



DAIBOCHI PLASTIC AND PACKAGING  
INDUSTRY BHD. (12994-W)



ANNUAL  
REPORT  
**2001**



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# Notice of Annual General Meeting



**NOTICE IS HEREBY GIVEN** that the Twenty Ninth Annual General Meeting of the Company will be held at Straits 3, Level 7, The Golden Legacy Hotel Melaka, Jalan Hang Tuah, 75300 Melaka on Thursday, 23 May 2002 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS:

1. To receive and adopt the audited financial statements for the year ended 31 December 2001 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To declare a first and final tax exempt dividend of 3 sen per share for the year ended 31 December 2001. (Resolution 2)
3. To approve Directors' fees for the year ended 31 December 2001 amounting to RM45,000 (2000: RM 52,500). (Resolution 3)
4. To re-elect Tan Gaik Hong who is retiring under Article 94 of the Company's Articles of Association. (Resolution 4)
5. To re-elect Low Chan Koon who is retiring under Article 103 of the Company's Articles of Association. (Resolution 5)
6. To re-elect Yong Jaw Teck who is retiring under Article 103 of the Company's Articles of Association. (Resolution 6)
7. To approve a resolution pursuant to Section 129 (6) of the Companies Act, 1965 to re-appoint Y. Bhg. Datuk Haji Tamby Chik Bin Haji Hassan as a Director of the Company to hold office until the next Annual General Meeting. (Resolution 7)
8. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 8)

## AS SPECIAL BUSINESS:

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

9. "That subject to the provisions of Section 132D of the Companies Act, 1965, and the approval of the relevant authorities, the Directors be and they are hereby authorised from time to time to issue and allot ordinary shares in the Company upon such terms and conditions and at such times as may be determined by the Directors to be in the interest of the Company provided always that the aggregate number of shares to be issued pursuant to this resolution shall not exceed 10% of the issued share capital for the time being of the Company." (Resolution 9)
10. To transact any other business for which due notice shall have been given.

## NOTICE OF BOOK CLOSURE

**NOTICE IS ALSO HEREBY GIVEN** that the Register of Members will be closed from 1 June 2002 to 2 June 2002, both dates inclusive, to determine shareholders' entitlement to the dividend payment. The dividend, if approved, will be paid on 18 June 2002 to shareholders whose names appear in the Register of Members and Record of Depositors on 31 May 2002.

A Depositor shall qualify for entitlement to the said dividend only in respect of:

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 29 May 2002 (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred to the Depositor's Securities Account before 12.30 p.m. on 31 May 2002 in respect of ordinary transfers; and
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By order of the Board

**Ms. Tan Gaik Hong, MIA 4621**

Secretary

Melaka

Dated: 30 April 2002

## NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

## EXPLANATORY NOTE ON SPECIAL BUSINESS

### Authority pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under item 9 above, if passed, will give powers to the Directors to issue up to a maximum of 10% of the issued share capital of the Company for the time being 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 a General Meeting, expire at the conclusion of the next Annual General Meeting.



## Statement Accompanying Notice of Annual General Meeting

### 1. Directors who are standing for re-election/re-appointment at the Twenty Ninth Annual General Meeting are:

- |                                                   |                |
|---------------------------------------------------|----------------|
| (a) Tan Gaik Hong                                 | (Resolution 4) |
| (b) Low Chan Koon                                 | (Resolution 5) |
| (c) Yong Jaw Teck                                 | (Resolution 6) |
| (d) Y. Bhg. Datuk Haji Tamby Chik Bin Haji Hassan | (Resolution 7) |

### 2. Details of attendance of Directors at Board Meetings

Four (4) Board of Directors' Meetings were held during the financial year ended 31 December 2001. Details of attendance by Directors at the Board Meetings are as follows:

Name	Attendance
Y. Bhg. Tan Sri Dato' Dr. Abdul Khalid Bin Sahan	4 meetings
Y. Bhg. Datuk Haji Tamby Chik Bin Haji Hassan	4 meetings
Yong Jaw Teck	4 meetings
Y. Bhg. Datuk Wong Soon Lim	4 meetings
Low Chan Tian	3 meetings
Low Chan Koon	3 meetings
Y. Bhg. Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah	4 meetings
Tan Gaik Hong (appointed on 14 May 2001)	2 meetings

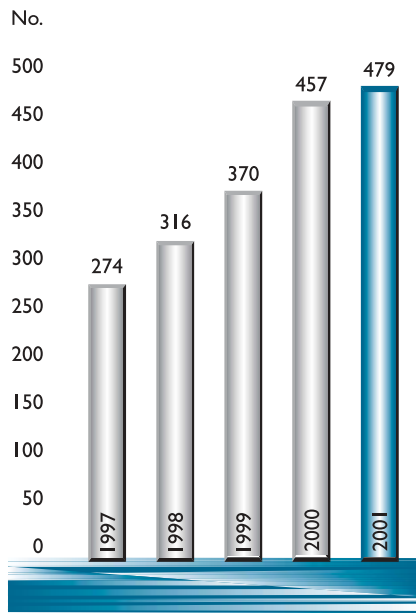
### 3. Place, date and time of the Annual General Meeting

Place	Straits 3, Level 7, The Golden Legacy Hotel Melaka, Jalan Hang Tuah, 75300 Melaka
Date and time	Thursday, 23 May 2002 at 10.00 a.m.

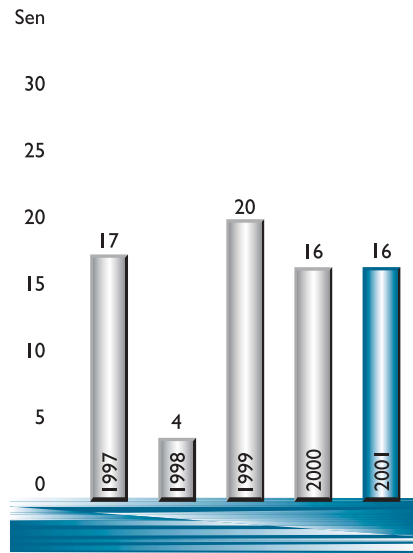
### 4. Further details of the Directors standing for re-election/re-appointment at the Twenty Ninth Annual General Meeting are set out in pages 5 to 6 and their securities holdings information are listed in pages 44 to 45 of this Annual Report.



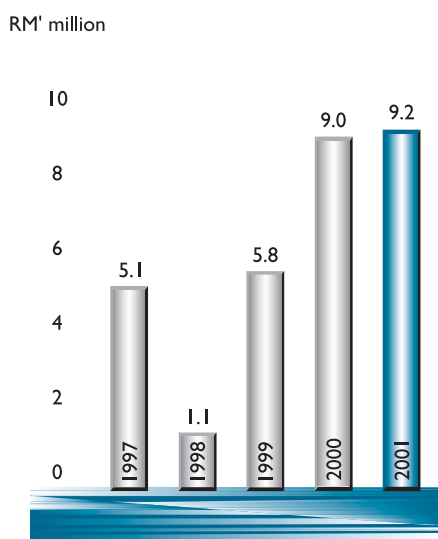
**Employees**



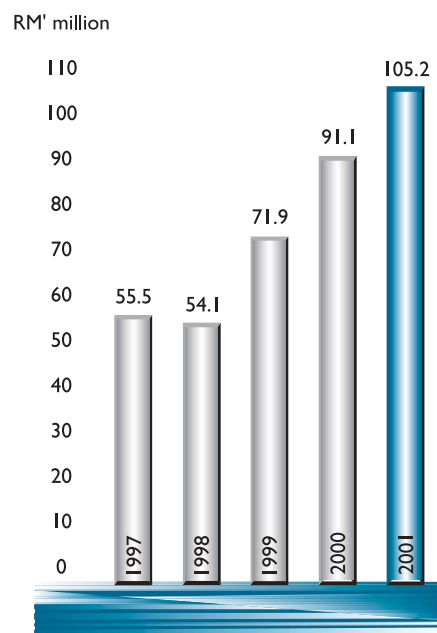
**Gross earnings  
per share**



**Profit before  
taxation**



**Turnover**





## Corporate Information

### BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Dr. Abdul  
Khalid Bin Sahan  
*Chairman and Independent Non-Executive Director*

Y. Bhg. Datuk Haji Tamby Chik  
Bin Haji Hassan  
*Deputy Chairman and Independent Non-Executive Director*

Yong Jaw Teck  
*Managing Director*

Y. Bhg. Datuk Wong Soon Lim  
*Executive Director*

Low Chan Tian  
*Executive Director*

Low Chan Koon  
*Executive Director*

Ms. Tan Gaik Hong  
*Executive Director*

Y. Bhg. Maj. Gen. (Rtd) Dato' Haji  
Johan Hew Bin Abdullah  
*Independent Non-Executive Director*

### COMPANY SECRETARY

Ms. Tan Gaik Hong, MIA 4621

### WEBSITE

[www.daibochiplastic.com](http://www.daibochiplastic.com)

### CERTIFICATES

ISO 9002:1994  
EN ISO 9002:1994  
BS EN ISO 9002:1994

### REGISTERED OFFICE

Kompleks Daibochi Plastic  
Lot 3 & 7 Air Keroh  
Industrial Estate, Phase IV  
75450 Melaka  
Tel No: 06-2312746  
Fax No: 06-2328988

### REGISTRARS

Tenaga Koperat Sdn Bhd  
20th Floor Plaza Permata  
Jalan Kampar  
Off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel No: 03-40416522  
Fax No: 03-40426352

### AUDITORS

PricewaterhouseCoopers  
12th Floor Bangunan Yayasan Melaka  
Jalan Hang Tuah  
75300 Melaka

### PRINCIPAL BANKERS

Bumiputra Commerce (M) Berhad  
Hong Leong Bank Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
RHB Bank Berhad  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank (Malaysia) Bhd

### STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange  
Second Board



## *Profiles of Directors*



**Y. Bhg. Tan Sri Dato' Dr. Abdul Khalid Bin Sahan**, Malaysian, aged 68 was appointed to the Board of Daibochi Plastic and Packaging Industry Bhd ("Daibochi") on 30 July 1990. He is an Independent Non-Executive Director and Chairman of the Board. He is also the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a MBBS (Malaya), DPH (London) and DIH (England). He has served in various positions in the Ministry of Health, Malaysia until his retirement in 1989 as Director General of Health, Ministry of Health, Malaysia.

He is currently the Chairman of Tronoh Mines Malaysia Berhad, Kejora Harta Berhad and also the Chairman of Rating Agency Malaysia Berhad. He is also a director of Malaysia Mining Corporation Berhad.

Tan Sri Khalid has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended all the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.

**Y. Bhg. Datuk Haji Tamby Chik Bin Haji Hassan**, Malaysian, aged 81 was one of the first directors of Daibochi when he was appointed on 2 October 1972. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He was one of the founder members and the former Chairman of Daibochi. He has accumulated vast and extensive business experience in the food manufacturing and property development industry.

Datuk Tamby Chik has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended all the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.

**Y. Bhg. Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah**, Malaysian, aged 61 was appointed on 1 April 1998. He is an Independent Non-Executive Director. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He graduated from the Federation Military College, Malaya. He served in various senior positions in the Malaysian armed forces until his retirement in 1995 as the Commander of the Third Infantry Division in Terendak Camp, Melaka.

Dato' Johan has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended all the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.

**Low Chan Koon**, Malaysian, aged 50 was appointed to the Board of Daibochi on 13 August 1987. He was the former Managing Director of Daibochi from 1988 to 1996. Upon his resignation as Managing Director he remained on the Board as a Non-Executive Director and subsequently as an Executive Director since 1 April 1997.

He holds a degree in Engineering from the University of Western Australia. He has a wide experience in the manufacturing and property development industry.

Mr. Low is the brother of Low Chan Tian who is an Executive Director and substantial shareholder of Daibochi. He is also the son of Datin Teh Kim Hong who is a substantial shareholder of Daibochi. He has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended three (3) out of the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.



**Low Chan Tian**, Malaysian, aged 46 was appointed to the Board of Daibochi on 26 July 1995 as an Alternate Director to the late Datuk Low Kiok Boo, a founder shareholder of Daibochi until 28 March 1998 when the late Datuk Low Kiok Boo retired from the Board. Low Chan Tian rejoined the Board when he was appointed as an Executive Director on 30 March 1999.

He graduated from the University of Western Australia with a Bachelor of Engineering degree. He has a wide experience in manufacturing, property development, business and finance.

Mr. Low is the brother of Low Chan Koon who is an Executive Director of Daibochi. He is also the son of Datin Teh Kim Hong who is a substantial shareholder of Daibochi. He has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended three (3) out of the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001 as he was on medical leave during one of the meetings.

**Y. Bhg. Datuk Wong Soon Lim**, Malaysian, aged 48 was appointed to the Board of Daibochi on 16 October 1981. He is an Executive Director. He is also a member of the Audit Committee.

He is an accountant by training and is a member of the Malaysian Association of the Institute of Chartered Secretaries and Administrators. He has an extensive experience and knowledge in the field of accounting, finance, consultancy, corporate finance, manufacturing and property development.

Datuk Wong has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended all the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.

**Yong Jaw Teck**, Australian, aged 54 was appointed to the Board of Daibochi on 3 March 1997 and subsequently appointed as the Managing Director on 1 October 1998. He was one of the first directors of the Company when he was appointed on 2 October 1972. He held the post of Managing Director from 1972 to 1979 when he resigned from the Company as he left for Australia. Mr Yong subsequently rejoined the Board in 1997. He is also a member of the Remuneration Committee.

He holds a degree in Bachelor of Applied Science with Electronic Engineering from the Western Australian Institute of Technology. He has a wide experience in general management, finance, marketing and business development.

Mr. Yong has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, he has not been convicted of any offences.

He attended all the four (4) Board of Directors' meetings held during the financial year ended 31 December 2001.

**Tan Gaik Hong**, Malaysian, aged 46 was appointed to the Board of Daibochi on 14 May 2001. She is an Executive Director and a member of the Audit Committee.

She is a Fellow of the Chartered Association of Certified Accountants and a member of the Malaysian Institute of Accountants. She has worked as an auditor in a public accounting firm before joining Daibochi as the Company Secretary, a post which she is still currently holding in addition to having the overall responsibility for the accounting and financial operations of Daibochi.

Ms. Tan has no family relationship with any directors/substantial shareholders of Daibochi and has no conflict of interest with the Company. In the past ten (10) years, she has not been convicted of any offences.

Since her appointment she attended all the two (2) Board of Directors' meetings held during the financial year ended 31 December 2001.





## **Corporate Governance Statement**



The Board of Directors is committed to ensuring that the principles and best practices on corporate governance are observed and practiced as a fundamental part of discharging its responsibilities to protect and enhance shareholder value.

Currently, steps are being taken to prepare the Group towards the implementation of the best practices as set out in the Malaysian Code on Corporate Governance ("Code") and to fulfil the provisions of the Revamped Listing Requirements of the Kuala Lumpur Stock Exchange ("KLSE").

### **The Board**

The Company is headed by an experienced Board comprising professionals and entrepreneurs with diverse skills in a wide range of business, financial, management, engineering and public service background. The Board effectively controls the direction and provides leadership for the Group.

The Directors have reviewed and adopted a strategic plan, which covered the core business of the Group. The various strategies and objectives identified in the plan will be monitored and evaluated during the implementation.

### **Board balance**

The Board currently comprises eight (8) members of which five (5) are Executive Directors and three (3) are Independent Non-Executive Directors. One third of the membership of the Board is made up of Independent Non-Executive Directors. A brief profile of each Director is presented on pages 5 to 6.

There is a balance in the Board because of the presence of Independent Non-Executive Directors who bring strong independent judgement, knowledge, skills and experience to the Board's deliberations during the decision making process.

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan acts as the Senior Independent Non-Executive Director to whom concerns may be conveyed.

During the financial year under review, all Directors attended the Mandatory Accreditation Programme training as prescribed by KLSE.

### **Board meetings and supply of information**

During the year, four (4) board meetings were held. All Directors fulfilled the requirement of KLSE in relation to their attendance at Board meetings. Directors' attendance to these meetings is set out in Profiles of Directors on pages 5 to 6.

Board meetings are structured with a pre-set agenda. The agenda and the Board papers are circulated to Directors with sufficient time to enable the Directors to effectively discharge their responsibilities. Any additional information requested by Directors is readily available. Monthly reports on the performance of the Company are also circulated to the Directors for their views and comments. The Board also has a formal schedule of matters reserved to it for deliberation and decision.

In the furtherance of their duties, Directors have access to all information within the Company as well as to seek independent professional advice at the Company's expense, if necessary. The Directors also have access to the advice and services of the Company Secretary who must ensure that all necessary information is obtained from Directors both for the Company's own records and for the purposes of meeting statutory obligations.

### **Appointments to the Board**

The Nomination Committee, which was set up on 14 December 2000, is responsible for recommending the right candidate for appointment to the Board or Board Committees.



The Committee is also responsible for the annual review of the required mix of skills and experience and core competency which Non-Executive Directors should bring to the Board and the annual assessment of the effectiveness of the Board as a whole, the Board Committees and the performance of each existing Director.

The Committee will be implementing a procedure for the required annual review and appraisal.

The members of the Nomination Committee which comprise exclusively of Independent Non-Executive Directors are as follows:

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (*Chairman*)

Datuk Haji Tamby Chik Bin Haji Hassan

Maj.Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah

The terms of reference of the Nomination Committee have been approved by the Board and comply with the recommendations of the Code.

### Re-election of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting after their appointment.

In accordance with the Company's Articles of Association, one third of the existing Directors are required to retire by rotation at the Annual General Meeting held annually.

A Director who is over seventy years old is required to submit himself for re-appointment annually in accordance to Section 129 (6) of the Companies Act, 1965.

### Directors' remuneration

The levels of remuneration of the Directors should reflect the rate to attract and retain their services. The component parts of the remuneration should cover rewards linking corporate performance and individual contribution towards the overall results, in the case of Executive Directors. Reasonable allowances and fees are paid to the Non-Executive Directors to commensurate with their experience and skills. Directors' fees are tabled to the shareholders for approval at the Annual General Meeting.

The details of the remuneration of Directors for the year ended 31 December 2001 by category and in bands of RM50,000 are as follows:

	Salaries (RM'000)	Fees (RM'000)	Bonuses (RM'000)	Other emoluments (RM'000)	Benefits- in-kind (RM'000)	Total (RM'000)
Executive Directors	720	-	325	154	22	1,221
Non-Executive Directors	-	45	-	98	-	143

#### Executive Directors

	Salaries	Bonuses	Other emoluments	Benefits- in-kind
RM1- RM50,000	-	4	4	2
RM50,001 - RM100,000	1	-	1	-
RM100,001 - RM150,000	3	1	-	-
RM250,001- RM300,000	1	-	-	-

#### Non-Executive Directors

	Fees	Other emoluments
RM1- RM50,000	3	2
RM50,001 - RM100,000	-	1



A Remuneration Committee was set up on 14 December 2000. Its membership is as follows:

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (*Chairman*)  
Datuk Haji Tamby Chik Bin Haji Hassan  
Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah  
Yong Jaw Teck

The Committee recommends to the Board the remuneration of the Executive Directors, in all forms. The determination of the remuneration of the Non-Executive Directors is a matter for the Board as a whole.

The terms of reference of the Remuneration Committee have been approved by the Board and comply with the recommendations of the Code.

### Audit Committee

The composition and terms of reference of the Audit Committee together with its report are presented on pages 11 to 13 of the Annual Report.

### Financial Reporting

In presenting its annual financial statements and quarterly results to the shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee and the Board review the information to be disclosed before the release to the KLSE.

### Internal control

The Directors recognise their ultimate responsibility for the Group's system of internal controls and the need to review the adequacy and the integrity of the internal control systems. The Directors also take cognizance of the importance of identifying principal risks and having an appropriate risk management system.

The Group has an Internal Audit Function, which reports to the Audit Committee and assists the Board in the monitoring and managing risks and internal controls.

The Board and the management are currently undertaking a formal approach towards risk management and are working towards implementing an effective risk management system.

### Relationship with the Auditors

The role of the Audit Committee in relation to the external auditors is set out on page 12 of this Annual Report.

### Relations with shareholders

A copy of the annual report is sent to all our shareholders and is available upon request. In addition the Company makes various announcements through the KLSE in particular the timely release of the quarterly results. Members of the public can also obtain the full financial results and the announcements from the KLSE website. The Group has established a website at [www.daibochiplastic.com](http://www.daibochiplastic.com) which shareholders and analysts can access for information.

The Board encourages shareholders' active participation at the Company's Annual General Meeting ("AGM"). All Board members and the external auditors are present at the Company's AGM. The AGM provides an opportunity for the shareholders to clarify any issues and to have a better understanding of the business.

The Board ensures that each item of special business included in the Notice of AGM or Extraordinary General Meeting must be accompanied by an explanation of the effects of the proposed resolution.



## OTHER DISCLOSURE REQUIREMENTS

Pursuant to paragraph 9.25 of the Listing Requirements of the KLSE:

### Imposition of sanctions/penalties

There were no sanctions/penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

### Material contracts involving Directors and major shareholders' interests

There are no material contracts subsisting as at 31 December 2001 or if not then subsisting, entered into since the end of the previous financial year, by the Company or its subsidiaries which involved the interests of Directors or major shareholders.

### Statement of Directors' responsibility for preparing the financial statements

Pursuant to paragraph 15.27 (a) of the KLSE Listing Requirements, Directors are required to issue a statement explaining their responsibility in the preparation of the annual financial statements.

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have:

- \* selected suitable accounting policies and applied them consistently;
- \* made judgements and estimates that are reasonable and prudent;
- \* ensured that all applicable accounting standards have been followed; and
- \* prepared the financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.





The Board is pleased to present the Audit Committee Report for the financial year ended 31 December 2001.

### 1. TERMS OF REFERENCE

#### Constitution

The Audit Committee was established on 28 August 1993.

#### Membership

The Board shall appoint from among its members an Audit Committee, a majority of whom shall be Independent Non-Executive Directors. The following Directors have been appointed by the Board as members of the Audit Committee:

- (a) Tan Sri Dato' Dr. Abdul Khalid Bin Sahan (*Chairman*)  
Independent Non-Executive Director
- (b) Datuk Haji Tamby Chik Bin Haji Hassan (appointed 14 May 2001)  
Independent Non-Executive Director
- (c) Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah  
Independent Non-Executive Director
- (d) Datuk Wong Soon Lim  
Executive Director
- (e) Ms. Tan Gaik Hong (appointed 14 May 2001)  
Executive Director and a member of the Malaysian Institute of Accountants

#### Frequency of meetings

Meetings will be held at least four (4) times a year and the quorum shall be three (3) with the majority of members present being Independent Directors. At least once a year the Audit Committee shall meet with the external auditors without Executive Directors present.

#### Reporting to the Board

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

#### Authority

The Audit Committee is authorised by the Board to investigate any matter within its terms of reference. It is authorised to have full and unrestricted access to any information and be able to obtain independent professional advice.

#### Duties

The duties of the Audit Committee are:

- \* To review all financial statements before their submission to the Board for approval and or release to shareholders or third parties, focusing particularly on:
  - a) any changes in accounting policies and practices;
  - b) major judgmental areas affecting the financial statements;
  - c) significant adjustments arising from the audit;
  - d) the going concern assumption;
  - e) compliance with accounting standards;
  - f) compliance with stock exchange and other legal requirements;



- \* To assess the impact of significant regulatory accounting or reporting changes and developments;
- \* To consider any related party transaction that may arise within the Company or the Group, assess its impact on the financial results and its reporting in the financial statements;
- \* To review all non-financial information that is of importance in assessing the Company's or Group's performance. These would include customer satisfaction, product and service quality, market share, market reaction, environmental issues and such other items, when dealing with any item on the Audit Committee Agenda.
- \* To consider the appointment of external auditors, fix their remuneration and any changes thereto;
- \* To discuss with the external auditors their audit plan and ensure co-ordination where more than one audit firm is involved;
- \* To discuss problems and reservations arising from the external audits, and any matter the auditors may wish to discuss (in the absence of management where necessary);
- \* To review the external auditors' management letter and management's response;
- \* To review with the external auditors their review of the system of evaluation of internal controls.
- \* To review with external auditors their audit report.
- \* To meet with the external auditors, without executive board members present at least once in a year.
- \* Identifying principal risks and ensure the implementation of appropriate systems to manage these risks;
- \* Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- \* In relation to the Internal Audit Function:
  - To set up an Internal Audit Function;
  - Approve any appointment or termination of senior staff members of the Internal Audit Function;
  - Review and approve the internal audit plan and results of the internal audit work and consider adequacy of management's action taken on audit recommendations;
  - Review any appraisal or assessment of the performance of the Internal Audit Function;
  - To consider the major findings of internal investigations and management's response;
  - To ensure co-ordination between the internal and external auditors.

## 2. AUDIT COMMITTEE MEETINGS

During the financial year ended 31 December 2001, the Audit Committee held four (4) meetings as scheduled to conduct and discharge its functions in accordance with the Terms of Reference mentioned above. All members of the Audit Committee were present during these meetings with the exception of the two (2) newly appointed members on 14 May 2001 who were present for the two (2) meetings held since their appointments.

The Managing Director was invited to attend the Audit Committee meetings to provide clarification when necessary.

During the financial year the Audit Committee met once with the external auditors without the presence of any Executive Directors.



### 3. SUMMARY OF ACTIVITIES UNDERTAKEN BY AUDIT COMMITTEE

The following activities were carried out by the Audit Committee during the financial year under review:

- (a) Reviewed the unaudited quarterly financial statements including the audited year end financial statements before recommending to the Board for approval;
- (b) Discussed and reviewed the Group's audited year end financial statements with the external auditors including any major issues and findings noted in the course of the audit of the Group's financial statements as well as new developments on accounting standards and regulatory requirements;
- (c) Reviewed with the external auditors their audit plan prior to the commencement of audit;
- (d) Considered the appointment of external auditors and their audit fees;
- (e) Considered the related party transactions that had arisen within the Company or the Group;
- (f) Reviewed the audit reports submitted by the Internal Auditors;
- (g) Reviewed and approved the Internal Audit Plan for the year and the monitoring of the implementation of the approved audit plan; and
- (h) Amended certain terms of reference of the Internal Audit Charter to include the emphasis on providing assurance in addition to the reviewing on the adequacy of whole risk management framework of the adequacy and integrity of internal controls.

### 4. INTERNAL AUDIT FUNCTION

The Group had in 1995 set up an Internal Audit Function. The terms of reference of the Internal Audit Function are contained in the Internal Audit Charter.

The Internal Audit Function reports to the Audit Committee and prepares and tables an Annual Internal Audit Plan for the consideration and approval of the Audit Committee. The Internal Audit Function adopts a risk-based approach in preparing its annual plan.

A summary of the activities of the Internal Audit Function during the financial year was as follows:

- (a) prepared the annual audit plan for consideration and approval of the Audit Committee;
- (b) performed internal audit assignments according to the Audit Plan, and reported the findings and recommendations to the Audit Committee;
- (c) determined whether corrective action is being taken, in accordance with recommendations made;
- (d) prepared and proposed an Audit Committee Charter setting out the authority and duties of the Audit Committee. This was adopted by the Board at its meeting on 22 November 2001; and
- (e) prepared and proposed a Risk Policy to set out the Group's approach to manage risks. This Risk Policy was adopted by the Board at its meeting on 22 November 2001.



On behalf of the Board of Directors, it gives me very great pleasure to present the Annual Report of the Group for the year ended 31 December 2001.

## OPERATIONS REVIEW

The financial year under review had been a year of great economic uncertainty and the Company operated in a very difficult and challenging trading environment. Furthermore the overall Malaysian economy has shrunk, registering a growth in GDP of 0.4% for 2001 having been affected by the ongoing slowdown of the global economy. Although there was growth in the flexible packaging industry the margins have been adversely affected due to the prevailing very competitive pricing in the market.

The Company has registered a subsidiary in Australia on 1 August 2001 for the purpose of developing and expanding the marketing of flexible packaging materials in the Australian market. The subsidiary has since commenced operations in late August 2001. This expansion is in line with the Company's focus to widen the market base.

## FINANCIAL PERFORMANCE

The turnover of RM105.232 million recorded for the financial year 2001 marked another milestone in the Group's financial performance as this was the first time the turnover surpassed RM100 million. The turnover registered an increase of 16% over the RM91.060 million achieved in 2000. However due to the very competitive and challenging operating conditions, the Group's pre-tax profit of RM9.181 million was only an increase of 2% against the pre-tax profit of 2000 of RM9.004 million.

## PROSPECTS

Notwithstanding the very challenging market conditions, the Group will continue to strive to maintain its leadership in market share and to achieve sustainable growth. The Group will also continue to take measures to control its operating costs and to provide quality services and products in its efforts to improve performance and profitability. While the recovery of the global economy is not expected in the immediate future and barring any unforeseen circumstances, the Directors expect to achieve a respectable level of profitability for the year 2002.

## DIVIDEND

The Board is recommending a first and final tax exempt dividend of 3 sen per share for the financial year ended 31 December 2001.

## ACKNOWLEDGEMENT

On behalf of the Board, I wish to place on record our appreciation to the various government authorities and agencies, bankers, customers, suppliers and business associates for their continuous invaluable support and confidence in us.

We would also like to extend our sincere and heartfelt gratitude to the loyal management and employees at all levels for their continued dedication and commitment throughout the year.

**TAN SRI DATO' DR. ABDUL KHALID BIN SAHAN**  
CHAIRMAN





## **Directors'** **Report**



The Directors have pleasure in submitting their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2001.

### **Principal activities**

The principal activities of the Company consist of manufacture and printing of plastic bags and packaging materials. The principal activities of its subsidiaries and associated companies are as shown in notes 12 and 13 to the financial statements. There has been no significant change in these activities during the financial year.

### **Financial results**

	<u>Group</u> RM'000	<u>Company</u> RM'000
Profit after taxation	8,362	8,366
Minority interest	(11)	-
Net profit attributable to the shareholders	<u>8,351</u>	<u>8,366</u>

### **Dividends**

The amounts of dividends paid or declared by the Company since 31 December 2000 were as follows:

**RM'000**

In respect of the financial year ended 31 December 2000  
as shown in the directors' report of that financial year -

First and final tax exempt dividend of 2.88 sen per ordinary share paid on 16 July 2001	<u>1,600</u>
--------------------------------------------------------------------------------------------	--------------

In respect of the financial year ended 31 December 2001, the Directors recommend the payment of a first and final tax exempt dividend of 3 sen per ordinary share amounting to RM1,668,091, which subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on 18 June 2002 to shareholders registered on the Company's Register of Members and Record of Depositors at the close of business on 31 May 2002.

### **Share capital**

During the financial year, the issued and fully paid-up share capital of the Company was increased from RM55,558,026 to RM55,603,026 by way of exercise of options to subscribe for 45,000 ordinary shares of RM1.00 each under the Employees' Share Option Scheme at the exercise price of RM1.06 per ordinary share.

The newly issued shares rank pari passu in all respects with the existing issued shares except that they will not qualify for any dividend or distribution declared to shareholders on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the option exercise date.



### Employees' share option scheme

The Employees' Share Option Scheme ("the Scheme") was approved by the shareholders at the Extraordinary General Meeting held on 24 July 1999.

The principal features of the Scheme are as follows:

- (a) The total number of new ordinary shares to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the Scheme;
- (b) Only employees and Executive Directors who have been confirmed in the employment of the Company and/or its subsidiary companies and who have served the Group for at least one year as employees as at the date of the offer shall be eligible to participate in the Scheme;
- (c) The price payable for each new ordinary share under the Scheme upon exercise of the option shall be the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of the offer or the par value of the ordinary shares whichever is higher; and
- (d) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares except that they will not qualify for any dividend or distribution declared to shareholders on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the option exercise date.

A total of 45,000 options were exercised during the year at an issue price of RM1.06.

As at 31 December 2001, the Company has 2,932,000 unissued ordinary shares under option at an exercise price of RM1.06.

### Warrants

The warrants were detached from the 5% Guaranteed Bonds (issued on 24 January 1994 and repaid fully on 23 January 1999) on the basis of RM2.00 nominal value of the Bonds with one detachable warrant for every two existing ordinary shares held.

The warrants are quoted on the Kuala Lumpur Stock Exchange. Each warrant entitles its registered holder at any time not exceeding five years from the date of its issue, to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM3.50 per warrant.

The duration and exercise period of the outstanding warrants were extended from 23 January 1999 to 23 January 2004.

Consequent to the Bonus Issue completed on 30 August 2000, 7,736,017 new warrants were issued and the exercise price for the warrants has been adjusted from RM3.50 to RM1.94.

As at 31 December 2001, the number of warrants remaining unexercised amounted to 17,406,038.

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year other than those disclosed in the financial statements.



## Directors

The Directors who have held office during the period since the date of the last report are:

Tan Sri Dato' Dr. Abdul Khalid Bin Sahan  
Datuk Haji Tamby Chik Bin Haji Hassan  
Datuk Wong Soon Lim  
Low Chan Koon  
Yong Jaw Teck  
Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah  
Low Chan Tian  
Tan Gaik Hong (appointed on 14 May 2001)

Datuk Haji Tamby Chik Bin Haji Hassan retires pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-election as Director under Section 129(6) of the said Act to hold office until the next Annual General Meeting of the Company.

In accordance with the Company's Articles of Association, Low Chan Koon, Yong Jaw Teck and Tan Gaik Hong retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiary companies is a party, with the object or objects of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options over shares granted by the Company to eligible employees, including certain Directors of the Company, pursuant to the Employees' Share Option Scheme.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as directors' remuneration in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

## Directors' interests

According to the register of directors' shareholdings:

(a) The Directors' interests in shares in the Company were as follows:

	<u>Number of ordinary shares of RM1.00each</u>			
	<u>At 1.1.2001/ date of appointment</u>	<u>Bought</u>	<u>Sold</u>	<u>At 31.12.2001</u>
Datuk Haji Tamby Chik Bin Haji Hassan	80,645	-	-	80,645
Datuk Wong Soon Lim	3,308,580	180,000	-	3,488,580
Low Chan Koon	4,317,873	249,000	127,000	4,439,873
Yong Jaw Teck	1,314,180	-	15,000	1,299,180
Low Chan Tian	3,100,140	180,000	-	3,280,140
Tan Gaik Hong	126,000	10,080	10,000	126,080



- (b) Warrants with a right to subscribe for ordinary shares on the basis of one new ordinary share for every one warrant held at an exercise price of RM1.94 per warrant.

	<u>At</u> <u>1.1.2001</u>	<u>Bought</u>	<u>Number of warrants</u>	
			<u>Sold</u>	<u>At</u> <u>31.12.2001</u>
Datuk Haji Tamby Chik Bin Haji Hassan	230	-	-	230
Datuk Wong Soon Lim	45,450	-	-	45,450
Low Chan Koon	1,878,784	-	278,000	1,600,784
Yong Jaw Teck	221,850	-	27,000	194,850
Low Chan Tian	1,350,000	-	-	1,350,000

- (c) Share options granted pursuant to the Employees' Share Option Scheme and entitles the holder to subscribe for one new ordinary share of RM1.00 each for every option held at RM1.06 per share.

	<u>At 1.1.2001/ date of appointment</u>	<u>Number of options</u>		<u>At</u> <u>31.12.2001</u>
		<u>Granted</u>	<u>Exercised</u>	
Datuk Wong Soon Lim	205,200	-	-	205,200
Yong Jaw Teck	205,200	-	-	205,200
Tan Gaik Hong	102,600	-	-	102,600

- (d) No other Directors in office at the end of the financial year held any interest in shares, warrants, options or debentures in the Company and its related corporations.

### Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and the Company have been written down to an amount which they might be expected so to realise.

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

- which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- 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.





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 the Company to meet their obligations when they fall due.

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

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

### Other statutory information

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

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

### Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

**Signed on behalf of the Board of Directors in accordance with their resolution dated 21 February 2002**

**TAN SRI DATO' DR. ABDUL KHALID BIN SAHAN**  
DIRECTOR

**DATUK WONG SOON LIM**  
DIRECTOR

Melaka

**Statement By****Directors****PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Dato' Dr. Abdul Khalid Bin Sahan and Datuk Wong Soon Lim, being two of the Directors of Daibochi Plastic and Packaging Industry Bhd, state that in the opinion of the Directors, the financial statements set out on pages 22 to 42 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2001 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 21 February 2002

**TAN SRI DATO' DR. ABDUL KHALID BIN SAHAN**  
DIRECTOR

**DATUK WONG SOON LIM**  
DIRECTOR

Melaka

***STATUTORY DECLARATION*****PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Tan Gaik Hong, the Director primarily responsible for the financial management of Daibochi Plastic And Packaging Industry Bhd, do solemnly and sincerely declare that the financial statements set out on pages 22 to 42 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.

**TAN GAIK HONG**

Subscribed and solemnly declared by the abovenamed Tan Gaik Hong at Melaka in Malaysia on 28 February 2002.

Before me.

**A. SUPRAMANIAM, PIS**  
COMMISSIONER FOR OATHS



## ***Report of The Auditors To The Members***



We have audited the financial statements set out on pages 22 to 42. 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 auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
  - (ii) the state of affairs of the Group and of the Company as at 31 December 2001 and of the results and cash flows of the Group and of the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The name of the subsidiary of which we have not acted as auditors is indicated in Note 13 to the financial statements. We have considered the financial statements of this subsidiary and the auditors' report thereon.

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

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of section 174 of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF-1146)  
Chartered Accountants

MOHD. DARUIS BIN ZAINUDDIN  
(No. 969/3/03(J/PH))  
Partner of the firm

Melaka

28 February 2002

**Income****Statements****FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001**

		Group		Company	
	Note	<u>2001</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>2000</u> RM'000
Revenue					
- existing		105,199	91,060	105,199	91,060
- new acquisition	4	33	-	-	-
	5	105,232	91,060	105,199	91,060
Cost of sales		(90,410)	(77,615)	(90,401)	(77,615)
Gross profit		14,822	13,445	14,798	13,445
Other operating income		781	1,020	781	1,020
Selling and distribution costs		(3,085)	(2,560)	(3,085)	(2,560)
Administrative expenses		(2,655)	(2,443)	(2,650)	(2,440)
Other operating expenses		-	(36)	-	-
Profit from operations					
- existing		9,841	9,426	9,844	9,465
- new acquisition	4	22	-	-	-
		9,863	9,426	9,844	9,465
Finance costs		(659)	(421)	(659)	(421)
Share of associate's results		(23)	(1)	-	-
Profit from ordinary activities before taxation	6	9,181	9,004	9,185	9,044
Taxation - Company	8	(819)	(1,156)	(819)	(1,156)
Profit after taxation		8,362	7,848	8,366	7,888
Minority interest		(11)	-	-	-
Net profit attributable to shareholders		8,351	7,848	8,366	7,888
Earnings per share (sen)					
- basic	9	15.0	14.2		
- diluted	9	14.9	13.4		
Dividends per share (sen)	10	3.00	2.88		

The notes on pages 28 to 42 form part of these financial statements.





# Balance Sheets



## AS AT 31 DECEMBER 2001

		Group		Company	
	Note	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Non current assets</b>					
Property, plant and equipment	11	71,739	66,539	71,739	66,539
Associate	12	12	35	-	-
Subsidiaries	13	-	-	0	0
		<u>71,751</u>	<u>66,574</u>	<u>71,739</u>	<u>66,539</u>
<b>Current assets</b>					
Inventories	14	17,170	14,722	17,097	14,722
Trade and other receivables	15	24,108	22,923	23,989	22,923
Amounts due from subsidiaries		-	-	274	113
Fixed deposits with licensed banks		4,097	6,081	4,097	6,081
Cash and bank balances		360	400	347	398
		<u>45,735</u>	<u>44,126</u>	<u>45,804</u>	<u>44,237</u>
<b>Less: Current liabilities</b>					
Trade and other payables		11,110	11,964	11,097	11,964
Trade accruals		2,918	2,632	2,905	2,629
Short term borrowings (interest bearing)	16	5,884	5,586	5,884	5,586
Income tax liabilities		461	415	461	415
Proposed dividend		1,668	1,600	1,668	1,600
		<u>22,041</u>	<u>22,197</u>	<u>22,015</u>	<u>22,194</u>
<b>Net current assets</b>		<u>23,694</u>	<u>21,929</u>	<u>23,789</u>	<u>22,043</u>
<b>Less: Non current liabilities</b>					
Term loans (interest bearing)	17	4,591	4,746	4,591	4,746
Deferred tax liabilities	18	1,983	1,628	1,983	1,628
		<u>6,574</u>	<u>6,374</u>	<u>6,574</u>	<u>6,374</u>
		<u>88,871</u>	<u>82,129</u>	<u>88,954</u>	<u>82,208</u>
<b>Capital and reserves</b>					
Share capital	19	55,603	55,558	55,603	55,558
Share premium		1,179	1,176	1,179	1,176
Retained profits	20	32,078	25,395	32,172	25,474
Shareholders' equity		<u>88,860</u>	<u>82,129</u>	<u>88,954</u>	<u>82,208</u>
<b>Minority interest</b>		<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>88,871</u>	<u>82,129</u>	<u>88,954</u>	<u>82,208</u>

"0" denotes RM205.00 (2000: RM6.00)

The notes on pages 28 to 42 form part of these financial statements.



## Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	Note	Issued and fully paid ordinary shares of RM1.00 each Number of shares	Nominal value RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
<b>2001</b>						
At 1 January 2001		55,558	55,558	1,176	25,395	82,129
Shares issued during the financial year						
- Pursuant to Employees' Share Option Scheme		45	45	3	-	48
Net profit		-	-	-	8,351	8,351
Dividends	10	-	-	-	(1,668)	(1,668)
At 31 December 2001		<u>55,603</u>	<u>55,603</u>	<u>1,179</u>	<u>32,078</u>	<u>88,860</u>
<b>2000</b>						
At 1 January 2000		29,595	29,595	10,012	33,867	73,474
Shares issued during the financial year						
- Pursuant to Employees' Share Option Scheme		1,279	1,279	1,147	-	2,426
- Bonus issue		24,684	24,684	(9,983)	(14,701)	-
Net profit		-	-	-	7,848	7,848
Dividends	10	-	-	-	(1,619)	(1,619)
At 31 December 2000		<u>55,558</u>	<u>55,558</u>	<u>1,176</u>	<u>25,395</u>	<u>82,129</u>

The notes on pages 28 to 42 form part of these financial statements.



## Company Statement of Changes in Equity



### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	Note	Issued and fully paid ordinary shares of RM1.00 each Number of shares	Nominal value RM'000	Non- distributable Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
<b>2001</b>						
At 1 January 2001		55,558	55,558	1,176	25,474	82,208
Shares issued during the financial year						
- Pursuant to Employees' Share Option Scheme		45	45	3	-	48
Net profit		-	-	-	8,366	8,366
Dividends	10	-	-	-	(1,668)	(1,668)
At 31 December 2001		<u>55,603</u>	<u>55,603</u>	<u>1,179</u>	<u>32,172</u>	<u>88,954</u>
<b>2000</b>						
At 1 January 2000		29,595	29,595	10,012	33,906	73,513
Shares issued during the financial year						
- Pursuant to Employees' Share Option Scheme		1,279	1,279	1,147	-	2,426
- Bonus issue		24,684	24,684	(9,983)	(14,701)	-
Net profit		-	-	-	7,888	7,888
Dividends	10	-	-	-	(1,619)	(1,619)
At 31 December 2000		<u>55,558</u>	<u>55,558</u>	<u>1,176</u>	<u>25,474</u>	<u>82,208</u>

The notes on pages 28 to 42 form part of these financial statements.



# Consolidated Cash

## Flow Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	Note	2001 RM'000	2000 RM'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers and other receivables		104,552	90,656
Cash paid to suppliers, employees and other payables		(92,206)	(79,519)
Cash generated from operations	21	12,346	11,137
Interest paid		(659)	(421)
Tax paid		(418)	(298)
Net cash generated from operating activities		11,269	10,418
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		109	515
Purchase of property, plant and equipment		(12,169)	(12,416)
Interest received		177	181
Net cash used in investing activities		(11,883)	(11,720)
<b>Cash flows from financing activities</b>			
Release of fixed deposits pledged		-	251
Net payments for bankers' acceptance		-	(3,812)
Dividend paid to shareholders		(1,600)	(907)
Proceeds from issuance of shares		48	2,426
Proceeds from term loans drawn down		5,049	6,247
Repayment of term loans		(3,791)	(2,165)
Net cash (used in)/generated from financing activities		(294)	2,040
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(908)</b>	<b>738</b>
<b>Cash and cash equivalents at the beginning of financial year</b>		<b>4,274</b>	<b>3,536</b>
<b>Cash and cash equivalents at the end of financial year</b>	22	<b>3,366</b>	<b>4,274</b>

The notes on pages 28 to 42 form part of these financial statements.



## Company Cash

### Flow Statement



#### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

	Note	2001 RM'000	2000 RM'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers and other receivables		104,477	90,652
Cash paid to suppliers, employees and other payables		(92,142)	(79,516)
Cash generated from operations	21	12,335	11,136
Interest paid		(659)	(421)
Tax paid		(418)	(298)
Net cash generated from operating activities		11,258	10,417
<b>Cash flows from investing activities</b>			
Acquisition of subsidiary	4	0	-
Proceeds from disposal of property, plant and equipment		109	515
Purchase of property, plant and equipment		(12,169)	(12,416)
Interest received		177	181
Net cash used in investing activities		(11,883)	(11,720)
<b>Cash flows from financing activities</b>			
Release of fixed deposits pledged		-	251
Net payments for bankers' acceptance		-	(3,812)
Dividend paid to shareholders		(1,600)	(907)
Proceeds from issuance of shares		48	2,426
Proceeds from term loans drawn down		5,049	6,247
Repayment of term loans		(3,791)	(2,165)
Net cash (used in)/generated from financing activities		(294)	2,040
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(919)</b>	<b>737</b>
<b>Cash and cash equivalents at the beginning of financial year</b>		<b>4,272</b>	<b>3,535</b>
<b>Cash and cash equivalents at the end of financial year</b>	22	<b>3,353</b>	<b>4,272</b>

"0" denotes RM199.00 (2000: Nil).

The notes on pages 28 to 42 form part of these financial statements.



## Notes To The Financial Statements

### 1. General information

The principal activities of the Company consist of manufacture and printing of plastic bags and packaging materials. The principal activities of its subsidiaries and associate are shown in notes 12 and 13 to the financial statements.

The number of employees as at 31 December 2001 for the Group and Company was 479 (2000: 457).

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and principal place of business of the Company is as follows:

Kompleks Daibochi Plastic,  
Lot 3 & 7, Air Keroh Industrial Estate, Phase IV,  
75450 Melaka.

### 2. Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention, unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the applicable approved accounting standards and the provisions of the Companies Act requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

### 3. Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

#### (a) Group accounting

##### (i) Subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition up to the date of disposal.

Intragroup transactions, balances and unrealised gains on transactions are eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.





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

## (ii) Associates

Associates are enterprises in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Investments in associates are accounted for in consolidated financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associate and includes goodwill (net of accumulated amortisation) on acquisition. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of associates to ensure consistency of accounting policies with those of the Group.

## (b) Property, plant and equipment

Freehold land is stated at cost while all other property, plant and equipment are stated at cost less accumulated depreciation.

Freehold land is not depreciated as it has an infinite life. Long leasehold land is amortised over the leasehold period of 99 years. Depreciation of other property, plant and equipment is calculated to write off the cost of the property, plant and equipment on the straight line basis over the expected useful lives of the assets concerned. The depreciation charge for printing cylinders will commence from the year following production. The principal annual rates used are as follows:

Buildings	2%
Motor vehicles	20%
Plant and machinery	6.67 - 10%
Printing cylinders	25%
Furniture and fittings and office equipment	10%

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in profit/loss from operations.

**(c) Inventories**

Inventories are stated at the lower of cost and net realisable value after adequate allowance has been made for all deteriorated, damaged, obsolete and slow-moving inventories. Cost is determined on the weighted average basis. In the case of work-in-progress and finished goods, cost includes materials, direct labour and an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**(d) Deferred taxation**

Deferred taxation is recorded using the liability method on all material timing differences between taxable and accounting profits. Debit balances on the deferred taxation account are not recognised unless there is reasonable expectation of their recovery.

**(e) Trade receivables**

Trade receivables are carried at invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off during the year when they are identified.

**(f) Foreign currencies****(i) Foreign operations**

Financial statements of foreign operations that are integral to the operations of the Company are translated using the procedures in the following paragraph as if the transactions of the foreign operations had been those of the Company.

**(ii) Foreign currency transactions**

Foreign currency transactions in group companies are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

**(iii) Closing rates**

The principal closing rates used in translation of foreign currency amounts at balance sheet date were as follows:

<u>Foreign currency</u>	<u>2001</u> <u>RM</u>	<u>2000</u> <u>RM</u>
1 Great Britain Pound	5.47	5.45
1 Singapore Dollar	2.08	2.16
1 US Dollar	3.80	3.79
1 Australia Dollar	1.95	1.95

**(g) Investments**

Investments in subsidiaries and associates are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

**(h) Revenue recognition**

Sales is recognised upon delivery of products and customer acceptance, if any, net of sales taxes and discounts, and after eliminating sales within the Group.

**(i) Cash and cash equivalents**

For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**4. Acquisition of subsidiary**

- (a) During the financial year, the Company subscribed RM199 in cash for a 51% equity interest in Daibochi Australia Pty Ltd, a newly incorporated company.
- (b) The effect of this acquisition on the financial results of the Group during the year is shown below:

	<b>Year ended 31.12.2001 RM'000</b>
Revenue	33
Operating costs	(11)
Profit from operations	22
Minority interest	(11)
Increase in Group net profit	<u>11</u>

The effect of this acquisition on the financial position at the year end is as follows:

	<b>31.12.2001 RM'000</b>
Inventories	6
Trade and other receivables	118
Bank and cash balances	11
Trade and other payables	(24)
Minority interest	(11)
Increase in Group net assets	<u>100</u>



- (c) The impact of the acquisition of Daibochi Australia Pty Ltd during the year on the cash flows of the Group and Company is as follows:

	Group 2001 RM'000	Company 2001 RM'000
Cash outflows from investing activities		
- acquisition of subsidiary	-	0

"0" denotes RM199.00

## 5. Revenue

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Sale of goods	105,232	91,060	105,199	91,060

## 6. Profit from ordinary activities before taxation

Profit from ordinary activities  
before taxation is arrived at after  
charging/(crediting):

Property, plant and equipment				
- depreciation	6,951	6,439	6,951	6,439
- written off	9	34	9	34
- profit on disposal	(100)	(363)	(100)	(363)
Auditors' remuneration				
- current year	28	28	25	25
- underaccrual in prior year	-	9	-	9
Interest expense				
- term loans	658	382	658	382
- overdrafts	1	2	1	2
- other borrowings	-	37	-	37
Rental of premises	21	20	21	20
Hire of plant and machinery	21	21	21	21
Deferred expenditure written off/ amortised	-	100	-	64
Staff costs (including remuneration of executive directors)	11,518	9,219	11,518	9,219
Allowance for inventories obsolescence	152	254	152	254
Interest income	(177)	(181)	(177)	(181)
Allowance for doubtful debts net of recoveries	213	(145)	213	(145)
Net realised foreign exchange gain	(22)	(37)	(22)	(37)



## 7. Directors' remuneration

The aggregate amount of emoluments receivable by Directors of the Company during the year were as follows:

	Group		Company	
	<u>2001</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>2000</u> RM'000
Non-executive directors:				
- fees	45	53	45	53
- allowances	98	63	98	63
Executive directors:				
- estimated money value of benefits-in-kind	22	19	22	19
- basic salaries, bonus and other emoluments	<u>1,199</u>	<u>896</u>	<u>1,199</u>	<u>896</u>
	<u>1,364</u>	<u>1,031</u>	<u>1,364</u>	<u>1,031</u>

## 8. Taxation

	Group and Company	
	<u>2001</u> RM'000	<u>2000</u> RM'000
The taxation credit/(charge) comprises:		
In respect of the financial year		
- Malaysia income tax	(600)	(713)
- Deferred tax	<u>(355)</u>	<u>(443)</u>
	<u>(955)</u>	<u>(1,156)</u>
In respect of prior financial year		
- Malaysia income tax	136	-
	<u>(819)</u>	<u>(1,156)</u>

The effective tax rate of the Group and the Company is lower than the statutory rate due to the utilisation of reinvestment allowances of which the tax savings amounted to RM1,105,000 (2000: RM988,000).

## 9. Earnings per share

### (a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue.

	<u>2001</u>	<u>2000</u>
Net profit attributable to shareholders (RM'000)	<u>8,351</u>	<u>7,848</u>
Weighted average number of ordinary shares in issue ('000)	<u>55,563</u>	<u>55,140</u>
Basic earnings per share (sen)	<u>15.0</u>	<u>14.2</u>



## (b) Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all diluted potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: warrants with a right to subscribe for ordinary shares and share options granted to employees.

In calculating diluted earnings per share, the warrants and the share options granted to employees are assumed to have been exercised and converted into ordinary shares. A calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding warrants and share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders for the warrants and share options calculation.

	<u>2001</u>	<u>2000</u>
Net profit attributable to shareholders (RM'000)	<u>8,351</u>	<u>7,848</u>
Weighted average number of ordinary shares in issue ('000)	<u>55,563</u>	55,140
Adjustments for:		
- share options	<u>487</u>	1,530
- warrants	<u>-</u>	1,923
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>56,050</u>	<u>58,593</u>
Diluted earnings per share (sen)	<u>14.9</u>	<u>13.4</u>

For the financial year ended 31 December 2001, since diluted earnings per share increased when taking the warrants into account, the warrants are anti-dilutive and are ignored in the calculation of diluted earnings per share.

## 10. Dividends

Dividends declared or proposed are as follows:

	Group and Company			
	<u>2001</u>	<u>2000</u>		
	<u>Gross</u>	<u>Amount of</u>	<u>Gross</u>	<u>Amount of</u>
	<u>per share</u>	<u>dividend net</u>	<u>per share</u>	<u>dividend net</u>
	<u>Sen</u>	<u>of tax</u>	<u>Sen</u>	<u>of tax</u>
		<u>RM'000</u>		<u>RM'000</u>
First and final tax exempt dividend	3.00	1,668	2.88	1,600
Underaccrual of dividend declared in respect of prior year	-	-	-	19
	<u>3.00</u>	<u>1,668</u>	<u>2.88</u>	<u>1,619</u>





## 11. Property, plant and equipment

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Printing cylinders RM'000	Furniture and fittings and office equipment RM'000	Total RM'000
<b>Group and Company</b>								
<b>Net book value</b>								
Balance as at 1 January 2001	656	5,342	15,339	792	41,252	2,104	1,054	66,539
Additions	-	-	918	124	9,958	976	193	12,169
Disposals	-	-	-	(2)	(3)	-	(4)	(9)
Write off	-	-	-	-	(2)	-	(7)	(9)
Depreciation charge	-	(58)	(327)	(224)	(5,384)	(776)	(182)	(6,951)
Balance as at 31 December 2001	<u>656</u>	<u>5,284</u>	<u>15,930</u>	<u>690</u>	<u>45,821</u>	<u>2,304</u>	<u>1,054</u>	<u>71,739</u>
<b>At 31 December 2001</b>								
Cost	656	5,659	17,379	1,974	89,708	7,266	2,343	124,985
Accumulated depreciation	-	375	1,449	1,284	43,887	4,962	1,289	53,246
Net book value	<u>656</u>	<u>5,284</u>	<u>15,930</u>	<u>690</u>	<u>45,821</u>	<u>2,304</u>	<u>1,054</u>	<u>71,739</u>
<b>At 31 December 2000</b>								
Cost	656	5,659	16,461	1,941	80,014	6,290	2,209	113,230
Accumulated depreciation	-	317	1,122	1,149	38,762	4,186	1,155	46,691
Net book value	<u>656</u>	<u>5,342</u>	<u>15,339</u>	<u>792</u>	<u>41,252</u>	<u>2,104</u>	<u>1,054</u>	<u>66,539</u>



## 12. Associate

	Group	
	<u>2001</u> RM'000	<u>2000</u> RM'000
Unquoted shares at cost	75	75
Share of post-acquisition loss	(63)	(40)
Total interest in associate	<u>12</u>	<u>35</u>
Represented by:		
Share of net tangible assets	<u>12</u>	<u>35</u>

Details of the associated company, incorporated in Malaysia are as follows:

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of incorporation</u>	<u>Equity interest</u>		<u>Year end</u>
			<u>2001</u>	<u>2000</u>	
Cempaka Usaha Sdn Bhd	Property development - dormant	Malaysia	30%	30%	31 December

## 13. Subsidiaries

	Company	
	<u>2001</u> RM'000	<u>2000</u> RM'000
Shares in unquoted corporations, at cost	<u>0</u>	<u>0</u>

"0" denotes RM205.00 (2000: RM6.00)

The shares of all subsidiaries are held directly by the Company. The details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Principal activity</u>	<u>Group's effective interest</u>		<u>Country of incorporation</u>
		<u>2001</u> %	<u>2000</u> %	
Daibochi Development Sdn Bhd	Dormant	100	100	Malaysia
Daibochi Technology Sdn Bhd	Dormant	100	100	Malaysia
Stable Development Sdn Bhd	Dormant	100	100	Malaysia
Daibochi Australia Pty. Ltd.*	Marketing of plastic bags and packaging materials	51	-	Australia

\* Audited by an affiliate of PricewaterhouseCoopers, Malaysia.



#### 14. Inventories

	Group		Company	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
Raw materials	9,395	8,591	9,395	8,591
Work-in-progress	3,519	3,019	3,519	3,019
Finished goods	5,044	3,766	4,971	3,766
Consumables	18	-	18	-
	<u>17,976</u>	<u>15,376</u>	<u>17,903</u>	<u>15,376</u>
Allowance for inventory obsolescence	(806)	(654)	(806)	(654)
Total	<u>17,170</u>	<u>14,722</u>	<u>17,097</u>	<u>14,722</u>

#### 15. Trade and other receivables

Trade receivables	23,394	22,607	23,275	22,607
Allowance for doubtful debts	(641)	(706)	(641)	(706)
	<u>22,753</u>	<u>21,901</u>	<u>22,634</u>	<u>21,901</u>
Other receivables	154	189	154	189
Deposits	1,137	788	1,137	788
Prepayments	64	45	64	45
	<u>24,108</u>	<u>22,923</u>	<u>23,989</u>	<u>22,923</u>

#### 16. Short term borrowings (interest bearing)

	Group and Company	
	<u>2001</u>	<u>2000</u>
	RM'000	RM'000
<b>Unsecured:</b>		
Bank overdrafts	1,091	2,207
Current portion of term loans (Note 17)	4,793	3,379
	<u>5,884</u>	<u>5,586</u>

The bank overdrafts are unsecured and interest is chargeable at rates ranging from 7.40% to 8.30%(2000: 3.35% to 9.30%) per annum.



## 17. Term loans (interest bearing)

	Group and Company	
	<u>2001</u>	<u>2000</u>
	RM'000	RM'000
<b>Unsecured:</b>		
Term loan 1		
Repayable by 36 monthly instalments commencing July 1998.		
Interest at rate of 8.55% (2000: 8.55%) per annum.	-	155
Term loan 2		
Repayable by 36 monthly instalments commencing October 1999. Interest at rate of 8.15% to 8.55% (2000: 8.55%) per annum.	348	795
Term loan 3		
Repayable by 36 monthly instalments commencing November 1999. Interest at rate of 8.15% to 8.55% (2000: 8.55%) per annum.	585	1,271
Term loan 4		
Repayable by 36 monthly instalments commencing October 2000. Interest at rate of 7.90% to 8.30% (2000: 8.30%) per annum.	1,156	1,796
Term loan 5		
Repayable by 36 monthly instalments commencing October 2000. Interest at rate of 7.65% to 8.05% (2000: 8.05%) per annum.	1,039	1,572
Term loan 6		
Repayable by 36 monthly instalments commencing December 2000. Interest at rate of 7.90% to 8.30% (2000: 8.30%) per annum.	1,729	2,536
Term loan 7		
Repayable by 36 monthly instalments commencing June 2001. Interest at rate of 7.65% to 8.05% per annum.	2,247	-
Term loan 8		
Repayable by 36 monthly instalments commencing January 2002. Interest at rate of 4.85% in the first year and 6.60% in the second and third year.	2,280	-
	<u>9,384</u>	<u>8,125</u>
Less: Repayments due within 12 months (note 16)	(4,793)	(3,379)
Non current portion	<u>4,591</u>	<u>4,746</u>



## 18. Deferred tax liabilities

	Group and Company	
	<u>2001</u>	<u>2000</u>
	RM'000	RM'000
At 1 January	1,628	1,185
Charged to income statement	355	443
At 31 December	<u>1,983</u>	<u>1,628</u>

## 19. Share capital

Ordinary shares of RM1.00 each

Authorised:

At 1 January/31 December	<u>100,000</u>	<u>100,000</u>
--------------------------	----------------	----------------

Issued and fully paid:

At 1 January	55,558	29,595
Issued during the year		
- Pursuant to the Employees' Share Option Scheme	45	1,279
- Bonus issue	-	24,684
At 31 December	<u>55,603</u>	<u>55,558</u>

The Company implemented the Employees' Share Option Scheme ("the Scheme") as approved by the shareholders at the Extraordinary General Meeting held on 24 July 1999.

The principal features of the Scheme are as follows:

- The total number of new ordinary shares to be offered under the Scheme shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the Scheme;
- Only employees and Executive Directors who have been confirmed in the employment of the Company and/or its subsidiary companies and who have served the Group for at least one year as employees as at the date of the offer shall be eligible to participate in the Scheme;
- The price payable for each new ordinary share under the Scheme upon exercise of the option shall be the average of the mean market quotation of the ordinary shares of the Company as shown in the daily official list issued by the Kuala Lumpur Stock Exchange for the five trading days preceding the date of the offer or the par value of the ordinary shares whichever is higher; and



- (d) The new ordinary shares of the Company to be issued pursuant to the Scheme will, upon allotment and issue, rank pari passu in all respects with its then existing ordinary shares except that they will not qualify for any dividend or distribution declared to shareholders on the Register of Members and Record of Depositors as at the relevant books closing date which precedes the option exercise date.

A total of 45,000 options were exercised during the year at an issue price of RM1.06.

The movements during the year in the number of options over the shares of the Company were as follows:

	<u>2001</u> RM'000	<u>2000</u> RM'000
At 1 January	2,977	2,924
Granted	-	1,332
Exercised	(45)	(1,279)
At 31 December	<u>2,932</u>	<u>2,977</u>

As at 31 December 2001, the Company had 2,932,000 unissued ordinary shares under option at an exercise price of RM1.06.

The Company also issued warrants with a right to subscribe for ordinary shares. The warrants were detached from the 5% Guaranteed Bonds (issued on 24 January 1994 and repaid fully on 23 January 1999) on the basis of RM2.00 nominal value of the Bonds with one detachable warrant for every two existing ordinary shares held.

The warrants are quoted on the Kuala Lumpur Stock Exchange. Each warrant entitles its registered holder at any time not exceeding five years from the date of its issue, to subscribe for one new ordinary share of RM1.00 each in the Company at an exercise price of RM3.50 per warrant.

The duration and exercise period of the outstanding warrants were extended from 23 January 1999 to 23 January 2004.

Consequent to the Bonus Issue completed on 30 August 2000, 7,736,017 new warrants were issued and the exercise price for the warrants has been adjusted from RM3.50 to RM1.94.

As at 31 December 2001, the number of warrants remaining unexercised amounted to 17,406,038.

## 20. Retained profits

As at 31 December 2001, subject to agreement with the tax authorities, the Company has tax credits under Section 108 of the Income Tax Act, 1965 to frank the payment of dividends up to RM3,028,000 (2000: RM1,834,000) out of its retained profits and tax exempt income of approximately RM34,740,000 (2000: RM31,600,000) to distribute as tax exempt dividends.



## 21. Cash from operations

	Group		Company	
	<u>2001</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>2000</u> RM'000
Net profit attributable to shareholders	8,351	7,848	8,366	7,888
Adjustments for:				
Property, plant and equipment				
- depreciation	6,951	6,439	6,951	6,439
- written off	9	34	9	34
- profit on disposal	(100)	(363)	(100)	(363)
Interest expense	659	421	659	421
Interest income	(177)	(181)	(177)	(181)
Deferred expenditure written off/amortised	-	100	-	64
Allowance for inventories obsolescence	152	254	152	254
Share of associate's results	23	1	-	-
Minority interest	11	-	-	-
Taxation charge	819	1,156	819	1,156
Allowance for doubtful debts net of recoveries	213	(145)	213	(145)
Changes in working capital:				
- Inventories	(2,600)	(4,441)	(2,527)	(4,441)
- Receivables and prepayments	(1,397)	(735)	(1,440)	(739)
- Payables and accruals	(568)	749	(590)	749
Cash from operations	<u>12,346</u>	<u>11,137</u>	<u>12,335</u>	<u>11,136</u>

## 22. Cash and cash equivalents

Fixed deposits with licensed banks	4,097	6,081	4,097	6,081
Cash and bank balances	360	400	347	398
Bank overdrafts (note 16)	(1,091)	(2,207)	(1,091)	(2,207)
	<u>3,366</u>	<u>4,274</u>	<u>3,353</u>	<u>4,272</u>





## 23. Segmental analysis

	Group	
	<u>2001</u> RM'000	<u>2000</u> RM'000
<u>Analysis by geographical location</u>		
<b>Revenue</b>		
Malaysia	105,199	91,060
Australia	33	-
	<u>105,232</u>	<u>91,060</u>
<b>Profit from ordinary activities before taxation</b>		
Malaysia	9,159	9,004
Australia	22	-
	<u>9,181</u>	<u>9,004</u>
<b>Gross assets employed</b>		
Malaysia	117,283	110,700
Australia	203	-
	<u>117,486</u>	<u>110,700</u>

No segmental analysis by activity is prepared as the Group is primarily engaged in the manufacturing, printing and marketing of plastic bags and packaging materials.

## 24. Capital commitments

	Group and Company	
	<u>2001</u> RM'000	<u>2000</u> RM'000
Capital expenditure approved and contracted for in respect:		
- purchase of property	123	-
- purchase of plant and equipment	2,304	3,090
- purchase of motor vehicles	68	124
	<u>2,495</u>	<u>3,214</u>



# Statement Of Shareholdings And Warrantholdings

as at 21 March 2002

## SHAREHOLDINGS

Class of shares : Ordinary shares of RM1.00 each fully paid  
Voting rights : One vote per shareholder on a show of hands  
One vote per share on a poll

## ANALYSIS OF SHAREHOLDINGS

<u>Size of shareholdings</u>	<u>No. of shareholders</u>	<u>% of shareholders</u>	<u>No. of shares</u>	<u>%</u>
less than 1,000	184	4.53	108,722	0.20
1,000 - 10,000	3,441	84.69	11,708,640	21.02
10,001 - 100,000	395	9.72	9,698,566	17.42
100,001 to 2,784,611	41	1.01	28,360,958	50.92
2,784,612 and above	2	0.05	5,815,340	10.44
Total	4,063	100.00	55,692,226	100.00

## THIRTY LARGEST SHAREHOLDERS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
Cimsec Nominees (Tempatan) Sdn Bhd - Ng Choh Choo	2,992,760	5.37
Datuk Wong Soon Lim	2,822,580	5.07
Yulina Binti Baharuddin	2,304,000	4.14
Datin Teh Kim Hong	2,226,886	4.00
Low Chan Tian	2,176,740	3.91
Low Chung Kuay	1,985,557	3.57
Low Chan Koon	1,906,073	3.42
Chew Soon Heng	1,543,311	2.77
RHB Nominees (Asing) Sdn Bhd - RHB - Cathay Securities Pte Ltd for YCH Holdings (Pte) Ltd	1,508,400	2.71
Lim Koy Peng	1,500,000	2.69
Chua Ah Nee	1,494,360	2.68
Yong Jaw Teck	1,263,180	2.27
Cimsec Nominees (Asing) Sdn Bhd - Low Kim Foong	1,249,920	2.24
Low Chan Tian	1,103,400	1.98
Datin Teh Kim Hong	891,000	1.60
Son Chen Chuan	745,200	1.34
Lim Keat Sear	523,800	0.94
Mayban Nominees (Tempatan) Sdn Bhd - Low Chan Koon	417,600	0.75
Tan Lean Cheng	392,760	0.71
HLB Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	360,000	0.65
Low Chung Kuay	345,031	0.62
Low Chan Min	323,000	0.58
BOC Nominees (Tempatan) Sdn Bhd - Datuk Wong Soon Lim	306,000	0.55
Leong & Company Sdn Bhd - Leong Yuen Leng	300,600	0.54
Brendan Low Kang Wei	300,000	0.54
Brian Low Chean Wei	300,000	0.54
Chua Tiang Kim	292,500	0.52
Low Keok Giap	266,400	0.48
Abu Mansor Bin Hassan	229,320	0.41
Ong Siew Beng	207,000	0.37
Total	32,277,378	57.96





## SUBSTANTIAL SHAREHOLDERS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>
Datuk Wong Soon Lim	3,488,580	6.26
Low Chan Tian	3,280,140	5.89
Datin Teh Kim Hong	3,117,886	5.60
Ng Choh Choo	3,084,760	5.54

## DIRECTORS' SHAREHOLDINGS

<u>Name</u>	<u>No. of shares</u>	<u>%</u>	<u>No. of unexercised options</u>
Tan Sri Dato' Dr. Abdul Khalid Bin Sahan	-	-	-
Datuk Haji Tamby Chik Bin Haji Hassan	80,645	0.14	-
Datuk Wong Soon Lim	3,488,580	6.26	205,200
Low Chan Koon	2,339,873	4.20	-
Yong Jaw Teck	1,263,180	2.27	205,200
Low Chan Tian	3,280,140	5.89	-
Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah	-	-	-
Tan Gaik Hong	126,080	0.23	102,600

## STATEMENT OF WARRANTS

Type of securities : Warrants  
 Voting rights : One vote per warrant holder on a show of hands  
 One vote per warrant on a poll

## ANALYSIS OF WARRANT HOLDINGS

<u>Size of warrant holdings</u>	<u>No. of warrant holders</u>	<u>% of warrant holders</u>	<u>No. of warrants</u>	<u>%</u>
less than 1,000	110	5.85	77,830	0.45
1,000 - 10,000	1,514	80.57	5,288,400	30.38
10,001 - 100,000	238	12.67	5,710,199	32.81
100,001 to 870,301	15	0.80	3,725,225	21.40
870,302 and above	2	0.11	2,604,384	14.96
Total	1,879	100.00	17,406,038	100.00



### THIRTY LARGEST WARRANT HOLDERS

<u>Name</u>	<u>No. of warrants</u>	<u>%</u>
Low Chan Koon	1,542,384	8.86
Low Chan Tian	1,062,000	6.10
Datin Teh Kim Hong	639,000	3.67
Chua Ah Nee	611,550	3.51
Low Kim Foong	288,900	1.66
Low Chan Tian	288,000	1.66
Datin Teh Kim Hong	270,000	1.55
Low Boo Lian	268,650	1.54
Mohammad Khalzuri Bin Mohd Yazid	230,000	1.32
Low Kim Foong	193,050	1.11
Yong Jaw Teck	161,850	0.93
EB Nominees (Tempatan) Sdn Bhd - Teoh Beng Tiang	148,000	0.85
Jouta Enterprise Sdn Bhd	144,000	0.83
Low Chung Kuay	133,025	0.77
Lim Koy Peng	126,000	0.72
Lim Poh Hock	115,200	0.66
Arab-Malaysian Finance Bhd - Wong Ah Yong	108,000	0.62
Liew Kwai Loy	92,800	0.53
Low Chung Kuay	92,494	0.53
Amanah Raya Bhd Tabung Amanah Perwira Dan Pertahanan Negara	90,000	0.52
Cimsec Nominees (Tempatan) Sdn Bhd - Pek Kiam Kek	88,000	0.51
Botly Nominees (Tempatan) Sdn Bhd - Heng Seu Seng	85,000	0.49
Abu Mansor Bin Hassan	81,900	0.47
Wong Ah Mooi	80,600	0.46
RHB Capital Nominees (Tempatan) Sdn Bhd - Chok Kwong Ming	75,800	0.44
Arab-Malaysian Finance Sdn Bhd - Lim Choon Hiok	75,000	0.43
JB Nominees (Tempatan) Sdn Bhd - Pek Kiam Kek	73,000	0.42
John Goh Tiong Hui	72,000	0.41
Tan Ching Hooi	66,000	0.38
TCL Nominees (Tempatan) Sdn Bhd - Lim Kiat Lee	65,800	0.38
Total	<u>7,368,003</u>	<u>42.33</u>

### DIRECTORS' WARRANT HOLDINGS

<u>Name</u>	<u>No. of warrants</u>	<u>%</u>
Tan Sri Dato' Dr. Abdul Khalid Bin Sahan	-	-
Datuk Haji Tamby Chik Bin Haji Hassan	230	0.00
Datuk Wong Soon Lim	45,450	0.26
Low Chan Koon	1,590,784	9.14
Yong Jaw Teck	161,850	0.93
Low Chan Tian	1,350,000	7.76
Maj. Gen. (Rtd) Dato' Haji Johan Hew Bin Abdullah	-	-
Tan Gaik Hong	-	-

**List Of****Properties**

<u>Location</u>	<u>Description</u>	<u>Age of buildings</u>	<u>Area</u>	<u>Tenure</u>	<u>Net book value as at 31 December 2001 RM'000</u>	<u>Date of acquisition</u>
Lot 3, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	1 building - 9 years 2 buildings - 6 years 1 building - 4 years 1 building - 2 years 1 building - 1 year	2.062 hectares	Leasehold expiring on 24/5/2091	8,444	24.11.1995
Lot 7, Air Keroh Industrial Estate, Phase IV, 75450 Melaka	Factory buildings	2 buildings - 9 years 3 buildings - 8 years 1 building - 7 years 1 building - 6 years	2.692 hectares	Leasehold expiring on 24/5/2091	12,484	10.8.1993
Lot 1016, Mukim of Bukit Baru, Melaka	Vacant land held for future development	-	2.034 hectares	Freehold	496	17.2.1990
P.T. Lot 3413, H.S. (M) 22, Mukim 8, Daerah Seberang Perai Utara, Pulau Pinang	Double storey shop office	1 building - 2 years	119 sq metres	Freehold	223	28.11.2000
P.T. Lot 3414, H.S. (M) 23, Mukim 8, Daerah Seberang Perai Utara, Pulau Pinang	Double storey shop office	1 building - 2 years	119 sq metres	Freehold	223	28.11.2000



# Form Of Proxy



I/We .....  
of .....  
being a member of **DAIBOCHI PLASTIC AND PACKAGING INDUSTRY BHD**, hereby  
appoint .....  
of .....  
or failing him, THE CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the  
Twenty Ninth Annual General Meeting of the Company, to be held at Straits 3 at Level 7, The Golden Legacy Hotel  
Melaka, Jalan Hang Tuah, 75300 Melaka on Thursday, 23 May 2002 at 10.00 a.m. and at any adjournment thereof.

ORDINARY BUSINESS	FOR	AGAINST
1. Adoption of Reports and Financial Statements		
2. Declaration of Dividend		
3. Approval of Directors' fees		
Re-election of Director: -		
4. Tan Gaik Hong - Article 94		
Re-election of Director: -		
5. Low Chan Koon - Article 103		
Re-election of Director: -		
6. Yong Jaw Teck - Article 103		
Re-appointment of Director pursuant to Section 129 (6) of the Companies Act, 1965: -		
7. Y. Bhg. Datuk Haji Tamby Chik Bin Haji Hassan		
8. Re-appointment of PricewaterhouseCoopers as Auditors		
<b>SPECIAL BUSINESS</b>		
9. Approval of new issue of shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with (x) how you wish your vote to be casted. If no specific  
direction as to voting is given, the proxy will vote or abstain at his discretion)

Dated this ..... day of ..... 2002

Number of Shares Held

.....  
Signature/Common Seal of Shareholder(s)

## NOTES: -

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of its officer or attorney duly authorised.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company, Kompleks Daibochi Plastic, Lot 3 & 7 Air Keroh Industrial Estate, Phase IV, 75450 Melaka not less than forty-eight (48) hours before the time appointed for holding the meeting.

FOLD THIS FLAP FOR SEALING

Please Affix  
30 sen Stamp  
here

**DAIBOCHI PLASTIC AND  
PACKAGING INDUSTRY BHD.**

Kompleks Daibochi Plastic  
Lot 3 & 7, Air Keroh Industrial Estate, Phase IV,  
75450 Melaka, West Malaysia.  
P.O. Box 263, 75750 Melaka, West Malaysia.

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**DAIBOCHI PLASTIC AND  
PACKAGING INDUSTRY BHD. (12994-W)**

Kompleks Daibochi Plastic  
Lot 3&7, Air Keroh Industrial Estate,  
Phase IV 75450 Melaka, West Malaysia.  
P.O. Box 263, 75750 Melaka, West Malaysia.  
Tel: 06-231 2746 Fax: 06-232 8988