

laporan tahunan 2000 annual report

A N N U A L R E P O R T 2 0 0 0



PCCS Group Berhad
Co. No. 280929-K
(Incorporated in Malaysia)

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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth 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 Thursday, 17 August, 2000 at 11.00 a.m. for the following purposes: -

AGENDA

1. To receive and adopt the Report of the Directors and the Audited Statement of Accounts for the financial year ended 31 March, 2000 together with the Report of the Auditors thereon. **Resolution 1**
2. To approve the declaration of a final tax exempt dividend of 5% for the financial year ended 31 March, 2000. **Resolution 2**
3. To re-elect the following retiring Directors who retire pursuant to Article 82 of the Company's Articles of Association: -
 - (a) Mr. Chan Chow Tek **Resolution 3**
 - (b) Mr. Chan Chor Ngiak **Resolution 4**
4. To re-elect the retiring Director, Puan Jamilah binti Hj. Abdul Latiff who retire pursuant to Article 88 of the Company's Articles of Association. **Resolution 5**
5. To pass the following resolution pursuant to Section 129 (6) of the Companies Act, 1965: - **Resolution 6**

"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."
6. To re-appoint Messrs. Arthur Andersen & Co. as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Resolution 7**
7. As Special Business
To consider and, if thought fit, to pass the following resolutions as Special and Ordinary Resolutions: -
 - (a) **Special Resolution**
- Proposed Amendments To The Articles Of Association Of The Company **Resolution 8**
Article 125(1)
To delete the existing Article 125(1) in its entirety and substituting it with the following new Article 125(1): -
Existing Article 125(1)
"125(1) The directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the directors, or a committee of the directors authorised to use the Seal. The directors may from time to time (subject to the provisions of Article 15 in relation to share and debenture stock certificates and debentures) make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, as to which no person dealing with the Company shall be concerned to see or enquire and subject always to the provisions of Article 15, the Seal shall be affixed in the presence of at least one director and the Secretary, who shall sign every

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New Article 125(1)

"125(1) The directors shall provide for the safe custody of the Seal which shall only be used pursuant to a resolution of the directors, or a committee of the directors authorised to use the Seal. The directors may from time to time (subject to the provisions of Article 15 in relation to share and debenture stock certificates and debentures) make such regulations as they think fit determining the persons and the number of such persons in whose presence the Seal shall be affixed and, until otherwise so determined, every instrument to which the Seal shall be affixed shall (subject to Article 15) be signed by a director and by the Secretary or by a second director or by some other person appointed by the directors for the purpose PROVIDED ALWAYS that no person dealing with the Company shall be concerned to see or enquire as to whether any regulation so made have been complied with.

(b) Ordinary Resolution

- Authority To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965

Resolution 9

"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 Final Tax Exempt Dividend of 5% will be payable on 31 October, 2000 to depositors who are registered in the Record of Depositors at the close of business on 9 October, 2000 if approved by members at the Sixth Annual General Meeting on 17 August, 2000.

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 9 October, 2000 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

TAN SOI LIM (LS 00565)

Company Secretaries

Kuala Lumpur

25 July, 2000

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Notice Of Annual General Meeting

Explanatory Notes To Special Business:

1. The proposed adoption of the Special Resolution is primarily to amend the provision on the authority to use the Common Seal of the Company. The existing article although is in full compliance with the law, lack clarity and precision.
2. 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 authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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.

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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

Cha Peng Koi @ Chia Peng Koi

Tan Chuan Hock

Jamilah Binti Hj. Abdul Latiff

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

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: 07-3341749

REGISTRAR

Securities Services (Holdings)
Sdn Bhd (36869-T)
Level 22, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur

AUDITORS

Arthur Andersen & Co.
Public 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
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)
Keza Sdn Bhd (138288-U)
Shern Yee Garments Sdn Bhd (206960-W)
PCCS Garments Limited
E. M. I. Embroidery Sdn Bhd
Formerly known as Eminent Embroidery Sdn Bhd (411070-V)
Tex Line Associates Pte Ltd
Mahavest Sdn Bhd (382952-M)
Brilliance Element Sdn Bhd (293746-U)
Zimk Resources Sdn Bhd (391830-P)

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange Main Board

HOME PAGE:

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

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Board Of Directors



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Board Of Directors

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1. **Chan Kok Hiang @ Chan Kock Hiang**
CHAIRMAN
2. **Chan Choo Sing**
GROUP MANAGING DIRECTOR
3. **Chan Chow Tek**
EXECUTIVE DIRECTOR
4. **Chan Chor Ngiak**
5. **Chan Chor Ang**
6. **Cha Peng Koi @ Chia Peng Koi**
7. **Tan Chuan Hock**
8. **Jamilah Binti Hj. Abdul Latiff**

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Audit Committee

MEMBERS

Cha Peng Koi @ Chia Peng Koi	(Chairman, Independent Non-Executive Director)
Chan Choo Sing	(Group Managing Director)
Tan Chuan Hock	(Independent Non-Executive Director)

TERMS OF REFERENCE

Composition

1. The Committee shall be appointed by the directors from among them and shall consist of not less than three in numbers of whom a majority shall not be:
 - Executive directors of the Company or any relevant corporation.
 - a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation, or
 - spouse of brother, sister, son or adopted son, daughter or adopted daughter of an executive director or of any related corporation, or
 - any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of the independent judgement in carrying out the functions of the Committee.
2. The members of the Committee shall elect a Chairman from among their number who is not an executive director or employee of the Company or any related corporation.
3. If a member of the Committee resigns, dies, or for any other reason ceases to be a member with the result that the number of members is reduced to two (2), the Board of Directors shall within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

Authority

4. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employees and all employees are directed to cooperate with any request made by the Committee.
5. The Committee shall also have the authority to consult independent experts where they consider it necessary to carry out their duties.

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Audit Committee

Functions

6. The functions of the Committee are as follows:
 - (a) to review:
 - the audit plan with the external auditor
 - with the external auditor his evaluation of the system of internal controls
 - the audit report with the external auditor
 - the assistance given by the company's officer to the auditor
 - the scope and result of the internal procedures
 - the balance sheet and profit and loss account
 - any related party transactions that may arise within the Company of the Group
 - (b) to consider the nomination of person or persons as auditors.
 - (c) to perform any other work that is required or empowered to do by statutory legislation or guidelines as prepared by the relevant government authorities.

Meeting

7. The Committee shall meet at least twice a year and such meetings as the Chairman shall decide in order to fulfill its duties.

The Secretary of the Committee shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating to the Committee prior to each meeting.

8. The Secretary will also be responsible for keeping the minutes of the meetings of the Committee, and circulating them to Committee members and to other members of the Board of Directors.

Quorum

A quorum shall consist of a majority of Committee members.

2000 Report and Accounts

Chairman's Statement

On behalf of the Board of Directors, I have pleasure in presenting the Annual Report and Audited Accounts of the Group and the Company for the financial year ended 31 March 2000.

FINANCIAL REVIEW

The Group recorded a pre-tax operating profit of RM22.053 million for the financial year ended 31 March 2000 compared to RM10.896 million in the previous year. Turnover was lower, at RM201.584 million, against RM211.067 million achieved in the last corresponding period.

Net earnings per share for the Group stood at RM0.323.

DIVIDEND

The Board is pleased to recommend a first and final tax exempt dividend of 5% for the financial year ended 31 March 2000 subject to the shareholders' approval at the forthcoming Annual General Meeting.

REVIEW OF GROUP PERFORMANCE

APPARELS DIVISION

The Apparels Division registered a higher pre-tax profit margin for the financial year ended 31 March 2000 in spite of the drop in turnover over the last corresponding period.

The reduction in turnover had been mainly attributed to the drop in orders from its buyers and stiffer competition from third world countries like Bangladesh and Sri Lanka. Buyers' requirements are now

more stringent, with expectations of higher quality, lower prices and shorter delivery period. The issue of product life cycle came to prominence when there is a switch in consumers' tastes. To reduce handling and warehousing costs, orders from buyers have also changed from bulk orders to small quantity orders with complicated styles and designs that require highly skilled labour.

To cope with tougher competition and ensure quality satisfaction to customers, a more flexible and cost effective approach is adopted to maximise manufacturing capability and minimise handling and production costs and losses. Thus, continuous training to the workforce and research in production method is being conducted from time to time to equip the workforce to meet future challenges.

In order to cope with the change in consumers' tastes, the Division had switched its direction to cater for a wider customer mix rather than to concentrate only on a



2000 Report and Accounts

Chairman's Statement



few buyers. Development of a conducive environment that allows individual talent to flourish and team co-ordination played an important role in ensuring on-time delivery of products to its customers.

The exercise for the acquisition of shares in the garment factory in Cambodia under the name PCCS Garments Ltd. ("PGL"), had recently been completed. The rationale for investing in Cambodia is to capitalise on the cheaper labour and easier access to foreign markets for exports from Cambodia. The Generalised System of Preference ("GSP") and Most Favoured Nation ("MFN") status have given Cambodia preferential trade benefits. A low wage level would provide competitive advantage in costing especially where the garment industry is labour-intensive in nature.

PGL caters for bulk orders with competitive range items for buyers including The Gap, Old Navy, Warner Brothers, Adidas and Port Authority. Being one of the pioneer garment exporters in Cambodia, its existing total production capacity is 60,000 dozen garments per month with a total workforce of 3,200 employees. Equipped with 36 units of the latest computerised embroidery machines with a total production capacity of approximately 11.215million stitches per month, PGL has the largest embroidery capacity in Cambodia to support the garments division.



2000 Report and Accounts

Chairman's Statement



The expansion in production capacity will broaden the earning base and further boost up performance of the Apparels Division.

EMBROIDERY DIVISION

The Group's Embroidery Division recorded an improvement in overall performance.

The period under review saw a 70% increase in pre-tax profit margin over the last reporting period.

The management managed to turnaround E.M.I. Embroidery Sdn Bhd ("E.M.I.") with the substantial increase in orders from its major client. Better pricing for embroidery designs had also contributed to the tremendous improvement in both turnover and pre-tax profit. After the relocation of its plant from Malacca to the Panchor, Batu Pahat factory, labour and other operating costs are being monitored more closely with minimal wastages.

The Embroidery Division will continue to broaden its earnings by providing value-added embroidery services to its existing and potential clients, at the same time minimising production wastages and controlling production overheads in order to maximise returns.

Beauty Electronic Embroidering Centre Sdn Bhd ("BEEC") had disposed off the whole and entire shares in its 60% own subsidiary, Team Embroidery Sdn Bhd ("Team") to a third party for a total cash consideration of RM420k, resulting in Team ceasing to be a subsidiary of PCCS Group Berhad. The total number of shares held in Team is 150,000 and the shares were disposed at RM2.80 per unit. Total proceeds on the disposal had been fully received and the impact on the disposal of investment had been realised and taken up in the accounts for the period under review.

FABRIC KNITTING DIVISION

Despite the decline in turnover over the last corresponding period, the Division, under Keza Sdn Bhd ("Keza") had showed a positive growth with an increment of 31% in pre-tax profit margin.

The improved performance was a result of reduction in production wastages, good control of production overheads, manpower and other operating expenses.



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Chairman's Statement

Keza continues to adopt a low cost strategy by minimising the cost of yarn without compromising on quality.

In order to cater for the sophisticated needs and increasing demand from its existing clients, Keza had placed orders to acquire additional two units TERROT 8-Lock Circular Knitting machines totalling approximately RM 340k. This will expand its production capacity and the state-of-the-art manufacturing methods together with the high degree of versatility also enhance production efficiency, at the same time producing a variety of high quality knit fabrics.



LABELLING DIVISION

The increase in orders from existing buyers and new clientele especially for silk-screen and gallus products had enabled the Division, under Mega Labels & Stickers Sdn Bhd ("Mega") to record a higher pre-tax profit for the financial year ended 31 March 2000.

The major contributor for the substantial increase in orders for silk-screen products is from the electronic sector. Mega had managed to capture a larger market share of the electronic sector and at the same time opened up new accounts. A few new buyers had been identified. Mega had again obtained the "Best Supplier Award" from Sharp for the year 2000.

The increase in sales of gallus products is evident of Mega's success in penetrating into new market segments, mainly the consumer and household sectors. Raw material consumption for silk screen products had also improved due to better control of production wastages and losses. On the other hand, the recent investment in capital expenditure had resulted in the increase in operating overheads, depreciation and interest costs.

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Chairman's Statement

Mega's recent investment in the various kinds of sophisticated machineries had enabled production of a variety of stickers and labels for varying applications in accordance to international standards.

To provide more options for printing, Mega had recently invested in one unit of fabric printing machine. Its multiple colour option together with a range of other features provide the means of printing and converting most modern fabrics and applications, including decorative printing, labels, continuous printed ribbons, printed lace, bias bindings, promotional products and many others. The versatility of this machine will open endless possibilities for printing all narrow fabrics and will also provide a platform to build the future through colour, quality and performance. To enhance production efficiency and to support the existing production process, the company also acquired one unit of cutting and folding machine. The laser cut and heat cut functions perform by the machine speeds up and facilitate cutting in different forms, shapes and sizes before the end-products are delivered to customers.

TRADING AND BUYING HOUSE SERVICES

The Division, under Tex Line Associates Pte Ltd ("TLA") again chalked up another good year with tremendous growth in pre-tax profit margin.



The commendable results had been attributed to the continuous strengthening of its share in the market especially in the apparel and related businesses. Orders continue to surge for its Bangladesh operation as well as further increase in orders from its existing buyers especially from the EU countries.



Over the past year, a lot of effort and time have been spent on upgrading and strengthening the current team especially the new generation, while the key management still play an important role in the day to day decision making of the company. With the existing experienced, quality and dynamic management team, TLA is able to provide value-added services with good knowledge on raw materials sourcing, quality control check on every production point and arranging export and import documentation.

Being one of the pioneer Export Buying House for its principals from all parts of the world namely Europe, USA, Canada and Japan, TLA had over the years created a comprehensive network of reliable supply sources with representative offices in various parts of Asia. To serve its existing and potential clients more efficiently, the company had recently opened up another representative office in Hong Kong which had performed well even in its first year of operation.



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Chairman's Statement

MARKETING AND DISTRIBUTION

A slight improvement in performance was achieved by Brilliance Element Sdn Bhd ("Brilliance"), the exclusive distributor of US upmarket golf apparels, the "Cross Creek" brand products and golf equipment after implementation of the cost cutting exercise.

During the period under review, most of the old stocks sold at lower prices have actually pull down the gross margins.

Several action plans have been identified under the leadership of the new management. They include reorganising and restructuring of the existing salesforce, formulating an efficient marketing team and a concrete sales strategy, introducing an attractive and effective pricing structure, establishing brand presence and more awareness in the present and new market segments and concentrating on outright sales instead of having consignment outlets.

The company had also identified its objective to bring Cross Creek into the fields of play in Golf and lifestyle markets where Cross Creek is currently inaccessible and unaffordable. Secondly, to broaden the consumer base via competitive cost of entry and different or new channels of distribution where the source of growth will be from current competitive users.

With the objectives and plans already set, the management expects to gradually turnaround and expand the business of Brilliance in the near future.

APPRECIATION

On behalf of the Board, I take this opportunity to commend the Management, staff and all employees of the Group for their undivided loyalty, commitment and perseverance over the years and look forward to their continued contribution to bring the Group to greater heights and success.

I wish to extend my appreciation and acknowledge with gratitude to the bankers for their support, the shareholders for their confidence, to the business associates and regulatory authorities for their support and assistance.

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

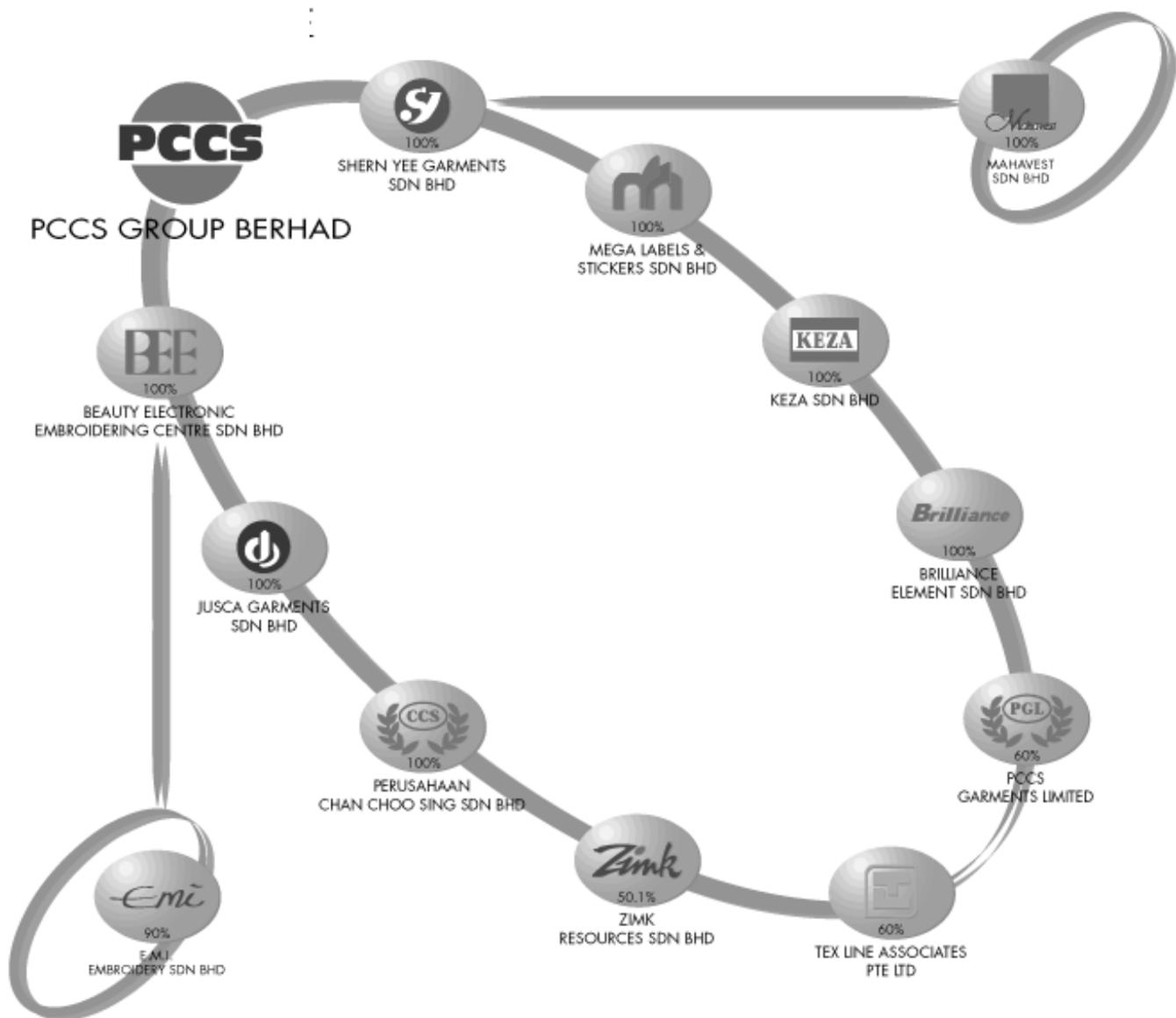
CHAN KOK HIANG @ CHAN KOCK HIANG

Chairman

18 July, 2000



Corporate Structure



Financial Statement

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2000 Report and Accounts

Directors' Report

The directors hereby submit their report together with the audited accounts of the Company and of the Group for the financial year ended 31 March, 2000.

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 12 to the accounts. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	22,053	3,852
Taxation	(3,112)	(62)
Profit after taxation	18,941	3,790
Minority interests	(7,307)	-
Profit for the year	11,634	3,790
Retained profits brought forward	14,931	457
Profits available for appropriation	26,565	4,247
Dividends	(1,800)	(1,800)
Retained profits carried forward	24,765	2,447

DIVIDENDS

Since the end of the previous financial year, the Company has paid a final tax exempt dividend of 5% amounting to RM1,800,000 as proposed in the Directors' Report for that year.

The directors recommend a first and final tax exempt dividend of 5% amounting to RM1,800,000 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.

Directors' Report

BAD AND DOUBTFUL DEBTS

Before the profit and loss accounts 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 no known bad debts need to be written off and adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would require any debts to be written off or the amount of provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss accounts 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 their values as shown in the accounting records of the Company and of the Group 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 accounts of the Company and of the Group 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 Company and of the Group 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 Company or of the Group 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 Company or of the Group 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 Company or of the Group 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 accounts of the Company or of the Group which would render any amount stated in the accounts misleading.

Directors' Report

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company and of the Group 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 Company and of the Group for the financial year in which this report is made.

SIGNIFICANT EVENTS

During the financial year,

- (i) the Group, through its subsidiary, Beauty Electronic Embroidering Centre Sdn. Bhd.;
 - (a) disposed of its 60% equity interest in Team Embroidery Sdn. Bhd., for a cash consideration of RM420,000.
 - (b) subscribed for the entire new issue of 600,000 ordinary shares of RM1 each in E.M.I. Embroidery Sdn. Bhd. (formerly known as Eminent Embroidery Sdn. Bhd.), at par, which resulted in its effective interest in E.M.I. Embroidery Sdn. Bhd. to increase from 70% to 90%.
- (ii) the Group, through its subsidiary, Tex Line Associates Pte Ltd, subscribed for 60% equity interest in Tex Line Associates (HK) Ltd, a company incorporated in Hong Kong, for a cash consideration of SGD133,666.
- (iii) the Company subscribed for 60% equity interest in PCCS Garments Limited, a company incorporated in Cambodia, for a cash consideration of USD2,100,000.

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

Jamilah binti Hj. Abdul Latiff - appointed on 24 January, 2000

In accordance with the Company's Articles of Association, Chan Chow Tek, Chan Chor Ngiak and Jamilah binti Hj. Abdul Latiff retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Chan Kok Hiang @ Chan Kock Hiang retires pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for his re-appointment as director under the provision of Section 129 (6) of the said Act to hold office until the next Annual General Meeting of the Company.

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Directors' Report

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.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 19 or deemed benefits, if any, arising from transactions disclosed in Note 26 to the accounts) 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, none of the directors holding office at the end of the financial year had any interest in shares in the Company during the financial year other than as follows:

	Number of Ordinary Shares of RM1 each			31 March, 2000
	1 April, 1999	Bought	Sold	
The Company				
<u>Direct interest -</u>				
Chan Kok Hiang @ Chan Kock Hiang	33,000	-	-	33,000
Chan Choo Sing	2,333,630	-	-	2,333,630
Chan Chow Tek	1	-	-	1
Chan Chor Ang	60,000	-	-	60,000
<u>Indirect interest -</u>				
Chan Kok Hiang @ Chan Kock Hiang	14,400,047	-	-	14,400,047
Chan Choo Sing	16,151,871	6,000	121,000	16,036,871
Chan Chow Tek	14,400,047	-	-	14,400,047
Chan Chor Ngiak	14,400,047	-	-	14,400,047
Chan Chor Ang	14,430,047	8,000	14,000	14,424,047

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 the shares of all its subsidiaries to the extent that the Company has an interest.

2000 Report and Accounts

Directors' Report

AUDITORS

Arthur Andersen & Co. retire and have indicated their willingness to accept re-appointment.

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

CHAN CHOO SING

CHAN CHOW TEK

Melaka

Dated: 18 July, 2000

2000 Report and Accounts

Consolidated Balance Sheet – 31 March 2000

	Note	2000 RM'000	1999 RM'000
CURRENT ASSETS			
Cash and bank balances		24,563	18,717
Deposits with licensed banks	3	21,949	3,529
Trade debtors	4	53,542	64,406
Other debtors, deposits and prepayments	5	11,284	12,411
Stocks	6	27,584	24,328
		<hr/>	<hr/>
		138,922	123,391
CURRENT LIABILITIES			
Short term borrowings	7	36,653	33,987
Trade creditors	8	46,431	42,585
Other creditors and accruals	9	16,421	10,667
Hire purchase creditors	10	741	991
Term loans	11	8,544	3,984
Taxation		2,514	2,043
Proposed dividend		1,824	1,817
		<hr/>	<hr/>
		113,128	96,074
NET CURRENT ASSETS		25,794	27,317
INTANGIBLE ASSETS	13	6	8
FIXED ASSETS	14	76,667	56,877
HIRE PURCHASE CREDITORS	10	(554)	(695)
TERM LOANS	11	(7,403)	(11,955)
DEFERRED TAXATION	15	(1,280)	(911)
MINORITY INTERESTS		(19,966)	(7,414)
		<hr/>	<hr/>
		73,264	63,227
SHAREHOLDERS' FUNDS			
Share capital	16	36,000	36,000
Reserves	17	37,264	27,227
		<hr/>	<hr/>
		73,264	63,227

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

2000 Report and Accounts

Consolidated Profit And Loss Account for the year ended 31 March 2000

	Note	2000 RM'000	1999 RM'000
Turnover	18	201,584	211,067
Profit before taxation	19	22,053	10,896
Taxation	20	(3,112)	(1,711)
Profit after taxation		18,941	9,185
Minority interests		(7,307)	(2,318)
Profit attributable to shareholders of the Company		11,634	6,867
Retained profits brought forward		14,931	9,864
Profits available for appropriation		26,565	16,731
Dividends	21	(1,800)	(1,800)
Retained profits carried forward	17	24,765	14,931
Retained by :			
The Company		2,447	457
Subsidiaries		22,318	14,474
		24,765	14,931
Earnings per share	22	32.3 sen	19.1 sen

The accompanying notes are an integral part of this account.

2000 Report and Accounts

Consolidated Cash Flow Statement for the year ended 31 March 2000

	2000 RM'000	1999 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,053	10,896
Adjustments for :		
Depreciation	6,479	5,055
Fixed assets written off	-	296
Intangible assets written off	2	147
Interest expense	3,468	4,645
Interest income	(1,297)	(389)
Loss on disposal of investment	121	-
Gain on disposal of fixed assets	(606)	(163)
Operating profit before working capital changes	30,220	20,487
Decrease/(increase) in debtors	15,110	(27,049)
(Increase)/decrease in stocks	(3,040)	11,303
Decrease in creditors	5,667	23,373
Cash generated from operations	47,957	28,114
Interest paid	(3,468)	(4,645)
Tax paid	(2,395)	(2,913)
Net cash generated from operating activities	42,094	20,556
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries (Note A)	(7,530)	-
Purchase of fixed assets (Note B)	(15,325)	(13,822)
Interest received	1,297	389
Proceeds from disposal of investment	395	-
Proceeds from disposal of fixed assets	3,268	969
Net cash used in investing activities	(17,895)	(12,464)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,800)	(703)
Repayment of hire purchase	(1,040)	(1,494)
Drawdown of term loans	4,487	8,440
Repayment of term loans	(4,479)	(4,528)
Short term borrowings	1,771	1,283
Net cash (used in)/generated from financing activities	(1,061)	2,998

2000 Report and Accounts

Consolidated Cash Flow Statement for the year ended 31 March 2000

	2000 RM'000	1999 RM'000
CASH AND CASH EQUIVALENTS		
Net increase during the year	23,138	11,090
At beginning of the year	21,834	10,818
Foreign exchange differences on opening balances	232	(74)
At end of the year	<u>45,204</u>	<u>21,834</u>
Cash and cash equivalents comprise :		
Cash and bank balances	24,563	18,717
Deposits with licensed banks	21,949	3,529
Bank overdrafts	(1,308)	(412)
	<u>45,204</u>	<u>21,834</u>

Note A

Analysis of the effects of subsidiaries acquired:

Cash and bank balances	451	-
Debtors	6,929	-
Creditors	(8,021)	-
Stocks	283	-
Fixed assets	13,651	-
Minority interests	(5,320)	-
Goodwill arising from consolidation	8	-
Total purchase price	<u>7,981</u>	-
Less : Cash and bank balances from subsidiaries acquired	(451)	-
	<u>7,530</u>	-

Note B

Fixed assets acquired during the financial year were by means of:

Cash payment	15,325	13,822
Hire purchase financing	693	990
	<u>16,018</u>	<u>14,812</u>

The accompanying notes are an integral part of this statement.

2000 Report and Accounts

Balance Sheet – 31 March 2000

	Note	2000 RM'000	1999 RM'000
CURRENT ASSETS			
Cash and bank balances		61	34
Other debtors, deposits and prepayments	5	1	4
Due from subsidiaries		2,270	8,262
		<hr/>	<hr/>
		2,332	8,300
CURRENT LIABILITIES			
Other creditors and accruals	9	248	288
Taxation		55	-
Proposed dividend		1,824	1,817
		<hr/>	<hr/>
		2,127	2,105
NET CURRENT ASSETS		205	6,195
INVESTMENT IN SUBSIDIARIES	12	44,714	36,734
		<hr/>	<hr/>
		44,919	42,929
SHAREHOLDERS' FUNDS			
Share capital	16	36,000	36,000
Reserves	17	8,919	6,929
		<hr/>	<hr/>
		44,919	42,929
		<hr/>	<hr/>

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

2000 Report and Accounts

Profit And Loss Account for the year ended 31 March 2000

	Note	2000 RM'000	1999 RM'000
Turnover	18	4,290	2,070
Profit before taxation	19	3,852	1,807
Taxation	20	(62)	-
Profit after taxation		3,790	1,807
Retained profits brought forward		457	450
Profits available for appropriation		4,247	2,257
Dividends	21	(1,800)	(1,800)
Retained profits carried forward	17	2,447	457

The accompanying notes are an integral part of this account.

Notes To The Accounts – 31 March 2000

1. 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 12 to the accounts. There have been no significant changes in these activities during the financial year.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts are prepared under the historical cost convention and comply with applicable approved accounting standards in Malaysia.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and all its subsidiaries. All significant inter-company transactions are eliminated on consolidation and the consolidated accounts reflect external transactions only.

The subsidiaries are consolidated on the acquisition method of accounting where the difference between the fair value of the net assets of subsidiaries acquired and the cost of investment is retained in the consolidated balance sheet as reserve or goodwill arising on consolidation. Goodwill is written off if it is not supported by any intrinsic value.

(c) Currency Conversion and Translation

Transactions in foreign currencies during the year are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into Ringgit Malaysia at rates of exchange approximating those ruling at that date. All exchange gains or losses are dealt with in the profit and loss accounts.

The accounts of foreign subsidiaries have been translated into Ringgit Malaysia at the rate of exchange approximately those ruling at the balance sheet date. Exchange differences on translation of the net assets of the foreign subsidiaries are dealt with through an exchange fluctuation reserve.

Notes To The Accounts – 31 March 2000

(d) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Freehold land are not depreciated. Leasehold land is amortised over the period of the lease. Depreciation of other fixed assets is provided on a straight line basis calculated to write off the cost of each asset over its estimated useful life.

The principal annual rates of depreciation are :

Leasehold land	Over 50 to 60 years
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%

(e) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes where appropriate direct materials, direct labour, direct charges and variable production overheads determined on a first-in, first-out basis.

(f) Deferred Taxation

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 in the foreseeable future.

(g) Investments

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

(h) Intangible Assets

Intangible assets represent preliminary and pre-operating expenses stated at cost which are amortised over three to five years from commencement of operations.

3. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group amounting to approximately RM91,000 (1999 : RM487,000) are pledged to banks for banking facilities granted to subsidiaries.

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Notes To The Accounts – 31 March 2000

4. TRADE DEBTORS

	Group	
	2000 RM'000	1999 RM'000
Trade debtors	57,615	65,691
Less : Provision for doubtful debts	(4,073)	(1,588)
	53,542	64,103
Due from companies in which certain directors have interests	-	303
	53,542	64,406

5. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Other debtors	1,166	4,903	-	-
Deposits and prepayments	10,012	6,197	1	4
Insurance claim receivable	-	1,300	-	-
Tax refund	187	92	-	-
	11,365	12,492	1	4
Less : Provision for doubtful debts	(81)	(81)	-	-
	11,284	12,411	1	4

6. STOCKS

	Group	
	2000 RM'000	1999 RM'000
Raw materials	12,436	9,889
Work-in-progress	8,846	8,070
Finished goods	6,284	6,369
Goods in transit	18	-
	27,584	24,328

2000 Report and Accounts

Notes To The Accounts – 31 March 2000

7. SHORT TERM BORROWINGS

	Group	
	2000 RM'000	1999 RM'000
Unsecured-		
Bank overdrafts	1,308	412
Export credit refinancing	10,097	8,433
Bankers' acceptances	25,248	21,141
Secured-		
Trust receipts	-	4,001
	36,653	33,987

The unsecured short term borrowings are guaranteed by the Company. The above facilities bear interest of between 3.50% to 9.55% (1999 : 5.00% to 12.18%) per annum.

8. TRADE CREDITORS - GROUP

Included in trade creditors is an amount of RM806,000 (1999 : RM1,791,000) due to a company in which certain directors have interests.

9. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Other creditors and accruals	14,952	10,454	148	114
Due to directors	105	153	100	150
Due to companies in which certain directors have interests	1,364	60	-	24
	16,421	10,667	248	288

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

2000 Report and Accounts

Notes To The Accounts – 31 March 2000

10. HIRE PURCHASE CREDITORS

	Group	
	2000	1999
	RM'000	RM'000
Hire purchase payments due:		
Within one year	898	1,186
Within two to five years	680	842
	<hr/>	<hr/>
	1,578	2,028
Interest in suspense	(283)	(342)
	<hr/>	<hr/>
	1,295	1,686
Repayments due within twelve months included in current liabilities	(741)	(991)
	<hr/>	<hr/>
	554	695
	<hr/>	<hr/>

11. TERM LOANS

	Group	
	2000	1999
	RM'000	RM'000
Term loans - secured	13,973	12,858
- unsecured	1,974	3,081
	<hr/>	<hr/>
	15,947	15,939
Repayments due within twelve months included in current liabilities	(8,544)	(3,984)
	<hr/>	<hr/>
	7,403	11,955
	<hr/>	<hr/>

The secured term loans are secured by way of fixed and floating charges over certain fixed assets of the subsidiaries. The unsecured term loans are guaranteed by the Company. The above facilities bear interest of between 6.50% to 8.50% (1999 : 5.30% to 11.80%) per annum.

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Notes To The Accounts – 31 March 2000

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2000 RM'000	1999 RM'000
Unquoted shares, at cost	44,979	36,999
Less : Provision for diminution in value	(265)	(265)
	<u>44,714</u>	<u>36,734</u>

Name of company	Place of incorporation	Paid-up capital '000	Effective interest		Principal activities
			2000 %	1999 %	
Subsidiaries of <u>the Company</u>					
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	60	Export buying house and marketing agent
Keza Sdn. Bhd. *	Malaysia	RM200	100	100	Fabric-knitting and manufacturing of elastic bands
Mega Labels & Stickers Sdn. Bhd. *	Malaysia	RM330	100	100	Printing of labels and stickers
Brilliance Element Sdn. Bhd. *	Malaysia	RM300	100	100	Marketing and retailing of golf apparels
Shern Yee Garments Sdn. Bhd. *	Malaysia	RM350	100	100	Temporarily ceased operations
Zimk Resources Sdn. Bhd.*	Malaysia	RM500	50.1	50.1	Temporarily ceased operations

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Notes To The Accounts – 31 March 2000

Name of company	Place of incorporation	Paid-up capital '000	Effective interest		Principal activities
			2000 %	1999 %	
PCCS Garments Limited	Cambodia	USD3,500	60	-	Manufacturing of apparels
Subsidiaries of Beauty Electronic Embroidering Centre Sdn. Bhd.					
E.M.I. Embroidery Sdn. Bhd. (formerly known as Eminent Embroidery Sdn. Bhd.) *	Malaysia	RM900	90	70	Embroidering of logos and emblems
Team Embroidery Sdn. Bhd. *	Malaysia	RM250	-	60	Embroidering of logos and emblems
Subsidiaries of Tex Line Associates Pte Ltd					
Tex Line Associates (Bangladesh) Pte Ltd *	Bangladesh	Taka4,800	30.6	30.6	Export buying house and marketing agent
Tex Line Associates (HK) Ltd *	Hong Kong	HKD1,000	36	-	Dormant
Subsidiary of Shern Yee Garments Sdn. Bhd.					
Mahavest Sdn. Bhd.*	Malaysia	RM100	100	100	Marketing and retailing of apparels and other related products

* Subsidiaries not audited by Arthur Andersen & Co.

13. INTANGIBLE ASSETS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
At cost -				
Preliminary expenses	20	20	-	-
Pre-operating expenses	450	450	-	-
	470	470	-	-
Cumulative amounts written off	(464)	(462)	-	-
	6	8	-	-

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Notes To The Accounts – 31 March 2000

14. FIXED ASSETS

Group 2000	* 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
<u>Cost</u>				
Beginning of year	27,839	34,645	12,496	74,980
Exchange difference	-	-	50	50
Additions	478	11,023	4,517	16,018
Acquisition of subsidiary	-	13,216	1,162	14,378
Disposals	-	(4,864)	(2,872)	(7,736)
End of year	28,317	54,020	15,353	97,690
<u>Accumulated Depreciation</u>				
Beginning of year	1,076	11,332	5,695	18,103
Exchange difference	-	-	26	26
Additions	374	4,311	1,794	6,479
Acquisition of subsidiary	-	727	-	727
Disposals/write off	-	(2,488)	(1,824)	(4,312)
End of year	1,450	13,882	5,691	21,023
Net book value	26,867	40,138	9,662	76,667
1999				
<u>Cost</u>				
Beginning of year	20,490	32,861	12,514	65,865
Additions	7,349	4,679	2,784	14,812
Disposals/write off	-	(2,895)	(2,802)	(5,697)
End of year	27,839	34,645	12,496	74,980
<u>Accumulated Depreciation</u>				
Beginning of year	799	10,244	6,600	17,643
Additions	277	3,270	1,508	5,055
Disposals/write off	-	(2,182)	(2,413)	(4,595)
End of year	1,076	11,332	5,695	18,103
Net book value	26,763	23,313	6,801	56,877

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Notes To The Accounts – 31 March 2000

* LAND AND BUILDINGS

2000	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Total RM'000
<u>Cost</u>					
Beginning of year	8,015	2,085	137	17,602	27,839
Additions	40	-	-	438	478
End of year	8,055	2,085	137	18,040	28,317
<u>Accumulated Depreciation</u>					
Beginning of year	-	161	26	889	1,076
Additions	-	38	2	334	374
End of year	-	199	28	1,223	1,450
Net book value	8,055	1,886	109	16,817	26,867
1999					
<u>Cost</u>					
Beginning of year	7,925	2,085	137	10,343	20,490
Additions	90	-	-	7,259	7,349
End of year	8,015	2,085	137	17,602	27,839
<u>Accumulated Depreciation</u>					
Beginning of year	-	123	24	652	799
Additions	-	38	2	237	277
End of year	-	161	26	889	1,076
Net book value	8,015	1,924	111	16,713	26,763

Certain fixed assets of the subsidiaries are pledged to banks for banking facilities granted to the subsidiaries.

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Notes To The Accounts – 31 March 2000

Assets Held Under Hire Purchase Agreements

Included in the above fixed assets are assets acquired under hire purchase as follows :

Net Book Value	Group	
	2000 RM'000	1999 RM'000
Plant and machinery	1,771	2,114
Office equipment and motor vehicles	1,406	662
	<hr/>	<hr/>
	3,177	2,776

15. DEFERRED TAXATION

	Group	
	2000 RM'000	1999 RM'000
At 1 April	911	835
Transfer from profit and loss account	369	76
	<hr/>	<hr/>
At 31 March	1,280	911

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

16. SHARE CAPITAL

	Group and Company	
	2000 RM'000	1999 RM'000
Authorised :		
Shares of RM1 each	100,000	100,000
	<hr/>	<hr/>
Issued and fully paid :		
Ordinary shares of RM1 each	36,000	36,000

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Notes To The Accounts – 31 March 2000

17. RESERVES

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
(a) Non-distributable :				
Share premium	6,472	6,472	6,472	6,472
Net reserve on consolidation				
At 1 April	4,623	4,623	-	-
Goodwill arising from consolidation	(4)	-	-	-
At 31 March	4,619	4,623	-	-
Exchange fluctuation reserve				
At 1 April	1,201	2,062	-	-
Translation gain/(loss)	207	(861)	-	-
At 31 March	1,408	1,201	-	-
(b) Distributable :				
Retained profits	24,765	14,931	2,447	457
	37,264	27,227	8,919	6,929

18. TURNOVER

Turnover of the Group consist of interest income and invoiced value of sales net of discounts and returns.

Turnover of the Company consist of dividend income, interest income and management fee received or receivable from subsidiaries.

The cost of sales incurred in relation to the Group's turnover was approximately RM130,360,000 (1999 : RM155,011,000). The cost of sales in relation to invoiced value of sales of goods consist of cost of raw materials, labour and overheads.

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Notes To The Accounts – 31 March 2000

19. PROFIT BEFORE TAXATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Profit before taxation is stated after charging/(crediting) :				
Auditors' remuneration	121	125	27	25
Bad and doubtful debts	2,540	1,164	-	-
Directors' remuneration				
Directors of the Company :				
- salaries and other emoluments	947	792	160	150
Directors of subsidiaries :				
- salaries and other emoluments	1,677	1,516	-	-
Depreciation	6,479	5,055	-	-
Fixed assets written off	-	296	-	-
Intangible assets written off	2	147	-	-
Interest expense				
- Overdraft	38	240	-	-
- Export credit refinancing	334	719	-	-
- Trust receipt and bankers acceptance	1,103	1,598	-	-
- Hire purchase	236	235	-	-
- Term loans	1,202	1,853	-	-
- Loan	217	-	-	-
- Others	338	-	-	-
Loss on foreign exchange	246	3,857	-	-
Loss on disposal of investment	121	-	-	-
Rental expenses	2,896	1,567	-	-
Bad debts recovered	(110)	(168)	-	-
Gain on disposal of fixed assets	(606)	(163)	-	-
Dividend income	-	-	(4,020)	(1,800)
Rental income	(798)	(340)	-	-
Interest income	(1,297)	(389)	-	-

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Notes To The Accounts – 31 March 2000

20. TAXATION

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Current year's provision				
- Malaysian taxation	458	-	62	-
- Foreign taxation	2,203	1,635	-	-
	2,661	1,635	62	-
Transfer to deferred taxation	369	76	-	-
	3,030	1,711	62	-
Under provision in respect of prior years	82	-	-	-
	3,112	1,711	62	-

The effective rate of taxation of the Company is less than the standard rate of tax applicable to the Company's profit mainly due to dividends received from the subsidiaries which are tax exempt.

Subject to the agreement with the Inland Revenue Board, the Company has tax exempt balances amounting to approximately RM920,000 (1999 : RM631,000) for distribution of tax free dividends and has sufficient tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of its entire retained profits as at 31 March, 2000.

21. DIVIDENDS

	Group and Company	
	2000 RM'000	1999 RM'000
Proposed:		
First and final tax exempt dividend of 5%	1,800	1,800

22. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM11,634,000 (1999 : RM6,867,000) by the number of shares in issue of 36,000,002.

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Notes To The Accounts – 31 March 2000

23. CAPITAL COMMITMENTS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Contracted but not provided for				
- Purchase of fixed assets	2,896	5,448	-	-

24. CONTINGENT LIABILITIES

	Group	
	2000 RM'000	1999 RM'000
Corporate guarantee issued to financial institutions for credit facilities utilised by subsidiaries	41,973	59,856

25. SEGMENTAL REPORTING

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

2000	Turnover RM'000	Profit Before	Total
		Taxation RM'000	Assets RM'000
Malaysia	152,771	5,224	114,902
Singapore	40,034	16,709	75,928
Cambodia	8,779	120	24,765
	201,584	22,053	215,595
1999			
Malaysia	187,937	5,159	125,891
Singapore	23,130	5,737	54,385
	211,067	10,896	180,276

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

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Notes To The Accounts – 31 March 2000

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2000 RM'000	1999 RM'000	2000 RM'000	1999 RM'000
Sales commission payable to a company in which a director of a subsidiary has interests	-	1,791	-	-
Management fee from subsidiaries	-	-	(270)	(270)
Dividend income from subsidiaries	-	-	(4,020)	(1,800)

The above transactions have been entered into in the normal course of business and have been negotiated on an arm's length basis.

27. SIGNIFICANT EVENTS

During the financial year,

- (i) the Group, through its subsidiary, Beauty Electronic Embroidering Centre Sdn. Bhd.;
 - (a) disposed of its 60% equity interest in Team Embroidery Sdn. Bhd., for a cash consideration of RM420,000.
 - (b) subscribed for the entire new issue of 600,000 ordinary shares of RM1 each in E.M.I. Embroidery Sdn. Bhd. (formerly known as Eminent Embroidery Sdn. Bhd.), at par, which resulted in its effective interest in E.M.I. Embroidery Sdn. Bhd. to increase from 70% to 90%.
- (ii) the Group, through its subsidiary, Tex Line Associates Pte Ltd, subscribed for 60% equity interest in Tex Line Associates (HK) Ltd, a company incorporated in Hong Kong, for a cash consideration of SGD133,666.
- (iii) the Company subscribed for 60% equity interest in PCCS Garments Limited, a company incorporated in Cambodia, for a cash consideration of USD2,100,000.

28. CURRENCY

All amounts are stated in Ringgit Malaysia, unless otherwise stated.

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 accompanying balance sheets of the Company and of the Group as at 31 March, 2000 and the profit and loss accounts of the Company and of the Group and cash flow statement of the Group for the year then ended, together with the notes thereto, give a true and fair view of the state of affairs of the Company and of the Group as at 31 March, 2000 and of the results of the Company and of the Group and cash flows of the Group for the year then ended, and have been properly drawn up in accordance with 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

Dated: 18 July, 2000

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 accompanying balance sheets of the Company and of the Group as at 31 March, 2000 and the profit and loss accounts of the Company and of the Group and cash flow statement of the Group for the year then ended, together with the notes thereto 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 18 July, 2000) **CHAN CHOO SING**

Before me

A. SUBRAMANIAM, PIS
Commissioner for Oaths

Auditors' Report

To the Shareholders of
PCCS GROUP BERHAD

We have audited the accounts of **PCCS GROUP BERHAD** (the Company) and the consolidated accounts of **PCCS GROUP BERHAD AND ITS SUBSIDIARIES** (the Group) as at 31 March, 2000. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts 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 accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March, 2000 and of the results of the Company and of the Group and cash flows of the Group 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; 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 accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the accounts, being accounts that have been included in the consolidated accounts.

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

The auditors' reports on the accounts of the subsidiaries were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Act.

ARTHUR ANDERSEN & CO.
No. AF 0103
Public Accountants

Melaka
Dated: 18 July, 2000

BALA KRISHNAN A/L PONNIAH
No. 1394/7/01(J)
Partner of the Firm

2000 Report and Accounts

Group Properties As At 31 March 2000

No.	Location	Description	Tenure	Land Area (build-up area) sq. ft.	Age of Building No. of Years	Net Book Value RM
Perusahaan Chan Choo Sing Sdn Bhd						
1	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)	9	1,259,335
2	No. 18 Jalan Keris Naga, Taman Pasifik Selatan, 83000 Batu Pahat, Johor	4 Storey Building Complex	Freehold	6,056 (13,946)	7	502,747
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)	8	349,659
4	No. 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)	8	1,116,572
5	No. 16, Jalan Pisang, Taman Maju, Parit Raja, 86400 Batu Pahat, Johor	Single Storey Semi-Detached House	Freehold	24,001 (1,414)	7	77,555
6	No. 5, Jalan TP7/3, Seksyen 26 Shah Alam, 40000 Selangor	1 1/2 Storey Office and Factory Block	Freehold	3,000 (3,000)	4	603,382
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)	4	6,332,300
8	Lot 1376, GM 127, Mukim Simpang Kanan, Jalan Kluang, 83000 Batu Pahat, Johor	Office and Factory Building	Freehold	185,130 (88,000)	2	10,353,894
Beauty Electronic Embroidering Centre Sdn Bhd						
9	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)	15	903,015
10	No. 5, Jalan Leban, Taman Makmur 83000 Batu Pahat, Johor.	Double Storey Terrace House	Freehold	1,488 (1,488)	24	43,849
11	No. 5, Jalan B, Dahlia 9, Senai, Johor	Single Storey Terrace House	Freehold	1,200 (1,000)	13	117,600
Mega Labels & Stickers Sdn Bhd						
12	Nos 19 & 20, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor	Three Storey Office And Factory Block	Freehold	3,080 (8,756)	14	385,956
13	Nos 21, 21A & B, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor	Three Storey Office And Factory Block	Freehold	1,981 (5,635)	14	200,605
Shern Yee Garments Sdn Bhd						
14	Nos. 17 & 18, Jalan Tupai Terbang, Taman Sri Saga, 83000 Batu Pahat, Johor	Three Storey Office and Factory Block	Freehold	3,080 (8,756)	14	360,327
Jusca Garments Sdn Bhd						
15	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	2,681,385

2000 Report and Accounts

Analysis Of Shareholdings As At 16 June, 2000

Class of Shares: RM1.00 Ordinary Share
Voting Rights : 1 Vote Per Ordinary Share

Distribution of Shareholders

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 499	3	0.09	209	0.00
500 - 5,000	2,920	89.03	5,398,710	15.00
5,001 - 10,000	209	6.37	1,731,000	4.81
10,001 - 100,000	127	3.87	3,386,000	9.40
100,001 - 1,000,000	16	0.49	5,503,116	15.29
Over 1,000,000	5	0.15	19,980,967	55.50
Total	3,280	100.00	36,000,002	100.00

List of Substantial Shareholders as at 16 June, 2000

Substantial Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Chan Choo Sing	2,333,630	6.48	▲ 16,036,871	44.55
Chan Chor Ang	60,000	0.17	★ 14,424,047	40.07
Chan Kok Hiang @ Chan Kock Hiang	33,000	0.09	◆ 14,400,047	40.00
Chan Chow Tek	1	0	☆ 14,400,047	40.00
Chan Chor Ngiak	-	-	* 14,400,047	40.00
Setia Sempurna Sdn. Bhd.	14,400,047	40.00	-	-
Arab-Malaysian Credit Berhad				
For Tan Pooi Chu	1,000			
For Chan Choo Sing	<u>9,149,807</u>	25.42	-	-
Tan Kwee Kee	1,636,824	4.55	-	-
Kenanga Nominees (Tempatan) Sdn. Bhd.				
For Mohd Radzuan Bin Ab Halim	441,606			
For Woon Yoke Onn	1,000			
For Datuk Hassan Bin Harun	<u>850,206</u>	3.59	-	-
Permodalan Nasional Berhad	1,819,000	5.05	-	-
Yayasan Pelaburan Bumiputra	-	-	✚ 1,819,000	5.05
Ng Choon Fatt	746,000	2.07	-	-

- ▲ Deemed interested by virtue of his direct interest of 27.0% in the equity of Setia Sempurna Sdn. Bhd. and 4.55% of his wife, Madam Tan Kwee Kee's shareholding in PCCS Group Berhad.
- ★ Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd. and 0.07% of his wife, Madam Chia Lee Kean's shareholding in PCCS Group Berhad.
- ◆ Deemed interested by virtue of his direct interest of 22.0% in the equity of Setia Sempurna Sdn. Bhd.
- ☆ Deemed interested by virtue of his direct interest of 20.0% in the equity of Setia Sempurna Sdn. Bhd.
- * Deemed interested by virtue of his direct interest of 14.0% in the equity of Setia Sempurna Sdn. Bhd.
- ✚ Deemed interested by virtue of their indirect interest of 100% less one share in the equity of Permodalan Nasional Berhad.

2000 Report and Accounts

Analysis Of Shareholdings As At 16 June, 2000

Twenty Largest Shareholders as at 16 June, 2000

No.	Name		No. of Shares	%
1.	Arab-Malaysian Credit Berhad For Tan Pooi Chu For Chan Choo Sing	1,000 <u>9,149,807</u>	9,150,807	25.42
2.	Setia Sempurna Sdn. Bhd.		5,790,240	16.08
3.	Permodalan Nasional Berhad		1,819,000	5.05
4.	Chan Choo Sing		1,793,630	4.98
5.	Tan Kwee Kee		1,636,824	4.55
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. For Mohd Radzuan Bin Abdul Halim For Woon Yoke Onn For Datuk Hassan bin Harun	441,606 1,000 <u>850,206</u>	1,292,812	3.59
7.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. For Amanah Saham Johor For Amanah Saham Selangor	371,000 <u>785,000</u>	1,156,000	3.21
8.	Yap Song Yung		427,000	1.19
9.	Lim Poh Teot		385,480	1.07
10.	Syarikat Nominee Bumiputra (Tempatan) Sdn. Bhd. For South Johor Securities Sdn. Bhd.	<u>324,000</u>	324,000	0.90
11.	Wetex Industries Sdn. Bhd.		285,000	0.79
12.	Yap Nyet Yune		281,000	0.78
13.	Tan Pean Khoon		270,000	0.75
14.	South Johor Securities Nominees (Tempatan) Sdn. Bhd. For Chew Teck Leong For Lee Mui Huay For Ibrahim Bin Adam For Ng Choon Fatt For Ng Yik Min	1,000 2,000 1,000 256,000 <u>2,000</u>	262,000	0.73
15.	Yap Shing @ Yap Sue Kim		252,000	0.70
16.	Yung Lay Kiang		154,000	0.43
17.	Go Hout Hing		133,000	0.37
18.	Lok Ang Nge @ Lok Keng Sai		125,000	0.35
19.	Bin Bin Knitwear Manufacturer Sdn. Bhd.		95,000	0.26
20.	BHLB Trustee Berhad For TA Comet Fund		94,000	0.26
			25,726,793	71.46



PROXY FORM

NUMBER OF SHARES HELD	
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*I/We.....
(Full Name In Capital Letters)

of
(Full Address)

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

.....
(Full Name In Capital Letters)

of
(Full Address)

or failing him,
(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 Sixth 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 Thursday, 17th day of August, 2000 at 11.00 a.m. and at any adjournment thereof.

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

No.	Resolutions	For	Against
1.	Adoption of the Report of the Directors and the Audited Statement of Accounts for the financial year ended 31 March, 2000 together with the Report of the Auditors thereon.		
2.	Approval of declaration of a final tax exempt dividend of 5% for the financial year ended 31 March, 2000.		
3.	Re-election of Director, Mr. Chan Chow Tek who retire pursuant to Article 82 of the Company's Articles of Association.		
4.	Re-election of Director, Mr. Chan Chor Ngiak who retire pursuant to Article 82 of the Company's Articles of Association.		
5.	Re-election of the Director, Puan Jamilah bte Hj. Abdul Latiff who retire pursuant to Article 88 of the Company's Articles of Association.		
6.	Re-election of the Director, Mr. Chan Kok Hiang @ Chan Kock Hiang who retire pursuant to Section 129(6) of the Companies Act, 1965.		
7.	Re-appointment of Messrs. Arthur Andersen & Co as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
8.	As Special Business <u>Special Resolution</u> Proposed Amendments to the Articles of Association of the Company.		
9.	<u>Ordinary Resolution</u> Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		

* Strike out whichever not applicable

As witness my/our hand this day of 2000

.....
Signature of Member/Common Seal

Notes:-

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 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.