



# Permaju Industries Berhad

(Company No: 379057-V)  
(Incorporated in Malaysia)



**ANNUAL REPORT 2001**

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# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Sixth Annual General Meeting of the Company will be held at Ruby I, 1st Floor, Belmont Marco Polo Hotel, Jalan Clinic, Tawau, Sabah on Friday, 28 June 2002 at 3.30 p.m. for the transaction of the following business:-

## AGENDA

### ORDINARY BUSINESS

1. To receive and adopt the Audited Statement of Accounts for the financial year ended 31st December 2001 together with the Reports of the Directors and the Auditors thereon. *Resolution 1*
2. To approve payment of Directors' fees of RM77,000.00 for the year ended 31st December 2001. *Resolution 2*
3. To re-elect the following Directors who retire in accordance with Article 88 of the Company's Articles of Association:-
  - Kenneth Chew Mei Kwang *Resolution 3*
  - Kong Fui Kien @ Patrick Kong *Resolution 4*
4. To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2002 and to authorize the Directors to fix their remuneration. *Resolution 5*

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification, the following Ordinary Resolution:-

**Power To Issue Shares Pursuant To Section 132D Of The Companies Act, 1965.**

*Resolution 6*

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the Kuala Lumpur Stock Exchange and the relevant Governmental or regulatory bodies, where such approvals are necessary, the Directors of the Company be and are hereby given full authority, pursuant to Section 132D of the Companies Act, 1965, to issue and allot shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percentum (10%) of the issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. To transact any other ordinary business of the Company for which due notice shall have been given.

# NOTICE of ANNUAL GENERAL MEETING (CONT'D)

BY ORDER OF THE BOARD

THAYAPARAN A/L M. RASIAH (LS 004642)  
Secretary

Tawau, Sabah  
Date: 5th June 2002

**Notes:**

1. *A member entitled to attend and vote at the Annual General Meeting shall be entitled to appoint a proxy to attend and vote in his/her stead at the same meeting. A proxy need not be a member of the Company and if not a member he need not be a qualified legal practitioner, an approved Company auditor or a person approved by the Registrar.*
2. *In the case of a corporate member, the instrument appointing a proxy must be executed either under its Common Seal or under the hand of its attorney duly authorized.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless it specifies the proportion of his holding to be represented by each proxy.*
4. *To be valid, the instrument appointing a proxy must be duly completed and deposited at the Registered Office of the Company at MPT No. 3477, 3rd Floor, Lorong Abaca I, Off Jalan Masjid, 91000 Tawau, Sabah not less than forty-eight (48) hours before the time set for holding of the Annual General Meeting or any adjournment thereof.*

**Explanation Note on Special Business**

*The proposed Ordinary Resolution 6, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding ten per centum (10%) of the issued and paid-up share capital of the Company for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the next Annual General Meeting of the Company.*

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

## 1. Directors who are standing for re-election at the Sixth Annual General Meeting Of The Company.

The Directors retiring by rotation pursuant to the Articles of Association and seeking re-election are:

- Kenneth Chew Mei Kwang
- Kong Fui Kien @ Patrick Kong

The details of the two Directors seeking re-election are set out in the Directors' profiles which appear on pages 6 and 7 of this Annual Report.

## 2. Board Meetings Held During The Financial Year Ended 31st December 2001

Date	Time	Venue
27.02.2001	3.30pm	
17.05.2001	3.30pm	All Board Meetings were held at: MPT No. 3477, 3rd Floor, Lorong Abaca 1, Off Jalan Masjid 91000 Tawau, Sabah
27.08.2001	3.30pm	
05.11.2001	3.30pm	
21.12.2001	9.00am	

## 3. Details Of Attendance At Board Meetings Held In The Financial Year Ended 31st December 2001

Name	Status of Directorship	Attendance at meetings
Dato' Hj Mohd Hayani Bin Hj Abdul Rahman	Independent Non-Executive Director and Chairman of the Board	Attended all meetings
Kenneth Chew Mei Kwang	Non-Executive Director and Deputy Chairman of the Board	Attended all meetings
Datuk Lim Yen Ngiap, JP	Managing Director	Attended all meetings
Datuk Tiong Kung Hieng, JP	Executive Director	Attended all meetings
Kong Fui Kien @ Patrick Kong	Independent Non-Executive Director	Attended all meetings
Mohammad Anuar Bin Mohd Yunus	Independent Non-Executive Director	Attended all meetings
Yvonne Choo Siew Lian (Resigned on 28.11.2001)	Non-Executive Director	Attended one meeting

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Dato' Haji Mohd Hayani Bin Haji Abdul Rahman  
(KMN, PJK, PPN, AMN, DIMP)  
*(Chairman/Independent Non-Executive Director)*

Kenneth Chew Mei Kwang  
*(Deputy Chairman/ Non-Executive Director)*

Datuk Lim Yen Ngiap (PGDK, JP)  
*(Managing Director/ Executive Director)*

Datuk Tiong Kung Hieng (PGDK, JP)  
*(Executive Director)*

Mohammad Anuar Bin Mohd Yunus  
*(Independent Non-Executive Director)*

Kong Fui Kien @ Patrick Kong  
*(Independent Non-Executive Director)*

## COMPANY SECRETARY

Thayaparan A/L M. Rasiah (LS004642)

## REGISTERED OFFICE

MPT No. 3477, 3rd Floor  
Lorong Abaca 1, Off Jalan Masjid  
91000 Tawau, Sabah  
Tel: 089-771966 Fax: 089-763253

## PRINCIPAL BUSINESS ADDRESS

No. 1864, First Floor  
Jalan Tawau Lama  
91000 Tawau, Sabah  
Tel: 089-774715 Fax: 089-761796

## AUDITORS

Ernst & Young  
Public Accountants  
Sabah Bank Building  
2nd Floor, Jalan Utara  
91000 Tawau, Sabah

## PRINCIPAL BANKER

HSBC Bank Malaysia Berhad

## SOLICITORS

Azman, Davidson & Co  
Hiew & Chin

## REGISTRAR

Signet Share Registration Services Sdn Bhd  
11th Floor, Tower Block  
Kompleks Antarabangsa, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2145 4337 Fax: 03-2142 1353

## STOCK EXCHANGE LISTING

The Second Board of the Kuala Lumpur Stock Exchange.

# BOARD of DIRECTORS

**YB Dato' Mohd Hayani Bin Hj Abdul Rahman**, Malaysian, aged 60 was appointed to the Board on 8th September 1999 and has been Chairman of the Company since 1999. He is also the Chairman of the Nomination Committee and member of the Audit Committee. He is active in the political area and from 1987 to 1995 he was the Senior Private Secretary to the then Minister of Culture Arts & Tourism. Dato' Hj Mohd Hayani has been the State Assemblyman for the Guai constituency from 1995 and the Bera constituency since November 1999 - both in the state of Pahang.

He does not have any family relationship with any other Director or major shareholder of the Company.

**Kenneth Chew Mei Kwang**, Singaporean, aged 57 was appointed to the Board on 8th September 1999 and has been Deputy Chairman of Permaju Industries Berhad since 1999. He is also a member of the Nomination Committee and Chairman of the Remuneration Committee.

He graduated with Bachelor of Laws from the University of Singapore in 1969. After serving as a judicial officer with the Singapore Legal Service Commission, he assumed the position of Company Secretary for Singapore Land Ltd and subsequently Inchcape Berhad, both were publicly listed companies. He practiced as an advocate and solicitor until 1994, when he retired to manage his commercial interests. He is presently a director of several companies engaged in the timber and oil palm business. Kenneth Chew is an Executive Director of Tri-M Technologies (Singapore) Ltd and Primpgroup Holding Ltd.

He does not have any family relationship with any other Director or major shareholder of the Company. Kenneth Chew is a Director of Netkey Corporation Sdn Bhd – the holding company of Permaju Industries Berhad. He is deemed to be a substantial shareholder of Netkey Corporation Sdn Bhd as he is a major shareholder of one of its shareholders.

**Y. Bhg. Datuk Lim Yen Ngiap**, JP, Malaysian, aged 61 was appointed to the Board on 8 September 1999 and has been the Managing Director since then. He is also a member of the Audit Committee and Remuneration Committee. Datuk Lim has more than thirty two years experience in timber related businesses having started his own timber logging business in 1969. He has also been a director of several companies involved in timber logging, timber trading and timber processing activities.

Datuk Lim does not have any family relationship with any other Director or major shareholder of the company. He is a director and substantial shareholder of Netkey Corporation Sdn Bhd – the holding company of Permaju Industries Berhad.

**Y. Bhg. Datuk Tiong Kung Hieng**, JP, Malaysian, aged 59 was appointed to the Board on 8 September 1999 as an Executive Director. He holds a degree in Commercial Banking from the National Chengchi University in Taiwan.

Datuk Tiong started work with a timber logging company in 1968 and since then has been a director in several companies involved in the logging, trading and processing of timber. Other of his companies are also involved in plantations, aquaculture and timber reforestation.

Datuk Tiong does not have any family relationship with any other Director or major shareholder of the Company. He is a director and substantial shareholder of Netkey Corporation Sdn Bhd – the holding company of Permaju Industries Berhad.

# BOARD of DIRECTORS (CONT'D)

**Kong Fui Kien @ Patrick Kong**, Malaysian, aged 60 was appointed to the Board on 8 September 1999. He is also the Chairman of the Audit Committee and Member of the Remuneration Committee. Patrick Kong was admitted as an associate in 1970 and is currently a Fellow of the Institute of Chartered Accountants, England & Wales. A Public Accountant by profession he has been in the accounting practice for more than thirty years. He has been a partner of Messrs Lau Chua Kong & Co, Hanafiah Raslan & Mohamad and Arthur Andersen & Co, all being firms of public accountants. Patrick Kong presently practices as a public accountant.

He does not have any family relationship with any other Director or major shareholder of the Company.

**Mohammad Anuar Bin Mohd Yunus**, Malaysian, aged 35 was appointed to the Board on 8 September 1999. He is also a member of the Nomination Committee. Mohammad Anuar had been involved in the timber industry from 1984 to 1999 starting of as a self employed planting contractor and then being a director of several companies engaged in the processing and trading of rubberwood. He is presently the Executive Director of a company trading in new and used motor vehicles.

Mohammad Anuar does not have any family relationship with any other Director or major shareholder of the Company.

None of the Directors has any conflict of interest with Permaju Industries Berhad and have not been convicted for any offences within the past 10 years except for traffic offences.

# CHAIRMAN'S STATEMENT

*On behalf of the Board of Directors I am pleased to present the Annual Report of Permaju Industries Berhad Group of Companies for the financial year ended 31 December 2001.*

## OVERVIEW

The prolonged slowdown in the East Asian economies continued to affect the demand for timber products. In Japan - the Group's major market for plywood - increasing unemployment, falling disposable income and deflation all put pressure on housing starts. Also, the prevailing over supply situation in the Japanese lumber and plywood market affected prices for the Group's plywood products as they remained weak.

## FINANCIAL PERFORMANCE

During the year under review the Group registered a turnover of RM67.7 Million and an after tax loss of RM12.8 million compared to the previous year's turnover of RM89.3 million and an after tax loss of RM2.6 million. This represents a 24.2% decrease in turnover and a 3.9 fold increase in the after tax loss.

The loss is mainly attributable to the more than 12% decrease in the average plywood prices experienced by the Group during the year. The weak prices led to a reduction in production and sales volume and consequently an increase in the cost of sales thus further contributing to the loss incurred by the Group.

## FUTURE PROSPECTS

The current supply position in the Japanese market is unlikely to result in a significant increase in plywood prices. Housing starts in Japan is not projected to increase and housing investment is also expected to remain static due to low consumer sentiment. The major exporting countries - Indonesia and Malaysia - are expected to regulate the volume of plywood supply to Japan to create a tight supply situation and hopefully strengthen prices in the near future. Demand from Korea - the other major market for the Group's plywood - is however expected to be good.

The Group is also endeavouring to reduce its costs of production by sourcing cheaper raw materials and further improving its rate of recovery. These factors together with the anticipated tight supply situation should contribute favourably to the Group's performance in the coming year.

## DIVIDEND

The Board of Directors have not proposed any dividend in respect of the financial year ended 31 December 2001.

## APPRECIATION

On behalf of the Board of Directors, I would like to thank our valued customers for their commitment and support to the Group. My sincere appreciation also to our suppliers, financiers, business associates and relevant government departments for their continued support and co-operation.

Last but not least I wish to thank the management and staff of the Group for their loyal and committed service to the Group.

**Dato' Hj Mohd Hayani Bin Haji Abdul Rahman**

*Chairman*

Tawau

The terms of reference of the Committee are as follows:-

## 1. Constitution

The Board shall establish a Committee of the Board to be known as the Audit Committee.

## 2. Membership

The Committee shall consist of not less than three (3) members who shall be appointed by the Board from amongst their members. The majority of the members shall be independent directors. The Chairman of the Committee shall be an independent non-executive Director who shall be appointed by the Board.

The members of the Audit Committee are as follow:-

### Chairman

Kong Fui Kien @ Patrick Kong  
*(Independent Non-Executive Director)*

### Committee Members

Dato' Hj Mohd Hayani Bin Hj Abdul Rahman  
*(Independent Non-Executive Director and Chairman of the Board)*

Datuk Lim Yen Ngiap, JP  
*(Managing Director)*

The Company Secretary shall be the secretary of the Committee

## 3. Authority

The Committee is authorized by the Board:

- (i) to investigate any activity within its terms of reference;
- (ii) to seek any information it requires from any employee and all employees are directed to cooperate with any request made;
- (iii) to have direct communication with and access to the external auditors; and
- (iv) to obtain external legal or other independent professional advice and secure attendance of outsiders with relevant experience and expertise – if it considers this necessary.

The Committee does not have any executive powers. It shall report to the Board of Directors on the matters that it has considered and its recommendations and comments there on.

# Audit COMMITTEE (CONT'D)

## 4. Scope and Functions

The scope and function of the Committee shall be:

- a) to consider the appointment of external auditors, fixing of audit fee, resignation and dismissal of auditor;
- b) • to discuss the nature and scope of the audit with the external auditors before commencement and coordinate the audit if there is more than one auditor;
  - to discuss problems and reservations arising from the audit with the auditors, without management presence – if necessary;
  - to review the auditor's management letter and management's response.
- c) to review the quarterly and year end financial statements and focus on:
  - any changes in accounting policies and practices;
  - significant audit adjustments;
  - going concern assumptions; and
  - compliance with accounting standards.
- d) to report to the Board of Directors all pertinent issues which are necessary to be reported;
- e) to do the following if an internal audit function exists:
  - review the adequacy of the scope, function, resources and authority necessary to carry out the work;
  - review the internal audit programme and results and ensure that appropriate action is taken on the recommendations.
  - review and appraise the performance of members of the internal audit function;
  - approve the appointment and termination of senior internal audit personnel;
  - inform itself of the resignations of internal audit personnel and give them the opportunity to submit reasons for their resignations; and
  - review the follow-up actions by management on the weaknesses of internal accounting procedures and controls as high-lighted by the external auditors.
- f) to review any significant transactions which are not within the normal course of business and any related party transactions that may arise within the Company or Group;
- g) consider major findings of internal investigations and management's response; and
- h) to perform any other work as may be directed by the Board from time to time.

## 5. Meeting, Minutes and Reporting

Meetings shall be held not less than four (4) times a year. The finance manager and a representative of the external auditors shall normally be invited to attend the meeting. Other members of the Board may attend the meeting upon the invitation of the Committee. A quorum shall be two (2) members present and a majority of whom must be independent directors.

At least once a year the Committee shall meet the external auditors.

The secretary shall keep minutes of each meeting which shall be distributed to each member of the Committee. The Chairman of the Committee shall report to the Board on each meeting.

# Audit COMMITTEE (CONT'D)

## Activities Of The Committee During The Year

In discharge of its duties and functions the Committee held four meetings during the year.

Members of the Committee	Number of Meetings	
	Held	Attended
• Kong Fui Kien @ Patrick Kong	4	4
• Dato' Hj Mohd Hayani Bin Hj Abdul Rahman	4	4
• Datuk Lim Yen Ngiap	4	4

The following is a summary of the activities carried out by the Committee:

- considered the appointment of external auditors for all the companies in the Group and made recommendations there on;
- reviewed the audit plan prepared by the external auditors for the year in respect of the Company and the Group;
- reviewed the management letter of the Company and its Group prepared by the external auditors and discussed reservations arising from the audit;
- reviewed the quarterly financial statements prior to its submission to the Board of Directors and reported the findings to the Board;
- reviewed the Annual Report prior to its consideration and approval by the Board of Directors;
- had discussions on system of internal control and the setting up of an internal audit function;
- the external auditors were invited to attend all meetings of the Committee.

# STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance ("the Code") issued in March 2000 sets out the principles and best practices on structures and processes that companies could use to achieve optimal governance framework in their operations.

The Kuala Lumpur Stock Exchange's (KLSE) new Listing Requirements requires the Board of Directors of a listed issuer to make statements in relation to its compliance with the Code in its Annual Report for financial year ending after 30th June 2001.

Since the issue of the Code the Board of Directors of Permaju Industries Berhad have taken various measures to ensure that the principles and best practices of corporate governance are applied by the Company.

## DIRECTORS

### THE BOARD

The Board recognizes that in order to lead and control the Company and Group it has to be effective. It accepts responsibility for formulating, reviewing and adopting a strategic plan for the Group and ensuring that the business is managed properly.

The Board meets regularly and the agenda for each meeting is provided in advance to all Directors. During the financial year 2001 the Board convened five (5) meetings.

The Board has expressly reserved for its decision specific matters including the adoption of the Group's strategic plan and any future amendments, changes or directions thereof, approval of quarterly and year end financial statements, semi-annual returns and announcements to be made to the KLSE and the authorization for submission thereof, approval of financial arrangements undertaken by the Group, acquisition or disposal of substantial fixed assets of the Group and any major investments.

The Board together with the Managing Director has developed certain position descriptions for the Board, the Managing Director and the Chairman of the Board. Whilst the allocation of responsibilities was based on past circumstances the Board recognizes that such position descriptions need to be reviewed from time to time to adopt to the changing circumstances and business environment.

### BOARD BALANCE

Presently the Board comprises of six members – four Non-Executive Directors (including the Chairman) and two Executive Directors.

Three or one half of the Directors are Independent Directors thus exceeding the statutory requirements of at least one-third Independent Directors. A significant shareholder of the company is represented on the Board by three Directors – two Executive and one Non-Executive – thus representing one half of the Board. As the other half of the Board consists of Independent Non-Executive Directors the minority shareholders are fairly represented.

The Non-Executive Directors have a wide range of experience and skill in the legal, financial, business and government sectors and can therefore contribute positively to the decision making process of the Board.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## BOARD BALANCE (cont'd)

There is a clearly defined role for the Chairman and Managing Director which ensures that there is a distinct division of responsibility between the two.

## SUPPLY OF INFORMATION

Each Director receives well before the meeting, a folder containing the minutes of the previous meeting, quarterly financial reports and relevant supporting information, Board papers on matters proposed to be discussed and other information relevant to the agenda and meeting. The Directors thus have the opportunity to seek further information on the matters to be discussed. Access to such information from within the Group is readily available to the Directors whilst access to independent professional advice is available to Directors subject to compliance with the procedures that have been agreed to by the Board.

The Company Secretary appointed by the Board is capable of carrying out his duties and all Directors have access to his advice and services in the discharge of their duties and responsibilities.

Three (3) Board Committees have been established to assist the Board in the carrying out of its responsibilities. They are the Audit Committee, the Nomination Committee and the Remuneration Committee. All of the Committees do not have executive powers and report to the Board on all matters examined and considered together with their recommendations thereon.

## AUDIT COMMITTEE

The terms of reference and Report of the Audit Committee may be found on pages 9 to 11.

## NOMINATION COMMITTEE

In compliance with good corporate governance the Nomination Committee was established by a resolution of the Board on 5th November 2001.

### Members Of The Committee

1. Dato' Haji Mohd Hayani Bin Hj Abd Rahman – Chairman  
*(Independent Non-Executive)*
2. Mohammad Anuar Bin Mohd Yunus – Member  
*(Independent Non-Executive)*
3. Kenneth Chew Mei Kwang – Member  
*(Non-Executive)*

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## NOMINATION COMMITTEE (cont'd)

The Committee did not hold any meetings during the financial year.

The terms of reference of the Nomination Committee are as follows:-

### Constitution

1. The Board shall establish a committee of the Board to be known as the Nomination Committee (the Committee).

### Membership

2. The Company Secretary shall be the Secretary of the Committee.

### Authority

3. The Committee is authorized by the Board to carry out any activity within its terms of reference.

The Committee is authorized by the Board to obtain outside independent professional advice, if it considers this necessary.

### Scope And Functions

4. The functions of the Committee shall be as follows:-
  - a) To review regularly, and at least not less than once a year, the structure, size and composition of the Board and make recommendation to the Board as regards any changes that may, in their view, be beneficial to the company;
  - b) To review annually the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
  - c) To implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
  - d) To be responsible for identifying and recommending to the Board candidates to fill Board vacancies;
  - e) To recommend to the Board of Directors who are retiring by rotation to be put forward for re-election.
  - f) To recommend to the Board the continuation or not in service of any director who has reached the age of 70;

### Reporting Procedures

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

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## REMUNERATION COMMITTEE

The Remuneration Committee was established by resolution of the Board on 5th November 2001.

### Members Of The Committee

1. Datuk Lim Yen Ngiap, JP – Chairman  
*Managing Director*
2. Kenneth Chew Mei Kwang – Member  
*(Non-Executive Director)*
3. Patrick Kong Fui Kien – Member  
*(Independent Non-Executive Director)*

The Committee did not hold any meetings during the financial year.

The terms of Reference of the Remuneration Committee are as follows:-

### Constitution

1. The Board shall establish a committee of the Board to be known as the Remuneration Committee.

### Membership

2. The Company Secretary shall be the Secretary of the Committee.

### Authority

3. The Committee is authorized by the Board to carry out any activity within its terms of reference, and is authorized to obtain outside independent professional advice – if it considers this necessary.

### Scope and Functions

4. The functions of the Committee shall be:
  - a. To determine and agree with the Board the broad policy for remuneration of the Company's Managing Director, Executive Directors and senior members of Company as the Committee is directed to consider;
  - b. To determine and recommend to the Board any performance related pay schemes for Executive Directors.

### Reporting Procedures

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

## APPOINTMENT TO THE BOARD

It is the responsibility of the Nomination Committee to recommend the appointment of new Directors to the Board.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## APPOINTMENT TO THE BOARD(cont'd)

New Directors will be required to attend the mandatory accreditation programme conducted by the KLSE. Within the Group, programmes will be arranged for them to meet with senior management and familiarize themselves with all aspects of the Groups' operations.

## RE-ELECTION

The Articles of Association of the Company provides that one-third of the Directors for the time being shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

## DIRECTORS REMUNERATION

It is intended that the Remuneration Committee would determine and recommend to the Board a broad policy for remuneration of the Executive Directors and senior employees of the group. Currently the remuneration for all Directors are determined so as to ensure that the Company can attract and retain Directors necessary for running the Company successfully.

The details of the remuneration of Directors during the year are as follows:-

	Executive Directors	Non-Executive Directors
	RM'000	RM'000
Salaries & other remuneration	952	-
Allowances	-	-
Fees	-	77
Benefits-in-kind	-	-
	952	77

Successive Bands	Executive Directors
450,000 – 500,000	2

Successive Bands	Non-Executive Directors
Less than RM50,000	3

## SHAREHOLDERS

### Dialogue With Investors

The Company acknowledges that shareholders and investors must be kept informed of all material developments of the Company's business. Whilst the Company does not have a formal communications policy the various announcements made during the year together with the Semi Annual Report and Quarterly Financial Reports provide the shareholders with the relevant information on the activities of the Company.

### Annual General Meeting

The Company adequately publicizes its Annual General Meeting to encourage the participation of the shareholders. All the Directors and the auditors of the Company are always present to answer questions raised as well as listen to constructive suggestions with a view to accommodate such into the Company's business decisions.

# STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The annual financial statements and the quarterly result announcements are presented by the Board in such a manner as to present a balanced and understandable assessment of the Company's position and prospects.

### Internal Control

The Board recognizes that it has overall responsibility for maintaining a sound system of internal control to safeguard shareholders investments and the Company's assets.

The Group has put in place several systems of internal control which is designed to identify and manage the risks faced by the Group's business activities. These cover financial, organizational, operational and compliance controls and risk management. The controls are constantly being reviewed based on feed-back from senior management. Risks are regularly assessed at management meetings and follow up actions are taken to manage risks identified.

The Group currently does not have its own internal audit function as the Board considers the transactions and custodianship of assets are not sufficiently complex to warrant the establishment of an independent internal audit function within the Group. The Group is addressing this issue by arranging for an expanded audit scope with the external auditors as well as the engagement of a firm of professional accountants to perform the internal audit function on a more regular basis. The Audit Committee will have an oversight of the internal audit function.

### Relationship With Auditors

The Board's relationship with the Auditors is more particularly maintained by the Audit Committee as stated on pages 9 to 11. However the Board has also from time to time met with the auditors when their presence was deemed beneficial to the discussion.

This Statement is made in accordance with a resolution of the Board of Directors dated 24th May 2002.

# STATEMENT ON DIRECTORS RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group at the end of the year and the profit or loss of the Company and the Group for the financial year. The Directors, after due discussion with the Auditors, consider that in preparing the financial statements the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates and that all applicable approved accounting standards in Malaysia have been followed.

The Directors have a responsibility to ensure that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

This Statement is made pursuant with a resolution of the Board of Directors dated 24th May 2002.

# FINANCIAL STATEMENTS

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# DIRECTORS' Report

The Directors hereby present their report 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 are the provision of management services and investment holding. The principal activities of the subsidiary companies are stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	GROUP RM	COMPANY RM
Loss for the year transferred to retained profits	(12,859,411)	(192,714)

There were no material transfers to or from reserves or provisions during the financial year except those as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the last financial year.

No dividend is proposed in respect of the current financial year.

## DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Dato' Hj. Mohd Hayani Bin Hj. Abdul Rahman, DIMP, KMN, AMN, PPN, PJK  
Kenneth Chew Mei Kwang  
Datuk Lim Yen Ngiap, PGDK, JP  
Datuk Tiong Kung Hieng, PGDK, JP  
Yvonne Choo Siew Lian (*Resigned on 28.11.2001*)  
Mohammad Anuar Bin Mohd Yunus  
Kong Fui Kien @ Patrick Kong

In accordance with the Company's Articles of Association, Kenneth Chew Mei Kwang and Kong Fui Kien @ Patrick Kong retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS(cont't)

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act 1965 an interest in shares in the Company, as stated below:

	As at 1.1.2001	Ordinary shares of RM1 each		As at 31.12.2001	
		Bought During the year	Sold		
<b>Direct interest in shares of the Company</b>					
Datuk Lim Yen Ngiap, PGDK, JP	442,331	-	-	442,331	
Datuk Tiong Kung Hieng, PGDK, JP	10,000	-	-	10,000	
Kenneth Chew Mei Kwang	10,000	-	-	10,000	
Mohammad Anuar Bin Mohd Yunus	40,000	-	-	40,000	
Dato' Hj. Mohd Hayani Bin Hj. Abdul Rahman, DIMP, KMN, AMN, PPN, PJK	10,000	-	-	10,000	
<b>Indirect interest in shares of the Company</b>					
Datuk Lim Yen Ngiap, PGDK, JP	23,351,427	-	-	23,351,427	1
Datuk Tiong Kung Hieng, PGDK, JP	22,698,919	-	-	22,698,919	2
Kenneth Chew Mei Kwang	22,995,851	1,111,000	-	24,106,851	3
<b>Interest in shares of the holding company</b>					
Datuk Lim Yen Ngiap, PGDK, JP	42,584	-	-	42,584	
Datuk Tiong Kung Hieng, PGDK, JP	12,441	-	-	12,441	

### Notes:

1. Deemed interest by virtue of his substantial interest in Netkey Corporation Sdn. Bhd. (NCSB) and through shares held directly by his children, namely Lim Fui Loong, Lim Fui Fong, Lim Fui Yun and Lim Fui Jin.
2. Deemed interest by virtue of his substantial interest in NCSB through shares held directly by his children, namely Tiong Wei Wei, Tiong Yai King and Tiong Guan King.
3. Deemed interest by virtue of his indirect substantial shareholding in S. K. Timber Corporation Sdn. Bhd. which has a direct and indirect interest (through NCSB) in the Company.

The Directors' interests in the share capital of the Company as at 21 January 2002 remained the same as that on 31 December 2001.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS(cont't)

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors 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 any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest required to be disclosed by Section 169(8) of the Companies Act 1965 other than those disclosed in Note 22 to the financial statements.

## OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts but that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) it necessary to write off any debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) 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 Group and of the Company misleading or inappropriate.
- (d) 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 Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
  - (i) no contingent liability 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 will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION (cont'd)

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

## HOLDING COMPANY

The Directors regard Netkey Corporation Sdn. Bhd., a company incorporated in Malaysia, as its holding company.

## SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under options at 31 December 2001.

## AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

On behalf of the Board,

**Datuk Lim Yen Ngiap, PGDK, JP**  
Director

**Datuk Tiong Kung Hieng, PGDK, JP**  
Director

Tawau, Sabah  
23 April 2002

# STATEMENT By DIRECTORS

Pursuant to Section 169 (15) of The Companies Act, 1965

We, **Datuk Lim Yen Ngiap, PGDK, JP** and **Datuk Tiong Kung Hieng, PGDK, JP** being two of the Directors of **PERMAJU INDUSTRIES BERHAD**, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 26 to 40 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of:

- (i) the financial positions of the Group and of the Company as at 31 December 2001 and of the results of the Group and of the Company for the year ended on that date; and
- (ii) the cash flows of the Group and of the Company for the year ended 31 December 2001.

On behalf of the Board,

**Datuk Lim Yen Ngiap, PGDK, JP**  
Director

**Datuk Tiong Kung Hieng, PGDK, JP**  
Director

Tawau, Sabah  
23 April 2002

# STATUTORY DECLARATION

Pursuant to Section 169 (16) of The Companies Act, 1965

I, **Chia Yaw** being the officer responsible for the financial management of **PERMAJU INDUSTRIES BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 26 to 40 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  
**Chia Yaw** at Tawau  
in the State of Sabah  
on 23 April 2002

**Chia Yaw**  
Financial Controller

Before me,  
Samson Chin Chee Tsu (S014)  
Commissioner for Oaths  
Tawau, Sabah

# AUDITORS' REPORT

To The Members of Permaju Industries Berhad

We have audited the financial statements set out on pages 26 to 40. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

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

We are satisfied that the financial statements of the subsidiary companies 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 auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174 (3) of the Companies Act 1965.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

**PANG PAK LOK**  
1228/3/03 (J)  
Partner

23 April 2002  
Tawau, Sabah

# INCOME STATEMENTS

For The Year Ended 31 December 2001

	Note	GROUP		COMPANY	
		2001 RM	2000 RM	2001 RM	2000 RM
REVENUE	4	67,728,224	89,340,851	180,000	180,000
COST OF SALES		(74,441,605)	(87,593,631)	-	-
GROSS (LOSS)/PROFIT		(6,713,381)	1,747,220	180,000	180,000
OTHER OPERATING INCOME		26,430	310,590	-	120,530
DISTRIBUTION COSTS		(1,070,252)	(975,378)	-	-
ADMINISTRATIVE EXPENSES		(3,131,647)	(3,348,550)	(372,714)	(489,350)
LOSS FROM OPERATIONS	5	(10,888,850)	(2,266,118)	(192,714)	(188,820)
FINANCE COSTS	6	(1,970,561)	(1,805,845)	-	-
LOSS BEFORE TAXATION		(12,859,411)	(4,071,963)	(192,714)	(188,820)
TAXATION	7	-	1,479,400	-	-
LOSS FOR THE YEAR		(12,859,411)	(2,592,563)	(192,714)	(188,820)
EARNINGS PER SHARE (SEN)	8	(28.6)	(5.8)		
FULLY DILUTED EARNINGS PER SHARE (SEN)	8	(28.6)	(5.8)		
DIVIDEND PER SHARE (SEN)		-	-		

The notes pages 30 to 40 form an integral part of the financial statements.

# BALANCE SHEET

As at 31 December 2001

	Note	GROUP		COMPANY	
		2001 RM	2000 RM	2001 RM	2000 RM
<b>ASSETS</b>					
Property, plant and equipment	9	54,261,943	59,466,367	5,850	8,693
Subsidiary companies	10	-	-	35,419,701	35,419,701
		54,261,943	59,466,367	35,425,551	35,428,394
<b>CURRENT ASSETS</b>					
Inventories	11	23,559,929	28,135,469	-	-
Trade receivables	12	2,637,984	11,319,042	-	-
Deposits for supplies	13	2,802,042	4,016,841	-	-
Other receivables	14	2,300,611	2,596,903	1,000	1,000
Amounts due from subsidiary companies	15	-	-	18,282,752	18,479,374
Taxation recoverable		828,886	598,116	-	-
Cash and bank balances		77,440	55,122	103	133
		32,206,892	46,721,493	18,283,855	18,480,507
<b>LESS: CURRENT LIABILITIES</b>					
Amounts due to bankers	16	27,653,387	27,516,873	-	-
Trade payables		549,400	3,122,246	-	-
Other payables	17	7,912,769	10,354,451	27,942	21,723
Amounts due to directors		77,000	90,000	77,000	90,000
Term loans	18	1,093,600	1,968,600	-	-
		37,286,156	43,052,170	104,942	111,723
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(5,079,264)	3,669,323	18,178,913	18,368,784
<b>LONG TERM LIABILITY</b>					
Term loans	18	(1,405,800)	(2,499,400)	-	-
		47,776,879	60,636,290	53,604,464	53,797,178
<b>FINANCED BY:</b>					
Share capital	19	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	20	2,776,879	15,636,290	8,604,464	8,797,178
		47,776,879	60,636,290	53,604,464	53,797,178

The notes on pages 30 to 40 form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2001

	Share capital RM	Share premium RM	Revaluation reserve RM	Merger deficit RM	Retained profits/ (accumulated loss) RM	Total RM
<b>GROUP</b>						
Balance as at 1 January 2000	45,000,000	8,767,846	14,487,294	(19,530,899)	14,504,612	63,228,853
Net loss for the year	-	-	-	-	(2,592,563)	(2,592,563)
Balance as at 31 December 2000	45,000,000	8,767,846	14,487,294	(19,530,899)	11,912,049	60,636,290
Balance as at 1 January 2001	45,000,000	8,767,846	14,487,294	(19,530,899)	11,912,049	60,636,290
Net loss for the year	-	-	-	-	(12,859,411)	(12,859,411)
Balance as at 31 December 2001	45,000,000	8,767,846	14,487,294	(19,530,899)	(947,362)	47,776,879
<b>COMPANY</b>						
Balance as at 1 January 2000	45,000,000	8,767,846	-	-	218,152	53,985,998
Net loss for the year	-	-	-	-	(188,820)	(188,820)
Balance as at 31 December 2000	45,000,000	8,767,846	-	-	29,332	53,797,178
Balance as at 1 January 2001	45,000,000	8,767,846	-	-	29,332	53,797,178
Net loss for the year	-	-	-	-	(192,714)	(192,714)
Balance as at 31 December 2001	45,000,000	8,767,846	-	-	(163,382)	53,604,464

The notes on pages 30 to 40 form an integral part of the financial statements.

# CASH Flow STATEMENTS

For The Year Ended 31 December 2001

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before taxation	(12,859,411)	(4,071,963)	(192,714)	(188,820)
<b>Adjustments for:</b>				
Gain on disposal of property, plant and equipment	-	(114,999)	-	-
Depreciation of property, plant and equipment	5,313,239	4,456,339	2,843	2,843
Provision for doubtful debts	7,047	-	-	-
Finance costs	1,970,561	1,805,845	-	-
Operating (loss)/profit before working capital changes	(5,568,564)	2,075,222	(189,871)	(185,977)
Decrease in inventories	4,575,540	702,728	-	-
Decrease/(increase) in receivables	10,185,102	5,157,742	196,622	(11,563,212)
(Decrease)/increase in payables	(5,027,528)	4,414,960	(6,781)	84,874
Cash generated from/(absorbed by) operations	4,164,550	12,350,652	(30)	(11,664,315)
Tax paid	(230,770)	(510,840)	-	-
Net cash generated from/(used in) operating activities	3,933,780	11,839,812	(30)	(11,664,315)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	-	115,000	-	-
Purchase of property, plant and equipment	(108,815)	(19,355,657)	-	(828)
Net cash used in investing activities	(108,815)	(19,240,657)	-	(828)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	-	(3,600,000)	-	(3,600,000)
Interest paid	(1,970,561)	(1,805,845)	-	-
Repayments of term loans	(1,968,600)	(1,563,650)	-	-
Term loan drawn down	-	2,343,000	-	-
Net proceeds from Export Credit Refinancing	865,000	4,123,000	-	-
Net cash used in financing activities	(3,074,161)	(503,495)	-	(3,600,000)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
	750,804	(7,904,340)	(30)	(15,265,143)
<b>CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE YEAR</b>				
	(15,338,751)	(7,434,411)	133	15,265,276
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE YEAR</b>				
21	(14,587,947)	(15,338,751)	103	133

The notes on pages 30 to 40 form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) BASIS OF ACCOUNTING

Except as disclosed in Note 11 below, the financial statements of the Group and of the Company are prepared under the historical cost convention, modified to include the revaluation of long leasehold land and buildings, and comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

### (b) BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies for the year ended 31 December 2001. The subsidiary companies are consolidated based on the merger method of accounting in accordance with Malaysian Accounting Standard 2 – Accounting for Acquisitions and Mergers. Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current and previous financial years. All inter-company transactions are eliminated on consolidation and the Group results relate to external transactions only.

### (c) SUBSIDIARY COMPANIES

Investments in subsidiary companies are stated at cost unless, in the opinion of the Directors, there has been a permanent diminution in value, in which case they are written down to a value determined by the Directors.

### (d) DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses foreseeable where applicable. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying amounts exceed the estimated recoverable amounts, impairment losses are provided to write down these assets to their recoverable amounts.

Depreciation is calculated on the straight-line method to write off the cost or valuation of the assets over their estimated useful lives as follows:

Long leasehold land	- remaining period of lease term
Short leasehold land	- 35 years
Buildings	- 5 to 20 years
Land reclamation and log pond	- 3 to 5 years
Plant and machinery	- 3 to 20 years
Motor vehicles and motor launches	- 3 to 5 years
Furniture, fixtures and equipment	- 4 to 5 years

Fully-depreciated assets are retained in the financial statements until they are no longer in use.

Leasehold land and buildings are valued by the Directors on the open market value basis with the advice of independent professional valuers every 5 years. Any surplus or deficit arising on revaluation is credited or debited to revaluation reserve as appropriate, unless this results in a deficit which exceeds any prior surplus held in reserve. In such case, the deficit is transferred to the income statements.

### (e) INVENTORIES

Inventories are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for damaged, obsolete and slow-moving items.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The cost of log is computed using the first-in, first-out basis. The cost of plywood, veneer, sawn timber, blockboard, laminated board and work-in-progress is computed using the weighted average cost of production which includes all attributable production overheads incurred in bringing the inventories to their present location and condition.

The cost of materials and supplies is computed using the first-in, first-out basis.

### (f) CURRENCY CONVERSION

Foreign currency transactions are converted into Ringgit Malaysia at rates of exchange approximating those ruling at the transaction dates. Foreign currency assets and liabilities are translated at rates ruling at the balance sheet date. All profits and losses on exchange are dealt with through the income statements.

### (g) DEFERRED TAXATION

Provision is made, based on the liability method, in the financial statements for taxation which is deferred due to timing differences except to the extent that it can be demonstrated, with reasonable probability, that the differences will continue in the foreseeable future.

### (h) CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and demand deposits. Cash equivalents are highly liquid investments which are readily convertible to cash with periods to maturity of less than three months and are subject to an insignificant risk of changes in value. They also include borrowings which are not subject to a term facility and are integral to the cash management function of the Group and of the Company.

### (i) RECEIVABLES

All known bad debts are written off and provision is made for any debts considered to be doubtful of collection.

### (j) REVENUE RECOGNITION

Revenues are recognised upon delivery of products and customer acceptance, if any, or performance of services, exclude inter-company sales and are stated net of sales taxes and discounts.

Other revenues earned are recognised on the following basis:

- (a) Interest income on a time proportion basis that takes into account the effective yield on the asset, unless it is doubtful of collection; and
- (b) Dividend income when the dividend is declared.

## 2. GENERAL

The consolidated financial statements of the Group and the financial statements of the Company are expressed in Ringgit Malaysia.

The principal activities of the Company, which is incorporated in Malaysia, are the provision of management services and investment holding. The principal activities of the subsidiary companies are stated in Note 3 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

### 3. SUBSIDIARY COMPANIES

The subsidiary companies, all of which are incorporated in Malaysia, are as follows:

Subsidiary companies	Principal activities	Percentage of equity held by the Group	
		31.12.2001 %	31.12.2000 %
Fook Ngiap Sawmill Sdn. Berhad	Manufacturing and sales of plywood, veneer, blockboard and sawn timber products	100	100
Sungai Silinponpon (Blockboard) Sdn. Bhd.	Manufacturing and sales of laminated board and blockboard	100	100
Fook Ngiap Shipping Sdn. Bhd.	Hiring of motor launches, scows and equipment for the transportation of logs and finished wood products	100	100

### 4. REVENUE

#### GROUP

Revenue represents the invoiced sales of log and sawn timber, plywood, laminated board, blockboard and veneer, less sales returns, sawn timber processing fee received and income from hiring of motor launches, scows and equipment. All intra-group transactions are eliminated.

#### COMPANY

Revenue represents management fees received and receivable from subsidiary companies during the financial year.

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Plywood	53,893,000	64,146,637	-	-
Laminated board	7,881,680	9,922,794	-	-
Sawn timber	1,816,630	1,054,262	-	-
Blockboard	1,208,216	-	-	-
Log	798,619	12,468,932	-	-
Veneer	558,473	1,694,652	-	-
Hiring of motor launches, scows and equipment	41,112	53,574	-	-
Sawn timber processing fee received	1,530,494	-	-	-
Management fees	-	-	180,000	180,000
	67,728,224	89,340,851	180,000	180,000

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 5. LOSS FROM OPERATIONS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>(a) This is stated after charging:</b>				
Auditors' remuneration				
- Current year	51,000	50,500	10,000	10,000
- Under-provision in prior year	4,000	3,000	-	-
Depreciation of property, plant and equipment	5,313,239	4,456,339	2,843	2,843
Directors' remuneration				
- Current year	1,028,872	1,144,272	77,000	115,000
- Overprovision in prior year	(59,500)	-	(59,500)	-
Hiring expenses	136,200	88,200	-	-
Provision for doubtful debts	7,047	-	-	-
Rental of premises	198,000	205,000	42,000	49,000
and crediting:				
Fixed deposits interest income	-	120,530	-	120,530
Gain on disposal of property, plant and equipment	-	114,999	-	-
Lease rental rebate	26,430	-	-	-
<b>(b) Employee information</b>				
Staff costs	12,243,681	12,814,807	212,380	309,880

The total numbers of employees of the Group and of the Company (including directors) as at 31 December 2001 were 1,265 (2000 – 1,300) and 8 (2000 – 9) respectively.

## 6. FINANCE COSTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Interest on:</b>				
Bank overdrafts	1,203,621	1,084,909	-	-
Term loans	275,782	720,758	-	-
Export Credit Refinancing	490,747	-	-	-
Overdue accounts	411	178	-	-
	1,970,561	1,805,845	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 7. TAXATION

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Provision based on results of the year	-	29,000	-	-
Overprovision in prior years	-	(8,400)	-	-
Transfer from deferred taxation	-	(1,500,000)	-	-
	-	(1,479,400)	-	-

The estimated amount of tax losses and unabsorbed capital allowances for the Company available for set-off against future taxable income at the balance sheet date was RM287,000 (2000 – RM150,000).

## 8. EARNINGS PER SHARE (SEN)

### BASIC AND FULLY DILUTED

The earnings per share is calculated by dividing the Group's net loss for the year of RM12,859,411 (2000 – net loss for the year of RM2,592,563) by the weighted average number of ordinary shares in issue during the financial year of 45,000,000 (2000 – 45,000,000).

## 9. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RM	Land reclamation and log pond RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Motor vehicles and motor launches RM	Total RM
<b>GROUP</b>						
<b>Cost and valuation -</b>						
Additions	-	-	27,260	18,410	63,145	108,815
As at 31.12.2000	22,149,317	404,279	74,643,317	1,142,461	7,410,626	105,750,000
As at 31.12.2001	22,149,317	404,279	74,670,577	1,160,871	7,473,771	105,858,815
<b>Accumulated depreciation -</b>						
Charge for 2000	814,517	-	3,290,754	63,809	287,259	4,456,339
Charge for the year	887,824	-	4,164,578	35,713	225,124	5,313,239
As at 31.12.2000	1,056,093	404,278	36,693,735	1,073,504	7,056,023	46,283,633
As at 31.12.2001	1,943,917	404,278	40,858,313	1,109,217	7,281,147	51,596,872

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land and buildings RM	Land reclamation and log pond RM	Plant and machinery RM	Furniture, fixtures and equipment RM	Motor vehicles and motor launches RM	Total RM
<b>Net book value -</b>						
As at 31.12.2001	20,205,400	1	33,812,264	51,654	192,624	54,261,943
As at 31.12.2000	21,093,224	1	37,949,582	68,957	354,603	59,466,367

### GROUP

#### As at 31 December 2001

Cost	1,818,287	404,279	74,670,577	1,160,871	7,473,771	85,527,785
Valuation - 1999	20,331,030	-	-	-	-	20,331,030
	22,149,317	404,279	74,670,577	1,160,871	7,473,771	105,858,815

#### As at 31 December 2000

Cost	1,818,287	404,279	74,643,317	1,142,461	7,410,626	85,418,970
Valuation - 1999	20,331,030	-	-	-	-	20,331,030
	22,149,317	404,279	74,643,317	1,142,461	7,410,626	105,750,000

The leasehold land and buildings of the Group were valued by the Directors in 1999 based on professional appraisals by independent valuers on an open market value basis.

The tax effects relating to the increase in the carrying values of the revalued assets are not disclosed as there is no intention to dispose of these assets in the foreseeable future.

#### Leasehold land and buildings comprise of:

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Long leasehold land	11,758,271	11,758,271	-	-
Short leasehold land	61,904	61,904	-	-
Buildings	10,329,142	10,329,142	-	-
	22,149,317	22,149,317	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

## 9. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Had the revalued assets been included in the financial statements at cost less accumulated depreciation, the net book value of the revalued assets would have been as follows:

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Long leasehold land	3,952,945	3,968,264	-	-
Buildings	1,186,564	1,422,402	-	-
	5,139,509	5,390,666	-	-

Property, plant and equipment with cost amounting to RM101,907,478 (2000 – RM101,811,173) have been charged to a financial institution to secure banking facilities for two of its subsidiary companies.

COMPANY	Furniture, fixtures and equipment RM
<b>Cost -</b>	
As at 31.12.2000	14,213
As at 31.12.2001	14,213
<b>Accumulated depreciation -</b>	
Charge for 2000	2,843
Charge for the year	2,843
As at 31.12.2000	5,520
As at 31.12.2001	8,363
<b>Net book value -</b>	
As at 31.12.2001	5,850
As at 31.12.2000	8,693

## 10. SUBSIDIARY COMPANIES

	COMPANY	
	2001 RM	2000 RM
Unquoted shares, at cost	35,419,701	35,419,701

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 11. INVENTORIES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Round logs	1,414,942	4,379,540	-	-
Sawn timber	1,014,947	1,457,322	-	-
Plywood	10,778,330	13,847,841	-	-
Laminated board	502,810	522,333	-	-
Veneer	3,622,383	4,391,825	-	-
Materials and supplies	6,226,517	3,536,608	-	-
	23,559,929	28,135,469	-	-

Inventory of plywood of the Group as at 31 December 2001 was stated at net realisable value (2000 – net realisable value).

## 12. TRADE RECEIVABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
These are stated after providing for doubtful debts of:				
Trade receivables	7,047	-	-	-

## 13. DEPOSITS FOR SUPPLIES

These represent advances paid to log suppliers for logs to be purchased by the Group.

## 14. OTHER RECEIVABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Advances	99,130	106,992	-	-
Deposits paid	12,866	33,406	1,000	1,000
Prepayments	582,460	605,152	-	-
Sundry receivables	1,606,155	1,851,353	-	-
	2,300,611	2,596,903	1,000	1,000

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

## 15. AMOUNTS DUE FROM SUBSIDIARY COMPANIES

These represent unsecured and interest-free advances with no fixed terms of repayment.

## 16. AMOUNTS DUE TO BANKERS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Export Credit Refinancing	12,988,000	12,123,000	-	-
Bank overdrafts	14,665,387	15,393,873	-	-
	<u>27,653,387</u>	<u>27,516,873</u>	<u>-</u>	<u>-</u>

The bank overdrafts and Export Credit Refinancing together with the term loans stated in Note 18 below are secured by: registered charges for RM14,185,000 over the landed properties of the Group; registered debentures stamped up to RM34,510,000 providing for fixed and floating charges over the assets of the Group; a pledge against 6,750,000 quoted shares of the Company registered under the name of the holding company; and corporate guarantees for RM20,740,000 from the Company.

The bank overdrafts bear interest at the rate of 1.0% per annum above the lender's base lending rate and the Export Credit Refinancing bears interest at the rate of 3.5% per annum.

## 17. OTHER PAYABLES

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Accruals	400,488	88,226	1,258	-
Deposit received	3,799,100	7,187,246	-	-
Provisions	453,604	810,367	10,500	10,500
Sundry payables	3,259,577	2,268,612	16,184	11,223
	<u>7,912,769</u>	<u>10,354,451</u>	<u>27,942</u>	<u>21,723</u>

## 18. TERM LOANS

Term loans	2,499,400	4,468,000	-	-
<b>Less:</b> Repayments due within 12 months	(1,093,600)	(1,968,600)	-	-
Repayments due between 1 and 2 years	<u>1,405,800</u>	<u>2,499,400</u>	<u>-</u>	<u>-</u>

The term loans are secured as stated in Note 16 above. The term loans bear interest at the rate of 1.0% per annum above the lender's base lending rate and are repayable by 36 monthly installments of RM125,000 each commencing in June 1999 and 60 monthly installments of RM39,050 each commencing in January 2001 respectively.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 19. SHARE CAPITAL

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>Authorised:</b> 200,000,000 ordinary shares of RM1 each	200,000,000	200,000,000	200,000,000	200,000,000
<b>Issued and fully paid:</b> 45,000,000 ordinary shares of RM1 each	45,000,000	45,000,000	45,000,000	45,000,000

## 20. RESERVES

<b>Non-distributable reserves:</b>				
Revaluation reserve	14,487,294	14,487,294	-	-
Share premium	8,767,846	8,767,846	8,767,846	8,767,846
Merger deficit	(19,530,899)	(19,530,899)	-	-
	3,724,241	3,724,241	8,767,846	8,767,846
<b>Distributable reserves:</b> (Accumulated loss)/retained profits	(947,362)	11,912,049	(163,382)	29,332
<b>Total reserves</b>	2,776,879	15,636,290	8,604,464	8,797,178

## 21. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash and bank balances	77,440	55,122	103	133
Bank overdrafts	(14,665,387)	(15,393,873)	-	-
	(14,587,947)	(15,338,751)	103	133

## 22. SIGNIFICANT RELATED PARTY TRANSACTIONS

### Transactions with subsidiary companies:

Management fees received from				
- Fook Ngiap Sawmill Sdn. Berhad	-	-	120,000	120,000
- Sungai Silinponpon (Blockboard) Sdn. Bhd.	-	-	36,000	36,000
- Fook Ngiap Shipping Sdn. Bhd.	-	-	24,000	24,000
	-	-	180,000	180,000

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

## 22. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

### Transactions with a company in which certain Directors of the Company are also directors:

Office rental paid to Sungai Silinponpon Sdn. Bhd.	42,000	49,000	42,000	49,000
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### Transactions between subsidiary companies and companies in which certain Directors of the Company are also directors:

Hire of equipment paid to Huey Guan Hang Sdn. Bhd. by Sungai Silinponpon (Blockboard) Sdn. Bhd.	30,000	30,000	-	-
Office rental paid to Huey Guan Hang Sdn. Bhd. by Fook Ngiap Sawmill Sdn. Berhad	36,000	36,000	-	-
Warehouse rental paid to Sungai Silinponpon Sdn. Bhd. by Sungai Silinponpon (Blockboard) Sdn. Bhd.	84,000	84,000	-	-
Office rental paid to Huey Guan Hang Sdn. Bhd. by Fook Ngiap Shipping Sdn. Bhd.	36,000	36,000	-	-
	186,000	186,000	-	-

The related party transactions were entered into on agreed terms and conditions in the normal course of business of the Group and of the Company.

The balance which arose from the transactions with related parties and remained outstanding as at 31 December 2001 was RM10,500 (2000: RM9,500).

## 23. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2001 RM	2000 RM	2001 RM	2000 RM
Capital expenditure approved and contracted for	248,000	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 December 2001

## 24. CONTINGENT LIABILITIES

### Unsecured:

Corporate guarantees given to subsidiary companies for banking facilities	-	-	20,740,000	20,740,000
Letters of guarantees given to third parties	130,200	141,715	-	-

## 25. SEGMENTAL REPORTING

No segmental information is reported as the Group is operating principally in one industry and within Malaysia.

# ANALYSIS OF SHAREHOLDINGS

As At 07 May 2002

Authorised share capital	:	RM200,000,000.00
Issued & paid up	:	RM 45,000,000.00
Class of shares	:	Ordinary shares of RM1.00 each.
Voting Rights	:	One vote per ordinary share

## ANALYSIS OF SHAREHOLDINGS ACCORDING TO SIZE

Size of Holdings	No. of shareholders	% of shareholding	No. of shares held	% of issued capital
Less than 1,000	2	0.07	1,000	0.00
1,000 – 10,000	2,924	94.29	6,366,000	14.15
10,001 – 100,000	153	4.93	4,311,844	9.58
100,001 – 2,249,999 *	19	0.61	8,800,422	19.56
2,250,000 and above **	3	0.10	25,520,734	56.71
Total	3,101	100.00	45,000,000	100.00

Note:

\* Less than 5% of Issued Capital

\*\* 5% and above of Issued Capital

## SUBSTANTIAL SHAREHOLDERS

Name	No. of shares held	% of Issued Capital
Netkey Corporation Sdn Bhd	22,511,059	50.02
Datuk Lim Yen Ngiap		
- Direct	442,331	0.98
- Indirect	23,351,427	51.89
Datuk Tiong Kung Hieng		
- Direct	157,899	0.35
- Indirect	22,698,919	50.44
Kenneth Chew Mei Kwang		
- Direct	10,000	0.02
- Indirect	24,106,851	53.57
Pemandangan Jauh Sdn Bhd	3,009,675	6.69

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 07 May 2002

## DIRECTORS SHAREHOLDINGS

Name	No. of shares held	% of Issued Capital
Datuk Lim Yen Ngiap		
- Direct	442,331	0.98
- Indirect	23,351,427	51.89
Datuk Tiong Kung Hieng		
- Direct	157,899	0.35
- Indirect	22,698,919	50.44
Kenneth Chew Mei Kwang		
- Direct	10,000	0.02
- Indirect	24,106,851	53.57
Dato' Hj Mohd Hayani Bin Hj Abdul Rahman	10,000	0.02
Mohammad Anuar Bin Mohd Yunus	40,000	0.09
Kong Fui Kien @ Patrick Kong	-	-

## LIST OF TOP 30 SHAREHOLDERS

No	Name	Shareholdings	%
1.	Netkey Corporation Sdn Bhd	15,761,059	35.02
2.	HSBC Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Netkey Corporation Sdn Bhd)</i>	6,750,000	15.00
3.	Pemandangan Jauh Sdn Bhd	3,009,675	6.69
4.	Top Channels Sdn Bhd	2,224,029	4.94
5.	S. K. Timber Corporation Sdn Bhd	1,290,792	2.87
6.	Minister of Finance	1,220,957	2.71
7.	Sabbaruddin Chik	577,000	1.28
8.	Lim Wee Lin	500,000	1.11
9.	Lim Yen Ngiap	442,331	0.98
10.	Wong Meng Luk	419,030	0.92
11.	Lim Fui Yun	317,800	0.71
12.	Lim Fui Jin	317,800	0.71

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

As At 07 May 2002

## LIST OF TOP 30 SHAREHOLDERS (cont'd)

No	Name	Shareholdings	%
13.	Ng Sam Mooi	214,000	0.48
14.	Hong Leong Finance Berhad <i>(Pledged securities account for Chin Lih Lih)</i>	174,000	0.39
15.	Ng Kok Yee @ Kaak Yee	150,000	0.33
16.	Ng Boon Kian	149,000	0.33
17.	Alliance Group Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Tiong Kung Hieng)</i>	147,899	0.33
18.	Lim Fui Loong	147,784	0.33
19.	Ismail Sabri Bin Yaakob	135,000	0.30
20.	Hiew Hen Yee @ Janet Hiew	135,000	0.30
21.	Lim Chee Siong	133,000	0.30
22.	Poh Ah Nya	105,000	0.23
23.	Teo Bee Hwa	100,000	0.22
24.	RHB Nominees (Tempatan) Sdn Bhd <i>(Suladan Money Lenders Sdn Bhd for Lum Yuet Sim)</i>	100,000	0.22
25.	Ramli Bin Yusuff	100,000	0.22
26.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Chok Kon Thai &lt;CEB&gt;)</i>	84,000	0.19
27.	Ho En Yin @ Katherine Fernandez	81,000	0.18
28.	Citicorp Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Jaafar Bin Mamat</i>	77,000	0.17
29.	Alliance Group Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Tiong Yai King</i>	73,892	0.16
30.	Alliance Group Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Tiong Wei Wei)</i>	73,892	0.16

# List of Properties

	<b>Location</b>	<b>Description and Existing use</b>	<b>Tenure</b>	<b>Expiring Date</b>	<b>Land (Acre)</b>	<b>Age of building (Year)</b>	<b>Net Book Value (RM)</b>
1)	CL105137068 Pasir Putih District of Tawau Sabah	Sawmill/ Plywood Mill	99	31.12.2097	16.71	6 - 18	9,058,517
2)	CL105422099 Pasir Putih District of Tawau Sabah	Log storage yard	99	31.12.2079	2.43	NA	717,797
3)	CL105132250 Pasir Putih District of Tawau Sabah	Blockboard Mill	999	20.02.2940	12.24	7 - 12	7,525,798
4)	Lot 1 of CL105103179 CL105101326 CL105102878 Pasir Putih District of Tawau Sabah	Timber storage warehouse/ Film overlay Plywood Mill	999 *	14.08.2927 19.02.2924 22.04.2924	8.45	5	2,833,913
5)	CL106290126 Pasir Putih District of Tawau Sabah	Shipyard	40	31.12.2034	0.51	1	69,375

\* After subdivision of the parent titles, the issuance of land titles to individual subdivided lots would have a tenure of 99 years lease.

Note

Date of last revaluation for items 1 to 4 : 6th October 1999

Date of acquisition for item 5 : 10th November 2000

# NOTES

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Permaju Industries Berhad

(379057-V)  
(Incorporated in Malaysia)

# FORM OF PROXY

No. of Shares held

I/We .....  
of .....  
being a Member/Members of the Permaju Industries Berhad, hereby appoint ..... of  
..... or  
failing him, .....  
as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company, to be held at Ruby I, 1st Floor, Belmont Marco Polo Hotel, Jalan Clinic, Tawau, Sabah on Friday, 28 June 2002 at 3.30pm or any adjournment thereof.

I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereinunder indicated.

No	Resolutions	For	Against
1.	To receive and adopt Directors' Report and Accounts		
2.	To approve directors' fees		
3.	To re-elect the following Directors:- - Kenneth Chew Mei Kwang		
4.	- Kong Fui Kien @ Patrick Kong		
5.	To re-appoint Auditors and to authorise the Directors to fix their remuneration.		
6.	Special Business: - Authority to issue shares under Section 132D of the Companies Act, 1965.		

(Please indicate with "X" in the appropriate box against each resolution how you wish your proxy to vote. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit).

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

.....  
Signature(s) of Member(s)

Notes:

- a) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or an attorney to attend and vote in his stead.
- b) A proxy or an attorney need not be a member of the Company.
- c) The form of proxy or power of attorney if executed by a corporation must be executed under common seal.
- d) The instrument appointing a proxy or a power of attorney must be deposited at the Registered Office of the Company at MPT No. 3477, 3rd Floor, Lorong Abaca I, Off Jalan Masjid 91000 Tawau, Sabah not less than 48 hours before the time set for the meeting or any adjournment thereof.

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The Company Secretary  
**PERMAJU INDUSTRIES BERHAD**  
(379057-V)

Affix  
Stamp

MPT No. 3477, 3rd Floor  
Lorong Abaca 1  
Off Jalan Masjid  
P. O. Box No. 1890  
91043 Tawau  
SABAH

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