

DIRECTORS PROFILE

LEE CHIN YEN, a Malaysian aged 55, was appointed the Executive Chairman/Director of CAM Resources Berhad (CAM) on 29 December 2000.

He was appointed the Managing Director of Central Aluminium Manufactory Sdn Bhd (CALuminium) in 1979, a Director of Central Melamineware Sdn Bhd (CMelamine) in 1988 and Advance Eagle Marketing Sdn Bhd (AEMkt) in 1989. A founding member and the driving force in the Group, he commenced his career in 1972 as an apprentice in Choo Chin Wah Company, a company principally involved in the manufacturing of aluminium in Thailand. After acquiring all the technical expertise, he returned to Malaysia in 1975 and formed a partnership with Tan Hong Cheng and others to manufacture aluminium household products in 1975. In 1979, this partnership was incorporated into a private limited company under the name of CALuminium and he was appointed the Managing Director. At present, he is also committee member of a few associations in Teluk Intan, Perak.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2003, he attended all the Board meetings held.

TAN HONG CHENG, a Malaysian aged 55, was appointed the Managing Director/Director of CAM on 29 December 2000. He also sits in the Audit Committee as an ordinary member.

He was appointed the Managing Director of CMelamine in 1988, a Director of CALuminium in 1979 and AEMkt in 1989. He began his career in Loke Hup Porcelain as a shop assistant. In 1975, he formed a partnership with Lee Chin Yen and others to manufacture aluminium household products. This partnership was subsequently incorporated as CALuminium. He has more than 20 years of experience in the manufacturing of aluminium and stainless steel products. At present, he also sits on Board of Trustees in San Min Primary and Secondary School and Chong Min Primary School in Teluk Intan, Perak. He is also a committee member of the Chinese Chamber of Commerce in the Lower Perak District.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2003, he attended all the Board meetings held.

HIA WAN KIGA, a Malaysian aged 50, was appointed a Non-Executive Director of CAM on 29 December 2000 and a Non-Executive Director of CALuminium since 1999.

He began his career as an apprentice in Sungai Besar Engineering Sdn. Bhd., a company involved in the engineering works. In 1975, he set up his own company under the name of Union Engineering Works, a company principally involved in agriculture engineering. He is presently a committee member of a few local associations.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2003, he attended 3 out of 4 Board meetings held.

TAN KIM HONG, a Malaysian aged 31, was appointed an Executive Director of CAM on 15 January 2002 and a Factory Manager of CMelamine. She joined the Group in 1993 as a clerk and subsequently promoted to her current position since 2000. She is responsible for overseeing the overall production processes and maintenance of product quality in CMelamine.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2003, she attended all the Board meetings held.

LEE POH CHOO, a Malaysian aged 29, was appointed an Executive Director of CAM on 15 January 2002.

She graduated from the Campbell University, USA in 1998 with a Bachelor degree in Business Administration. She joined CALuminium in 1998 and was responsible for the area of MIS and Marketing. She was promoted to Factory Manager of CALuminium in December 1998. She is responsible for overseeing the overall production processes and maintenance of product quality in CALuminium.

She does not hold directorship in any other public companies. During the financial year ended 31 December 2003, she attended 3 out of 4 Board meetings held.

DIRECTORS PROFILE (Cont'd)

CHAI MOI KIM, a Malaysian aged 46, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also sits in the Audit Committee and Remuneration Committee as Chairman and also serves as a member of the Nomination Committee of the Company.

He is a member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants and the Malaysian Institute of Taxation. He started his career in 1980 as an Article clerk with an established local audit firm, and subsequently worked with several other established audit firms including an international audit firm until 1988. He left for FACB Group of companies as the Group Accountant in 1989. In 1992, he joined MBF Holdings Berhad as a Senior Manager of the corporate department where he served until 1994. In 1995, he set up his own audit practice, Kim & Co.. He also sits on the Board of the other two Bursa Malaysia listed companies, namely Autoair Holdings Berhad and Widetech (Malaysia) Berhad where he was appointed as Independent Non-Executive Director.

During the financial year ended 31 December 2003, he attended all the Board meetings held.

AZIZUL BIN MOHD OTHMAN, a Malaysian aged 42, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Presently, he is the General Manager of Institut Teknologi Perak. He was responsible for setting up an Islamic independent secondary school, known as Ma'ahad al Ummah in Chepor, Perak in 1989 and he was a Director of Kolej Premier from 1993 to 1998.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2003, he attended 3 out of 4 Board meetings held.

CHIA KAY JOO, a Malaysian aged 57, was appointed an Independent Non-Executive Director of CAM on 15 January 2002. He also serves as a member of Audit, Remuneration and Nomination Committees of the Company.

He obtained a Bachelor degree in Law from University of London in 1981 and called to the English Bar in 1982 and admitted as an advocate and solicitor in Malaysia in 1985. He has been practising in the legal profession for approximately 19 years. He was a High Court Interpreter from 1971 to 1981 and a judicial officer serving as the Magistrate at the Teluk Intan Magistrate Court from 1982-1984. He left the civil service to set up his own legal practice in 1985. Presently he serves as the legal adviser to a number of Association and Chinese Guilds and is the President of Han Kang Association, Teluk Intan.

He does not hold directorship in any other public companies. During the financial year ended 31 December 2003, he attended 3 out of 4 Board meetings held.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

FAMILY RELATIONSHIP

Except for Mr Lee Chin Yen and Ms Lee Poh Choo, and Mr Tan Hong Cheng and Ms Tan Kim Hong who are father and daughter, none of the other Directors are related to one another, nor with any substantial shareholders.

CONFLICT OF INTEREST

Save as disclosed in the related party transactions on page 58 - 59 of this Annual Report, none of the other Directors have any conflict of interest with the Company during the financial year.

CONVICTIONS FOR OFFENCES

None of the Directors have been convicted of any offence (excluding traffic offence) within the last 10 years.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognizes the importance of continuing enhancement of corporate governance and fully supports the high standard of corporate behavior and accountability. The Board has been managing the business and affairs of the Group in the manner which is consistent with the Principles (“the Principles”) and Best Practices (“the Best Practices”) of the Malaysian Code on Corporate Governance (“the Code”).

A. BOARD OF DIRECTORS

(i) The Board

The Board consists of persons of various professional fields, business and commercial experience relevant for the effective management of the Group. The provision of various experiences from the Board’s member would be able to achieve the company’s corporate objective through strategic business initiatives. The management of daily operation of the Group is overseen by the Executive Chairman and Managing Director, and is fully supported by a management team.

The Board has eight members, three of whom are independent Non-Executive Directors. The independent Non-Executive Directors are independent of management, and free from any business which could interfere with their independent judgment and their ability to act in the Group’s best interest.

(ii) Board Responsibilities

The Board retains full and effective control of the Group, The primary responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Group
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed
- Identifying principal risks and ensure the implementation of appropriate systems to manage these risks
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management
- Reviewing the adequacy and the integrity of the company’s internal control systems and management information systems for compliance with applicable laws, regulations, rules, directives and guidelines

The Board of Directors has delegated certain responsibilities to other Board committees which function within approved terms of reference. The Board committees include the Audit Committee, the Nomination Committee and the Remuneration Committee.

(iii) Appointments of the Board and Re-election

The Board has established a Nomination Committee comprising of all independent Non-Executive Directors. The members of the Nomination Committee consist of:-

1. Tuan Haji Azizul bin Mohd Othman (Chairman)
2. Chai Moi Kim
3. Chia Kay Joo

The function of the Nomination Committee amongst others, is to recommend to the Board candidates for all directorships or Board Committee to be filled. In addition, the Committee reviews the profile of the required skills and experience of each individual director and assist in implementing the assessment programme to assess the effectiveness of the Board as a whole. An orientation and education programme for newly appointed Directors is part of the function of Nomination Committee. This is to ensure that the Board has an appropriate balance of expertise and abilities.

In accordance with the Company's Articles of Association, one third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subjected to re-election by shareholders. Newly appointed Directors shall hold office until the next following AGM and shall then be eligible for re-election by shareholders. All Directors shall retire from office at least once in every three years and shall be eligible for re-election.

(iv) Board Meeting and Supply of Information

The Board maintains its overall responsibility in strategically steering the Group and meets at least four times annually with additional meeting convened when necessary. There were four Board meetings held during the year and each Director's attendance is set out in the Statement Accompanying Notice of Annual General Meeting on page 3 of this Annual Report. The agenda for each Meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanations, where necessary, in order to be briefed before the meeting. The quarterly financial results and business review, including the financial performance to-date against the previous year has been tabled at each scheduled meeting for discussion.

All Directors have full and complete access to all information within the Company. The Board also has direct access to the advice and services of the Company Secretary in discharging their duties competently.

Directors are empowered to seek independent professional advice as they may require, at the expense of the Group, to enable them to form a decision.

(v) Directors' Training

The Directors have attended and successfully completed the Mandatory Accreditation Programme conducted by the Research Institute of Investment Analysis Malaysia. The Directors will continue to attend relevant training programmes to further enhance their knowledge so as to enable them to discharge their responsibilities more effectively.

B. DIRECTORS' REMUNERATION

The Remuneration Committee is made up of all Independent Non-Executive Directors. The members of the Remuneration Committee consist of:-

1. Chai Moi Kim (Chairman)
2. Tuan Haji Azizul bin Mohd Othman
3. Chia Kay Joo

The Remuneration Committee reviews the salaries, incentive and service arrangement of all Executive Directors on an annual basis. The Committee also establish a formal and transparent procedure on executive remuneration and recommends to the Board the remuneration package of the Executive and Non-Executive Directors. The Directors concerned would abstain from participating in decisions regarding their own remuneration package.

The remuneration of Executive Director is linked to their corporate and individual performance. The remuneration of Non-Executive Director is related to their experience and level of responsibilities. The reviews and recommendation of the Committee would be subjected to the approval of the Board.

For the financial year ended 31 December 2003, the details of Directors' remuneration are as follows:

	Fees RM'000	Basic Salaries RM'000	Other Emoluments* RM'000	Benefit in kind RM'000	Total RM'000
Executive Director	40	413	131	59	643
Non-Executive Directors	42	36	11	7	96
Total	82	449	142	66	739

* Other emoluments include contribution to Employees' Provident Fund, bonus and incentive.

The number of Directors of the Company whose total remuneration falls within the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	3
RM50,001 to RM100,000	2	1
RM150,000 to RM250,000	2	-

C. ACCOUNTABILITY AND AUDIT

(i) Internal Control

The Directors are aware that the system of internal control in the Company and its subsidiaries is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Statement of Internal Control furnished on page 18 provide an overview of the state of internal control within the Group.

(ii) Financial Reporting

The Board constantly aims to provide shareholders with a balanced and comprehensive assessment of the Group's position and prospects via the quarterly announcements and the annual financial statements. They are asserted by the Audit Committee in reviewing the accuracy and adequacy of the information contained therein. The Report of the Audit Committee is set out on page 14 -16 of this Annual Report.

(iii) Relationship with Auditors

The Group always maintained a transparent relationship with both the internal and external auditors in seeking their professional advice and towards ensuring compliance with accounting standards in Malaysia.

D. RELATIONSHIP WITH SHAREHOLDERS

The Board values good investor relations and continues to strive to keep shareholders of the Company well informed of the financial performance and future development of the Group. The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance.

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting together with a copy of the Company's Annual Reports are sent out to the shareholders at least 21 days before the meeting. At each Annual General Meeting, shareholders are given ample time and opportunity to raise questions pertaining to the business activities of the Group. During the meeting, the Managing Director and the Executive Director are prepared to provide responses to queries and to receive feedback from the shareholders during the meeting. The external auditors are also present to provide their professional and independent clarification on issues raised by the shareholders.

E. OTHER INFORMATION

During the financial year ended 31 December 2003, there were no:-

- (a) Corporate fund raising exercise undertaken by the Company
- (b) Options, warrants or convertible securities issued by the Company or its subsidiaries;
- (c) Share buyback;
- (d) American Depository Receipts or Global Depository Receipts programmes sponsored by the Company;
- (e) Sanctions and / or penalties imposed on the Company or its subsidiary companies;
- (f) Profit guarantee given by the Company;
- (g) Material contracts of the Company and its subsidiary companies involving directors and substantial shareholders' interests;
- (h) Recurrent related party transactions of a revenue nature where:-
 1. The consideration value of the assets, capital outlay or costs of these recurrent transaction is equal to or exceeds RM1 million; or
 2. The percentage ratio of such recurrent transaction is equal to or exceeds 1%; whichever is the lower;
- (i) Contract relating to loan by the Company and its subsidiaries in respect of item (g);
- (j) Revaluation policy on its landed property.

Non-Audit Fee

The amount of non-audit fee paid to external auditors for the financial year ended 31 December 2003 was RM5,250.

Variance Of Results

The audited profit after tax of RM3,887,501 was differed by RM588,034 or 18% from the announced unaudited profit after tax of RM3,299,467. The variance was due mainly to the over-provision of prior year taxation and calculation difference of deferred taxation.

Status Of Utilization Of Listing Proceeds

A summary of the status of utilization of proceeds raised from the Public Issue and Special Issue of shares in conjunction with the Listing Exercise is as follows:-

	Proposed Utilization	Amount Utilized Up To 31/03/2004	Balance at 31/03/2004
	RM'000	RM'000	RM'000
Repayment of bank borrowings	4,620	4,620	0
Acquisition of plant and machinery	3,000	2,544	456
Factory expansion	5,200	3,862	1,338
General working capital	1,222	1,222	0
Estimated Listing Exercise expenses	1,600	1,600	0
	15,642	13,848	1,794

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee comprises the following:

<u>Members of The Committee</u>	<u>Designation in The Company</u>
Chai Moi Kim	Chairman/ Independent Non-Executive Director
Chia Kay Joo	Independent Non-Executive Director
Tan Hong Cheng	Managing Director

The summary of attendance at Audit Committee meetings for the financial year ended 31 December 2003.

<u>Member</u>	<u>No. of Meetings Attended</u>
Chai Moi Kim	5
Chia Kay Joo	5
Tan Hong Cheng	5

The Finance Manager and a representative from external auditors were also invited and have attended these meetings.

ACTIVITIES OF AUDIT COMMITTEE

The activities carried out by the Audit Committee during the financial year ended 31 December 2003 were as follows:

- a) Reviewed the Group's quarterly financial results and annual audited accounts before submission for the Board's approval and announcements to KLSE.
- b) Reviewed with the external auditors their audit plan and significant audit issues.
- c) Reviewed the scope of work and audit plan with the internal auditors.
- d) Reviewed the adequacy of provision for doubtful debts and bad debts written off.
- e) Reviewed the related party transactions within the Company and Group.
- f) Reviewed the audit reports and assessed the recommendations on the audit issues prepared by the internal auditors.

TERM OF REFERENCE

Objective

The primary objectives of the committee are:

- a) To safeguard the interests of the minority shareholders;
- b) To assist the Board in discharge their responsibilities in the areas of management of internal control, accounting policies and financial reporting; and
- c) To provide a line of communication between the Board and the internal and external auditors through regular meetings.

Members

- a) The Committee members shall be appointed by the Board of Director from amongst the Directors of the Company
- b) The Committee shall comprise not less than three members, a majority of whom shall be independent Non-Executive Directors.
- c) At least one of the Committee member qualified under Paragraph 15.10(1)(c) of the Bursa Malaysia Listing Requirements.
- d) No Alternate Director shall be appointed as a member of the Committee.
- e) The members of the Committee shall elect a Chairman from among their member who shall be an independent Non-Executive Director.
- f) The Board of Directors shall review the term of office and performance of the Committee and each of its members at least once every three years to determine whether such members have carried out their duties in accordance with their terms of reference.
- g) If a member of the Committee resigns, dies or for any other reason ceases to be member with the result that the number of members is reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Secretary

The Company Secretary or his assistant shall be the Secretary of the Committee.

Authority

The Committee shall, whenever necessary and reasonable for the performance of its duties at the expense of the Company:-

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

Duties

The duties of the Committee shall be:-

- a) To review the audit plan, evaluation of the system of internal controls and audit report with the external auditors
- b) To recommend to the Board the nomination and appointment of external auditors, their audit fees and any question of resignation or dismissal occurred.
- c) To review the assistance given by the Company's Officers to the external auditors
- d) To review the adequacy of the scope, functions, programmes and the results of the internal audit procedures and that it has the necessary authority to carry out its work
- e) To review the quarterly results, year end financial statements and consolidated financial statement of the Group and Annual Report's statements, before submission to the Board's approval.
- f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity
- g) To review any significant transactions which are not a normal of the Group's business.
- h) To review the procedures established by the management for compliance with Bursa Malaysia and other statutory authorities.
- i) To report to the Boards its activities, significant results and findings
- j) To carry out other duties as may agreed to by the Committee and the Board of Directors.

Meeting

- a) The quorum for any meeting of the Committee shall be two and the majority of members present shall be independent Directors.
- b) Apart from the members of the Committee who will be present at the meetings, the Committee may invite any member of the Board, the head of finance, the head of internal audit and representatives of the external auditors to present at meetings of the Committee.
- c) The Committee shall meet at least four times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties.
- d) Upon request by the external auditors, the Chairman may call for a meeting of the Committee to consider any matter the external auditors believe should be brought to the attention of the directors or shareholders of the Company.
- e) If at any meeting, the Chairman is not present at the time appointed for holding meeting, or is unwilling to act, the members present may choose one of their members other than an Executive Director to chair the meeting.

Minutes

Minutes of each Committee meeting are to be prepared and sent to Committee members and the Company's directors who are non-members of the Committee. If the Company Secretary had not taken the minutes, a copy of the minutes should be sent to him or her for permanent filing.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors is collectively responsible for ensuring that the financial statements of the Group are prepared in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. It is also to ensure that the financial statements of the Group give a true and fair view of the state of affairs of the Company and of the Group as at end of the financial year and of the results and cash flows for the financial year then ended.

In preparing the financial statements, the Board is required to:

- comply with all the applicable approved accounting standards in Malaysia
- adopt suitable accounting policies and apply them consistently
- make judgements and estimates that are prudent and reasonable

The Directors are required to ensure that proper and adequate accounting records are kept which disclose with reasonable accuracy the financial position of the Company and of the Group, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are to take reasonable steps to safeguard the assets of the Company and the Group so as to prevent and detect fraud and other irregularities.

STATEMENT OF INTERNAL CONTROL

The Board of Directors is committed and is taking appropriate steps to strengthen the system of internal control within the Group. The system of internal control is designed to manage the principal business risks and risk of failure to achieve the business objectives. As such, it can only provide reasonable and not absolute assurance against material misstatement or loss. The key elements of internal control put in practice during the year were highlighted below.

The control processes are reviewed by the Board on an ongoing basis for identification, evaluation and reporting of the major risks within the Group. The on going review process was facilitated with the establishment of internal control procedures with clear line of authority, responsibilities, policies and procedures laid down by the Board. A close involvement of the Executive Chairman and Managing Director in the daily activities has reduced the operational risk of the Group. The Chairman, Managing Director and the senior management has regularly conducting an informal meeting for the purpose of identifying and managing the business risk of the Group.

The Group has well defined operation procedures and controls by obtaining the ISO qualification on the stainless steel and melamineware products. This includes information systems controls to ensure the reporting of complete and accurate information. The ISO standard cover systems for obtaining authority for major transactions and for ensuring compliance with Company's policy and procedures that have significant financial implications. The control procedures are also in place to ensure that assets are subject to proper physical controls and regular maintenance requirement. The controls procedures will be regularly reviewed and assessed by the ISO Auditors.

The monitoring of control procedure is achieved through management regular review. The Executive Director reports financial results and significant issues to the Board on a quarterly basis. The monitoring controls are also supplemented by comprehensive reviews undertaken by the internal audit function which was outsourced to external professional. Their independent review of the internal control system would provide the Board adequacy and integrity of the system. During the year, internal audit reports with the internal control issues identified were presented to the Audit Committee. The Board ensured that appropriate actions recommended in the report were taken immediately.

The Board has also adopted a Board Charter. The primary purpose of the Board of Directors' Charter is to formally defines the structure, responsibilities, rights and procedures of the Board.

The Directors are of the opinion that the existing system of internal control was satisfactory and has not resulted in significant losses, contingencies or uncertainties that would require disclosure in the Group's annual report.