

**MALAYSIA
PACKAGING
INDUSTRY
BHD**



Laporan Tahunan

2001

Annual Report

二〇〇一

常年報告

大馬包裝工業有限公司

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held at 6 1/2 Miles, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Monday, 10 June 2002 at 10.00 a.m. for the following purposes:-

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 31st December 2001 and the Report of the Auditors thereon. **RESOLUTION 1**
2. To approve the declaration of a first and final tax exempt dividend of 2% for the year ended 31st December 2001. **RESOLUTION 2**
3. To approve the payment of Directors' Fees. **RESOLUTION 3**
4. To re-elect directors:
 - (i) In accordance with Article 87 of the Company's Articles of Association, the following directors retire by rotation and, being eligible, offer themselves for re-election:
 - (a) Mr. Kazumitsu Tanabe **RESOLUTION 4**
 - (b) Dr. Goh Chin Siew **RESOLUTION 5**
 - (c) Ms. Peony Lye **RESOLUTION 6**
 - (ii) In accordance with Article 89 of the Company's Articles of Association, the following directors retire and being eligible, offer themselves for re-election:
 - (a) Mr. Tsutomu Hayano **RESOLUTION 7**
 - (b) Mr. Gew Ah Lek **RESOLUTION 8**
5. To pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965:-
 - (i) That pursuant to Section 129(6) of the Companies Act, 1965, Mr. Tay How Seng be and is hereby re-appointed a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **RESOLUTION 9**
 - (ii) That pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Dato' Seri Haji Mohd. Bakri Bin Abdul Rais be and is hereby re-appointed a director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company. **RESOLUTION 10**
6. To appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **RESOLUTION 11**
7. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF MEETING

NOTICE IS ALSO HEREBY GIVEN that the First and Final Tax Exempt Dividend of 2%, if approved, will be paid on 18 July 2002 to depositors registered in the Record of Depositors at the close of business on 10 July 2002.

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

- a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 10th July 2002 in respect of ordinary transfers;
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Winnie Chok
Secretary

Kuala Lumpur
17 May 2002

Notes:

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- 2) If the appointer is a corporation, the proxy should be executed under its common seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the office of Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Name of directors standing for re-election:

- Mr Kazumitsu Tanabe
- Dr. Goh Chin Siew
- Ms Peony Lye
- Mr Tsutomu Hayano
- Mr Gew Ah Lek
- Mr Tay How Seng
- Y. Bhg. Dato' Seri Hj Mohd Bakri Bin Abdul Rais

2. **PROFILE OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION**

Further details pertaining to directors standing for re-election are outlined on pages 10 to 13 of the Annual Report.

3. **DETAIL OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS**

Five (5) Board Meetings were held during the financial year ended 31 December 2001. The attendance of each Director on Board as at 31 December 2001 is as follows:-

| Name of Director | Date of Appointment | No. of Meetings Attended | Percentage % |
|---|----------------------------|---------------------------------|---------------------|
| Tay How Seng | 17/03/1975 | 5/5 | 100 |
| Kazumitsu Tanabe | 01/07/1999 | 5/5 | 100 |
| Dato' Seri Haji Mohd Bakri Bin Abdul Rais | 09/08/1975 | 5/5 | 100 |
| Dato' Ahmad Badri Bin Mohamed Basir | 01/07/1997 | 4/5 | 80 |
| Dr Goh Chin Siew | 15/08/1990 | 5/5 | 100 |
| Katsuyuki Inoue | 03/07/2000 | 5/5 | 100 |
| Hiroyuki Sugae | 03/07/2000 | 5/5 | 100 |
| Peony Lye | 03/11/1995 | 5/5 | 100 |
| Tsutomu Hayano | 16/07/2001 | 2/2 | 100 |
| Gew Ah Lek | 24/08/2001 | 1/1 | 100 |

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

4. PLACE, DATE AND TIME OF THE BOARD MEETINGS

The place, date and time of the Board Meetings held during the financial year are as follows:-

| Date of Meeting | Hour | Place |
|------------------------|-------------|--------------|
| 21 February 2001 | 10.35 a.m. | Kuala Lumpur |
| 10 April 2001 | 11.30 a.m. | Kuala Lumpur |
| 28 May 2001 | 10.30 a.m. | Kuala Lumpur |
| 24 August 2001 | 10.00 a.m. | Kuala Lumpur |
| 26 November 2001 | 10.40 a.m. | Kuala Lumpur |



KiMs
KACANG MENGLEMBU
KENTANG
Arbeave

Julie's
Wheat Crackers

JACKIE
NATURAL
KACANG MENGLEMBU

PENAMBAH PERISA
AJI-NO-MOTO
SODIUM GLUTAMAT TLEEN
اجينو موتو

B&W
INSTANT
Coffee Mix D
溶咖啡
Kopi Segera

Sara Spice
Sambal
WHITE PEPPER

Brahim's
Instant Chef
KUAH MASAK LEMAK
GILI PADI

Ming Han Ching
Tapioca Pearls
汤圆

Bakuteh
Campuran Herba dan Bumbu
Mie Goreng
Mie Goreng

SAUCE
PEPPER

AYANAS
3 in 1

KitKat
MALTA

Small round snacks

Instant noodle packets

KitKat MALTA



MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

CORPORATE INFORMATION

DIRECTORS

Tay How Seng (Chairman)
Dato' Seri Haji Mohd. Bakri bin Abdul Rais
Dato' Ahmad Badri bin Mohamed Basir
Kazumitsu Tanabe (Managing Director)
Katsuyuki Inoue
Hiroyuki Sugae
Tsutomu Hayano
Dr. Goh Chin Siew
Peony Lye
Gew Ah Lek

BANKERS

Bank of Tokyo – Mitsubishi (Malaysia) Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

AUDITORS

Arthur Andersen & Co.

COMPANY SECRETARY

Winnie Chok Kwee Wah (MACS 00550)

REGISTERED OFFICE

6 1/2 Miles, Simpang Salak South Baru
(Lot 3, Jalan Kuchai Lama)
58200 Kuala Lumpur.
P.O. Box 11145, 50736 Kuala Lumpur.
Telephone : 03 – 7983 1877
Facsimile : 03 – 7981 3198
Homepage : www.maypak.com

REGISTRARS

Bina Management (M) Sdn. Bhd.,
Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya,
Selangor Darul Ehsan.
Telephone : 03 – 7784 3922
Facsimile : 03 – 7784 1988

STOCK EXCHANGE LISTING

The Second Board, Kuala Lumpur Stock Exchange

CERTIFIED MANAGEMENT SYSTEM

MS ISO 9002 : 1994
MS ISO 14001 : 1997

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

BOARD OF DIRECTORS



Tay How Seng
CHAIRMAN



Kazumitsu Tanabe
MANAGING DIRECTOR



Hiroyuki Sugae
EXECUTIVE DIRECTOR



Katsuyuki Inoue



Tsutomu Hayano



Gew Ah Lek

● ————— ●
NON-INDEPENDENT DIRECTORS



**Dato' Seri Haji Mohd.
Bakri Bin Abdul Rais**



Dr. Goh Chin Siew



Peony Lye



**Dato' Ahmad Badri
Bin Mohamed Basir**

● ————— ●
INDEPENDENT DIRECTORS

PROFILE OF BOARD OF DIRECTORS

● **MR TAY HOW SENG**, aged 76, Malaysian
Chairman

Mr Tay was appointed to the Board of the Company on 17 March 1975. He is the Chairman and one of the founder members of the Company. He completed his Cambridge School Certificate and is active in business and community associations.

He is also the Chairman of Malaysia Ve-Tsin Manufacturing Co Bhd, Tong Ah Co. Sdn Bhd and Tong Ah Pengarakan Sdn. Bhd. In community associations, Mr Tay is the President of the Selangor Wine & Spirit Dealers Association, The Associated Liquor Merchants Association of the Federation of Malaya, The Selangor & Kuala Lumpur Teo Chew Association and the Deputy President of the Federated Teochew Association of Malaysia.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

● **MR KAZUMITSU TANABE**, aged 44, Japanese
Managing Director, Executive Director

Mr Tanabe was appointed to the Board on 1 July 1999. He graduated with a Bachelor of Engineering from Tokyo University of Japan.

He joined Ajinomoto Co. Inc., Japan in 1981 and began his career in Central Research Laboratories, in-charge of automation engineering. In 1991, he was posted to Ajinomoto Bioitalia S.p.A, Italy responsible for Technical Service. In 1993, he was posted to Ajinomoto Co. Inc., Japan, Yokohama Factory as an Engineering Manager. In 1999, he was posted to Malaysia as an Executive Director.

Currently, he is the Managing Director of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

● **MR HIROYUKI SUGAE**, aged 36, Japanese
Executive Director

Mr Sugae was appointed to the Board on 3 July 2000. He graduated with Bachelor of Engineering (Mechanical) from Tohoku University in 1989 and went on to pursue and obtained his master degree in the same discipline in 1991.

He joined Ajinomoto Co. Inc., Japan in 1991 and began his career in Technical and Engineering Centre in-charge of Packaging Technology. In 1996, he was posted to Technical Department, Ace Package Co. Ltd in-charge of Production Technology. In 2000, he was posted to Malaysia as an Executive Director of the Company.

PROFILE OF BOARD OF DIRECTORS

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

● **DATO' SERI HJ MOHD BAKRI BIN ABDUL RAIS**, aged 74, Malaysian
Independent Non-Executive Director

Y. Bhg. Dato' Seri Hj Mohd Bakri was appointed to the Board on 9 August 1975. He completed his Cambridge School Certificate and has served in the Immigration Department and also as a member of the Pemas Trading Board and the Railway Board (KTM). He was a member of Parliament from 1974 to 1982. Since then, he has served as a director of various companies.

He was awarded the following decorations: DPMP, PMP, AMP and the MP (Rtd) and was awarded the 'Dato Seri' title by the Sultan of Perak on 19 April 2001. He is also a Director of Pemas Trading Sdn Bhd, Keretapi Tanah Melayu, Syarikat Permodalan Perak Bhd and Pernida Sdn Bhd.

He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

● **MR KATSUYUKI INOUE**, aged 58, Japanese
Non-Independent Non-Executive Director

Mr Inoue was re-appointed to the Board on 3 July 2000. He graduated with a Bachelor of Engineering from Tokyo Denki University of Japan in 1968 and he holds a Safety Control and Hazardous Material Supervisory License.

He joined Ajinomoto Co. Inc., Japan in 1962 and began his career in Central Research Laboratories and has held position in head office until 1992. In 1993, he was posted to Malaysia and acted as Executive Director/Factory Manager in the Company. He was then resigned from the Board of the Company and transfer to Ajinomoto (Malaysia) Berhad and re-appointed to the Board of the Company on 3 July 2000.

Currently, he is also the Managing Director and member of the Audit Committee of Ajinomoto (Malaysia) Berhad, a Director of Malaysia Ve-Tsin Manufacturing Co. Berhad and CPC/Aji (Malaysia) Sdn Bhd.

He is also a member of the Audit Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

PROFILE OF BOARD OF DIRECTORS

- **DR. GOH CHIN SIEW**, aged 64, Malaysian
Independent Non-Executive Director

Dr Goh was appointed to the Board on 15 August 1990. He is a medical consultant by profession and graduated from University of Hong Kong, Medical Faculty in 1964, and was a Chan Weng Scholar. He is a fellow of the Royal Australian College of Physicians (Occupational Medicine) and a member of the Academy of Medicine Malaysia. He was the medical director for Hamburg Re-Insurer Company, Germany, and medical director/advisor for several local and international insurance companies, besides being a practising Occupational Health Physician. He is an Independent Non-Executive Director and member of the Audit Committee of Ajinomoto (Malaysia) Berhad.

He is the Chairman of the Audit Committee and a member of Remuneration and Nomination Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

- **MR GEW AH LEK**, aged 51, Malaysian
Non-Independent Non-Executive Director

Mr Gew was appointed to the Board on 24 August 2001. He graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1972. He is a Certified Public Accountant (Singapore) and an Associate Member of Australian Society of Certified Practising Accountants.

He was the Chief Accountant and later promoted to Assistant General Manager of Amoy Canning Corporation (Malaysia) Berhad, involved in food and beverages manufacturing and investment holding. He left Amoy Canning after 20 years of service and joined Ajinomoto (Malaysia) Berhad in 1995 as Senior Sales Manager. He is an Executive Director and member of the Audit Committee of Ajinomoto (Malaysia) Berhad.

He is also a member of the Audit Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

- **DATO' AHMAD BADRI BIN MOHAMED BASIR**, aged 67, Malaysian
Independent Non-Executive Director

Dato' Ahmad Badri was appointed to the Board on 1 July 1997. He graduated with a Bachelor of Art from University Malaya. He is a Director in MNI Holdings Bhd., KEN Holdings Bhd., Mayban Finance Berhad and Aseamlease Bhd. Formerly, he was a Deputy Assistant District Officer of Hilir Perak; Secretary of Public Services Commission; Perak, Assistant District Officer (Land) of Batu Gajah; Assistant District Officer of Krian; Assistant Secretary (Service) of Public Services Department; Assistant Secretary Pensions Division (Service) of Public Services Department; Principal Assistant Secretary of Federal Establishment Office, Jesselton, Sabah; Chief Assistant District Officer of Hilir Perak; Principal Assistant Secretary of Federal Office, Jesselton, Sabah; Principal Assistant Director of Salaries Administration Division, Public Services Department; Principal

PROFILE OF BOARD OF DIRECTORS

Assistant Director of Service Division, Public Services Department; Registrar of University Technology Malaysia; Deputy Director General of Malaysia Agriculture and Research Institute (MARDI); Deputy Director of Government, Kelantan; Director of Pensions Division, Public Services Department; General Manager of Malayan Railway Administration; Chairman of MARDI; Secretary General of Ministry of Agriculture Malaysia and Chairman of Bank Pertanian Malaysia.

He is the Chairman of Nomination Committee and a member of the Audit Committee and Remuneration Committee of the Company.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

- **MS PEONY LYE**, aged 43, Malaysian
Independent Non-Executive Director

Ms Peony was appointed to the Board on 3 November 1995. She graduated with a L.L.B. (Hons) Barrister-At-Law. From 1985, she was a Legal Assistant with Messrs Sothi & Ang, handling civil litigation. In 1987, she joined Hong Leong Management Co. Sdn Bhd as a Legal Officer to render advice, opinions and vetting and drafting of legal documents for the Hong Leong Group and in particular Hong Leong Finance Berhad. In 1989, she joined Messrs Nik Hussain & Partners as a Legal Assistant, handling property conveyancing and bank security documentation. In 1991, she was with Messrs Raja Eleena Siew Ang & Tan, handling property conveyancing and bank security documentation. Since May 1993, she became a Partner of Messrs Eugene Lye & Co.

She is the Chairperson of Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

She does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

She has no conviction of any offence within the past 10 years.

- **MR TSUTOMU HAYANO**, aged 55, Japanese
Non-Independent Non-Executive Director

Mr Hayano was appointed to the Board on 16 July 2001. He graduated with a Bachelor of Law from Tokyo University, Japan. He is also a Director in Chia Lung Chemicals Industrial Corp., Shenzhen-DIC Co. Ltd. and Dainippon Ink and Chemicals, Inc.

He does not have any family relationship with any director and/or major shareholder of the Company. To date, there has not been any occurrence of conflict of interest with the Company.

He has no conviction of any offence within the past 10 years.

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, I am pleased to present to the shareholders the Annual Report of the Company for the year ended 31st December 2001.

COMPANY PERFORMANCE

2001 has been both a challenging and difficult year. Global competition intensified with the admission of China into the World Trade Organisation and the impending implementation of AFTA in January 2003. The September 11 terrorist attack on the United States further aggravated the depressed and competitive economic situation.

Despite a slightly higher turnover of RM59.42m compared to RM55.75m in 2000; profit after tax fell to RM1.27m from RM1.43m previously. Higher operating costs and overheads had eroded profits.

INDUSTRY TREND AND PROSPECT

The converting industry is expected to face stiffer competition both from within and abroad. The cheaper labour cost of Malaysia's Asean partners especially Thailand and Indonesia will further erode the already thin margin for the industry.

Under the intense competitive environment, steps will be taken to further improve productivity and efficiency. Operation process will be streamlined to meet customer requirement and maintain current profitability.

As part of the Company's policy to strive for continuous improvement, the current company wide Quality Management System under ISO 9002: 1994 will be upgraded to the new version ISO 9001: 2000.

DIVIDEND

The Directors are recommending the payment of a first and final tax exempt dividend of 2% for the year. The recommended dividend upon approval by shareholders in the forthcoming Annual General Meeting will be paid on 18th July 2002.

DIRECTORATE

The year under review saw changes to the Board with the resignation of Mr Minoru Iseda who was succeeded by Mr Tsutomu Hayano. Mr Gew Ah Lek who is an associate member of the Australian Society of Certified Practising Accountants joined the Board on 24th August 2001.

The Board wishes to record its appreciation and thanks to Mr Minoru Iseda and at the same time welcome Mr Tsutomu Hayano and Mr Gew Ah Lek.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our sincere appreciation to our valued customers, business associates and shareholders for their confidence and continued support. I would also like to thank all our employees for their hard work, commitment and dedication during the year.

TAY HOW SENG
CHAIRMAN
29th April, 2002

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The Audit Committee held five (5) meetings during the financial year. Details of the members of the Committee and their attendance at the meeting are as follows:-

| Name of Member | Designation | Attendance |
|--|--|-------------------|
| 1. Dr. Goh Chin Siew | Independent Non-Executive Director (Chairman) | 5/5 |
| 2. Peony Lye | Independent Non-Executive Director | 5/5 |
| 3. Dato' Seri Haji Mohd. Bakri Bin Abdul Rais | Independent Non-Executive Director | 5/5 |
| 4. Dato' Ahmad Badri Bin Mohamed Basir | Independent Non-Executive Director | 4/5 |
| 5. Katsuyuki Inoue | Non-Executive Director | 5/5 |
| 6. Gew Ah Lek | Non-Executive Director | 1/1 |

Mr Gew Ah Lek who is a Certified Public Accountant (Singapore) was appointed to the Committee on 24 August 2001.

In line with the terms of reference of the Committee, the following activities were carried out:-

- Reviewed the audited financial statements and unaudited quarterly financial results of the Company prior to recommendations to the Board for approval;
- discussed and reviewed the external auditors' scope of work and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit and updates of new developments on accounting standards issued by the Malaysian Accounting Standards Board.

During the year, the terms of reference of the Audit Committee has been revised to conform with the KLSE Listing Requirements.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee ("the Committee") shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members of which a majority of whom shall be independent non-executive directors.

The Chairman of the Committee shall be elected among its members whom shall be an independent director. No alternate director of the Board shall be appointed as a member of the Committee.

At least one member of the Committee shall be:

- a member of the Malaysian Institute of Accountants ("MIA"); or
- if he or she is not a member of the MIA, he or she must have at least three years' working experience and;

AUDIT COMMITTEE REPORT

- he or she must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
- he or she must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967.

In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements, the vacancy shall be filled within three (3) months.

The Board shall review the terms of reference and performance of the Committee and each of its members at least once every three (3) years.

In order to form a quorum for the meeting, the majority of the members present must be independent non-executive directors.

MEETINGS AND MINUTES

Meetings shall be held not less than four (4) times a year. The director responsible for the financial management and a representative of the external auditors shall normally attend the meetings. At least once a year the Committee shall meet with the external auditors without any executive member of the board present. The external auditors may request a meeting if they consider it necessary.

The Secretary of the Committee shall be the Company Secretary. Minutes of each meeting shall be circulated to each member of the Board.

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference and is authorised to seek any information it requires from employees, who are required to cooperate with any request made by the Committee.

The Committee is also authorised by the Board to obtain external legal or other independent professional advice as and when necessary.

FUNCTIONS

The Committee shall undertake the following responsibilities and duties:

- Review with the external auditors, the audit plan, the evaluation of the system of internal control, the audit reports and the Company's accounting policies and reporting requirements;
- Review the assistance given by the Company officers to the external auditors;
- Consider the nomination and appointment of the external auditors and review their independence and objectivity;
- Review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- Review the quarterly results and year end annual financial statements prior to the approvals by the Board, focusing particularly on;
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements;
- Review any related party transaction and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises question on management integrity.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the Board) fully appreciates the importance of exercising high standards of corporate governance in the conduct of the Company's business and affairs through transparency, accountability and corporate performance.

The Board is thus committed to support the recommendations of the Malaysian Code of Corporate Governance as amended in March 2000 (the Code) by implementing the principles and best practices set out in the Code.

The Board and management are committed to ensuring the highest standards of corporate governance are observed throughout the Company. It is a continuous evolving process and the adherence is aimed at aligning with both the spirit and letter of the Code.

PRINCIPLES STATEMENT

The following statement sets out how the Company has applied the principles in Part 1 of the Code:

A. Board of Directors

1. Board Responsibilities

The board is entrusted with directing the Company's operation to enhance long term shareholder value.

The schedule of matters reserved specifically for the Board's decision include approval of corporate plans and annual budgets, approval of major capital expenditure projects, consideration of significant financial matters and reviews of financial and operating performance of the Company.

2. Meetings

The Board ordinarily meet at least five (5) times a year at quarterly intervals to deliberate and consider on matters relating to financial results, major investment and business plans of the Company.

In the financial year ended 31 December 2001, the Board met on 5 occasions.

The Board receives the agenda and documents for deliberation prior to and in advance of each meeting to enable the Directors to obtain further explanation where necessary. All proceedings of the Board meetings are minuted and signed by the Chairman of the meeting.

CORPORATE GOVERNANCE STATEMENT

Details of each existing Directors; meeting attendance are as below:

| | Name | Attendance |
|-----|--|-------------------|
| 1) | Tay How Seng | 5/5 |
| 2) | Kazumitsu Tanabe | 5/5 |
| 3) | Dato' Seri Haji Mohd Bakri Bin Abdul Rais | 5/5 |
| 4) | Dato' Ahmad Badri Bin Mohamed Basir | 4/5 |
| 5) | Dr Goh Chin Siew | 5/5 |
| 6) | Katsuyuki Inoue | 5/5 |
| 7) | Hiroyuki Sugae | 5/5 |
| 8) | Peony Lye | 5/5 |
| 9) | Tsutomu Hayano (Appointed on 16/7/01) | 2/2 |
| 10) | Gew Ah Lek (Appointed on 24/8/01) | 1/1 |

3. Board Committees

To enhance business and operational efficiency, the Board delegates certain responsibilities to three (3) Board Committees namely, Audit, Nomination and Remuneration Committee.

The Nomination and Remuneration committee were established on 28 May 2001.

All committees have written terms of reference and operating procedures. Reports of their respective proceedings and deliberations are to be made to the Board and incorporated in the minutes of the full Board meeting.

Save for the long established Audit Committee, both the newly established Nomination and Remuneration Committee have yet to function fully.

4. Board Balance

As at the date of this statement, the Board consists of ten (10) members, comprising three(3) executive directors and seven (7) non-executive directors of which four (4) are independent.

The profile of each Director are presented on pages 10 to 13 of this Annual Report.

The Directors, with their diverse background in business, financial, professional, technical and public services collectively bring with them a wide range of experience and expertise to ensure the Company is guided by a competent Board.

The Company practices a clear demarcation of power and authority. The role of the Chairman and Managing Director are separated and clearly defined to ensure a balance of authority and power.

The Board is led by Mr. Tay How Seng as the Chairman whilst the executive management of the Company is led by Mr. Kazumitsu Tanabe, the Managing Director.

CORPORATE GOVERNANCE STATEMENT

5. Supply of Information

The Chairman ensures that all Directors have full and timely access to information. Board papers are distributed prior to meetings at least three (3) working days in advance to enable the Directors to obtain explanation where necessary.

The Directors have access to all information within the Company whether as a full board or in their individual capacity to the extent that the information required is pertinent to the discharge of their duties as director in furtherance of the Company's interest and benefit.

The Directors have access to the advice and services of the Company Secretary and are allowed to take independent professional advice where necessary and in appropriate circumstance in furtherance of their duties as directors at the Company's expense.

6. Directors' Training

During the financial year, all Directors' have attended and successfully completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analyst Malaysia (RIIAM) as required by the KLSE Revamped Listing Requirements. The Directors will continue to undergo other relevant training programme to enable them to enhance their knowledge and skills and be updated on new regulatory requirements.

Newly appointed Directors were briefed on the Company's business process and operation.

7. Re-election

The current Articles of Association (the Articles) of the Company provides that at least one-third of the Board, except for the Managing Director are subject to retirement by rotation at each Annual General Meeting.

A retiring Director is eligible for re-appointment. In compliance with the KLSE Listing Requirement, the Articles are being amended to require the Managing Director to retire by rotation at least once in every 3 years and be re-elected.

However, the Managing Director, Mr Kazumitsu Tanabe has agreed to be subject to the re-election in the forth-coming 27th Annual General Meeting of the Company.

Directors over seventy (70) years of age are required to submit themselves for reappointment on an annual basis in accordance with Section 129(6) of the Companies Act 1965.

B. Directors' Remuneration

The fees payable to non-executive Directors are approved by the shareholders at the Annual General Meeting (the AGM) based on the recommendation of the Board.

Reimbursement of reasonable expenses incurred by the Directors in the discharge of their duties are made by the Company.

CORPORATE GOVERNANCE STATEMENT

The aggregate remuneration of the Directors categorised into the appropriate components is as follows:

| Category | Fees (RM) | Salaries & Bonus (RM) | Benefit in Kind (RM) |
|-------------------------|--------------|--------------------------|-------------------------|
| Executive Directors | 24,000 | 1,256,003 | 56,213 |
| Non-Executive Directors | 56,000 | — | — |

The remuneration paid to the Directors analysed into bands of RM50,000 is as follows:

| Amount of Remuneration | Executive Director | Non-executive Director |
|------------------------|--------------------|------------------------|
| Below RM50,000 | — | 7 |
| RM250,001 ~ RM300,000 | 1 | — |
| RM400,001 ~ RM450,000 | 1 | — |
| RM500,001 ~ RM550,000 | 1 | — |

C. Shareholders

1. Dialogue between the Company and investors

The Company communicates with its shareholders via the annual report and Annual General Meeting. In addition, the Company has established a web site at www.maypak.com which shareholders can access for information.

2. Annual General Meeting

It is the Company's practise to send the Notice of the AGM to shareholders at least 21 days before the meeting. At the AGM, the shareholders are encouraged to ask questions both about the resolutions being proposed or about the Company's performance in general. Where it is not possible to provide immediate answers, the Chairman will undertake to furnish the shareholder with a written answer after the AGM.

D. Accountability and Audit

1. Financial reporting

It is the Board's objective to provide and present a balanced and understandable assessment of the Company's position and prospects through the annual financial statements and quarterly announcements to the shareholders. The Board scrutinizes these announcements at their Board meetings prior to publication to ensure that they are accurate and present a balanced assessment of the Company's affairs.

2. Statement of Directors' responsibility for preparing the annual audited financial statements

The Board is responsible to prepare the financial statements in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as

CORPORATE GOVERNANCE STATEMENT

to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the results and cash flows of the Company for the financial year.

In preparing for financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made reasonable and prudent judgements and estimates; and
- ensured that all applicable accounting standards have been complied with.

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

3. Internal control

The Board recognises the importance of sound system of internal control to safeguard shareholders' investment and the Company's assets. On 13 December 2001, Horwath Mok & Poon was appointed as internal auditors to assist in identifying, evaluating, monitoring and managing the significant risks to ensure proper risk management, adequacy and integrity of the internal control systems in line with the requirements of the Statement on Internal Control-Guidance for Directors of Public Listed Companies and the Code. The internal auditors report directly to the Audit Committee.

4. Relationship with the auditors

The role of the Audit Committee in relation to the external auditors and the key features underlying their relationship are included in the Audit Committee's terms of reference as detailed on pages 15 - 16 of the Annual Report.

5. Conflict of interest

None of the Directors have any family relationship with other Directors and/or major shareholders of the Company nor any personal interest in any business arrangement involving the Company.

E. Material Contracts

The Company does not have any material contracts involving directors' and major shareholders' interest, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

F. Sanction and/or Penalties

During the financial year under review, the Company was fined RM50.00 by the Registrar of Companies for late submission of information of directorship in other listed companies by one of its directors.

G. Non-Audit Fees

During the financial year under review, the Company paid a total of RM16,065.00 to its external auditors, Arthur Andersen & Co. for non-audit professional services rendered.

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December, 2001.

PRINCIPAL ACTIVITY

The principal activity of the Company is the manufacture of printed and laminated flexible light packaging materials.

There has been no significant change in the nature of this activity during the financial year.

RESULTS

Net profit for the year

RM

1,268,985

DIVIDENDS

Since the end of the previous financial year, the Company paid a tax exempt dividend of 2% amounting to RM420,428 in respect of the previous financial year. The directors recommend the first and final tax exempt dividend of 2% amounting to RM420,428 in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the income statement and balance sheet were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

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

DIRECTORS' REPORT

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT

DIRECTORS

The directors who served since the date of the last report are:

Tay How Seng

Dato' Seri Haji Mohd. Bakri bin Abdul Rais

Dr. Goh Chin Siew

Peony Lye

Dato' Ahmad Badri bin Mohamed Basir

Kazumitsu Tanabe

Katsuyuki Inoue

Hiroyuki Sugae

Gew Ah Lek (appointed on 24 August, 2001)

Tsutomu Hayano (appointed on 16 July, 2001)

Minoru Iseda (resigned on 11 June, 2001)

In accordance with the Company's Article of Association, Dr. Goh Chin Siew, Peony Lye, Kazumitsu Tanabe, Tsutomu Hayano and Gew Ah Lek retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Tay How Seng and Dato' Seri Haji Mohd Bakri bin Abdul Rais retire pursuant to Section 129 of the Companies Act, 1965 and a resolution is being proposed for their re-appointment as directors under the provision of Section 129(6) of the said Act to hold office until the conclusion of the next Annual General Meeting of the Company.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in the financial statements or the fixed salary of a full time employee of the Company) 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' REPORT

DIRECTORS' INTERESTS

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

| | Number of ordinary shares of RM1 each | | | 31 December, 2001 |
|---|---------------------------------------|--------|------|----------------------|
| | 1 January, 2001 | Bought | Sold | |
| The Company | | | | |
| Tay How Seng | 1,000,000 | — | — | 1,000,000 |
| Dato' Seri Haji Mohd. Bakri bin Abdul Rais | 500 | — | — | 500 |

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

AUDITORS

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

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

TAY HOW SENG

KAZUMITSU TANABE

Kuala Lumpur
Dated: 12 April 2002

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS

We, TAY HOW SENG and KAZUMITSU TANABE, being two of the directors of MALAYSIA PACKAGING INDUSTRY BERHAD, do hereby state that, in the opinion of the directors, the financial statements set out on pages 28 to 43 give a true and fair view of the state of affairs of the Company as at 31 December, 2001 and of its results and its cash flows for the year then ended and have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

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

TAY HOW SENG

KAZUMITSU TANABE

Kuala Lumpur
Dated: 12 April 2002

STATUTORY DECLARATION

I, KAZUMITSU TANABE, the director primarily responsible for the financial management of MALAYSIA PACKAGING INDUSTRY BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 28 to 43 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed KAZUMITSU TANABE at)
Kuala Lumpur in Wilayah Persekutuan)
on 12 April 2002) KAZUMITSU TANABE

Before me

Commissioner for Oaths
No. W178
ABAS BIN HASAN

AUDITORS' REPORT

To the Shareholders of
MALAYSIA PACKAGING INDUSTRY BERHAD

We have audited the financial statements set out on pages 28 to 43. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion,

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia and give a true and fair view of:
 - (i) the state of affairs of the Company as at 31 December, 2001 and of its results and its cash flows for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Arthur Andersen & Co.
No. AF 0103
Chartered Accountants

Adrian Tsen Keng Yam
No. 1314/05/02(J)
Partner of the Firm

Kuala Lumpur
Dated: 12 April 2002

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**BALANCE SHEET**

as at 31 December, 2001

| | Note | 2001 RM | 2000 RM |
|-------------------------------------|-------------|--------------------|--------------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 3 | <u>19,174,724</u> | <u>21,182,846</u> |
| CURRENT ASSETS | | | |
| Inventories | 4 | 7,165,763 | 8,243,916 |
| Trade receivables | 5 | 15,732,215 | 14,349,021 |
| Other receivables | 6 | 95,858 | 147,492 |
| Cash and bank balances | | 3,097,964 | 1,187,516 |
| Fixed deposits with a licensed bank | | 753,335 | — |
| | | <u>26,845,135</u> | <u>23,927,945</u> |
| CURRENT LIABILITIES | | | |
| Short term borrowings | 7 | 3,800,000 | 4,940,000 |
| Trade payables | 8 | 5,088,799 | 4,710,590 |
| Other payables | 9 | 2,463,570 | 2,134,680 |
| Taxation | | 616,244 | 256,832 |
| Proposed dividend | | 420,428 | 420,428 |
| | | <u>12,389,041</u> | <u>12,462,530</u> |
| NET CURRENT ASSETS | | <u>14,456,094</u> | <u>11,465,415</u> |
| | | <u>33,630,818</u> | <u>32,648,261</u> |
| FINANCED BY: | | | |
| Share capital | 10 | 21,021,412 | 21,021,412 |
| Reserves | | 11,645,406 | 10,796,849 |
| Shareholders' equity | | <u>32,666,818</u> | <u>31,818,261</u> |
| Deferred taxation | 11 | 964,000 | 830,000 |
| | | <u>33,630,818</u> | <u>32,648,261</u> |

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

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**INCOME STATEMENT**

for the year ended 31 December, 2001

| | Note | 2001 RM | 2000 RM |
|--|------|--------------|--------------|
| Revenue | 12 | 59,423,780 | 55,752,645 |
| Other operating income | 13 | 52,450 | 43,581 |
| Changes in work-in-progress and finished goods | | 185,172 | 19,178 |
| Consumables and raw materials | | (34,784,021) | (31,586,737) |
| Staff costs | 14 | (9,361,953) | (8,864,685) |
| Depreciation | | (3,056,748) | (2,969,133) |
| Other operating expenses | 15 | (9,797,746) | (9,480,411) |
| Profit from operations | | 2,660,934 | 2,914,438 |
| Finance costs, net | 16 | (477,949) | (534,197) |
| Profit before taxation | | 2,182,985 | 2,380,241 |
| Taxation | 17 | (914,000) | (954,000) |
| Net profit for the year | | 1,268,985 | 1,426,241 |
| Earnings per share | 18 | 6 sen | 7 sen |

The accompanying notes are an integral part of this statement.

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December, 2001

| | Share capital RM | Non- distributable Capital reserves RM | Distributable Unappropriated profits RM | Total RM |
|-------------------------|---------------------------------|---|--|---------------------|
| At 1 January, 2000 | 21,021,412 | 64,979 | 9,726,057 | 30,812,448 |
| Net profit for the year | — | — | 1,426,241 | 1,426,241 |
| Dividends (Note 19) | — | — | (420,428) | (420,428) |
| At 31 December, 2000 | <u>21,021,412</u> | <u>64,979</u> | <u>10,731,870</u> | <u>31,818,261</u> |
| At 1 January, 2001 | 21,021,412 | 64,979 | 10,731,870 | 31,818,261 |
| Net profit for the year | — | — | 1,268,985 | 1,268,985 |
| Dividends (Note 19) | — | — | (420,428) | (420,428) |
| At 31 December, 2001 | <u>21,021,412</u> | <u>64,979</u> | <u>11,580,427</u> | <u>32,666,818</u> |

The accompanying notes are an integral part of this statement.

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**CASH FLOW STATEMENT**
for the year ended 31 December, 2001

| | 2001 RM | 2000 RM |
|---|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,182,985 | 2,380,241 |
| Adjustments for: | | |
| Depreciation | 3,056,748 | 2,969,133 |
| Gain on disposal of property, plant and equipment | (45,149) | (14,981) |
| Property, plant and equipment written off | 5,882 | 263,398 |
| Inventories written off | 271,872 | 191,802 |
| Provision for doubtful debts | 73,981 | 90,000 |
| Interest expenses | 299,054 | 379,323 |
| Interest income | (6,430) | (28,667) |
| Operating profit before working capital changes | 5,838,944 | 6,230,249 |
| (Increase) decrease in receivables | (1,405,541) | 846,621 |
| Decrease/(increase) in inventories | 806,281 | (715,074) |
| Increase/(decrease) in payables | 707,099 | (182,055) |
| Cash generated from operations | 5,946,783 | 6,179,741 |
| Interest paid | (299,054) | (379,323) |
| Income tax paid | (420,588) | (167,168) |
| Net cash generated from operating activities | <u>5,227,141</u> | <u>5,633,250</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (1,059,857) | (2,695,642) |
| Proceeds from disposal of property, plant and equipment | 50,497 | 20,000 |
| Interest received | 6,430 | 28,667 |
| Net cash used in investing activities | <u>(1,002,930)</u> | <u>(2,646,975)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of term loan | (1,140,000) | (3,420,000) |
| Dividend paid | (420,428) | (420,428) |
| Net cash used in financing activities | <u>(1,560,428)</u> | <u>(3,840,428)</u> |

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**CASH FLOW STATEMENT**

for the year ended 31 December, 2001

| | 2001 | 2000 |
|---|------------------|------------------|
| | RM | RM |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 2,663,783 | (854,153) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,187,516 | 2,041,669 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>3,851,299</u> | <u>1,187,516</u> |
| Cash and cash equivalents comprise: | | |
| Cash in hand | 13,169 | 9,698 |
| Cash at banks | 3,084,795 | 1,177,818 |
| Fixed deposits with a licensed bank | 753,335 | — |
| | <u>3,851,299</u> | <u>1,187,516</u> |

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

1. PRINCIPAL ACTIVITY AND GENERAL INFORMATION

The principal activity of the Company is the manufacture of printed and laminated flexible light packaging materials. There has been no significant change in the nature of this activity during the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at 6 1/2 Miles, Simpang Salak South Baru (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur.

The number of employees in the Company at the end of the financial year was 234. (2000 : 246).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Currency Conversion and Translation

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

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

| | 2001 RM | 2000 RM |
|-----------------------|--------------------|--------------------|
| Japanese Yen | 0.0289 | 0.0332 |
| Singapore Dollars | 2.0535 | 2.2000 |
| United States Dollars | 3.8000 | 3.8000 |

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

(c) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment loss.

Long term leasehold land is depreciated over the period of the lease. Depreciation of other property, plant and equipment is provided on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives at the following annual rates.

| | |
|--|--------------------|
| Long term leasehold land | Over 70 – 77 years |
| Factory, office buildings and office renovation | 2% – 10% |
| Plant and equipment | 10% |
| Furniture, fixtures, fittings and motor vehicles | 7.5% – 20% |

Long term leasehold land and buildings of the Company have not been revalued since they were first revalued in 1990. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standard 16 (Revised) : Property, Plant and Equipment adopted by the Malaysian Accounting Standards Board, these assets continue to be stated at their 1990 valuation less accumulated depreciation.

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

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Cost of work-in-progress and finished goods include where appropriate direct materials, direct labour and appropriate production overheads.

(e) Deferred Taxation

Deferred taxation is provided under the liability method for all material timing differences except where there is reasonable evidence that these timing differences will not reverse.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at bank and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(g) Revenue Recognition

Revenue relating to sale of goods is recognised net of discounts and returns when transfer of risks and rewards have been completed.

(h) Trade and Other Receivables

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

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

3. PROPERTY, PLANT AND EQUIPMENT

| | Long term leasehold land and buildings | Furniture, fixtures and fittings | Motor vehicles | Plant and equipment | Total |
|---------------------------------|---|--|-------------------|------------------------|------------|
| | RM | RM | RM | RM | RM |
| Cost / Valuation | | | | | |
| At 1 January, 2001 | 11,757,038 | 3,078,699 | 1,766,167 | 35,854,067 | 52,455,971 |
| Additions | — | 102,990 | 51,711 | 905,156 | 1,059,857 |
| Disposals | — | — | (108,693) | (2,900) | (111,593) |
| Written off | — | (7,057) | — | (9,115) | (16,172) |
| Reclassification | 165,013 | (165,013) | — | — | — |
| At 31 December, 2001 | 11,922,051 | 3,009,619 | 1,709,185 | 36,747,208 | 53,388,063 |
| Representing: | | | | | |
| At cost | 8,322,051 | 3,009,619 | 1,709,185 | 36,747,208 | 49,788,063 |
| At valuation | 3,600,000 | — | — | — | 3,600,000 |
| | 11,922,051 | 3,009,619 | 1,709,185 | 36,747,208 | 53,388,063 |
| Accumulated Depreciation | | | | | |
| At 1 January, 2001 | 1,660,299 | 2,192,799 | 1,193,881 | 26,226,146 | 31,273,125 |
| Charge | 229,125 | 183,489 | 251,451 | 2,392,683 | 3,056,748 |
| Disposal | — | — | (103,346) | (2,899) | (106,245) |
| Written off | — | (2,086) | — | (8,203) | (10,289) |
| Reclassification | 38,248 | (38,248) | — | — | — |
| At 31 December, 2001 | 1,927,672 | 2,335,954 | 1,341,986 | 28,607,727 | 34,213,339 |
| Representing: | | | | | |
| At cost | 1,231,984 | 2,335,954 | 1,341,986 | 28,607,727 | 33,517,651 |
| At valuation | 695,688 | — | — | — | 695,688 |
| | 1,927,672 | 2,335,954 | 1,341,986 | 28,607,727 | 34,213,339 |
| Net Book Value | | | | | |
| At 31 December, 2001 | | | | | |
| At cost | 7,090,067 | 673,665 | 367,199 | 8,139,481 | 16,270,412 |
| At valuation | 2,904,312 | — | — | — | 2,904,312 |
| | 9,994,379 | 673,665 | 367,199 | 8,139,481 | 19,174,724 |

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

| | Long term leasehold land and buildings | Furniture, fixtures and fittings | Motor vehicles | Plant and equipment | Total |
|---------------------------------|---|---|---------------------------|--------------------------------|-------------------|
| | RM | RM | RM | RM | RM |
| At 31 December, 2000 | | | | | |
| At cost | 7,134,453 | 885,900 | 572,286 | 9,627,921 | 18,220,560 |
| At valuation | 2,962,286 | — | — | — | 2,962,286 |
| | <u>10,096,739</u> | <u>885,900</u> | <u>572,286</u> | <u>9,627,921</u> | <u>21,182,846</u> |
| | | | | | |
| Depreciation charge for 2000 | 219,317 | 169,351 | 260,437 | 2,320,028 | 2,969,133 |

- (a) Included in the above are the following property, plant and equipment which have been fully depreciated but are still in use:

| | 2001 | 2000 |
|----------------------------------|-------------------|-------------------|
| | RM | RM |
| At cost: | | |
| Plant and equipment | 12,559,448 | 11,157,260 |
| Furniture, fixtures and fittings | 1,552,031 | 1,457,548 |
| Motor vehicles | 547,650 | 406,227 |
| | <u>14,659,129</u> | <u>13,021,035</u> |

- (b) The long term leasehold land, factory and office buildings were revalued in 1990 by Jurukor Hartanah, an independent professional valuer, as approved by the relevant authorities and based on open market value on the existing use basis. The surplus arising from the revaluation has been transferred to the capital reserves account.
- (c) The Company is the beneficiary owner of the long term leasehold land. The long term leasehold land is currently registered under the name of Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

4. INVENTORIES

| | 2001 RM | 2000 RM |
|------------------|--------------------|--------------------|
| At cost: | | |
| Raw materials | 4,641,789 | 5,905,114 |
| Work-in-progress | 1,223,105 | 915,625 |
| Finished goods | 1,300,869 | 1,423,177 |
| | <u>7,165,763</u> | <u>8,243,916</u> |

The cost of inventories recognised as an expense during the financial year in the Company amounted to RM34,598,849 (2000: RM31,567,559).

5. TRADE RECEIVABLES

| | 2001 RM | 2000 RM |
|------------------------------|--------------------|--------------------|
| Trade receivables | 17,017,009 | 15,559,834 |
| Provision for doubtful debts | (1,284,794) | (1,210,813) |
| | <u>15,732,215</u> | <u>14,349,021</u> |

Included in trade receivables are amounts due from corporate shareholders, Ajinomoto (Malaysia) Berhad and Malaysia Ve-Tsin Manufacturing Company Berhad, amounting to RM795,816 (2000: RM669,558) and Nil (2000: RM4,941) respectively. The amounts due from corporate shareholders are unsecured, interest free and have no fixed terms of repayment.

6. OTHER RECEIVABLES

| | 2001 RM | 2000 RM |
|----------------|--------------------|--------------------|
| Deposits | 43,205 | 41,205 |
| Prepayments | 29,265 | 27,931 |
| Sundry debtors | 23,388 | 78,356 |
| | <u>95,858</u> | <u>147,492</u> |

7. SHORT TERM BORROWINGS

The short term borrowings relate to a term loan amounting to USD 1 million (2000: USD 1.3 million) that is unsecured, bears interest of between 2.47% to 6.92% (2000: 6.92%) per annum and is repayable on 16 May, 2002.

8. TRADE PAYABLES

Included in trade payables is an amount of RM43,395 (2000: RM85,985) due to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

9. OTHER PAYABLES

| | 2001 RM | 2000 RM |
|------------------|------------|------------|
| Accruals | 1,600,567 | 1,243,927 |
| Sundry creditors | 863,003 | 890,753 |
| | 2,463,570 | 2,134,680 |

10. SHARE CAPITAL

| | Number of Ordinary Shares of RM1 Each | | Amount | |
|--|--|------------|------------|------------|
| | 2001 | 2000 | 2001 RM | 2000 RM |
| Authorised: | | | | |
| At 1 January, 2001/ 31 December, 2001 | 38,000,000 | 38,000,000 | 38,000,000 | 38,000,000 |
| Issued and fully paid: | | | | |
| At 1 January, 2001/ 31 December, 2001 | 21,021,412 | 21,021,412 | 21,021,412 | 21,021,412 |

11. DEFERRED TAXATION

| | 2001 RM | 2000 RM |
|---|-------------|-------------|
| At 1 January | 830,000 | 300,000 |
| Transfer from income statement (Note 17) | 134,000 | 530,000 |
| At 31 December | 964,000 | 830,000 |
| Deferred taxation is in respect of the following: | | |
| Timing differences between depreciation and corresponding capital allowances | 4,697,000 | 6,439,000 |
| Timing differences on provisions | (1,255,000) | (3,475,000) |
| Net amount of all timing differences | 3,442,000 | 2,964,000 |

Deferred taxation is not provided on the surplus arising from the revaluation of long term leasehold land and buildings as it is not the intention of the directors to dispose these properties.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

12. REVENUE

Revenue represents the invoiced value of sales net of sales tax and less returns.

13. OTHER OPERATING INCOME

Included in other operating income are gain on disposal of property, plant and equipment amounting to RM45,149 (2000: RM14,981).

14. STAFF COSTS

Included in staff costs are:

| | 2001 | 2000 |
|----------------------------------|-------------|-------------|
| | RM | RM |
| Executive Directors: | | |
| Salaries and other emoluments | 1,256,003 | 1,318,654 |
| Fees | 24,000 | 24,000 |
| Benefits-in-kind | 56,213 | 56,990 |
| | 1,336,216 | 1,399,644 |
| Non-Executive Directors: | | |
| Fees | 56,000 | 48,000 |
| Total | 1,392,216 | 1,447,644 |
| Total excluding benefits-in-kind | 1,336,003 | 1,390,654 |

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

| | Number of Directors | |
|-----------------------------|---------------------|------|
| | 2001 | 2000 |
| Executive Directors: | | |
| RM150,001 – RM200,000 | 0 | 2 |
| RM250,001 – RM300,000 | 1 | 0 |
| RM400,001 – RM450,000 | 1 | 1 |
| RM500,001 – RM550,000 | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

15. OTHER OPERATING EXPENSES

Included in other operating expenses are:

| | 2001 | 2000 |
|---|-------------|-------------|
| | RM | RM |
| Auditors' remuneration | 19,000 | 19,000 |
| Provision for doubtful debts | 73,981 | 90,000 |
| Realised loss on foreign exchange | 139,702 | 119,657 |
| Property, plant and equipment written off | 5,883 | 263,398 |
| Inventories written off | 271,872 | 191,802 |
| Rental expense | 421,459 | 404,763 |
| Management fee expense | 195,252 | 195,252 |

16. FINANCE COSTS, NET

Included in the finance costs, net are:

| | 2001 | 2000 |
|------------------|-------------|-------------|
| | RM | RM |
| Interest expense | 299,054 | 379,323 |
| Interest income | (6,430) | (28,667) |

17. TAXATION

| | 2001 | 2000 |
|---|----------------|----------------|
| | RM | RM |
| Current year's provision | 780,000 | 424,000 |
| Transfer to deferred taxation (Note 11) | 134,000 | 530,000 |
| | <u>914,000</u> | <u>954,000</u> |

The effective rate of taxation of the Company is higher than the statutory rate of taxation, principally due to certain expenses being disallowed for taxation purposes.

The Company has sufficient tax exempt income under Schedule 7A of the Income Tax Act, 1967 and tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of its entire retained profits as at 31 December, 2001.

18. EARNINGS PER SHARE

The earnings per share is calculated by dividing the net profit for the year of RM1,268,985 (2000 : RM1,426,241) by the number of ordinary shares in issue of 21,021,412 (2000 : 21,021,412) shares of RM1.00 each.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

19. DIVIDENDS

| | Amount | | Dividend per share | |
|---|------------|------------|--------------------|-------------|
| | 2001 RM | 2000 RM | 2001 Sen | 2000 Sen |
| Ordinary tax exempt dividends of 2% (2000: 2%) | 420,428 | 420,428 | 2.0 | 2.0 |

20. SIGNIFICANT RELATED PARTY DISCLOSURES

| | 2001 RM | 2000 RM |
|---|------------|------------|
| Sales of finished goods to Ajinomoto (Malaysia) Berhad, a corporate shareholder | 3,399,224 | 2,699,362 |
| Sales of finished goods to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder | 18,330 | 23,082 |
| Sales of finished goods to CPC/AJI (M) Sdn Bhd., an associated company of a corporate shareholder | 122,448 | 285,846 |
| Rental expense charged by Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder | 421,459 | 404,763 |
| Miscellaneous operating expenses paid to Malaysia Ve-Tsin Manufacturing Company Berhad, a corporate shareholder | 142,471 | 131,305 |
| Management fee paid for services rendered by Ajinomoto (Malaysia) Berhad, a corporate shareholder | 195,252 | 195,252 |
| Purchase of property, plant and equipment and consumables from Fix-On Concept Sdn. Bhd., a company in which Mr. Meng Pek, an officer, is a substantial shareholder | 103,356 | 143,153 |
| Purchase of raw materials and consumable supplies from DIC (M) Sdn. Bhd., an associated company of Dainippon Ink & Chemicals Incorporated, a corporate shareholder | 1,713,411 | 1,394,098 |

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

21. CAPITAL COMMITMENTS

| | 2001 RM | 2000 RM |
|---------------------------------|------------|------------|
| Contracted but not provided for | 13,000 | 103,000 |

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December, 2001

22. SEGMENTAL INFORMATION

a) **Business Segment:**

Segmental reporting by business activities has not been prepared as the Company is principally engaged only in the manufacture of printed and laminated flexible light packaging materials.

b) **Geographical Segment:**

Segmental reporting by geographical regions has not been prepared as the Company's operations are predominantly in Malaysia.

23. CURRENCY

All amounts are stated in Ringgit Malaysia.

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**ANALYSIS OF SHAREHOLDINGS**

As at 8 April 2002

Class of shares : RM1.00 Ordinary Share
 Voting rights : 1 Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

| | No. of Shareholders | % | No. of Shares | % |
|--|----------------------------|---------------|----------------------|---------------|
| Less than 1,000 | 101 | 5.34 | 30,950 | 0.15 |
| 1,000 – 10,000 | 1,703 | 90.01 | 3,637,775 | 17.30 |
| 10,001 – 100,000 | 76 | 4.02 | 1,973,788 | 9.39 |
| 100,001 to less than 5% of issued shares | 7 | 0.37 | 2,766,052 | 13.16 |
| 5% and above of issued shares | 5 | 0.26 | 12,612,847 | 60.00 |
| TOTAL | 1,892 | 100.00 | 21,021,412 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

| | No. of Shares | % |
|--|----------------------|--------------|
| Malaysia Ve-Tsin Manufacturing Co. Bhd | 4,204,284 | 20.00 |
| Dainippon Ink and Chemicals Incorporated | 3,153,212 | 15.00 |
| Ajinomoto Co., Inc. | 2,102,141 | 10.00 |
| Ajinomoto (Malaysia) Berhad | 2,102,140 | 10.00 |
| ACE Package Co. Ltd. | 1,051,070 | 5.00 |
| | 12,612,847 | 60.00 |

| DIRECTORS' SHAREHOLDINGS | Direct No. of Shares | % | Indirect No. of Shares | % |
|---|-----------------------------|----------|-------------------------------|----------|
| Tay How Seng | 1,000,000 | 4.76 | 172,138 * | 0.81 |
| Kazumitsu Tanabe | — | — | — | — |
| Katsuyuki Inoue | — | — | — | — |
| Dato' Seri Hj Mohd Bakri Bin Abdul Rais | 500 | 0.002 | — | — |
| Dato' Ahmad Badri Bin Mohamed Basir | — | — | — | — |
| Dr. Goh Chin Siew | — | — | — | — |
| Tsutomu Hayano | — | — | — | — |
| Gew Ah Lek | — | — | 2,000 * | 0.0095 |
| Hiroyuki Sugae | — | — | — | — |
| Peony Lye | — | — | — | — |

* Deemed interest by virtue of the shares held by his family members

* Deemed interest by virtue of the shares held by his spouse

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**LIST OF THIRTY LARGEST SHAREHOLDERS**

As at 8 April 2002

| | No. of Shares | % |
|---|-------------------------------|--------------------------|
| 1. Malaysia Ve-Tsin Manufacturing Co. Bhd | 4,204,284 | 20.00 |
| 2. Dainippon Ink and Chemicals Incorporated | 3,153,212 | 15.00 |
| 3. Ajinomoto Co., Inc. | 2,102,141 | 10.00 |
| 4. Ajinomoto (Malaysia) Berhad | 2,102,140 | 10.00 |
| 5. ACE Package Co. Ltd. | 1,051,070 | 5.00 |
| 6. Tay How Seng | 1,000,000 | 4.76 |
| 7. Cartaban Nominees (Asing) Sdn Bhd <i>Beneficiary: Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG</i> | 700,000 | 3.33 |
| 8. Lee Chuat Chong @ Lee Huan Chong | 337,000 | 1.60 |
| 9. HDM Nominees (Asing) Sdn Bhd <i>Beneficiary: DBS Vickers Secs (S) Pte Ltd for Ettrick Company Limited</i> | 326,052 | 1.55 |
| 10. Dato' Teo Soo Cheng | 160,000 | 0.76 |
| 11. Ng Hin Kwee | 133,000 | 0.63 |
| 12. Tasec Nominees (Asing) Sdn Bhd <i>Beneficiary: Meespierson Asia Limited for Savem Finance Limited</i> | 110,000 | 0.52 |
| 13. Chuah Chew Hing | 86,000 | 0.41 |
| 14. Chong Kim Fatt | 84,000 | 0.40 |
| 15. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Lee Kah Loon</i> | 79,000 | 0.38 |
| 16. Loh Suit Tsing @ Loh Chwee Ngan | 73,500 | 0.35 |
| 17. Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd <i>Beneficiary: Pledged Securities Account for Tiong Kiong Choon</i> | 63,000 | 0.30 |
| 18. MKW Consolidated Sdn Bhd | 62,000 | 0.29 |
| 19. Soh Poh Yen | 57,000 | 0.27 |
| 20. Goh Yai Heng | 52,000 | 0.25 |
| 21. Cheng Sin Huat | 49,000 | 0.23 |
| 22. Ling Choay Hua @ Ling Chong Hua | 44,000 | 0.21 |
| 23. Teo Soo Cheng Sdn Bhd | 40,000 | 0.19 |
| 24. Ng Chew Lan | 39,000 | 0.19 |
| 25. Tan Gaik Leong | 38,000 | 0.18 |
| 26. Yap Qwee Beng | 38,000 | 0.18 |
| 27. Yap Swee Fatt | 35,000 | 0.17 |
| 28. Mah King Woon Sendirian Berhad | 34,000 | 0.16 |
| 29. Lim Tuan | 32,000 | 0.15 |
| 30. Teoh Ah Koo @ Teo Kai Joo | 31,600 | 0.15 |
| | <hr/> 16,315,999 <hr/> | <hr/> 77.61 <hr/> |

MALAYSIA PACKAGING INDUSTRY BERHADCompany No. 22265-U
(Incorporated in Malaysia)**PROPERTIES**

As at 31 December 2001

| Address | Description (Sq. Ft) | Existing Use | Tenure (Expiry Date) | Approximate Age of Building (Years) | Net Book Value (RM) | Date of Revaluation (DR)/Date of Acquisition (DA) |
|---|--|--------------------------|---------------------------|--|------------------------------|---|
| 1. Part of Lot L. O. No. 3 in the Mukim of Kuala Lumpur and registered under provisional title No. Q.T. (R) 5621 Jalan Kuchai Lama, Petaling 58200 Kuala Lumpur. | Industrial land with a single-storey factory and three-storey office premises (93,778) | Office and factory | Leasehold (31.07.2066) | 27 | 9,910,795 | 16.2.1976 (DA) 6.3.1990 (DR) 30.3.1995 (DA) |
| 2. Lot 90D, 74-2A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur | Apartment on 2nd Floor of three-storey shop cum apartment building (870) | Staff quarters | Leasehold (23.06.2081) | 12 | 37,802 | 19.3.1992 (DA) |
| 3. Lot 95F, 3-3A, Jalan 2/116B Kuchai Entrepreneurs Park 58200 Kuala Lumpur | Apartment on 3rd Floor of three-storey shop cum apartment building (932) | Staff quarters | Leasehold (23.06.2081) | 12 | 45,782 | 18.3.1993 (DA) |

Revaluation Policy on Landed Properties

The Company does not have a policy to revalue its landed properties on a regular basis. There was no revaluation of its landed properties during the financial year under review.

MALAYSIA PACKAGING INDUSTRY BERHAD

Company No. 22265-U
(Incorporated in Malaysia)

FORM OF PROXY

| | |
|--------------------|--|
| No. of Shares Held | |
|--------------------|--|

I/We,
of
being a member/members of MALAYSIA PACKAGING INDUSTRY BERHAD, hereby appoint
.....
of
or failing him
of

as my/our proxy to vote for me/us and on my/our behalf at the TWENTY-SEVENTH ANNUAL GENERAL MEETING of the Company to be held at 6½ Miles, Simpang Salak South Baru, (Lot 3, Jalan Kuchai Lama), 58200 Kuala Lumpur on Monday, 10th June 2002 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):-

| No. | | For | Against |
|-----|--|-----|---------|
| 1. | Adoption of the Report of the Directors and the Accounts for the year ended 31-12-2001 and the Report of the Auditors thereon. | | |
| 2. | Declaration of a first and final tax exempt dividend of 2%. | | |
| 3. | Approval of Directors' Fees | | |
| 4. | Re-election of Mr. Kazumitsu Tanabe as director | | |
| 5. | Re-election of Dr. Goh Chin Siew as director | | |
| 6. | Re-election of Ms. Peony Lye as director | | |
| 7. | Re-election of Mr. Tsutomu Hayano as director | | |
| 8. | Re-election of Mr. Gew Ah Lek as director | | |
| 9. | Re-election of Mr. Tay How Seng as director | | |
| 10. | Re-election of Y. Bhg. Dato' Seri Hj Mohd Bakri Bin Abdul Rais as director | | |
| 11. | Appointment of Auditors | | |

Dated this day of 2002.

.....
Signature

NOTES:

An instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing and in the case of a corporation shall be either given under its common seal or signed on its behalf by an attorney or officer of the corporation so authorised.

This proxy must be deposited at the office of Bina Management (M) Sdn. Bhd., Lot 10, The Highway Centre, Jalan 51/205, 46050 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting.