



www.prestar.com.my

2002

annual report • laporan tahunan



PRESTAR RESOURCES BERHAD

(123066-A)



PRESTAR RESOURCES BERHAD (123066-A)

(Incorporated in Malaysia)

Contents



Notice of Annual General Meeting	2
Statement Accompanying Notice of Annual General Meeting	7
Corporate Information	8
Group Financial Highlights	9
Chairman's Statement	10
Profile of Board of Directors	12
Corporate Structure	15
Audit Committee Report	16
Corporate Governance Statement	20
Additional Compliance Information	23
Directors' Responsibility Statement	23
Statement on Internal Control	24
Financial Statements	25
List of Group Properties	68
Statistics of Shareholdings	69
Form of Proxy	end



Prestar Resources Berhad corporate head office cum factory complex at Lot 1298, Rawang Industrial Estate, Selangor Darul Ehsan.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of Prestar Resources Bhd will be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on Thursday, 26 June 2003 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 December 2002 together with the Auditors' Report thereon. **(Resolution 1)**
2. To approve the declaration of the Final Dividend of 3.5% less 28% Malaysian Income Tax for the financial year ended 31 December 2002. **(Resolution 2)**
3. To approve the declaration of the Special Tax Exempt Dividend of 5% for the financial year ended 31 December 2002. **(Resolution 3)**
4. To sanction the payment of Directors' Fees for the financial year ended 31 December 2002. **(Resolution 4)**
5. To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association, and being eligible, have offered themselves for re-election:-
 - (a) Mr. Toh Yew Seng **(Resolution 5)**
 - (b) Ms. Toh Poh Khuan **(Resolution 6)**
 - (c) Encik Md. Nahar Bin Noordin **(Resolution 7)**
6. To re-appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. **(Resolution 8)**
7. As Special Business:

To consider and if thought fit, with or without any modification, to pass the following resolutions which will be proposed as Ordinary Resolutions:-

ORDINARY RESOLUTION NO. 1

- AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"**THAT** subject to Section 132D of the Companies Act, 1965 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time and 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 issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange; **AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 9)

ORDINARY RESOLUTION NO. 2

- PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"**THAT**, subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the requirements of the Kuala Lumpur Stock Exchange ("KLSE") and any other relevant authorities, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM1.00 each in the Company's issued and paid-up share capital through the KLSE subject further to the following:-

1. the maximum number of ordinary shares of RM1.00 each in Prestar ("Shares") which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital for the time being of the Company, subject to a restriction that the issued and paid-up share capital of Prestar does not fall below RM40 million pursuant to the repurchase of Shares, if any;

2. the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and the share premium of the Company based on the audited financial statements for the financial year ended 31 December 2002 of RM20,998,584.00 and RM25,989,772.00, respectively;
3. the authority conferred by this Resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - (a) the conclusion of the first annual general meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
 - (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the KLSE and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

4. upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:-
 - (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares; or
 - (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; the treasury shares of which may be distributed as dividends to shareholders, and/or resold on the KLSE, and/or subsequently cancelled;

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the KLSE and any other relevant authorities for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares."

(Resolution 10)

ORDINARY RESOLUTION NO. 3

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH WEI GIAP HARDWARE SDN. BHD., CHIHO HARDWARE SDN. BHD., Y.K. TOH MARKETING (S) PTE. LTD., WEI SHENG HARDWARE SDN. BHD., SYARIKAT KWONG NAM HING SDN. BHD., LOGAM INDAH SDN. BHD. AND Y.K TOH (M) SDN. BHD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Wei Giap Hardware Sdn. Bhd., Chiho Hardware Sdn. Bhd., Y. K. Toh Marketing (S) Pte. Ltd., Wei Sheng Hardware Sdn. Bhd., Syarikat Kwong Nam Hing Sdn. Bhd., Logam Indah Sdn. Bhd. and Y. K. Toh (M) Sdn. Bhd., as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day to day operations and are on terms not more favourable than those generally available to the public; and



Notice of Annual General Meeting (continued)

- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-
 - (a) the conclusion of the first annual general meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 11)

ORDINARY RESOLUTION NO. 4

- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH LIM & YEOH

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries to enter into the Recurrent Related Party Transactions with Lim & Yeoh, as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day to day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-
 - (a) the conclusion of the first annual general meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting;whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 12)

ORDINARY RESOLUTION NO. 5

- PROPOSED ADDITIONAL SHAREHOLDERS' MANDATE FOR PRESTAR STORAGE SYSTEM SDN. BHD. AND PRESTAR TOOLING SDN. BHD. TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH Y. K. TOH MARKETING (S) PTE. LTD.

"**THAT**, subject to the Companies Act, 1965 ("the Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company's subsidiaries, Prestar Storage System Sdn. Bhd. and Prestar Tooling Sdn. Bhd. to enter into the Recurrent Related Party Transactions with Y.K. Toh Marketing (S) Pte. Ltd. as described in Section 3.2 of the Circular to Shareholders dated 4 June 2003 subject further to the following:-

- (i) the Recurrent Related Party Transactions are in the ordinary course of business which are necessary for day to day operations and are on terms not more favourable than those generally available to the public; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall, commence immediately upon the passing of this Ordinary Resolution and continue to be in force until:-
 - (a) the conclusion of the first annual general meeting of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting; whichever is earlier.
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

(Resolution 13)

8. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDENDS ENTITLEMENTS

NOTICE IS HEREBY GIVEN that the Final Dividend of 3.5% less 28% Malaysian Income Tax and the Special Tax Exempt Dividend of 5% will be payable on 22 July 2003 to depositors who are registered in the Record of Depositors at the close of business on 15 July 2003, if approved by members at the forthcoming Eighteenth Annual General Meeting.

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

- a. Securities transferred into the Depositor's Securities Account before 4.00 p.m. on 15 July 2003 in respect of ordinary transfers; and
- b. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)
CHIN MUN YEE (MAICSA 7019243)
Secretaries

Kuala Lumpur
 Dated: 4 June 2003



Notice of Annual General Meeting (continued)

Explanatory Notes on Special Business:

1. Authority pursuant to Section 132D of the Companies Act, 1965
The proposed adoption of the Ordinary Resolution No. 1 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting.
2. Authority to renew the purchase of the Company's own shares
The proposed adoption of the Ordinary Resolution No. 2 is to renew the authority granted by the shareholders of the Company at the Seventeenth Annual General Meeting held on 28 June 2002. The proposed renewal will allow the Board of Directors to exercise the power of the Company to purchase the Company's shares up to ten per centum (10%) of the issued and paid-up share capital of the Company any time within the time period stipulated in the Listing Requirements of Kuala Lumpur Stock Exchange.
3. Authority to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolutions Nos. 3 and 4 are to renew the Shareholders' Mandate granted by the shareholders of the Company at the Seventeenth Annual General Meeting held on 28 June 2002. The proposed renewal of the Shareholders' Mandate will enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.
4. Authority to obtain the additional shareholders' mandate for Prestar Storage System Sdn. Bhd. and Prestar Tooling Sdn. Bhd. to enter into recurrent related party transactions of a revenue or trading nature
The proposed adoption of the Ordinary Resolution No. 5 is to enable the Group to enter into the Recurrent Related Party Transactions of a Revenue or Trading Nature which are necessary for the Group day to day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Further information on the Proposed Renewal of Shares Buy Back, Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions and Proposed additional Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company which is despatched together with the Company's 2002 Annual Report.

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) to (d) of the Companies Act, 1965 shall not apply to the Company.

Shareholders' attention is hereby drawn to the Listing Requirements of Kuala Lumpur Stock Exchange which came into force on 1 June 2001 which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depository) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof shall be deposited at the Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of Kuala Lumpur Stock Exchange (KLSE)

1. Directors Standing For Re-Election

The Directors who are standing for re-election at the Eighteenth Annual General Meeting of the Company are as follows:-

Mr Toh Yew Seng	Article 105	Resolution 5
Ms Toh Poh Khuan	Article 105	Resolution 6
Encik Md. Nahar Bin Noordin	Article 105	Resolution 7

2. Details of Attendance of Directors at Board Meetings

The Board of Directors met five times during the financial year ended 31 December 2002. Details of each Director's attendance are as follows:-

Name of Director	Date of Appointment	No. of Meetings Attended
Mr Toh Yew Peng	12.07.1984	4/5
Mr Toh Yew Seng	31.01.1986	5/5
Mr Toh Yew Keat	12.07.1984	5/5
Mr Toh Yew Kar	12.07.1984	5/5
Ms Toh Poh Khuan	30.09.1989	5/5
Encik Md. Nahar Bin Noordin	18.06.1994	5/5
Encik Fadzlullah Shuhaimi Bin Salleh	18.03.1995	5/5
Mr Yee Chee Seng @ Yee Yen	27.11.2001	4/5
Mr Lim Cheang Nyok	28.03.2002	4/4

* The number of meetings attended by each director may vary according to their dates of appointment.

3. Details of Annual General Meeting

The Eighteenth Annual General Meeting of the Company will be held at Johore Room, Lower Lobby, Shangri-La Hotel, Kuala Lumpur, 11 Jalan Sultan Ismail, 50250 Kuala Lumpur on 26 June at 10.00 a.m.

4. Profile and Shareholdings of Directors who are standing for re-election

The details of Directors who are standing for re-election are attached in the Directors' Profile Section of this Annual Report.

Shareholdings of Directors standing for re-election, as at 30 April 2003 are as follows:-

Directors	Nationality	----- Direct Interest -----		----- Indirect Interest -----	
		No. of shares held	%	No. of shares held	%
Toh Yew Seng	Malaysian	0	0	*15,825,750	38.42
Toh Poh Khuan	Malaysian	0	0	*15,825,750	38.42
Md. Nahar Bin Noordin	Malaysian	3,261,000	7.92	0	0

Note :

* Deemed interest through respective shareholdings in Fabulous Essence Sdn. Bhd. and Y. K. Toh Property Sdn. Bhd.



Corporate Information

Board of Directors

Toh Yew Keat (*Group Executive Chairman*)

Toh Yew Peng (*Group Managing Director*)

Toh Yew Kar (*Group Executive Director*)

Toh Yew Seng (*Group Executive Director*)

Toh Poh Khuan (*Group Executive Director*)

Md. Nahar Bin Noordin

Fadzlullah Shuhaimi Bin Salleh

Yee Chee Seng @ Yee Yen

Lim Cheang Nyok

Company Secretary

Chua Siew Chuan (MAICSA 0777689)

Chin Mun Yee (MAICSA 7019243)

Registered Office

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel. No. : 03-2095 7077

Fax No. : 03-2094 9940

Website : www.prestar.com.my

E-mail : info@prestar.com.my

Registrar

Securities Services (Holdings) Sdn. Bhd.

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel. No. : 03-2095 7077

Fax No. : 03-2094 9940

Auditors

KPMG

Chartered Accountants

Kuala Lumpur

Principal Bankers

Bumiputra Commerce Bank Bhd

United Overseas Bank Bhd

RHB Bank Berhad

Affin Bank Berhad

Solicitors

SKRINE

Amin Tan & Co

Stock Exchange Listing

Second Board of Kuala Lumpur Stock Exchange

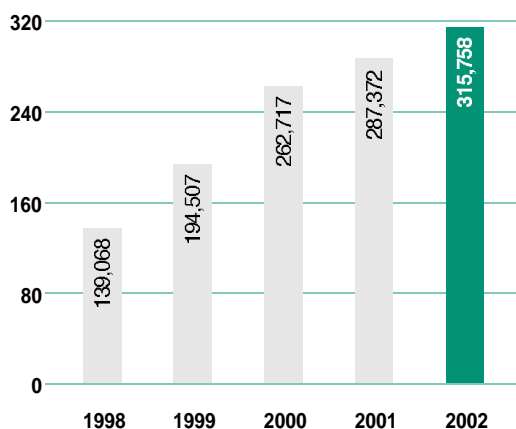
Stock code : 9873



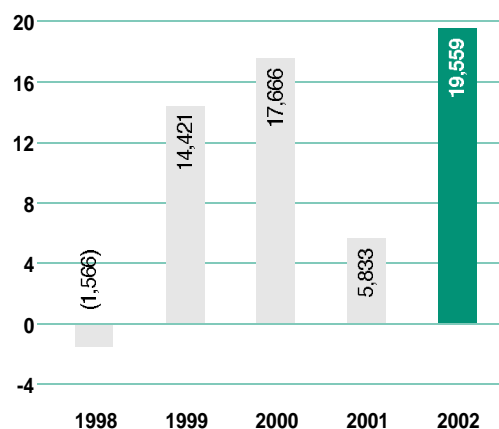
Group Financial Highlights

	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000
Revenue	139,068	194,507	262,717	287,372	315,758
Profit/(Loss) Before Taxation	(1,566)	14,421	17,666	5,833	19,559
Net Profit	(3,615)	13,080	12,091	2,040	11,836
Total Assets Employed	131,837	185,444	236,949	273,693	330,040
Shareholders' Funds	34,595	46,616	58,207	99,617	111,563
Net Tangible Assets	33,340	45,421	55,583	97,145	109,242
Net Tangible Assets Per Share (RM)	1.64	2.23	2.73	2.36	2.63
Earnings Per Share (Sen)	(17.8)	64.3	40.4	5.1	28.9

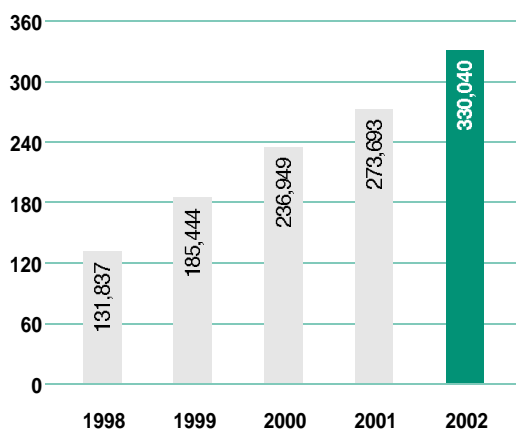
REVENUE (RM'000)



PROFIT/(LOSS) BEFORE TAXATION (RM'000)



TOTAL ASSETS EMPLOYED (RM'000)



SHAREHOLDERS' FUNDS (RM'000)

