

ANNUAL REPORT 2002



PCCS GROUP BERHAD CO. NO. 290929-K
(INCORPORATED IN MALAYSIA)



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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth Annual General Meeting of the Company will be held at Plum Blossom Room, Level 2, Garden Hotel, No.29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 20 September 2002 at 11.00 a.m. for the following purposes:-

Agenda

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 March 2002 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 2002. **Resolution 2**
3. To approve the Directors' fees for the financial year ended 31 March 2002. **Resolution 3**
4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:-
Resolution 4
"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."
5. To re-elect the following retiring Directors who retire pursuant to Article 94 of the Company's Articles of Association:-
(a) Mr. Chan Chow Tek **Resolution 5**
(b) Mr. Chan Chor Ngiak **Resolution 6**
(c) Mr. Tan Chuan Hock **Resolution 7**
6. Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 69 has been received by the Company for the nomination of Messrs. Ernst & Young who have given their consent to act, for

appointment as Auditors and of the intention to propose the following ordinary resolution:-

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

Resolution 8

7. As Special Business

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

Ordinary Resolution 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, the Directors be and are hereby empowered to issue and allot 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 does not exceed 10% of the issued 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 continue in force until the conclusion of the next Annual General Meeting of the Company."

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

NOTICE OF DIVIDEND ENTITLEMENTS

NOTICE IS HEREBY GIVEN that the First and Final Tax Exempt Dividend of 5% will be payable on 15 November 2002 to depositors who are registered in

the Record of Depositors at the close of business on 25 October 2002 if approved by members at the Eighth Annual General Meeting on Friday, 20 September 2002.

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

- a. Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 25 October 2002 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
TAN SOI LIM
Company Secretaries

Kuala Lumpur
29 August 2002

Explanatory Note To Special Business:

The proposed adoption of the Ordinary Resolution 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.

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 authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorized.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 11.2B, Level 11, Menara Pelangi, No. 2, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof

Statement accompanying the Notice of Annual General Meeting

The Eighth Annual General Meeting of PCCS Group Berhad will be held on Friday, 20 September 2002 at 11.00 a.m. at Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim.

The Directors standing for re-election are as follows:-

1. Mr. Chan Kok Hiang @ Chan Kock Hiang (Section 129(6) of the Companies Act, 1965)
2. Mr. Chan Chow Tek (Article 94 of the Company's Articles of Association)
3. Mr. Chan Chor Ngiak (Article 94 of the Company's Articles of Association)
4. Mr. Tan Chuan Hock (Article 94 of the Company's Articles of Association)

Their particulars can be found on pages 6, 7 and 8 of the Annual Report. Their shareholdings in the Company are stated on page 67 of the Annual Report.

Information on Board Meetings:-

The information on Board Meetings and attendance of the Directors can be found on Page 9 of the Annual Report.

Board of Directors



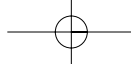
Chan Kok Hiang @ Chan Kock Hiang
Chairman



Chan Choo Sing
Group Managing Director



Chan Chow Tek
Executive Director



Chan Chor Ngiak



Chan Chor Ang



Cha Peng Koi
@ Chia Peng Koi



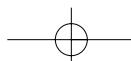
Tan Chuan Hock



Halimi Bin Hussain



Tey Ah Tee
@ Teo Ah Tee



Profile of Directors

Chan Kok Hiang @ Chan Kock Hiang

CHAN KOK HIANG @ CHAN KOCK HIANG, a Malaysian, aged 73, is the Non-Executive Chairman of PCCS. 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

CHAN CHOO SING, a Malaysian, aged 48, is the Managing Director of PCCS. He started 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 in 1981 when the company was incorporated. 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 and Harta Packaging Industries (Selangor) Sdn Bhd (formerly known as Harta Packaging Industry (JB) Sdn Bhd) in 1995. 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

CHAN CHOW TEK, a Malaysian, aged 45, is the Executive Director of PCCS. He is responsible for all the marketing activities in the Group and has more than 25 years of experience in textile and apparel marketing and merchandising. He commenced 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 heights. 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

CHAN CHOR NGIAK, a Malaysian, aged 40 is a Non-Executive Director of PCCS. He started his career in 1980 assisting his father and his brother in marketing garment products 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 and 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

CHAN CHOR ANG, a Malaysian, aged 39, is a Non-Executive Director of PCCS. 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 machine 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.

Cha Peng Koi @ Chia Peng Koi

CHA PENG KOI @ CHIA PENG KOI, a Malaysian, aged 51, is an Independent Non-Executive Director of the Board. 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 business, 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.

Tan Chuan Hock

TAN CHUAN HOCK, a Malaysian, aged 41 is an Independent Non-Executive Director of the Board. 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 Accountants firm as 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.

He has over 18 years of experience particularly in financial reporting, auditing, taxation and planning, company secretarial as well as corporate management and advisory functions. He also sits on the boards of several other private limited companies.

Halimi Bin Hussain

HALIMI BIN HUSSAIN, a Malaysian, aged 51, was appointed to the Board as Non-Executive Director 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 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 also active in the Malaysian Textile Manufacturer Association and is currently served as its Vice President and Chairman of the International Trade Committee. He is also the Vice President of the Malaysian Textile and Apparel Centre. 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.

Tey Ah Tee @ Teo Ah Tee

TEY AH TEE @ TEO AH TEE, a Malaysian, aged 57, is an Independent Non-Executive Director of PCCS. 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, and currently is doing private tutoring. He is presently managing a registered private limited company.

Directors Standing For Re-Election

Directors standing for re-election at the Annual General Meeting of the Company to be held at the Plum Blossom Room, Level 2, Garden Hotel, No. 29 Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim, Malaysia on Friday, 20 September, 2002 at 11.00 a.m.

Directors standing for re-election

- Chan Kok Hiang @ Chan Kock Hiang
- Chan Chow Tek
- Chan Chor Ngiak
- Tan Chuan Hock

Details of attendance at Board Meetings held in the financial year ended 31 March, 2002 (Total of four meetings held)

Name of Director	Date of appointment	No. of Meetings attended
Chan Kok Hiang @ Chan Kock Hiang	21/06/1995	4/4
Chan Choo Sing	21/06/1995	4/4
Chan Chow Tek	21/06/1995	4/4
Chan Chor Ngiak	21/06/1995	4/4
Chan Chor Ang	21/06/1995	2/4
Cha Peng Koi @ Chia Peng Koi	21/06/1995	3/4
Tan Chuan Hock	04/11/1998	4/4
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, 2002.

Place : PCCS Group Berhad
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 19 June, 2001
Time : 11.30 a.m.

Place : PCCS Group Berhad
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 20 August, 2001
Time : 12.30 p.m.

Place : PCCS Group Berhad
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 22 November, 2001
Time : 12.25 p.m.

Place : PCCS Group Berhad
PLO 10, Kawasan Perindustrian Parit Raja, 86400 Parit Raja, Batu Pahat, Johor Darul Takzim.
Date : 7 February, 2002
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 1st 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.

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.

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 2002. (Total of four meetings held)

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

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.

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 Secretaries

Chua Siew Chuan (MAICSA 0777689)
Tan Soi Lim (LS 00565)

Registered Office

Suite 11.2B, Level 11, Menara Pelangi,
No. 2, Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor Darul Takzim
Tel No: 07-3341740 Fax No:07-3341749

Registrar

Securities Services (Holdings) Sdn Bhd (36869-T)
Level 22, Menara Milenium,
Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur
Tel No: 03-20957077 Fax : 03-20949940

Auditors

Arthur Andersen & Co.
Chartered Accountants
Graha Maju, Bangunan PKNM,
Tingkat 10, Lot 1, Jalan Graha Maju,
75300 Melaka

Solicitors

Skrine & Co.
Unit No. 50-8-1, 8th 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)
Formerly known as Hongkong 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)
Formerly known as Eminent Embroidery Sdn Bhd (411070-V)
Mahavest Sdn Bhd (382952-M)
Cross Creek Distribution Sdn Bhd (293746-U)
Formerly known as Brilliance Element Sdn Bhd (293746-U)
Jusca Development Sdn Bhd (391830-P)
Formerly known as Zimk Resources Sdn Bhd (391830-P)

Associate Company

Tex Line Associates Pte Ltd

Stock Exchange Listing

The 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 Company's policy 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 to which it has complied with the Best Practices of the Code.

During the financial year, the Articles of Association of the Company had been amended accordingly to comply with the LR.

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 programme 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 account 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 2002, a total of four Board Meetings were held and most of the Directors attended all the Board Meetings. Details of attendance are provided on page 9 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 10 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 10 to 12 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 Chow Tek, Mr Chan Chor Ngiak and Mr Tan Chuan Hock have volunteered themselves for re-election.

Nomination Committee

The Nomination Committee has been set up on 7 February 2002. Mr Chan Kok Hiang @ Chan Kock Hiang has been 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 has been set up on 7 February 2002, with its terms of reference adopted on 20 August, 2002. Mr Cha Peng Koi @ Chia Peng Koi has been 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 categorised into appropriate components:

	Salaries and other emoluments RM'000	Bonus RM'000	Fees RM'000	Total RM'000
Executive Directors	691	104	125	920
Non-Executive Directors	-	-	113	113

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	1	-
RM400,001 to RM450,000	1	-

Shareholders

Discussions 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 has 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 18 of this Annual Report.

Statement of Internal Control

The Board of Directors is ultimately responsible for the Group's system of internal control and for reviewing its effectiveness in providing 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.

Risk Management Framework

A full review of significant risks was performed started from 1st March, 2002 and a risk management policy and risk management framework has been put in place. Briefing, workshop and training are conducted to Board members, management and staff to notify the importance of the Risk Management and it has been accepted as part of the corporate culture of the Company.

The ongoing process of identifying, evaluating and managing the significant risks faced by the Group is reviewed on a quarterly basis, or earlier, if necessary. In relation to this, a Risk Management Committee has been set up to ensure the processes are conducted in accordance to the "Statement of Internal Control: Guidance For Directors of Public Listed Companies" issued by the Kuala Lumpur Stock Exchange.

Internal Control and Control Environment

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

The Group has developed authority chart for all its capital and revenue expenditure. Yearly budget for the Group are prepared to monitor the performance of the respective business unit. All material variances identified are explained in the monthly financial reports which are reviewed by the management team. Besides, the management team

also analysed the quarterly group performance with comparison against previous quarter and previous corresponding quarter. The performance analysis is then reported to The Board of Directors.

A comprehensive "Company Manual" are developed to cultivate long-lasting and harmonious working relationship among the employees. It also sets out the rules and regulations required to be adhered by all employees in performing their duties. The Vision of the Group is clearly spelled in the Manual and well communicated to all levels of employees. "Health and Safety Manual" are also developed to assist in maintaining a safe working environment for all employees besides acting as a guideline to protect the Group's assets.

Internal Audit

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

- Perform regular review of operational compliance with the established internal control procedures and the risk based audit.
- Conduct investigations on specific areas or issues directed by the Audit Committee and the Management.
- Facilitate the risk management processes.

Audit plan for the Group are presented to the Audit Committee for approval. All adverse findings and weaknesses noted during the audit visit are forwarded to the Management for attention and further actions. The Report on the audit visit are reported to the Audit Committee on a quarterly basis. In this regards, The Board is pleased to report that there were no significance adverse findings during the financial year ended 31 March 2002 that adversely affect the Group's reputation or financial position.

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

Statement made in accordance with the resolution of the Board of the Directors dated 23 July 2002.

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

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 RM144,000 and RM80,000 respectively.

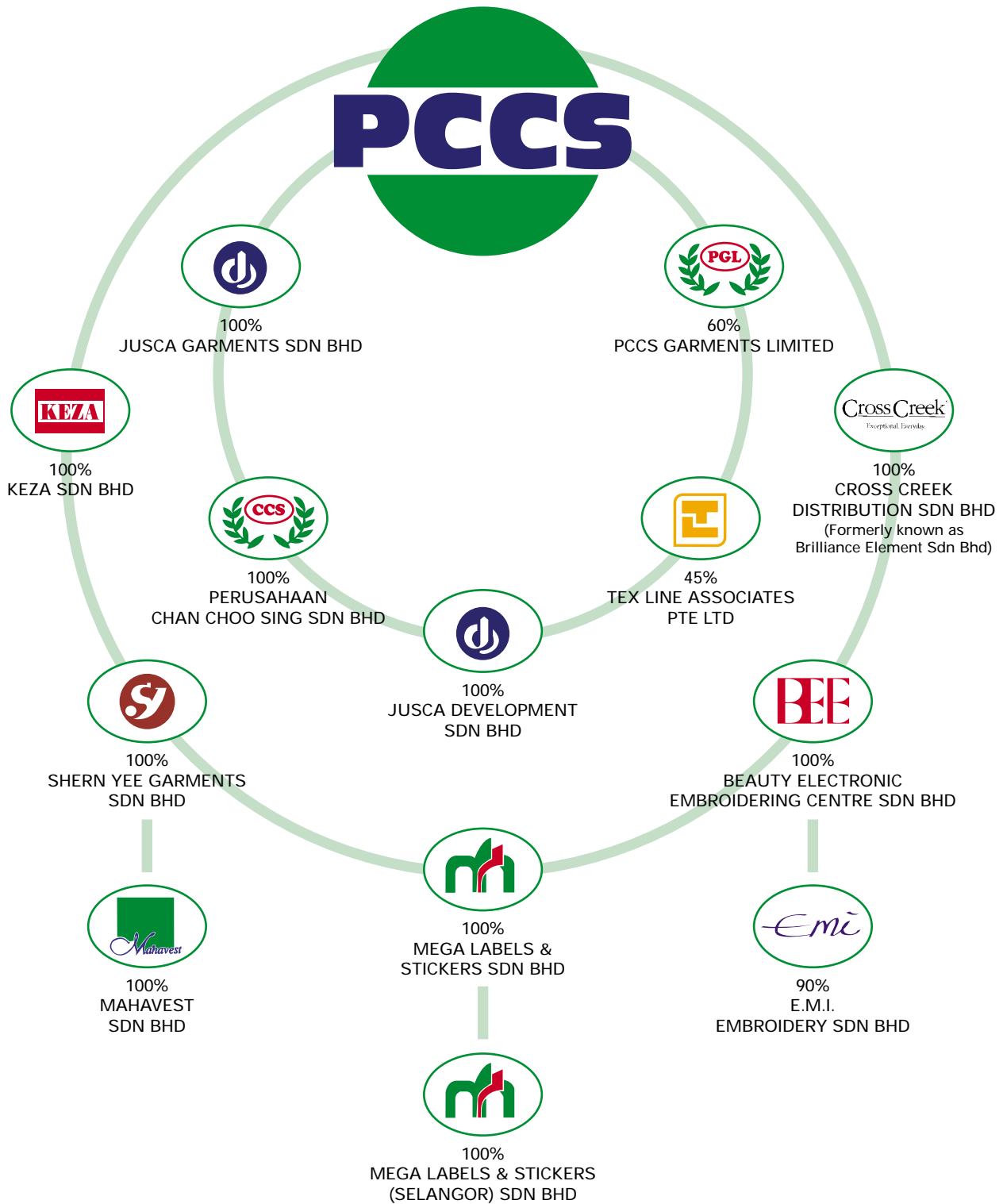
Profit Estimate, Forecast or Projection

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, it is my pleasure to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 31 March 2002.

Financial Review

For the financial year under review, overall performance of the Group declined generally. The negative effects of the global downturn and event of September 11 2001 were felt during the financial year. Total turnover fell from RM294.976 million to RM225.033 million. This had resulted in a lower pre-tax profit of RM21.596 million compared to RM25.844 million the previous year. Net earnings per share for the Group stood at RM0.2540.

Dividend

The Board is pleased to recommend a first and final tax exempt dividend of 5% for the financial year ended 31 March 2002 subject to the shareholders' approval at the forthcoming Annual General Meeting.

Corporate Developments

During the year, PCCS Group Berhad ("PCCS") completed a bonus issue of 24.0 million ordinary shares of RM1.00 each on the basis of two (2) new shares for every three (3) existing shares held. The

issued and paid-up share capital of the Company was therefore increased to RM60.0 million. The new shares issued were granted listing and quotation effective 16 November 2001.

PCCS has also received approvals from the relevant authorities and shareholders for its Proposed Employees' Share Option Scheme ("ESOS") of not exceeding 10% of the total existing issued and paid-up share capital of the Company. The Company has offered the ESOS to its eligible employees and executive directors at an exercise price of RM1.30 per share. Letters of Offer were issued and subsequent to the year-end, a total of 11 options have been accepted.

Following the completion in the disposal of the 210,000 ordinary shares of SGD1.00 each representing 15% equity interest in Tex Line Associates Pte Ltd ("TLA") to Tex Line Pte Ltd, the entire disposal proceeds of SGD 5,006,812.50 (equivalent to RM10.565 million) received have been utilised to settle term loans and working capital of certain subsidiaries.

On 1 April 2002, Jusca Garments Sdn Bhd ("Jusca"), a wholly-owned subsidiary of PCCS had



entered into a Joint-Venture Agreement with Swee Tian Brick Works Sdn Bhd ("the developer") for the purpose of developing a piece of vacant land totalling 17.37 acres located in Tangkak, Muar, Johor into a housing estate for sale to the general public. All costs and the relevant expenses to be incurred for development of the said housing estate is to be borne by the developer whose principal activity is housing development. Jusca shall be entitled to its share of shops and houses ranging from 16% to 25% constructed by the developer on the abovementioned land, free from any encumbrances with vacant possession together with the lands on which the said houses are erected. The Joint-Venture Agreement will not have any effect on PCCS's issued and paid-up share capital and net tangible assets.

Status of Corporate Proposal

The Company had on 5 August 2002 announced the proposed acquisition of 1,400 ordinary shares of USD1,000.00 each in PCCS Garments Limited ("PGL"), representing 40% equity interest in PGL for a total cash consideration of RM5,320,000.00.

The above proposal is conditional upon approvals being obtained from:-

- Bank Negara Malaysia;
- The shareholders of PCCS at the forthcoming Extraordinary General Meeting;
- Other relevant authorities, if any.

Upon completion of the above proposal, PGL will be a wholly owned subsidiary of the Company.

Review of Group Performance

Apparel Division

During the year under review, the Group's Apparel Division experienced a downfall in both turnover and pre-tax margin.

The huge setback in total sales revenue were mainly due to the reduction in selling prices and falling demand from its existing major customers namely Adidas and The Gap. The closure of Warner Brothers' Apparel Division during the year had also put a downward pressure on total revenue earned.

The adverse economic condition in the United States of America and the massive job lay-off had affected consumer confidence. Consumers cutting back on their spending had weakened buyer sentiment. The depressed consumer demand especially in the



aftermath of the September 11 2001 attack had resulted in certain orders scheduled for delivery in the third quarter being cancelled and deferred.

Continued weakness in the external environment and its adverse impact prompted the management to pursue and implement "lean manufacturing" and rationalise operations at all levels. The concerted effort to retrain workers would enhance the quality controls, productivity and punctuality on delivery. The Apparel Division had recently set up a marketing office in Hong Kong to serve existing and potential customers more efficiently. Marketing staff had been recruited and base in the Hong Kong office mainly to handle market development, coordination and administrative matters.

Embroidery Division

The Group's Embroidery Division achieved mixed results during the financial year under review.

Turnover was marginally higher with the increase in orders from existing major customers. On the other hand, the Embroidery Division recorded a minor decline in pre-tax margin over the previous financial year as a result of increase manufacturing overheads that had a negative impact on gross

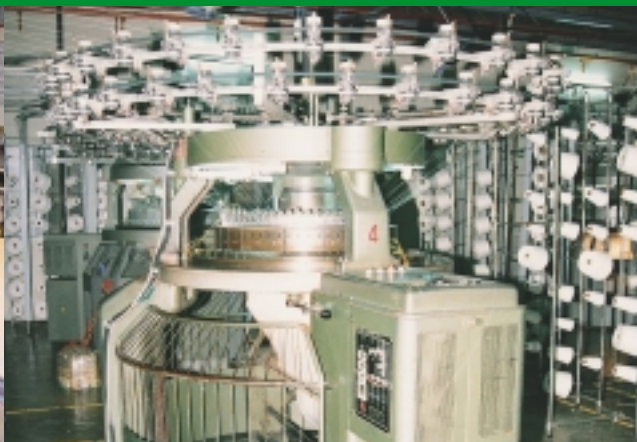
margin. Unplanned orders received from existing customers had caused the sub-commission embroidery charges done on behalf by third parties to be higher.

To provide its existing and potential customers with a wider range of high value-added embroidery services, the Division had trade-in two sets of old Tajima embroidery machines for two sets of new electronic Chenille embroidery machines complete with computerised production control system. Equipped with six colors, automatic color and stitch change, the machines offer high speed operation, a quieter working environment and excellent economic efficiency.

Fabric Knitting Division

Despite the lower orders received from its existing customers and the Group's Apparel Division, the Division led by Keza Sdn Bhd ("Keza") recorded higher pre-tax profit over the previous corresponding period.

The better performance was a result of higher gross margin due to good control of production overheads. The drop in unit price of yarn over the year had reduced total raw material costs.



Keza is committed to operate under an efficient and low cost environment by constantly improving production efficiency, at the same time ensuring that wastages/losses are maintain at minimum acceptable level.

Labelling Division

Overall performance of the Group's Labelling Division had dropped as compared to the previous year on an increase in turnover.

The increase in market share for Food & Consumer products have increased the sales of stickers which had compensated for the loss in sales to the electronic sector following the drop in export orders received by electronic customers.

Despite the improvement in raw material consumption for Batu Pahat factory, the high production wastages suffered by the Shah Alam operation has yet to be reduced. The period under review also saw increase in production overheads and operating expenses.

With the need to improve productivity and achieve efficiency in production, experienced production staff had been relocated from Batu Pahat to the

Shah Alam factory to monitor closely and control the high production wastages.

The management had recently recruited new Marketing staff to capture the market niche for its products and provide better services to existing and potential customers. Actions have been taken to diversify more aggressively into sectors especially Food & Consumer products instead of focusing mainly on electronic sector.

In order to upgrade its printing technology with better quality products, the Batu Pahat factory had recently installed an additional unit of Iwasaki letterpress rotary label printing press machine. With more option units, its letterpress rotary intermittent press allows a variety of option for printing. The machine also possesses new features for easier operation and a higher running speed to produce high quality labels in a shorter time.

Marketing and Distribution

Brilliance Element Sdn Bhd, the exclusive distributor of US upmarket golf apparels, the "Cross Creek" brand products and golf equipment had changed its company name to Cross Creek Dirtribution Sdn Bhd ("Cross Creek") effective



December 2001 to better reflect the business activity of the company.

The turnaround in overall performance of Cross Creek was contributed by the higher turnover and better gross margin. Increase in corporate sales and opening of new accounts including McDonalds, KFC, Cross-Creek Pharmaton, Allied Golfers Network, Bigasiagolf.com have broaden the customer base for its products. Cross Creek managed to build brand confidence through direct penetration into retail outlets.

In order to upkeep the high quality of its products, the Licence Manufacturer Contract requires factories to obtain approval from Russell Corporation prior to production. Most of the factories appointed by Russell Corporation have fulfilled the audit on compliance with labors and safety practices, enabling production of the required styles and quantities to be delivered on time.

Cross Creek had over the year incurred higher advertising and promotion costs as there is a need to continue maintaining brand presence. The company continues to promote the brand through part sponsorship with targeted golf events throughout Malaysia.

The management is in the process of developing simple design concept stores targeting into departmental stores and stand-alone outlets. Available graphics have been selected to develop own posters for retail penetration and creating brand awareness.

New fabrication such as coolplus, wrinkle free cotton, mercerized cotton and microfibre material for both apparel and accessories will be added to its existing product lines to provide its customers with a wider range to choose from.

Cross Creek will continue to focus and grow corporate and institutional sales through approaching identified customers with new products and better services to enhance its earnings.

Prospect

With the USA economy showing signs of recovery, the Board is reasonably optimistic on the performance of the Group in the coming financial year. USA retailers are beginning to replenish their stocks. As a result, orders especially from the Group's Apparel Division have shown signs of picking up.



The increasing global competition does make future performance difficult to predict. Nevertheless, the Group is committed to strive for excellence and continues to focus in developing its core business of garment manufacturing. It will be constantly seeking for new viable opportunities to capitalise on cheaper resources and to enhance the Group's earning base.

Barring any unforeseen circumstances, the Group anticipates that the results for the current financial year would be comparable to those achieved in the previous year.

Appreciation

On behalf of the Board, I wish to welcome Mr Tey Ah Tee @ Teo Ah Tee who was appointed as Independent Non-Executive Director and member of the Audit Committee. I look forward to working closely with him in the future.

I would like to take this opportunity to thank all business associates and regulatory authorities for their assistance and support rendered during the year. Our gratitude goes to our customers, bankers and valued shareholders for their continued support and confidence in us.

I also extend my sincere appreciation to the Management, staff and all employees for their invaluable contribution, commitment and unfailing support in a year that was full of challenge, and look forward to their continued contribution to a better future ahead.

Last but not least, I am also grateful to the distinguished members of the Board for their invaluable advice and guidance.

CHAN KOK HIANG @ CHAN KOCK HIANG
Chairman
23 August 2002



Financial Statements

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Directors' Report

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 4 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS	Group	Company
	RM'000	RM'000
Profit after taxation	17,323	13,041
Minority interests	(2,093)	-
Net profit attributable to shareholders	<u>15,230</u>	<u>13,041</u>

DIVIDENDS

The amount of dividends paid by the Company since 31 March 2001 were as follows :

	RM'000
In respect of the financial year ended 31 March 2001	
A first and final tax exempt dividend of 5% paid on 19 November 2001	<u>1,800</u>

The directors recommend a final tax exempt dividend of 5% amounting to RM3,000,000 in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other persons; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

SIGNIFICANT EVENTS

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

EMPLOYEE SHARE OPTION SCHEME

The PCCS Group Berhad Employee Share Option 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; and
- (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.

SHARE CAPITAL

On 23 October 2001, 24,000,000 new ordinary shares of RM1 each were issued and credited as fully paid-up in the proportion of 2 new ordinary shares for every existing 3 shares held by way of capitalisation of the Share Premium Account and Retained Profits Account, thereby increasing the issued and paid-up share capital from RM36,000,002 to RM60,000,002. These bonus shares were listed on 16 November 2001.

DIRECTORS

The directors who served since the date of the last 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

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiaries is a party with the object of enabling directors of the Company to acquire benefits by means of

the acquisition of shares in or debentures of the Company or any other body corporate, other than the share options to be granted pursuant to the ESOS.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 21 or deemed benefit, if any, arising from transactions disclosed in Note 26 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1 Each				31 March 2002
	1 April 2001	Bought	Bonus Issue	Sold	
Direct interest -					
Chan Kok Hiang					
@ Chan Kock Hiang	47,000	-	31,333	-	78,333
Chan Choo Sing	2,333,630	-	1,557,006	2,811,983	1,078,653
Chan Chow Tek	1	1,572,883	-	-	1,572,884
Chan Chor Ang	60,000	909,550	40,000	-	1,009,550
Chan Chor Ngiak	-	329,550	-	-	329,550
Indirect interest -					
Chan Kok Hiang					
@ Chan Kock Hiang	14,400,047	-	9,600,031	-	24,000,078
Chan Choo Sing	16,066,871	-	10,711,246	-	26,778,117
Chan Chow Tek	14,400,047	-	9,600,031	-	24,000,078
Chan Chor Ngiak	14,400,047	-	9,600,031	-	24,000,078
Chan Chor Ang	14,424,047	-	9,616,031	-	24,040,078

By virtue of their interests in the shares of the Company, Chan Kok Hiang @ Chan Kock Hiang, Chan Choo Sing, Chan Chow Tek, Chan Chor Ngiak and Chan Chor Ang are 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.

AUDITORS

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

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

CHAN CHOO SING

CHAN CHOW TEK

Melaka

Date: 23 July 2002

Statement By Directors

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 financial statements set out on pages 35 to 64 give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2002 and of their results and their cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

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

CHAN CHOO SING

CHAN CHOW TEK

Melaka

Date: 23 July 2002

Statutory Declaration

I, CHAN CHOO SING, the director primarily responsible for the financial management of PCCS GROUP BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 35 to 64 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the)
abovenamed CHAN CHOO SING at Melaka)
in the State of Melaka on 23 July 2002) CHAN CHOO SING

Before me:

A. Supramanian PIS(M018)
Commissioner for Oaths

Auditors' Report

To the Shareholders of PCCS GROUP BERHAD

We have audited the financial statements set out on pages 35 to 64. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of :
 - i) the state of affairs of the Group and the Company as at 31 March 2002 and of their results and their cash flows for the year then ended; and
 - ii) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries 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 of all the subsidiaries of which we have not acted as auditors, as indicated in Note 4 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 and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under subsection (3) of Section 174 of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

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

Melaka
Date: 23 July 2002

Consolidated Balance Sheet

as at 31 March, 2002

	Note	2002 RM'000	2001 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	75,211	84,724
Associated company	5	23,339	-
		98,550	84,724
CURRENT ASSETS			
Inventories	6	17,981	17,624
Trade receivables	7	27,991	80,193
Other receivables	8	6,380	6,347
Cash and bank balances	9	14,229	46,207
		66,581	150,371
CURRENT LIABILITIES			
Short term borrowings	10	29,113	45,474
Trade payables	11	12,089	48,896
Other payables	12	7,946	13,521
Taxation		159	2,239
Proposed dividends		3,000	1,800
		52,307	111,930
NET CURRENT ASSETS		14,274	38,441
		112,824	123,165
FINANCED BY :			
Share capital	13	60,000	36,000
Reserves		32,641	44,756
Shareholders' equity		92,641	80,756
Reserve on consolidation, net	14	7,623	4,619
Minority interests		5,874	23,771
		106,138	109,146
Long term borrowings	15	5,135	12,572
Deferred taxation	16	1,551	1,447
Non-current liabilities		6,686	14,019
		112,824	123,165

The accompanying notes are an integral part of this balance sheet.

Consolidated Income Statement

for the Year Ended 31 March, 2002

	Note	2002 RM'000	2001 RM'000
Revenue	18	225,033	294,976
Cost of sales		(172,065)	(210,860)
Gross profit		52,968	84,116
Other operating income		2,092	1,071
Administrative expenses		(27,040)	(32,268)
Selling and marketing expenses		(11,610)	(25,149)
Gain on disposal of subsidiary	19	3,746	-
Profit from operations	20	20,156	27,770
Finance cost, net	22	(2,053)	(1,926)
Share of results of associated company		3,493	-
Profit before taxation		21,596	25,844
Taxation	23	(4,273)	(4,999)
Profit after taxation		17,323	20,845
Minority interests		(2,093)	(5,871)
Net profit attributable to shareholders		15,230	14,974
Earnings per share (sen)	24	25.4	25.0

The accompanying notes are an integral part of this statement.

Consolidated Statement of Changes In Equity

for the Year Ended 31 March, 2002

	← Non distributable →			Distributable	
	Share capital RM'000	Share premium RM'000	Foreign currency reserve RM'000	Retained profits RM'000	Total RM'000
At 1 April 2000	36,000	6,472	1,408	24,765	68,645
Translation loss, representing net amount not recognised in income statement	-	-	(1,063)	-	(1,063)
Net profit for the year	-	-	-	14,974	14,974
Dividend (Note 25)	-	-	-	(1,800)	(1,800)
At 31 March 2001	36,000	6,472	345	37,939	80,756
Disposal of shares in foreign subsidiary, representing net amount not recognised in income statement	-	-	(345)	-	(345)
Issuance of bonus shares	24,000	(6,472)	-	(17,528)	-
Net profit for the year	-	-	-	15,230	15,230
Dividend (Note 25)	-	-	-	(3,000)	(3,000)
At 31 March 2002	60,000	-	-	32,641	92,641

The accompanying notes are an integral part of this statement.

Consolidated Cash Flow Statement

for the Year Ended 31 March, 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,596	25,844
Adjustments for:		
Depreciation	8,977	8,820
Bad and doubtful debts	176	345
Gain on disposal of foreign subsidiary	(3,895)	-
Share of results of associated company	(3,493)	-
Property, plant and equipment written off	-	101
Intangible assets written off	-	6
Interest expense	2,162	3,277
Loss/(gain) on disposal of property, plant and equipment	70	(254)
Interest income	(109)	(1,351)
Operating profit before working capital changes	25,484	36,788
Increase in receivables	(50,732)	(23,360)
(Increase)/decrease in inventories	(571)	9,960
Increase in payables	52,104	1,266
Cash generated from operations	26,285	24,654
Interest paid	(2,162)	(3,277)
Tax paid	(2,419)	(5,491)
Net cash generated from operating activities	21,704	15,886
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,266)	(16,361)
Interest received	109	1,351
Net cash from disposal of interest in subsidiary	(24,772)	-
Proceeds from disposal of property, plant and equipment	362	811
Net cash used in investing activities	(28,567)	(14,199)

Consolidated Cash Flow Statement (cont'd)

for the Year Ended 31 March, 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,817)	(2,981)
Repayment of hire purchase	(309)	(1,106)
Drawdown of term loans	1,168	6,315
Repayment of term loans	(11,012)	(4,981)
Short term borrowings	(12,062)	2,443
Net cash used in financing activities	(24,032)	(310)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(30,895)	1,377
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		
	44,775	45,204
EFFECT OF EXCHANGE RATE CHANGES ON OPENING BALANCES		
	-	(1,806)
CASH AND CASH EQUIVALENTS AT END OF YEAR		
	13,880	44,775
Cash and cash equivalents comprise:		
Cash and bank balances	14,229	46,207
Bank overdrafts	(349)	(1,432)
	13,880	44,775

The accompanying notes are an integral part of this statement.

Balance Sheet

as at 31 March, 2002

	Note	2002 RM'000	2001 RM'000
NON-CURRENT ASSETS			
Subsidiaries	4	38,714	44,414
Associated company	5	4,275	-
		42,989	44,414
CURRENT ASSETS			
Other receivables	8	30,733	17,960
Cash and bank balances	9	26	69
		30,759	18,029
CURRENT LIABILITIES			
Other payables	12	410	346
Proposed dividends		3,000	1,800
		3,410	2,146
NET CURRENT ASSETS		27,349	15,883
		70,338	60,297
FINANCED BY :			
Share capital	13	60,000	36,000
Reserves		10,338	24,297
Shareholders' equity		70,338	60,297

The accompanying notes are an integral part of this balance sheet.

Income Statement

for the Year Ended 31 March, 2002

	Note	2002 RM'000	2001 RM'000
Revenue	18	4,900	19,780
Administrative expenses		(999)	(960)
Gain on disposal of subsidiary	19	9,140	-
Profit from operations	20	13,041	18,820
Taxation	23	-	(1,642)
Net profit for the year		13,041	17,178

The accompanying notes are an integral part of this statement.

Statement of Changes In Equity

for the Year Ended 31 March, 2002

	Non distributable		Distributable	
	Share capital RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1 April 2000	36,000	6,472	2,447	44,919
Net profit for the year	-	-	17,178	17,178
Dividend (Note 25)	-	-	(1,800)	(1,800)
At 31 March 2001	36,000	6,472	17,825	60,297
Issue of bonus shares	24,000	(6,472)	(17,528)	-
Net profit for the year	-	-	13,041	13,041
Dividend (Note 25)	-	-	(3,000)	(3,000)
At 31 March 2002	60,000	-	10,338	70,338

The accompanying notes are an integral part of this statement.

Cash Flows Statement

for the Year Ended 31 March, 2002

	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,041	18,820
Adjustments for :		
Gain on disposal of foreign subsidiary	(9,140)	-
Provision for diminution in value of investment	-	500
Operating profit before working capital changes	3,901	19,320
Increase in receivables	(5)	-
Increase in payables	81	68
Cash generated from operations	3,977	19,388
Tax paid	(3)	(1,709)
Net cash generated from operating activities	3,974	17,679
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from disposal of subsidiary	10,565	-
Purchase of investment	-	(200)
Net cash generated from/(used in) investing activities	10,565	(200)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to subsidiaries	(12,765)	(15,677)
Dividends paid	(1,817)	(1,794)
	(14,582)	(17,471)
NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES	(43)	8
CASH AND BANK BALANCES AT BEGINNING OF YEAR	69	61
CASH AND BANK BALANCES AT END OF YEAR	26	69

The accompanying notes are an integral part of this statement.

Notes To The Financial Statements

31 March, 2002

1. PRINCIPAL ACTIVITIES AND GENERAL 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 4. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Kuala Lumpur Stock Exchange. The 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 5,279 (2001 : 6,213).

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 July 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the provisions of the Companies Act 1965 and applicable approved accounting standards in Malaysia.

(b) Revenue Recognition

- (i) Sale of goods
Revenue relating to sale of goods is recognised net of sales discounts when transfer of risks and rewards has been completed.
- (ii) Revenue from services
Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.
- (iii) Dividend income
Dividend income is recognised when the shareholder's right to receive payment is established.
- (iv) Rental income
Rental income is recognised on accrual basis.

(c) Basis of Consolidation

Consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. Companies acquired or disposed are included in the consolidated financial statements from the date of acquisition or to the date of disposal. Subsidiaries are consolidated using the acquisition method of accounting.

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 difference between the cost of an acquisition over 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. Goodwill or reserve arising on consolidation is not amortised or credited to income statement.

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.

(d) Associated Companies

The Group treats an associated company as a company in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

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

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

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

The difference between the purchase consideration and the fair value of net assets acquired is reflected as goodwill or reserve on acquisition. Goodwill or reserve on acquisition is not amortised or credited to income statement.

(e) Investments

Investments in subsidiaries and associated company, are stated at cost less provision for any permanent diminution in value. Such provision is made when there is a decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(f) Currency Conversion and Translation

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

Financial statements of foreign consolidated subsidiaries are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are taken to reserves.

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:

	2002	2001
	RM	RM
Singapore Dollar	2.05	2.19
United States Dollar	3.80	3.80

(g) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Freehold land is not depreciated. Leasehold land is depreciated over the period of the lease ranging from 50 years to 60 years. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to their 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%

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

An impairment loss is charged to the income statement immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

(h) 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.

(i) Taxation

Tax expense in the income statement represents taxation at current tax rates based on profit earned during the year. Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(j) Hire Purchases

Property, plant and equipment acquired under hire purchases are capitalised in the financial statements and are depreciated in accordance with the policy set out in (g) above. The corresponding outstanding obligations due under the hire purchase after deducting finance charges are included as liabilities in the financial statements. Finance charge is allocated to period over the hire purchase term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(k) Cash and Cash Equivalents

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

(l) Trade and Other Receivables

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

3. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Plant and machinery, air- conditioners, factory * equipment and electrical installations	Renovation, furniture, fittings, office equipment and motor vehicles	Total RM'000
		RM'000	RM'000	
Cost				
At 1 April 2001	28,276	63,015	21,876	113,167
Disposal of subsidiary	-	-	(6,359)	(6,359)
Additions	31	1,600	2,635	4,266
Disposals	-	(351)	(554)	(905)
At 31 March 2002	28,307	64,264	17,598	110,169

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

Group	Land and buildings RM'000	* Plant and machinery, air- conditioners, factory equipment and electrical installations RM'000	Renovation, furniture, fittings, office equipment and motor vehicles RM'000	Total RM'000
Accumulated Depreciation				
At 1 April 2001	1,819	19,629	6,995	28,443
Disposal of subsidiary	-	-	(1,989)	(1,989)
Charge for the year	405	6,244	2,328	8,977
Disposals	-	(102)	(371)	(473)
At 31 March 2002	2,224	25,771	6,963	34,958
Net Book Value				
At 31 March 2002	26,083	38,493	10,635	75,211
At 31 March 2001	26,457	43,386	14,881	84,724
Depreciation charge for 2001	377	5,953	2,490	8,820

* LAND AND BUILDINGS

Cost	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
At 1 April 2001	8,041	2,085	137	18,013	28,276
Additions	-	-	-	31	31
At 31 March 2002	8,041	2,085	137	18,044	28,307
Accumulated Depreciation					
At 1 April 2001	-	237	30	1,552	1,819
Charge for the year	-	38	2	365	405
At 31 March 2002	-	275	32	1,917	2,224

*** LAND AND BUILDINGS (cont'd)**

	Freehold	Long term	Short term	Buildings	Total
	land	leasehold	leasehold		
	RM'000	land	land	RM'000	RM'000
		RM'000	RM'000		
Net Book Value					
At 31 March 2002	8,041	1,810	105	16,127	26,083
At 31 March 2001	8,041	1,848	107	16,461	26,457
Depreciation charge for 2001	-	38	2	337	377

(a) The net book values of property, plant and equipment pledged to banks for banking facilities as referred to in Note 10 and Note 15 are as follows:

	Group	
	2002	2001
	RM'000	RM'000
Land and buildings	11,037	17,417
Plant and machinery	3,357	10,578
	14,394	27,995

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

	Group	
	2002	2001
	RM'000	RM'000
Plant and machinery	2,086	255
Motor vehicles	1,495	678
Furniture and fittings	98	46
Factory equipment	99	2
Office equipment	454	42
Electrical installation	58	53
Renovation	38	10
Air-conditioners	140	74
	4,468	1,160

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

	Group	
	2002 RM'000	2001 RM'000
Plant and machinery	-	1,412
Office equipment and motor vehicles	2,071	2,510
	2,071	3,922

4. SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	39,479	45,179
Less : Provision for diminution in value	(765)	(765)
	38,714	44,414

(a) Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Paid-up capital '000	Effective interest (%)		Principal activities
			2002	2001	
Subsidiaries of the Company					
Perusahaan Chan Choo Sing Sdn. Bhd.	Malaysia	RM1,990	100	100	Manufacturing of apparels
Beauty Electronic Embroidering Centre Sdn. Bhd.	Malaysia	RM500	100	100	Embroidering of logos and emblems
Jusca Garments Sdn. Bhd.	Malaysia	RM600	100	100	Temporarily ceased operations
Tex Line Associates Pte Ltd **	Singapore	SGD1,400	-	60	Export buying house and marketing agent
Keza Sdn. Bhd. *	Malaysia	RM200	100	100	Fabric-knitting and manufacturing of elastic bands

Name of company	Country of incorporation	Paid-up capital '000	Effective interest (%)		Principal activities
			2002	2001	
Mega Labels & Stickers Sdn. Bhd. *	Malaysia	RM330	100	100	Printing of labels and stickers
Cross Creek Distribution Sdn. Bhd. * (formerly known as Brilliance Element Sdn. Bhd.)	Malaysia	RM500	100	100	Marketing and retailing of golf apparels
Shern Yee Garments Sdn. Bhd. *	Malaysia	RM350	100	100	Renting of fleets and motor vehicles
Jusca Development Sdn. Bhd. * (formerly known as Zimk Resources Sdn. Bhd.)	Malaysia	RM500	100	50.1	Temporarily ceased operations
PCCS Garments Limited	Cambodia	USD3,500	60	60	Manufacturing of apparels
Subsidiary of Beauty Electronic Embroidering Centre Sdn. Bhd.					
E.M.I. Embroidery Sdn. Bhd. *	Malaysia	RM900	90	90	Embroidering of logos and emblems
Subsidiary of Mega Labels & Stickers Sdn. Bhd.					
Mega Labels & Stickers (Selangor) Sdn. Bhd. *	Malaysia	RM100	100	-	Printing of labels and stickers
Subsidiaries of Tex Line Associates Pte Ltd					
Tex Line Associates (Bangladesh) Pte Ltd *	Bangladesh	Taka4,800	-	30.6	Export buying house and marketing agent

Name of company	Country of incorporation	Paid-up capital '000	Effective interest (%)		Principal activities
			2002	2001	
Tex Line Associates (HK) Ltd *	Hong Kong	HKD1,000	-	36	Provision of sourcing and buying services of garments and articles of all description
2BeSource.com Pte Ltd *	Singapore	SGD1,000	-	60	Dormant
J'De Classic Pte Ltd *	Singapore	SGD50	-	57	Dormant
Subsidiary of Shern Yee Garments Sdn. Bhd.					
Mahavest Sdn. Bhd. *	Malaysia	RM100	100	100	Dormant

* Audited by firms of auditors other than Arthur Andersen & Co.

** Audited by an affiliate of Arthur Andersen & Co.

(b) Disposal of subsidiary :

On 16 July 2001, the Company completed the disposal of 15% equity interest in a subsidiary i.e. Tex Line Associates Pte. Ltd. ("TLA") for a total consideration of SGD5,006,812.50 (equivalent to approximately RM10,564,875). As a result, the Company's shareholding in TLA was reduced from 60% to 45% and TLA became an associate company of the Company.

The effect of the disposal of TLA on the financial results of the Group up to the date of disposal is as follows:

	Financial period ended 16.7.2001 RM'000	Financial year ended 31.3.2001 RM'000
Revenue	11,578	38,046
Other operating income	115	70
Operating costs	(6,202)	(21,196)
Profit from operations	5,491	16,920
Finance cost	(1)	-
Profit before taxation	5,490	16,920
Taxation	(804)	(3,022)
Profit after taxation	4,686	13,898
Minority interest	(1,874)	(5,625)
Profit after taxation and attributable to shareholders	2,812	8,273

The summary of the effect of the disposal of the subsidiary on the financial position of the Group is as follows:

	← As at 16.7.2001 →	As at 31.3.2001
	RM'000	RM'000
Net assets disposed :		
Property, plant and equipment	4,370	-
Inventories	214	214
Trade and other receivables	103,085	43,095
Cash and bank balances	17,569	16,054
Deposits with licensed banks	18,213	20,544
Trade and other payables	(94,470)	(40,627)
Taxation	(2,640)	(2,351)
Deferred taxation	(15)	(15)
Proposed dividends	(3,036)	(3,036)
Minority interest	(362)	-
Hire purchase creditors	(500)	-
Share of net assets disposed	42,428	<u>33,878</u>
Minority interest	(16,971)	
Transfer to associated company	(19,093)	
Goodwill on consolidation disposed	751	
	7,115	
Gain on disposal	3,895	
Total consideration received from disposal	10,565	
Dividends received in connection with the disposal of 15% shares	445	
	11,010	
Less : Cash and cash equivalents of subsidiary disposed	(35,782)	
Net cash from disposal of interest in subsidiary	<u>(24,772)</u>	

5. ASSOCIATED COMPANY

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Outside Malaysia :				
Unquoted investment at cost	4,275	-	4,275	-
Share of post acquisition reserves	19,064	-	-	-
	<u>23,339</u>	-	<u>4,275</u>	-
Represented by :				
Share of net tangible assets	21,086	-		
Goodwill on acquisition	2,253	-		
	<u>23,339</u>	-		

5. ASSOCIATED COMPANY (cont'd)

The associated company is :

Name of company	Country of incorporation	Effective interest (%)		Financial Year End	Principal activities
		2002	2001		
Tex Line Associates Pte. Ltd.*	Singapore	45	-	31 March	Export buying house and marketing agent

* Audited by an affiliate of Arthur Andersen & Co.

6. INVENTORIES

	Group	
	2002 RM'000	2001 RM'000
At cost :		
Raw materials	8,301	5,148
Work-in-progress	5,119	5,550
Finished goods	2,774	3,972
Goods in transit	-	6
	<hr/> 16,194	<hr/> 14,676
At net realisable value :		
Raw materials	694	1,475
Finished goods	1,093	1,473
	<hr/> 17,981	<hr/> 17,624

7. TRADE RECEIVABLES

	Group	
	2002 RM'000	2001 RM'000
Trade receivables	29,261	83,769
Less : Provision for doubtful debts	(1,270)	(3,576)
	<hr/> 27,991	<hr/> 80,193

8. OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Due from subsidiaries	-	-	30,712	17,947
Sundry receivables	779	1,299	-	-
Deposits and prepayments	5,040	4,883	6	1
Tax prepayment	561	297	15	12
	6,380	6,479	30,733	17,960
Less :				
Provision for doubtful debts	-	(132)	-	-
	6,380	6,347	30,733	17,960

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

9. CASH AND BANK BALANCES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash on hand and at banks	10,406	25,375	26	69
Deposits with licensed banks	3,823	20,832	-	-
	14,229	46,207	26	69

Deposits with licensed banks of the Group amounting to approximately RM23,000 (2001 : RM39,000) are pledged to banks for banking facilities granted to certain subsidiaries as referred to in Note 10.

10. SHORT TERM BORROWINGS

	Group	
	2002 RM'000	2001 RM'000
Unsecured-		
Bank overdrafts	349	1,432
Export credit refinancing	7,450	8,042
Bankers' acceptances	17,566	28,176
Trade loan	227	-
Term loans, due within 12 months (Note 15)	2,625	197
	28,217	37,847

10. SHORT TERM BORROWINGS (cont'd)

	Group	
	2002 RM'000	2001 RM'000
Secured-		
Trust receipts	483	1,570
Hire purchase payables (Note 17)	413	939
Term loans, due within 12 months (Note 15)	-	5,118
	<u>896</u>	<u>7,627</u>
	<u>29,113</u>	<u>45,474</u>

The unsecured short term borrowings are guaranteed by the Company. The secured short term borrowings of the Group are secured by certain assets of the Group as disclosed in Note 3 and Note 9.

The short term borrowings bear interests of between 3.5% to 8.2% (2001 : 2.95% to 8.05%) per annum.

11. TRADE PAYABLES

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

	Group	
	2002 RM'000	2001 RM'000
HPI Resources Berhad and its subsidiaries #	713	1,120
Other companies	11	-
	<u>724</u>	<u>1,120</u>

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

12. OTHER PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other creditors and accruals	7,715	13,301	179	126
Due to directors	218	190	218	190
Dividend payables	13	30	13	30
	<u>7,946</u>	<u>13,521</u>	<u>410</u>	<u>346</u>

12. OTHER PAYABLES (cont'd)

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

	Group	
	2002	2001
	RM'000	RM'000
HPI Resources Berhad and its subsidiaries #	572	1,351
Other companies	103	59
	675	1,410

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

13. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM1 Each		Amount	
	2002	2001	2002	2001
	'000	'000	RM'000	RM'000
Authorised	100,000	100,000	100,000	100,000
Issued and fully paid				
At beginning of year	36,000	36,000	36,000	36,000
Issuance of bonus shares	24,000	-	24,000	-
At end of year	60,000	36,000	60,000	36,000

On 23 October 2001, 24,000,000 new ordinary shares of RM1 each were issued and credited as fully paid-up in the proportion of 2 new ordinary shares for every existing 3 shares held by way of capitalisation of the Share Premium Account and Retained Profits Account, thereby increasing the issued and paid-up share capital from RM36,000,002 to RM60,000,002. These bonus shares were listed on 16 November 2001.

Employee Share Option Scheme ("ESOS")

The Company's Employee Share Option 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 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 year 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; and
- (d) The exercise for each ordinary shares 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 of the shares 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.

14. RESERVE ON CONSOLIDATION, NET

	Group	
	2002	2001
	RM'000	RM'000
At beginning of year	4,619	4,619
Disposal of a subsidiary	3,004	-
At end of year	7,623	4,619
Reserve arising from acquisition of subsidiaries	7,643	7,643
Goodwill arising from acquisition of subsidiaries	(20)	(3,024)
	7,623	4,619

15. LONG TERM BORROWINGS

	Group	
	2002	2001
	RM'000	RM'000
Term loans - secured	-	7,942
- unsecured	7,438	9,340
	7,438	17,282
Due within 12 months (Note 10)	(2,625)	(5,315)
Due after 12 months	4,813	11,967
Hire purchase payables (Note 17)	322	605
Due after 12 months	5,135	12,572
Maturity of borrowings (excluding hire purchase payables):		
Within one year	2,625	5,315
Between one and two years	1,713	3,089
Between two and five years	3,100	8,878
	7,438	17,282

The term loans are repayable over a period of up to 5 years and bear interest of between 6.50% to 8.80% (2001 : 6.50% to 8.80%) per annum.

The secured term loans are secured by way of fixed and floating charges over certain property, plant and equipment of the subsidiaries as referred to in Note 3. The unsecured term loans are guaranteed by the Company.

16. DEFERRED TAXATION

	Group	
	2002 RM'000	2001 RM'000
At beginning of year	1,447	1,280
Transfer from income statement (Note 23)	119	167
Disposal of a subsidiary	(15)	-
At end of year	1,551	1,447

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

17. HIRE PURCHASE PAYABLES

	Group	
	2002 RM'000	2001 RM'000
Future minimum payments :		
Payable within one year	411	1,098
Payable between one and five years	431	689
	842	1,787
Less : Finance charges	(107)	(243)
	735	1,544
Representing hire purchase payable :		
Due within 12 months (Note 10)	413	939
Due after 12 months (Note 15)	322	605
	735	1,544

The hire purchase bear interests of between 4.60 % to 7.60% (2001 : 4.60% to 7.90%) per annum.

18. REVENUE

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

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Commission income	11,578	38,046	-	-
Sales of goods	213,310	256,930	-	-
Dividend income	-	-	4,723	19,490
Management fee	145	-	145	290
Interest income	-	-	32	-
	225,033	294,976	4,900	19,780

19. GAIN ON DISPOSAL OF SUBSIDIARY

The amount represents gain on disposal of 15% equity interest in a subsidiary, i.e Tex Line Associates Pte. Ltd. as disclosed in Note 4(b).

20. PROFIT FROM OPERATIONS

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

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Staff costs	50,634	64,867	-	-
Auditors' remuneration				
- current year	89	150	27	27
- under provision in respect of prior year	-	2	-	-
Bad and doubtful debts	176	345	-	-
Directors' remuneration (Note 21)	1,033	3,060	238	200
Property, plant and equipment written off	-	101	-	-
Intangible assets written off	-	6	-	-
Depreciation	8,977	8,820	-	-
Provision for diminution in value of investment	-	-	-	500
Quota charges	3,847	3,958	-	-
Rental expenses	1,525	3,161	-	-
Loss/(gain) on disposal of property, plant and equipment	70	(254)	-	-
Rental income	(135)	(586)	-	-
Realised gain on foreign exchange	(46)	-	-	-

21. DIRECTORS' REMUNERATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	547	690	-	-
Fees	125	125	125	125
Bonus	80	150	-	-
Benefits-in-kind	49	-	-	-
	<u>801</u>	<u>965</u>	<u>125</u>	<u>125</u>
Non-Executive:				
Fees:				
- current year's provision	90	75	90	75
- under provision in prior year	23	-	23	-
	<u>113</u>	<u>75</u>	<u>113</u>	<u>75</u>
Other Directors				
Executive :				
Salaries and other emoluments	144	1,975	-	-
Bonus	24	45	-	-
	<u>168</u>	<u>2,020</u>	<u>-</u>	<u>-</u>
Total excluding benefits-in-kind	<u>1,033</u>	<u>3,060</u>	<u>238</u>	<u>200</u>

22. FINANCE COST, NET

Included in finance cost of the Group are interest income of approximately RM109,000 (2001 : RM1,351,000) and interest expense of approximately RM2,162,000 (2001 : RM3,277,000).

23. TAXATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current year's provision				
- Malaysian taxation	1,398	1,033	-	1,690
- Foreign taxation	1,589	3,485	-	-
	<u>2,987</u>	<u>4,518</u>	<u>-</u>	<u>1,690</u>
Transfer to deferred taxation (Note 16)	119	167	-	-
	<u>3,106</u>	<u>4,685</u>	<u>-</u>	<u>1,690</u>

23. TAXATION (cont'd)

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
(Over)/under provision in respect of prior years	(312)	314	-	(48)
Share of taxation of associated company	1,479	-	-	-
	4,273	4,999	-	1,642

There is no tax charge on the Company's profit for the current financial year principally due to gain arising from disposal of shares of its subsidiary and 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.

Subject to agreement with the Inland Revenue Board, the Company has tax exempt profits amounting to approximately RM16,244,000 (2001 : RM14,464,000) available for distribution and sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of approximately RM4,843,000 (2001 : RM4,843,000) out of its retained profits without incurring additional tax liability.

24. EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders of RM15,230,000 (2001 : RM14,974,000) by the number of ordinary shares in issue of 60,000,002 (2001 : 60,000,002). The number of ordinary shares used in the computation of earnings per share for 2001 have been adjusted for the bonus issue of 24,000,000 ordinary shares during the year retrospectively.

25. DIVIDENDS

	Group and Company			
	Amount		Dividen per share	
	2002	2001	2002	2001
	RM'000	RM'000	sen	sen
First and final tax exempt dividend of 5% (2001 : 5%)	3,000	1,800	5	5

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

The directors are of the opinion that the following transactions have been entered into in the normal course of business and have been negotiated under terms and conditions that are not materially different from that obtainable in transaction with unrelated parties.

	Group		Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Management fee received from subsidiaries	-	-	145	290
Dividend income received from subsidiaries	-	-	3,000	19,490

26. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Transactions with HPI Resources Berhad and its Subsidiaries*				
Packaging materials purchased	1,226	1,651	-	-
Security charges	497	558	-	-

* 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.

27. COMMITMENTS

	Group	
	2002 RM'000	2001 RM'000
Commitment in respect of capital expenditure: Approved and contracted for	2,280	206

28. CONTINGENT LIABILITIES - UNSECURED

	Company	
	2002 RM'000	2001 RM'000
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	30,030	44,355

29. SEGMENTAL REPORTING

The analysis of results and assets employed by geographical location are shown below:

2002	Revenue RM'000	Profit	Total Assets RM'000
		Before Taxation RM'000	
Malaysia	187,976	11,363	118,394
Singapore	11,578	5,490	-
Cambodia	25,479	1,250	24,733
	225,033	18,103	143,127
Group's share of profit of associated company		3,493	22,004
		21,596	165,131

29. SEGMENTAL REPORTING (cont'd)

2001	Revenue RM'000	Profit	Total
		Before Taxation RM'000	Assets RM'000
Malaysia	227,998	7,179	127,430
Singapore	38,046	16,918	84,357
Cambodia	28,932	1,747	23,308
	294,976	25,844	235,095

No segmental reporting by activity is prepared as the Group is principally involved in the textiles industry.

30. SIGNIFICANT EVENTS

On 18 April 2001, the Company acquired 249,500 ordinary shares of RM1 each fully paid up of Jusca Development Sdn. Bhd. (formerly known as Zimk Resources Sdn. Bhd.) at zero cash consideration. Following the said acquisition, Jusca Development Sdn. Bhd. became a wholly-owned subsidiary of the Company.

On 28 March 2001, the Company entered into a Sale and Purchase Agreement dated 26 March 2001 to dispose of 210,000 ordinary shares of SGD1.00 each representing 15% equity interest in Tex Line Associates Pte. Ltd. ("TLA") to Tex Line Pte. Ltd. for a total cash consideration of SGD5,006,812.50. As a result, the Company's shareholding in TLA was reduced from 60% to 45% and TLA became an associate company of the Company. The aforesaid transaction had been duly completed on 16 July 2001 and full payment was received on the same date.

Group Properties

as at 31 March, 2002

No.	Location	Description and Existing Use	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM
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)	11	2,075,149
2	* No. 18 Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor.	4 Storey Building Complex	Freehold	6,056 (13,946)	9	883,449
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)	10	362,896
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)	10	1,108,792
5	* No. 16 Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor.	Single Storey Semi-Detached House	Freehold	24,001 (1,414)	9	62,727
6	No. 5, Jalan TP7/3, Seksyen 26 Shah Alam, 40000 Selangor.	11/2 Storey Office And Factory Block	Freehold	3,000 (3,000)	6	587,002
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)	6	6,078,176
8	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor.	Office and Factory Building	Freehold	185,130 (88,000)	4	10,062,858
9	Beauty Electronic Embroidering Centre Sdn Bhd * 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)	17	1,035,214
10	No. 5, Jalan B, Dahlia 9, Senai, Johor.	Single Storey Terrace House	Freehold	1,200	15	112,800
11	Mega Labels & Stickers Sdn Bhd Nos. 19 & 20, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	3 Storey Office And Factory Block	Freehold	3,080 (8,756)	16	432,096
12	Nos. 21, 21A & B, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	3 Storey Office And Factory Block	Freehold	1,981 (5,635)	16	225,582
13	Shern Yee Garments Sdn Bhd * Nos. 17 & 18, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor.	3 Storey Office and Factory Block	Freehold	3,080 (8,756)	16	364,947
14	Jusca Garments Sdn Bhd 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	2,691,385

* Last revaluation was performed in 1994

Analysis of Shareholdings as at 8 August, 2002

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

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of		%	
	Shareholders	Shares		
1-999	38	18,500	1.08	0.03
1,000-10,000	3,104	10,173,174	88.63	16.95
10,001-100,000	328	7,980,771	9.37	13.30
100,001 to 3,000,549 (*)	31	17,838,479	0.89	29.73
3,000,550 and above (**)	1	24,000,078	0.03	39.99
TOTAL	3,502	60,011,002	100.00	100.00

REMARK: * Less than 5% of issued shares
** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 8 AUGUST, 2002

The substantial shareholders of PCCS (holding 5% or more of the capital) based on the Register of Substantial Shareholders of the Company 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 ⁽¹⁾	44.62
Chan Chow Tek	1,572,884	2.62	24,000,078 ⁽²⁾	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078 ⁽³⁾	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078 ⁽⁴⁾	40.06
Chan Kok Hiang @ Chan Kock Hiang	78,333	0.13	24,000,078 ⁽⁵⁾	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 4.62% 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 0.07% 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 8 AUGUST, 2002

The Directors' Shareholdings of PCCS based on the Register of Directors Shareholdings of the Company 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 ⁽¹⁾	44.62
Chan Chow Tek	1,572,884	2.62	24,000,078 ⁽²⁾	39.99
Chan Chor Ngiak	329,550	0.55	24,000,078 ⁽³⁾	39.99
Chan Chor Ang	1,009,550	1.68	24,040,078 ⁽⁴⁾	40.06
Cha Peng Koi @ Chia Peng Koi	-	-	-	-
Chan Kok Hiang @ Chan Kock Hiang	78,333	0.13	24,000,078 ⁽⁵⁾	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 4.62% 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 0.07% 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

No.	Shareholders	Number of Shares	Percentage of Issued Capital
1.	Setia Sempurna Sdn Bhd	24,000,078	39.99
2.	Permodalan Nasional Berhad	2,435,666	4.06
3.	Tan Kwee Kee	2,381,666	3.97
4.	Chan Chow Tek	1,572,883	2.62
5.	Chan Choo Sing	1,078,653	1.80
6.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Choon Fatt	1,050,000	1.75
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	643,333	1.07
11.	Lim Poh Teot	642,466	1.07
12.	Yap Shing @ Yap Sue Kim	537,333	0.90
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.	Ong Beng Kee	336,000	0.56
19.	Chan Chor Ngiak	329,550	0.55
20.	Tan Siu Ting	293,000	0.49
21.	Gan Surt Neo	255,000	0.42
22.	Go Hout Hing	221,666	0.37
23.	Ng Choon Fatt	204,333	0.34
24.	Yung Lay Kiang	190,000	0.32
25.	Bin Bin Knitwear Manufacturer Sdn Bhd	160,000	0.27
26.	Yeo Eck Liong	156,666	0.26
27.	Foong Chak Ming Marvin	150,000	0.25
28.	Hong Bee Lan	130,000	0.22
29.	Malaysian Assurance Alliance Berhad As Beneficial Owner (Balanced Fund)	120,000	0.20
30.	Tan Hua Teck @ Tang Wah Teck	108,333	0.18
		41,629,557	69.37

ANNEXURE A

Ng Choon Fatt
No. 4, Jalan Senang Sembilan,
Taman Sedap,
86400 Parit Raja,
Johor

Date : 19 July 2002

The Board of Directors
PCCS Group Berhad
PLO 10, Kawasan Perindustrian Parit Raja,
86400 Parit Raja, Batu Pahat,
Johor, Malaysia.

Dear Sirs,

NOTICE OF NOMINATION OF AUDITORS

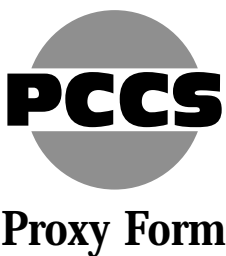
Pursuant to Section 172 (11) of the Companies Act, 1965, I, being a shareholder of the Company hereby give notice of our intention to nominate Messrs Ernst & Young for appointment as auditors of the Company and to propose the following as an ordinary resolution to be tabled at the forthcoming Annual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

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

Yours truly,



Ng Choon Fatt



NUMBER OF SHARES HELD	
--------------------------	--

*I/We _____
(Full Name In Capital Letters)

of _____
(Full Address)

being a *Member/Members of PCCS GROUP BERHAD, do hereby appoint _____

of _____
(Full Address)

or failing him, _____
(Full Name In Capital Letters)

of _____
(Full Address)

or failing him, the CHAIRMAN OF THE MEETING, as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Eighth Annual General Meeting of the Company to be held at Plum Blossom Room, Level 2, Garden Hotel, No. 29, Jalan Jenang, 83000 Batu Pahat, Johor Darul Takzim on Friday, 20 September 2002 at 11:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space 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 discretion.

No.	Resolution	For	Against
1.	Adoption of the Directors' Report and the Audited Financial Statements for the financial year ended 31 March, 2002 together with the Auditors' Report thereon.		
2.	Approval of declaration of a First and Final tax exempt dividend of 5% for the financial year ended 31 March, 2002.		
3.	Approval of the Directors' fees for the financial year ended 31 March, 2002.		
4.	Re-election of Director, Mr. Chan Kok Hiang @ Chan Kock Hiang, who retires pursuant of Section 129(6) of the Companies Act, 1965.		
5.	Re-election of Director, Mr. Chan Chow Tek who retires pursuant to Article 94 of the Company's Articles of Association.		
6.	Re-election of Director, Mr. Chan Chor Ngiak who retires pursuant to Article 94 of the Company's Articles of Association.		
7.	Re-election of Director, Mr. Tan Chuan Hock who retires pursuant to Article 94 of the Company's Articles of Association.		
8.	Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed on page 69 has been received by the Company for the nomination of Messrs. Ernst & Young who have given their consent to act, for appointment as Auditors and of the intention to propose the following ordinary resolution:- "That Messrs. Ernst & Young be and are hereby appointed as Auditors of the Company in place of Messrs. Arthur Andersen & Co. and such appointment shall be until the conclusion of the next Annual General Meeting at a remuneration to be agreed between the Directors and the Auditors."		
9.	As Special Business Ordinary Resolution Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

* Strike out whichever not applicable
As witness my/out hand this day of.....2002

.....
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 authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorized.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Suite 11.2B, Level 11, Menara Pelangi, No. 2, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Takzim not less than 48 hours before the time for holding the Meeting or at any adjournment thereof.