

Bintai Kinden Group specialises in mechanical and electrical works including design, planning and procurement under the following five broad categories...

- ELECTRICAL INSTALLATIONS;
- MECHANICAL INSTALLATIONS;
- ELECTRICAL POWER SUPPLY INSTALLATIONS;
- INSTRUMENTATION AND BUILDING AUTOMATION; AND
- MAINTENANCE OF ELECTRICAL AND MECHANICAL SYSTEMS.



OUR CHARTER

We aim to provide total satisfaction to customers through high quality workmanship and services by consistently applying the highest level of technological know-how, quality management and management standards.

In essence, our aim is to consistently live up to our guarantee on responsibility for safety and quality of projects delivered.

In pursuit of our aim, we will strive to inculcate among our staff a progressive, trustworthy, honest and positive attitude. At the same time provide them the best possible workplace with an excellent, safe and pleasant environment that makes work enjoyable and rewarding.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at Ground Floor, Conference Room, No. 43-0-2, Jalan 1/48A, Sentul Perdana, Bandar Baru Sentul, 51000 Kuala Lumpur on Tuesday, 27 August 2002 at 10.30 a.m. for the following purposes:

As Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements for the year ended 31 March 2002, together with the Reports of Directors and Auditors thereon. *(Resolution 1)*
2. To declare a final dividend of 2.5 sen gross per share less income tax at 28% for the year ended 31 March 2002 as recommended by the Directors in their Report. *(Resolution 2)*
3. To re-elect the following Directors who retire pursuant to Article 101 of the Company's Articles of Association:
 - a) Ahmad Razlan bin Tan Sri Dato' Seri Ahmad Razali *(Resolution 3)*
 - b) Ong Choon Lui *(Resolution 4)*
4. To re-elect the following Directors who retire pursuant to Article 106 of the Company's Articles of Association:
 - a) YB Dato' Hamzah bin Zainudin *(Resolution 5)*
 - b) Peter John Farrar *(Resolution 6)*
5. To re-appoint Syed Ahmad bin Abu Bakar as Director of the Company, who is over 70 years of age and retires pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the next Annual General Meeting. *(Resolution 7)*
6. To approve the payment of Directors' fees for the year ended 31 March 2002. *(Resolution 8)*
7. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. *(Resolution 9)*

As Special Business

8. To consider and, if thought fit, to pass the following resolutions:
 - a) **Ordinary Resolution No. 1 – Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965**



“**THAT** pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant regulatory authorities, the Directors be and are hereby authorised to issue shares in the Company, at any time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

(Resolution 10)

b) Ordinary Resolution No. 2 – Proposed Shares Buy-Back

“**THAT**, subject to the provisions of the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Company’s Articles of Association, the Listing Requirements of the Kuala Lumpur Stock Exchange (“KLSE”) and any applicable laws, rules, orders, requirements, regulations and guidelines for the time being in force or as may be amended, modified or re-enacted from time to time and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase from the market of the KLSE such number of the Company’s ordinary shares of RM1.00 each (“BKCB Shares”) (“Proposed Shares Buy-Back”) as may be determined by the Directors of the Company (“Directors”) from time to time through the KLSE upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that the total aggregate number of BKCB Shares purchased and/or to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company and an amount not exceeding the total of the Company’s latest audited retained profits of RM10,006,000 and share premium account of RM646,000 as at 31 March 2002, be allocated by the Company for the Proposed Shares Buy-Back **AND THAT** in respect of each purchase of BKCB Shares, the Directors shall have the discretion to decide whether such shares purchased are to be retained as treasury shares and distributed as dividends or resold on the market of the KLSE **AND THAT** such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the next Annual General Meeting of the Company (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provision of the guidelines issued by the KLSE or any other relevant authorities **AND THAT** the Directors of the Company be and are hereby authorised to take all such steps to give full effect to the said Proposed Shares Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities.”

(Resolution 11)



NOTICE OF BOOK CLOSURE FOR PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN that the Register of Members will be closed from 21 September 2002 to 22 September 2002 (both dates inclusive) to determine shareholders' entitlement to the dividend payment. The dividend if approved, will be paid on 8 October 2002 to shareholders whose names appear in the Record of Depositors on 20 September 2002.

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

- a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 20 September 2002 in respect of ordinary transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998 which came into force on 1 November 1998, all shares not deposited with Malaysian Central Depository Sdn Bhd by 12.30 p.m. on 1 December 1998 and not exempted from mandatory deposit, have been transferred to the Minister of Finance ("MOF"). Accordingly, the payment for such undeposited shares will be paid to MOF.

By Order of the Board

Hew Ling Sze (MAICSA 7010381)
Secretary

Kuala Lumpur
5 August 2002

Notes :

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hands of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal, or the hand of its attorney duly authorised.
4. The Proxy Form must be deposited at the Registered Office of the Company at No. 43-0-2, Jalan 1/48A, Sentul Perdana, Bandar Baru Sentul, 51000 Kuala Lumpur not less than forty-eight (48) hours before the time fixed for the meeting or any adjournment thereof.



5. Explanatory Notes on Special Business of the Agenda 8

Ordinary Resolution No. 1 - Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965

The proposed ordinary resolution no. 1 under Agenda 8, if passed, will empower the Directors to allot and issue shares in the Company up to an aggregate amount of not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

Ordinary Resolution No. 2 - Proposed Shares Buy-Back

The proposed ordinary resolution no. 2 under Agenda 8, if passed, will empower the Company to purchase its own shares up to an amount not exceeding 10% of the issued and paid-up share capital of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

For further information on the Proposed Shares Buy-Back, please refer to the Circular to Shareholders dated 5 August 2002 enclosed together with this annual report.

Statement accompanying Notice of Eighth Annual General Meeting.

The Directors who are standing for election, re-election and re-appointment and their attendance at all the six (6) Board Meetings held during the financial year were as follows:-

- i) Ahmad Razlan bin Tan Sri Dato' Seri Ahmad Razali, attended three (3) Board Meetings.
- ii) Ong Choon Lui, attended five (5) Board Meetings.
- iii) YB Dato' Hamzah bin Zainudin, attended all the four (4) Board Meetings held after his appointment during the financial year on 29 August 2001.
- iv) Peter John Farrar, attended all the four (4) Board Meetings held after his appointment during the financial year on 29 August 2001.
- v) Syed Ahmad bin Abu Bakar, attended all the six (6) Board Meetings.

The Eighth Annual General Meeting will be held at Ground Floor, Conference Room, No. 43-0-2, Jalan 1/48A, Sentul Perdana, Bandar Baru Sentul, 51000 Kuala Lumpur on Tuesday, 27 August 2002 at 10.30 a.m.

Details of Directors who are standing for election, re-election and re-appointment are set out on pages 8 to 10 of this annual report.



C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

Syed Ahmad bin Abu Bakar	Acting Chairman/Vice Chairman
Ong Puay Koon	Managing Director
Dato' Ang Liang Kim	Executive Director
Tan Hee Chai	Executive Director
YB Dato' Hamzah bin Zainudin	
Peter John Farrar	
Ahmad Razlan bin Tan Sri Dato' Seri Ahmad Razali	
Kenji Tamura (Alternate: Hisayuki Ikeuchi)	
Ong Choon Lui	

AUDIT COMMITTEE

Peter John Farrar (Independent Non-Executive Director)	Chairman
YB Dato' Hamzah bin Zainudin (Independent Non-Executive Director)	Member
Tan Hee Chai (Executive Director)	Member

COMPANY SECRETARY

Hew Ling Sze (MAICSA 7010381)

AUDITORS

PricewaterhouseCoopers
Chartered Accountants

SOLICITORS

Azam Lim & Pang
Advocates & Solicitors
Suite 3B-10-5
10th Floor, Block 3B
Plaza Sentral, Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur



Tay & Helen Wong
Advocates & Solicitors
Suite 505, Block F, Phileo Damansara 1
No. 9 Jalan 16/11
46350 Petaling Jaya
Selangor Darul Ehsan

REGISTERED OFFICE

No. 43-0-2, Jalan 1/48A
Sentul Perdana
Bandar Baru Sentul
51000 Kuala Lumpur
Tel: 603-4042 6233
Fax: 603-4044 8246

REGISTRAR

Tenaga Koperat Sdn Bhd
20th Floor Plaza Permata
Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603-4041 6522
Fax: 603-4042 6352

PRINCIPAL BANKERS

Bangkok Bank Berhad
Bumiputra - Commerce Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
Main Board



BOARD OF DIRECTORS' PROFILE

Syed Ahmad Bin Abu Bakar

Aged 78, a Malaysian, was appointed to the Board as Executive Vice Chairman on 21 October 1997 and assumed the position of acting Chairman in 2001. He began his career with the government where he served for 36 years and became the Director of National Registration Department, Sabah in 1979, a position he held until his retirement in 1982. In 1982, he established Kejuruteraan Bintai Kindenko Sdn Bhd ("KBK") together with Mr. Ong Puay Koon and Kinden Corporation ("Kinden") and was appointed Chairman of KBK, a position he held since then. He has more than 20 years of experience in the field of mechanical and electrical engineering. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended all the six (6) Board Meetings held in the financial year. Tuan Syed Ahmad was conferred the Bintang Ahli Mangku Negara (A.M.N.) by D.Y.M.M. Yang di-Pertuan Agong in 1976. He has no convictions for any offences during the past ten (10) years.

Ong Puay Koon

Aged 59, a Malaysian, was appointed to the Board as Managing Director and Chief Executive Officer on 21 October 1997. He holds a Diploma in Electrical Engineering from the Singapore Polytechnic which he obtained in 28 August 1965. He has been an Associate Member of the Institute of Incorporated Electrical Engineering, London since 1978. In 1973, he established Bintai Kindenko (M) Sdn Bhd ("BKM") and was responsible for all aspects of the company's operations, including project management and site supervision. In 1982, he formed KBK together with Kinden and Tuan Syed Ahmad bin Abu Bakar. He was the Managing Director of KBK but resigned in 2000. He has over 33 years of experience in the design and supervision of High Tension ("HT") and Low Tension ("LT") Industrial and Commercial Installations. His vast experience in the mechanical and electrical engineering field has contributed significantly to the fast growth of KBK since its establishment. In June 2002, he was appointed Deputy Chairman of MAE Engineering Ltd, Singapore. Save as disclosed, he does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company other than his son, Mr. Ong Choon Lui, who is also one of the directors of the Company. Mr. Ong does not have any conflict of interest with the Company and attended all the six (6) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.

Dato' Ang Liang Kim

Aged 54, a Singaporean domiciled in Malaysia, was appointed to the Board as Executive Director and Chief Operating Officer on 12 September 2000. He has been involved in project management since 1972 and became Engineering Manager of Contium Engineering Pte Ltd and Project Superintendent of a Canadian consulting firm. He was a Senior Manager of Bintai Kindenko Pte Ltd ("BKPL") (1979 - 1988) and an Associate Director of BKM (1988). He joined KBK in July 1996 as an Executive Vice President and is currently a Director and President/Chief Executive Officer of KBK. He has more than 30 years of experience, extensive knowledge and exposure in mechanical and electrical engineering industries. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended all the six (6) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.



Tan Hee Chai

Aged 62, a Singaporean, was appointed to the Board as Executive Director on 21 October 1997. He is also a member of the Audit Committee of the Company. He graduated from the Singapore Polytechnic with a Professional Diploma in Accountancy, and became a member of the Australian Society of Accountants (now known as ASCPA Australia) on successful completion of the examinations in 1964. He also obtained an Accountancy degree from the University of Singapore in 1971. He is a Certified Public Accountant of Singapore and a Fellow of the Australian Society of Certified Practising Accountants. He was the Head of Treasury of ESSO Standard (1961 - 1964), the Group Chief Accountant and Company Secretary of Metal Box Group of Companies (1966 - 1974), the Group Chief Accountant of the Sime Darby Berhad Group of Companies (1974 - 1980), the Group General Manager of Haw Par Brothers International Ltd (1980 - 1992) and the Group Executive Director of Setron (Malaysia) Berhad (1992 - 1995). He was appointed consultant to BKPL until July 1996 when he joined KBK to oversee and strengthen the finance and corporate planning functions. In 1998, Mr. Tan was appointed a director of KBK but resigned in 2000. On 1 March 2000, he was appointed director of BKPL and has been its Chairman since 10 April 2001 and its Chief Executive Officer since August 2001. Mr. Tan was appointed the Chairman of Mostrans Pte Ltd on 29 May 2000. In June 2002, he was appointed Vice Chairman of MAE Engineering Ltd. Save as disclosed, he does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended all the six (6) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.

YB Dato' Hamzah Bin Zainudin

Aged 45, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 29 August 2001. He is a member of the Audit Committee of the Company. He graduated from the Universiti Teknologi Malaysia with a Diploma in Quantity Surveying in 1979. He was the General Manager of Maju Bangun Sdn Bhd, a subsidiary of the State Economic Development Corporation of Perak from 1981 to 1984. He was a director of Justera Sdn Bhd, a subsidiary of Construction & Supplies House Berhad from 1984 to 1991. Dato' Hamzah also served as a member of the Board of Ipoh City Council and Stadium Merdeka Corporation from 1987 to 1993 and 1991 to 1997 respectively. Presently, he is a Senator in Malaysia's Dewan Negara (Senate). He is the Chairman of Hexagon Holdings Berhad and Evermaster Group Berhad since 1996 and a Director of Tanah Emas Corporation Berhad (formerly known as Isuta Holdings Berhad). These companies are listed on the Kuala Lumpur Stock Exchange. YB Dato' Hamzah is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended all the four (4) Board Meetings held since his appointment to the Board in the financial year. He has no convictions for any offences during the past ten (10) years.

Peter John Farrar

Aged 55, a British, was appointed to the Board as an Independent Non-Executive Director on 29 August 2001. He is also the Chairman of the Audit Committee of the Company. He graduated from the University of Newcastle Upon Tyne with a degree in economics and accounting in 1968. He is a Fellow of the Institute of Chartered Accountants of England and Wales, qualifying in 1971. He joined Price Waterhouse in 1968 as a member of the audit staff in Newcastle Upon Tyne, was seconded to Price Waterhouse in Singapore (1975 to 1977) and was admitted to partnership in the United Kingdom in July 1980. He was seconded to the Middle East from 1980 to 1987. He returned to Price Waterhouse in London in 1987 where he was a partner in its financial services audit practice. His clients include major UK based financial services groups. In May 1996, he joined Saudi International Bank as Chief Finance Officer and was appointed a director in April 1999 upon its acquisition by Gulf International Bank. He left to join the IslamiQ Group in May 2000 as Chief Finance Officer, left in July 2001 to become an independent consultant in the financial services industry. He has extensive experience in international business and financial services. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended all the four (4) Board Meetings held since his appointment. He has no convictions for any offences during the past ten (10) years.



Kenji Tamura

Aged 57, a Japanese, was appointed to the Board on 7 November 1997. He is a Non-Executive Director of the Company. He graduated from Kansei Gakuin University with a degree in Sociology in 1969. He has been with Kinden since 1969 and was promoted to the position of General Manager of the Administration Department for International Division, Kinden in 1995. Presently, he is the Chief Executive to International Division, Kinden. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company other than Kinden, a substantial shareholder of the Company. He does not have any conflict of interest with the Company and attended three (3) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.

Ahmad Razlan bin Tan Sri Dato' Seri Ahmad Razali

Aged 30, a Malaysian, was appointed to the Board on 23 June 1999. He is an Independent Non-Executive Director of the Company. He completed his degree in accounting at Edith Cowan University, Perth, Australia, in 1994 and has been a member of Australian Society of Certified Practising Accountants (now known as ASCPA Australia) since 1995. He began his accounting profession in 1994 with Price Waterhouse where he was involved in corporate finance related work. In 1997, Encik Ahmad Razlan joined Artic Building and Civil Engineering Sdn Bhd, a family-owned construction company, as the Managing Director. He was Senior Manager of Business Development, Vice President, and the Head of the Internal Audit Division of Bintai Kinden Corporation Berhad (1997 - 2000). Presently, he is the Chief Executive Officer and Director of WAP Portal Sdn Bhd, a company in the business of providing wireless application protocol services. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and attended three (3) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.

Ong Choon Lui

Aged 30, a Singaporean, was appointed to the Board as Non-Executive Director on 2 August 2000. He obtained his Bachelor in Engineering (Honours Second Class Upper Division) from Nanyang Technological University, School of Electrical and Electronics Engineering, Singapore, in 1997 and has been a member of Institute of Electrical and Electronics Engineer, Inc. since 1997. He began his engineering profession in 1997 as an electrical engineer with Bechtel International, Inc. where he was principally involved in electrical contracting, design and research of electrical system of industrial chemical plants. He was attached with Kinden primarily to study its operations in advanced technology (2000-2001). He is now overseeing the business development of the Group. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company other than his father, Mr. Ong Puay Koon, who is the Managing Director and substantial shareholder of the Company. He does not have any conflict of interest with the Company and attended five (5) Board Meetings held in the financial year. He has no convictions for any offences during the past ten (10) years.

Hisayuki Ikeuchi [alternate to Kenji Tamura]

Aged 44, a Japanese, was appointed as an Alternate Director to Mr. Kenji Tamura on 9 April 1998. He graduated from Kanazawa Institute of Technology, Japan with a degree in electrical engineering on 24 March 1981. He started his career in 1981 with Kinden where he was the Electrical Engineer for various projects in Japan. He has over 21 years of experience in Electrical engineering field and has been assigned to handle several overseas projects. He is the Director and Vice President of the Marketing Division of KBK. He does not hold any other directorship in public companies and is not related to any director and/or major shareholder of the Company other than Kinden, a substantial shareholder of the Company. He does not have any conflict of interest with the Company and attended three (3) Board Meetings held in the financial year as alternate to Mr. Tamura. He has no convictions for any offences during the past ten (10) years.



CORPORATE GOVERNANCE

PRINCIPLES OF CORPORATE GOVERNANCE

The Company adopts the principles of good corporate governance which encompass policies, procedures, controls, systems and framework in managing the Company's business towards enhancing business prosperity and corporate accountability with the ultimate objective of realizing long term shareholder value, whilst taking into account the interests of all shareholders.

The Board of Directors, to be an effective and functional Board, provides the leadership, direction and control over the Company's operations. The Independent and Non-Executive Directors contribute judgement and advice before decisions are taken at the Board meetings.

The following disclosure states how the Company has applied the principles of corporate governance and the status of compliance with the principles of best practices.

A. BOARD OF DIRECTORS

The Board's composition includes a balance of Executive Directors and Non-Executive Directors (including Independent Non-Executive Directors). The Board comprises nine Directors of whom three were Independent Non-Executive Directors, making up one-third of the Board. The profiles of the members are provided in the Annual Report.

In addition, the late Tan Sri Dato' Seri Ahmad Razali bin Mohammed Ali, the previous Non-Executive Chairman served until his death on 16 May 2001.

The Board met six times during the financial year. The attendance of the Directors was as follows:

Tuan Syed Ahmad bin Abu Bakar	(6/6)
Mr. Ong Puay Koon	(6/6)
Dato' Ang Liang Kim	(6/6)
Mr. Tan Hee Chai	(6/6)
Mr. Kenji Tamura	(3/6)
Mr. Hisayuki Ikeuchi (alternate to Mr. Kenji Tamura)	(3/6)
Mr. Ong Choon Lui	(5/6)
Encik Ahmad Razlan bin Tan Sri Dato' Seri Ahmad Razali	(3/6)
Mr. Peter John Farrar	(4/4)
YB Dato' Hamzah bin Zainudin	(4/4)

Chairman

The Acting Chairman is a Non-Independent and Executive Director and is responsible for the working of the Board.



Supply of information

As a general rule, the Secretary to the Board sends in advance Board papers and Audit Committee papers before the meetings are held. All directors have access to the advice and services of the Company Secretary and also independent professional advisers.

Chief Executive Officer

The Managing Director's task is to run the day to day business operations and to implement policies adopted by the Board.

Directors' training

In the appointment of new directors, the Company provides an orientation and education program organized by the KLSE to brief each new director of their duties and responsibilities.

Re-election of Directors

All directors including the Managing Director are subject to re-election once every three years.

Board Nominating Committee, Remuneration Committee and Senior Independent Non-Executive Director

The Board has considered and deliberated on the establishment of these two Committees and the designation of a Senior Independent Non-Executive Director. The Company's Board has only very recently undergone a re-structuring and expansion and the Board believes that it is not appropriate for these committees to be established or a Senior Independent Non-Executive Director to be appointed at the present time as the Board needs more time to consider appointments thereto. These matters will be reviewed again during the current financial year in the light of the Board's development.

The Audit Committee

This is covered separately in the Audit Committee report.

DIRECTORS' REMUNERATION

DISCLOSURE

The particulars relating to aggregate Company remuneration of Directors, including Non-Executive Directors for the financial year ended 31 March 2002, are as follows:

	RM
Fees	
Non-Executive	95,000
Executive	272,000
Salary & other emoluments	
Non-Executive	0
Executive	1,796,000
Benefits-in-kind	
Executive	0
	<u>2,163,000</u>



The number of Directors whose remuneration fell into the following bands are as follows:

Range of Remuneration	Non-Executive	Executive
Less than RM50,000	4	2
RM150,001 to RM200,000	1	0
RM350,001 to RM400,000	0	1
RM550,001 to RM600,000	0	1

B. SHAREHOLDERS

The substantial shareholders whose shareholding exceeds 5% of the paid-up capital of the Company and are represented on the Board of Directors are informed of the Company's business affairs through Board meetings. In total three substantial shareholders have interests in 48.26% in aggregate of the shares of the Company. There are, however, other substantial shareholders whose shareholding exceeds 5% who are not represented on the Board. The Company's Annual General Meeting continues to be the main medium of the Company's communication with shareholders (including minority shareholders). The Quarterly Report is an additional channel to keep the shareholders informed of the progress made by the Company during the financial year.

The KLSE through its website at www.klse.com.my publishes all the Company's announcements including a full version of the Quarterly Results announcements and the Annual Report. In addition, the Company has a website at www.bintai.com.my which the shareholders can access for information.

C. ACCOUNTABILITY AND AUDIT

Financial reporting

The Company presents a comprehensive report on its financial position on a going concern basis and its prospects in compliance with the provisions of the Companies Act, 1965 as amended and applicable approved accounting standards by the Malaysian Accounting Standards Board.

Directors' responsibilities for Financial Reporting

The Revamped Listing Requirements of the Kuala Lumpur Stock Exchange require the Directors to prepare financial statements and cash flows for each financial year which give a true and fair view of the state of affairs of the Group and of the Company.

The Directors have satisfied themselves that in the preparation of the financial statements and cash flows of the Group and the Company for the financial year ended 31 March 2002 that appropriate accounting policies have been consistently applied and approved accounting standards have been followed.

Relationship with Auditors

Through the Audit Committee, the Board maintains a good working relationship with the external Auditors and ensures their independence. The Audit Committee meets with the external auditors without the presence of management at least once a year.



D. STATEMENT ON INTERNAL CONTROL

Introduction

As a committee of the Board of Directors the Audit Committee has been delegated responsibility for reviewing the adequacy, effectiveness of and integrity of the Group's internal controls and, where appropriate, to take measures to ensure that management updates and enhances internal control procedures. The annual internal audit plan is reviewed and approved by the Audit Committee as is the audit plan presented by the external auditors.

Responsibility

The Board is committed to maintaining a sound system of internal control that encompasses financial controls, operational controls, compliance controls and risk management which form an integral part of the overall control of the business. The Board accepts that it is responsible for safeguarding shareholders' interests and the Group's assets. It should be noted that the internal controls are designed to manage risk; they cannot eliminate risks or the possibility of failure to achieve business objectives. In addition, it should be appreciated that any system can only provide reasonable assurance against material misstatement or loss.

Risk Management

The Company has in place an on-going process for identifying, evaluating, monitoring and managing significant risks. This is a fundamental part of its business process. The Audit Committee and Board have identified the key areas of risk faced by the Company. During the period under review documentation of the processes for evaluating risks have been developed as part of the whole process of establishing a Group Risk Policy. The basis and processes for a Group Risk Policy has now been formally tabled to the Audit Committee and a Risk Policy will be formulated and continue to be developed.

Internal Control

The Board has established an organisation structure with defined lines of accountability and delegated authority. The core business has been segregated into departments; each with a departmental head with defined responsibilities and authority limits. Individual departments have their own operating manuals although some are in the process of compiling their operating manuals. At the project level of the operating subsidiaries, working budgets approved by the Executive Committee ("EXCO") is the tool used to control project costs. The operating subsidiaries exercise effective budgetary control at the project level. With regular meetings, monitoring and reporting by project managers to senior management and the EXCO ensures project progress is reviewed and managed on all on-going major projects. The EXCO meets weekly when operational decisions are taken (prior to August 2001, the EXCO met monthly). As a part of the check and balance, regular visits to operating units by members of the EXCO reinforces the monitoring of operating units.

The internal control system of the main operating subsidiary, Kejuruteraan Bintai Kindenko Sdn. Bhd. is documented and is subject to regular tests carried out by the Internal Audit Function. Weaknesses or failures in the internal controls are reported to the Audit Committee by the Internal Auditor after discussion with management.



The main operating subsidiary company has adopted and clearly documented internal procedures and manuals in respect of financial controls, tendering and contracting, engineering, operation, human resource training, health, safety and environment.

The main operating subsidiary company has been accredited with ISO9002 Quality Assurance by BM Trada to provide quality assurance to its customers. Non-conforming reports are reviewed by a senior member of management and corrections in procedures are implemented.

The Board does not regularly review the internal control system of its associated companies, Joint Ventures or other investee companies although approved budgets and monthly management accounts are provided for information, as the Board does not have any direct control over their operations.

The Company Secretary assists the Board in ensuring compliance with all laws and regulations.

State of Internal Controls

A management structure exists with defined roles and Departmental Heads who act independently within authority limits which are defined throughout the Group. The system provides reasonable assurance that project costs are controlled and the possibility of cost overruns is minimized. Financial control has the support of a centralized computer system that has been established for many years and the Finance Department in addition provides the accounting support for the branches and subsidiaries of the Group. The Corporate Department is also centralized and deals with company secretarial, legal, compliance, treasury, tax, and insurance matters.

The management, through regular meetings, on a weekly basis, assesses key commercial and financial risks on business propositions and opportunities.

The Audit Committee, with the assistance of the Internal Audit Function assesses the effectiveness of the Group's internal control system which is reviewed regularly in the context of reports to the Committee.



A U D I T C O M M I T T E E R E P O R T

MEMBERS OF AUDIT COMMITTEE

Chairman : **Peter John Farrar**
(Independent Non-Executive Director and a Fellow of the Institute of Chartered Accountants in England and Wales)
Appointed on 29 August 2001

Members : **YB Dato' Hamzah bin Zainudin**
(Independent Non-Executive Director)
Appointed on 29 August 2001

Tan Hee Chai
(Executive Director and a fellow member of The Australian Society of Certified Practising Accountants)

Kenji Tamura
(Non- Executive Director)
Resigned from the Committee on 29 August 2001

Secretary: **Hew Ling Sze**

Terms of Reference

1. Objectives

The principal objectives of the Audit Committee are to provide an independent overview of the way in which the Group conducts its affairs and to ensure conformity with good corporate governance in terms of good internal controls, reporting on the Group's performance and monitoring the external auditors' work and performance. It also has a responsibility for monitoring compliance with the Listing Rules of the KLSE and reporting any breaches.

It provides assistance to the Board in fulfilling its fiduciary responsibilities relating to financial accounting and reporting and enhances the independence of the External and Internal Auditors.

The Committee seeks to create a climate of discipline and control which will reduce the opportunity for fraud; continuously reviews high level operational procedures and controls to ensure the maintenance of appropriate standards of corporate responsibility, integrity and accountability to all shareholders.

2. Criteria for membership

- a. A majority of the members shall be Independent Non-Executive Directors and no alternate Director is appointed to the Committee.
- b. At least one member of the Committee must meet the criteria of an Accountant as specified by the KLSE Listing Requirements Paragraph 15.10(1c)
- c. The members shall collectively have knowledge of the industries in which the Group operates.



- d. The members have the ability to read and understand financial statements, cash flow and key performance indicators.
- e. Members shall have the ability to understand key business risks as well as financial risks and related controls.

3. Duties and Responsibilities

- a. To consider and recommend to the Board the appointment, resignation and/or dismissal of the External Auditors, the audit fee and any matters related thereto. To discuss the issues and recommendations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of the management if necessary);
- b. To appoint the Head of Internal Audit; and to approve any appointment or termination of senior staff members of the Internal Audit Function. To review any appraisal or assessment of the performance of member of the Internal Audit Function and also to provide the resigning staff member an opportunity to submit reasons for resigning;
- c. To review with the External and/or Internal Auditors:-
 - i) the audit plan, its scope and nature;
 - ii) the system of internal controls and its effectiveness;
 - iii) any matter arising including audit report or management letter and management response;
 - iv) the adequacy of scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
 - v) the Internal Auditor's programme and consider the major findings of internal audit investigations and management response, and ensure coordination between Internal and External Auditors;
- d. To review and recommend adoption or amendment of major accounting policies, principles and practices.
- e. To review with the management and/or Internal Auditors the quarterly, half-yearly and yearly unaudited financial statements of the Group and the Company before the submission to the Board, focusing particularly on:-
 - any changes in accounting policies and practices,
 - major judgmental areas,
 - significant adjustments,
 - the going concern assumption,
 - compliance with accounting standards,
 - compliance with stock exchange and legal requirements.
- f. To review related party transactions that may arise within the Group or the Company and any other major transactions outside the normal course of business of the Group and the Company; and
- g. Such other matters as the Board may from time to time determine.



Powers

In carrying out its duties and responsibilities, the Audit Committee will have full, free and unrestricted access to all the Company's records, properties and personnel. The Committee has the authority to engage independent professional advisers and to secure attendance of outsiders with relevant experience and expertise if necessary.

Meetings

The Audit Committee will meet at least once a quarter although additional meetings may be called at any time, at the discretion of the Chairman.

The annual plan ensures all the Committee's business is covered in the meetings during the course of the year.

The agenda and business tabled for discussion are circulated to the members at least one week before the meeting.

The Internal and/or External Auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required by the Committee. Upon the request of the Auditor(s), the Chairman of the Audit Committee shall also convene a meeting of the Committee to consider any matters the Auditor(s) believes should be brought to the attention of the Board of Directors or the shareholders. In any event, the Committee meets with the External Auditors at least twice a year and also has a private session with them at such meetings, without management present.

The minutes of the Committee meetings are distributed to all the Directors.

Quorum

The quorum for any meeting of the Audit Committee is two with the majority of members present being Independent Non-Executive Directors.

Attendance at Meetings

The Audit Committee held four meetings during the financial year ended 31 March 2002, on 30 May 2001, 29 August 2001, 29 November 2001 and 21 February 2002. The members of the Committee and their attendance during the financial year were as follows:

Name	Attendance
Peter Farrar	Attended 2 out of 2 meetings
YB Dato' Hamzah bin Zainudin	Attended 2 out of 2 meetings
Tan Hee Chai	Attended 4 out of 4 meetings
Kenji Tamura	Attended 2 out of 2 meetings

Both the Financial Controller and Internal Auditor were in attendance at each of these meetings, together with other members of management as appropriate. The External Auditors were present at certain meetings to brief the Audit Committee on their activities and other specific issues; the independent non-executive members of the Audit Committee also met with the External Auditors without management present.



Activities of the Committee during the financial year

During the financial year, the Committee carried out its duties in accordance with its terms of reference stated above to include the following:

- a) review of 2001/02 audit plan prepared by the external auditors to
 - confirm the Group's audit requirements;
 - discuss the key business, accounting and control issues; and
 - outline the proposed audit responses;
- b) review of the External Auditor Group's report to the Committee, their major audit findings and evaluation of the Group's accounting system and internal control system and procedures and management's responses thereto;
- c) review of draft financial statements for the Company and the Group prior to submission to the Board of Directors for consideration and approval;
- d) review of quarterly results and announcements together with recommendations to the Board for approval;
- e) discuss and recommend to the Board for approval the External Auditors' remuneration;
- f) discuss and comment upon the Company's compliance with the KLSE Listing Requirements;
- g) reviewed the disclosure of related party transactions in the quarterly accounts and financial statements; and
- h) received and discussed reports from the Internal Auditor;
- i) discussed and reviewed the following with the Internal Auditor:
 - the terms of reference of the Committee, together with the mandate and scope of the Internal Audit function in relation to the terms of reference;
 - the scope and areas to be covered by the Internal Audit plan;
 - Internal Audit Charter;
 - key areas of risks;
 - Corporate Governance and compliance;
 - risk management framework;
 - internal audit programme;
 - internal controls;
 - follow-up report by the Internal Auditor on the External Auditors' report to the Committee;
 - related party transactions and recurrent related party transactions;
 - manpower requirement for the Internal Audit Division;
 - periodic reports of the Internal Auditor, the major findings and management's responses thereto; and
 - annual plan for the Committee.