire purchase, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum hire purchase payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Hire purchase payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total hire purchase commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant hire purchase so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for assets purchased under hire purchase is consistent with that for depreciable property, plant and equipment as described in Note 2(e).

**(i) Provisions for Liabilities**

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

**(j) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method for all timing differences except when there is reasonable evidence that these timing differences will not reverse in the foreseeable future. Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

**(k) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Sale of goods**

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

**(ii) Interest income**

Interest is recognised on a time proportion basis that reflects the effective yield on the asset.

**(iii) Dividend income**

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

**(iv) Rental income**

Rental income is recognised on accrual basis.

**(v) Revenue from services**

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

**(l) Foreign Currencies****(i) Foreign currency transactions**

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the date of transaction. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

**(ii) Foreign entities**

Financial statements of foreign consolidated subsidiary are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the date of the transactions with respect to the income statement. All resulting translation differences are included in the foreign exchange reserve in shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	<b>2003</b>	<b>2002</b>
	<b>RM</b>	<b>RM</b>
United States Dollar	3.80	3.80
Singapore Dollar	2.19	2.05

**(m) Impairment of Assets**

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, deferred tax assets, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.



**(n) Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

**(i) Trade Receivables**

Trade receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

**(ii) Trade Payables**

Trade payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

**(iii) Interest-Bearing Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset.

For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as an expense in the income statement as an expense in that period in which they are incurred.

**(iv) Equity Instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

**(v) Derivative Financial Instruments**

Derivative financial instruments are not recognised in the financial statements on inception.

*Forward foreign exchange contracts*

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains or losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

**(o) Distribution Proposed**

Proposed distribution in the form of dividends is recognised once the obligation to pay has been established.

Prior to 1 April 2002, distributions proposed after the balance sheet date were accrued as liabilities at the balance sheet date. In the current year, in compliance with the Malaysian Accounting Standards Board's Standard 19 ("MASB 19") : Events after the Balance Sheet Date, such distribution will be disclosed by way of notes to the financial statements and will only be accounted for as an appropriation of undistributed income in the year where the obligation to pay has been established

Following this change in accounting policy, the amounts for the current and comparative years are stated on the new basis and prior year adjustment has been made. The effects of this change in accounting policy are disclosed in Note 25 to the financial statements.

**3. REVENUE**

Revenue of the Group and of the Company consists of the following :

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Commission income	-	11,578	-	-
Sales of goods	259,687	213,455	-	-
Dividend income	-	-	7,361	21,213
Management fee	-	-	145	145
Interest income	-	-	-	32
	<u>259,687</u>	<u>225,033</u>	<u>7,506</u>	<u>21,390</u>

**4. PROFIT FROM OPERATIONS**

Profit from operations is stated after charging/(crediting) :

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Staff costs*	55,516	50,634	-	-
Auditors' remuneration				
- Statutory audits	89	89	27	27
- Other services	138	144	80	80
Bad and doubtful debts	208	176	-	-
Directors' remuneration (Note 5)	960	1,033	232	238
Property, plant and equipment written off	2	-	-	-
Depreciation	9,126	8,977	-	-
Rental expenses	1,837	1,525	-	-
Inventories written off	133	-	-	-
Quota charges	3,715	3,847	-	-
Dividend income	-	-	(7,361)	(21,213)
Management fee	-	-	(145)	(145)
Rental income	(192)	(135)	-	-
Gain on disposal of subsidiary **	-	(3,895)	-	(9,140)

\* Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM760,000 (2002: RM801,000) and RM125,000 (2002: RM125,000) respectively as further disclosed in Note 5.

\*\* The amount represents gain on disposal of 15% equity interest in a subsidiary, i.e Tex Line Associates Pte. Ltd..

**5. DIRECTORS' REMUNERATION**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<b>Directors of the Company</b>				
Executive :				
Salaries and other emoluments	480	547	-	-
Fees	125	125	200	125
Bonus	80	80	-	-
Benefits-in-kind	46	49	-	-
	<u>731</u>	<u>801</u>	<u>200</u>	<u>125</u>
Non-Executive :				
Fees				
- current year's provision	111	90	36	90
- over/(under) provision in prior year	(4)	23	(4)	23
	<u>107</u>	<u>113</u>	<u>32</u>	<u>113</u>
<b>Other Directors</b>				
Executive :				
Salaries and other emoluments	144	144	-	-
Bonus	24	24	-	-
	<u>168</u>	<u>168</u>	<u>-</u>	<u>-</u>
Total excluding benefits-in-kind	<u>960</u>	<u>1,033</u>	<u>232</u>	<u>238</u>

**6. FINANCE COSTS, NET**

	Group	
	2003 RM'000	2002 RM'000
Interest expense	1,574	2,162
Interest income	(109)	(109)
	<u>1,465</u>	<u>2,053</u>

**7. TAXATION**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Current year's provision		
– Malaysian taxation	1,817	1,398
– Foreign taxation	135	1,589
	<hr/> 1,952	<hr/> 2,987
Transfer to deferred taxation (Note 23)	1,491	119
	<hr/> 3,443	<hr/> 3,106
Over provision in respect of prior years	(52)	(312)
Share of taxation of associate	928	1,479
	<hr/> 4,319	<hr/> 4,273

There is no tax charge on the Company's profit for the current financial year principally due to dividend income which are exempted from tax.

The effective tax rate on the Group's profit is lower than the statutory rate principally due to the claim of reinvestment allowances by certain subsidiaries in Malaysia.

**8. EARNINGS PER SHARE****(a) Basic**

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
Net profit for the year (RM '000)	13,993	15,230
Weighted average number of ordinary shares in issue ('000)	60,008	60,000
Basic earnings per share (sen)	<hr/> 23.3	<hr/> 25.4

**(b) Diluted**

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares.

**9. DIVIDENDS**

	Amount		Net Dividends per Share	
	2003 RM'000	2002 RM'000	2003 Sen	2002 Sen
<b>Group and Company</b>				
First and final tax exempt dividend of 5% (2002 : 5%)	3,000	1,800	5	5

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 March 2003, of 5% on 60,011,002 ordinary shares, amounting to a total dividend payable of RM3,000,550 (5 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2004.

**10. PROPERTY, PLANT AND EQUIPMENT**

	* Land and buildings RM'000	Plant and machinery, air- conditioners, factory equipment and electrical installations RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 1 April 2002	28,307	64,264	11,531	6,067	-	110,169
Additions	404	6,228	1,529	594	921	9,676
Disposals	-	(974)	(100)	(511)	-	(1,585)
Written off	-	-	(3)	(34)	-	(37)
At 31 March 2003	28,711	69,518	12,957	6,116	921	118,223

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT)

	* Land and buildings RM'000	Plant and machinery, air- conditioners, factory equipment and electrical installations RM'000	Renovation, furniture, fittings, office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Accumulated Depreciation</b>						
At 1 April 2002	2,224	25,771	3,665	3,298	-	34,958
Depreciation charge for the year (Note 4)	405	6,583	1,190	948	-	9,126
Disposals	-	(302)	(45)	(423)	-	(770)
Written off	-	-	(1)	(34)	-	(35)
At 31 March 2003	2,629	32,052	4,809	3,789	-	43,279
<b>Net Book Value</b>						
At 31 March 2003	26,082	37,466	8,148	2,327	921	74,944
At 31 March 2002	26,083	38,493	7,866	2,769	-	75,211
<b>Depreciation charge for 2002</b>						
	405	6,244	1,337	991	-	8,977

**\* LAND AND BUILDINGS**

	Freehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>				
At 1 April 2002	8,041	2,222	18,044	28,307
Additions	399	-	5	404
At 31 March 2003	8,440	2,222	18,049	28,711
<b>Accumulated Depreciation</b>				
At 1 April 2002	-	307	1,917	2,224
Charge for the year	-	47	358	405
At 31 March 2003	-	354	2,275	2,629
<b>Net Book Value</b>				
At 31 March 2003	8,440	1,868	15,774	26,082
At 31 March 2002	8,041	1,915	16,127	26,083
<b>Depreciation charge for 2002</b>	-	40	365	405



**NOTES TO THE FINANCIAL STATEMENTS**

(a) Net book values of property, plant and equipment held under hire purchase are as follows:

	Group	
	2003	2002
	RM'000	RM'000
Motor vehicles	1,330	2,071

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM9,676,000 (2002 : RM4,266,000) of which RM140,000 (2002 : RM412,000) were acquired by means of hire purchase.

(c) Certain assets of the Group were subject to negative pledge in relation to banking facilities granted to the subsidiaries of the Company.

(d) Included in property, plant and equipment of the Group are fully depreciated assets which are still in use with the following costs:

	Group	
	2003	2002
	RM'000	RM'000
Plant and machinery, air-conditioners, factory equipment, and electrical installations	2,751	2,383
Renovation, furniture, fittings, office equipment	777	590
Motor vehicles	1,463	1,495
	4,991	4,468

**11. INVESTMENT IN SUBSIDIARIES**

	Company	
	2003	2002
	RM'000	RM'000
Unquoted shares, at cost	44,799	39,479
Less : Provision for diminution in value	(765)	(765)
	44,034	38,714

**11. INVESTMENT IN SUBSIDIARIES (cont'd)**

(a) Details of the subsidiaries are as follows :

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%)		Principal Activities
		2003	2002	
<b>Subsidiaries of the Company</b>				
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	100	100	Manufacturing of apparels
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	100	100	Embroidering of logos and emblems
Jusca Garments Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Keza Sdn. Bhd. *	Malaysia	100	100	Fabric-knitting and manufacturing of elastic bands
Mega Labels & Stickers Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
Cross Creek Distribution Sdn. Bhd. *	Malaysia	100	100	Marketing and retailing of golf apparels
Shern Yee Garments Sdn. Bhd. *	Malaysia	100	100	Renting of fleets and motor vehicles
Jusca Development Sdn. Bhd. *	Malaysia	100	100	Temporarily ceased operations
PCCS Garments Limited	Cambodia	100	60	Manufacturing of apparels
<b>Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.</b>				
E.M.I. Embroidery Sdn. Bhd. *	Malaysia	90	90	Embroidering of logos and emblems

Name of Subsidiaries	Country of incorporation	Effective Equity Interest Held (%)		Principal Activities
		2003	2002	
<b>Subsidiary of Mega Labels &amp; Stickers Sdn. Bhd.</b>				
Mega Labels & Stickers (Selangor) Sdn. Bhd. *	Malaysia	100	100	Printing of labels and stickers
<b>Subsidiary of Shern Yee Garments Sdn. Bhd.</b>				
PCCS Capital Sdn. Bhd.* (Formerly known as Mahavest Sdn. Bhd.)	Malaysia	100	100	Dormant
<b>Subsidiaries of Jusca Development Sdn. Bhd.</b>				
Beauty Silk Screen (M) Sdn. Bhd. (Formerly known as Ekspedisi Efektif Sdn. Bhd.) *	Malaysia	55	-	Dormant
<b>Subsidiary of Beauty Silk Screen (M) Sdn. Bhd.</b>				
Beauty Silk Screen Limited	Cambodia	55	-	Dormant

\* Audited by firms of auditors other than Ernst & Young.

## 12. INVESTMENT IN ASSOCIATE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Outside Malaysia :				
Unquoted investment at cost	4,275	4,275	4,275	4,275
Share of post acquisition reserves	20,765	19,064	0	0
	<u>25,040</u>	<u>23,339</u>	<u>4,275</u>	<u>4,275</u>
Represented by:				
Share of net assets	20,446	17,798		
Share of goodwill in associate	2,341	3,288		
	<u>22,787</u>	<u>21,086</u>		
Goodwill on acquisition	2,253	2,253		
	<u>25,040</u>	<u>23,339</u>		

Details of the associate are as follows :

Name of Associate	Country of Incorporation	Effective Equity Interest Held (%)		Principal Activities
		2003	2002	
Tex Line Associates Pte. Ltd.	Singapore	45	45	Export buying house and marketing agent

## 13. INVENTORIES

	Group	
	2003 RM'000	2002 RM'000
At cost :		
Raw materials	12,921	8,301
Work-in-progress	5,532	5,119
Finished goods	5,551	2,774
	<u>24,004</u>	<u>16,194</u>
At net realisable value :		
Raw materials	888	694
Finished goods	1,230	1,093
	<u>26,122</u>	<u>17,981</u>

**14. TRADE RECEIVABLES**

	Group	
	2003 RM'000	2002 RM'000
Trade receivables	33,856	29,261
Less : Provision for doubtful debts	-	(1,270)
	33,856	27,991

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors except for three debtors which accounted for 58% of total trade receivables as at balance sheet date.

**15. OTHER RECEIVABLES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Due from subsidiaries	-	-	26,266	27,712
Sundry receivables	29	779	-	-
Deposits and prepayments	4,686	5,040	6	6
Tax prepayment	425	561	25	15
	5,140	6,380	26,297	27,733

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

## 16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Cash on hand and at banks	14,883	10,406	34	26
Deposits with licensed banks	22	3,823	-	-
Cash and bank balances	14,905	14,229	34	26
Less: Bank overdrafts (Note 17)	(707)	(349)	-	-
	14,198	13,880	34	26
Less : Deposits pledged to banks	(22)	(23)	-	-
	14,176	13,857	34	26

Deposits with licensed banks of the Group are pledged to banks for banking facilities granted to certain subsidiaries as referred to in Note 17.

The weighted average effective interest rates and average maturities of deposits at the balance sheet date were 3.9% (2002 : 3.8%) and 365 days (2002 : 365 days) respectively.

## 17. BORROWINGS

	Group	
	2003 RM'000	2002 RM'000
Short Term Borrowings		
Unsecured-		
Bank overdrafts	707	349
Export credit refinancing	4,000	7,450
Bankers' acceptances	11,495	17,566
Trade loans	12,912	227
Trust receipts	252	483
Term loans	2,191	2,625
Hire purchase payables (Note 18)	34	-
	31,591	28,700
Secured-		
Hire purchase payables (Note 18)	288	413
	31,879	29,113

**17. BORROWINGS (cont'd)**

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Long Term Borrowings</b>		
Term loans	2,101	4,813
Hire purchase payables (Note 18)	120	322
	<u>2,221</u>	<u>5,135</u>
<b>Total Borrowings</b>		
Bank overdrafts (Note 16)	707	349
Bankers' acceptances	11,495	17,566
Export credit refinancing	4,000	7,450
Trade loans	12,912	227
Trust receipts	252	483
Term loans	4,292	7,438
Hire purchase payables (Note 18)	442	735
	<u>34,100</u>	<u>34,248</u>
<b>Maturity of borrowings (excluding hire purchase)</b>		
Within one year	31,595	28,700
More than 1 year and less than 2 years	1,660	1,713
More than 2 year and less than 5 years	403	3,100
	<u>33,658</u>	<u>33,513</u>

The weighted average effective interest rates during the financial year for borrowings, excluding hire purchase and finance lease payables, were as follows:

	<b>Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Bank overdrafts	7.7	7.5
Bankers' acceptances	4.0	4.2
Export credit refinancing	3.3	3.5
Trade loans	3.2	3.4
Term loans	8.2	8.0

The unsecured short term borrowings and term loans of the Group are guaranteed by the Company.

## 18. HIRE PURCHASE PAYABLES

	Group	
	2003 RM'000	2002 RM'000
Minimum payments:		
Not later than 1 year	364	477
Later than 1 year and not later than 2 years	120	304
Later than 2 years and not later than 5 years	17	61
	501	842
Less: Future finance charges	(59)	(107)
	442	735
Analysed as:		
Due within 12 months (Note 17)	322	413
Due after 12 months (Note 17)	120	322
	442	735

The hire purchase bore interest at the balance sheet date of between 4.60% to 7.60% (2002: 4.60% to 7.90%) per annum.

## 19. TRADE PAYABLES

The normal trade credit term granted to the Group ranges from 30 to 90 days.

Included in trade payables are amounts due to companies in which certain directors have interests as follows :

	Group	
	2003 RM'000	2002 RM'000
HPI Resources Berhad and its subsidiaries #	99	713
Other company	-	11
	99	724

# A group substantially owned by certain directors, namely Chan Choo Sing, Chan Chor Ngiak, Chan Chow Tek, Chan Chor Ang and Chan Kok Hiang @ Chan Kock Hiang.



**20. OTHER PAYABLES**

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other payables and accruals	10,819	7,715	111	179
Due to directors	243	218	243	218
Dividend payables	21	13	21	13
	11,083	7,946	375	410

Included in other payables are amounts due to companies in which certain directors have interests as follows :

	Group	
	2003 RM'000	2002 RM'000
HPI Resources Berhad and its subsidiaries #	252	572
Other companies	23	103
	275	675

# The amounts due to directors and companies in which certain directors have interests are unsecured, interest free and have no fixed terms of repayment.

**21. SHARE CAPITAL**

	Number of Ordinary Shares of RM1 Each		Amount	
	2003 '000	2002 '000	2003 RM'000	2002 RM'000
<b>Group and Company</b>				
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid :				
At 1 April	60,000	36,000	60,000	36,000
Bonus issue	-	24,000	-	24,000
Employee Share Options exercised during the year	11	-	11	-
At 31 March	60,011	60,000	60,011	60,000

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

## 22. RESERVE ON CONSOLIDATION, NET

	Group	
	2003 RM'000	2002 RM'000
At 1 April	7,623	4,619
Purchase of additional shares in a subsidiary	915	-
Disposal of a subsidiary	-	3,004
At 31 March	8,538	7,623
Reserve arising from acquisition of subsidiaries	8,558	7,643
Goodwill arising from acquisition of subsidiaries	(20)	(20)
	8,538	7,623

## 23. DEFERRED TAXATION

	Group	
	2003 RM'000	2002 RM'000
At 1 April	1,820	1,447
Transfer from income statement (Note 7)	1,491	119
Disposal of a subsidiary	-	(15)
At 31 March	3,311	1,551

The deferred taxation provided in the financial statements is mainly in respect of timing differences between book depreciation and corresponding capital allowances.

## 24. RETAINED PROFITS

Subject to agreement with the Inland Revenue Board, the Company has tax exempt profits available for distribution of approximately RM 17,351,000 (2002 : RM 16,097,000), available for distribution and sufficient tax credit under Section 108 of the Income Tax Act 1967 to frank the payment of dividends out of its entire retained profits as at 31 March 2003.

## 25. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effect of the change in accounting policy for dividend income and expenses as referred to in Note 2(k)(iii) and 2(o) respectively. This change in accounting policy has been accounted for retrospectively and comparatives have been restated.

The adoption resulted in an increase in the Group's retained profits for the current year by RM3,000,000. The other effects of the change on the financial statements of the Group and Company are as follows:

	As Previously Stated RM'000	Adjustments RM'000	As Restated RM'000
<b>Group</b>			
Dividends for the year ended 31 March 2002	3,000	(1,200)	1,800
Retained profits as at 1 April 2001	37,939	1,800	39,739
Retained profits as at 1 April 2002	32,641	3,000	35,641
<b>Company</b>			
For the year ended 31 March 2002:			
Revenue	4,900	16,490	21,390
Taxation	-	(1,690)	(1,690)
Dividends	3,000	(1,200)	1,800
Other receivables as at 31 March 2002	30,733	(3,000)	27,733
Retained profits as at 1 April 2001	17,825	(16,000)	1,825

## 26. LEGAL RESERVE FUND

In accordance to the Memorandum and Articles of Association of PCCS Garments Limited ("PGL"), a wholly owned subsidiary of the Company, PGL shall set apart a five (5) percent of PGL profit as the legal reserve fund. This five (5) percent allocation shall cease when the legal reserve fund has reached ten (10) percent of the registered capital of PGL.

## 27. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Management fees received from subsidiaries	-	-	145	145
Dividend income received from subsidiaries and associate	-	-	7,361	21,213
Transactions with HPI Resources Berhad and its subsidiaries *				
- Packaging materials purchased	1,364	1,226	-	-
- Security charges	229	497	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

\* A group in which certain directors, Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, Chan Chor Ang and Chan Chor Ngiak have interests.

## 28. COMMITMENTS

	Group	
	2003 RM'000	2002 RM'000
Capital expenditure :		
Approved and contracted for	6,630	2,280

## 29. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2003 RM'000	2002 RM'000
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	33,658	30,030

### 30. SIGNIFICANT EVENTS

- (i) On 14 October 2002, the Company completed the acquisition of 1,400 ordinary shares of USD1,000 each in PCCS Garments Limited ("PGL"), representing the remaining 40% equity interest in PGL for a total cash consideration of RM 5,320,000 resulting PGL became the wholly owned subsidiary of the Company.
- (ii) On 26 February 2003, the Company through its wholly owned subsidiary, Jusca Development Sdn. Bhd., subscribed 109,999 ordinary shares of RM1 each representing 55% equity interest in Beauty Silk Screen (M) Sdn. Bhd. ("BSSM") (Formerly known as Ekspedisi Efektif Sdn. Bhd.) for a total cash consideration of RM109,999 resulting in the Company becoming the ultimate holding company of BSSM.
- (iii) On 28 March 2003, BSSM subscribed 1,000 shares of 195,000 Riels each, representing 100% equity interest in Beauty Silk Screen Limited. ("BSSL") a company incorporated in Cambodia, for a total consideration of USD50,000 or approximately RM190,000, resulting in the Company becoming the ultimate holding company of BSSL.

### 31. SUBSEQUENT EVENTS

On 27 May 2003, the Company through its wholly owned subsidiary, Shern Yee Garments Sdn. Bhd. subscribed 700 shares of USD1,000 each representing 70% equity interest in Jusca Garments (Cambodia) Ltd. ("JGC"), a company incorporated in Cambodia, for a total consideration of USD700,000 or approximately RM2,660,000 resulting in the Company becoming the ultimate holding company of JGC.

On 20 June 2003, the Company through its wholly-owned subsidiary, Cross Creek Distribution Sdn. Bhd. acquired 100,000 shares of RM1.00 each representing 100% equity interest in PCCS Marketing Sdn. Bhd., ("PMSB") a company incorporated in Malaysia, for a total consideration of RM100,000 resulting in the Company becoming the ultimate holding Company of PMSB.

### 32. COMPARATIVE FIGURES

The presentation and classification of items in the current financial period financial statements are consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of a change in accounting policy as disclosed in Note 2(k)(iii), Note 2(o) and Note 25.

### 33. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is to not engage in speculative transactions.

#### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Company had no substantial long-term interest-bearing assets as at 31 March 2003.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

**(c) Foreign Exchange Risk**

The Group operates internationally and is exposed to various currencies, mainly United States Dollar and Singapore Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

At the balance sheet date, the Group has six outstanding open forward contracts with banks to purchase United States Dollars used to hedge anticipated sales with settlement date of one month. The local currency amounts to be received and the corresponding contracted rates of the above outstanding contracts were RM34,603,826 at USD 1 = RM3.8078.

**(d) Liquidity Risk**

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**(e) Credit Risk**

Credit risks, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments except as disclosed in Note 14. To mitigate this risk, the Group works closely with its customers to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

**(f) Fair Values**

There are no material differences between the book value and the fair value of the Company's financial assets and liabilities.

**34. SEGMENTAL INFORMATION****(a) Primary reporting segment – Geographical segments**

The Group operates in two principal geographical areas of the world and is primarily involved in textiles industry.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

**31 March 2003**

	Malaysia RM'000	Cambodia RM'000	Eliminations RM'000	Consolidated RM'000
Revenue				
External sales	255,849	3,838	–	259,687
Inter-segment sales	–	27,418	(27,418)	–
<b>Total revenue</b>	<b>255,849</b>	<b>31,256</b>	<b>(27,418)</b>	<b>259,687</b>
Result				
Profit from operations	18,426	1,178	(3,466)	16,138
Finance costs, net				(1,465)
Share of results of associate				4,145
Taxation				(4,319)
Profit after taxation				14,499
Minority interests				(506)
Net profit for the year				<b>13,993</b>
Assets				
Segment assets	130,380	24,587		154,967
Investment in equity method of associate	25,040	–		25,040
Consolidated total assets				<b>180,007</b>
Liabilities				
Segment liabilities	54,233	9,154		63,387
Consolidated total liabilities				<b>63,387</b>
Other information				
Capital expenditure	6,023	3,653		9,676
Depreciation	6,372	2,754		9,126

31 March 2002

	Malaysia RM'000	Cambodia RM'000	Singapore RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	209,075	4,380	11,578	–	225,033
Inter-segment sales	–	21,099	–	(21,099)	–
	209,075	25,479	11,578	(21,099)	225,033
Result					
Profit from operations	13,743	1,231	5,490	(308)	20,156
Finance costs, net					(2,053)
Shares of results of associate					3,493
Taxation					(4,273)
Profit after taxation					17,323
Minority interests					(2,093)
Net profit for the year					15,230
Assets					
Segment assets	116,492	25,300	–		141,792
Investment in equity method of associate	23,339	–	–		23,339
Consolidated total assets					165,131
Liabilities					
Segment liabilities	46,388	9,605	–		55,993
Consolidated total liabilities					55,993
Other information					
Capital expenditure	2,823	1,443	–		4,266
Depreciation	6,399	2,578	–		8,977

(b) Secondary reporting segment -Business segments

As the Group is principally involved in textiles industry, segment reporting by business segment is not prepared.



## Group Properties as at 31 March, 2003

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM	Date of Acquisition/ (Revaluation)*
1	Perusahaan Chan Choo Sing Sdn Bhd Plo 7, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.	3 Blocks Office and Factory Buildings	Leasehold expiring 7.9.2050	87,120 (46,684)	12	2,031,223	13/8/1993*
2	No. 18, Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor.	4 Storey Building Complex	Freehold	6,056 (13,946)	10	871,874	4/4/1994*
3	Nos 8 & 10, Jalan Perdana 2, Taman Kota Yong Peng, 83700 Yong Peng, Batu Pahat, Johor.	Office and Factory Block	Freehold	6,000 (7,800)	11	357,063	4/4/1994*
4	Nos 5, 7, 9, 11, Jalan Perdana 1, Taman Kota Yong Peng, 83700 Yong Peng, Batu Pahat, Johor.	Office and Factory Block	Freehold	12,000 (15,600)	11	1,104,902	21/8/1995
5	No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor.	Single Storey Semi- Detached House	Freehold	24,001 (1,414)	10	61,193	4/4/1994*
6	No. 5, Jalan TP7/3, Seksyen 26, Shah Alam, 40000 Selangor.	11/2 Storey Office And Factory Block	Freehold	3,000 (3,000)	7	578,813	4/10/1996
7	Plo 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.	3 Blocks Office and Factory Buildings	Leasehold expiring 10.9.2051	114,127 (82,720)	7	5,943,392	21/4/1995
8	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.	Office and Factory Building	Freehold	185,130 (88,000)	5	9,917,341	12/12/1997
9	<b>Beauty Electronic Embroidering Centre Sdn Bhd</b> Plo 5, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor.	2 Blocks Detached Factory and Ancillary Building	Leasehold expiring 1.3.2043	43,560 (30,292)	18	1,008,446	4/4/1994*
10	No. 5, Jalan B, Dahlia 9, Senai, Johor.	Single Storey Terrace House	Freehold	1,200	16	110,400	22/9/1998
11	<b>Mega Labels &amp; Stickers Sdn Bhd</b> Nos. 19 & 20, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	Three Storey Office And Factory Block	Freehold	3,080 (8,756)	17	424,990	4/4/1994*
12	Nos. 21, 21A & B, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	Three Storey Office And Factory Block	Freehold	1,981 (5,635)	17	222,384	4/4/1994*
13	<b>Shern Yee Garments Sdn Bhd</b> Nos. 17 & 18, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	Three Storey Office and Factory Block	Freehold	3,080 (8,756)	17	359,676	4/4/1994*
14	<b>Jusca Garments Sdn Bhd</b> C.T. 3875 Lot 6061; HS(D) 19630 PTD 15722; HS(D) 19631 PTD 15723 Mukim of Tangkak, District of Muar, Johor.	Vacant Land	Freehold	756,796	N/A	3,090,445	1/12/1996

The Company does not have a revaluation policy in respect of the revaluation of the Company's properties

## Analysis Of Shareholdings as at 9 June, 2003

Authorised Share Capital	:	RM100,000,000
Issued and Paid Up Share Capital	:	RM60,011,002
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One Vote Per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 9 JUNE, 2003

Size of Shareholdings	No. of	%	No. of	%
	Shareholders		Shares	
1 – 99	11	0.31	440	0.00
100 – 1000	332	9.32	303,451	0.51
1,001 – 10,000	2,860	80.29	9,979,047	16.63
10,001 – 100,000	328	9.21	8,207,840	13.68
100,001 - 3,000,549 (*)	30	0.84	17,520,146	29.19
3,000,550 and above (**)	1	0.03	24,000,078	39.99
<b>TOTAL</b>	<b>3,562</b>	<b>100.00</b>	<b>60,011,002</b>	<b>100.00</b>

REMARK: \* Less than 5% of issued shares

\*\* 5% and above of issued shares

### LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 9 JUNE, 2003

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Records of Depositories from the Malaysian Central Depository Sdn. Bhd. (MCD) and their respective shareholdings are as follows:

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,078,653	1.80	26,778,117 <sup>(1)</sup>	44.62
Chan Chow Tek	1,572,883	2.62	24,000,078 <sup>(2)</sup>	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078 <sup>(3)</sup>	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078 <sup>(4)</sup>	40.06
Chan Kok Hiang @ Chan Kock Hiang	125,333	0.21	24,000,078 <sup>(5)</sup>	39.99
Setia Sempurna Sdn Bhd	24,000,078	39.99	–	–

#### Notes:

- (1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.63% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.
- (2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.
- (3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd.
- (4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.04% of his spouse, Madam Chia Lee Kian's shareholdings in PCCS.
- (5) Deemed interested by virtue of his interest of 22.0% in the equity of Setia Sempurna Sdn Bhd.

**LIST OF DIRECTORS' SHAREHOLDINGS AS AT 9 JUNE, 2003**

The Directors' Shareholdings of PCCS based on the Records of Depositories from the MCD are as follows:

Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	1,078,653	1.80	26,778,117 <sup>(1)</sup>	44.62
Chan Chow Tek	1,572,883	2.62	24,000,078 <sup>(2)</sup>	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078 <sup>(3)</sup>	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078 <sup>(4)</sup>	40.06
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Chan Kok Hiang @ Chan Kock Hiang	125,333	0.21	24,000,078 <sup>(5)</sup>	39.99
Tan Chuan Hock	-	-	-	-
Halimi Bin Hussain	-	-	-	-
Tey Ah Tee @ Teo Ah Tee	-	-	-	-

**Notes:**

- (1) Deemed interested by virtue of his interest of 27.0% in the equity of Setia Sempurna Sdn Bhd and 4.63% of his spouse, Madam Tan Kwee Kee's shareholdings in PCCS.
- (2) Deemed interested by virtue of his interest of 20.0% in the equity of Setia Sempurna Sdn Bhd.
- (3) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd.
- (4) Deemed interested by virtue of his interest of 14.0% in the equity of Setia Sempurna Sdn Bhd and 0.04% of his spouse, Madam Chia Lee Kian's shareholdings in PCCS.
- (5) Deemed interested by virtue of his interest of 22.0% in the equity of Setia Sempurna Sdn Bhd.

### THIRTY (30) LARGEST SHAREHOLDERS AS AT 9 JUNE, 2003

No. Shareholders	Number of Shares	Percentage of Issued Capital
1. Setia Sempurna Sdn Bhd	24,000,078	39.99
2. Tan Kwee Kee	2,381,666	3.97
3. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	2,271,666	3.79
4. Chan Chow Tek	1,572,883	2.62
5. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Choon Fatt	1,100,000	1.83
6. Chan Choo Sing	1,078,653	1.80
7. Chan Chor Ang	1,009,550	1.68
8. Yap Song Yung	699,333	1.17
9. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Radzuan Bin Ab Halim	666,666	1.11
10. Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Johor	644,000	1.07
11. Lim Poh Teot	642,466	1.07
12. Yap Shing @ Yap Sue Kim	586,333	0.98
13. Tan Pean Khoon	488,333	0.81
14. Yap Nyet Yune	468,333	0.78
15. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Datuk Hassan Bin Harun	463,343	0.77
16. Wetex Industries Sdn Bhd	441,000	0.73
17. Tan Kwee Kee	396,373	0.66
18. Chan Chor Ngjak	329,550	0.55
19. Tan Siu Ting	293,000	0.49
20. Gan Surt Neo	287,000	0.48
21. Ong Beng Kee	268,000	0.45
22. Go Hout Hing	221,666	0.37
23. Yung Lay Kiang	190,000	0.32
24. Bin Bin Knitwear Manufacturer Sdn Bhd	160,000	0.27
25. Yeo Eck Liong	156,666	0.26
26. Chan Wee Boon	131,000	0.22
27. Hong Bee Lan	130,000	0.22
28. Chan Kok Hiang @ Chan Kock Hiang	125,333	0.21
29. Tan Hua Teck @ Tang Wah Teck	108,333	0.18
30. Teoh Chye Yam @ Teoh Hee Chnair	105,000	0.17
	<b>41,416,224</b>	<b>69.02</b>



**PCCS Group Berhad** (CO. NO. 280929-K)  
(Incorporated in Malaysia)

**Proxy Form**

<b>NUMBER OF SHARES HELD</b>	
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\*I/We \_\_\_\_\_  
(Full Name In Capital Letters)  
of \_\_\_\_\_  
(Full Address)  
being a \*Member/Members of PCCS GROUP BERHAD, do hereby appoint \_\_\_\_\_  
(Full Name In Capital Letters)  
of \_\_\_\_\_  
(Full Address)  
or failing him/her, \_\_\_\_\_  
(Full Name In Capital Letters)  
of \_\_\_\_\_  
(Full Address)

or failing him/her, the \*CHAIRMAN OF THE MEETING, as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf at the Ninth Annual General Meeting of the Company to be held at Narcissus Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim on Tuesday, 5 August 2003 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	Resolution	For	Against
1.	To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 March 2003 together with the Auditors' Report thereon.		
2.	To approve the declaration of a First and Final Tax Exempt Dividend of 5% for the financial year ended 31 March 2003.		
3.	To approve the Directors' fees for the financial year ended 31 March 2003.		
4.	To re-elect the Director, Mr. Chan Kok Hiang @ Chan Kock Hiang who retires pursuant to Section 129(6) of the Companies Act, 1965.		
5.	To re-elect the Director, Mr. Chan Chor Ang who retires pursuant to Article 94 of the Company's Articles of Association.		
6.	To re-elect the Director, Mr. Cha Peng Koi @ Chia Peng Koi who retires pursuant to Article 94 of the Company's Articles of Association.		
7.	To re-elect the Director, Encik Halimi Bin Hussain who retires pursuant to Article 94 of the Company's Articles of Association.		
8.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration.		
9.	As Special Business Ordinary Resolution No. 1 Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
10.	As Special Business Ordinary Resolution No. 2 Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature pursuant to Paragraph 10.09 of the Listing Requirements of Kuala Lumpur Stock Exchange		
11.	As Special Business Special Resolution Proposed Amendment to the Articles of Association of the Company		

\* Strike out whichever not applicable  
As witness my/our hand this ..... day of ..... 2003

.....  
Signature of Member/Common Seal

- Notes:-
1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
  2. Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
  3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
  4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at PLO 10, Kawasan Perindustrian Parit Raja, 86400 Batu Pahat, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.