



P.I.E. INDUSTRIAL BERHAD

(Co. No. 424086-X) (Incorporated In Malaysia)

Annual Report 2000





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< Notice Of Annual General Meeting >

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at the Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuhr Tenggeri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on Friday, June 15, 2001 at 10.00 a.m.

A G E N D A

- | | | |
|----|---|----------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2000 together with the Reports of the Directors and of the Auditors thereon. | <i>Resolution 1</i> |
| 2. | To declare a First and Final Dividend of 6.67 sen per share, exempt from Income Tax for the year ended December 31, 2000. | <i>Resolution 2</i> |
| 3. | To approve the payment of Directors' fees for the year ended December 31, 2000. | <i>Resolution 3</i> |
| 4. | To re-elect En. Ahmad Murad Bin Abdul Aziz, a director retiring under the provision of Article 98 of the Articles of Association of the Company, and who, being eligible offer himself for re-election. | <i>Resolution 4</i> |
| 5. | To re-elect the following directors who are retiring under the provision of Article 105 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election. | |
| | a) Mr. Mui Chung Meng | <i>Resolution 5</i> |
| | b) Mr. Chen, Chih-Wen | <i>Resolution 6</i> |
| | c) Mr. Cheng Shing Tsung | <i>Resolution 7</i> |
| | d) Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail | <i>Resolution 8</i> |
| | e) Mr. Yen, Chien-Kun | <i>Resolution 9</i> |
| 6. | To re-appoint Messrs. Deloitte KassimChan (Formerly known as Messrs. Kassim Chan & Co.) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | <i>Resolution 10</i> |

AS SPECIAL BUSINESSES

7. To consider and if thought fit, to pass the following resolutions: -

ORDINARY RESOLUTION

7.1 Authority to Issue Shares

"That pursuant to Section 132D of the Companies Act, 1965 and approvals from the Kuala Lumpur Stock Exchange and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the issued share capital of the Company for the time being, and that the Board of 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."

Resolution 11

< Notice Of Annual General Meeting >

continued...

SPECIAL RESOLUTION

7.2 Proposed Amendments to the Articles of Association

“THAT the proposed alterations, modifications or additions to the Articles of Association of the Company as contained in Appendix I set out in the Circular to Shareholders dated May 25, 2001 be hereby approved.”

Resolution 12

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
TAN YEE MIN (MAICSA 7025392)
Secretaries

Penang
Date: May 25, 2001

Notes: -

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not, apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Explanatory Notes On Special Businesses

The proposed Resolution No 11 [Item No.(7.1)], if passed, will empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. This Authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting of the Company.

The proposed Resolution No. 12 [Item No.(7.2)], if approved, the alterations, modifications or additions to the Articles of Association of the Company as contained in Appendix I set out in the Circular to Shareholders dated May 25, 2001 which was circulated together with the Annual Report 2000, be adopted. The existing Articles before the alterations, modifications or additions to the Articles of Association of the Company will be cancelled and replaced without thereby invalidating any act or deed made or done while they were validly in force.



< Notice Of Dividend Entitlement And Payment >

NOTICE IS HEREBY GIVEN that a First and Final Dividend of 6.67 sen per share, exempt from Income Tax for the year ended December 31, 2000, if approved, will be paid on July 5, 2001 to depositors registered in the Records of Depositors at the close of business on June 20, 2001.

A Depositor shall qualify for the above entitlements only in respect of: -

- a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on June 20, 2001 in respect of ordinary transfers;
- b) shares bought on Kuala Lumpur Stock Exchange (KLSE) on a cum entitlement basis according to the rules of KLSE.

By Order of the Board,

KHOO LAY TATT (MAICSA 7029262)
TAN YEE MIN (MAICSA 7025392)
Secretaries

Penang
Date: May 25, 2001

< Corporate Information >

BOARD OF DIRECTORS

Chairman - Independent Non-Executive Director	Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa
Managing Director	Mui Chung Meng
Executive Director	Chen, Chih-Wen
Non-Executive Director	Cheng Shing Tsung
Non-Executive Director	Yen, Chien-Kun - appointed on May 14, 2001
Independent Non-Executive Director	Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail
Independent Non-Executive Director	Ahmad Murad Bin Abdul Aziz
Non-Executive Director	Chang, Yen-Kuang - resigned on May 14, 2001
Non-Executive Director	Cheng, Ken-Yi - resigned on May 14, 2001
Non-Executive Director	Jou, Yen-Pong - resigned on May 14, 2001

COMPANY SECRETARIES

Khoo Lay Tatt (MAICSA 7029262)
Tan Yee Min (MAICSA 7025392)

AUDITORS

Deloitte KassimChan
(formerly known as Kassim Chan & Co.)
Public Accountants
4th Floor Wisma Wang, 251-A Jalan Burma
10350 Penang

REGISTERED OFFICE

3rd Floor Wisma Wang, 251-A Jalan Burma
10350 Penang
Tel : 04-2288155 Fax : 04-2692386

REGISTRAR

PFA Registration Services Sdn Bhd
(19234-W)
1301 Level 13 Uptown 1
No. 1, Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-77254888 Fax : 03-77222311

LISTING SOUGHT

Kuala Lumpur Stock Exchange, Second Board

SHARE CAPITAL

Authorised : RM100,000,000
Issued and Paid-Up: RM60,000,000

< Audit Committee >

COMPOSITION OF MEMBERS

Chairman

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa
(Independent Non-Executive Director)

Member

Ahmad Murad Bin Abdul Aziz - (Independent Non-Executive Director)
Chen, Chih-Wen - (Executive Director)

The Board of Directors shall appoint members of the Committee amongst themselves. The Committee shall at all time consist of at least 3 persons of whom majority must be Independent Non-Executive Directors. The Chairman of the Committee shall be appointed by the Board and should be an Independent Non-Executive Director. The Company Secretary shall act as Secretary to the Committee.

TERMS OF REFERENCE

Formation

The audit committee was established on 20 May 2000 to act as a committee of the Board of Directors with the twin objectives of complying with the listing requirements of the Kuala Lumpur Stock Exchange as well as to provide alternative involvement by the entire Board of Directors in the detailed review of financial statements, the results of internal and external audit activities, and the discharge of certain of their statutory duties and responsibilities.

Authority

The Committee is authorised by the Board to approve the audit plan and scope on all audit entities in the Group and their reporting procedures. It is authorised to decide on the form of action on any employee or parties in the Group to ensure satisfactory implementation of corrective actions as recommended in internal audit reports.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Meetings

The Committee shall meet not less than 2 times a year and as many times as the Committee deems necessary to discuss any matters raised by the Auditors in discharging their functions. The quorum for meeting of the Audit Committee shall be 2 members, of which the majority of members present must be Independent Non-Executive Directors.

The Secretary is responsible for co-ordination of administrative details including calling the meetings, voting and keeping of minutes. The Committee may require the members of management, the internal auditor and representative of the external auditors to attend any of its meetings as it determines.

< Audit Committee >

continued...

Duties and Responsibilities

The duties and responsibilities of the Committee shall be :

- To consider and recommend the appointment and remuneration of external auditor and to deal with matters relating to the resignation or dismissal.
- To review with the external auditors the scope of audit plan, system of internal accounting controls and their reports thereon.
- To review the effectiveness of internal audit procedures, consider the major findings of internal audit investigations and ensure co-ordination between the internal and external auditors.
- To review with management the audit reports issued by the internal and external auditors and the implementation of audit recommendations.
- To review any related party transactions that may arise within the Group.
- To review the interim and final financial statements and annual report prior to them being approved by the Board of Directors.
- To perform such other functions as may be agreed to by the Committee and the Board of Directors.

Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board for information.

< Chairman's Statement >

*On behalf of the Board of Directors,
I am pleased to present the Annual
Report and Audited Accounts of P.I.E.
Industrial Berhad for the financial
year ended 31 December 2000*

Financial Performance

Financial Year 2000 continued to be a good year for P.I.E. Industrial Berhad. For the year under review, the Group achieved an increased profit before tax of RM 24.3 million against a higher turnover of RM181.8 million. Improvement in turnover came from increased orders from existing as well as new customers. Profit after tax increased correspondingly with higher turnover.

Dividends

The Board is pleased to propose a first and final dividend of 6.67 cents per share, tax exempt, for the financial year ended 31 December 2000. If approved by shareholders, the dividend will be paid in July 2001.

Operational Overview

The proliferation of internet has brought with it vast business opportunity and demand in PC, networking and communication products. We continued to focus our attention on serving our existing customers with increasing volume and new products introductions while extended our services to new potential customers. The Group expects these products will continue to propel the Group's turnover and profitability in the current financial year of 2000.

Prospects / Outlook

The trend for OEM customers to outsource manufacturing will continue while concentrate on their core competencies of research and development, product design, marketing and building their brand name. The Group will stay focused to provide an integrated one stop turnkey contract electronic manufacturing, engineering and distribution services.

With our strong financial position, good track record and standing among our customers, established technological and manufacturing capabilities, we are confident to meet the exacting needs and expectations of our existing and new customers. However, we are also mindful of the current slowdown in the US economy and its impact on the Asian economies. The Group will continue to operate prudently to weather the potential economic slowdown and position for further growth.

Acknowledgement

It has been an encouraging year for P.I.E. Industrial Berhad.

I would like to take this opportunity to extend my heartfelt thanks to all employees for their dedication, diligence and contribution; to our valued customers for their continued support; to our suppliers, business associates and shareholders for the enduring confidence, cooperation and assistance.

**Y.T.M TUNKU DATO' DR. ISMAIL
IBNI ALMARHUM TUNKU MOHD JEW A**
Chairman

< Financial Statements >

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< Directors' Report >

The directors of P.I.E. INDUSTRIAL BERHAD have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2000.

PRINCIPAL ACTIVITIES

The Company was incorporated on March 21, 1997 and commenced commercial operations on October 1, 2000. The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 9 to the Financial Statements. There have been no significant changes in the nature of the activities of the Group and of the Company during the financial year except that one of its subsidiary companies commenced the manufacture of PCB assemblies during the year.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the financial year are as follows:

- (a) On May 8, 2000, the Company acquired the entire issued and paid-up share capital of Pan-International Electronics (Malaysia) Sdn. Bhd. for a purchase consideration of RM43,142,667. The purchase consideration was satisfied by the issue of 30,178,709 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.32 per share and cash consideration of RM3,254,567 in exchange for 7,500,000 ordinary shares of RM1 each in Pan-International Electronics (Malaysia) Sdn. Bhd.;
- (b) On May 8, 2000, the Company acquired the entire issued and paid-up share capital of Pan-International Wire & Cable (Malaysia) Sdn. Bhd. for a purchase consideration of RM29,765,552. The purchase consideration was satisfied by the issue of 20,821,289 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.32 per share and cash consideration of RM2,245,433 in exchange for 1,000,000 ordinary shares of RM10 each in Pan-International Wire & Cable (Malaysia) Sdn. Bhd.;
- (c) On June 22, 2000, the Company issued 9,000,000 new ordinary shares of RM1 each by way of public issue at an issue price of RM2.80 per share to eligible directors and employees of the Group, approved bumiputra investors and institutions, and the Malaysian public; and
- (d) On July 7, 2000, the entire issued and paid-up share capital of the Company comprising 60,000,000 ordinary shares of RM1 each was listed on the Second Board of the Kuala Lumpur Stock Exchange.

RESULTS OF OPERATIONS

	The Group	The Company
	RM	RM
Net profit after tax for the year	18,386,134	4,111,687

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the significant events mentioned above.

< Directors' Report >

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DIVIDENDS

A first and final dividend of 6.67 sen gross per ordinary share, tax-exempt, amounting to RM 4 million was proposed 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 those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

As approved by the Securities Commission on October 4, 1999, the issued and paid-up share capital of the Company was increased from RM2 to RM60,000,000 during the financial year by the issuance of 59,999,998 new ordinary shares of RM1 each as follows:

No. of ordinary shares of RM1 each	Terms of issues	Purposes of issues
50,999,998	Allotment of 50,999,998 new ordinary shares at issue price of approximately RM1.32 per share.	To acquire the entire equity interest in the capital of subsidiary companies, Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd.
9,000,000	Public issue at an issue price of RM2.80 per share for cash.	To obtain a listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Kuala Lumpur Stock Exchange; hence providing the Group with access to capital market. The proceeds raised in this public issue are for working capital, purchase of machinery, acquisition of the two subsidiary companies and to pay listing expenses.

The above new ordinary shares rank parri passu with the then existing ordinary shares of the Company.

The Company has not issued any debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

< Directors' Report >

continued...

- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year except as mentioned in Note 18 to the Financial Statements.

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 and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa	
Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail	(appointed on May 10, 2000)
Ahmad Murad Bin Abdul Aziz	
Mui Chung Meng	(appointed on May 10, 2000)
Jou, Yen-Pong	(appointed on May 10, 2000)
Chen, Chih-Wen	(appointed on May 10, 2000)
Chang, Yen-Kuang	(appointed on May 10, 2000)
Cheng, Ken-Yi	(appointed on May 10, 2000)
Cheng, Shing Tsung	(appointed on May 10, 2000)

< Directors' Report >

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DIRECTORS' INTEREST

The shareholdings in the Company and in related companies of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

Shares in the Company	No. of ordinary shares of RM1 each			
	Balance at 1.1.2000/ date of appointment	Bought	Sold	Balance at 31.12.2000
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jewa	1	10,000	-	10,001
Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail	-	10,000	-	10,000
Ahmad Murad Bin Abdul Aziz	1	10,000	-	10,001
Mui Chung Meng	-	10,000	-	10,000
Jou, Yen-Pong	-	10,000	-	10,000
Chen, Chih-Wen	-	10,000	-	10,000
Chang, Yen-Kuang	-	10,000	-	10,000
Cheng, Ken-Yi	-	10,000	-	10,000
Cheng, Shing Tsung	-	10,000	-	10,000

Shares in ultimate holding company, Pan-International Industrial Corporation	No. of ordinary shares of NT\$10 each			
	Balance at 1.1.2000/ date of appointment	Bought	Sold	Balance at 31.12.2000
Cheng, Ken-Yi	452,000	-	-	452,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in 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 except that certain directors received remuneration from related corporations in their capacities as directors or executives of those related corporations.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate other than in conjunction with the public issue of 9,000,000 ordinary shares of RM1 each to eligible directors and employees of the Group, approved bumiputra investors and institutions, and the Malaysian public pursuant to a prospectus issued on May 26, 2000.

HOLDING COMPANIES

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan respectively.

< Directors' Report >

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AUDITORS

The auditors, Messrs. Deloitte KassimChan (formerly known as Kassim Chan & Co.), have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



MUI CHUNG MENG
DIRECTOR



CHEN, CHIH-WEN
DIRECTOR

Penang,

April 4, 2001

< Report Of The Auditors >

Deloitte KassimChan (AF 0080)
(Formerly known as Kassim Chan & Co)
Public Accountants
4th Floor, Wisma Wang
251-A, Jalan Burma
10350 Penang
Malaysia

Tel : +60(4) 2288255
Fax : +60(4) 2288355
penang@deloitte.com.my

**Deloitte
KassimChan**

REPORT OF THE AUDITORS TO THE MEMBERS OF

P.I.E. INDUSTRIAL BERHAD

(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2000, and the related statements of income, changes in equity and cash flows, for the year then ended. 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. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2000 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

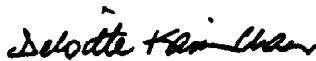
We have considered the financial statements and auditors' report of a subsidiary company, Pan-International Corporation (S) Pte Ltd, of which we have not acted as auditors, being financial statements that have been included in the consolidated financial statements.

< Report Of The Auditors >

continued...

We are satisfied that the financial statements of the subsidiary companies 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 as required by us for these purposes.

The auditors' report on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-Section (3) of Section 174 of the Act.



DELOITTE KASSIMCHAN
AF 0080
Public Accountants



TAN BOON HOE
1836/7/01(J)
Partner

April 4, 2001

< Income Statements >

for the year ended December 31, 2000

	Note	The Group		The Company	
		2000 RM	1999 RM	2000 RM	1999 RM
Revenue		181,758,282	135,044,940	4,132,400	-
Other operating income		1,670,523	2,349,871	110,659	-
Changes in inventories of finished goods and work in progress		5,260,027	393,793	-	-
Purchase of trading goods		(29,242,442)	(22,766,878)	-	-
Raw materials used		(107,264,881)	(69,689,675)	-	-
Staff costs	4	(13,381,510)	(11,300,204)	(88,039)	-
Depreciation of property, plant and equipment		(4,455,303)	(3,432,391)	-	-
Other operating expenses		(9,881,078)	(8,457,425)	(37,133)	(3,622)
Profit/ (loss) from operations		24,463,618	22,142,031	4,117,887	(3,622)
Finance cost		(153,330)	(20,503)	-	-
Profit/ (loss) before tax	5	24,310,288	22,121,528	4,117,887	(3,622)
Income tax expense	6	5,924,154	(149,118)	6,200	-
Net profit/ (loss) after tax for the year		18,386,134	22,270,646	4,111,687	(3,622)
Earnings per ordinary share	7	33.13 sen	43.67 sen		

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

< Balance Sheets >

as for December 31, 2000

	Note	The Group		The Company	
		2000 RM	1999 RM	2000 RM	1999 RM
PROPERTY, PLANT AND EQUIPMENT	8	51,507,025	29,000,003	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	9	-	-	56,499,998	-
CURRENT ASSETS					
Inventories	10	49,489,943	17,423,396	-	-
Trade receivables	11	19,848,774	24,817,150	-	-
Other receivables, deposits and prepayments		758,182	1,401,626	500	-
Amount owing by ultimate holding company	12	186,966	73,432	-	-
Amount owing by subsidiary companies	12	-	-	21,516,200	-
Amount owing by related companies	12	4,066,670	5,093,079	-	-
Short-term deposits with licensed banks		8,274,541	10,050,000	150,000	-
Cash and bank balances		10,820,485	3,114,720	32,256	2
Total Current Assets		93,445,561	61,973,403	21,698,956	2
CURRENT LIABILITIES					
Trade payables	12	8,184,291	6,542,009	-	-
Other payables and accruals		4,754,231	10,779,691	30,338	15,437
Amount owing to ultimate holding company	12	656,932	2,416,519	-	-
Amount owing to related companies	12	1,299,457	1,344,509	-	-
Amount owing to directors		9,000	15,711	9,000	-
Bank borrowings	13	3,301,000	-	-	-
Tax liabilities		1,237,012	123,371	6,200	-
Total Current Liabilities		19,441,923	21,221,810	45,538	15,437
NET CURRENT ASSETS/ (LIABILITIES)		74,003,638	40,751,593	21,653,418	(15,435)
		125,510,663	69,751,596	78,153,416	(15,435)
SHARE CAPITAL	14	60,000,000	51,000,000	60,000,000	2
RESERVES	15	65,510,663	18,351,596	18,153,416	(15,437)
SHAREHOLDERS' EQUITY		125,510,663	69,351,596	78,153,416	(15,435)
DEFERRED TAX LIABILITIES	16	-	400,000	-	-
		125,510,663	69,751,596	78,153,416	(15,435)

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

< Statement Of Changes In Equity >

for the year ended December 31, 2000

The Group	Share Capital	Share Premium	Revaluation/ Translation/ Merger Reserve*	Retained Profit	Total
	RM	RM	RM	RM	RM
Balance as of January 1, 1999	51,000,000	-	(38,999,998)	50,568,509	62,568,511
Pre-merger dividends paid and proposed by subsidiary companies	-	-	-	(15,500,000)	(15,500,000)
Exchange gain on translation of net investment in foreign subsidiary	-	-	12,439	-	12,439
Net profit after tax for the year	-	-	-	22,270,646	22,270,646
Balance as of December 31, 1999	51,000,000	-	(38,987,559)	57,339,155	69,351,596
Exchange loss on translation of net investment in foreign subsidiary	-	-	(112,128)	-	(112,128)
Surplus on revaluation of leasehold land, buildings and flats	-	-	14,827,895	-	14,827,895
Public issue of 9,000,000 new ordinary shares of RM1 each at RM2.80 per share	9,000,000	16,200,000	-	-	25,200,000
Listing expenses written off	-	(2,142,834)	-	-	(2,142,834)
Net profit after tax for the year	-	-	-	18,386,134	18,386,134
Balance as of December 31, 2000	60,000,000	14,057,166	(24,271,792)	75,725,289	125,510,663

* An analysis of the movement of these reserves is shown below:

	Revaluation Reserve	Translation Reserve	Merger Deficit	Total
	RM	RM	RM	RM
Balance as of January 1, 1999	-	-	(38,999,998)	(38,999,998)
Exchange gain on translation of net investment in foreign subsidiary	-	12,439	-	12,439
Balance as of December 31, 1999	-	12,439	(38,999,998)	(38,987,559)
Exchange loss on translation of net investment in foreign subsidiary	-	(112,128)	-	(112,128)
Surplus on revaluation of leasehold land, buildings and flats	14,827,895	-	-	14,827,895
Balance as of December 31, 2000	14,827,895	(99,689)	(38,999,998)	(24,271,792)

< Statement Of Changes In Equity >

for the year ended December 31, 2000 (Cont.)

The Company

	Note	Share Capital	Share Premium	Retained Profit	Total
		RM	RM	RM	RM
Balance as of January 1, 1999		2	-	(11,815)	(11,813)
Net loss for the year		-	-	(3,622)	(3,622)
Balance as of December 31, 1999		2	-	(15,437)	(15,435)
Allotment of 50,999,998 new ordinary shares of RM1 each at approximately RM1.32 per share in exchange for shares of subsidiary companies	20	50,999,998	-	-	50,999,998
Public issue of 9,000,000 new ordinary shares of RM1 each at RM2.80 per share		9,000,000	16,200,000	-	25,200,000
Listing expenses written off		-	(2,142,834)	-	(2,142,834)
Net profit after tax for the year		-	-	4,111,687	4,111,687
Balance as of December 31, 2000		60,000,000	14,057,166	4,096,250	78,153,416

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

< Cash Flow Statements >

for the year ended December 31, 2000

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/ (loss) before tax	24,310,288	22,121,528	4,117,887	(3,622)
Adjustments for:				
Depreciation of property, plant and equipment	4,455,303	3,432,391	-	-
Provision for slow moving inventories	1,759,432	394,096	-	-
Interest expenses	153,330	20,503	-	-
Provision for doubtful debts	109,725	135,225	-	-
Bad debts written off	6,950	-	-	-
Loss/ (gain) on disposal of plant and equipment	922	(108,055)	-	-
Plant and equipment written off	2	26	-	-
Interest income	(524,253)	(800,593)	(110,659)	-
Dividend income	-	-	(4,100,000)	-
Provision for doubtful debts no longer required	-	(180,000)	-	-
Operating profit/ (loss) before working capital changes	30,271,699	25,015,121	(92,772)	(3,622)
Increase in inventories	(33,825,979)	(3,756,391)	-	-
Decrease/ (increase) in trade receivables	4,851,701	(11,527,835)	-	-
Decrease/ (increase) in other receivables, deposits and prepayments	1,061,016	281,648	(500)	-
Increase in amount owing by ultimate holding company	(113,534)	(73,432)	-	-
Increase in amount owing by subsidiary companies	-	-	(21,516,200)	-
Decrease in amount owing by related companies	1,026,409	5,183,162	-	-
Increase/ (decrease) in trade payables	1,642,282	(1,226,502)	-	-
(Decrease)/ increase in other payables and accruals	(6,025,460)	(9,272,095)	14,901	3,622
(Decrease)/ increase in amount owing to ultimate holding company	(1,759,587)	1,332,661	-	-

< Cash Flow Statements >

for the year ended December 31, 2000 (Cont.)

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Decrease in amount owing to related companies	(45,052)	(1,028,128)	-	-
(Decrease)/ increase in amount owing to directors	(6,711)	(1,820)	9,000	-
Exchange translation differences	(113,287)	13,858	-	-
Cash generated from/ (used in) operations	(3,036,503)	4,940,247	(21,585,571)	-
Interest received	524,253	800,593	110,659	-
Interest paid	(153,330)	(20,503)	-	-
Tax paid	(5,626,532)	(5,914,312)	-	-
Net cash (used in)/ generated from operating activities	(8,292,112)	(193,975)	(21,474,912)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of plant and equipment	359	159,700	-	-
Purchase of property, plant and equipment	(12,136,107)	(7,720,830)	-	-
Cash paid for acquisition of subsidiaries	-	-	(5,500,000)	-
Dividend income	-	-	4,100,000	-
Net cash used in investing activities	(12,135,748)	(7,561,130)	(1,400,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from public issue of shares	25,200,000	-	25,200,000	-
Increase in bank borrowings	3,301,000	-	-	-
Listing expenses paid	(2,142,834)	-	(2,142,834)	-
Net cash generated from financing activities	26,358,166	-	23,057,166	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,930,306	(7,755,105)	182,254	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,164,720	20,919,825	2	2
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 17)	19,095,026	13,164,720	182,256	2

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

< Notes To The Financial Statements >

1. PRINCIPAL ACTIVITIES AND SIGNIFICANT EVENTS

The Company was incorporated on March 21, 1997 and commenced commercial operations on October 1, 2000. The Company is principally involved in investment holding and providing management services. The principal activities of the subsidiary companies are disclosed in Note 9. Other than the commencement of manufacturing of PCB assemblies by a subsidiary company and the significant events during the year as set out below, there have been no significant changes in the nature of the activities of the Group and of the Company during the financial year.

Significant events during the financial year are as follows:

- (a) On May 8, 2000, the Company acquired the entire issued and paid-up share capital of Pan-International Electronics (Malaysia) Sdn. Bhd. for a purchase consideration of RM43,142,667. The purchase consideration was satisfied by the issue of 30,178,709 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.32 per share and cash consideration of RM3,254,567 in exchange for 7,500,000 ordinary shares of RM1 each in Pan-International Electronics (Malaysia) Sdn. Bhd.;
- (b) On May 8, 2000, the Company acquired the entire issued and paid-up share capital of Pan-International Wire & Cable (Malaysia) Sdn. Bhd. for a purchase consideration of RM29,765,552. The purchase consideration was satisfied by the issue of 20,821,289 new ordinary shares of RM1 each in the Company at an issue price of approximately RM1.32 per share and cash consideration of RM2,245,433 in exchange for 1,000,000 ordinary shares of RM10 each in Pan-International Wire & Cable (Malaysia) Sdn. Bhd.;
- (c) On June 22, 2000, the Company issued 9,000,000 new ordinary shares of RM1 each by way of public issue at an issue price of RM2.80 per share to eligible directors and employees of the Group, approved bumiputera investors and institutions, and the Malaysian public; and
- (d) On July 7, 2000, the entire issued and paid-up share capital of the Company comprising 60,000,000 ordinary shares of RM1 each was listed on the Second Board of the Kuala Lumpur Stock Exchange.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board (MASB).

During the financial year, the Group and the Company adopted the MASB 1, Presentation of Financial Statements which is effective for financial periods commencing on and after July 1, 1999. Accordingly, the presentation and disclosures of the financial information have been modified to conform with the requirements of MASB 1. Certain comparative figures have been reclassified to achieve a consistent presentation.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment.

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. The Group adopts both the acquisition and merger methods of consolidation.

< Notes To The Financial Statements >

Continued...

Acquisition of subsidiary companies which meets the criteria for merger accounting under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued, cash and cash equivalents and fair values of other considerations. The difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves/deficits in the consolidated financial statements in accordance with the merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of the subsidiary companies being merged are presented as if the merger had been effected throughout the financial year.

The financial statements of all subsidiary companies are consolidated under the merger method except for the financial statements of the indirect subsidiary companies which are consolidated under the acquisition method.

Revenue and Revenue Recognition

Revenue of the Company represents gross dividend income and gross service fees from the rendering of management services. Revenue of the Group represents gross invoiced values of sales less sales returns and discounts.

Sales revenue are recognised when goods are delivered to customers. Other revenues are recognised on an accrual basis.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the exchange rates prevailing on the transaction dates and, where settlement of liabilities and receivables has not yet taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. Gains or losses arising from foreign currency conversions are taken up in the income statements.

For inclusion in the consolidated financial statements, assets and liabilities of the foreign subsidiary company are translated into Ringgit Malaysia at the exchange rates approximate those ruling at the balance sheet date. The results of the foreign subsidiary company are translated into Ringgit Malaysia at the average exchange rates for the year. Any exchange differences due to such currencies translation are dealt with through exchange reserve account.

For the purpose of consolidation, the financial statements of the foreign incorporated subsidiary have been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate of SGD\$1:RM2.2 (1999: SGD\$1:RM2.3)
Issued capital	- at historical rate
Revenue and expenses	- at average rate

Income Tax

The tax effects of transactions are generally recognised, using the "liability" method, when such transactions enter into determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to a net deferred tax debit, the tax effects are recognised generally on actual realisation.

< Notes To The Financial Statements >

Continued...

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation. Depreciation of property, plant and equipment, is computed on the straight-line method based on the estimated useful lives of the various property, plant and equipment at the following annual rates:

	Rates
Leasehold improvement	20%
Buildings	2% - 10%
Plant and machinery	10% - 20%
Production tools and equipment	10% & 16.67%
Furniture, fixtures and office equipment	10% - 33.3%
Mechanical and electrical installation	10% & 20%
Motor vehicles	20%

Long leasehold land and leasehold flats are depreciated over the lease period of 60 years and 99 years respectively.

During the financial year, the long leasehold land, buildings and leasehold flats were revalued based on the report of an independent firm of professional valuers using open market value on existing use basis. The long leasehold land, buildings and leasehold flats shall be revalued at regular interval of at least once in every 5 years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued long leasehold land, buildings and leasehold flats differ materially from the market value.

Investments

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's financial statements at cost under the acquisition method or at nominal value of the shares issued, cash and cash equivalents and fair values of other considerations in exchange for shares in subsidiary companies acquired under the merger method as applicable.

Investments in subsidiary companies are only written down when the directors consider that there is permanent diminution in the value of the investments.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the weighted average method. Cost of raw materials consists of the purchase price plus the cost of bringing the inventories to location. Cost of work-in-process and finished goods consist of cost of raw materials, direct labour and an appropriate proportion of factory overheads. Goods-in-transit is stated at cost. Provision is made for obsolete, slow moving or defective items where appropriate.

Receivables

Bad debts are written off while provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and bank balances and demand deposits.

< Notes To The Financial Statements >

Continued...

4. GENERAL INFORMATION

	The Group		The Company	
	2000	1999	2000	1999
Number of directors and employees at end of year:				
Directors	13	9	9	2
Employees	735	599	3	-

Staff costs include directors' remuneration, salaries, bonuses, contributions to employees' provident fund and all other staff related expenses.

The Company's registered office and principal place of business are at 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Georgetown, Penang, Malaysia and Plot 6, Jalan Jelawat Satu, Seberang Jaya Industrial Estate, Seberang Jaya, 13700 Prai, Penang, Malaysia respectively.

5. PROFIT/ (LOSS) BEFORE TAX

Profit/ (loss) before tax is arrived at:

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
After charging:				
Provision for slow moving inventories	1,759,432	394,096	-	-
Directors' remuneration:				
Fee	36,000	-	36,000	-
Emoluments	589,620	712,941	25,080	-
Rental of accommodation provided	4,000	2,000	-	-
Provision for bonus	540,330	1,247,256	-	-
Interest on bank borrowings	153,330	20,503	-	-
Provision for doubtful debts	109,725	135,225	-	-
Rental of premises	88,922	75,436	-	-
Audit fee:				
Statutory	63,600	51,300	16,000	500
Special	-	30,750	-	-
Overprovision in prior year	(3,600)	(3,600)	-	-
Bad debts written off	6,950	-	-	-
Loss on disposal of plant and equipment	922	-	-	-
Plant and equipment written off	2	26	-	-
Realised loss on foreign exchange	-	57,098	-	-

< Notes To The Financial Statements >

Continued...

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
And crediting:				
Realised gain on foreign exchange	598,304	487,219	-	-
Interest on short-term deposits	524,253	800,593	110,659	-
Bad debt recovered	8,965	-	-	-
Gross dividend from subsidiary companies	-	-	4,100,000	-
Gain on disposal of plant and equipment	-	108,055	-	-
Provision for doubtful debts no longer required	-	180,000	-	-

6. INCOME TAX EXPENSE

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Income tax expense consists of:				
Tax payable				
Malaysian tax:				
Current year	6,289,200	-	6,200	-
Overprovision in prior year	-	(26,672)	-	-
Overseas tax:				
Current year	33,183	78,476	-	-
Underprovision in prior year	1,771	708	-	-
Reversal of deferred tax liabilities (Note 16)	(400,000)	(201,630)	-	-
	5,924,154	(149,118)	6,200	-

The Group's taxation for the current year reflects an effective tax rate which is lower than the statutory income tax rate due to the claim of reinvestment allowances.

The Company's taxation for the current year reflects an effective tax rate which is lower than the statutory income tax rate because the dividend income received is exempted from tax.

No provision for Malaysian tax was made in 1999 as the Malaysian government had waived the tax on chargeable income earned by a company in financial year 1999.

7. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is calculated by dividing the Group's profit after tax of RM18,386,134 (RM22,270,646 in 1999) by the weighted average number of ordinary shares in issue during the year of 55,500,000 (51,000,000 in 1999). In arriving at the weighted average number of ordinary shares in issue, shares issued for acquisition of subsidiary companies accounted for in the consolidated financial statements using the merger method are assumed to have been in issue throughout the current and prior years.

< Notes To The Financial Statements >

Continued...

8. PROPERTY, PLANT AND EQUIPMENT

The Group

Cost or Valuation	Beginning of year	Additions	Disposals	Revaluation/ Exchange Reserve	End of year
	RM	RM	RM	RM	RM
2000:					
Long leasehold land					
- at cost	-	2,013,795	-	-	2,013,795
- at 2000 valuation	3,530,739	-	-	6,618,308	10,149,047
Leasehold improvement	203,884	-	-	-	203,884
Buildings					
- at cost	-	2,886,205	-	-	2,886,205
- at 2000 valuation	14,109,458	-	-	4,880,625	18,990,083
Plant and machinery	25,497,975	6,743,909	(75,300)	-	32,166,584
Production tools and equipment	1,325,199	286,081	(6,400)	-	1,604,880
Furniture, fixtures and office equipment	1,880,152	147,757	(2,884)	(3,559)*	2,021,466
Mechanical and electrical installation	1,517,337	6,000	-	-	1,523,337
Motor vehicles	1,380,699	52,360	(77,000)	(3,500)*	1,352,559
Leasehold flats					
- at 2000 valuation	1,472,000	-	-	698,000	2,170,000
	50,917,443	12,136,107	(161,584)	12,189,874	75,081,840
1999	43,743,042	7,720,830	(547,228)	799	50,917,443

< Notes To The Financial Statements >

Continued...

Accumulated Depreciation	Beginning of year	Charge for The year	Disposals	Revaluation/ Exchange Reserve	End of year
	RM	RM	RM	RM	RM
2000:					
Long leasehold land					
- at cost	-	3,356	-	-	3,356
- at 2000 valuation	537,373	75,406	-	(457,843)	154,936
Leasehold improvement	203,862	-	-	-	203,862
Buildings					
- at cost	-	24,052	-	-	24,052
- at 2000 valuation	2,623,843	135,691	-	(2,097,537)	661,997
Plant and machinery	14,237,589	3,565,765	(75,299)	-	17,728,055
Production tools and equipment	788,877	169,335	(5,120)	-	953,092
Furniture, fixtures and office equipment	1,399,435	151,258	(2,882)	(3,165)*	1,544,646
Mechanical and electrical installation	1,188,927	159,458	-	-	1,348,385
Motor vehicles	847,083	165,170	(77,000)	(3,500)*	931,753
Leasehold flats					
- at 2000 valuation	90,451	5,812	-	(75,582)	20,681
	21,917,440	4,455,303	(160,301)	(2,637,627)	23,574,815
1999	18,979,839	3,432,391	(495,557)	767	21,917,440

* Exchange reserve arising from translation of a foreign subsidiary company.

	2000 RM	1999 RM
Net Book Value:		
Long leasehold land		
- at cost	2,010,439	2,993,366
- at 2000 valuation	9,994,111	-
Leasehold improvement	22	22
Buildings		
- at cost	2,862,153	11,485,615
- at 2000 valuation	18,328,086	-
Plant and machinery	14,438,529	11,260,386
Production tools and equipment	651,788	536,322
Furniture, fixtures and office equipment	476,820	480,717
Mechanical and electrical installation	174,952	328,410
Motor vehicles	420,806	533,616
Leasehold flats		
- at cost	-	1,381,549
- at 2000 valuation	2,149,319	-
	51,507,025	29,000,003

< Notes To The Financial Statements >

Continued...

The long leasehold land, buildings and leasehold flats of the Group were revalued in 2000 based on the reports of an independent firm of professional valuers, Jones Lang Wootton using open market values on existing use basis. The valuations were carried out by Mr. Tay Tam, FISM, B.Surv. (Hons). Prop. Mgt., a registered valuer. The surplus arising from the revaluation amounting to RM14,827,895, which was approved by the Securities Commission on October 4, 1999, was credited to revaluation reserve.

The tax effect relating to the increase in the carrying value of the revalued property is not disclosed, as there is no intention to dispose of these assets in the foreseeable future.

The historical cost of the long leasehold land, buildings and leasehold flats of the Group which were revalued are as follows:

	2000 RM
At cost:	
Long leasehold land	3,530,739
Buildings	14,109,458
Leasehold flats	1,472,000
	<u>19,112,197</u>
Accumulated depreciation:	
Long leasehold land	596,218
Buildings	3,028,764
Leasehold flats	105,320
	<u>3,730,302</u>
Net book value at end of year	<u><u>15,381,895</u></u>

Certain property, plant and equipment of the Group with a total carrying value of RM14,209,241 are pledged to a local bank as securities for credit facilities granted to a subsidiary company as mentioned in Note 13.

As of December 31, 2000, the title deed to a long leasehold land of the Group with a carrying value of RM2,010,439 is in the process of being transferred to the name of one of the subsidiary company.

The strata titles for the flats have not yet been issued by the relevant authorities to one of the subsidiary company.

9. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2000 RM	1999 RM
Unquoted shares, at cost	56,499,998	-

The subsidiary companies are as follows:

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2000	1999
Direct holdings				
Pan-International				
Electronics (Malaysia)				
Sdn. Bhd.	Malaysia	Contract electronic manufacturing and cable and PCB assemblies	100%	-

< Notes To The Financial Statements >

Continued...

	Country of incorporation	Principal Activity	Percentage of Ownership	
			2000	1999
Pan-International Wire & Cable (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of cables and wires for electronic devices and cable moulding components	100%	-
Indirect holdings				
*PIE Enterprise (M) Sdn. Bhd.	Malaysia	Trading of cables and computers	100%	-
*Pan-International Corporation (S) Pte. Ltd.	Singapore	Marketing and trading of mechanical, electrical, computer, capacitors, resistors and telecommunication components and equipment	100%	-

* The above companies are wholly owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

10. INVENTORIES

	The Group	
	2000 RM	1999 RM
At cost:		
Raw materials	37,229,061	8,628,087
Work-in-process	8,267,328	6,123,870
Finished goods	6,140,193	3,023,624
Goods-in-transit	801,232	836,254
Less: Provision for slow moving inventories	(2,947,871)	(1,188,439)
	49,489,943	17,423,396

11. TRADE RECEIVABLES

	The Group	
	2000 RM	1999 RM
Amount outstanding	20,361,538	25,245,080
Less: Provision for doubtful debts	(512,764)	(427,930)
	19,848,774	24,817,150

12. HOLDING COMPANIES AND RELATED PARTIES TRANSACTIONS

The Company's immediate and ultimate holding companies are Pan Global Holding Co. Ltd., a corporation incorporated in British Virgin Islands and Pan-International Industrial Corporation, a corporation incorporated in Taiwan respectively.

< Notes To The Financial Statements >

Continued...

The financial statements of the Group reflect the following significant intercompanies transactions:

	The Group	
	2000 RM	1999 RM
Ultimate Holding Company		
Purchases of trading goods	23,591,450	17,744,262
Sales of finished goods	305,638	120,565
Purchases of raw materials	271,837	997,048
Commission income received	157,166	70,010
Purchases of plant and equipment	70,183	79,553
Miscellaneous purchases	588,189	531,027
Sales commission paid	-	4,019
Related Companies		
Sales of finished goods	5,902,068	12,482,234
Purchase of trading goods	2,102,995	-
Sales commission paid	91,813	91,813
Purchase of raw materials	24,966	698,593
Purchase of plant and equipment	-	68,409
Sales of plant and equipment	-	58,500

Related parties are entities, excluding related companies, which have common directors and/or shareholders with the Group.

As of December 31, 2000, there is an outstanding payable account with a related party which are interest free as follows:

	The Group
	2000 RM
Included as trade payables	192,193

Significant transactions between the Group with a related party during the financial year were as follows:

	The Group
	2000 RM
Purchases of raw materials	4,235,516
Sales of finished goods	779

The Directors of the Company are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

13. BANK BORROWINGS

	The Group	
	2000 RM	1999 RM
Bankers acceptance	3,301,000	-

< Notes To The Financial Statements >

Continued...

The Group has banking facilities totalling RM53.51 million obtained from two local banks. The banking facilities bear interests at rates ranging from 0.1% to 1.5% per annum above the lending banks' base lending rates and are secured by a corporate guarantee from the Company and against debenture over certain of the Group's property, plant and equipment and floating assets, both present and future.

14. SHARE CAPITAL

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Shares of RM1 each:				
Authorised:				
At beginning of year	100,000	100,000	100,000	100,000
Created during the year	99,900,000	-	99,900,000	-
Adjustment to reflect the adoption of merger accounting	-	99,900,000	-	-
At end of year	100,000,000	100,000,000	100,000,000	100,000
Ordinary shares of RM1 each:				
Issued and fully paid:				
At beginning of year	2	2	2	2
Issued during the year	50,999,998	-	50,999,998	-
Public issue	9,000,000	-	9,000,000	-
Adjustment to reflect the adoption of merger accounting	-	50,999,998	-	-
At end of year	60,000,000	51,000,000	60,000,000	2

As approved by the shareholders at an Extraordinary General Meeting held on February 25, 2000, the authorised share capital of the Company was increased from RM100,000 comprising 100,000 shares of RM1 each to RM100,000,000 by the creation of an additional 99,900,000 shares of RM1 each.

Also, pursuant to the approval by the shareholders at the said Extraordinary General Meeting and the approval by the Securities Commission on October 4, 1999, the issued and paid up share capital of the Company was increased from RM2 to RM60,000,000 by way of:

- an issue of 30,178,709 ordinary shares of RM1 each at an issue price of approximately RM1.32 per share plus cash considerations for the acquisition of the entire issued and paid up share capital of Pan-International Electronics (Malaysia) Sdn. Bhd.;
- an issue of 20,821,289 ordinary shares of RM1 each at an issue price of approximately RM1.32 per share plus cash considerations for the acquisition of the entire issued and paid up share capital of Pan-International Wire & Cable (Malaysia) Sdn. Bhd.; and
- a public issue of 9,000,000 ordinary shares of RM1 each at an issue price of RM2.80 per share. The share premium arising from the public issue amounting to RM16,200,000 has been credited to share premium account.

All the new shares issued rank pari passu with the then existing shares of the Company.

< Notes To The Financial Statements >

Continued...

15. RESERVES

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Non-distributable:				
Share premium	14,057,166	-	14,057,166	-
Revaluation reserve	14,827,895	-	-	-
Translation reserve	(99,689)	12,439	-	-
Merger deficit	(38,999,998)	(38,999,998)	-	-
	(10,214,626)	(38,987,559)	14,057,166	-
Distributable:				
Retained profit/ (Accumulated loss)	75,725,289	57,339,155	4,096,250	(15,437)
	65,510,663	18,351,596	18,153,416	(15,437)

Based on the estimated tax credits and tax exempt income available and the prevailing tax rate applicable to dividends, the retained profit of the Company is available for distribution by way of cash dividends without incurring additional tax liability.

16. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Balance at beginning of year	400,000	601,630	-	-
Transfer to income statements (Note 6)	(400,000)	(201,630)	-	-
Balance at end of year	-	400,000	-	-
Represented by the tax effects of the following:				
Excess of tax capital allowances over book depreciation	-	1,106,800	-	-
Other timing differences	-	(706,800)	-	-
	-	400,000	-	-

As mentioned in Note 3, the tax effects of timing differences which give rise to net deferred tax debit are recognised generally on actual realisation. As of December 31, 2000, the amount of deferred taxation, calculated at applicable tax rates, which is not recognised in the financial statements, is as follows:

< Notes To The Financial Statements >

Continued...

	The Group Deferred Asset/(Liability)	
	2000 RM	1999 RM
Tax effects of timing differences in respect of the excess of tax capital allowances over book depreciation	(1,574,500)	(139,500)
Tax effects of other timing differences	1,694,600	211,300
	120,100	71,800

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the cash flow statements consist of the following balance sheet items:

	The Group		The Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Short-term deposits with licensed banks	8,274,541	10,050,000	150,000	-
Cash and bank balances	10,820,485	3,114,720	32,256	2
	19,095,026	13,164,720	182,256	2

18. CONTINGENT LIABILITY - Unsecured

As of December 31, 2000, the Company is contingently liable to the extent of RM38.35 million in respect of guarantees given for credit facilities granted by certain banks and other financial institutions to subsidiary companies.

Subsequent to year end, the Company is contingently liable to the extent of an additional RM5.1 million in respect of guarantees given for credit facilities granted by certain banks and other financial institutions to a subsidiary company.

19. LEASE COMMITMENTS

As of December 31, 2000, non-cancellable long-term lease commitments pertaining to the Group in respect of rental of premises are as follows:

	RM
2001	66,920
2002	15,750
	82,670

20. MERGER ACCOUNTING

Pursuant to the relief given under Section 60 (4) of the Companies Act, 1965, the Company has not recorded the share premium arising from the issue of 50,999,998 ordinary shares of RM1 each for the acquisition of the two subsidiary companies as indicated in Note 21.

< Notes To The Financial Statements >

Continued...

The difference between the nominal value of shares issued as consideration plus the cash consideration and the nominal value of the shares of those subsidiary companies transferred to the Company is treated as a reduction of reserves on consolidation.

21. MERGER SCHEME

On May 8, 2000, the Company acquired the entire issued and paid-up share capitals of two subsidiary companies for a total consideration of RM72,908,219 by an issue of 50,999,998 new ordinary shares in the Company at issue price of approximately RM1.32 per share and cash consideration of RM5,500,000.

Details of the subsidiary companies and the shares acquired are as follows:

Ordinary shares of RM1 each

Pan-International Electronics (Malaysia) Sdn. Bhd.	7,500,000
--	-----------

Ordinary shares of RM10 each

Pan-International Wire and Cables (Malaysia) Sdn. Bhd.	1,000,000
--	-----------

As mentioned in Note 3, the results of the subsidiary companies being merged are included for full year. The profit after tax of these companies in the current year was RM18,374,447, of which RM11,880,464 was earned after the effective date of acquisition. There were no extraordinary items in their results for the current financial year.

22. SEGMENTAL INFORMATION

Analysis by Geographical Area

The point of origin (the location of the manufacturing facilities) of revenue and the location of the assets determine the geographical area. The following tables set forth information by geographical area of the Group for the year ended December 31, 2000:

	Turnover	Profit before tax	Total Assets Employed
	RM	RM	RM
2000			
Malaysia	170,565,927	24,139,480	140,481,022
Singapore	11,192,355	170,808	4,471,564
	181,758,282	24,310,288	144,952,586
1999			
Malaysia	123,796,606	21,847,414	85,043,029
Singapore	11,248,334	274,114	5,930,377
	135,044,940	22,121,528	90,973,406

< Notes To The Financial Statements >

Continued...

Analysis by Activities

The analysis of the Group's operations by activities is as follows:

	Turnover	Profit before tax	Total Assets Employed
	RM	RM	RM
2000			
Manufacturing	150,485,223	23,439,388	135,068,830
Trading	31,273,059	885,413	9,701,000
Others	-	(14,513)	182,756
	181,758,282	24,310,288	144,952,586
1999			
Manufacturing	111,257,411	20,964,239	78,457,381
Trading	23,787,529	1,160,911	12,516,023
Others	-	(3,622)	2
	135,044,940	22,121,528	90,973,406

23. COMPARATIVE FIGURES

As mentioned in Note 3, the acquisition of Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. are accounted for in the consolidated financial statements using the merger accounting principles as provided under the Companies Act, 1965 and Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, which requires the comparative figures in the consolidated financial statements to be presented as if these subsidiary companies had been combined throughout the previous period and at the previous balance sheet date. The comparative figures for the consolidated financial statements have accordingly been presented to conform with such requirements.

< Statement By Directors >

The directors of P.I.E. INDUSTRIAL BERHAD state that, in their opinion, the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2000 and of their results and cash flows for the year ended on that date.

Signed in accordance with
a resolution of the directors,



MUI CHUNG MENG



CHEN, CHIH-WEN

Penang,
April 4, 2001

< Declaration By The Director >

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, CHEN, CHIH-WEN, the director primarily responsible for the financial management of P.I.E. INDUSTRIAL BERHAD, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed CHEN, CHIH-WEN at)
GEORGETOWN in the State of PENANG)
on April 4, 2001)



CHEN, CHIH WEN

(s. t.) GM. GOVINDASAMY, PJM

Pesuruhjaya Sumpah

21, Lebuh King
COMMISSIONER FOR OATHS
10200 Pulau Pinang.

Before me,

GOVINDASAMY A/L G. MUTTUSAMY, PJM (No. P047)
COMMISSIONER FOR OATHS

< Analysis Of Shareholdings >

as at April 16, 2001

SHARE CAPITAL

Authorised	:	RM 100,000,000
Issued and Fully Paid-Up	:	RM 60,000,000
Class of Shares	:	Ordinary Shares of RM 1.00 each with equal voting rights
Number of Shareholders	:	4,090

DISTRIBUTION OF SHAREHOLDERS

	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1—1,000	2,681	7	2,679,000	7,000	4.46	0.01
1,001—5,000	1,000	14	2,856,000	47,000	4.76	0.08
5,001—10,000	200	13	1,660,000	127,000	2.77	0.21
10,001—100,000	141	11	4,011,002	491,000	6.69	0.82
100,001-1,000,000	12	6	3,643,000	1,989,000	6.07	3.31
Over 1,000,000	3	2	8,400,000	34,089,998	14.00	56.82
TOTAL	4,037	53	23,249,002	36,750,998	38.75	61.25

DIRECTORS' SHAREHOLDINGS

Directors'	No. of Shares	% of Issued Capital
Y.T.M. Tunku Dato' Dr. Ismail Ibni Almarhum Tunku Mohd Jawa	10,001	0.02
Mui Chung Meng	10,000	0.02
Chen, Chih-Wen	10,000	0.02
Cheng Shing Tsung	10,000	0.02
Jou, Yen-Pong	10,000	0.02
Chang, Yen-Kuang	10,000	0.02
Cheng, Ken-Yi	10,000	0.02
Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail	10,000	0.02
Ahmad Murad Bin Abdul Aziz	10,001	0.02
Yen, Chien-Kun	-	-

< Analysis Of Shareholdings >

as at April 16, 2001

SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares	% of Issued Capital
Pan Global Holding Co. Ltd.	32,909,998	54.85
Lembaga Tabung Haji	4,800,000	8.00
Lembaga Tabung Angkatan Tentera	2,000,000	3.33
HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : HSBC (M) Trustee Bhd. For OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,600,000	2.67

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	% of Issued Capital
1. Pan Global Holding Co. Ltd.	32,909,998	54.85
2. Lembaga Tabung Haji	4,800,000	8.00
3. Lembaga Tabung Angkatan Tentera	2,000,000	3.33
4. HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier : HSBC (M) Trustee Bhd. for OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,600,000	2.67
5. Outstanding Growth Technology Limited	1,180,000	1.97
6. Koperasi Permodalan Melayu Negeri Johor Berhad	685,000	1.14
7. Best Skill Technology Limited	630,000	1.05
8. HSBC Nominees (Tempatan) Sdn. Bhd. Qualifier :HSBC (M) Trustee Bhd. for OSK-UOB Kidsave Trust (3621)	542,000	0.90
9. Malaysia British Assurance Berhad	500,000	0.83
10. Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier :Pledged Securities Account for Man Bin Mat (MM0774)	500,000	0.83
11. UOBM Nominees (Asing) Sdn. Bhd. Qualifier :Bankers Trust Company for Unifund	472,000	0.79
12. Wong Yoke Fong @ Wong Nyok Fing	387,000	0.65
13. Operate Technology Limited	377,000	0.63
14. USK Nominees (Tempatan) Sdn. Berhad Qualifier :Wong Chong Shee (CK 18573)	278,000	0.46
15. UOBM Nominees (Asing) Sdn. Bhd. Qualifier :Bankers Trust Company for United Global Internet Fund	250,000	0.42
16. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Qualifier :Kuala Lumpur Smallcap Fund	156,000	0.26
17. Peng Wen-Chih	140,000	0.23
18. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Qualifier :Pledged Securities Account for Lin Yeen Lum (REM 838)	140,000	0.23
19. Uchi Electronic (M) Sdn. Bhd.	120,000	0.20
20. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Qualifier :Amanah Saham Johor	120,000	0.20

< List Of Properties >

Title/Location	Tenure/ Date of expiry of lease	Description/ Existing use (approximate age of building)	Land area/ Built-up area	Net book value as at 31.12.2000 (RM)
H.S.(D) 4633 P.T. No. 3210, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 3.12.2050	* Industrial complex - 2 storey office - 1 storey factory (6 years)	5.0 acres/ 12,257 sq. meters	13,949,686
H.S.(D) 4628 P.T. No. 3205, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 11.11.2050	# Industrial complex - 2 storey office - 1 storey factory - 1 storey warehouse - 2 storey training centre (8 years)	7.0 acres/ 10,448 sq. meters	14,372,511
H.S.(D) 4634 P.T. No. 3211, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	60 years leasehold expiring 3.12.2050	# Vacant, Future Investment - 2 storey office - 2 storey factory - 1 storey store (8 years)	3.08 acres	4,872,592
H.S.(D) HBM2 P.T. No. 3410, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	99 years leasehold expiring 13.4.2091	# Staff housing - 24 units of medium-cost apartments (6 years)	1,801 sq. meters	2,149,319
			TOTAL	35,344,108

Note :

* *The land is owned by Pan-International Electronics (Malaysia) Sdn. Bhd. whilst the industrial building on the land is owned by Pan-International Wire & Cable (Malaysia) Sdn. Bhd.*

All the land and buildings are owned by Pan-International Electronics (Malaysia) Sdn. Bhd.

< Form Of Proxy >

P.I.E. INDUSTRIAL BERHAD (424086-X) (Incorporated in Malaysia)

I/We, _____
of _____
being a Member of the above Company hereby appoint _____

or failing him, _____
of _____

or failing him, the Chairman of the Meeting, as my/our proxy, to vote for me/us on my/our behalf at the **FOURTH ANNUAL GENERAL MEETING** of the Company to be held at Balau Room, Level 2, Sunway Hotel Seberang Jaya, No. 11 Lebuhr Tenggeri Dua, Pusat Bandar Seberang Jaya, Seberang Jaya, 13700 Prai on June 15, 2001 at 10.00 a.m. and at any adjournment thereof.

I/We hereby indicate with an "X" in the spaces provided how I/we wish my/our votes to be cast. (Unless otherwise instructed, the proxy may vote, as he thinks fit)

Resolutions	For	Against
1. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2000 together with the Reports of the Directors and of the Auditors thereon.		
2. To declare a First and Final Dividend of 6.67 sen per share, exempt from Income Tax for the year ended December 31, 2000		
3. To approve the payment of Directors' fees for the year ended December 31, 2000.		
4. To re-elect En. Ahmad Murad Bin Abdul Aziz, a director retiring under the provision of Article 98 of the Articles of Association of the Company, and who, being eligible offer himself for re-election.		
To re-elect the following directors who are retiring under the provision of Article 105 of the Articles of Association of the Company, and who, being eligible offer themselves for re-election:		
5. Mr. Mui Chung Meng		
6. Mr. Chen, Chih-Wen		
7. Mr. Cheng Shing Tsung		
8. Y.A.M. Tengku Syarif Temenggung Perlis Dato' Seri Diraja Syed Amir Abidin Putra Jamalullail		
9. Mr. Yen, Chien-Kun		
10. To re-appoint Messrs. Deloitte KassimChan (Formerly known as Messrs. Kassim Chan & Co.) as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
As Special Businesses:		
Ordinary Resolution		
11. To approve the resolution pursuant to Section 132D of the Companies Act, 1965.		
Special Resolution		
12. To approve the proposed alterations, modifications or additions to the Articles of Association of the Company as contained in Appendix I set out in the Circular to Shareholders dated May 25, 2001.		

Signature of Member: _____

Number of shares held: _____

Signed this: _____

Notes: -

A Member of the Company entitled to attend and vote is entitled to appoint 2 or more proxies to attend and vote in his place. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not, apply to the Company. If a Member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

The instrument appointing a proxy must be deposited at the Registered Office, 3rd Floor, Wisma Wang, 251-A Jalan Burma, 10350 Penang at least 48 hours before the time for holding the Meeting or any adjournments thereof.

Please Affix
Stamp Here

To,
THE COMPANY SECRETARY
P.I.E. INDUSTRIAL BERHAD

3rd Floor, Wisma Wang,
251-A Jalan Burma,
10350 Penang



P.I.E. INDUSTRIAL BERHAD

(Co. No. 424086-X)
(Incorporated In Malaysia)

PENANG:

Plot 6, Jalan Jelawat Satu,
Kawasan Perusahaan Seberang Jaya,
13700 Seberang Jaya, Seberang Prai,
Penang, Malaysia.

Tel.: 604-399 3516-9, 399 3617-8
Fax: 604-398 6248