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SM Summit Holdings Bhd (287036-X)



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## VISION STATEMENT

“ We aim to continue serving the lifestyle needs of Malaysians into the year 2000 and beyond bringing quality leisure, entertainment and education programmes to the consumer across a country with a population size in excess of 21 million people. ”

## BOARD OF DIRECTORS

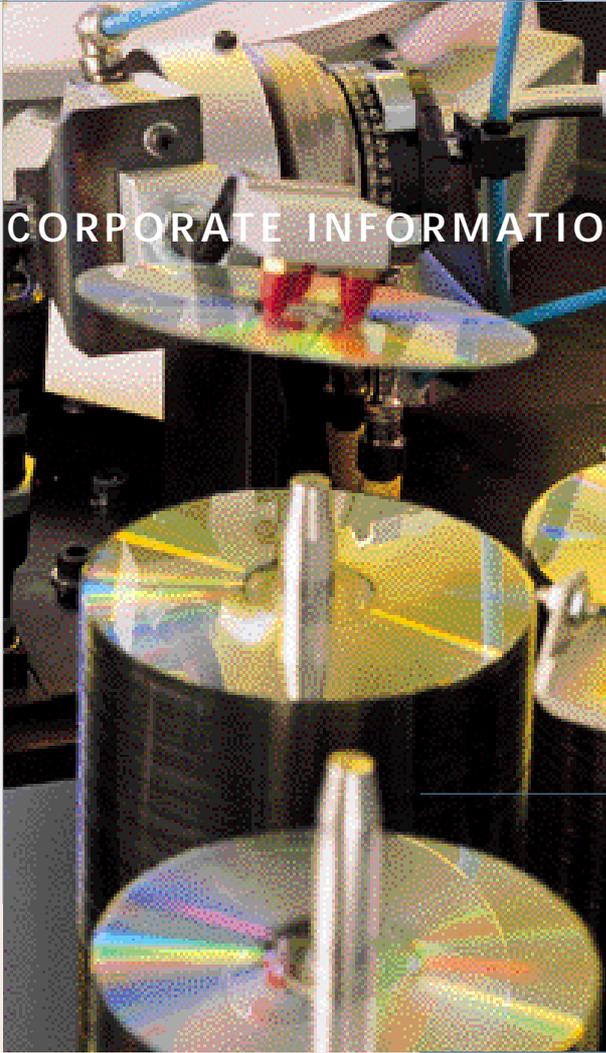


*Seated Left to Right:*

**Tam Chui Chui**  
**Lee Kerk Chong** - *Vice Chairman*  
**Nazir bin Mansor** - *Chairman*  
**Gun Seong Thean** - *Managing Director*  
**Faridah binti Jantan**

*Standing Left to Right:*

**Yap Kiam Beng**  
**Tong Yuk Chuan**  
**Soo Yoke Mun**  
**Tan Eng Choong**  
**Yip Soon Chee**



## CORPORATE INFORMATION



### Board of Directors

- Nazir bin Mansor - Chairman
- Lee Kerk Chong - Vice Chairman
- Gun Seong Thean - Managing Director
- Yap Kiam Beng
- Soo Yoke Mun
- Tam Chui Chui
- Tong Yuk Chuan
- Faridah binti Jantan
- Tan Eng Choong
- Yip Soon Chee

### Audit Committee

- Yip Soon Chee - *Chairman, Independent Non-Executive Director*
- Tan Eng Choong - *Independent Non-Executive Director*
- Yap Kiam Beng - *Executive Director*

### Company Secretaries

- Chu Kum Yoon
- Chong Swee Yoon

### Registered Office

- 22nd Floor, Wisma Cyclecarri  
288, Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: 03-2694 8788 Fax: 03-2693 9733

### Auditor

- PricewaterhouseCoopers  
11th Floor, Wisma Sime Darby  
Jalan Raja Laut  
50350 Kuala Lumpur

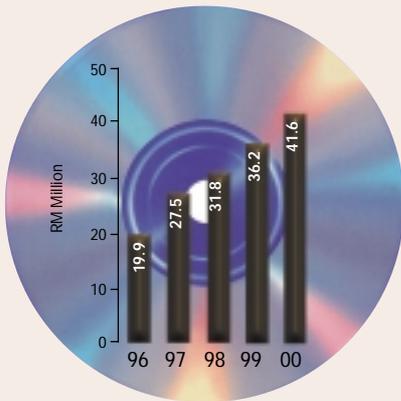
### Registrar Office

- Tenaga Koperat Sdn Bhd  
21st Floor, IGB Plaza  
Jalan Kampar off Jalan Tun Razak  
50400 Kuala Lumpur  
Tel: 03-4041 6522 Fax: 03-4042 6352

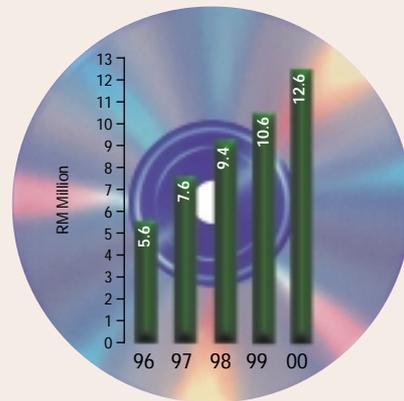


## FINANCIAL HIGHLIGHTS

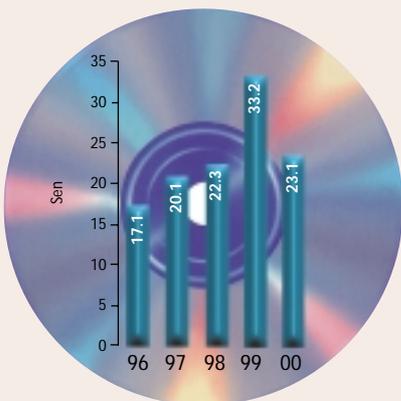
### GROUP TURNOVER



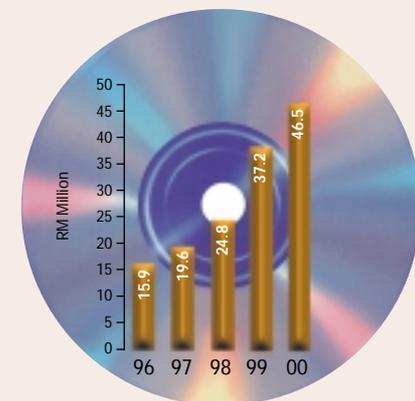
### EARNINGS BEFORE INTEREST & DEPRECIATION



### NET EARNINGS PER SHARE

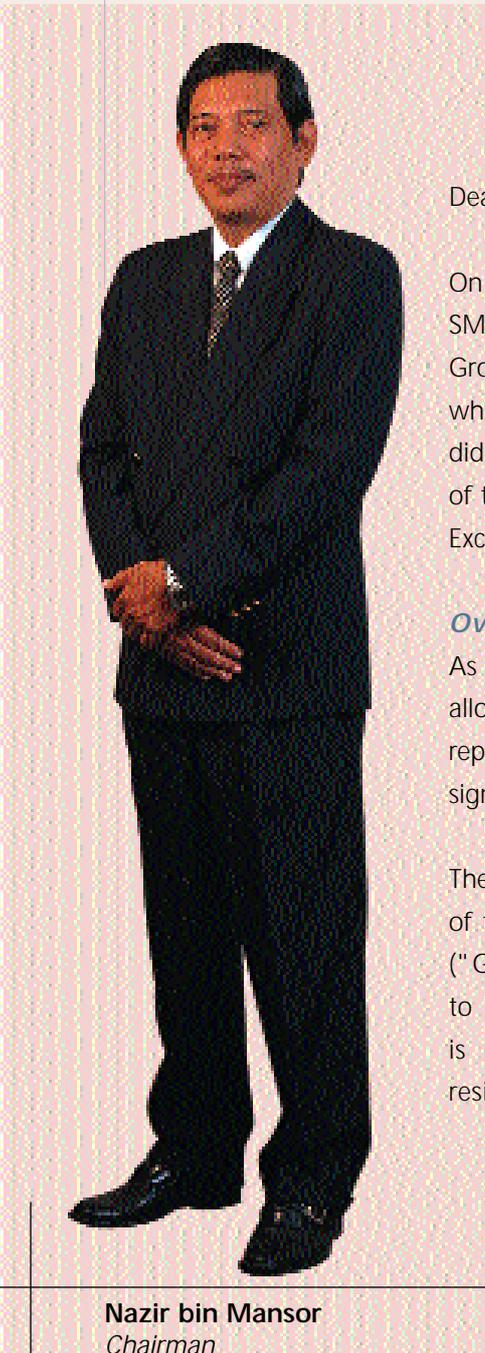


### NET TANGIBLE ASSETS



## CHAIRMAN'S STATEMENT

“The country's real gross domestic product ("GDP") registered a positive growth in 1999 and is expected to gain further momentum in the year 2000.”



Dear Shareholders,

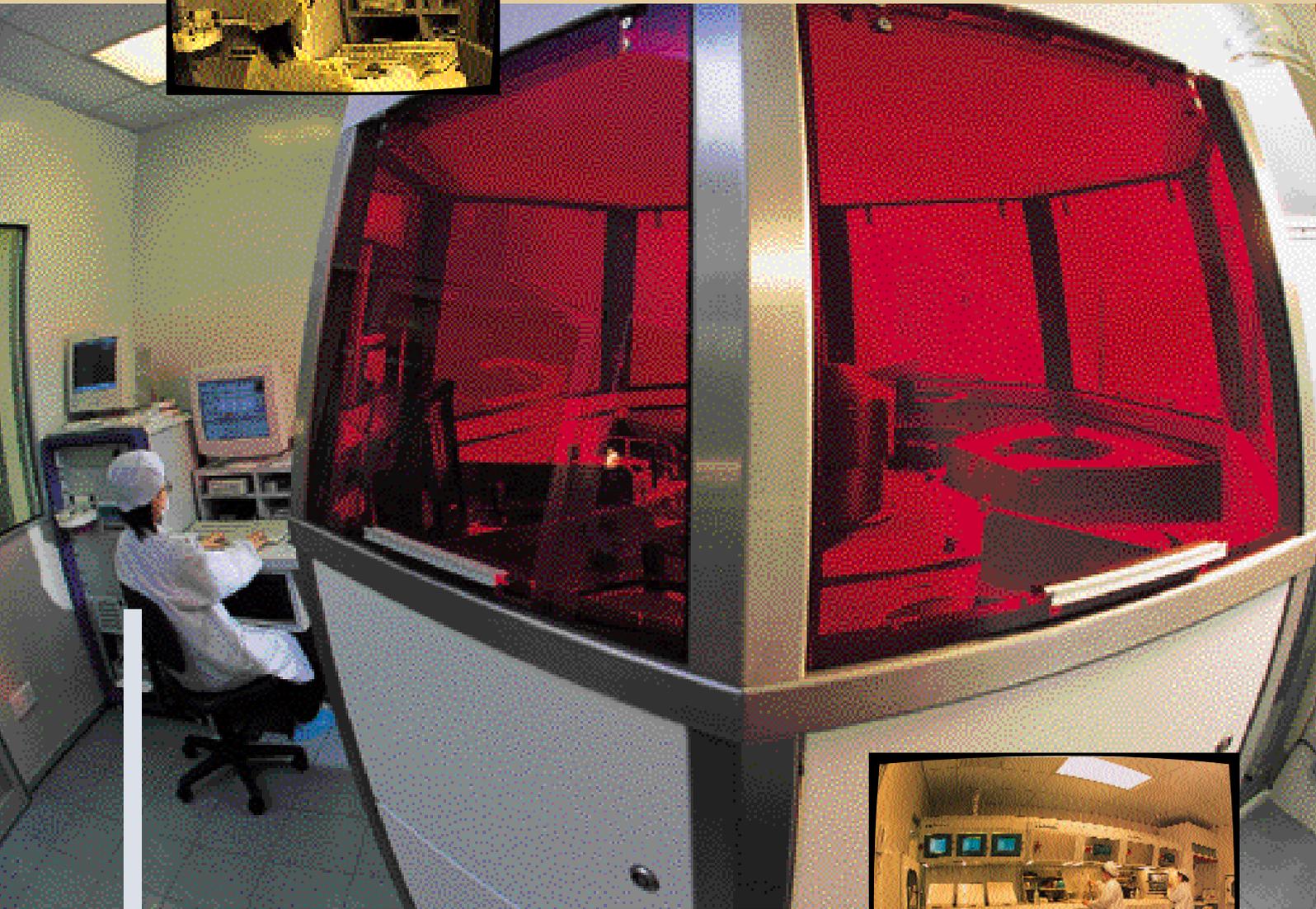
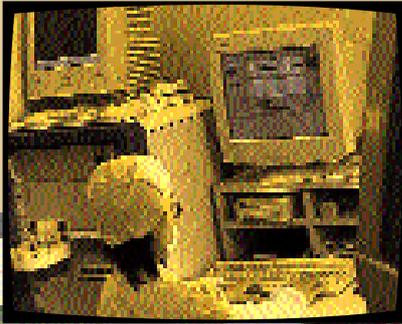
On behalf of the Board of Directors, I am pleased to present to you SM Summit Holdings Bhd's Annual Report and Audited Accounts for the Group and the Company for the financial year ended 31st March 2000, which was a year of significant changes for your Company, marking as it did the successful transition to a public listed status with the introduction of the Company's shares on the Second Board of the Kuala Lumpur Stock Exchange on 1st June 1999.

### *Overview*

As with all other business around the world, time and resources were allocated to minimize the impact of the Y2K problem. We are pleased to report that we have transited smoothly into the year 2000 without any significant problem to our operations.

The Malaysian economy has recovered from the severe deflationary impact of the regional financial crisis. The country's real gross domestic product ("GDP") registered a positive growth in 1999 and is expected to gain further momentum in the year 2000. The positive outlook is premised on an economy that is becoming increasingly more resilient to external shocks and systemic risks, made possible

**Nazir bin Mansor**  
*Chairman*



“The positive outlook is premised on an economy that is becoming increasingly more resilient to external shocks and systemic risks, made possible by recent policy measures to strengthen the nation’s external reserves position, financial system and the corporate sector.”

by recent policy measures to strengthen the nation's external reserves position, financial system and the corporate sector. In addition, the prevailing low rate of inflation and the nation's large trade surplus position allow further stimulus measures in year 2000 to sustain the economic recovery process. These developments should provide the necessary impetus for Malaysia's real GDP to expand at a faster rate of 5.8% forecasted for year 2000.

The year under review is no means an easy one due to the economic uncertainties prevailing then. Our Board has acted decisively and had taken proactive steps in ensuring the Group's resources and energy were directed to profitable activities to achieve the forecasted profit. Our Group adopted the approach directed on generation of larger volume of business, worthwhile savings on operating expenses and preservation of cash inflows.

We are committed to further expansion and continue to review possible acquisition prospects, which would complement or enhance the Group's present activities and we believe that the Group is well placed to continue to develop successfully.

#### *Operational Review*

The current year under review has started encouragingly. Surped by the improving economic climate in the country, rising demand from customers helped turned in a Group's Profit before Taxation of RM 8.5 million representing an improvement of over 21% as compared to

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RM7.0 million in 1999. The improved profitability of the Group is a result of higher sales volume, increased production efficiency coupled with cost savings benefit with the installation of the Glass Mastering System, an upstream Compact Disc ("CD") Production process in September 1999. Turnover for the year was stronger with a registered amount of RM 41.6 million compared to RM 36.2 million, an improvement of 15% over the previous year. The increase in turnover is due to stronger demand for CD products corresponding with the increasing need in the society for entertainment and information technology purposes.

In line with the corporate exercise, the funds received were used to retire RM 2.7 million of outstanding loans and part pay an amount of RM 2.5 million in purchasing the Glass Mastering System. The total investment in the Glass Mastering System amounted to RM 7.0 million, an investment which has provided us cost savings benefits as we now no longer need to source for stampers from overseas. In addition, through the acquisition of new replication lines in September 1999, our CD's Production capacity was increased from 2.0 million to 3.0 million units of CDs per month.

The Group also boasts a healthy net cash position of RM 13.0 million in the year 2000, up from RM 6.5 million in 1999. Group shareholders' funds sits at RM 46.6 million compared to RM 37.2 million in 1999. Our net tangible assets (NTA) now stand at RM 1.55 per share compared to RM 1.43 per share in 1999. The Earnings Per Share (EPS) registered at 23sen, down from 33sen registered in the previous year. The decrease in EPS is mainly a result of writeback of overprovision in taxation in 1999 as a result of the year being a tax free year compared to the current financial year 2000 where the necessary tax liability has to be provided for.

The Directors have issued a forecasted profit before taxation and minority interest of RM 9.003 million for the financial year ended 31st March 2000 in connection with the listing of the Group on the Second Board of Kuala Lumpur Stock Exchange on 1st June 1999. The audited Group's profit before taxation and minority interest achieved for the said financial year under review was RM 8.55 million. We are pleased to

“The increase in turnover is due to stronger demand for CD products corresponding with the increasing need in the society for entertainment and information technology purposes.”



“The explosive growth in the technology arena and the increasing speed of global communication due to the rapid development in the field of information technology has helped hasten the transfer of information and knowledge into our lives.”

report that with this result, the Group is deemed to have achieved the forecasted profit provided to the shareholders as in our Prospectus dated 27th April 1999 and there is no short fall recorded in the profit guarantee issued by the major shareholders. The achievement was in line with the Company's expectation.

### *Moving Forward*

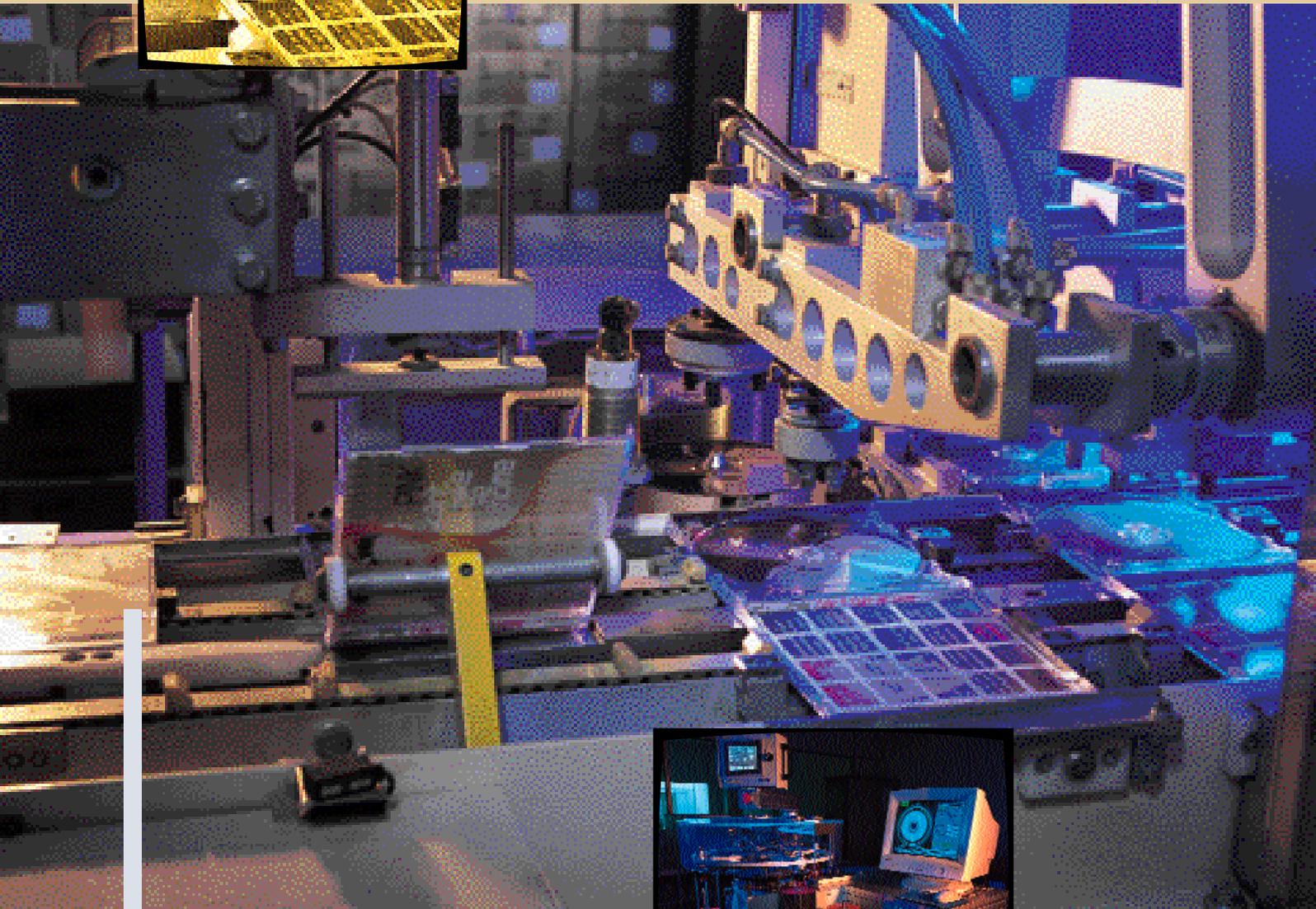
The explosive growth in the technology arena and the increasing speed of global communication due to the rapid development in the field of information technology has helped hasten the transfer of information and knowledge into our lives. Our population at large are having easier access to entertainment, leisure and education programmes through communication channels like television, radios, video, audio and computer compact discs, these mediums are fast becoming a necessary part of our lives at work and at home. And without doubt, this technological development within these mediums has also given rise to new economic opportunities at SM Summit.

With information technology being the keyword in the new millennium and the Government's efforts to promote a knowledge based economy of K-economy, together with Employees Provident Fund (EPF) policy on PC ownership, increasingly electronic business and the dynamics of the Internet have created further opportunities for our Group.

Our Government's plans to become the information technology hub of the region through the Multimedia Super Corridor ("MSC"), has provided us with good opportunities and increased the market for our products, particularly CD-ROMs. Further, the authorities efforts to stamp out piracy, introduce tough copyright laws and regulate replicating equipment has brought professionalism into our industry. This holds well for the future of our industry.

With the growing maturity of the music industry over the years and the higher purchasing power enjoyed by an increasing affluent population, the entertainment industry is expected to progress further. We anticipate continued strong demand for our audio and video compact

“We will continue to emphasize on production of high quality CD, provision of good service and ensuring trust of our customer to achieve an even stronger performance this coming year.”



“ Our Government’s plans to become the information technology hub of the region through the Multimedia Super Corridor (“MSC”), has provided us with good opportunities and increased the market for our products, particularly CD-ROMs.”

“Our Group have invested in sophisticated and well integrated range of hi-tech equipment not only to cope with demand but also maintain our status as Malaysia’s premier CD manufacturer.”

discs. For data and storage products manufactured by us such as Compact Discs – Read Only Memory (“CD-ROM”), these will be in high demand. Our Group have invested in sophisticated and well integrated range of hi-tech equipment not only to cope with demand but also maintain our status as Malaysia’s premier CD manufacturer.

In the coming future, the Group has plans to invest in increasing its production capacity and product lines to meet the continued growing demand for compact discs products. We have also in plans to source for a new factory site to cater for the expected expansion. New production line to manufacture new product such as Digital Versatile Discs (“DVD”) is also in the drawing board. We will continue to emphasize on production of high quality CD, provision of good service and ensuring trust of our customer to achieve an even stronger performance this coming year.

#### *Dividend*

The Board of Directors is pleased to recommend a final tax-exempt dividend of 8% amounting to RM 2.4 million. This is subject to the approval of the shareholders at the forthcoming Annual General Meeting.

#### *Appreciation*

On behalf of the Board of Directors, I would like to express my sincere appreciation to all the management and staff for their unwavering dedication and hard work in driving our Group forward during the past year. I would also like to thank our shareholders, valued customers, bankers, business associates and government authorities for their continued confidence and support for the Group.

**Nazir bin Mansor**  
*Chairman*

## CORPORATE GOVERNANCE

SM Summit Holdings Bhd is committed to achieve best practices in corporate governance and business conduct in order to protect the interest of shareholders. Outlined below are the Company's corporate governance practices that were in place throughout the financial year just ended.

### *Board of Directors*

The Board comprises of 10 members whom three are non-executive directors and two independent directors. It oversees the business and affairs of the Group and the Company. Apart from its statutory responsibilities, the Board approves the Group's strategic plans, key operations initiatives, major investments and financing decisions, and reviews the financial performance of the Group. These functions are either carried out directly or through Board Committees set out below:

### *Executive Committee*

The Executive Committee comprises 3 members. As part of its key responsibilities, the Committee provides overall direction to the management and operations of the Group. It formulates and approves business plans and strategies for the Group and policies on operations. It also conducts periodic reviews of the Group's operational and financial performance and approves organization structure and manpower establishments.



## AUDIT COMMITTEE

Yip Soon Chee  
 - *Chairman, Independent  
 Non-Executive Director*

Tan Eng Choong  
 - *Independent Non-Executive Director*

Yap Kiam Beng  
 - *Executive Director*

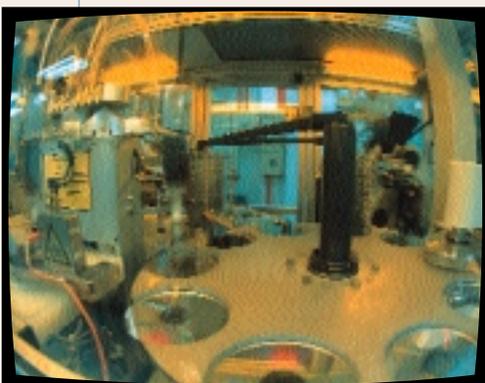
Chu Kum Yoon  
 Chong Swee Yoon  
 - *Secretaries*

### *Terms of Reference*

The directors of the Company have set up an Audit Committee in accordance with the requirements by the Kuala Lumpur Stock Exchange.

The Audit Committee comprises of 3 members, two of whom are independent directors. The Committee holds at least four meetings a year. The following are some of its main functions:

- to recommend the appointment of the external auditors, audit fees and question on any resignation or dismissal;
- to discuss with the external auditor before the audit commences the nature and scope of the audit and to ensure co-ordination where more than one audit firm is involved;
- to review the quarterly and annual financial statements before submission to the Board;
- to discuss problems and reservations arising from the interim and final audit, the evaluation and findings of the system of internal controls and any other matters with the auditors;
- to review the effectiveness of internal control systems, in particular, the external auditor's management letter and management's response.



## FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

for the year ended 31 March 2000

The Directors have pleasure in submitting their report together with the audited accounts of the Group and of the Company for the financial year ended 31 March 2000.

### Principal Activities

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out in note 15 to the accounts. There have been no significant change in the nature of these activities during the financial year.

### Financial Results

	Group RM	Company RM
Profit attributable to shareholders	6,791,863	2,484,453
Unappropriated profit brought forward	9,636,605	605,194
Profit available for appropriation	16,428,468	3,089,647
Dividends	(2,400,000)	(2,400,000)
Unappropriated profit carried forward	14,028,468	689,647

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

### Movements on Reserves and Provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the accounts.

### Dividends

Dividends paid since the end of the Company's previous financial year are as follows:

	RM
In respect of the financial year ended 31 March 1999:	
Tax exempt dividend of 8%, paid on 15 November 1999	2,400,000

The Directors propose the payment of a tax exempt dividend of 8.0% per ordinary share amounting to RM2,400,000 in respect of financial year ended 31 March 2000 subject to the approval of members at the forthcoming Annual General Meeting of the Company.

**DIRECTORS' REPORT (Cont'd)**

for the year ended 31 March 2000

**Directors**

The Directors in office since the date of the last report are:

Nazir bin Mansor	
Gun Seong Thean	
Lee Kerk Chong	
Soo Yoke Mun	
Faridah binti Jantan	
Tong Yuk Chuan	
Tam Chui Chui	
Tan Eng Choong	
Yap Kiam Beng	(appointed on 3.11.1999)
Yip Soon Chee	(appointed on 18.1.2000)
Hamzah bin Harun	(resigned on 3.11.1999)

**Directors' Interests**

According to the Register of Directors' Shareholdings, particulars of Directors' interests in the shares of the Company during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	1 April	Addition	Disposal	31 March
Faridah binti Jantan	4,700,000	8,000	(2,708,000)	2,000,000
Nazir bin Mansor	3,134,000	-	(605,000)	2,529,000
Gun Seong Thean	2,660,000	-	-	2,660,000
Tong Yuk Chuan	1,050,000	8,000	(8,000)	1,050,000
Tam Chui Chui	1,197,000	8,000	(4,000)	1,201,000
Soo Yoke Mun	3,134,000	-	(300,000)	2,834,000*
Lee Kerk Chong - Direct	-	2,700,000	-	2,700,000
- Indirect	5,163,000	837,000	-	6,036,000*
Yap Kiam Beng	-	30,000	-	30,000

\* Indirect interest (shares held by a company in which the Director is deemed to have an interest).

None of the other Directors in office at the end of the financial year held any interest in the shares of the Company.

**Directors' Benefits**

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in note 4 to the accounts) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for any deemed benefit that may have arisen out of the sales to and purchases from companies in which Lee Kerk Chong has a substantial financial interest, in the ordinary course of business.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' REPORT (Cont'd)

for the year ended 31 March 2000

### *Other Statutory Information*

Before the profit and loss account and balance sheet of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action 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
- (b) 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 estimated realisable values.

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

- (a) which would render the amounts written off or provided for bad and doubtful debts of the Group and of the Company inadequate to any material extent or the values attributed to current assets of the Group and of the Company misleading; and
- (b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of 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 other 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 of the Company for the current financial year; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group.

No contingent or other liability of any company in the Group 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 Company and its subsidiary companies 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 accounts which would render any amount stated in the accounts misleading.

### *Significant Events During The Year*

The Company undertook a public issue of 3,926,000 ordinary shares of RM1.00 each at an issue price of RM1.60 per ordinary share, which was completed on 26 May 1999.

The shares of the Company were quoted on the Second Board of the Kuala Lumpur Stock Exchange on 1 June 1999.

## DIRECTORS' REPORT (Cont'd)

for the year ended 31 March 2000

### **Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

On behalf of the Board of Directors

**Nazir bin Mansor**  
Director

**Gun Seong Thean**  
Director

Kuala Lumpur  
26 July 2000

## PROFIT AND LOSS ACCOUNTS

for the year ended 31 March 2000

	Note	2000 RM	Group 1999 RM	2000 RM	Company 1999 RM
<b>Turnover</b>	3	41,591,526	36,221,812	2,900,000	17,621,508
<b>Cost of sales</b>		21,640,360	20,298,784	-	-
<b>Operating profit before taxation</b>	4	8,556,607	7,065,979	2,537,861	17,631,702
Taxation	5	(1,504,488)	851,817	(53,408)	(1,579,022)
<b>Profit after taxation</b>		7,052,119	7,917,796	2,484,453	16,052,680
Minority interests		(260,256)	(140,696)	-	-
<b>Profit attributable to shareholders</b>		6,791,863	7,777,100	2,484,453	16,052,680
Unappropriated profit/ (accumulated loss) brought forward		9,636,605	17,205,044	605,194	(101,947)
Profit available for appropriation		16,428,468	24,982,144	3,089,647	15,950,733
Bonus issue		-	(12,945,539)	-	(12,945,539)
Dividends	6	(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)
<b>Unappropriated profit carried forward</b>		14,028,468	9,636,605	689,647	605,194
Earnings per share	7	23.1 sen	33.2 sen		

The above profit and loss accounts are to be read in conjunction with the notes to the accounts on pages 26 to 39.

**BALANCE SHEETS**

as at 31 March 2000

	Note	2000 RM	Group 1999 RM	2000 RM	Company 1999 RM
<b>Share capital</b>	8	30,000,000	26,074,000	30,000,000	26,074,000
<b>Reserves</b>	9	16,557,500	11,141,694	4,478,185	3,369,789
<b>Shareholders' funds</b>		46,557,500	37,215,694	34,478,185	29,443,789
<b>Minority interests</b>		1,386,275	1,156,839	-	-
<b>Deferred and long term liabilities</b>					
Term loans	10	3,504,526	1,207,044	-	-
Hire purchase creditors	11	501,364	-	-	-
Amount due to Director	12	796,943	796,943	-	-
Deferred taxation	13	704,000	28,000	-	-
		5,506,833	2,031,987	-	-
		53,450,608	40,404,520	34,478,185	29,443,789
Represented by:					
<b>Fixed assets</b>	14	36,427,120	27,264,049	-	-
<b>Subsidiary companies</b>	15	-	-	36,301,689	28,226,560
<b>Investment</b>	16	30,030	30,030	-	-
<b>Current assets</b>					
Stocks	17	4,155,318	3,161,100	-	-
Trade debtors	18	13,342,472	14,608,483	-	-
Other debtors, deposits and prepayments		599,697	652,041	250,000	250,000
Deposits with licensed banks		9,376,007	4,146,319	505,275	1,914,865
Cash and bank balances		3,638,422	2,342,417	68,924	961,336
		31,111,916	24,910,360	824,199	3,126,201
<b>Current liabilities</b>					
Trade creditors		6,084,487	5,577,462	-	-
Other creditors and accrued liabilities		3,360,601	2,382,878	184,918	7,516
Term loans	10	1,475,004	1,484,638	-	-
Bank overdrafts		-	45,015	-	-
Taxation		798,366	436,267	62,785	9,518
Proposed dividend		2,400,000	2,400,000	2,400,000	2,400,000
		14,118,458	12,326,260	2,647,703	2,417,034
<b>Net current assets/(liabilities)</b>		16,993,458	12,584,100	(1,823,504)	709,167
<b>Expenditure carried forward</b>	19	-	526,341	-	508,062
		53,450,608	40,404,520	34,478,185	29,443,789

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 26 to 39.

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2000

Note	2000 RM	1999 RM
<b>Cash flows from/(used in) operating activities</b>		
Operating profit before taxation and minority interests	8,556,607	7,065,979
<b>Adjustment for:</b>		
Gain on disposal of fixed assets	(52,777)	(54,886)
Fixed assets written off	29,487	-
Depreciation of fixed assets	3,588,108	2,782,919
Provision for doubtful debts	662,796	404,767
Interest income	(232,672)	(236,873)
Interest expense	460,625	776,474
Preliminary and pre-operating expenses written off	18,279	18,279
Reserve on consolidation written off	(5,820)	-
	4,468,026	3,690,680
Operating profit before working capital changes	13,024,633	10,756,659
Decrease/(Increase) in working capital		
Stocks	(1,657,014)	(938,503)
Debtors	1,318,355	(3,692,661)
Creditors	1,309,712	(140,956)
	971,053	(4,772,120)
<b>Cash generated from operations</b>	13,995,686	5,984,539
Interest paid	(460,625)	(776,474)
Income tax paid	(466,389)	(409,536)
<b>Net cash from operating activities</b>	13,068,672	4,798,529
<b>Cash flows from/(used in) investing activities</b>		
Purchases of fixed assets (a)	(13,026,489)	(2,234,923)
Proceeds from sale of fixed assets	1,125,000	64,089
Deferred expenditure incurred	(823,595)	(287,497)
Interest received	232,672	236,873
Acquisition of shares in subsidiary company from minority shareholders	(25,000)	-
<b>Net cash used in investing activities</b>	(12,517,412)	(2,221,458)

## CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

for the year ended 31 March 2000

	Note	2000 RM	1999 RM
<b>Cash flows from/(used in) financing activities</b>			
Receipt of term loans		5,737,866	-
Repayment of term loans		(3,450,018)	(2,984,638)
Repayment of lease creditors		(64,900)	(713,900)
Repayment of hire purchase creditors		(85,100)	-
Proceeds from public issue		6,281,600	-
Proceeds from rights issue		-	2,722,997
Dividend paid		(2,400,000)	-
Subscription of shares in subsidiary company by minority shareholders		-	20,005
<b>Net cash from/(used in) financing activities</b>		<b>6,019,448</b>	<b>(955,536)</b>
<b>Net increase in cash and cash equivalents during the year</b>		<b>6,570,708</b>	<b>1,621,535</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>6,443,721</b>	<b>4,822,186</b>
<b>Cash and cash equivalents at end of the year</b>	20	<b>13,014,429</b>	<b>6,443,721</b>

Note (a) During the financial year, the Group acquired fixed assets with an aggregate amount of RM1,386,579 of which RM826,400 was financed via hire purchase.

The above balance sheets are to be read in conjunction with the notes to the accounts on pages 26 to 39.

## NOTES TO THE ACCOUNTS

for the year ended 31 March 2000

### **1 Basis of Preparation of the Accounts**

The accounts of the Group and the Company have been prepared in accordance with the applicable approved Accounting Standards in Malaysia and provisions of the Companies Act, 1965.

### **2 Significant Group Accounting Policies**

All significant Group accounting policies set out below are consistent with those applied in the previous year.

#### **Accounting convention**

The accounts are prepared under the historical cost convention modified by the valuations of certain fixed assets and investment in subsidiary companies.

#### **Investment in subsidiary companies**

Investment in subsidiary companies is stated at valuation. Acquisitions after valuation date are stated at cost. A valuation will be conducted in an interval of at least once in every five years. Provision is made where, in the opinion of the Directors, there has been a permanent diminution in value of the underlying net assets of the subsidiary companies.

#### **Basis of consolidation**

The Group adopts the acquisition and merger methods of consolidation.

The consolidated profit and loss account and balance sheet include the audited accounts of the Company and all its subsidiary companies made up to the end of the financial year. Intra-group transactions and resulting unrealised profits or losses are eliminated fully on consolidation and the consolidated accounts reflect external transactions only.

#### **Merger method**

Acquisitions of subsidiary companies which meet the criteria for merger accounting under the Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers, are accounted for using merger accounting principles. When the merger method is used, the cost of investment in the company's books is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares transferred is treated as merger reserves in accordance with merger relief provisions under Section 60(4) of the Companies Act, 1965. The results of these subsidiary companies are presented as if the merger had been effected throughout the current or previous financial years.

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 2 Significant Group Accounting Policies (Cont'd)

#### Acquisition method

Acquisition of subsidiary companies that do not meet the criteria for merger accounting is consolidated using the acquisition method of accounting. When the acquisition method is adopted, the difference between the fair value of purchase consideration of subsidiary companies acquired over the Group's share of the separable net assets acquired is included in the consolidated accounts as goodwill or capital reserve on consolidation. The results of the subsidiary companies acquired or disposed of during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of their disposal. Goodwill or capital reserve on consolidation is amortised through the consolidated profit and loss account on a straight line basis over a period of 25 years. The carrying amount of goodwill or reserve on consolidation is reviewed annually and written down for permanent diminution in value when, in the opinion of the Directors, it is considered necessary.

#### Fixed assets

Land and buildings are stated at Directors' valuation based on valuation by independent professional valuers using the open market value basis, with subsequent additions at cost. Surplus arising on revaluation is credited to revaluation reserve. Revaluation of land and buildings will be conducted at intervals of at least once in every five years.

The cost of other fixed assets comprises their purchase cost and any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Buildings	2
Motor vehicles	16 - 20
Furniture, fittings and equipment	8 - 20
Plant, machinery and audio equipment	10 - 12
Renovation	10
Office equipment	10 - 12
Electrical installation	10

Long term leasehold land and buildings are amortised over the lease period of 50 to 99 years. Freehold land is not depreciated.

#### Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average basis and includes transport and handling costs. In the case of work in progress and finished goods, cost includes all direct expenditure and production overheads. Where necessary, provision is made for obsolete, slow moving or defective stocks.

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 2 Significant Group Accounting Policies (Cont'd)

#### Debtors

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

#### Currency translations

Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date and foreign currency transactions, are converted at rates ruling on the transaction dates. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

#### Deferred taxation

Provision is made using the liability method for taxation deferred in respect of all timing differences except where it is considered reasonably probable that the tax effects of such deferrals will continue in the foreseeable future.

#### Assets held under hire purchase agreements

Assets acquired under hire purchase agreements are capitalised and the capital element of the hire purchase commitments is reflected as hire purchase creditors. The capital element of the hire purchase instalment is applied to reduce the outstanding obligations whereas the interest element is charged against profit so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### Expenditure carried forward

Expenditure carried forward are stated at cost and amortised over a period of five years upon commencement of operations.

Share issue expenses are capitalised and are written off against share premium upon completion of the listing exercise.

#### Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of changes in value.

#### Revenue recognition

Sales of goods are recognised upon delivery of goods and customer acceptance, net of sales discounts and returns.

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 3 Principal Activities and Turnover

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out in note 15 to the accounts.

Turnover for the Group, which excludes sales taxes, sales between group companies and discounts, represents the invoiced value of pre-recorded audio cassette tapes and compact discs.

Company's turnover comprises dividend income.

### 4 Operating Profit Before Taxation

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Operating profit before taxation is stated after charging:</b>				
Depreciation of fixed assets	3,588,108	2,782,919	-	-
Directors' remuneration				
- fees	224,976	278,064	85,000	-
- other emoluments	752,659	235,238	-	-
Professional fees paid to firms in which certain Directors are members	5,230	9,500	-	-
Interest expenses				
- term loans	329,130	498,223	-	-
- others	131,495	278,251	-	-
Auditors' remuneration	30,500	26,000	6,000	4,000
Rental of land and buildings	248,760	244,760	-	-
Provision for doubtful debts	662,796	404,767	-	-
Preliminary expenses written-off	2,182	2,182	-	-
Pre-operating expenses written-off	16,097	16,097	-	-
Fixed assets written-off	29,487	-	-	-
<b>and crediting:</b>				
Gross dividend income from subsidiary companies	-	-	2,900,000	17,621,508
Gain on disposal of fixed assets	52,777	54,886	-	-
Interest income	232,672	236,873	38,433	18,978
Realised exchange gain	12,386	729	-	-
Reserve on consolidation written-off	5,820	-	-	-
Rental income	98,900	99,350	-	-

The estimated monetary value of benefits-in-kind received and receivable by Directors otherwise than in cash from the Group amounts to RM19,755 (1999: RM9,400).

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 5 Taxation

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Taxation based on the profit of the year:</b>				
Malaysian income tax	809,108	5,000	53,408	1,579,022
Under/(over) provision in respect of prior years	24,080	(788,817)	-	-
Transfer to/(from) deferred taxation	671,300	(68,000)	-	-
	1,504,488	(851,817)	53,408	1,579,022

Taxation of the Company is in respect of interest income. The effective rate of taxation of the Company is lower than the statutory rate due to tax exempt dividend from a subsidiary company.

The effective rate of taxation of the Group is lower than the statutory rate due to the availability of reinvestment allowances to set off against taxable income.

### 6 Dividends

	Group and Company	
	2000 RM	1999 RM
<b>Proposed:</b>		
Ordinary final tax-exempt dividend of 8.0% (1999: 8.0%)	2,400,000	2,400,000

### 7 Earnings Per Share

The earnings per share for the year ended 31 March 2000 has been calculated based on the Group's profit for the year of RM6,791,863 (1999: RM7,777,100) and on the average number of ordinary shares of the Company in issue during the year of 29,397,655 shares (1999: 23,418,145 shares).

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 8 Share Capital

	Group and Company	
	2000 RM	1999 RM
<b>Ordinary shares of RM1 each:</b>		
<b>Authorised</b>		
At 1 April	50,000,000	10,000,000
Created during the year	-	40,000,000
<b>At 31 March</b>	<b>50,000,000</b>	<b>50,000,000</b>
<b>Issued and fully paid</b>		
At 1 April	26,074,000	7,640,870
Public Issue	3,926,000	-
Bonus Issue	-	15,710,133
Rights Issue	-	2,722,997
	<b>3,926,000</b>	<b>18,433,130</b>
	<b>30,000,000</b>	<b>26,074,000</b>

### 9 Reserves

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
<b>Non-distributable</b>				
Share premium arising from Public Issue	2,355,600	-	2,355,600	-
Less: Share issue expenses	(1,331,657)	-	(1,331,657)	-
Revaluation surplus	1,023,943	-	1,023,943	-
	1,505,089	1,505,089	2,764,595	2,764,595
Reserve on consolidation	5,820	-	-	-
Less: Written off	(5,820)	-	-	-
	-	-	-	-
<b>Distributable</b>				
Unappropriated profit	2,529,032	1,505,089	3,788,538	2,764,595
	14,028,468	9,636,605	689,647	605,194
	<b>16,557,500</b>	<b>11,141,694</b>	<b>4,478,185</b>	<b>3,369,789</b>

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and tax exempt income under the Promotion of Investment Act, 1986 to frank the payment of dividends out of all its unappropriated profit at 31 March 2000.

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 10 Term Loans

	2000 RM	Group 1999 RM
Term loans	4,979,530	2,691,682
Less: Repayments due within 12 months (included in current liabilities)	(1,475,004)	(1,484,638)
	3,504,526	1,207,044
Repayable as follows:		
Within 1 year	1,475,004	1,207,044
Between 2 and 5 years	2,029,522	-
	3,504,526	1,207,044

The loans are secured by way of legal charges over the assets of a subsidiary company and guaranteed by the Company.

The loans are repayable over 48 monthly instalments commencing from the date of first drawdown.

Interest charged for the year was at rates ranging from 8.25% to 9.50% (1999: 9.50% to 14.70%) per annum.

### 11 Hire Purchase Creditors

Hire purchase creditors is analysed as follows:

	2000 RM	Group 1999 RM
Hire purchase creditors	898,756	-
Less: Finance charges	(157,456)	-
Principal repayable	741,300	-
Repayable as follows:		
Within 12 months (included under other creditors and accrued liabilities)	239,936	-
After 12 months	501,364	-
	741,300	-

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 12 Amount Due to Director

The amount due to Director is unsecured, interest free and is repayable after one year.

### 13 Deferred Taxation

	Group	
	2000 RM	1999 RM
At 1 April	28,000	96,000
Transfer (to)/from profit and loss account	676,000	(68,000)
At 31 March	704,000	28,000
Deferred taxation provided in the accounts are analysed as follows:		
Timing differences between depreciation and corresponding taxation allowances	6,197,000	5,818,000
Other timing differences	(1,121,400)	-
Timing differences on which deferred taxation has been provided	5,075,600 (1,810,285)	5,818,000 (100,000)
Timing differences between depreciation and corresponding taxation allowances which are expected to continue in the foreseeable future	3,265,315	5,718,000

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 14 Fixed Assets

The details of fixed assets are as follows:

2000 Group	Freehold land and buildings at valuation	Leasehold land and buildings at valuation	Motor Vehicles at cost	Furniture, fittings and equipment at cost	Plant, Machinery and audio equipment		Renovation at cost	Office equipment at cost	Electrical installation at cost	Capital work in progress at cost	Total
					RM	RM					
<b>Cost/valuation</b>											
At 1 April	1,000,000	8,626,003	506,092	1,839,829	24,217,382	247,921	195,593	171,759	62,315	36,866,894	
Additions	-	5,650	728,579	150,085	12,086,623	12,886	4,618	38,645	825,803	13,852,889	
Disposals	-	-	-	(17,406)	(3,889,039)	-	-	-	-	(3,889,039)	
Written off	-	-	-	(30,694)	(39,275)	-	-	-	-	(56,681)	
Reclassification	-	-	-	30,694	31,621	-	-	-	-	(62,315)	
At 31 March	1,000,000	8,631,653	1,234,671	2,003,202	32,407,312	260,807	200,211	210,404	825,803	46,774,063	
<b>Accumulated depreciation</b>											
At 1 April	-	133,668	443,788	620,476	8,158,159	98,857	92,378	55,519	-	9,602,845	
Charge for the year	20,000	172,634	55,960	209,303	3,045,797	25,239	39,222	19,953	-	3,588,108	
Disposals	-	-	-	(11,812)	(2,816,816)	-	-	-	-	(2,816,816)	
Written off	-	-	-	(11,812)	(15,382)	-	-	-	-	(27,194)	
At 31 March	20,000	306,302	499,748	817,967	8,371,758	124,096	131,600	75,472	-	10,346,943	
<b>Net book value</b>											
At 31 March	980,000	8,325,351	734,923	1,185,235	24,035,554	136,711	68,611	134,932	825,803	36,427,120	

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 14 Fixed Assets (Cont'd)

The details of fixed assets are as follows:

1999 Group	Freehold land and buildings at valuation	Leasehold land and buildings at valuation	Motor Vehicles at cost	Furniture, fittings and equipment at cost	Plant, Machinery and audio equipment at cost	Renovation equipment at cost	Office equipment at cost	Electrical installation at cost	Capital work in progress at cost	Total
<b>Cost/valuation</b>										
At 1 April	592,232	5,002,151	506,092	1,465,100	22,484,471	247,921	243,540	139,009	-	30,680,516
Revaluation	407,768	3,557,849	-	-	-	-	-	-	-	3,965,617
Additions	-	-	-	65,094	1,569,022	-	42,055	32,750	526,002	2,234,923
Disposals	-	-	-	-	(14,160)	-	-	-	-	(14,160)
Reclassification	-	66,003	-	219,633	178,051	-	-	-	(463,687)	-
At 31 March	1,000,000	8,626,003	506,092	1,749,827	24,217,384	247,921	285,595	171,759	62,315	36,866,896
<b>Accumulated depreciation</b>										
At 1 April	-	304,066	356,639	429,396	5,838,893	74,065	85,095	40,796	-	7,128,950
Charge for the year	-	118,487	87,149	172,270	2,345,397	24,793	20,100	14,723	-	2,782,919
Disposals	-	-	-	-	(4,956)	-	-	-	-	(4,956)
Revaluation	-	(304,066)	-	-	-	-	-	-	-	(304,066)
Reclassification	-	15,181	-	5,993	(21,174)	-	-	-	-	-
At 31 March	-	133,668	443,788	607,659	8,158,160	98,858	105,195	55,519	-	9,602,847
<b>Net book value</b>										
At 31 March	1,000,000	8,492,335	62,304	1,142,168	16,059,224	149,063	180,400	116,240	62,315	27,264,049

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 14 Fixed Assets (Cont'd)

The net book values of fixed assets of the Group that would have been included in the accounts, had these assets been carried at cost less depreciation are as follows:

	2000 RM	Group 1999 RM
Freehold land and buildings	592,232	592,232
Long term leasehold land and buildings	4,514,536	4,630,420

The Company did not have any fixed assets during the financial year.

#### Valuation

Land and buildings of the Group were revalued in 1999 by the Directors based on valuations carried out by independent professional valuers on open market value basis.

The tax effect in connection with the surplus arising on the revaluation of land and buildings is not disclosed as there is no intention to dispose of these landed properties.

#### Assets with restricted title

At the balance sheet date, the cost and net book value of fixed assets of the Group pledged to financial institutions to secure term loan facility as shown in note 10 to the accounts are as follows:

	2000 RM	Group 1999 RM
<b>Plant and machinery Cost</b>	8,607,016	7,885,087
<b>Net book value</b>	8,131,718	6,099,876

#### Assets held under hire purchase agreements

At the balance sheet date, the net book value of fixed assets of the Group held under hire purchase amounting to RM1,323,072 (1999: RM NIL).

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 15 Subsidiary Companies

The subsidiary companies are:

Name of company	Country of incorporation	Interest in equity held by company		Principal activities
		2000 %	1999 %	
Summit Audio Industries (M) Sdn Bhd	Malaysia	100	100	Mechanical reproduction of sound and music
Summit CD Manufacture (M) Sdn Bhd	Malaysia	100	100	Manufacture of compact discs
Japantec Industries (M) Sdn Bhd	Malaysia	51	51	Manufacturing plastic fabricated parts
SM Digital Media Sdn Bhd	Malaysia	100	60	Provision of encoding services

Interests in subsidiary companies:

	Company	
	2000 RM	1999 RM
Investment in subsidiary companies - at valuation	14,445,057	14,445,057
- at cost	55,000	30,000
Amounts owing by subsidiary companies	14,500,057 21,801,632	14,475,057 13,751,503
	36,301,689	28,226,560

During the year, the Company acquired additional 40% equity interest in SM Digital Media Sdn Bhd for a cash consideration of RM25,000.

Amounts owing from subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

### 16 Investment

This is in respect of a transferable membership in a club.

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 17 Stocks

	Group	
	2000 RM	1999 RM
Raw materials	3,175,708	2,590,483
Work-in-progress	19,478	82,794
Finished goods	960,132	487,823
	4,155,318	3,161,100

### 18 Trade Debtors

	Group	
	2000 RM	1999 RM
Trade debtors	14,577,854	15,258,924
Provision for doubtful debts	(1,235,382)	(650,441)
	13,342,472	14,608,483

### 19 Expenditure Carried Forward

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Preliminary expenses, at cost	10,910	10,910	-	-
Pre-operating expenses, at cost	80,485	80,485	-	-
Share issue expenses, at cost	1,331,657	508,062	1,331,657	508,062
Less: Accumulated amortisation	1,423,052	599,457	1,331,657	508,062
Written off against share premium	(91,395)	(73,116)	-	-
	(1,331,657)	-	(1,331,657)	-
	-	526,341	-	508,062

### 20 Cash and Cash Equivalents

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

	Group	
	2000 RM	1999 RM
Fixed deposits with licensed banks	9,376,007	4,146,319
Cash and bank balances	3,638,422	2,342,417
Bank overdrafts	-	(45,015)
	13,014,429	6,443,721

## NOTES TO THE ACCOUNTS (Cont'd)

for the year ended 31 March 2000

### 21 *Contingent Liabilities*

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Guarantee of banking facilities granted to subsidiary companies (secured)	-	-	7,305,293	4,222,145

### 22 *Significant Events During the Year*

The Company undertook a public issue of 3,926,000 ordinary shares of RM1.00 each at an issue price of RM1.60 per ordinary share, which was completed on 26 May 1999.

The shares of the Company were quoted on the Second Board of the Kuala Lumpur Stock Exchange on 1 June 1999.

### 23 *Segment Information*

The Group operates principally in only one industry segment and one geographical location. The relevant financial information has been appropriately presented in these accounts.

### 24 *Capital Commitment*

Commitment for capital expenditure on fixed assets:

	Group	
	2000 RM	1999 RM
Contracted but not provided for	5,540,000	8,508,000
Approved but not contracted for	-	2,100,000

### 25 *Significant Inter-Company Transactions*

Significant transactions between the group and its related companies are as follows:

	2000 RM	1999 RM
Sales of finished goods to affiliated corporation	2,357,441	1,126,117
Purchase of raw materials from affiliated corporation	1,093,844	5,434,725
Purchase of fixed assets from affiliated corporation	556,400	-

The terms of the above transactions are established by negotiations between the parties.

## STATEMENT BY DIRECTORS

We, Nazir bin Mansor and Gun Seong Thean, being two of the Directors of SM Summit Holdings Bhd, state that, in the opinion of the Directors, the accounts set out on pages 22 to 39 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2000 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia.

Signed at Kuala Lumpur on

On behalf of the Board of Directors

**Nazir bin Mansor**  
Director

**Gun Seong Thean**  
Director  
26 July 2000

## STATUTORY DECLARATION

I, Gun Seong Thean, being the Director primarily responsible for the financial management of SM Summit Holdings Bhd, do solemnly and sincerely declare that the accounts set out on pages 22 to 39 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Gun Seong Thean**  
Director

Subscribed and solemnly declared at Kuala Lumpur on 26 July 2000

Before me

**P. Shanmuganathan**  
Commissioner for Oaths

## REPORT OF THE AUDITORS TO THE MEMBERS

of SM Summit Holdings Bhd (287036 X)

We have audited the accounts set out on pages 22 to 39. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion:

- (a) the accounts give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2000 and of the results of the Group and the Company and the cash flows of the Group for the year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**PricewaterhouseCoopers**

[AF: 1146]

Public Accountants

**Yap Kim Swee**

[1654/10/00(J)]

Partner

Kuala Lumpur  
26 July 2000

## LIST OF PROPERTIES

Registered Owner/ Location	Description	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2000 (RM)
<b>Summit Audio Industries (M) Sdn Bhd</b>				
Lot 41745 Mukim Kuala Lumpur, District of Federal Territory.	Three (3) storey shophouse presently rented out	Freehold (age is approx 17 years)	143.00	490,000
Lot 41746 Mukim Kuala Lumpur, District of Federal Territory.	Three (3) storey shophouse presently rented out	Freehold (age is approx 17 years)	143.00	490,000
Parcel No. D-113 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	Freehold (age is approx 4 years)	79.25	120,682
Plot No. B29 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	Leasehold 99 years expiring on 11.09.2082 (age is approx 4 years)	1,041.00	3,301,090
Parcel No. 1313 Storey No. 3, Building 1 Taman Shamelin Perkasa PT 1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	Leasehold 99 years expiring on 11.09.2082 (age is approx 8 years)	95.00	125,800

## LIST OF PROPERTIES (Cont'd)

Registered Owner/ Location	Description	Tenure/ Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2000 (RM)
<b>Summit CD Manufacture (M) Sdn Bhd</b>				
Parcel No. 149 Taman Shamelin Perkasa, Phase 1A, PT 1668 Mukim of Ampang, District of Kuala Lumpur.	One and a half storey intermediate terrace factory	Leasehold 99 years expiring on 2082 (age is approx 14 years)	278.71	918,000
Parcel No. D-107 1st Floor, Block D Pandan Height, PT 34798 Mukim of Ampang, District of Ulu Langat, State of Selangor.	Three (3) bedroom apartment for management	Freehold (age is approx 4 years)	79.62	120,682
Plot No. B30 Gateway 2020 Industrial Park, Phase 5 Taman Shamelin Perkasa PT 1604 and PT 1668 Mukim of Kuala Lumpur and Ampang respectively, District of Kuala Lumpur.	Adjoining unit of semi-detached single storey factory with three storey office	Leasehold 99 years expiring on 11.09.2082 (age is approx 4 years)	1,041.00	3,227,973
Parcel No.1307 Storey No. 3, Building 1 Taman Shamelin Perkasa PT 1604 Mukim of Kuala Lumpur, District of Kuala Lumpur.	Three (3) bedroom apartment for management	Leasehold 99 years expiring on 11.09.2082 (age is approx 8 years)	95.00	125,600
Parcel No. E-GP04 Block E, Phase 5 Pandan Perdana PT 4335 Mukim of Kuala Lumpur, District of Kuala Lumpur.	5 + 1 bedroom apartment (Penthouse) for senior management accommodation	Freehold (age is approx 1 year)	195.93	385,524
<b>Total</b>			<b>3,191.51</b>	<b>9,305,351</b>

## STATISTICS OF SHAREHOLDINGS

as at 31 July 2000

Financial Year End : 31st July 2000  
 Class of Shares : Ordinary Shares of RM1.00 each  
 Voting Rights : One vote per ordinary share

### Analysis of Shareholders by Range Groups

Size of the Shareholdings	No. of Shares	% over Total Shares	No. of Holders	% over Total Shareholders
1 - 1,000	629,000	2.10	630	48.65
1,001 - 5,000	1,359,000	4.53	465	35.91
5,001 - 10,000	766,000	2.55	89	6.87
10,001 and above	27,246,000	90.82	111	8.57
<b>Total</b>	<b>30,000,000</b>	<b>100.00</b>	<b>1,295</b>	<b>100.00</b>

### List of Twenty Largest Shareholders as at 31 July 2000

(As per Record of Depositors)

Name of Holders	No. of Shares	%
1. SM Summit Holdings Limited	6,036,000	20.12
2. M & A Nominee (Asing) Sdn Bhd Kay Hian Pte Ltd for Lee Kerk Chong	2,700,000	9.00
3. Arab-Malaysian Nominees (Asing) Sdn Bhd Pled. Sec. A/C. Arab-Malaysian Finance Bhd for Gun Seong Thean (7/693-9)	2,660,000	8.87
4. Arab-Malaysian Nominees (Tempatan) Sdn Bhd Pled. Sec. A/C. Arab-Malaysian Finance Bhd for Shing Kong Enterprise Sdn Bhd (7/690-4)	2,152,000	7.17
5. Arab-Malaysian Nominees (Tempatan) Sdn Bhd Pled. Sec. A/C. Arab-Malaysian Finance Bhd for Nazir Bin Mansor (7/691-2)	2,152,000	7.17
6. Faridah binti Jantan	1,400,000	4.67
7. Tam Chui Chui	1,201,000	4.00
8. Tong Yuk Chuan	1,050,000	3.50
9. Lembaga Tabung Angkatan Tentera	1,000,000	3.33
10. Shing Kong Enterprise Sdn Bhd	682,000	2.27
11. Lee Kerk Chong	600,000	2.00
12. Nazir bin Mansor	377,000	1.26
13. Ko Kin Siong	356,000	1.19
14. Wong Kong Meng	288,000	0.96
15. Citicorp Nominees (Asing) Sdn Bhd Pled. Sec. A/C. TINTC for Government of Singapore Investment Corporation Pte Ltd	280,000	0.93
16. Multi-Purpose Bank Nominees (Tempatan) Pled. Sec. A/C. PHEIM Asset Management S/B for Empat Nombor Ekor (S'ngor) S/B	260,000	0.87
17. Universal Trustee (Malaysia) Berhad Pled. Sec. A/C. for BHLB High Growth Fund	250,000	0.83
18. Universal Trustee (Malaysia) Berhad Pled. Sec. A/C. BHLB Pacific Emerging Companies Growth Fund	240,000	0.80
19. Lim Chin Seng	235,000	0.78
20. Sing Kong Wey	226,000	0.75
<b>Total</b>	<b>24,145,000</b>	<b>80.47</b>

## STATISTICS OF SHAREHOLDINGS (Cont'd)

as at 31 July 2000

### Substantial Shareholders as at 31 July 2000

(As per the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Direct/Indirect	%
1. Arab-Malaysian Nominees (Tempatan) Sdn Bhd	4,304,000 (in-direct)	14.35
2. Faridah binti Jantan	1,400,000	4.67
3. Gun Seong Thean	2,660,000	8.87
4. Lembaga Tabung Angkatan Tentera	1,000,000	3.33
5. Lee Kerk Chong ••	3,300,000 (direct) 6,036,000 (in-direct)	11.00 20.12 ••
6. Multi-Purpose Bank Nominees (Tempatan) S/B	639,000 (in-direct)	2.13
7. Nazir bin Mansor	2,529,000	8.43
8. Shing Kong Enterprise Sdn Bhd	2,834,000	9.45
9. SM Summit Holdings Ltd	6,036,000	20.12
10. Soo Yoke Mun •	2,834,000 (in-direct)	9.45
11. Tam Chui Chui	1,201,000	4.00
12. Tan Mooi Hiang •	2,834,000 (in-direct)	9.45
13. Tong Yuk Chuan	1,050,000	3.50

• Deemed interest by virtue of his 50.00% direct shareholding interest in Shing Kong Enterprises Sdn Bhd.

•• Deemed interest by virtue of his direct and indirect shareholding interest in SM Summit Holdings Ltd.

### Directors' Shareholdings as at 21 April 2000

(As per the Register of Directors' Shareholdings)

Directors	No. of Shares Direct/Indirect	%
1. Tan Eng Choong	-	-
2. Yip Soon Chee	-	-
3. Faridah binti Jantan	2,000,000	6.67
4. Gun Seong Thean	2,660,000	8.87
5. Lee Kerk Chong	2,700,000 (direct) 6,036,000 (in-direct)	9.00 20.12 ••
6. Nazir bin Mansor	2,529,000	8.43
7. Soo Yoke Mun •	2,834,000 (in-direct)	9.45
8. Tam Chui Chui	1,201,000	4.00
9. Tong Yuk Chuan	1,050,000	3.50
10. Yap Kiam Beng	30,000	0.10

• Deemed interest by virtue of his 50.00% direct shareholding interest in Shing Kong Enterprises Sdn Bhd.

•• Deemed interest by virtue of his direct and indirect shareholding interest in SM Summit Holdings Ltd.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of the Company will be convened and held at No. 9, Jalan 3/91A, Taman Shamelin Perkasa Cheras, 56100 Kuala Lumpur on Friday, 22 September 2000 at 10.00 a.m. to transact the following items of business:

### Agenda

1. To receive and adopt the audited accounts for the year ended 31 March 2000 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To declare a first and final tax exempt dividend of 8% for the year ended 31 March 2000. **(Resolution 2)**
3. To approve the payment of Directors' Fees amounting to RM85,000/- for the year ended 31 March 2000. **(Resolution 3)**
4. To re-elect Mr Tong Yuk Chuan who retires in accordance with Article 82 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Ms Tam Chui Chui who retires in accordance with Article 82 of the Company's Articles of Association. **(Resolution 5)**
6. To re-elect Mr Yap Kiam Beng who retires in accordance with Article 89 of the Company's Articles of Association. **(Resolution 6)**
7. To re-elect Mr Yip Soon Chee who retires in accordance with Article 89 of the Company's Articles of Association. **(Resolution 7)**
8. To re-appoint Messrs PricewaterhouseCoopers as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 8)**

### As Special Business

9. To authorise the directors to issue shares pursuant to Section 132D of the Companies Act, 1965.

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant Governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are empowered to obtain the approval from Kuala Lumpur Stock Exchange (KLSE) for the listing and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

**(Resolution 9)**

10. To consider any other business of which due notice shall have been given.

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

**FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall be eligible to attend this Meeting only in respect of:-**

- A. Share transferred into the depositor's securities account before 12.30 p.m. on 13 September 2000 in respect of ordinary transfer.**
- B. Shares bought on Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.**

### NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT the Register of Members will be closed from **23 November 2000 to 24 November 2000** both dates inclusive to determine shareholders entitlement to the dividend payment. Subject to the approval of the shareholders, a first and final tax exempt dividend of 8% per share for the year ended 31 March 2000 will be paid on **8 December 2000** to shareholders whose names appear in the Record of Depositors at the close of business at 5.00 p.m. on **22 November 2000**.

A depositor shall qualify for entitlement only in respect of:

1. Shares transferred into the Depositors' Securities Account on or before 12.30 p.m. on **22 November 2000**, in respect of ordinary transfers; and
2. 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

CHU KUM YOON  
Company Secretary

Kuala Lumpur  
7 September 2000

#### Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provision of Section 149 (1) (b) of the Companies Act, 1965 shall not apply to the Company.
2. A member may appoint two (2) or more proxies to attend at the same meeting. Where the member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 22nd Floor, Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).
5. **Explanatory Note on Item 9 of the Agenda**

*The Ordinary Resolution proposed under Item 9 of the Agenda, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next Annual General Meeting.*

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# SM Summit Holdings Bhd

(Company No. 287036-X)  
(Incorporated in Malaysia)

No. of Ordinary Shares Held

## PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a \*Member/Members of **SM Summit Holdings Bhd**  
hereby appoint \*Chairman of the meeting or \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as \*my/our \*proxy/proxies to  
attend and vote for \*me/us on \*my/our behalf at the Seventh Annual General Meeting of the Company,  
to be held at 9 Jalan 3/91A, Taman Shamelin Perkasa, 56100 Kuala Lumpur on Friday, the 22nd day of  
September 2000 at 10.00 a.m. and, at every adjournment thereof to vote as indicated below in respect of  
the following Resolutions:

		For	Against
Resolution 1	Adoption of Accounts and Reports		
Resolution 2	Declaration of first and final tax exempt dividend		
Resolution 3	Approval of Directors' Fees of RM85,000/-		
Resolution 4	Re-election of Mr Tong Yuk Chuan		
Resolution 5	Re-election of Ms Tam Chui Chui		
Resolution 6	Re-election of Mr Yap Kiam Beng		
Resolution 7	Re-election of Mr Yip Soon Chee		
Resolution 8	Re-appointment of Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors' to fix their remuneration		
Resolution 9	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with a cross [x] in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

The proportions of \*my/our holding to be represented by my \*proxy/proxies are as follows:-

First named Proxy	%
Second named Proxy	%
	<u>100%</u>

In case of a vote taken by show of hands, the First Proxy shall vote on \*my/our behalf.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2000

\_\_\_\_\_  
Signature(s) of Shareholder(s) or  
Common Seal of Corporate Shareholder(s)

\* Strike out whichever is not valid.

## PROXY FORM (Cont'd)

### **Notes:**

1. *A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member may appoint two (2) or more proxies to attend at the same meeting. Where the member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy or proxies shall be in writing (in the common or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, the instrument appointing a proxy or proxies must be either under seal or under the hand of an office or attorney duly authorised.*
4. *The instrument appointing a proxy must be deposited at the Registered Office at 22nd Floor, Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointed for taking of the poll).*
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*The Ordinary Resolution proposed under Item 9 of the Agenda, if passed, will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at general meeting, will expire at the next Annual General Meeting.*