

annual report 2002
laporan tahunan

'02

**ADVANCED PACKAGING
TECHNOLOGY (M) BHD.**
(82982-K)
先進包裝工業(馬)有限公司



The Company and Its Business

An ISO 9002 certified company, Advanced Packaging Technology (M) Bhd was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn Bhd. The Company subsequently changed its name to its present form on 09 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board of the KLSE on 27 May 1994.

The Company commenced operations in April 1985 at its present location at the Bangi Industrial Estate, Selangor Darul Ehsan. Its office, factory and warehouse is sited on a 8,903 square meter ("sq m") 99-year leasehold land.

Advanced Packaging Technology (M) Bhd produces high-quality flexible packaging materials catering to a wide cross-section of industries in both the local and overseas markets such as snack foods, instant noodles, sweets and confectionery, liquid condiments, frozen foods, spices, beverages, medical/ surgical products and pharmaceuticals, among others. Our range of flexible packaging material comprises both single and multi-layers that carry appealing designs. Through close consultation with clients, we tailor-make our products according to their precise specification and design in both roll and pouch form.

Flexible packaging materials are generally made of a composite of various base films, papers or foil which are laminated so that the resultant laminates have more enhanced properties than its original substrates. The basic materials used include oriented polypropylene (OPP) film, cellulosic film, polyester film, nylon film, aluminium foil, metallised films, specialty films, linear low density polyethylene (LLDPE) film, poster paper, polyethylene and polypropylene resin.

Efficient packaging is a must for any product in this modern era. Without it, the brand image and integrity, as well as the quality built into the product during manufacturing and marketing, will be lost when it reaches the consumer. Correct packaging is the principal way of ensuring safe delivery of the product to the end-user in good condition at an economic cost. At Advanced Packaging Technology (M) Bhd, we use our specialised knowledge and skills, as well as specific machinery and facilities to deliver excellence in quality and service to each client.

To demonstrate our commitment in quality, the Company's Quality Management System has been assessed by Zurich Certification Limited, United Kingdom and found to comply with BS EN ISO 9002 : 1994 and the certificate of registration was issued on 8 December 2000. The certification scope covers "Manufacturing and Supply of Flexible Packaging Materials and Blown Film".

Advanced Packaging Technology (M) Bhd currently also produces linear low density polyethylene (LLDPE) film mainly for its internal consumption as well as for external sales.

The Company has on 23 August 2002 incorporated a wholly-owned subsidiary company in Hong Kong by the name of Advanced Packaging Investments (H.K.) Limited as an investment holding company.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty First Annual General Meeting of Advanced Packaging Technology (M) Bhd ("Company") will be held at Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Monday, 30 June 2003 at 10.30 a.m. for the following purposes:-

A G E N D A

- 1) To receive the Audited Financial Statements for the year ended 31 December 2002 and the Directors' and Auditors' Reports thereon.
(Resolution 1)
- 2) To approve the payment of a tax exempt final dividend of 4.95% for the year ended 31 December 2002.
(Resolution 2)
- 3) To approve the payment of Directors' Fees of RM180,000.00 for the year ended 31 December 2002. (2001: RM198,000.00)
(Resolution 3)
- 4) To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association:
 - (a) Mr Chee Sam Fatt **(Resolution 4)**
 - (b) Dato' Haji Ghazali b. Mat Ariff **(Resolution 5)**
 - (c) Mr Mah Siew Seng **(Resolution 6)**
- 5) To re-appoint the following persons as Directors pursuant to Section 129(6) of the Companies Act, 1965 to hold office until the next annual general meeting of the Company:
 - (a) Mr Ng Choo Phuan @ Kuan Choo Phuan **(Resolution 7)**
 - (b) Dato' Law Sah Lim **(Resolution 8)**
- 6) To re-appoint Messrs PKF (formerly known as Pannell Kerr Forster) as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Resolution 9)
- 7) To transact any other ordinary business for which due notice shall have been given.

Notice of Annual General Meeting (Continued)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders, a tax exempt final dividend of 4.95% in respect of the financial year ended 31 December 2002 will be paid on 30 July 2003 to shareholders whose names appear in the Company's Record of Depositors on 16 July 2003.

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

- a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 16 July 2003 in respect of ordinary transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

GOON KOK KEONG
(MAICSA 0698849)
Company Secretary

Petaling Jaya
Selangor Darul Ehsan
6 June 2003

NOTES:

A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

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

The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

Statement Accompanying the Notice of Annual General Meeting

1 NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Twenty-first Annual General Meeting are as follows:-

Under Article 80 of the Company's Articles of Association

- a) Chee Sam Fatt
- b) Dato' Haji Ghazali b. Mat Ariff
- c) Mah Siew Seng

Under Section 129(6) of the Companies Act, 1965

- a) Ng Choo Phuan @ Kuan Choo Phuan
- b) Dato' Law Sah Lim

2 DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2002 are as follows:-

Name of Directors	Number of Meetings Held	Number of Meetings Attended
Chee Sam Fatt	4	4
Tjin Kiat @ Tan Cheng Keat	4	4
Yeo Tek Ling	4	4
Dato' Law Sah Lim	4	4
Eu Hock Seng	4	4
Ng Choo Phuan @ Kuan Choo Phuan	4	2
Ng Choo Tim	4	4
Dato' Haji Ghazali b. Mat Ariff	4	4
Datuk Ismail bin Haji Ahmad	4	4
Mah Siew Seng	4	4

3 PLACE, DATE AND HOUR OF THE TWENTY-FIRST ANNUAL GENERAL MEETING

The Twenty-first Annual General Meeting of the Company will be held at Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Monday, 30 June 2003 at 10.30a.m.

4 DETAILS OF DIRECTORS STANDING FOR RE-ELECTIONS

The details of the directors standing for re-election at the forthcoming Twenty-first Annual General Meeting are set out on pages 6 to 8 of the Annual Report.

Corporate Information

BOARD OF DIRECTORS

Chee Sam Fatt
(Chairman)

Tjin Kiat @ Tan Cheng Keat
(Managing Director)

Yeo Tek Ling
(Finance Director)

Dato' Law Sah Lim

Eu Hock Seng

Ng Choo Phuan @ Kuan Choo Phuan

Ng Choo Tim

Dato' Haji Ghazali b. Mat Ariff

Mah Siew Seng

Datuk Ismail bin Haji Ahmad

SECRETARY

Goon Kok Keong
(MAICSA 0698849)

AUDITORS

PKF
Chartered Accountants

AUDIT COMMITTEE

Dato' Haji Ghazali b. Mat Ariff (Chairman)
- Independent Non-Executive Director

Datuk Ismail bin Haji Ahmad
- Non-Independent Non-Executive Director

Mah Siew Seng
- Independent Non-Executive Director

NOMINATION COMMITTEE

Datuk Ismail bin Haji Ahmad (Chairman)
- Non-Independent Non-Executive Director

Eu Hock Seng
- Independent Non-Executive Director

Ng Choo Phuan @ Kuan Choo Phuan
- Independent Non-Executive Director

REMUNERATION COMMITTEE

Chee Sam Fatt (Chairman)
- Non-Independent Non-Executive Director

Dato' Haji Ghazali bin Mat Ariff
- Independent Non-Executive Director

Mah Siew Seng
- Independent Non-Executive Director

REGISTERED OFFICE

23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7960 0648
Fax: 03-7957 0094

REGISTRAR & SHARE TRANSFER OFFICE

Malaysian Share Registration Services Sdn Bhd
7th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel: 03-2026 8099
Fax: 03-2026 3736

PRINCIPAL BANKER

Bumiputra-Commerce Bank Berhad

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Second Board

Directors' Profile

CHEE SAM FATT*

Singaporean

Chairman (Non-Independent Non-Executive Director)

Mr Chee Sam Fatt, aged 66 years and one of the founder directors of the Company, became a director on 31 March 1982. He was appointed as the Chairman of the Board on 28 February 2003. He is also the Chairman of the Remuneration Committee. He held directorships in several private limited companies which were involved in construction and building materials, property development, importation and installation of marble, machine joinery works and assembly and retailing of electrical goods.

Mr Chee does not have any family relationship with any director. He is the husband of Madam Lee Ng Mah @ Lee Wai Chan who is a major shareholder of the Company.

He does not have any conflict of interest with the Company and has no record of conviction for any offence within the past ten years. He is a registered holder of 9,000 ordinary shares in the Company.

TJIN KIAT @ TAN CHENG KEAT

Malaysian

Managing Director (Non-Independent Executive Director)

One of the founder director of the Company, Mr Tan Cheng Keat, aged 63 years, was appointed to the Board on 31 March 1982. He was appointed a full time Executive Director on 1 May 1986 and served as Managing Director of the Company since his appointment on 29 June 1989. His previous marketing experience included serving as Sales Manager of Advanced Electronics (M) Sdn Bhd ("AE") for thirteen years. He was appointed as a director of AE in 1980. He is in charge of the overall management of the Company's business and is responsible for spearheading its direction.

Mr Tan does not hold any other directorships in public companies and does not have any family relationship with any director and/or major shareholder of the Company.

He has not been convicted of any offence in the past ten years and has no conflict of interest with the Company. Mr. Tan presently holds 1,069,057 ordinary shares in the Company.

YEO TEK LING

Malaysian

Finance Director (Non-Independent Executive Director)

Mr Yeo, aged 44 years joined the Company in October 1985 as an Accountant and subsequently assumed the positions of Finance & Administration Manager and Corporate Planner. He was appointed to the Board on 6 January 1994 and became Finance Director in January 1996. Prior to joining the Company, he worked as Assistant Accountant at Associate Pan Malaysia Cement Sdn Bhd for three years.

He is a member of the Chartered Institute of Management Accountants (CIMA) and the Malaysian Institute of Accountants (MIA). He takes charge over the accounting, financial, taxation, corporate and administrative matters of the Company. He was instrumental in assisting the Company obtain the ISO9002 certification in year 2000. He further assists the Managing Director in management and other operational matters.

He is currently a council member of MIA, Committee Chairman of the Financial & Management Accounting Committee of MIA and a council member of CIMA, Malaysia Division.

Mr Yeo does not have any family relationship with any director and/or major shareholder of the Company. He is not a director of any other public companies.

There is no conflict of interest between him and the Company. He has not been convicted of any offence within the past ten years. He currently holds 10,817 ordinary shares in the Company.

DATO' LAW SAH LIM*

Malaysian

Director (Non-Independent Non-Executive Director)

Dato' Law Sah Lim, aged 72 years, is one of the founder directors of the Company and was appointed to the Board on 31 March 1982. He served as Chairman of the Company since his appointment to the Board and resigned on 1 January 2003. He has over 45 years of experience in various businesses such as the motor vehicle trade, food manufacturing, sales and assembly of electrical products, leasing, credit and financing.

He sits on the Board of several private limited companies and is not a director of any other public company. He does not have any family relationship with any director and/or major shareholder of the Company.

Dato' Law does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten years. He holds 373 ordinary shares of RM1.00 each in the Company.

Directors' Profile (Continued)

EU HOCK SENG

Singaporean

Director (Independent Non-Executive Director)

Mr Eu Hock Seng, aged 63 years and a founder director of the Company, was appointed a Board member on 31 March 1982. He graduated from Waseda University of Japan with a Bachelor of Science (Electronic Engineering) degree. He was Head of Manufacturing Department of Setron (S) Ltd, factory manager of East Coast Electronics Sdn Bhd in Malaysia and a director of Fukushima Construction (S) Pte Ltd. He also taught the Japanese language at the Singapore National Trade Union Co-operative.

Mr Eu also serves as a member of the Nomination Committee. He does not have any family relationship with any director and/or major shareholder of the Company and is not a director of any other public companies.

He has not been convicted of any offence within the past ten years and has no conflict of interest with the Company. He holds 9,965 ordinary shares in the Company.

NG CHOO PHUAN @ KUAN CHOO PHUAN*

Malaysian

Director (Independent Non-Executive Director)

Mr Ng Choo Phuan, aged 75 years, joined the Board on 1 July 1982. He also serves as a member of the Nomination Committee. He has more than 48 years of experience in motorcycle trading, retailing and repairing business, parts manufacturing and property development and sits on the Board of several private limited companies.

He is the cousin of Mr Ng Choo Tim and does not have any family relationship with any major shareholder. He is not a director of any other public companies.

He does not have any conflict of interest with the Company and has not been convicted of any offences in the past ten years. He currently holds 232,885 ordinary shares in the Company.

NG CHOO TIM

Malaysian

Director (Independent Non-Executive Director)

Mr Ng Choo Tim is 50 years old and was appointed to the Board on 29 June 1989. He has been a partner of Syarikat Guan Seng for many years, a company trading in electrical products and furniture.

He is the cousin of Mr Ng Choo Phuan @ Kuan Choo Phuan and does not have any family relationship with any major shareholder. He does not hold any other directorships in any other public companies.

There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten years. He holds 576,264 ordinary shares in the Company.

DATO' HAJI GHAZALI B. MAT ARIFF*

Malaysian

Director (Independent Non-Executive Director)

Dato' Haji Ghazali, aged 61 years and an Advocate & Solicitor by profession, was appointed to the Board on 23 March 1994. He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court Malaya on 27 September 1979. He set up a legal firm now known as Messrs Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm.

From 1979 to 1980 he worked as a legal assistant at Messrs Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. Prior to that he was a college trained teacher from 1962 to 1968 and a lecturer from 1968 to 1974.

He is the Chairman of the Audit Committee and also serves as a member of the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company. He is a director of Eden Enterprises (M) Bhd., a company listed on the Kuala Lumpur Stock Exchange. He also sits on the Board of several private limited companies.

He is the Vice President of Majlis Dato'-Dato' Perlis. He has not been convicted of any offence within the past ten years and has no conflict of interest with the Company. He does not hold any shares in the Company.

Directors' Profile (Continued)

DATUK ISMAIL BIN HAJI AHMAD
 Malaysian
 Director (Non-Independent Non-Executive Director)

Datuk Ismail bin Haji Ahmad, aged 66 years, a Permodalan Nasional Berhad nominee director, was appointed to the Board on 30 December 1998. He holds a Bachelor of Arts (Hons) degree from the University of Malaya, and a Master in Public Policy and Administration from the University of Wisconsin, United States of America.

Datuk Ismail bin Haji Ahmad, joined the Administrative and Diplomatic Service in 1964 and had served in the Prime Minister's Department, Ministry of Home Affairs and Ministry of Primary Industries. He was the Chief Executive Officer of the Commodities Trading Commission from 1981 to 1995. Currently, he is a non-executive director of John Hancock Life Insurance (M) Berhad and Choo Bee Metal Industries Berhad, which are listed on the Kuala Lumpur Stock Exchange. He is also the Chairman of Bank Muamalat Malaysia Berhad. He is the Chairman of the Nomination Committee and a member of the Audit Committee.

He does not have any family relationship with any director and/or major shareholder of the Company.

He has not been convicted of any offence within the past ten years, has no conflict of interest with the Company and does not hold any shares in the Company.

MAH SIEW SENG *
 Malaysian
 Director (Independent Non-Executive Director)

An Accountant by profession, Mr Mah Siew Seng, aged 49 years, was appointed to the Board on 23 March 1994. He qualified as a Certified Accountant in 1977. Prior to setting up his own practice under the name of Messrs Mah Siew Seng & Co. in Teluk Intan in late 1982, he worked in two public accounting firms for about five years. He became a partner of Messrs Lean, Oh & Associates, Petaling Jaya in early 1994. He is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Malaysian Institute of Taxation and an associate member of the Malaysian Institute of Management.

Mr Mah is a member of both the Audit Committee and the Remuneration Committee. He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold directorships in any other public companies but sits on the Board of several private limited companies.

He has not been convicted of any offence within the past ten years, has no conflict of interest with the Company and does not hold any shares in the Company.

*Directors standing for re-election.

Statement on Corporate Governance

BOARD OF DIRECTORS

The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd subscribes totally to and supports the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance and the relevant provisions in the KLSE Listing Requirements. The Board is fully aware of the dual role of leadership and control for it to be effective. It is also conscious of the need to commit itself to practising the highest standards of corporate governance in the discharge of its stewardship responsibilities, to protect the investors' interest as a whole and the Company's assets and to enhance the Company's performance and thereby increase shareholders' value.

All the directors of the Company have attended the Mandatory Accreditation Programme conducted by the KLSE which is a training programme for directors of public listed companies.

Position descriptions and a formal schedule of matters are being established to clearly define and segregate the duties and responsibilities of the Board and management.

There are no restrictions on directors in obtaining access, where necessary, to independent professional advice at the Company's expense and access to the advice and service of the Company Secretary.

Management and the Company Secretary assist the Chairman in undertaking its responsibility of organizing and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board to function effectively.

BOARD BALANCE

The Board has a balance of executive and non-executive directors with no individual director dominating decision making at Board meetings. The Board's composition is in compliance with paragraph 15.02 of the KLSE Listing Requirements which requires at least one third of the Board to comprise of independent directors.

The position and roles of the non-Executive Chairman and that of the Managing Director have been separated to ensure a balance of power and authority.

The Board does not have any significant shareholder and is of the opinion there is an appropriate number of directors which fairly reflects the investment in the Company.

The Board has a mix of directors with diverse backgrounds, skills and experience. The executive directors' knowledge of the business is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations taking into account at all times the best interest of the Company's investors as a whole.

Dato' Haji Ghazali bin Mat Ariff was appointed on 28 May 2002 as the senior independent non-executive director to whom all concerns regarding the Company may be conveyed.

SUPPLY OF INFORMATION

Management is aware of the need and endeavours to supply the Board with timely and quality information to enable it to discharge its duties effectively and efficiently.

The Board is given full access to both financial and other performance information pertaining to the Company and no restrictions have been placed upon the directors, individually or as a board, to take independent professional advice at the Company's expense.

The advice and services of the company secretary is and has always been made available to the directors. The Chairman has always received the positive support of the Company Secretary in ensuring the effective functioning of the Board.

APPOINTMENTS TO THE BOARD AND RE-ELECTION OF DIRECTORS

A Nomination Committee comprised of three non-executive directors, two of whom are independent directors had been established. The Nomination Committee is given the responsibility of proposing new nominees to the Board and board

Statement on Corporate Governance (Continued)

committees, reviewing annually the required mix of skills, experience and competencies of the non-executive directors and assessing individual director's contribution and the effectiveness of the Board as a whole.

Article 80 of the Company's Articles of Association provides that all Directors shall retire by rotation and submit themselves for re-election at least once in every three years.

The Board takes cognizance of the need to monitor and review its size to ensure that its number does not undermine its effectiveness.

BOARD AND COMMITTEE MEETINGS

At the beginning of each financial year, management prepares in advance a schedule of board and committee meetings for the entire financial year. Relevant agenda papers for each meeting are circulated at the time when notice of meetings are sent. The Board and Audit Committee meetings are held on a quarterly basis. Additional meetings are convened and held as and when deemed necessary. Attendance at meetings are detailed in the Statement Accompanying the Notice of Annual General Meeting and the Audit Committee Report.

When requested by the Board or Board Committees, additional information are promptly supplied to enable them to effectively discharge their responsibilities.

During the financial year in question, relevant members of the staff had been requested to attend the Audit Committee meetings when clarification was sought. Decisions and recommendations of the Committee are reported to the Board at the Board's next meeting by the Audit Committee Chairman.

DIRECTORS' REMUNERATION

Directors' Fees are paid on the recommendation of the Board and subject to the approval of shareholders at the Company's annual general meeting. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

The remuneration of the executive directors, namely, the Managing Director and the Finance Director are decided by the Board without the executive directors' participation in determining their own remuneration. The Board has appointed a Remuneration Committee charged with the responsibility of recommending to the Board the remuneration of the executive directors. There is awareness that the remuneration of executive directors should be structured to link rewards to corporate and individual performance and that of the non-executive directors be reflective of their expertise and responsibilities.

The details of the director's remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2002 are as follows:-

Category of Remuneration	Executive Directors (RM)	Non-Executive Directors (RM)
Salary	332,400.00	-
Fees	36,000.00	144,000.00
Bonus	105,914.00	-
Benefits-in-kind	13,900.00	-
EPF & Socso	78,070.00	-
Others	38,923.00	-
Total	605,207.00	144,000.00

Statement on Corporate Governance (Continued)

Band of Remuneration (RM)	Executive	Non-Executive
Below 50,000	-	8
50,001 to 100,000	-	-
100,001 to 150,000	-	-
150,001 to 200,000	1	-
200,001 to 250,000	-	-
250,001 to 300,000	-	-
300,001 to 350,000	-	-
350,001 to 400,000	-	-
400,001 to 450,000	1	-
450,001 to 500,000	-	-

Details of individual director's remuneration are not disclosed for reasons of confidentiality and sensitivity of such disclosures.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit, Nomination and Remuneration Committees with specific duties and responsibilities which are contained in their respective terms of reference. These committees assist the Board in the discharge of its duties by examining issues within their terms of reference and reporting back to the Board with recommendations, recognizing at all times that the Board is the ultimate platform for decision making.

(a) Audit Committee

The Audit Committee was set up on 23 March 1994 and its terms of reference established and subsequently revised to be in line with the revamped KLSE listing requirements and the Malaysian Code on Corporate Governance. Particulars of its terms of reference, composition and other relevant information and activities are detailed in the Audit Committee Report.

(b) Nomination Committee

In compliance with the recommendations of the Code, the Board has appointed two independent non-executive directors and one non-independent non-executive director to the Nomination Committee on 27 February 2002. The Nomination Committee members are:-

- (i) Datuk Ismail bin Haji Ahmad (Chairman) (Non-Independent Non-Executive Director);
- (ii) Mr Eu Hock Seng (independent non-executive director); and
- (iii) Mr Ng Choo Phuan @ Kuan Choo Phuan (independent non-executive director).

The responsibilities of the Nomination Committee are:-

- (a) to propose new nominees for the board;
- (b) to recommend to the board, candidates for all directorships to be filled by the shareholders or directors;
- (c) to consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within bounds of practicability, by any other senior executive or any director or shareholder;
- (d) to recommend to the board, directors to fill the seats on board committees;
- (e) to assess directors on an ongoing basis.
- (f) to review annually the required mix of skills, experience and other qualities, including core competencies which non-executive directors should bring to the board and submit its recommendations to the board;
- (g) to carry out a process implemented by the board on an annual basis for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.

Statement on Corporate Governance (Continued)

(c) Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 comprising two independent non-executive directors and one non-independent non-executive director. It is responsible for recommending to the board the remuneration of the executive directors in all its forms, and where necessary, draw advice from outside. The following are members of the Remuneration Committee:-

- (i) Mr Chee Sam Fatt (Chairman) (non-independent non-executive director);
- (ii) Dato' Haji Ghazali b. Mat Ariff (independent non-executive director); and
- (iii) Mr Mah Siew Seng (independent non-executive director).

ACCOUNTABILITY AND AUDIT

(a) Financial Reporting

The presentation of a balanced and understandable assessment of the Company's position and prospects is recognized by the Board as a fundamental responsibility. Towards this end, the Board is aware of its responsibility in ensuring that the Company's accounting records are properly kept in compliance with the Companies Act, 1965 and approved accounting standards and that the financial statements for the financial year are prepared to reflect a true and fair view of the state of affairs of the Company.

(b) Internal Control

The Board recognized that it has the responsibility to maintain a sound system of internal control including financial, operational and compliance controls and risk management to protect shareholders' investment and safeguard the Company's assets. It is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

PKF Management Consulting Sdn Bhd has been appointed by the Company to undertake internal audit function to ensure best practices are adopted in internal control. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This assists the Board/Audit Committee in obtaining assurance of a regular review and appraisal adequacy, integrity and effectiveness of the system of internal control.

(c) Relationship with the Auditors

The maintenance of an appropriate and transparent relationship by the Company with its external auditors is effected through the device of the Audit Committee. Notice of each Audit Committee meeting is extended to the external auditors and the latter has to date responded by attending all of the Audit Committee meetings.

RELATIONSHIP BETWEEN THE BOARD AND SHAREHOLDERS

The Board sees the importance of maintaining effective communication with its shareholders and the public in general. Shareholders are given the opportunity to ask relevant questions pertaining to the Company. All shareholders of the Company are served with annual reports/circulars and notice of meeting accordingly. Quarterly results are announced for dissemination through the KLSE. The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press..

This statement was made in accordance with a Board resolution passed on 29 May 2003.

Other Information

STATUS OF UTILISATION OF PROCEEDS

The Company did not implement any corporate proposal for the raising of funds during the financial year.

SHARE BUY-BACK

The Company did not make any share buy-back during the financial year.

OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

No options, warrants and convertible securities were exercised during the financial year.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any relevant regulatory bodies during the financial year.

NON-AUDIT FEES

There were no non-audit fees paid to the Auditors, Messrs. PKF, during the financial year.

VARIANCE IN RESULTS

There was no material variance between the Company's audited results for the financial year ended 31 December 2002 and the unaudited results previously released for the financial quarter ended 31 December 2002.

PROFIT GUARANTEE

The Company did not provide any profit guarantee and as such there is no issue of shortfall in the profit guaranteed.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year.

REVALUATION POLICY ON LANDED PROPERTIES

The Company has not revalued its landed property and as such does not have a revaluation policy on its landed property.

It is the general policy of the Company to revalue its landed properties once every five years or at such shorter period as may be considered appropriate taking into account prevailing economic conditions, industry outlook and the advice of professional valuers.

RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

There were no recurrent related party transactions of a revenue or trading nature which require shareholders' mandate during the financial year.

This statement was made in accordance with a Board resolution passed on 29 May 20023

Statement on Internal Control

INTRODUCTION

Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements requires the Board of Directors of public listed companies to include in its annual report a "statement about the state of internal control of the listed issuer as a group". The Board is committed to maintaining a sound system of internal control in the group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the group during the year.

For the purpose of this statement, the group includes the Company and its subsidiary.

BOARD RESPONSIBILITY

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board acknowledges its overall responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. In view of the limitations that are inherent in any system of internal control, the system as such is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers control ranging from risk management, financial, operational and compliance controls.

RISK MANAGEMENT

Risk management is regarded by the Board as an integral part of the business operations. The Board further views compliance to ISO standards as an on-going commitment and regular upgrading and monitoring are carried out by management. Management is responsible for creating a risk-aware culture within the organisation. They also have the responsibility of identifying and evaluating risks faced by the Company for the Board's consideration, installing appropriate internal control system and ensuring compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

During the period under review, briefing on risk management was held for the senior employees to raise the level of awareness and knowledge of risk management so as to enhance their understanding of the risks which potentially may affect the business operations.

INTERNAL AUDIT FUNCTION

During the financial year, the Group has outsourced its internal audit function to PKF Management Consulting Sdn. Bhd. This provides the Board with the assistance it requires in indentifying principal risks and the implementation of appropriate systems to manage these risks and in reviewing the adequacy and integrity of the Company's system of internal control. The internal audit function also assists the Audit Committee in discharging its duties and responsibilities.

Internal audits are being undertaken by PKF Management Consulting Sdn. Bhd. with effect from the financial year ended 31 December 2002 under a 3-year internal audit plan to provide independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business processes. The internal audit function reviews regularly the internal controls in the key functional areas of the business operations based on the 3-year internal audit plan, which has been approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations.

The internal audit findings were reported directly to the Audit Committee on a quarterly basis, and by extension to the Board of Directors. The management is responsible for ensuring that corrective actions on reported weaknesses as recommended by the internal audit function are carried out within the agreed time frame.

Statement on Internal Control (Continued)

OTHER KEY ELEMENTS OF INTERNAL CONTROL

Apart from risk management, the Board has put in place the following key elements of internal control:

- Independence of the Audit Committee.
- Defined delegation of responsibilities and authorities to the Board Committees.
- Proper organisational structure and job specification for employees.
- Communication of quality policy and objectives to employees.
- Proper process of the annual profit forecast approved by the Board.
- Regular reviews of management's financial and progress reports by the Board.
- Holding of ad-hoc meetings regularly at management and operational levels to identify, discuss and resolve business and operational issues.
- Continuous training and development for staff to enhance and improve employees' competencies and proficiencies through a combination of on-the-job training and internal and external training courses.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Board continues to monitor and ensure that appropriate measures are undertaken to strengthen the control environment.

This statement was approved by the Board on 29 May 2003

Directors' Responsibility Statement

The Board of Directors is required under paragraph 15.27 (a) of the Listing Requirements of the Kuala Lumpur Stock Exchange to issue a statement explaining its responsibility for preparing the annual audited financial statement.

The Directors of the Company are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year end.

The directors have, through the Statement by Directors on page 23 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2002.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness.

The directors are further responsible for causing to be kept such accounting and other records that will explain sufficiently the transactions and financial position of the Company and enable true and fair financial statements to be prepared.

This statement was approved by the Board on 29 May 2003.

Audit Committee Report

The Board is pleased to submit its report on the Audit Committee and its activities during the financial year ended 31 December 2002 in compliance with paragraph 15.16 of the KLSE Listing Requirements.

COMPOSITION, MEETINGS AND ATTENDANCE

The composition of the Audit Committee, the number of meetings held during the financial year and particulars of attendance are as follows:-

Name	Designation	Number of Applicable Meetings	Attendance
Dato' Haji Ghazali b. Mat Ariff	Chairman - Independent Non-Executive	4	4
Mah Siew Seng	Member - Independent Non-Executive	4	4
Datuk Ismail bin Haji Ahmad	Member - Non-Independent Non-Executive	4	4

TERMS OF REFERENCE

A. Composition

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of not less than three members.
2. A majority of the Audit Committee shall be independent directors.
3. At least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years' working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967.
4. An alternate director shall not be appointed as a member of the Audit Committee.

B. Chairman

1. The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent director.

C. Meetings

1. Audit Committee meetings shall be held not less than four times a year.
2. A quorum for the meeting shall be a majority of independent directors.
3. Besides the Finance Director and representatives of the internal and external auditors who shall normally attend the Audit Committee meetings, other directors and employees may attend the meeting only at the invitation of the Audit Committee.
4. At least once a year the Audit Committee shall meet with the external auditors without the presence of any executive board members.
5. The Chairman shall convene a committee meeting upon receipt of a request from the external auditor to consider any matter which the external auditor believes should be brought to the attention of the directors and shareholders.

Audit Committee Report (Continued)

6. The Company Secretary shall be the Secretary of the Audit Committee.
7. The minutes of each meeting shall be distributed to the members of the Board.

D. Retirement and Resignation

1. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.10(1) of the Listing Requirements shall be filled within three months.

E. Duties of the Audit Committee

1. To review the following and report the same to the Board of Directors:-
 - (a) with the external auditor, the nature and scope of the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the company to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - any changes in accounting policies and practices;
 - significant adjustments and unusual events arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements.
 - (h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.
3. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).
4. To review the external auditor's management letter and management's response.
5. To do the following where an in-house internal audit function exists:-
 - (a) review any appraisal or assessment of the performance of members of the internal audit function;
 - (b) approve any appointment or termination of senior staff members of the internal audit function;
 - (c) inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
6. To consider the major findings of internal investigations and management's response.
7. To consider any other topics as defined by the board.

Audit Committee Report (Continued)

F. Rights and Authority of the Audit Committee

The Audit Committee shall, wherever necessary and reasonable for the performance of its duties and in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the company.
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

G. Review of the Audit Committee

1. The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once in every three years.

H. Reporting of Breaches to the Exchange

1. Where the Audit Committee finds that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Kuala Lumpur Stock Exchange Listing Requirements, the Audit Committee shall promptly report the matter to the Exchange.

SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year ended 31 December 2002, the Audit Committee carried out the following activities:-

- (a) reviewed the preceding year end financial statements, the external auditors' report and discussed the audit fees;
- (b) reviewed the draft quarterly results and announcements for presentation to the Board for approval and release to the Kuala Lumpur Stock Exchange;
- (c) met with representatives of PKF Management Consulting Sdn Bhd, discussed and finalised their proposals on the provision of internal audit services. It also reviewed and recommended for approval by the Board a 3-year internal audit plan.
- (d) reviewed the scope of work and the audit plan of the external auditors.
- (e) reviewed the external auditor's management letter and management's response.

SUMMARY OF INTERNAL AUDIT FUNCTION'S ACTIVITIES

During the financial year, the Company has outsourced its internal audit function to PKF Management Consulting Sdn. Bhd. to ensure best practices are adopted in internal control. It has drawn up a 3-year internal audit plan by adopting a risk-based approach to provide independent assessment on the adequacy, efficiency and effectiveness of the Company's internal control system in anticipating potential risk exposures over key business processes. The internal audit function reports directly to the Audit Committee.

This statement was made in accordance with a Board resolution passed on 29 May 2003.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Advanced Packaging Technology (M) Bhd Group for the financial year ended 31 December 2002.

OVERVIEW

Despite the generally adverse and volatile business and economic environment in Malaysia for the year under review, Advanced Packaging Technology (M) Bhd Group was able to achieve an improved set of results for revenue and profit. The business conditions during the year continued to be competitive particularly in the second half-year due largely to the weak economic environment.

However, with the continued growth of the Malaysian economy, improvement in the standards of living and higher disposable income of the consumers, the future of the flexible packaging materials industry is still encouraging.

FINANCIAL PERFORMANCE

The Group achieved a turnover of RM22.38 million for the year ended 31 December 2002 which was 11.39% higher when compared to the preceding year figures of RM20.09 million. Net profit before tax for the year under review improved by 30.98% or RM0.92 million to RM3.90 million from RM2.98 million in year 2001. Higher turnover and lower cost of sales are the main reasons which contributed to the increase in the net profit for the year.

PROSPECTS

With the continued growth of the Malaysian economy and barring unforeseen circumstances, the Board expects the Group to achieve satisfactory results for the current financial year.

DIVIDEND

Your Board of Directors has recommended a tax exempt final dividend of 4.95 sen per share (2001: 4.95 sen per share tax exempt) for the financial year ended 31 December 2002. The proposed dividend is subject to the approval of the shareholders at the Annual General

Meeting to be held on 30 June 2003. No interim dividend was paid during the year (2001: nil).

DIRECTORATE

During the period under review, Dato' Law Sah Lim resigned as Chairman of the Board on 1 January 2003 but he remains a Director of the Company. The Board wishes to put on record its appreciation to Dato' Law Sah Lim for his invaluable contribution to the Group during his tenure as Chairman.

CORPORATE DEVELOPMENT

The Company has on 23 August 2002 incorporated a wholly-owned subsidiary company in Hong Kong by the name of Advanced Packaging Investments (H.K.) Limited (APIL) as an investment holding company. The Company through its subsidiary, APIL had on 02 December 2002, entered into a joint venture contract with Wafangdian Laohu Cement Company Ltd., a company incorporated in the People's Republic of China (PRC), to build a new clinker plant in the PRC. APIL holds a 25% equity interest in the joint venture company.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to extend our sincere thanks and appreciation to the management and staff for their hard work, dedication and commitment. I would also like to thank all our valuable customers, bankers, government authorities, business associates and shareholders for their continued support.

Chee Sam Fatt
Chairman

29 May, 2003

Director's Report

The directors have pleasure in submitting their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

There have been no significant changes in the nature of these activities of the Company during the financial year except that during the financial year the Group is now also involved in investment holding as a result of the acquisition of Advanced Packaging Investments (HK) Ltd.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit after tax	2,713,491	2,819,422

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

DIVIDEND

Since the end of the previous financial year, the Company has made full payment of the tax exempt dividend proposed in the previous financial year of RM902,187.

For the financial year ended 31 December 2002, the directors recommend a tax exempt dividend of 4.95 sen amounting to RM902,187 subject to the approval of members at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any shares and debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Director's Report (Continued)

DIRECTORS

The directors of the Company in office since the date of the last report are:

Chee Sam Fatt
 Tjin Kiat @ Tan Cheng Keat
 Yeo Tek Ling
 Dato' Law Sah Lim
 Eu Hock Seng
 Ng Choo Phuan @ Kuan Choo Phuan
 Ng Choo Tim
 Dato' Haji Ghazali b. Mat Ariff
 Mah Siew Seng
 Datuk Ismail bin Haji Ahmad

DIRECTORS' INTEREST IN SHARES

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept under Section 134 of the Companies Act, 1965, are as follows:

	NUMBER OF ORDINARY SHARES OF RM1 EACH			Balance as at 31.12.2002
	Balance as at 1.1.2002	Bought	Sold	
Shareholdings registered in the name of directors:				
Dato' Law Sah Lim	29,373	-	(29,000)	373
Tjin Kiat @ Tan Cheng Keat	1,180,057	-	-	1,180,057
Yeo Tek Ling	10,817	-	-	10,817
Chee Sam Fatt	9,000	-	-	9,000
Eu Hock Seng	59,965	-	(50,000)	9,965
Ng Choo Phuan @ Kuan Choo Phuan	232,885	-	-	232,885
Ng Choo Tim	576,264	-	-	576,264

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by a director as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

There were no arrangements during or at the end of the financial year, which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were made out, the directors took reasonable steps:

- to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

Director's Report (Continued)

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

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent;
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; and
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and the Company for the financial year in which this report is made other than the prior year adjustment as disclosed in Note 21 to the financial statements; and
- (b) no charge has arisen on the assets of the Group and the Company which secures the liability of any other person nor have any contingent liabilities arisen in the Group and the Company.

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

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

A U D I T O R S

The auditors, Messrs PKF (formerly known as Pannell Kerr Forster), have indicated their willingness to continue in office.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur
28 April 2003

Statement by Directors

The directors of **ADVANCED PACKAGING TECHNOLOGY (M) BHD** state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2002 and of the results and the cash flows of the Group and the Company for the year ended on that date.

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

TJIN KIAT @ TAN CHENG KEAT

NG CHOO TIM

Kuala Lumpur
28 April 2003

Statutory Declaration

We, TJIN KIAT @ TAN CHENG KEAT and YEO TEK LING, being the directors primarily responsible for the financial management of **ADVANCED PACKAGING TECHNOLOGY (M) BHD**, do solemnly and sincerely declare that to the best of our knowledge and belief, the accompanying financial statements are correct, and we 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 **TJIN KIAT @ TAN CHENG KEAT**)
and **YEO TEK LING** at Kuala Lumpur in)
Wilayah Persekutuan on 28 April 2003)

TJIN KIAT @ TAN CHENG KEAT

YEO TEK LING

Before me,

V. Ramakrishnan, AMN
COMMISSIONER FOR OATHS
(W - 336)

Report of The Auditors to The Members

We have audited the accompanying financial statements of **ADVANCED PACKAGING TECHNOLOGY (M) BHD**. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on the 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 all the information and explanations, which we consider necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of 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 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 the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and the Company as at 31 December 2002 and of the results and the cash flows of the Group and the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 11 to the financial statements.

We are satisfied that the financial statements of the subsidiary 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 as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PKF
AF 0911
CHARTERED ACCOUNTANTS

Kuala Lumpur
28 April 2003

ANTHONY JOSEPH SKELCHY
251/03/05 (J/PH)
PARTNER

Balance Sheets as at 31 December 2002

	Note	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
ASSETS				
Property, plant and equipment	10	10,122,223	10,122,223	11,074,366
Investment in subsidiary	11	-	4,921	-
CURRENT ASSETS				
Inventories	12	4,623,089	4,623,089	3,605,587
Trade receivables	13	5,253,879	5,253,879	5,589,528
Amount due from a subsidiary	14	-	467,194	-
Other receivables, deposits and prepayments	15	891,439	528,221	1,416,653
Fixed deposits with licensed banks		29,500,000	29,500,000	24,500,000
Cash and bank balances		450,868	450,868	1,535,074
		40,719,275	40,823,251	36,646,842
CURRENT LIABILITIES				
Trade payables		2,234,960	2,234,960	1,117,851
Amount due to directors	16	180,000	180,000	198,000
Other payables and accruals		957,524	952,095	927,463
Tax payable		194,688	194,688	-
		3,567,172	3,561,743	2,243,314
NET CURRENT ASSETS				
		37,152,103	37,261,508	34,403,528
LONG TERM AND DEFERRED LIABILITIES				
Deferred taxation	17	1,310,000	1,310,000	1,361,000
Provision for staff gratuity	18	388,844	388,844	344,321
		(1,698,844)	(1,698,844)	(1,705,321)
		45,575,482	45,689,808	43,772,573
Represented by:				
Share capital	19	18,226,000	18,226,000	18,226,000
Reserves	20	27,349,482	27,463,808	25,546,573
SHAREHOLDERS' FUND				
		45,575,482	45,689,808	43,772,573

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity for the year ended 31 December 2002

	Share capital RM	Translation reserve RM	Retained profits RM	Total RM
GROUP				
At 1 January 2001				
- as previously reported	18,226,000	-	23,066,226	41,292,226
- prior year adjustment (Note 21)	-	-	902,187	902,187
- as restated	18,226,000	-	23,968,413	42,194,413
Net profit for the year	-	-	2,480,347	2,480,347
Dividends (Note 9)	-	-	(902,187)	(902,187)
At 31 December 2001	18,226,000	-	25,546,573	43,772,573
Currency translation differences	-	(8,395)	-	(8,395)
Net profit for the period	-	-	2,713,491	2,713,491
Dividends (Note 9)	-	-	(902,187)	(902,187)
At 31 December 2002	18,226,000	(8,395)	27,357,877	45,575,482

	Share capital RM	Retained profits RM	Total RM
COMPANY			
At 1 January 2001			
- as previously reported	18,226,000	23,066,226	41,292,226
- prior year adjustment (Note 21)	-	902,187	902,187
- as restated	18,226,000	23,968,413	42,194,413
Net profit for the year	-	2,480,347	2,480,347
Dividends (Note 9)	-	(902,187)	(902,187)
At 31 December 2001	18,226,000	25,546,573	43,772,573
Net profit for the year	-	2,819,422	2,819,422
Dividends (Note 9)	-	(902,187)	(902,187)
At 31 December 2002	18,226,000	27,463,808	45,689,808

The accompanying notes form an integral part of the financial statements.

Income Statements for the year ended 31 December 2002

	Note	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Revenue	4	22,381,699	22,381,699	20,098,138
Other operating income		1,459,166	1,459,166	1,413,262
Changes in inventories of finished goods and work-in-progress		233,263	233,263	(327,367)
Raw materials used		(13,175,063)	(13,175,063)	(11,741,080)
Staff costs	5	(3,051,900)	(3,021,900)	(2,927,217)
Depreciation		(1,232,374)	(1,232,374)	(1,277,788)
Other operating expenses		(2,698,573)	(2,622,642)	(2,240,276)
PROFIT FROM OPERATIONS		3,916,218	4,022,149	2,997,672
Finance cost		(19,526)	(19,526)	(22,654)
PROFIT BEFORE TAX	6	3,896,692	4,002,623	2,975,018
Income tax expense	7	(1,183,201)	(1,183,201)	(494,671)
NET PROFIT FOR THE YEAR		2,713,491	2,819,422	2,480,347
Basic earnings per share (sen)	8	14.89	15.47	13.61
Dividends per share (sen)	9	4.95	4.95	4.95

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements for the year ended 31 December 2002

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
CASH FLOWS FROM / (USED IN)			
OPERATING ACTIVITIES			
Profit before tax	3,896,692	4,002,623	2,975,018
Adjustments for:			
Bad debts written off	60,243	60,243	15,916
Depreciation	1,232,374	1,232,374	1,277,788
Exchange fluctuation adjustment	(8,395)	-	-
Gain on disposal of plant and equipment	(1,644)	(1,644)	(43,866)
Interest income	(1,164,072)	(1,164,072)	(1,066,236)
Inventories written off	187,258	187,258	89,812
Plant and equipment written off	674	674	31,572
Provision for doubtful debts - net	(62,065)	(62,065)	(185,556)
Provision for staff gratuity	53,220	53,220	48,429
Unrealised loss/(gain) on foreign exchange - net	(5,774)	(5,774)	6,692
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	4,188,511	4,302,837	3,149,569
(Increase)/Decrease in inventories	(1,204,760)	(1,204,760)	1,913,692
Increase in trade and other receivables	(143,386)	(247,362)	(509,336)
Increase/(Decrease) in trade and other payables	1,128,075	1,122,646	(1,176,220)
CASH GENERATED FROM OPERATIONS	3,968,440	3,973,361	3,377,705
Income tax paid	(26,573)	(26,573)	(899,184)
Staff gratuity paid	(8,697)	(8,697)	(7,488)
NET CASH FROM OPERATING ACTIVITIES	3,933,170	3,938,091	2,471,033
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received	1,164,072	1,164,072	1,066,236
Acquisition of subsidiary, net of cash acquired	-	(4,921)	-
Proceeds from disposal of plant and equipment	1,650	1,650	47,000
Purchase of property, plant and equipment	(280,911)	(280,911)	(179,357)
Net cash from investing activities	884,811	879,890	933,879

The accompanying notes form an integral part of the financial statements.

Cash Flow Statements for the year ended 31 December 2002 (continued)

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Dividend paid	(902,187)	(902,187)	(902,187)
Repayment of short-term borrowings	-	-	(448,535)
NET CASH USED IN FINANCING ACTIVITIES	(902,187)	(902,187)	(1,350,722)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,915,794	3,915,794	2,054,190
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26,035,074	26,035,074	23,980,884
CASH AND CASH EQUIVALENTS AT END OF YEAR	29,950,868	29,950,868	26,035,074
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances	450,868	450,868	1,535,074
Fixed deposits with licensed banks	29,500,000	29,500,000	24,500,000
	29,950,868	29,950,868	26,035,074

Analysis of acquisition of subsidiary:

During the financial period, the Group acquired Advanced Packaging Investments (HK) Ltd, a company newly incorporated by the Group. Hence, there are no assets acquired and liabilities assumed at the date of acquisition.

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements 31 December 2002

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

There have been no significant changes in the nature of these activities during the financial year except that during the financial period the Group is now also involved in investment holding as a result of the acquisition of Advanced Packaging Investments (HK) Ltd.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board ("MASB").

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of the Group and the Company have been prepared under the historical cost convention and any other bases described in the significant accounting policies as summarised below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary listed under Note 11 made up to the end of the financial year. The financial statements of subsidiary are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiary is consolidated using the acquisition method of accounting.

All significant inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary has been changed to ensure consistency with the policies adopted by the Group.

Revenue and income recognition

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement upon delivery of goods and customer's acceptance.

Interest income is recognised as it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

Foreign currencies

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. All foreign exchange differences are taken up in the income statement.

Financial statements of foreign consolidated subsidiary are translated at year end exchange rates with respect to the balance sheet and at exchange rates at the dates of the transactions with respect to income statement. All resulting translation differences are taken to reserve.

Notes to the Financial Statements 31 December 2002 (Continued)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

	2002 RM	2001 RM
US Dollar	3.7750	3.7750
Brunei Dollar	2.1700	2.0330
Singapore Dollar	2.1700	2.0330
Thai Baht	0.0857	-

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Leasehold land is amortised over the initial leased period of 99 years expiring in 2086.

Depreciation on all other property, plant and equipment is calculated on a straight line basis at the following annual rates based on their estimated useful lives:

Building	2% - 10%
Plant, machinery and tools	7 1/2% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Investment in subsidiary

Subsidiary is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to derive benefits from its activities.

The Company's investment in subsidiary is stated at cost less provision for any permanent diminution in value, if any. A provision is made when the directors are of the opinion that a permanent diminution in value of an investment has occurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Costs of raw materials and consumables comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition. Costs of work-in-progress and finished goods comprise the cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Receivables

Bad debts are written off while provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provision for staff gratuity

The Company has a staff gratuity scheme for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements taking into consideration the length of service and basic salary earnings of eligible employees.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences except where it is considered reasonably probable that the timing differences will continue in the foreseeable future.

Deferred tax benefits are recognised only when there is reasonable assurance of their realisation.

Cash flow statements

The Group and the Company adopt the indirect method for the preparation of cash flow statements.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

4. REVENUE

Revenue represents invoiced value of goods supplied less discounts and returns.

5. STAFF COSTS

Staff costs include salaries, wages, bonus and allowances, statutory contributions for employees and other employee related expenses.

Notes to the Financial Statements 31 December 2002 (Continued)

6. PROFIT BEFORE TAX

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Profit before tax is arrived at after charging / (crediting):			
Auditors' remuneration			
- current year	31,679	26,250	18,000
- under provision in prior year	900	900	-
Bad debts written off	60,243	60,243	15,916
Depreciation	1,232,374	1,232,374	1,277,788
Directors' remuneration			
- fees			
- executive	36,000	36,000	36,000
- non-executive	144,000	144,000	162,000
- others			
- directors of the Company	537,307	537,307	517,539
- director of a subsidiary	30,000	-	-
Estimated cash value of benefits-in-kind for executive directors	31,900	31,900	17,650
Inventories written off	187,258	187,258	89,812
Loss on foreign exchange			
- realised	-	-	13,864
- unrealised	-	-	6,692
Plant and equipment written off	674	674	31,572
Provision for doubtful debts			
- current year's provision	109,146	109,146	73,723
- provision no longer required	(171,211)	(171,211)	(259,279)
Provision for staff gratuity	53,220	53,220	48,429
Gain on disposal of plant and equipment	(1,644)	(1,644)	(43,866)
Gain on foreign exchange			
- realised	(7,760)	(7,760)	-
- unrealised	(5,774)	(5,774)	-
Interest income	(1,164,072)	(1,164,072)	(1,066,236)
	-----	-----	-----

7. INCOME TAX EXPENSE

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Estimated income tax payable			
- current year	1,234,000	1,234,000	711,000
- under/(over) provision in prior years	201	201	(28,329)
Deferred tax (Note 17)			
- over provision in prior year	(51,000)	(51,000)	(188,000)
	-----	-----	-----
	1,183,201	1,183,201	494,671
	-----	-----	-----

The effective rate of taxation for 2002 is higher than the statutory rate applicable to the Group's and the Company's profit as certain expenses have been disallowed for tax purposes.

The effective rate of taxation for 2001 is lower than the statutory rate applicable to the Company's profit due to reinvestment allowances claimed.

Notes to the Financial Statements 31 December 2002 (Continued)

8. EARNINGS PER ORDINARY SHARE

Basic earnings per share of the Group and the Company is based on the net profit attributable to ordinary shareholders of RM2,713,491 and RM2,819,422 (2001: RM2,480,347) respectively and the issued share capital of 18,226,000 (2001: 18,226,000) ordinary shares.

9. DIVIDENDS

	2002 RM	2001 RM
Proposed final tax exempt dividend of 4.95% (2001: Final tax exempt dividend of 4.95%)	902,187	902,187

For the financial year ended 31 December 2002, the directors recommend a final tax exempt dividend of 4.95 sen amounting to RM902,187. These dividends are not recognised as a liability at the balance sheet date and will be accounted for as an appropriation of retained profits in the financial year ending 31 December 2003 when approved by members at the forthcoming Annual General Meeting.

10. PROPERTY, PLANT AND EQUIPMENT

	Long-term leasehold land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
GROUP						
Cost						
At beginning of year	739,000	4,095,109	16,387,243	425,262	810,569	22,457,183
Additions	-	54,770	90,523	135,618	-	280,911
Disposals	-	-	(4,002)	(78,318)	-	(82,320)
At end of year	739,000	4,149,879	16,473,764	482,562	810,569	22,655,774
Accumulated depreciation						
At beginning of year	123,845	1,142,154	9,059,248	332,469	725,101	11,382,817
Charge for the year	7,390	84,682	1,071,083	33,296	35,923	1,232,374
Disposals	-	-	(3,631)	(78,009)	-	(81,640)
At end of year	131,235	1,226,836	10,126,700	287,756	761,024	12,533,551
Net book value						
At 31 December 2002	607,765	2,923,043	6,347,064	194,806	49,545	10,122,223

Notes to the Financial Statements 31 December 2002 (Continued)

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long-term leasehold land RM	Building RM	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
COMPANY						
Cost						
At beginning of year	739,000	4,095,109	16,387,243	425,262	810,569	22,457,183
Additions	-	54,770	90,523	135,618	-	280,911
Disposals	-	-	(4,002)	(78,318)	-	(82,320)
At end of year	739,000	4,149,879	16,473,764	482,562	810,569	22,655,774
Accumulated depreciation						
At beginning of year	123,845	1,142,154	9,059,248	332,469	725,101	11,382,817
Charge for the year	7,390	84,682	1,071,083	33,296	35,923	1,232,374
Disposals	-	-	(3,631)	(78,009)	-	(81,640)
At end of year	131,235	1,226,836	10,126,700	287,756	761,024	12,533,551
Net book value						
At 31 December 2002	607,765	2,923,043	6,347,064	194,806	49,545	10,122,223
At 31 December 2001	615,155	2,952,955	7,327,995	92,793	85,468	11,074,366
Depreciation charge for the year ended 31 December 2001	7,390	82,851	1,114,792	31,516	41,239	1,277,788

11. INVESTMENT IN SUBSIDIARY

	COMPANY	
	2002 RM	2001 RM
Unquoted shares at cost	4,921	-

The details of the subsidiary are as follows:

Name of company	Place of incorporation	Percentage of equity held		Principal Activity
		2002	2001	
Advanced Packaging Investments (HK) Ltd	Hong Kong	100%	-	Investment holding company

The subsidiary is not audited by PKF Malaysia.

Notes to the Financial Statements 31 December 2002 (Continued)

12. INVENTORIES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Raw materials	3,671,717	3,671,717	2,822,102
Work-in-progress	302,700	302,700	167,896
Finished goods	394,588	394,588	296,129
Consumables	254,084	254,084	319,460
	<u>4,623,089</u>	<u>4,623,089</u>	<u>3,605,587</u>
Inventories at cost	4,623,089	4,623,089	3,605,587
	<u>4,623,089</u>	<u>4,623,089</u>	<u>3,605,587</u>
Inventories carried at net realisable value	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

13. TRADE RECEIVABLES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Amount outstanding	6,260,448	6,260,448	6,658,163
Less: Provision for doubtful debts			
- Specific	256,569	256,569	318,635
- General	750,000	750,000	750,000
	<u>(1,006,569)</u>	<u>(1,006,569)</u>	<u>(1,068,635)</u>
	<u>5,253,879</u>	<u>5,253,879</u>	<u>5,589,528</u>
	<u>5,253,879</u>	<u>5,253,879</u>	<u>5,589,528</u>

14. AMOUNT DUE FROM A SUBSIDIARY

The amount represents unsecured interest free advances with no fixed terms of repayment.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included under other receivables, deposits and prepayments of the Company is tax advance payment of RM Nil (2001: RM1,012,940).

16. AMOUNT DUE TO DIRECTORS

This represents directors' fees payable.

Notes to the Financial Statements 31 December 2002 (Continued)

17. DEFERRED TAXATION

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
At beginning of year	1,361,000	1,361,000	1,549,000
Transferred to income statement (Note 7) - over provision in prior years	(51,000)	(51,000)	(188,000)
At end of year	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,361,000</u>

The deferred taxation represents the excess of tax capital allowance claimed over the related depreciation of property, plant and equipment.

18. PROVISION FOR STAFF GRATUITY

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
At beginning of year	344,321	344,321	303,380
Current year's provision	53,220	53,220	48,429
	<u>397,541</u>	<u>397,541</u>	<u>351,809</u>
Less: Amount paid during the year	(8,697)	(8,697)	(7,488)
At end of year	<u>388,844</u>	<u>388,844</u>	<u>344,321</u>

19. SHARE CAPITAL

	2002 RM	2001 RM
Authorised: 25,000,000 ordinary shares of RM1 each	25,000,000	25,000,000
Issued and fully paid: 18,226,000 ordinary shares of RM1 each	<u>18,226,000</u>	<u>18,226,000</u>

Notes to the Financial Statements 31 December 2002 (Continued)

20. RESERVES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Distributable:			
Retained profits	27,357,877	27,463,808	25,546,573
Non-distributable:			
Currency translation reserve	(8,395)	-	-
	27,349,482	27,463,808	25,546,573

Based on the estimated tax credits and exempt income available, and the prevailing tax rates applicable to dividend, all of the retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

Subject to the agreement by the tax authorities, the Company has tax exempt income account of approximately RM8,523,700 (2001: RM9,419,000) available for distribution as tax exempt dividend.

21. PRIOR YEAR ADJUSTMENT

During the year, the Company changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standards 19 "Events After the Balance Sheet Date" and MASB Standard 20 "Provisions, Contingent Liabilities and Contingent Assets". This change in policy has effect on the accounting treatment for proposed dividend.

In previous year, final tax exempt dividends of 4.95% were accrued as liabilities when proposed by directors. The Company has now changed this accounting policy to recognise final tax exempt dividends in shareholders equity in the period in which the obligation to pay is established in accordance with MASB Standard 19.

This change in accounting policy has been accounted for retrospectively.

The effects of the change for the new accounting policy on the Company's financial statements are as follows:

	As previously reported RM	Effect of change in policy RM	As restated RM
At January 2001			
- retained profits	23,066,226	902,187	23,968,413
	23,066,226	902,187	23,968,413

22. SEGMENTAL INFORMATION

No segmental information is presented as the Company is involved in a single line product.

Notes to the Financial Statements 31 December 2002 (Continued)

23. CAPITAL COMMITMENT

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Capital expenditure in respect of investment in joint venture not provided for in the financial statements is as follows:			
Authorised and contracted for	10,329,630	-	-

The Company's subsidiary has entered into a joint venture contract with Wafangdian Laohu Cement Company Ltd ("WLCC"), a company incorporated in the People's Republic of China ("PRC"), on 2 December 2002, to build a new cement clinker plant in PRC. This joint venture comprises the investment of approximately RM10.33 million via the Company's subsidiary, which represents 25% equity interest in the joint venture company, Dalian Advanced Cement Company Ltd ("DACCL"), whom will construct and own the proposed new plant located in Liaoning Province in the PRC.

DACCL was incorporated subsequent to the financial year end.

24. COMPARATIVE FIGURE

No comparative figure is available for the Group as this is the first set of Group financial statements.

25. GENERAL INFORMATION

The total number of employees, inclusive of executive directors, of the Group and the Company as at the end of the financial year are 128 and 127 (2001: 123) respectively.

The registered office of the Company is located at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the subsidiary is located at 7th Floor Shum Tower, 268 Des Voeux Road, Central, Hong Kong.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

List of Properties as at 31 December 2002

Location/Address	Description/ Existing Use	Land/ (Built-up) Area Sq. m	Tenure	Age of Building	Net Book Value RM
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold Expiring on 29 September 2086	19 years old	3,530,808
Address: Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan					

Analysis of Shareholdings as at 30 April 2003

SHAREHOLDERS

The company had 1,202 shareholders as at 30 April 2003. There is only one class of share, namely ordinary share of RM1.00 each. Each share entitles the holder to one vote.

ANALYSIS BY SIZE OF SHAREHOLDINGS As at 30 April 2003

Size of Shareholdings	No of Shareholders	Total Shareholdings	%
Less than 100	1	40	0.00
100 - 1,000	589	583,468	3.20
1,001 - 10,000	518	1,897,966	10.41
10,001 - 100,000	59	1,539,106	8.44
100,001 to less than 5%	32	10,756,212	59.02
5% and above	3	3,449,208	18.93
Total	1,202	18,226,000	100.00

SUBSTANTIAL SHAREHOLDERS As at 30 April 2003

No.	Name of Shareholders	No. of Shares	%
1.	Amanah Raya Nominees (T) Sdn Bhd (A/C for Skim Amanah Saham Bumiputera)	1,321,000	7.25
2.	Tjin Kiat @ Tan Cheng Keat	1,069,057	5.87
3.	Lee Ng Mah @ Lee Wai Chan	1,059,151	5.81

DIRECTORS' SHAREHOLDINGS As at 30 April 2003

No.	Name of Directors	No. of Shares	%
1.	Chee Sam Fatt	9,000	0.05
2.	Tjin Kiat @ Tan Cheng Keat	1,069,057	5.87
3.	Yeo Tek Ling	10,817	0.06
4.	Dato' Law Sah Lim	373	0.00
5.	Eu Hock Seng	9,965	0.05
6.	Ng Choo Phuan @ Kuan Choo Phuan	232,885	1.28
7.	Ng Choo Tim	576,264	3.16
8.	Dato' Haji Ghazali B. Mat Ariff	0	0.00
9.	Mah Siew Seng	0	0.00
10.	Datuk Ismail Bin Haji Ahmad	0	0.00

Analysis of Shareholdings as at 30 April 2003 (Continued)

THIRTY (30) LARGEST SHAREHOLDERS As at 30 April 2003

No.	Name of Shareholders	No. of Shares	%
1.	Amanah Raya Nominees (T) Sdn Bhd (A/C for Skim Amanah Saham Bumiputera)	1,321,000	7.25
2.	Tjin Kiat @ Tan Cheng Keat	1,069,057	5.87
3.	Lee Ng Mah @ Lee Wai Chan	1,059,151	5.81
4.	Chee Chin Tsai	906,415	4.97
5.	Siow Chung Peng	897,000	4.92
6.	Chee Chin Hung	859,105	4.71
7.	Gim Bee Holdings Sdn Bhd (in Members' Voluntary Liquidation)	772,110	4.24
8.	Ng Choo Tim	576,264	3.16
9.	Lee Kim Mua @ Lim Kim Moi	480,582	2.64
10.	Cartaban Nominees (Asing) Sdn Bhd (A/C for Osterreichische Volksbanken AG)	452,000	2.48
11.	Teoh Ee Yeong @ Teoh Keat Siang	431,000	2.36
12.	Jenny Siew	424,000	2.33
13.	Ng Chow Yok	410,464	2.25
14.	Liew Say Fah	400,000	2.19
15.	Eu Chin Fen	386,866	2.12
16.	Law Mong Yong	341,597	1.87
17.	Ng Soh Hin	316,000	1.73
18.	Tan Wooi Bee @ Nur Huda Tan	310,825	1.71
19.	Law Geok King	254,003	1.39
20.	Law Geok Beng	249,003	1.37
21.	Law Ling Ling	241,189	1.32
22.	Law Geok Eng	234,003	1.28
23.	Ng Choo Phuan @ Kuan Choo Phuan	232,885	1.28
24.	Tan Kok Chiew	226,285	1.24
25.	Tan Tjen Wan @ Tan Cheng Guan	222,325	1.22
26.	Citicorp Nominees (Tempatan) Sdn Bhd (A/C for Wong Chee Weng)	221,000	1.21
27.	Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C for Wong Chee Weng)	200,000	1.10
28.	Wong Chee Weng	200,000	1.10
29.	Tan Wooi Hong	182,000	1.00
30.	Citicorp Nominees (Asing) Sdn Bhd (A/C for Derrick E David)	180,000	0.99



ADVANCED PACKAGING TECHNOLOGY (M) BHD

(COMPANY NO. 82982-K)
(Incorporated in Malaysia)

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

being a member/members of ADVANCED PACKAGING TECHNOLOGY (M) BHD hereby appoint * "the Chairman of the meeting"

or _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

or failing him/her _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

as my/our proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Metro Inn, Wisma Metro Kajang, Jalan Semenyih, 43000 Kajang, Selangor Darul Ehsan on Monday, 30 June 2003 at 10.30 a.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
RESOLUTION 1	To receive the Audited Financial Statements for the year ended 31 December 2002 and the Directors' and Auditors' Reports thereon.		
RESOLUTION 2	To approve the payment of a tax exempt final dividend of 4.95%.		
RESOLUTION 3	To approve the payment of Directors' Fees.		
RESOLUTION 4	To re-elect Mr Chee Sam Fatt as Director.		
RESOLUTION 5	To re-elect Dato' Haji Ghazali b. Mat Ariff as Director.		
RESOLUTION 6	To re-elect Mr Mah Siew Seng as Director.		
RESOLUTION 7	To re-appoint Mr Ng Choo Phuan @ Kuan Choo Phuan as Director.		
RESOLUTION 8	To re-appoint Dato' Law Sah Lim as Director		
RESOLUTION 9	To re-appoint Messrs PKF (formerly known as Pannell Kerr Forster) as Auditors and to authorise the Directors to fix their remuneration.		

(Please indicate with an 'X' in the appropriate spaces provided above how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

* Delete the words "the Chairman of the meeting" if you wish to appoint some other person(s) to be your proxy.

Dated this _____ day of _____ 2003

No. of Shares held

Signature

NOTES:

- 1) A member of the Company entitled to attend and vote at this meeting may appoint a proxy or proxies to vote in his stead. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.
- 2) The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
- 3) The instrument appointing a proxy must be deposited at the Company's Registered Office at 23B Jalan 52/1, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight hours before the time appointed for holding the meeting or any adjournment thereof.

The Company Secretary
**ADVANCED PACKAGING
TECHNOLOGY (M) BHD** (82982-K)

23B Jalan 52/1
46200 Petaling Jaya
Selangor Darul Ehsan

STAMP

KUALA LUMPUR STOCK EXCHANGE

FOR KLSE'S USE:

Ref.No: _____

Date received: _____

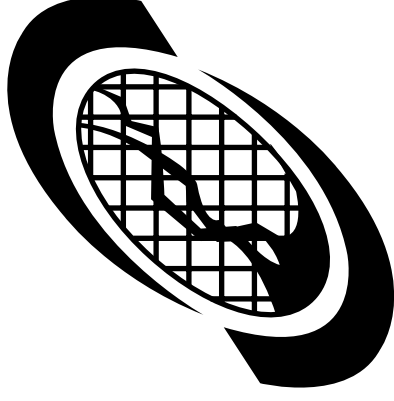
Officer in charge: _____

Date of first contact with complainant: _____

STATUS AFTER 14 DAYS:

- Resolved
- Pending

DETAILS



CONTACT DETAILS
Group Communications Division
Kuala Lumpur Stock Exchange
Exchange Square, Bukit Kewangan
50200 Kuala Lumpur
Tel : (03) 2026 7099
Fax : (03) 2026 3700

**COMPLAINT AGAINST
PUBLIC LISTED COMPANY**

This form is intended to facilitate the lodgement of complaints with the KLSE by investors against Public Listed Companies (PLCs) in Malaysia. Investors are encouraged, in the first instance to amicably settle differences directly with the PLC concerned.

Q : When can you make a complaint?

A : At anytime, preferably as soon as the problems occur.

Below are some instances when a complaint may be lodged against a PLC:

- Misleading / inaccurate / insufficient disclosure of information;
- Failure to disclose material information in financial statements or annual report;
- Actions/lack of actions detrimental to the interest of shareholders;
- Directors of PLCs;
- Management of PLCs;
- Share Registrars of PLCs; and
- Others (to specify)

Q : What are the procedures to make a complaint?

A : Procedure is very simple. For clarity, it is best to be in written form and directed to the KLSE. You can use any of the following methods to submit your complaints:

- Mail the attached Complaint Form to KLSE; or
- Fax the Complaint Form to 03-2026 3700

Q : How will KLSE handle the complaint?

A : KLSE will handle the matter promptly and in any event, will contact the complainant not later than 14 days from receipt of the complaint.

DETAILS OF COMPLAINANT

Name : _____

NRIC No. : _____

CDS No. : _____

Address : _____

Tel. No. : House _____

Business _____

Mobile _____

DETAILS OF PUBLIC LISTED COMPANY

Name : _____

Address : _____

DETAILS OF COMPLAINT

Have you tried to resolve this complaint with the relevant Public Listed Company?

- Yes
 No

If yes, kindly indicate the name of the person contacted and his/her department.

TYPE OF COMPLAINT

Misleading / inaccurate / insufficient disclosure of information;

Failure to disclose material information in financial statements or annual reports;

Actions/lack of actions detrimental to the interest of shareholders;

Directors of PLCs;

Management of PLCs;

Share Registrars of PLCs; and

Others (to specify)

If others, please specify:

MY COMPLAINT IS AS FOLLOWS
(Please provide a detailed account of the complaint in chronological order). You may type additional notes in a separate piece of paper.

Signature : _____

Date : _____