



Annual Report
2001



SM Summit Holdings Bhd (287036-X)



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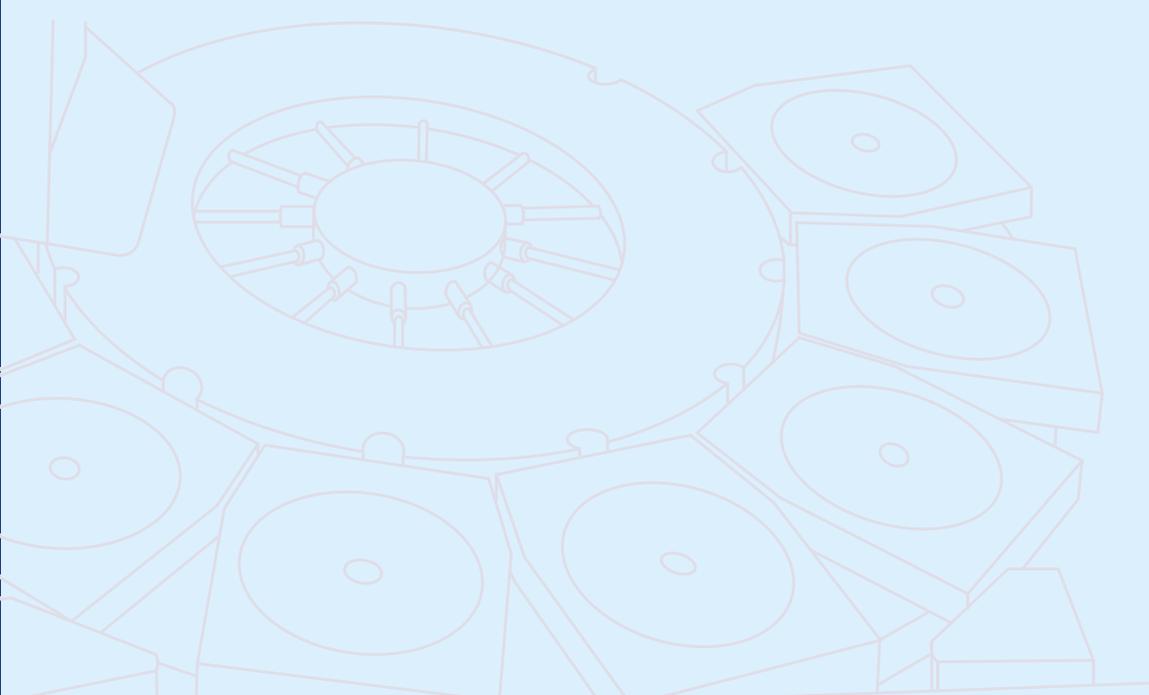
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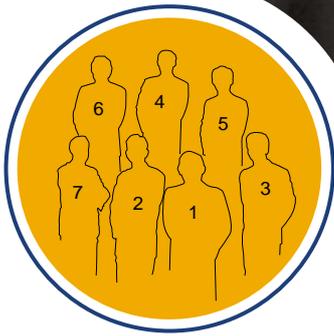
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PROXY FORM





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|--|----------------------------|
| 1. Nazir bin Mansor
- <i>Chairman</i> | 4. Yip Soon Chee |
| 2. Lee Kerk Chong
- <i>Vice Chairman</i> | 5. Yap Kiam Beng |
| 3. Gun Seong Thean
- <i>Managing Director</i> | 6. Soo Yoke Mun |
| | 7. Frances Augustine Peter |

1 NAZIR BIN MANSOR

Chairman

Aged 49, a Malaysian citizen and currently the Chairman of the Group was appointed to the Board on 7th February 1994. He is a non-independent, non-executive director of the Group. He is a graduate with a Diploma in Management from the Malaysian Institute of Management.

He is the Managing Director of Jay Trading Co and Peheli Sdn Bhd, both companies being his own businesses in the nature of trading of electrical products, electrical appliances, computer and sewing machine.

2 LEE KERK CHONG

Vice Chairman

Aged 50, a Singaporean citizen, was appointed to the Board on 7th February 1994. He is currently the Vice Chairman of the Group and sits as the Chairman of the Executive Committee of the Board. He is a non-independent, non-executive director of the Group.

He is currently the Chairman and Managing Director of SM Summit Holdings Limited ("SML"), a Main Board public listed company in the Singapore Stock Exchange and a substantial shareholder in SM Summit Holdings Bhd. He is instrumental in setting up and expanding SML to its present size since the beginning in Singapore in 1981.

GUN SEONG THEAN

Managing Director

Aged 54, a Singaporean citizen was appointed to the Board on 7th February 1994. He is currently the Managing Director of the Group and sits as a member in the Executive Committee of the Board. He is an executive, non-independent director of the Group.

Prior to joining SM Summit Group, he was with Amateur Photo Store Pte Ltd, a reputable consumer electrical product distribution agency from 1971 to 1985 with the last position he held as the Sales Manager. He later joined Summit Audio Enterprise Pte Ltd ("SAE") which in subsequent years became SM Summit Holdings Limited, a Main Board public listed company in the Singapore Stock Exchange, as its General Manager from 1986 to 1988. In view of his experience and expertise, he was offered by SAE to set up a business of similar nature in Malaysia. He became the Managing Director of Summit Audio Industries Sdn Bhd ("SAI") and Summit CD Manufacture (M) Sdn Bhd ("SCD") upon their incorporation in 1988 and 1991 respectively. He set up an investment holding arm, SM Summit Holdings Bhd in 1994 which became the SM Summit Group taking into its fold both SAI and SCD and in later years, list the whole Group on the Second Board of Kuala Lumpur Stock Exchange. He was made the Managing Director of the Group in 1994.

YIP SOON CHEE

Aged 46, a Malaysian citizen was appointed to the Board on 18th January 2000 and is the Chairman of the Audit Committee of the Board. He is an independent, non-executive of the Group.

He is a graduate with a Diploma in Business Studies and is currently the Managing Director of Interdeals Automation (M) Sdn Bhd, a company specializing in providing automation solutions for the finance industry, public and government sectors. He has been with the company since 1980.

YAP KIAM BENG

Aged 36, a Malaysian citizen and currently the Executive Director of the Group, was appointed to the Board and a member of the Audit Committee on 3rd November 1999. He is also a member of the Executive Committee of the Board. He is an executive, non-independent director of the Group.

He is a graduate with a degree in Bachelor of Accounting (Hons) from University of Malaya and a member of the Malaysian Association of Certified Public Accountants. Prior to joining the Group, he was attached to an international accounting firm, Coopers & Lybrand from 1989 to 1994 with the last position he held as an Assistant Manager in the audit division. He joined SM Summit Group as its General Manager in 1994 and became the Executive Director in 1999.

SOO YOKE MUN

Aged 51, a Malaysian citizen and a Public Accountant by profession, was appointed to the Board on 7th February 1994. He is a graduate with a degree in Bachelor of Economics from University of Malaya and a member of the Malaysian Institute of Accountants. He is a non-independent, non-executive director of the Group.

He has more than 20 years of working experience in the field of accounting and auditing having set up and is currently the sole partner of an accounting firm, Y M Soo & Co, established back in 1978, which provides services such as auditing, secretarial and tax consultancy.

FRANCES AUGUSTINE PETER

Aged 43, a Malaysian citizen and an advocate and solicitor by profession, was appointed to the Board and member of the Audit Committee on 25th July 2001. He is an independent, non-executive director of the Group.

He is a graduate with a degree in Bachelor of Arts (Hons) from University Sains Malaysia and holds a LLB (Hons) London and CLP (Malaysia). He is currently a partner of the legal firm, Messrs. Hamid Sultan & Rakan-rakan and prior to this, he was an Executive Director of Intellectual Property Protection Sdn Bhd, a company providing intellectual property protection services to copyrights owners. He has specialised knowledge in intellectual property rights, civil litigation and conveyancing matters. He also acts as legal advisor to a number of companies.

BOARD OF DIRECTORS

- Nazir bin Mansor - *Chairman*
- Lee Kerk Chong - *Vice Chairman*
- Gun Seong Thean - *Managing Director*
- Yip Soon Chee
- Yap Kiam Beng
- Soo Yoke Mun
- Tan Eng Choong (*Resigned on 31st May 2001*)
- Tong Yuk Chuan (*Resigned on 16th April 2001*)
- Faridah binti Jantan (*Resigned on 16th April 2001*)
- Tam Chui Chui (*Resigned on 16th April 2001*)
- Frances Augustine Peter (*Appointed on 25th July 2001*)

AUDIT COMMITTEE

- Yip Soon Chee - Chairman,
Independent Non-Executive Director
- Tan Eng Choong
- Independent Non-Executive Director
(*Resigned on 31st May 2001*)
- Frances Augustine Peter
- Independent Non-Executive Director
(*Appointed on 25th July 2001*)
- 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 9137

AUDITOR

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

REGISTRAR OFFICE

- Tenaga Koperat Sdn Bhd
20th Floor, Plaza Permata
Jalan Kampar off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-4041 6522
Fax: 03-4042 6352



GROUP TURNOVER



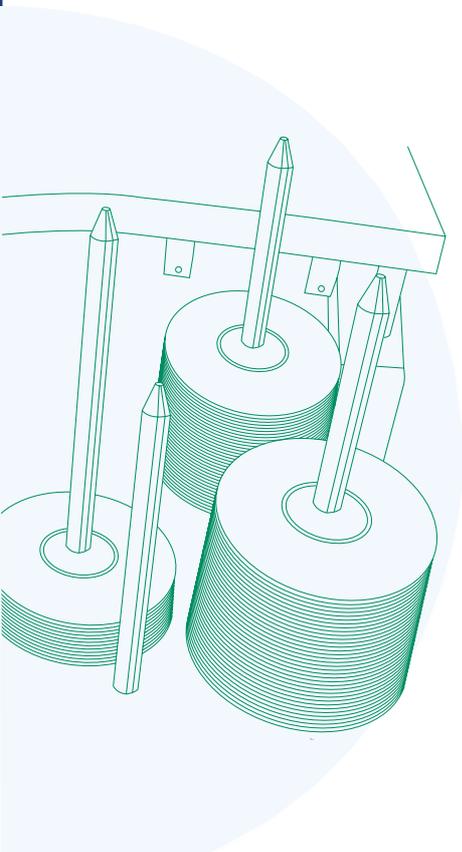
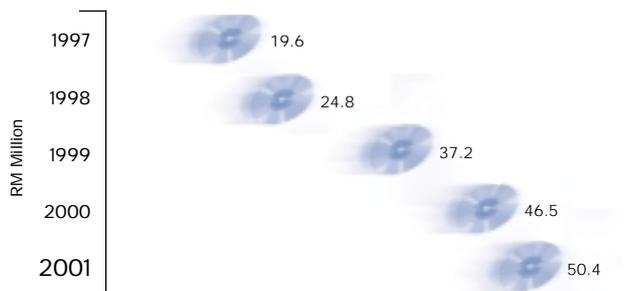
EARNINGS BEFORE INTEREST AND DEPRECIATION



NET EARNINGS PER SHARE



NET TANGIBLE ASSETS





IT HAS BEEN ANOTHER ENCOURAGING YEAR FOR YOUR COMPANY,
an achievement all the more noteworthy given the challenging times we face.



Nazir bin Mansor
Chairman

On behalf of the Board of Directors, I am pleased to present the SM Summit Holdings Bhd. Annual Report and Audited Accounts for the Group and the Company for the financial year ended 31st March 2001.



It has been another encouraging year for your company, an achievement all the more noteworthy given the challenging times we face.

OVERVIEW

Riding the momentum of the previous year the Malaysian economy realised GDP growth of 8.5%, according to Bank Negara's Annual Report 2000. The Consumer Price Index stayed relatively stable and real growth for the manufacturing sector was realised at 21% for the year 2000. The country's good performance was largely attributed to the inflow of petroleum income and rising exports, mainly due to the favourable exchange rate position of the Malaysian Ringgit.

The outlook for 2001 however is more bleak, with the GDP forecast at between 5-6%, and real growth for the manufacturing sector expected to be about 8.5% for 2001. On the world

front too, the outlook is grim with the US economy slowing down and, especially significant for those of us here in Asia, Japan has not show any signs of coming out of the severe slump it is in.

A GOOD PERFORMANCE UNDER CHALLENGING CONDITIONS

The "ripple effect" of these events was felt everywhere. At SM Summit Holdings Bhd., a lower result of RM6.5 million, as compared to last year's profit of RM8.5 million, was registered for the year under review. This is still an encouraging result as it was accomplished in spite of set-



COMMITTED TO PRUDENCE AND GOOD CORPORATE GOVERNANCE

backs like the rising cost of production, especially the increase in the cost of raw materials, and lower volume of demand due to a generally soft economy. Your company, unlike others, was still able to return a profit and maintain turnover at almost the same levels of the previous year, despite the shrinking size of the overall market.

Given the uncertain outlook currently prevailing, your Company is formulating plans to help it rise above the challenging times ahead. These include prudence in its activities, adopting tight cost management, improving productivity and operational efficiency. Particular attention will be paid to cost management, including measures such as rationalising the supply base, reducing the amount of wastage in time and material and so forth.

Prudent financial management will also be emphasised. In line with our corporate culture and practice all this time, we will continue to maintain a good liquidity position, encouraging good cash flow management by ensuring the Group does not become overgeared and continuing to favour turnover of receivables with shorter timeframes.

It is relevant, at this point, to reiterate that the Board of Directors fully supports the Malaysian Code on Corporate Governance issued by the Finance Committee on Corporate Governance. We are committed to achieving best practices in corporate governance and steps are currently being taken to prepare the Company to adopt, implement and fulfil the Code's best practices and the recently revamped listing requirements of the Kuala Lumpur Stock Exchange.

This is only to be expected from the leading legitimate manufacturer of



Compact Disc (CD) products in Malaysia. Under the provisions of the Optical Disc Act 2000, your Company is qualified to be a legitimate operator with a full licence issued by the Ministry of Domestic Trade & Consumer Affairs.

INDUSTRY TRENDS AND FUTURE PROSPECTS

As the country's premier CD manufacturer, it is imperative that we adopt various strategies to ensure we remain ahead of the pack. Apart from cost-cutting, expansion programmes will help enhance our competitive advantage.

We are looking at new markets to increase turnover, especially computer-based areas like Compact Disc-Read

Only Memory (CD-ROM), and at increasing investment in the necessary production capacity to support this. Along similar lines, we look to increase export sales from our jewel casing business and also exploit the potential of our "slim-box" design, the innovative new design that is now in good demand in the market.

We will also look to position ourselves, in future, to be the leader in the legitimate Digital Versatile Disc (DVD) business. DVD is the new optical media format that utilised more advanced technology and has larger capacity memory storage compared to CD. During this time, we believe our CD business would continue to grow, albeit at a slower rate, and will continue to form our core business until the time the DVD format becomes the main optical media format in the industry. We believe, however, that this transition of format will still take a number of years to crystallise.

...YOUR COMPANY IS FORMULATING PLANS TO HELP IT RISE ABOVE THE CHALLENGING TIMES AHEAD

These include prudence in its activities, adopting tight cost management, improving productivity and operational efficiency.



We must, nonetheless, recognise today that DVD is the format of the future and that we must venture into this line in order to position ourselves for the future. Accordingly, your Company has already moved ahead with the groundwork necessary to get this going, from putting in the necessary government applications and meeting their requirements to the planning, facilities availability and marketing channels needed.

ISO 9002: THE YEAR'S SIGNIFICANT ACHIEVEMENT

In this light, your Company's achievement of ISO 9002 certification on the 28th September 2000 takes an enormous significance. It marks the attainment of the highest level of quality

manufacturing excellence. Locally, with increasing sophistication of the Malaysian population and CDs featuring more in their lifestyles, demand is expected to be on the rise. The competitive scenario in the 21st century will be a global one, not local, beginning with the ASEAN Free Trade Area (AFTA) in 2003. Our ISO 9002 status is a worldwide standard that immediately and effectively communicates speed, quality, efficiency and credibility to world-famous names like Sony and Warner, to name a few. It will provide the global impetus needed to carry us to a higher level. For this achievement, we are indebted to the remarkable efforts and unflinching dedication of all our staff. It was difficult but the better efficiencies, quality, service and customer satisfaction advantages the ISO 9002 programme brings will certainly lift us towards ever-stronger performances in the years ahead.





DIVIDEND

The Board of Directors is pleased to recommend a final tax-exempt dividend of 5%, amounting to RM 1.5 million. This is however subject to the approval of the shareholders at the forthcoming Annual General Meeting.

APPRECIATION

My sincere thanks, firstly, to my colleagues on the Board, for their interest in and contribution to the Company. On their behalf, I would also like to record our appreciation for the invaluable services and contributions of our ex-colleagues, past Board members

who have since resigned. My appreciation is also extended to our shareholders, valued customers, bankers, business associates and government authorities for their continued confidence and support.

Special thanks also to our committed Management team who have been with us, unchanged, since the time the Company was formed. The experience and stability they bring together with the untiring efforts and effective contributions of staff to the success of the Company are very much remembered.

Nazir bin Mansor
Chairman

WE ARE COMMITTED TO BEST PRACTICES IN CORPORATE GOVERNANCE

and steps are being taken to prepare the Company to adopt, implement and fulfil the Code's best practices...



The Board of Directors (the "Board") is committed to achieve best practices in corporate governance by ensuring that the recommendation of the Code on Corporate Governance (the "Code") is practiced throughout the Group as a means of managing the business and affairs of the Group with honesty, integrity and professionalism so as to enhance business prosperity and corporate accountability in order to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

Steps are currently being undertaken to evaluate the status of the Group's corporate governance with a view of implementing the Code's best practices.

THE BOARD OF DIRECTORS

As at the date of this report, the Board comprises of seven (7) members whom three (3) are non-independent non-executive directors and two (2) independent non-executive directors. The non-executive directors bring a wide range of business experience and expertise to the Board's discussion and decision making. A brief profile of each director is presented on pages 2 to 3 in this Annual Report.

Apart from its statutory responsibilities, the Board approves the Group's overall strategic plans, major investments and financing decisions, and reviews the financial performance of the Group.

The Board meets at least once every quarterly interval with additional meetings held whenever necessary.

BOARD ATTENDANCE RECORD

The Board met 6 times during the financial year ended 31st March 2001 and the attendance record is as follows:-

DIRECTORS	Total Number of Meetings Held	Number of Meetings Attended
Nazir Bin Mansor	6	5
Lee Kerk Chong	6	2
Gun Seong Thean	6	6
Yip Soon Chee	6	5
Yap Kiam Beng	6	6
Soo Yoke Mun	6	6
Tan Eng Choong*	6	6
Tong Yuk Chuan**	6	6
Faridah bt Jantan**	6	6
Tam Chui Chui**	6	5

* Resigned as director on 31st May 2001.

** Resigned as director on 16th April 2001.

BOARD COMMITTEES

The Board has established Board Committees delegated with specific powers and

THE BOARD OF DIRECTORS IS COMMITTED TO ACHIEVE BEST PRACTICES

in corporate governance by ensuring that the recommendation of the Code on Corporate Governance is practiced throughout the Group



responsibilities as well as clearly defined terms of reference to assist it in carrying out its duties and functions. The Board Committees that have been established are the Audit Committee and Executive Committee.

The Audit Committee is chaired by an independent non-executive director whom reports the outcomes of Audit Committee meetings to the Board. Its prime duties include the review of financial statements, quarterly results, accounting policies, appointment of external auditors, review of audit plan and the auditors' remuneration. Fuller details of the Audit Committee terms of reference and its activities during the year are stated in pages 16 to 17 of the Annual Report.

The Executive Committee comprises three (3) members headed by the Vice-Chairman of the Company, meets regularly on the Group's financial and operational matters to ensure that the Group is managed in an efficient and effective manner. As part of its key responsibilities, the Executive 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 operation. It conducts periodic review of the Group's operational and financial performance and approved organization structure and manpower establishments.

In addition to the above Board Committees, the Board may, wherever required, set up other Board Committees delegated with specific power and responsibilities. In cognizance of the recommendation by the Code, the Board is looking into the establishment of the Board Remuneration and Nomination Committee.

The Company practices a clear demarcation of authority and responsibilities. The roles of the Chairman and the Managing Director are separated and clearly defined and the positions are individually held by two persons. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the day to day running of the business and implementation of Board policies and decisions. The Managing Director consults the Executive Committee in a regular interval in managing the business of the Group.

Prior to each Board meeting, all directors are provided with an agenda and information relevant to the business of the meeting to enable them to discuss and contribute to the meeting effectively. This is issued in sufficient time to enable the directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

In addition, all directors have access to the advice and services of the Company Secretary. In appropriate circumstances and where it necessitates, the directors, whether as a full



Board or in their individual capacity, can take independent professional advice in furtherance of their duties and at the Company's expense.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the company's Articles of Associates, one-third of the Board members (except the Managing Director) shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. The Managing Director is not subject to any retirement due to the service agreement entered between the Company and him prior to 1st June 2001.

DIRECTORS' REMUNERATION

The directors' fees are approved at the Annual General Meeting by the shareholders, based on the recommendation of the Board. All directors are provided with directors' fees with the Managing Director and executive directors being provided with remuneration package which commensurates to their duties and responsibilities. The Board, as a whole, determines the remuneration packages of the Managing Director with the Executive Committee determining the remuneration packages of the executive directors. The directors involved do not participate in decision regarding their own remuneration packages.

The aggregate director's remuneration paid or payable or otherwise made available to all directors of the Company during the financial year are as follows:-

Category	Salaries & Other		
	Fees (RM'000)	Emoluments (RM'000)	Benefit in Kind (RM'000)
Executive Directors	25	887	39
Non-Executive Directors	60	-	-

The number of directors of the Company whose income from the Company falling within the following bands are:-

<u>Executive Directors</u>	<u>Number</u>
RM 50,000 to RM 100,000	3
RM 100,000 to RM 150,000	1
RM 350,000 to RM 400,000	1
<u>Non-Executive Directors</u>	<u>Number</u>
Less than RM 50,000	5

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for preparing the annual audited accounts and



ensure that the financial statements give a true and fair view of the state of affairs of the Company and Group.

The Board aims to present a balanced, clear and understandable assessment of the Company and Group's financial positions and prospects in the annual financial statements and quarterly announcement to the shareholders, investors and regulatory authorities. In this regard, the Board ensure that the Company's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

A statement by directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 50 of this Annual Report.

Internal Control

The Board acknowledge its responsibility for the Group's system of internal control to safeguard shareholders' investment and the Company's assets.

The Group is in the process of reviewing the adequacy and integrity of the Group's system of internal controls with a view to enhance them to address the necessary risks and in compliance with the Kuala Lumpur Stock Exchange Listing Requirements.

Relationship with Shareholders and Investors

The Company recognizes the importance of accountability to its shareholders through proper communication with them. The Annual General Meeting ("AGM") is the principal form of dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask question and seek clarification on the business and performance of the Company and the Group.

Relationship with the Auditors

The Board has established that the Audit Committee play the role of maintaining the appropriate relationship with the Company and Group auditors as stated on pages 16 to 17 of the Annual Report.



THE BOARD ACKNOWLEDGE ITS RESPONSIBILITY

for the Group's system of internal control to safeguard shareholders' investment and the Company's assets.

Mr. Yip Soon Chee - Chairman, Independent Non-Executive Director

Mr. Tan Eng Choong - Independent Non-Executive Director (*Resigned on 31st May 2001*)

Mr. Frances Augustine Peter - Independent Non-Executive Director (*Appointed on 25th July 2001*)

Mr. Yap Kiam Beng - Executive Director

Secretaries

Chu Kum Yoon
Chong Swee Yoon

TERMS OF REFERENCE

The Board of Directors of the Company has set up a Board of Audit Committee in accordance with the requirements by the Kuala Lumpur Stock Exchange.

The Audit Committee comprises of three (3) members two of whom are independent directors. The Chairman of the committee shall be an independent non-executive director to be appointed by the Board.

The committee holds at least four (4) meetings a year. The quorum shall be two (2) members, whom must be independent directors.

ii) If he is not a member of the MIA, he must have at least 3 years' working experience and

- Must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1968; or
- Must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

OBJECTIVES

- a. Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the Company and in monitoring its accounting and financial reporting practices.
- b. Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Company is operating in accordance with its prescribed procedures and codes of conduct.
- c. Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- d. Provide direction and controls over the internal audit function and the external auditors.

MEMBERSHIP

The committee shall be appointed by the Board and shall consist of:-

- a) Not less than three (3) members of whom a majority shall be independent non-executive directors to be appointed by the Board; and
- b) At least one (1) member of the Audit Committee must fulfill the following requirements:-
 - i) Must be a member of the Malaysian Institute of Accountants ("MIA"); or

AUTHORITY

The Audit Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee is authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

FUNCTIONS AND RESPONSIBILITIES

The duties and functions of the Committee shall be:-

- a) To consider and recommend the appointment of the external auditors, audit fees and question on any resignation or dismissal of the external auditors before making recommendation to the Board;
- b) To discuss with the external auditor before the audit commences the nature and scope of the audit and to ensure coordination where more than one audit firm is involved;
- c) To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;

- ii) Significant and unusual events;
 - iii) Compliance with accounting standards requirements;
 - iv) Compliance with stock exchange and legal requirements.
- d) To discuss problems and reservations arising from the interim and final audits, the evaluation and findings of the system of internal controls and matters the auditors may wish to discuss (in the absence of management where necessary) including the assistance given by the employees of the Group to the external auditors;
- e) To keep under review the effectiveness of internal control systems, in particular, review the external auditor's management letter and management's response;
- f) To review any related party transaction and conflict of interest situation that may arise in the Company or Group including any transaction, procedure or course of conduct that raise questions of management integrity;
- g) To review the adequacy of the scope, functions and resources of the internal audit functions and that the internal audit has the necessary authority to carry out its work;
- h) To review the internal audit programme, process, the results of the internal audit programme, process or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- i) To review the audit reports with the auditors;
- j) To consider other related matters, as defined by the Board.

- b) Discussing and reviewing the external auditors' scope of works and the audit planning memorandum, the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- c) Evaluating the feasibility and cost effectiveness of setting up an internal audit department within the Group taking into consideration the nature and scope of the internal audit work to be conducted.
- d) Discussion and updating on new developments of accounting standards issued by the Malaysia Accounting Standards Board and the requirements issued under the recent revamped listing requirements of the Kuala Lumpur Stock Exchange.

Notwithstanding the current consideration for setting up of an internal audit function in the Group, the Audit Committee has placed reliance upon the external auditors evaluations and findings on the effectiveness system of internal controls of the Group to provide reasonable assurances on the reliability of the financial information. Whereas for key operational areas, a periodic independent audit on operational procedures of key subsidiaries in line with the ISO 9002 certification programme, obtained during the financial year, provided assurance of adequacy and integrity of the internal controls applied in the Group.

AUDIT COMMITTEE REPORT

During the financial year, the activities of the Audit Committee included the followings:-

- a) Reviewing the audited accounts for financial year ended 31st March 2001 and unaudited quarterly financial results announcements of the Group and making recommendations to the Board.

AUDIT COMMITTEE ATTENDANCE RECORD

The Audit Committee met five (5) times during the financial year ended 31st March 2001 and the attendance record is as follows:-

DIRECTORS	Total Number of Meetings Held	Number of Meetings Attended
Mr. Yip Soon Chee	5	5
Mr. Tan Eng Choong*	5	5
Mr. Yap Kiam Beng	5	5

* Resigned as member of Audit Committee on 31st May 2001

CONFLICT OF INTEREST

None of the directors has any family relationship with other directors or major shareholders of the Company.

None of the directors has any conflict of interest in the Company except for Mr. Lee Kerk Chong who is deemed interested via his interest in SM Summit Holdings Limited, a major shareholder of the Company.

CONVICTIONS FOR OFFENCES

None of the directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

UTILIZATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceed during the financial year.

SHARE BUYBACKS

The Company did not make any share buyback during the financial year.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

No options, warrants or convertible securities were exercised by the Company in the financial year.

AMERICAN DEPOSITORY RECEIPT ('ADR') OR GLOBAL DEPOSITORY RECEIPT ('GDR') PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR programme.

IMPOSITION OF SANCTIONS/PENALTIES

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

NON-AUDIT FEES

The Company did not pay the external auditors any non-audit fees during the financial year.

PROFIT ESTIMATE, FORECAST TO PROJECTION

There was no material variance between the results for the financial year and the unaudited results previously announced. The unaudited Group profit before taxation after minority interest achieved for the financial year did not differ more than 10% from the profit projection results issued via a Prospectus dated 27th April 1999.

PROFIT GUARANTEES

During the year, there were no shortfall of the profit guarantee given to the Company by certain major shareholders via a Profit Guarantee Agreement dated 5th April 1999.

MATERIAL CONTRACTS

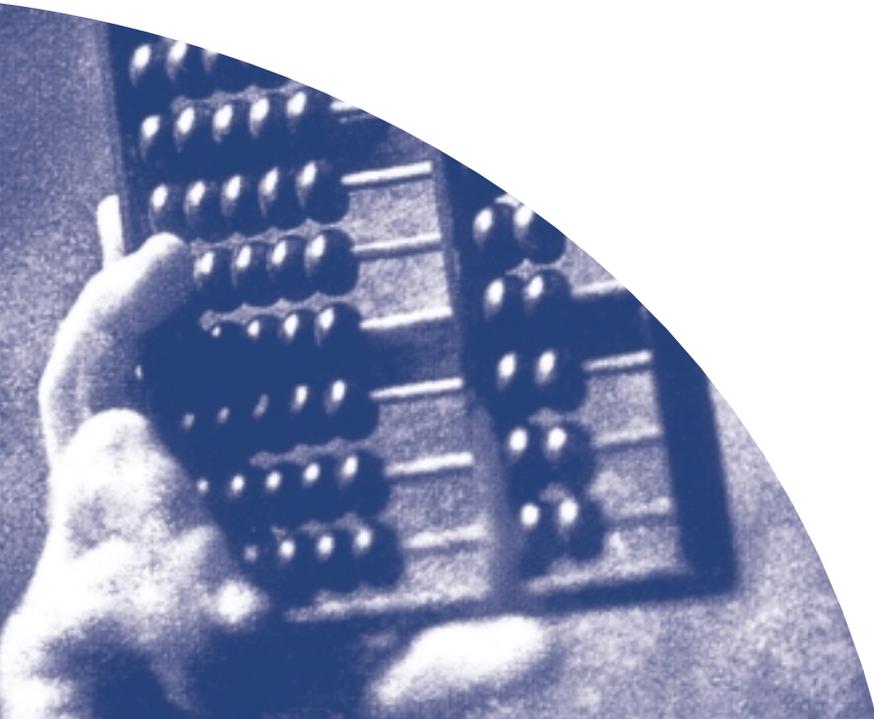
During the year, there were no material contracts on the Company and its subsidiaries involving directors' and major shareholders' interests.

CONTRACTS RELATING TO LOANS

There were no contracts relating to loans by the Company in respect of the material contracts involving directors and major shareholders.

REVALUATION OF LANDED PROPERTIES

The revaluation policy on landed properties is stated in pages 32 to 33 of the Annual Report.



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- 51 **REPORT** OF THE AUDITORS

The Directors are pleased to submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2001.

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 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for the principal activity of a subsidiary company, SM Digital Media Sdn Bhd, changed from the provision of encoding services to that of trading in compact discs.

Financial results

	<i>Group</i> <i>RM</i>	<i>Company</i> <i>RM</i>
Profit after taxation	5,385,627	1,307,969
Minority interest	(16,141)	-
Net profit attributable to shareholders	5,369,486	1,307,969

Movements on reserves and provisions

All material transfers to and from reserves and provisions during the financial year are shown in the financial statements.

Dividends

Dividend paid since the end of the Company's previous financial year was as follows:

	<i>RM</i>
In respect of the financial year ended 31 March 2000, as shown in the Directors' report of that year, a final tax exempt dividend of 8 sen per share on 30,000,000 ordinary shares, paid on 8 December 2000	2,400,000

The Directors now recommend the payment of a tax exempt dividend of 5 sen per share amounting to RM1,500,000 in respect of financial year ended 31 March 2001, which is subject to the approval of members at the forthcoming Annual General Meeting of the Company.

Directors

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

Nazir bin Mansor	(Chairman)
Gun Seong Thean	(Managing Director)
Lee Kerk Chong	
Soo Yoke Mun	
Yap Kiam Beng	
Yip Soon Chee	
Faridah binti Jantan	(resigned on 16 April 2001)
Tong Yuk Chuan	(resigned on 16 April 2001)
Tam Chui Chui	(resigned on 16 April 2001)
Tan Eng Choong	(resigned on 31 May 2001)

Directors' interests in shares

According to the Register of Directors' Shareholdings, particulars of interests in the shares in the Company during the financial year of those Directors holding office at the end of the financial year are as follows:

	<i>Number of ordinary shares of RM1.00 each</i>			
	<i>1 April 2000</i>	<i>Additions</i>	<i>Disposals</i>	<i>31 March 2001</i>
Faridah binti Jantan	2,000,000	-	600,000	1,400,000
Nazir bin Mansor	2,529,000	-	-	2,529,000
Gun Seong Thean	2,660,000	-	-	2,660,000
Tong Yuk Chuan	1,050,000	-	-	1,050,000
Tam Chui Chui	1,201,000	-	-	1,201,000
Soo Yoke Mun - Indirect	2,834,000	-	-	2,834,000*
Lee Kerk Chong - Direct	2,700,000	600,000	-	3,300,000
- Indirect	6,036,000	-	-	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).

No other Directors in office at the end of the financial year held any interest in the shares in the Company or its related corporations during the financial year.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the Directors' remuneration shown in note 5 to the financial statements) 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.

Significant event

During the financial year, Summit CD Manufacture (M) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Kelang Assets Sdn Bhd for the acquisition of 7 pieces of land held under Lots 31573 to 31578 and Lot 31627, at Mukim Petaling, Daerah Wilayah Persekutuan for a cash consideration of RM4,948,084. The acquisition was completed during the financial year.

Statutory information of the financial statements

Before the income statements and balance sheets 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 for bad debts or the amount 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, other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent or the values attributed to current assets in the financial statements 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.

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 Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liability of any other person; and
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

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

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) other than as disclosed in Note 31 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Auditors

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

In accordance with a resolution of the Board of Directors dated 19 July 2001.



Nazir bin Mansor
Chairman



Gun Seong Thean
Managing Director

Kuala Lumpur

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue	3	38,765,064	41,591,526	1,500,000	2,900,000
Cost of sales		(26,134,743)	(25,069,101)	-	-
Gross profit		12,630,321	16,522,425	1,500,000	2,900,000
Other operating income		815,247	563,706	18,136	38,433
Selling and distribution costs		(3,084,892)	(3,679,927)	-	-
Administrative expenses		(2,802,510)	(4,120,528)	(190,167)	(400,572)
Other operating expenses		(406,223)	(255,124)	-	-
Profit from operations	4	7,151,943	9,030,552	1,327,969	2,537,861
Finance costs	6	(629,956)	(473,945)	-	-
Profit from ordinary activities before taxation		6,521,987	8,556,607	1,327,969	2,537,861
Taxation	7	(1,136,360)	(1,504,488)	(20,000)	(53,408)
Profit from ordinary activities after taxation		5,385,627	7,052,119	1,307,969	2,484,453
Minority interest		(16,141)	(260,256)	-	-
Net profit attributable to shareholders		5,369,486	6,791,863	1,307,969	2,484,453
Earnings per share (sen)	8	17.9	23.1		
Dividends per share (sen)	9	5	8		

The above income statements are to be read in conjunction with the notes to the financial statements on pages 31 to 49.

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	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Non current assets					
Property, plant and equipment	10	39,476,604	36,427,120	-	-
Subsidiary companies	11	-	-	18,964,873	14,500,057
Investment		30,030	30,030	-	-
Goodwill on consolidation	12	1,075,632	-	-	-
Current assets					
Inventories	13	3,978,187	4,155,318	-	-
Trade receivables	14	11,643,688	13,342,472	-	-
Other receivables, deposits and prepayments	15	1,811,464	599,697	250,000	250,000
Amounts due from subsidiary companies	16	-	-	16,319,045	21,801,632
Deposits with licensed banks	17	8,006,315	9,376,007	489,127	505,275
Cash and bank balances		2,240,971	3,638,422	46,644	68,924
		27,680,625	31,111,916	17,104,816	22,625,831
Less: Current liabilities					
Trade payables		5,771,188	5,648,233	-	-
Other payables and accrued liabilities	18	1,928,673	2,212,392	201,987	184,918
Bank borrowings	19	3,060,500	3,059,467	-	-
Taxation		766,167	798,366	81,548	62,785
Proposed dividend		1,500,000	2,400,000	1,500,000	2,400,000
		13,026,528	14,118,458	1,783,535	2,647,703
Net current assets		14,654,097	16,993,458	15,321,281	19,978,128
Less: Non current liabilities					
Bank borrowings	19	2,873,272	3,504,526	-	-
Hire purchase and finance lease payables	20	715,105	501,364	-	-
Amount due to a director		-	796,943	-	-
Deferred taxation	21	1,221,000	704,000	-	-
		4,809,377	5,506,833	-	-
		50,426,986	47,943,775	34,286,154	34,478,185

Note	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Capital and reserves				
Share capital	30,000,000	30,000,000	30,000,000	30,000,000
Share premium	1,023,943	1,023,943	1,023,943	1,023,943
Revaluation reserve	1,097,321	1,505,089	2,764,595	2,764,595
Retained earnings	18,305,722	14,028,468	497,616	689,647
Shareholders' funds	50,426,986	46,557,500	34,286,154	34,478,185
Minority interest	-	1,386,275	-	-
	50,426,986	47,943,775	34,286,154	34,478,185

The above balance sheets are to be read in conjunction with the notes to the financial statements on pages 31 to 49.

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		<i>Issued and fully paid ordinary shares of RM1.00 each</i>		<i>Share premium</i>	<i>Non-distributable Revaluation reserve</i>	<i>Reserve on consolidation</i>	<i>Distributable Retained earnings</i>	<i>Total</i>
	<i>Note</i>	<i>Number of shares</i>	<i>Nominal value RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
At 1 April 1999		26,074,000	26,074,000	-	1,505,089	-	9,636,605	37,215,694
Issue of shares		3,926,000	3,926,000	2,355,600	-	-	-	6,281,600
Share issue expenses		-	-	(1,331,657)	-	-	-	(1,331,657)
Acquisition of a subsidiary		-	-	-	-	5,820	-	5,820
Written off during the financial year		-	-	-	-	(5,820)	-	(5,820)
Net profit for the financial year		-	-	-	-	-	6,791,863	6,791,863
Dividend	9	-	-	-	-	-	(2,400,000)	(2,400,000)
At 31 March 2000		30,000,000	30,000,000	1,023,943	1,505,089	-	14,028,468	46,557,500
At 1 April 2000		30,000,000	30,000,000	1,023,943	1,505,089	-	14,028,468	46,557,500
Revaluation surplus realised on disposal of properties		-	-	-	(407,768)	-	407,768	-
Net profit for the financial year		-	-	-	-	-	5,369,486	5,369,486
Dividend	9	-	-	-	-	-	(1,500,000)	(1,500,000)
At 31 March 2001		30,000,000	30,000,000	1,023,943	1,097,321	-	18,305,722	50,426,986

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 31 to 49.

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		<i>Issued and fully paid ordinary shares of RM1.00 each</i>		<i>Non-distributable Share</i>	<i>Distributable</i>		
	<i>Note</i>	<i>Number of shares</i>	<i>Nominal value RM</i>	<i>premium RM</i>	<i>Revaluation reserve RM</i>	<i>Distributable Retained earnings RM</i>	
						<i>Total RM</i>	
At 1 April 1999		26,074,000	26,074,000	-	2,764,595	605,194	29,443,789
Issue of shares		3,926,000	3,926,000	2,355,600	-	-	6,281,600
Share issue expenses		-	-	(1,331,657)	-	-	(1,331,657)
Net profit for the financial year		-	-	-	-	2,484,453	2,484,453
Dividend	9	-	-	-	-	(2,400,000)	(2,400,000)
At 31 March 2000		30,000,000	30,000,000	1,023,943	2,764,595	689,647	34,478,185
At 1 April 2000		30,000,000	30,000,000	1,023,943	2,764,595	689,647	34,478,185
Net profit for the financial year		-	-	-	-	1,307,969	1,307,969
Dividend	9	-	-	-	-	(1,500,000)	(1,500,000)
At 31 March 2001		30,000,000	30,000,000	1,023,943	2,764,595	497,616	34,286,154

The above consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements on pages 31 to 49.

Auditors' report - pages 51.

Note	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Cash flows from/(used in) operating activities				
Profit from ordinary activities after taxation	5,385,627	7,052,119	1,307,969	2,484,453
Adjustments for:				
Net gain on disposal of property, plant and equipment	(130,303)	(52,777)	-	-
Property, plant and equipment written off	-	29,487	-	-
Depreciation of property, plant and equipment	3,962,158	3,588,108	-	-
Provision for doubtful debts	58,610	662,796	-	-
Write back of provision for doubtful debts	(69,375)	-	-	-
Dividend income	-	-	(1,500,000)	(2,900,000)
Interest income	(347,077)	(232,672)	(18,136)	(38,433)
Interest expense	629,956	460,625	-	-
Amortisation of goodwill on consolidation	21,952	-	-	-
Preliminary and pre-operating expenses written off	-	18,279	-	-
Taxation	1,136,360	1,504,488	20,000	53,408
Reserve on consolidation written off	-	(5,820)	-	-
Unrealised exchange loss	19,251	-	-	-
	5,281,532	5,972,514	(1,498,136)	(2,885,025)
	10,667,159	13,024,633	(190,167)	(400,572)
Changes in working capital				
Inventories	177,131	(1,657,014)	-	-
Receivables	831,756	937,054	-	-
Payables	(377,222)	1,309,712	17,069	177,402
Amount due to a director	(796,943)	-	-	-
	(165,278)	589,752	17,069	177,402
Cash generated from operations	10,501,881	13,614,385	(173,098)	(223,170)
Interest paid	(629,956)	(460,625)	-	-
Tax paid	(904,800)	(466,389)	(1,237)	(141)
Net cash from/(used in) operating activities	8,967,125	12,687,371	(174,335)	(223,311)

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Cash flows from/(used in) investing activities					
Acquisition of property, plant and equipment	23	(8,137,173)	(13,026,489)	-	-
Proceeds from sale of property, plant and equipment		2,077,999	1,125,000	-	-
Deferred expenditure incurred		-	(823,595)	-	(823,595)
Dividend received		-	-	1,500,000	2,900,000
Interest received		347,077	232,672	18,136	38,433
Acquisition of additional shares in subsidiary company from minority shareholders	24(b)	(2,500,000)	(25,000)	(2,500,000)	(25,000)
Net cash (used in)/from investing activities		(8,212,097)	(12,517,412)	(981,864)	2,089,838
Cash flows from/(used in) financing activities					
Receipt of bank borrowings		5,824,119	5,737,866	-	-
Repayment of bank borrowings		(6,454,340)	(3,450,018)	-	-
Repayment of hire purchase and finance lease payables		(411,217)	(150,000)	-	-
Proceeds from public issue		-	6,281,600	-	6,281,600
Proceeds from rights issue		-	-	-	-
Dividend paid		(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)
Repayment from/(advances to) subsidiary companies		-	-	3,517,771	(8,050,129)
Net cash (used in)/from financing activities		(3,441,438)	6,019,448	1,117,771	(4,168,529)
Net (decrease)/increase in cash and cash equivalents during the year		(2,686,410)	6,189,407	(38,428)	(2,302,002)
Cash and cash equivalents at beginning of the year		12,633,128	6,443,721	574,199	2,876,201
Cash and cash equivalents at end of the year	25	9,946,718	12,633,128	535,771	574,199

The above cash flow statements are to be read in conjunction with the notes to the financial statements on pages 31 to 49.

Auditors' report - pages 51.

1 General information

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are set out in Note 11 to the financial statements.

The number of employees in the Group at the end of the financial year was 184 (2000: 214). There was no employee (2000: Nil) in the Company at the end of the financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of the Company is:

22 Floor, Wisma Cyclecarri
288, Jalan Raja Laut
50350 Kuala Lumpur

The address of the principal place of business of the Company is:

No 9, Jalan 3/91A
Taman Shamelin Perkasa
56100 Kuala Lumpur

2 Summary of significant accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention, modified by the revaluation of land and buildings, and investment in subsidiary companies.

The financial statements of the Group and the Company comply with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

(b) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for certain subsidiaries which are consolidated using the merger method of accounting in accordance with Malaysian Accounting Standard 2, "Accounting for Acquisitions and Mergers", as disclosed in Note 11 to the financial statements.

2 Summary of significant accounting policies (cont'd)

(b) Basis of consolidation (cont'd)

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of during the year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and fair values of these subsidiary companies' net assets is reflected as goodwill on acquisition. Goodwill on consolidation is amortised through the consolidated income statement on a straight line basis over a period of 25 years. The carrying amount of goodwill on consolidation is reviewed annually and written down for permanent diminution in value when, in the opinion of the Directors, is considered necessary.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. On consolidation, the difference between the carrying value of the investment over the nominal value of the shares acquired is taken to merger reserve.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Separate disclosure is made of minority interest.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unmortised balances of goodwill on acquisition.

(c) Investments

Investment in subsidiary companies is stated at valuation. Acquisitions after valuation date are stated at cost. A valuation will be conducted at intervals 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. Permanent diminution in the value of an investment is recognised as an expense in the year in which the diminution is identified.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same subsidiary company. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of subsidiary companies, amounts in revaluation reserve relating to those subsidiary companies are transferred to income statement.

Other investment in respect of a transferable membership in a club, is stated at cost. Provision is only made where, in the opinion of the Directors, there is a permanent diminution in value.

(d) Property, plant and equipment

Land and buildings are stated at Directors' valuation based on valuation by independent professional valuers using the open market value basis, with additions at cost less subsequent depreciation. Revaluation of land and buildings will be conducted at intervals of at least once in every five years. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

The cost of other property, plant and equipment comprises their purchase cost and any incidental costs of acquisition.

2 Summary of significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Long term leasehold land and buildings are amortised over the periods of the respective leases that range from 60 to 99 years. Freehold land is not amortised as it has an infinite life.

All other property, plant and equipment are depreciated so as to write off the cost or valuation of each asset on a straight line basis over their expected useful economic lives. The principal annual rates used for this purpose are:

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

Depreciation on assets under construction commences when the assets are ready for their intended use.

(e) Inventories

Inventories comprising raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of work-in-progress and finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads. Where necessary, provision is made for obsolete, slow moving or defective inventories.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(f) Trade receivables

Trade receivables are carried at anticipated realisable value.

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

(g) Foreign currencies

Foreign currency monetary assets and liabilities are translated into Ringgit Malaysia at rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are converted at rates of exchange ruling on the transaction dates. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are taken to the income statement in the year in which they are arise.

2 Summary of significant accounting policies (cont'd)

(g) Foreign currencies (cont'd)

The principal closing rates used in translation of foreign currency amounts are as follows:

<i>Foreign currency</i>	<i>2001 RM</i>	<i>2000 RM</i>
1 US Dollar	3.800	3.800
1 Singapore Dollar	2.300	2.200
100 Japanese Yen	3.054	3.593

(h) Deferred taxation

Provision is made using the liability method for taxation deferred in respect of all timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely.

Deferred tax benefits are recognised only if there is a reasonable expectation of their realisation.

(i) Hire purchase and finance lease commitments

Assets under hire purchase and finance lease agreements which in substance transfer the risks and benefits of ownership of the assets to the Group have been capitalised under property, plant and equipment. The hire purchase and finance lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income statement so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Property, plant and equipment acquired under hire purchase and finance lease agreements are depreciated over the useful economic lives of equivalent-owned assets.

Leases which do not meet such criteria are classified as operating leases and the related expenses are charged to the income statement as incurred.

(j) Revenue recognition

Sales are recognised upon delivery of goods and customer acceptance, net of sales discounts and returns, and after eliminating sales within the Group.

Other revenues earned by the Group are recognised on the following bases:

Dividend income is recorded gross in the income statements in the accounting period in which a dividend is declared payable by the investee company or in the case of subsidiaries, in respect of which it is proposed.

Rental income is recognised on an accrual basis.

Interest income is accrued on a day to day basis.

(k) Dividends

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the year in which they are declared.

(l) 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.

3 Revenue

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of goods	38,765,064	41,591,526	-	-
Gross dividend income from subsidiary companies	-	-	1,500,000	2,900,000
	38,765,064	41,591,526	1,500,000	2,900,000

4 Profit from operations

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment	3,962,158	3,588,108	-	-
Auditors' remuneration	34,500	30,500	10,000	6,000
Rental of land and buildings	249,120	248,760	-	-
Amortisation of goodwill on consolidation (Note 12)	21,952	-	-	-
Provision for doubtful debts	58,610	662,796	-	-
Preliminary expenses written off	-	2,182	-	-
Pre-operating expenses written off	-	16,097	-	-
Property, plant and equipment written off	-	29,487	-	-
Staff costs	4,810,313	4,363,624	-	-
Realised exchange loss	7,247	-	-	-
Unrealised exchange loss	19,251	-	-	-
and crediting:				
Gross dividend income from subsidiary companies	-	-	1,500,000	2,900,000
Net gain on disposal of property, plant and equipment	130,303	52,777	-	-
Interest income	347,077	232,672	18,136	38,433
Realised exchange gain	-	12,386	-	-
Reserve on consolidation written off	-	5,820	-	-
Rental income	37,600	98,900	-	-
Write back of provision for doubtful debts	69,375	-	-	-

5 Directors' remuneration

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fees	85,000	85,000	85,000	85,000
Estimated monetary value of benefits-in-kind	38,501	19,755	-	-
Other emoluments	887,345	892,635	-	-
Professional fees paid to firms in which certain Directors are members	4,900	5,230	-	-
	1,015,746	1,002,620	85,000	85,000

6 Finance costs

	Group	
	2001 RM	2000 RM
Interest expenses		
- Term loans	438,579	329,130
- Hire purchase	91,535	31,587
- Short terms borrowings	99,842	113,228
	629,956	473,945

7 Taxation

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Taxation based on the profit of the financial year:				
Malaysia income tax				
- current	585,000	809,108	20,000	53,408
- under provision in respect of prior years	-	19,380	-	-
Real property gain tax	34,360	-	-	-
Transfer to deferred taxation	517,000	676,000	-	-
	1,136,360	1,504,488	20,000	53,408

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

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

Subject to agreement by the Inland Revenue Board, a subsidiary company has available unabsorbed tax losses of RM1,218,000 (2000: RM1,166,000), for which the related tax effects have not been included in the financials statements. The benefit of this tax credit will only be obtained if the subsidiary company derived future assessable income of a nature and amount sufficient for the tax credit to be utilised.

The Company has sufficient tax credit under Section 108 of the Income Tax Act 1967 and tax exempt income to frank the payment of dividends out of all its retained earnings at 31 March 2001.

8 Earnings per share

The earnings per share for the financial year ended 31 March 2001 has been calculated based on the Group's profit for the financial year of RM5,369,486 (2000: RM6,791,863) and on the number of ordinary shares of the Company in issue during the year of 30,000,000 shares (2000: average 29,397,655 shares issued).

9 Dividends

Dividend declared or proposed in respect of the financial year ended 31 March 2001 are as follows:

	2001		2000	
	Gross per share sen	Amount of dividend per share RM	Gross per share sen	Amount of dividend per share RM
Proposed final dividend	5	1,500,000	8	2,400,000

At the forthcoming annual general meeting, a final gross dividend in respect of the financial year ended 31 March 2001 amounting to RM1,500,000 (2000: RM2,400,000) will be proposed for shareholders' approval.

10 Property, plant and equipment

The details of property, plant and equipment are as follows:

	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Plant machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Renovation	Electrical installation	Capital work in progress	Total
2001	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost/valuation												
At 1 April												
- at cost	-	-	-	5,650	32,407,312	200,211	1,234,671	2,003,202	260,807	210,404	825,803	37,148,060
- at valuation	572,000	953,000	5,890,995	2,210,008	-	-	-	-	-	-	-	9,626,003
	572,000	953,000	5,890,995	2,215,658	32,407,312	200,211	1,234,671	2,003,202	260,807	210,404	825,803	46,774,063
Additions												
- at cost	-	-	5,422,557	-	3,386,636	-	-	94,693	2,869	35,176	17,407	8,959,338
Reclassification	-	125,000	-	(257,006)	957,809	-	-	-	-	-	(825,803)	-
Disposals	(572,000)	(428,000)	-	-	(1,972,127)	-	-	(125,264)	-	-	-	(3,097,391)
	(572,000)	(303,000)	5,422,557	(257,006)	2,372,318	-	-	(30,571)	2,869	35,176	(808,396)	5,861,947
At 31 March												
- at cost	-	-	5,422,557	-	34,779,630	200,211	1,234,671	1,972,631	263,676	245,580	17,407	44,136,363
- at valuation	-	650,000	5,890,995	1,958,652	-	-	-	-	-	-	-	8,499,647
	-	650,000	11,313,552	1,958,652	34,779,630	200,211	1,234,671	1,972,631	263,676	245,580	17,407	52,636,010

10 Property, plant and equipment (cont'd)

The details of property, plant and equipment are as follows:

	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Plant machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Renovation	Electrical installation	Capital work in progress	Total
2001	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation												
- at cost	-	-	-	3,799	8,371,758	131,600	499,748	817,967	124,096	75,472	-	10,024,440
- at valuation	-	38,794	177,509	106,200	-	-	-	-	-	-	-	322,503
	-	38,794	177,509	109,999	8,371,758	131,600	499,748	817,967	124,096	75,472	-	10,346,943
Charge for the financial year	-	23,804	117,821	55,013	3,305,117	31,347	161,931	216,621	26,152	24,352	-	3,962,158
Reclassification	-	16,163	-	(92,067)	75,904	-	-	-	-	-	-	-
Disposals	-	(42,649)	-	-	(985,064)	-	-	(121,982)	-	-	-	(1,149,695)
	-	(2,682)	117,821	(37,054)	2,395,957	31,347	161,931	94,639	26,152	24,352	-	2,812,463
At 31 March												
- at cost	-	-	-	-	10,767,715	162,947	661,679	912,606	150,248	99,824	-	12,755,019
- at valuation	-	36,112	295,330	72,945	-	-	-	-	-	-	-	404,387
	-	36,112	295,330	72,945	10,767,715	162,947	661,679	912,606	150,248	99,824	-	13,159,406
Net book value												
- at cost	-	-	5,422,557	-	24,011,915	37,264	572,992	1,060,025	113,428	145,756	17,407	31,381,344
- at valuation	-	613,888	5,595,665	1,885,707	-	-	-	-	-	-	-	8,095,260
	-	613,888	11,018,222	1,885,707	24,011,915	37,264	572,992	1,060,025	113,428	145,756	17,407	39,476,604

10 Property, plant and equipment (cont'd)

The details of property, plant and equipment are as follows:

	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Plant machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Renovation	Electrical installation	Capital work in progress	Total
2000	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost/valuation												
At 1 April												
- at cost	-	-	-	-	24,217,382	195,593	506,092	1,839,829	247,921	171,759	62,315	27,240,891
- at valuation	572,000	953,000	5,890,995	2,210,008	-	-	-	-	-	-	-	9,626,003
	572,000	953,000	5,890,995	2,210,008	24,217,382	195,593	506,092	1,839,829	247,921	171,759	62,315	36,866,894
Additions												
- at cost	-	-	-	5,650	12,086,623	4,618	728,579	150,085	12,886	38,645	825,803	13,852,889
Reclassification	-	-	-	-	31,621	-	-	30,694	-	-	(62,315)	-
Disposals	-	-	-	-	(3,889,039)	-	-	-	-	-	-	(3,889,039)
Written off	-	-	-	-	(39,275)	-	-	(17,406)	-	-	-	(56,681)
				5,650	8,189,930	4,618	728,579	163,373	12,886	38,645	763,488	9,907,169
At 31 March												
- at cost	-	-	-	5,650	32,407,312	200,211	1,234,671	2,003,202	260,807	210,404	825,803	37,148,060
- at valuation	572,000	953,000	5,890,995	2,210,008	-	-	-	-	-	-	-	9,626,003
	572,000	953,000	5,890,995	2,215,658	32,407,312	200,211	1,234,671	2,003,202	260,807	210,404	825,803	46,774,063

10 Property, plant and equipment (cont'd)

The details of property, plant and equipment are as follows:

	Freehold land	Freehold buildings	Long term leasehold land	Long term leasehold buildings	Plant machinery and audio equipment	Office equipment	Motor vehicles	Furniture, fixtures and fittings	Renovation	Electrical installation	Capital work in progress	Total
2000	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation												
- at cost	-	-	-	-	8,158,159	92,378	443,788	620,476	98,857	55,519	-	9,469,177
- at valuation	-	8,294	59,688	65,686	-	-	-	-	-	-	-	133,668
	-	8,294	59,688	65,686	8,158,159	92,378	443,788	620,476	98,857	55,519	-	9,602,845
Charge for the financial year	-	30,500	117,821	44,313	3,045,797	39,222	55,960	209,303	25,239	19,953	-	3,588,108
Disposals	-	-	-	-	(2,816,816)	-	-	-	-	-	-	(2,816,816)
Written off	-	-	-	-	(15,382)	-	-	(11,812)	-	-	-	(27,194)
	-	30,500	117,821	44,313	213,599	39,222	55,960	197,491	25,239	19,953	-	744,098
At 31 March												
- at cost	-	-	-	3,799	8,371,758	131,600	499,748	817,967	124,096	75,472	-	10,024,440
- at valuation	-	38,794	177,509	106,200	-	-	-	-	-	-	-	322,503
	-	38,794	177,509	109,999	8,371,758	131,600	499,748	817,967	124,096	75,472	-	10,346,943
Net book value												
- at cost	-	-	-	1,851	24,035,554	68,611	734,923	1,185,235	136,711	134,932	825,803	27,123,620
- at valuation	572,000	914,206	5,713,486	2,103,808	-	-	-	-	-	-	-	9,303,500
	572,000	914,206	5,713,486	2,105,659	24,035,554	68,611	734,923	1,185,235	136,711	134,932	825,803	36,427,120

10 Property, plant and equipment (cont'd)

The Company did not have any property, plant and equipment during the financial year.

(a) Valuation

Certain leasehold land and buildings of the Group were revalued in 1999 by the Directors based on valuations carried out by independent professional valuers using the 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.

Had these assets been carried at cost less depreciation, the net book values of property, plant and equipment of the Group that would have been included in the financial statements are as follows:

	2001 RM	Group 2000 RM
Freehold buildings	459,697	477,082
Long term leasehold land and buildings	3,945,704	4,128,354

Title deeds for the leasehold land acquired during the financial year by a wholly-owned subsidiary company are in the process of being transferred to the Group.

(b) Property, plant and equipment with restricted title

At the balance sheet date, the cost and net book value of property, plant and equipment of the Group pledged to financial institutions to secure term loan facilities as shown in note 19 to the financial statements are as follows:

	2001 RM	Group 2000 RM
Plant and machinery		
Cost	10,631,136	8,607,016
Net book value	9,169,064	8,131,718

(c) Property, plant and equipment held under hire purchase and finance lease agreements

At the balance sheet date, the cost and net book value of property, plant and equipment of the Group held under hire purchase and finance lease agreements are as follows:

	2001 RM	Group 2000 RM
Plant and machinery		
Cost	1,027,706	658,000
Net book value	1,436,553	606,636
Motor vehicles		
Cost	728,579	728,579
Net book value	570,720	716,436

(d) Fully depreciated assets

The cost of fully depreciated assets of the Group which are still in use amounted to RM654,919 (2000: RM351,719).

11 Subsidiary companies

	<i>Company</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Unquoted shares - at valuation	14,445,057	14,445,057
- at cost	2,555,000	55,000
Amount due from a subsidiary company	17,000,057	14,500,057
	1,964,816	-
	18,964,873	14,500,057

Investments in certain subsidiary companies were revalued by the Directors in 1999 based on the audited net assets of the subsidiary companies as at 31 March 1999.

During the financial year, the Company acquired additional 49% equity interest in Japantec Industries (M) Sdn Bhd for a cash consideration of RM2,500,000. The effects of the acquisition are as disclosed in note 24 to the financial statements.

Amount due from a subsidiary company is unsecured, interest free and is not repayable within the next 12 months.

The shares of all subsidiary companies are held directly by the Company. Details of the subsidiary companies are as follows:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Group effective interest</i>		<i>Principal activities</i>	<i>Method of consolidation</i>
		<i>2001</i>	<i>2000</i>		
		%	%		
Summit Audio Industries (M) Sdn Bhd *	Malaysia	100	100	Mechanical reproduction of sound and music	Merger method
Summit CD Manufacture (M) Sdn Bhd *	Malaysia	100	100	Manufacture of compact discs	Merger method
Japantec Industries (M) Sdn Bhd *	Malaysia	100	51	Manufacture of plastic fabricated parts	Acquisition method
SM Digital Media Sdn Bhd *	Malaysia	100	100	Trading of compact discs (2000: Provision of encoding services)	Acquisition method

* Audited by PricewaterhouseCoopers, Malaysia

12 Goodwill on consolidation

	Group	
	2001 RM	2000 RM
At 1 April	-	-
Acquisition of subsidiary company (Note 24)	1,097,584	-
Amortisation charge (Note 4)	(21,952)	-
At 31 March	1,075,632	-

13 Inventories

	Group	
	2001 RM	2000 RM
At cost:		
Raw materials	2,752,825	3,175,708
Work-in-progress	26,303	19,478
Finished goods	1,028,714	960,132
	3,807,842	4,155,318
At net realisable value:		
Finished goods	170,345	-
	3,978,187	4,155,318

14 Trade receivables

	Group	
	2001 RM	2000 RM
Trade receivables	12,868,305	14,577,854
Provision for doubtful debts	(1,224,617)	(1,235,382)
	11,643,688	13,342,472

15 Other receivables, deposits and prepayments

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other receivables	672,005	352,890	250,000	250,000
Receivables from disposal of properties	567,285	-	-	-
Tax recoverable	253,241	-	-	-
Deposits	213,108	186,495	-	-
Prepayments	105,825	60,312	-	-
	1,811,464	599,697	250,000	250,000

16 Amounts due from subsidiary companies

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

17 Deposits with licensed banks

Deposits with licensed banks of a subsidiary company amounting to RM300,568 (2000: RM381,301) have been pledged as collateral for term loan facilities granted to the said subsidiary company.

18 Other payables and accrued liabilities

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Other payables	62,060	244,232	-	-
Other accruals	1,404,820	1,703,574	201,987	184,918
Current portion of hire purchase and finance lease payables (Note 20)	437,143	239,936	-	-
Deposits payables	24,650	24,650	-	-
	1,928,673	2,212,392	201,987	184,918

19 Bank borrowings

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Current		
Term loans (secured)		
- Term loan I	800,004	800,004
- Term loan II	675,000	675,000
- Term loan III	375,000	-
	1,850,004	1,475,004
Short term borrowings (unsecured)		
- Trust receipts	704,496	879,463
- Bankers' acceptances	506,000	705,000
	1,210,496	1,584,463
	3,060,500	3,059,467
Non current		
Term loans (secured)		
- Term loan I	1,066,656	1,866,660
- Term loan II	962,881	1,637,866
- Term loan III	843,735	-
	2,873,272	3,504,526
	5,933,772	6,563,993
Maturity of bank borrowings		
Payable within one year (included under current liabilities)	3,060,500	3,059,467
Payable between two and five years	2,873,272	3,504,526
	5,933,772	6,563,993

19 Bank borrowings (cont'd)

The term loans are secured by legal charges over the plant and machinery of a subsidiary company and guaranteed by the Company.

Term loan I and II are repayable over 48 monthly instalments commencing from their first drawdown on August and December 1999 respectively. Term loan III was obtained during the financial year and is repayable over 48 monthly instalments commencing July 2000.

The above term loans are all denominated in Ringgit Malaysia.

Interest charged during the financial year ranged from 3.25% to 8.80% (2000: 5.25% to 9.65%) per annum.

20 Hire purchase and finance lease payables

Hire purchase and finance lease payables are analysed as follows:

	Group	
	2001 RM	2000 RM
Hire purchase and finance lease liabilities		
Minimum lease payments:		
- not later than one year	533,874	289,927
- later than one year and not later than five years	878,316	608,829
	1,412,190	898,756
Future finance charges on hire purchase and finance lease	(259,942)	(157,456)
Present value of hire purchase and finance lease liabilities	1,152,248	741,300
Representing hire purchase and finance lease liabilities		
- current (included in other payables and accrued liabilities - Note 18)	437,143	239,936
- non current	715,105	501,364
	1,152,248	741,300
Present value of hire purchase and finance lease liabilities		
- not later than one year	437,143	239,936
- later than one year and not later than five years	715,105	501,364
	1,152,248	741,300

21 Deferred taxation

	Group	
	2001 RM	2000 RM
At 1 April	704,000	28,000
Transfer from income statement	517,000	676,000
At 31 March	1,221,000	704,000

21 Deferred taxation (cont'd)

Deferred taxation provided in the financial statements are analysed as follows:

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Timing differences between depreciation and corresponding taxation allowances	9,153,612	8,334,536
Other timing differences	(2,675,646)	(2,954,864)
Timing differences on which deferred taxation has been provided	6,477,966	5,379,672
Timing differences between depreciation and corresponding taxation allowances which are expected to continue in the foreseeable future	(4,360,714)	(2,514,286)
	2,117,252	2,865,386

22 Share capital

	<i>Group and Company</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Authorised ordinary shares of RM1.00 each	50,000,000	50,000,000

23 Acquisition of property, plant and equipment

Net cash outlay for the acquisition of property, plant and equipment during the financial year is:

	<i>Group</i>	
	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Total acquisition of property, plant and equipment	8,959,338	13,852,889
Less: Amount financed by hire purchase	(822,165)	(826,400)
Net cash outlay on acquisition of property, plant and equipment	8,137,173	13,026,489

24 Acquisition of additional shares in a subsidiary company

- (a) During the financial year, the Company paid RM2,500,000 in cash for the acquisition of the additional 49% equity interest in Japantec Industries (M) Sdn Bhd.

24 Acquisition of additional shares in a subsidiary company (cont'd)

The effects of the acquisition on the financial results of the Group for the financial year ended 31 March 2001 are as follows:

	<i>2001 From date of acquisition RM</i>	<i>2000 RM</i>
Revenue	8,688,784	10,512,151
Operating costs	(8,276,641)	(9,784,532)
Profit from operations	412,143	727,619
Taxation	89,952	(204,000)
Profit after taxation	502,095	523,619
Minority interest	-	(256,573)
Increase in Group's net profit attributable to shareholders	502,095	267,046

(b) Details of net assets acquired and goodwill arising from the acquisition are as follows:

	<i>At date of acquisition RM</i>
Property, plant and equipment	5,986,509
Inventories	2,362,064
Trade and other receivables	3,034,626
Trade and other payables	(8,712,004)
Taxation	(7,000)
Deferred taxation	(204,000)
Minority interest	(1,451,557)
Cash and bank balances	393,778
Fair value of net assets acquired at 30 September 2000	1,402,416
Goodwill on consolidation (Note 12)	1,097,584
Cash outflow on acquisition	2,500,000

(c) The impact of the acquisition of additional shares in a subsidiary company during the financial year on the cash flows of the Group and Company are as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2001 RM</i>	<i>2000 RM</i>	<i>2001 RM</i>	<i>2000 RM</i>
Cash outflow from investing activities				
Acquisition of additional shares in a subsidiary company				
- Japantec Industries (M) Sdn Bhd	2,500,000	-	2,500,000	-
- SM Digital Media Sdn Bhd	-	25,000	-	25,000
	2,500,000	25,000	2,500,000	25,000

25 Cash and cash equivalents

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

	<i>Group</i>		<i>Company</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>	<i>RM</i>	<i>RM</i>
Deposits with licensed banks (net of deposits of the Group pledged as collateral of RM300,568 (2000: RM381,301))	7,705,747	8,994,706	489,127	505,275
Cash and bank balances	2,240,971	3,638,422	46,644	68,924
	9,946,718	12,633,128	535,771	574,199

26 Related party disclosures

(a) Related party and relationships

The related parties of the Group comprise:

<i>Name of company</i>	<i>Relationship</i>
SM Summit Holdings Ltd	Company in which a Director of the Company has substantial interest
Summit CD Manufacture Pte Ltd	Subsidiary of SM Summit Holdings Ltd
Summit Technology Australia Pty Ltd	Subsidiary of SM Summit Holdings Ltd

(b) Significant related party transactions

In the normal course of business, the Group undertakes on agreed terms, a variety of transactions with the related parties. Significant transactions between the Group and its related companies are as follows:

	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Sales of goods to:		
- Summit CD Manufacture Pte Ltd	2,468,390	1,542,706
- Summit Technology Australia Pty Ltd	595,046	797,152

(c) Significant related party balances

Significant related party balances outstanding at the end of the financial year are as follows:

<i>Type of transactions</i>	<i>2001</i>	<i>2000</i>
	<i>RM</i>	<i>RM</i>
Receivables		
- Summit CD Manufacture Pte Ltd	Sales of goods 490,435	396,101
- Summit Technology Australia Pty Ltd	Sales of goods 314,784	776,956

27 Segmental reporting

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

28 Significant event

During the financial year, Summit CD Manufacture (M) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Kelang Assets Sdn Bhd for the acquisition of 7 pieces of land held under Lots 31573 to 31578 and Lot 31627, at Mukim Petaling, Daerah Wilayah Persekutuan for a cash consideration of RM4,948,084. The acquisition was completed during the financial year.

29 Capital commitments

The Group has capital commitments in respect of property, plant and equipment as follows:

	Group	
	2001 RM	2000 RM
Approved and contracted for	1,967,034	5,540,000

30 Contingent liabilities

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Guarantee of banking facilities granted to subsidiary companies (unsecured)	-	-	7,086,020	7,305,293

31 Event subsequent to the balance sheet date

On 6 June 2001, Summit CD Manufacture (M) Sdn Bhd, a wholly-owned subsidiary of the Company entered into a Shareholders' Agreement with Getztech Sdn Bhd, for the purpose of setting up a new company, Summit Getztech Sdn Bhd ("SG") to venture into the business of assembling, packaging and marketing of computer components parts and software in compact disc-recorder. The initial issued and paid up share capital of SG is RM50,000 comprising 50,000 ordinary shares of RM1.00 each. The Group shall own 49% of the equity interest of SG, making it an associate of the Group.

32 Comparative figures

Comparative figures were extended to comply with the additional disclosure requirements of the 13 new MASB Standards that are applicable for the financial year ended 31 March 2001.

We, Nazir bin Mansor and Gun Seong Thean, two of the Directors of SM Summit Holdings Bhd, state that, in the opinion of the Directors, the financial statements set out on pages 31 to 49 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2001 and of the results and cash flows of the Group and of the Company for the year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

In accordance with a resolution of the Board of Directors dated 19 July 2001.



Nazir bin Mansor
Chairman



Gun Seong Thean
Managing Director

I, Yap Kiam Beng, the Director primarily responsible for the financial management of SM Summit Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 31 to 49 are, to the best of my knowledge and belief correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Yap Kiam Beng
Director

Subscribed and solemnly declared by the abovenamed Yap Kiam Beng at Kuala Lumpur on 19 July 2001, before me

Commissioner for Oaths



No. 66 Jalan Tun Perak
50050 Kuala Lumpur

We have audited the financial statements set out on pages 31 to 49. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 March 2001 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

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

Our audit reports on the financial statements 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
(1654/10/02 (J))
Partner

Kuala Lumpur
19 July 2001

<i>Registered Owner/ Location</i>	<i>Description</i>	<i>Tenure/ Age (years)</i>	<i>Total Land Area/ Built-up Area (sq metres)</i>	<i>Net Book Value as at 31 March 2001 (RM)</i>
<u>Summit Audio Industries (M) Sdn Bhd</u>				
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 5 years)	79.25	118,182
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 5 years)	1,041.00	3,208,782
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 9 years)	95.00	123,200
<u>Summit CD Manufacture (M) Sdn Bhd</u>				
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 15 years)	278.71	899,000
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 5 years)	79.62	118,182

<i>Registered Owner/ Location</i>	<i>Description</i>	<i>Tenure/ Age (years)</i>	<i>Total Land Area/ Built-up Area (sq metres)</i>	<i>Net Book Value as at 31 March 2001 (RM)</i>
Summit CD Manufacture (M) Sdn Bhd				
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 5 years)	1,041.00	3,127,391
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 9 years)	95.00	123,000
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 2 years)	195.93	377,524
Lot No. 31573-31578 & 31627, Desa Tun Razak PN 10174-10179 & 10228 Mukim Petaling, Daerah Wilayah Persekutuan Negeri Wilayah Persekutuan.	Vacant industrial land	Leasehold 99 years expiring on 20.03.2085 (age is approx 15 years)	6,861.00	5,422,557
Total			9,766.51	13,517,818

Financial Year End : 31st March 2001
 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 - 999	1,000	0.00	2	0.16
1,000 - 10,000	2,669,000	8.90	1,137	91.18
10,001 - 100,000	2,242,000	7.47	82	6.58
100,001 - 1,499,999	9,388,000	31.29	21	1.68
1,500,00 & above	15,700,000	52.34	5	0.40
Total	30,000,000	100.00	1,247	100.00

List of Thirty Largest Shareholders as at 31 July 2001 (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 UOB Kay Hian Private Limited for Lee Kerk Chong	2,700,000	9.00
3. AMSEC Nominees (Asing) Sdn Bhd Arab-Malaysian Finance Berhad for Gun Seong Thean	2,660,000	8.87
4. AMSEC Nominees (Tempatan) Sdn Bhd Arab-Malaysian Finance Berhad for Nazir Bin Mansor	2,152,000	7.17
5. AMSEC Nominees (Tempatan) Sdn Bhd Arab-Malaysian Finance Berhad for Shing Kong Enterprise Sdn Bhd	2,152,000	7.17
6. Faridah binti Jantan	1,400,000	4.67
7. Tam Chui Chui	1,197,000	3.99
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. Ko Kin Siong	423,000	1.41
13. Nazir bin Mansor	377,000	1.26
14. Lim Chin Seng	338,000	1.13
15. Wong Kong Meng	288,000	0.96
16. Citicorp Nominees (Asing) Sdn Bhd TNTC for Government of Singapore Investment Corporation Pte Ltd	280,000	0.93
17. Universal Trustee (Malaysia) Berhad BHLB High Growth Fund	250,000	0.83
18. Universal Trustee (Malaysia) Berhad BHLB Pacific Emerging Companies Growth Fund	240,000	0.80
19. Sing Kong Wey	236,000	0.79
20. Yap Win Seng	198,000	0.66
21. Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Empat Nombor Ekor (Selangor) Sdn Bhd	180,000	0.60
22. Teo Kee Bock	170,000	0.57

List of Thirty Largest Shareholders as at 31 July 2001 (Cont'd)

<i>Name of Holders</i>	<i>No. of Shares</i>	<i>%</i>
23. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kong Kien Kok</i>	149,000	0.50
24. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Na Bon Tian (Rem 622)</i>	117,000	0.39
25. Tan Su Loke	108,000	0.36
26. Yeoh Ah Tu	105,000	0.35
27. Alliancegroup Nominees (Asing) Sdn Bhd <i>HSBC Trustee (S) Ltd for The Vittoria Fund Ltd</i>	100,000	0.33
28. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Empat Nombor Ekor (Selangor) Sdn Bhd</i>	80,000	0.27
29. Chow Seck Kai	68,000	0.23
30. AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Kim Sow</i>	67,000	0.22
Total	25,403,000	84.68

**Substantial Shareholders as at 31 July 2001
(As per the Register of Substantial Shareholders)**

<i>Name of Shareholders</i>	<i>No of Shares Direct/Indirect</i>	<i>%</i>
1. Gun Seong Thean	2,660,000	8.87
2. Nazir Bin Mansor	2,529,000	8.43
3. Shing Kong Enterprise Sdn Bhd	2,834,000	9.45
5. Lee Kerk Chong	3,300,000 (direct)	11.00
	6,036,000 (indirect)	20.12 •
6. SM Summit Holdings Limited	6,036,000	20.12
7. Soo Yoke Mun	2,834,000 (indirect)	9.45••
8. Tan Mooi Hiang	2,834,000 (indirect)	9.45••

- Deemed interest by virtue of his direct and indirect shareholding interest in SM Summit Holdings Limited.
- Deemed interest by virtue of his 50.00% direct shareholding interest in Shing Kong Enterprise Sdn Bhd.

**Directors' Shareholdings as at 31 July 2001
(As per the Register of Directors' Shareholdings)**

<i>Directors</i>	<i>No of Shares Direct/Indirect</i>	<i>%</i>
1. Nazir Bin Mansor	2,529,000	8.43
2. Lee Kerk Chong	3,300,000 (direct)	11.00
	6,036,000 (indirect)	20.12 •
3. Gun Seong Thean	2,660,000	8.87
4. Yap Kiam Beng	30,000	0.10
5. Soo Yoke Mun	2,834,000 (indirect)	9.45••
6. Yip Soon Chee	0	0.00
7. Frances A/L Augustine Peter	0	0.00

- Deemed interest by virtue of his direct and indirect shareholding interest in SM Summit Holdings Ltd.
- Deemed interest by virtue of his 50.00% direct shareholding interest in Shing Kong Enterprises Sdn Bhd.

NOTICE IS HEREBY GIVEN THAT the Eighth 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 Thursday, 27 September 2001 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 2001 together with the Directors' and Auditors' Reports thereon. | <i>Ordinary Resolution 1</i> |
| 2. To declare a first and final tax exempt dividend of 5% for the year ended 31 March 2001. | <i>Ordinary Resolution 2</i> |
| 3. To approve the payment of Directors' Fees amounting to RM85,000/- for the year ended 31 March 2001. | <i>Ordinary Resolution 3</i> |
| 4. To re-elect Encik Nazir Bin Mansor (refer statement below for details) who retires in accordance with Article 82 of the Company's Articles of Association. | <i>Ordinary Resolution 4</i> |
| 5. To re-elect Mr Lee Kerk Chong (refer statement below for details) who retires in accordance with Article 82 of the Company's Articles of Association. | <i>Ordinary Resolution 5</i> |
| 6. To re-elect Mr Frances A/L Augustine Peter (refer statement below for details) who retires in accordance with Article 89 of the Company's Articles of Association. | <i>Ordinary Resolution 6</i> |
| 7. To re-appoint Messrs PricewaterhouseCoopers as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Ordinary Resolution 7</i> |

8. Special Business

To consider and if thought fit, pass the following resolutions:

(i) Authority to Allot 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."

Ordinary Resolution 8

(ii) General Mandate on the Recurrent Related Party Transactions

"THAT subject to the Companies Act, 1965, the Memorandum and Articles of Association of the Company and the Listing Requirements of the Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company and its subsidiaries to conduct recurrent related party transactions of a revenue nature with the related parties as specified under Section 3.3 of the Circular to Shareholders dated 5 September 2001 provided that such arrangements and/or transaction are:-

- Recurrent transactions of a revenue or trading in nature;
- Necessary for day-to-day operations; and
- carried out in the ordinary course of business on normal commercial terms which are not more favourable to the related party than those generally available to the public."

"THAT all agreements entered into between the Company and its subsidiaries with the related parties as specified under Section 3.3 of the Circular to Shareholders dated 5 September 2001 prior to the general mandate on the recurrent related party transactions be and are hereby approved and ratified."

"THAT authority conferred by this resolution will commence immediately upon the passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in General Meeting). The mandate for the Recurrent Related Party Transactions is subject to annual renewal in general meetings."

**Ordinary
Resolution 9**

(iii) Proposed Amendments to the Articles of Association

"THAT the Articles of Association of the Company be amended as per Appendix I in the Circular to Shareholders dated 5 September 2001."

**Special
Resolution**

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

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN THAT the Register of Members will be closed from **8 November 2001 to 9 November 2001** 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 5% per share for the year ended 31 March 2001 will be paid on **28 November 2001** to shareholders whose names appear in the Record of Depositors at the close of business at 5.00 p.m. on **7 November 2001**.

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 **7 November 2001**, 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 KUMYOON
Company Secretary

Kuala Lumpur
5 September 2001

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 a 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 THE SPECIAL BUSINESS**
 - (i) The proposed Ordinary Resolution 8, 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.
 - (ii) The proposed Ordinary Resolution 9, if passed, will empower the Directors from the date of the Eighth Annual General Meeting, to deal with the related party transactions involving recurrent transactions of revenue or trading nature which are necessary for its day-to-day operations. These Recurrent Related Party Transactions are in the ordinary business and are on terms not more favourable to the related party than those generally available to the public. This authority, unless revoke or varied at a general meeting, will expire at the next Annual General Meeting.
 - (iii) The proposed Special Resolution, if passed, will give effect to the amendments to the Articles of Association of the Company ("the Articles") as stated in Appendix I of the Circular to Shareholders dated 5 September 2001 and render the Articles consistent with the revamped Listing Requirements of the Kuala Lumpur Stock Exchange.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.28(2) OF THE LISTING REQUIREMENTS OF KUALA LUMPUR STOCK EXCHANGE

ATTENDANCE

Six (6) Board Meetings were held during the financial year ended 31 March 2001.

Details of attendance of Directors standing for re-election at the Board Meeting held during the financial year ended 31 March 2001 are as follows: -

NAZIR BIN MANSOR

Attended the following five (5) Board Meetings all held at No. 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur: -

Date of meeting	Time of meeting
21/07/2000	10.30 a.m.
25/08/2000	10.30 a.m.
22/11/2000	10.30 a.m.
12/12/2000	10.30 a.m.
27/02/2001	10.30 a.m.

Nazir bin Mansor, aged 49, a Malaysian citizen and currently the Chairman of the Group was appointed to the Board on 7 February 1994. He is a non-independent, non-executive director of the Group. He is a graduate with a Diploma in Management from the Malaysian Institute of Management.

He is the Managing Director of Jay Trading Co and Peheli Sdn Bhd, both companies being his own businesses in the nature of trading of electrical products, electrical appliances, computer and sewing machine.

LEE KERK CHONG

Attended the following two (2) Board Meetings all held at No. 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur: -

Date of meeting	Time of meeting
21/07/2000	10.30 a.m.
27/02/2001	10.30 a.m.

Lee Kerk Chong, aged 50, a Singaporean citizen, was appointed to the Board on 7 February 1994. He is currently the Vice Chairman of the Group and sits as the Chairman of the Executive Committee of the Board. He is a non-independent, non-executive director of the Group.

He is currently the Chairman and Managing Director of SM Summit Holdings Limited ("SML"), a Main Board public listed company in the Singapore Stock Exchange and a substantial shareholder in SM Summit Holdings Bhd. He is instrumental in setting up and expanding SML to its present size since the beginning in Singapore in 1981.

FRANCES A/L AUGUSTINE PETER

He was appointed as a director of the Company on 25 July 2001. As such, he did not attend all Board Meetings held during the financial year ended 31 March 2001.

Frances Augustine Peter, aged 43, a Malaysian citizen and an advocate and solicitor by profession, was appointed to the Board and member of the Audit Committee on 25 July 2001. He is an independent, non-executive director of the Group.

He is a graduate with a degree in Bachelor of Arts (Hons) from University Sains Malaysia and holds an LLB (Hons) London and CLP (Malaysia). He is currently a partner of the legal firm, Messrs. Hamid Sultan & Rakan-Rakan and prior to this, he was an Executive Director of Intellectual Property Protection Sdn Bhd, a company providing intellectual property protection services to copyrights owners. He has specialist knowledge in intellectual property rights, civil litigation and conveyancing matters. He also acts as legal advisor to a number of companies.

OTHER INFORMATION**CONFLICT OF INTEREST**

None of the above directors has any family relationship with other directors or major shareholders of the Company.

None of the above directors has any conflict of interest in the Company except for Mr. Lee Kerk Chong who is deemed interested via his interest in SM Summit Holdings Limited, a major shareholder of the Company.

CONVICTIONS FOR OFFENCES

None of the above directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

DIRECTORS' SHAREHOLDINGS AS AT 31 JULY 2001

<i>Name of Directors</i>	<i>Direct Holdings</i>		<i>Indirect Holdings</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
1 Nazir bin Mansor	2,529,000	8.43	0	0
2 Lee Kerk Chong	3,300,000	11.00	6,036,000	20.12
3 Frances A/L Augustine Peter	-	-	-	-

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SM Summit Holdings Bhd

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

No. of Ordinary Shares Held

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
No 9 Jalan 3/91A, Taman Shamelin Perkasa, 56100 Kuala Lumpur on Thursday, the 27th day of September 2001 at
10.00 a.m. and, at every adjournment thereof to vote as indicated below in respect of the following Resolutions:

		For	Against
Ordinary Resolution 1	Adoption of Accounts and Reports		
Ordinary Resolution 2	Declaration of first and final tax exempt dividend		
Ordinary Resolution 3	Approval of Directors' Fees of RM85,000/-		
Ordinary Resolution 4	Re-election of Encik Nazir Bin Mansor		
Ordinary Resolution 5	Re-election of Mr Lee Kerk Chong		
Ordinary Resolution 6	Re-election of Mr Frances A/L Augustine Peter		
Ordinary Resolution 7	Re-appointment of Auditors		
Ordinary Resolution 8	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 9	General mandate in respect to the recurrent related party transactions of a revenue or trading nature		
Special Resolution	Amendments to the Articles of Association		

(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	%
	100%

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

Dated this _____ day of _____ 2001

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

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 instead. 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 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 appointment for taking of the poll).

* Strike out whichever is not valid