

2002

ANNUAL REPORT



SM Summit Holdings Bhd

(287036-X)

VISION

Emini quae plagosum mihi parvo Orbilium dictare; sed emendata videri pulchraque et exactis minimum distantia miror. Si meliora dies, ut vina, poemata reddit, scire velim, chartis pretium quotus arroget annus. scriptor abhinc annos centum qui decedit, inter perfectos veteresque referri debet.

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CORPORATE INFORMATION

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
Frances Augustine Peter

AUDIT COMMITTEE

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

Frances Augustine Peter
- *Independent Non-Executive Director*

Yap Kiam Beng - *Executive Director*

COMPANY SECRETARIES

Chu Kum Yoon
Chong Swee Yoon (Resigned on 28th May 2002)
Leong Shiak Wan (Appointed on 28th May 2002)

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

CHAIRMAN'S STATEMENT



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 2002.

A YEAR OF UNPRECEDENTED CRISIS

The past year has been one to test the strongest mettle. The global environment experienced unprecedented crisis and this had widespread implications on the world economy. The global economic slowdown that began in late 2000 became even more brutal in 2001. The events following September 11 created a severe downside to an early recovery. Falling confidence amidst disruptions in activity after that tragic date, especially in the USA, adversely affected world growth, which was also reflected in declining global trade. World growth halved to 2.4% in 2001, while world trade growth decelerated from double-digits to only 1% in 2001 (Bank Negara Annual Report 2001).

Given the open nature of the Malaysian economy, the negative effects of the US economic slowdown and global electronics downturn were felt as early as March 2001. In the face of declining manufacturing production and negative export growth, real Gross Domestic Product (GDP) expanded a mere 0.4% and overall manufacturing production recorded a decline of -6.4% from +25% in 2000 (Bank Negara Annual Report 2001).

Malaysia's electronics industry was the most affected by the slowdown in global demand in 2001. During the year, most electronics manufacturers drew down inventories accumulated from a year of strong capacity expansion in 2000. As the downturn in the global IT sector became more pronounced, the sector saw production and export figures drop into the negative and took steps to rationalise operations, including wage cuts, shorter working hours, retrenchment and retraining of workers and so forth.

Not only did our Compact Disc-Read Only Memory (CD-ROM) business suffer but the lower demand, largely attributable to lower customer expectations and disposable income, also hit core leisure and entertainment business clients like Warner, BMG and EMI – repeat orders were down from these giants who were hit hard by pirated CDs. The crush of these conditions took its toll on the Company's results and we recorded a drop in operating profit from RM6.5 million in 2001 to RM2.5 million in the year under review. However, this drop is compensated by an exceptional income of RM4.0 million being a refund of past royalties from Philips resulting in overall Group profit maintaining at a level of RM6.4 million in 2002, a similar performance to previous year.

GOOD PERFORMANCE IN TOUGH TIMES

Despite these challenging conditions, your Company still turned in a profit and its performance under these constraints remains commendable. It is testimony to the wisdom of the many strategic options put in place over the years. The SM Summit management team has always been characterised by its emphasis on the long-term and their many, well-considered initiatives have created a broad, strong base which will now help your Company weather the challenges ahead.



Our profitable casing business - certainly a bright spot in the year past - demonstrates clearly the astuteness of past management strategies. In anticipation of tough times, your Company had previously boosted production capacity as part of efforts to diversify its business lines. The casing line was one such initiative and its profitability today reflects both your Company's ability to control cost as well as its ability to take advantage of greater efficiencies and economies to create better margins. For example, in 2001, we were running at an installed production capacity of 2-3 million pieces per month whilst in 2002, we have since increased the production output capacity to around 10 million pieces per month. Given that our floor space remained unchanged, the increased output per square inch represented a lowering of per unit costs and a relative lowering of our fixed costs.



CHAIRMAN'S STATEMENT CONT'D



We were also able to count on gains from other strategic measures, in particular the improved procurement strategies we have in place which allowed us to source raw material at even more competitive rates. Together with ongoing tight cost and operational efficiency controls, we were able to ride out turbulent spots.

SHARPENING OUR COMPETITIVE EDGE

In all areas of our business, your Management has taken positive steps to help us rise above the challenging times. We have, in our Compact Disc (CD) and Cassette business lines, begun a concerted cost-saving programme, including a reduction of daily shifts from 3 to 2, the merging of selected activities and a general pay freeze. Other than cost cutting, we have also looked into the revenue side of the equation and will, in the near future, be instituting more aggressive and competitive pricing strategies designed to not only win back but also expand upon our market share.

The drive to sharpen our competitive edge takes on added importance as we seek to sustain our growth and raise our quality standards. While production yield is important because of our high fixed cost, other factors like quality, efficiency and worldwide credibility cannot be neglected. In this light, your Company's success, on the 5th September 2001, in converting its ISO 9002: 1994 series to the higher ISO 9001: 2000 series is significant. The higher requirements necessary – greater improvements in performance levels, standards geared to better meet customer needs, an increased commitment to continuous improvement programmes and more – will bring us ever closer to excellence. It was not easy but, with great team spirit, we made it happen.

GOOD CORPORATE GOVERNANCE

Beyond quality, your Company continues to emphasise prudent financial management in line with our corporate culture and practice all this time. The Board of Directors fully supports the Malaysian Code on Corporate Governance issued by the Finance Committee on Corporate Governance. As the leading legitimate manufacturer of CD products in Malaysia with a full licence issued by the Ministry of Domestic Trade and Consumer Affairs, we are committed to achieving best practices in corporate governance. In fact, we are geared to more than comply with the requirements of the Kuala Lumpur Stock Exchange and the recent engagement of an established audit firm is a significant step in that direction.

LOOKING FORWARD

Indeed, a tradition of good governance is the reason why your Company can look ahead with optimism. Despite the tough times, our Balance Sheet still looks good. Net tangible assets per share stand at RM1.78 per share, up from RM1.68 per share last year. Our Shareholders Fund is at an encouraging level and we

have some RM10 million cash in the bank, reserved for viable future projects. We exhibit many of the signs of a well-managed company, like low gearing and low loan positions. The Board of Directors exercises great prudence in bringing only sound assets into the Group, especially those that will further our ambition of becoming the leader in the legitimate Digital Versatile Disc (DVD) business. DVD is the new optical media format that utilises more advanced technology and has larger capacity memory storage compared to CD. We believe it will be the main optical media format of the future.

In addition, the Malaysian economy is expected to recover in 2002 following a gradual strengthening of external demand with real GDP growth of 3.5% in 2002. The underlying positive economic numbers for Malaysia are encouraging for 2002 with growth projections in private consumption, a modest recovery in private investment and moderate growth in exports. Importantly, latest available indicators suggest that the downturn in the global electronics cycle has bottomed out. Among these are the slowing of the pace of contraction in semiconductor sales and the increased number of orders received by global chipmakers. (Bank Negara Annual Report 2001)

These several factors do seem to point to brighter times ahead but, while we have made significant progress, much still needs to be done. The challenge to achieve sustained growth and prosperity is one that requires our unswerving commitment to constantly deliver excellence. By continuing to give only our best, now and into the future, we ensure that our efforts will yield the high quality growth we seek.

DIVIDEND

The Board of Directors is pleased to recommend a final tax-exempt dividend of 3%, amounting to RM900,000. This is however subject to the approval of the shareholders at the forthcoming AGM.

APPRECIATION

My sincere thanks, firstly, to my colleagues on the Board, both currently serving directors as well as those who have resigned, for their interest in and contribution to the Company. 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 Management team whose commitment and dedication remains as strong and unchanged as they themselves have been since the time the Company was formed. The experience and stability they bring together with the untiring and effective contributions of staff have been fundamental to the success of the Company in these trying times.

Nazir bin Mansor
Chairman



“In all areas of our business, your Management has taken positive steps to help us rise above the challenging times.”



BOARD OF DIRECTORS AND PROFILE



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



NAZIR BIN MANSOR

Chairman

Aged 50, 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. He also owns a sole proprietary business that supplies LCD projectors, office automation, electrical and other related products to government agencies.

LEE KERK CHONG

Vice Chairman

Aged 51, 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 55, 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 47, 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 37, 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 52, 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.

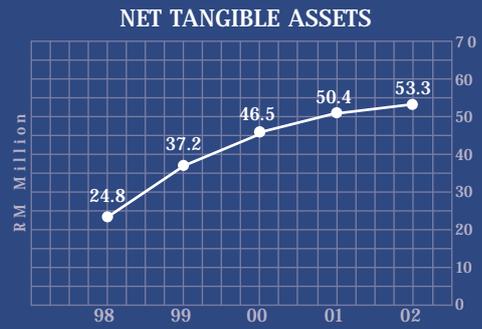
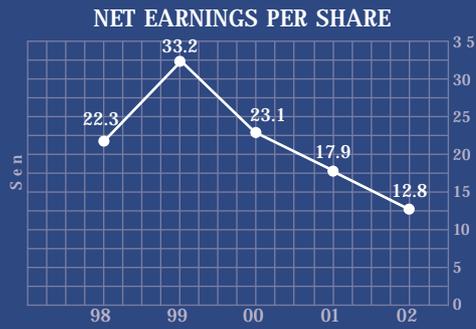
He has more than 20 years of working experience in the field of accounting and auditing having set up and is currently the sole partner of an accounting firm, Y M Soo & Co, established back in 1978, which provides services such as auditing, secretarial and tax consultancy.

FRANCES AUGUSTINE PETER

Aged 44, 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.

FINANCIAL HIGHLIGHTS



CORPORATE GOVERNANCE STATEMENT

The Board of Director ("the Board") fully appreciate the importance of adopting high standards of Corporate Governance within the Group by ensuring that the recommendation of the Malaysian Code on Corporate Governance ("the Code") are practiced throughout the Group as a mean 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.

As such, the Board strives to adopt the substance behind corporate governance prescriptions and not merely the form. The Board is thus fully committed to the maintenance of high standards of corporate governance by supporting and implementing the prescriptions of the principles and best practices set out in Part 1 and 2 of the Code respectively.

The Board is pleased to provide the following statements, which outline the main Corporate Governance principles and practices that were in place throughout the financial year, unless otherwise stated.

Principles Statement

The following statement sets out how the Company has applied the principles in Part 1 of the Code. The principles are dealt with under the following headings: Board of Directors, Directors' Remuneration, Shareholders and Accountability and Audit.

A) THE BOARD OF DIRECTORS

The Board is fully aware of its continuing responsibilities over the stewardship of the Group's directions and operations, and ultimately the enhancement of shareholders' value.

The Group is led and managed by an effective Board comprising members with wide range of business experiences and expertises required to successfully direct and supervise the Group's business activities, which are vital to the success of the Group.

The Board has the overall responsibility for, apart from its statutory responsibility, determining the



Group's overall strategic plans including approving of major investments and financing decisions. Financial performance review and implementation of corporate governance practice in the Group are reserved for the Board, which also has responsibility for executive directors' remuneration and succession planning for top management.

Board Balance

The existing Board members consists of seven (7) members, a Non-Executive Chairman, a Managing Director, one (1) Executive Director with two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The present Board composition complied with Paragraph 15.02 of the Listing Requirements that stipulates at least two (2) directors or one third of the Board of the Company, whichever is higher, are independent directors. A brief profile of each director is presented on pages 8 to 9 in this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. 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, organizational effectiveness and implementation of Board policies and decisions.

More than two-third of the directors, 5 out of 7 Board members, are non-executive directors, 2 of whom are considered by the Board to be independent. The presence of non-executive director provides significant contributions towards the formulation of policies and decision-making. The presence of independent non-executive directors is essential as they provide an unbiased and independent view, advice and judgment to the decision-making of the Board and provide a capable check and balance for the Executive Directors, thereby ensuring that no one individual or group dominates the Board decision-making process.

The Code recommends the appointment of a senior independent non-executive director to whom concerns may be conveyed. The Board has not appointed any independent non-executive director to fulfill that role as the Chairman normally encourages participation by all directors during meetings. However, the Board recognizes the importance of this provision and is looking into this matter and will consider the relevant steps to comply with this practise. The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.



Board Meeting

During the financial year ended 31st March 2002, the Board met a total of 5 times. Details of the Director's attendance record are presented as below: -

DIRECTORS	Total Number of Meetings Held	Number of Meetings Attended
Nazir bin Mansor	5	5
Lee Kerk Chong	5	5
Gun Seong Thean	5	5
Yip Soon Chee	5	4
Yap Kiam Beng	5	5
Soo Yoke Mun	5	5
Frances Augustine Peter*	4	3

* Appointed as a director with effect from 25th July 2001. Attended one meeting by invitation before appointment as a director.

Board Committees

The Board has established Board Committees delegated with specific powers and responsibilities 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.

Supply of Information

The Chairman ensures that directors have access to all information within 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.

All directors has unhindered access to the advice and services of the Joint Company Secretaries who are responsible for ensuring that Board meeting procedure are followed and that applicable rules and regulations are complied with.

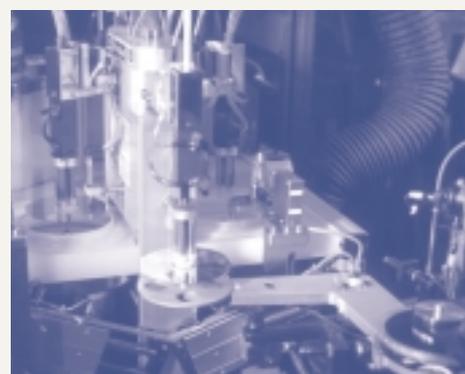
The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial reports, prior to releasing them to the KLSE.

From time to time, the Board determines, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

Appointment to the Board

The Code endorses as good practice, a formal procedure for appointments to the Board, with a nomination committee making recommendations to the Board. Establishment of a Nomination Committee has not been carried out as the Board believes that the present number of directors is deemed sufficient, considering the size of the Group and the nature of its operations, to undertake the said procedure for appointment as a whole.

In addition, the Board is of the view, with the current directors' mix of experiences and expertises, the current size of members is sufficient and optional in effectively addressing all issues affecting the Group.



Directors' Training

The Board as a whole recruits only individuals of sufficient caliber, knowledge and experience to fulfill the duties of a director appropriately. There is no formal training programme for directors. However all the directors have attended and completed the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysts Malaysia (RIIAM). The directors will continue to undergo other relevant training programme to further enhance their skills and knowledge wherever required.

Re-election of Directors

In accordance with the Company's Articles of Associates, one-third of the Board members 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. These provide an opportunity for shareholders to renew their mandates. The election of each Director is voted on separately. To assist shareholders in their decision, sufficient



information such as personal profile, meetings attendance and the shareholding in the Group of each Director standing for election are furnished in the Annual Report accompanying Notice of the Annual General Meeting.

The Joint Company Secretaries will ensure that all appointments are properly made and that all information necessary is obtained, as well as legal and regulatory obligations are met.

B) 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 directors' remuneration 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 Director	10	556	39
Non-Executive Director	60	-	-

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

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

C) 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 questions and seek clarification on the business and performance of the Company and the Group.

The Company also ensures that its shareholders are well informed via proper procedures which have been established for the timely release of material share price-sensitive information, quarterly financial results, regulatory financial statements and other matters affecting shareholders' interests.

D) 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 directors recognize the importance of monitoring sound internal control system to safeguard the shareholders' investment and the company's assets. In this regard, the Board has appointed an external accounting professional firm to undertake the internal audit function and risk management function during the year with the aim to ensure its existing internal control system is effective and appropriate in mitigating against the Group's significant risks. The internal auditors report independently to the Audit Committee on a quarterly basis with their findings and these findings are further deliberated during the Board meeting.

Apart from the above, the Group is also considering to undertake a process of formalizing its existing risk management to ensure that all significant risks are adequately addressed at various levels within the Group.

A statement by the directors on the application of the principles set out in Part 1 of the Malaysian Code of Corporate Governance is included in this Annual Report.

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 good relationship with the Company and Group auditors has always prevail and maintained on a transparent and professional basis.

Compliance Statement

Save as disclosed below, the Group has substantially complied with the Best Practices set out in Part 2 of the Code throughout the year: -

- a) Appointment of a senior independent non-executive Director to whom concerns may be conveyed has not been made as the Chairman normally encourages participation by all directors during meetings. Nevertheless, the Board is actively looking into this matter and will consider the relevant steps to comply with this practice.
- b) Establishment of a Nominating Committee ("NC") has not been carried out, as the Board believes that the present number of Directors is deemed optimal considering the size of the Group and the nature of its operations. The Board as a whole assumes the responsibilities,

though not formally, of assessing the effectiveness of the Board, its committee and individual director as well as candidates for all directorships.

- c) There was no formal review done on the present members of the Board of Directors, as the mix of experience and expertise of the current number of Directors, in the opinion of the Board, are considered sufficient and optimum in addressing the issues affecting the Group.
- d) Pursuant to Best Practice Provision AA XIII of the Code on training to new recruits to the Board, the Company does not have a formal training programme for its new Directors since it is the Board's policy to recruit only individual of sufficient calibre and experience to carry out the necessary duties of a director. Nevertheless, the Board will review the necessity for a formal orientation programme for its new directors from time to time.
- e) The Board has not developed position description for the Board and the Managing Director nor any formal schedule of matters specifically reserved to it for decision. The Board is of the view that the current set up of the Board and the Board Committees that is in place are sufficient to effectively handle and facilitate the smooth functioning of the Group.
- f) The Board does not have any agreed procedure for directors, whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expense, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.
- g) Establishment of a Remuneration Committee has not been undertaken as the Board is of the view that remuneration of Directors has been expeditiously handled by the Board as a whole.
- h) The Board, through the Executive Directors and the Audit Committee, has been able to identify business risks of the Group and will ensure that implementation of appropriate measures be taken to manage these risks. Nevertheless, the Board is considering to formalize its existing risk management process to better identify, monitor and manage the business risks affecting the Group.

This statement was made in accordance with a resolution of the Board dated 23 August 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR PREPARING THE ANNUAL AUDITED ACCOUNTS

In accordance with the requirements in Paragraph 15.27(a) of the Listing Requirements of the Kuala Lumpur Stock Exchange, the Board of Directors are required to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The directors are responsible for the preparation of financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company and of the Group for the financial year then ended.

The directors are accountable for ensuring that the Company keeps proper accounting and other records which disclose with reasonable accuracy at any time of the financial position of the Company to enable them to ensure that the financial statements are complied with approved accounting standards and the provisions of the Companies Act, 1965.

The directors in preparing the financial statements have used suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The directors consider that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The directors are also responsible for safeguard of the assets of the Company and of the Group and for prevention and detection of material fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 23 August 2002.

STATEMENT OF INTERNAL CONTROL

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of the Kuala Lumpur Stock Exchange's ("KLSE") Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls. The Board of Directors set out below the Internal Control Statement of the Group which has been prepared in accordance with the guidance provided under KLSE's "Statement on Internal Control: Guidance for Directors of Public Listed Companies".

The Board acknowledges its responsibility for the Group's system of internal control and the need to review its adequacy and integrity regularly. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and the system by its nature can only provide reasonable assurance but not absolute assurance against material misstatement, fraud or loss.

The system of internal control is maintained to achieve the following objective: -

1. Safeguard the shareholders' interest and assets of the Group.
2. Ensure the achievement of operation objectives
3. Ensure compliance with regulatory requirements.
4. Identify and manage risks affecting the Group.



For the year under review, the Group had in place an informal on-going process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. Subsequent to the year under review, the Board of Director has formalized this process and will be reviewing this process regularly.

Salient features of the framework of internal control system of the Group are as follows: -

1. The management structure is well defined, with clear line of responsibilities and delegation of authorities and appropriate segregation of duties.
2. Policies and procedures of key subsidiary are clearly established and documented and communicated to all staff members.
3. The Board has assesses key risks areas with the help of the Audit Committee and a professional accounting firm appointed to undertake the internal audit function.
4. Financial results are reviewed quarterly by the Board and the Audit Committee.
5. Executive Directors and head of departments meet regularly to discuss operational, corporate, financial and key management issues.
6. For key operational areas, periodic independent audit on operational procedures of a key subsidiary is carried out in line with the ISO 9001 certification programmes.
7. Effective reporting system to ensure timely generation of financial information for management review.
8. Top Management display a 'hands-on' approach to the operational activities in the Group.

The directors are of the opinion that the existing system of internal control is adequate to achieve the above objectives, save for certain aspects of the controls highlighted by the outsourced internal auditors undertaking the review of the Group's system of internal control in their report. Those aspects highlighted are currently being improved upon with the help of the outsourced internal auditors.

This statement was made in accordance with a resolution of the Board dated 23 August 2002

AUDIT COMMITTEE

The Audit Committee comprises the following directors:-

Mr. Yip Soon Chee	<i>Chairman, Independent Non-Executive Director</i>
Mr. Frances Augustine Peter	<i>Independent Non-Executive Director</i>
Mr. Yap Kiam Beng	<i>Executive Director</i>

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.

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 fulfil the following requirements: -
 - i) Must be a member of the Malaysian Institute of Accountants ("MIA"); or
 - 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.

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.

- a) Reviewing the audited accounts for financial year ended 31st March 2002 and unaudited quarterly financial results announcements of the Group and making recommendations to 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) Reviewed and recommended to the Board the appointment of an external professional firm to undertake internal audit functions and to evaluate the state of corporate governance of the Group.
- d) Discussion and updating on new developments of accounting standards issued by the Malaysian Accounting Standards Board.

The Audit Committee has placed reliance upon the external auditors evaluation and unqualified opinion of the reliability of the Group's financial information to reach reasonable assurance of the efficiency of the system of internal controls prevailing throughout the Group. In addition, for key operational areas, a periodic independent audit on operational procedures of key subsidiaries in line with the ISO 9001 certificate programme, obtained during the financial year, provided assurance of adequacy and integrity of the internal controls applied in the Group. Meantime, an on-going review of the internal controls systems and undertaking of internal audit functions is being carried out by an external professional accounting firm.

AUDIT COMMITTEE ATTENDANCE RECORD

The Audit Committee met six (6) times during the financial year ended 31st March 2002 and the attendance record is as follows:-

DIRECTORS	Total Number of Meetings Held	Number of Meetings Attended
Mr. Yip Soon Chee	6	6
Mr. Frances Augustine Peter *	4	4
Mr. Yap Kiam Beng	6	6

* Appointed as a member of Committee with effect from 25th July 2001. Attended one meeting by invitation as a member of Committee.

AUDIT COMMITTEE REPORT

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

The Audit Committee Report was made in accordance with a resolution of the Audit Committee dated 23 August 2002.

OTHER INFORMATION

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 or 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 OR PROJECTION

There was no material variance between the audited Group profit before taxation after minority interest for the financial year and the unaudited results previously announced. The audited 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 from pages 30 to 31 of the Annual Report.

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DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

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 2002.

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.

Financial results

	Group RM	Company RM
Net profit attributable to shareholders	3,829,812	712,501

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

	RM
In respect of the financial year ended 31 March 2001, as shown in the Directors' report of that year, a final tax exempt dividend of 5 sen per share on 30,000,000 ordinary shares, paid on 28 November 2001	1,500,000

The Directors now recommend the payment of a tax exempt dividend of 3 sen per share amounting to RM900,000 in respect of financial year ended 31 March 2002, 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	
Frances Augustine Peter	(Appointed on 25.7.2001)

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:

	Number of ordinary shares of RM1.00 each			
	1 April 2001	Additions	Disposals	31 March 2002
Nazir bin Mansor	2,529,000	0	0	2,529,000
Gun Seong Thean	2,660,000	0	0	2,660,000
Soo Yoke Mun - Indirect	2,834,000	0	0	2,834,000*
Lee Kerk Chong - Direct	3,300,000	0	0	3,300,000
- Indirect	6,036,000	0	0	6,036,000*
Yap Kiam Beng	30,000	0	0	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 as shown in Notes 5 and 28 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.

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 allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance 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 allowance 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.

Statutory information of the financial statements (cont'd)

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 other than as disclosed in note 4 (a) to the financial statements; and
- (b) 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 2002.



Nazir bin Mansor
Chairman



Gun Seong Thean
Managing Director

Kuala Lumpur

INCOME STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	3	33,580,687	38,765,064	900,000	1,500,000
Cost of sales		(25,581,619)	(26,134,743)	0	0
Gross profit		7,999,068	12,630,321	900,000	1,500,000
Other operating income		4,612,346	815,247	16,672	18,136
Selling and distribution costs		(2,503,329)	(3,084,892)	0	0
Administrative expenses		(2,840,214)	(2,802,510)	(239,209)	(190,167)
Other operating expenses		(166,797)	(406,223)	0	0
Profit from operations	4	7,101,074	7,151,943	677,463	1,327,969
Finance costs	6	(692,300)	(629,956)	0	0
Profit from ordinary activities before taxation		6,408,774	6,521,987	677,463	1,327,969
Taxation	7	(2,578,962)	(1,136,360)	35,038	(20,000)
Profit from ordinary activities after taxation		3,829,812	5,385,627	712,501	1,307,969
Minority interest		0	(16,141)	0	0
Net profit attributable to shareholders		3,829,812	5,369,486	712,501	1,307,969
Earnings per share (sen)	8	12.8	17.9		
Dividends per share (sen)	9	3	5		

BALANCE SHEETS AS AT 31 MARCH 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Non current assets					
Property, plant and equipment	10	41,489,349	39,476,604	0	0
Subsidiary companies	11	0	0	17,000,057	17,000,057
Amount due from a subsidiary company	12	0	0	1,964,816	1,964,816
Investment		30,030	30,030	0	0
Goodwill on consolidation	13	1,031,728	1,075,632	0	0
Current assets					
Inventories	14	3,573,335	3,978,187	0	0
Trade receivables	15	11,157,355	11,643,688	0	0
Other receivables, deposits and prepayments	16	4,680,922	1,811,464	250,000	250,000
Amounts due from subsidiary companies	17	0	0	15,474,419	16,319,045
Deposits with licensed banks	18	9,373,273	8,006,315	505,799	489,127
Cash and bank balances		1,693,587	2,240,971	43,866	46,644
		30,478,472	27,680,625	16,274,084	17,104,816
Less: Current liabilities					
Trade payables		4,507,939	5,771,188	0	0
Other payables and accrued liabilities	19	3,091,092	1,928,673	202,243	201,987
Bank borrowings	20	3,946,778	3,060,500	0	0
Bank overdraft (unsecured)	21	179,650	0	0	0
Taxation		1,114,572	766,167	38,059	81,548
Proposed dividend		900,000	1,500,000	900,000	1,500,000
		13,740,031	13,026,528	1,140,302	1,783,535
Net current assets		16,738,441	14,654,097	15,133,782	15,321,281
Less: Non current liabilities					
Bank borrowings	20	1,023,268	2,873,272	0	0
Hire purchase and finance lease payables	22	2,297,050	715,105	0	0
Deferred taxation	23	2,612,432	1,221,000	0	0
		5,932,750	4,809,377	0	0
		53,356,798	50,426,986	34,098,655	34,286,154
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	1,097,321	2,764,595	2,764,595
Retained earnings		21,235,534	18,305,722	310,117	497,616
Shareholders' funds		53,356,798	50,426,986	34,098,655	34,286,154

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	Total
		Number of shares	Nominal value RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	
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		0	0	0	(407,768)	407,768	0
Net profit for the financial year		0	0	0	0	5,369,486	5,369,486
Dividend	9	0	0	0	0	(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
At 1 April 2001		30,000,000	30,000,000	1,023,943	1,097,321	18,305,722	50,426,986
Net profit for the financial year		0	0	0	0	3,829,812	3,829,812
Dividend	9	0	0	0	0	(900,000)	(900,000)
At 31 March 2002		30,000,000	30,000,000	1,023,943	1,097,321	21,235,534	53,356,798

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	Total
		Number of shares	Nominal value RM	Share premium RM	Revaluation reserve RM	Retained earnings RM	
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		0	0	0	0	1,307,969	1,307,969
Dividend	9	0	0	0	0	(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
At 1 April 2001		30,000,000	30,000,000	1,023,943	2,764,595	497,616	34,286,154
Net profit for the financial year		0	0	0	0	712,501	712,501
Dividend	9	0	0	0	0	(900,000)	(900,000)
At 31 March 2002		30,000,000	30,000,000	1,023,943	2,764,595	310,117	34,098,655

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

Note	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash flows from/(used in) operating activities				
Profit from ordinary activities after taxation	3,829,812	5,385,627	712,501	1,307,969
Adjustments for:				
Net loss/(gain) on disposal of property, plant and equipment	2,667	(130,303)	0	0
Depreciation of property, plant and equipment	4,357,600	3,962,158	0	0
Dividend income	0	0	(900,000)	(1,500,000)
Interest income	(312,833)	(347,077)	(16,672)	(18,136)
Interest expense	692,300	629,956	0	0
Amortisation of goodwill on consolidation	43,904	21,952	0	0
Taxation	2,578,962	1,136,360	(35,038)	20,000
Unrealised exchange (gain)/loss	(32,712)	19,251	0	0
	7,329,888	5,292,297	(951,710)	(1,498,136)
	11,159,700	10,677,924	(239,209)	(190,167)
Changes in working capital				
Inventories	404,852	177,131	0	0
Receivables	(1,758,494)	820,991	0	0
Payables	(1,471,947)	(377,222)	256	17,069
Amount due to a director	0	(796,943)	0	0
	(2,825,589)	(176,043)	256	17,069
Cash generated from operations	8,334,111	10,501,881	(238,953)	(173,098)
Interest paid	(692,300)	(629,956)	0	0
Tax paid	(1,421,085)	(904,800)	(8,451)	(1,237)
Net cash from/(used in) operating activities	6,220,726	8,967,125	(247,404)	(174,335)
Cash flows from/(used in) investing activities				
Acquisition of property, plant and equipment	25 (2,241,306)	(8,137,173)	0	0
Proceeds from sale of property, plant and equipment	5,001	2,077,999	0	0
Interest received	312,833	347,077	16,672	18,136
Acquisition of additional shares in subsidiary company from minority shareholders	26(c) 0	(2,500,000)	0	(2,500,000)
Net cash (used in)/from investing activities	(1,923,472)	(8,212,097)	16,672	(2,481,864)

CASH FLOW STATEMENTS - CONT'D

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Cash flows from/(used in) financing activities					
Receipt of bank borrowings		2,096,774	5,824,119	0	0
Repayment of bank borrowings		(3,068,749)	(6,454,340)	0	0
Repayment of hire purchase and finance lease payables		(1,193,604)	(411,217)	0	0
Dividend paid		(1,500,000)	(2,400,000)	(1,500,000)	(2,400,000)
Repayment by subsidiary companies		0	0	1,744,626	5,017,771
Net cash (used in)/from financing activities		(3,665,579)	(3,441,438)	244,626	2,617,771
Net (decrease)/increase in cash and cash equivalents during the year		631,675	(2,686,410)	13,894	(38,428)
Cash and cash equivalents at beginning of the year		9,946,718	12,633,128	535,771	574,199
Cash and cash equivalents at end of the year	27	10,578,393	9,946,718	549,665	535,771

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2002

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 199 (2001: 184). There was no employee (2001: 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, except as disclosed in these summary of significant accounting policies.

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.

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 unamortised 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 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:

	%
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, allowance 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 allowance 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 were as follows:

Foreign currency	2002 RM	2001 RM
1 US Dollar	3.80	3.800
1 Singapore Dollar	2.20	2.300
1 Australian Dollar	2.00	1.86
1 Pound Sterling	5.36	0

(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	
	2002	2001	2002	2001
	RM	RM	RM	RM
Sale of goods	33,580,687	38,765,064	0	0
Gross dividend income from subsidiary companies	0	0	900,000	1,500,000
	33,580,687	38,765,064	900,000	1,500,000

4 Profit from operations

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Profit from operations is stated after charging:				
Depreciation of property, plant and equipment	4,357,600	3,962,158	0	0
Auditors' remuneration	39,500	34,500	12,000	10,000
Rental of land and buildings	247,500	249,120	0	0
Amortisation of goodwill on consolidation (Note 13)	43,904	21,952	0	0
Allowance for doubtful debts	199,062	58,610	0	0
Net loss on disposal of property, plant and equipment	2,667	0	0	0
Staff costs	5,095,382	4,810,313	0	0
Realised exchange loss	5,122	7,247	0	0
Unrealised exchange loss	0	19,251	0	0
and crediting:				
Gross dividend income from subsidiary companies	0	0	900,000	1,500,000
Net gain on disposal of property, plant and equipment	0	130,303	0	0
Interest income	312,833	347,077	16,672	18,136
Unrealised exchange gain	32,172	0	0	0
Realised exchanged gain	16,376	0	0	0
Rental income	10,000	37,600	0	0
Write back of allowance for doubtful debts	101,391	69,375	0	0
Refund of royalties (Note a)	4,068,155	0	0	0

Note (a)

During the financial year, the Group had reached an agreement with Phillips Electronics International B.V. ("Phillips") for the refund of past royalties paid on Audio CD and CD-ROM products manufactured and sold in Malaysia. The refund of past royalties paid was due to Phillips not having registered the patents right for the said Audio CD and CD-ROM products.

5 Directors' remuneration

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Non-executive Directors:				
Fees	65,000	85,000	65,000	85,000
Executive Directors:				
Estimated monetary value of benefits-in-kind	38,500	38,501	0	0
Basic salaries and bonus	556,122	887,345	0	0
Professional fees paid to a firm in which a Director is a member	1,750	4,900	0	0
	661,372	1,015,746	65,000	85,000

6 Finance costs

	Group	
	2002 RM	2001 RM
Interest expenses		
- Term loans	313,289	438,579
- Hire purchase	219,268	91,535
- Short terms borrowings	159,743	99,842
	692,300	629,956

7 Taxation

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Taxation based on the profit of the financial year:				
Malaysia income tax				
- current	1,242,568	585,000	20,000	20,000
- over provision in respect of prior years	(55,038)	0	(55,038)	0
Real property gain tax	0	34,360	0	0
Transfer to deferred taxation	1,391,432	517,000	0	0
	2,578,962	1,136,360	(35,038)	20,000

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.

7 Taxation (cont'd)

The effective rate of taxation of the Group after transfer to deferred taxation is higher than the statutory tax rate prevailing in Malaysia due to timing differences on deferred taxation of a subsidiary have been fully accounted for as they are expected to reverse in the foreseeable future.

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 2002.

8 Earnings per share

The earnings per share for the financial year ended 31 March 2002 has been calculated based on the Group's profit for the financial year of RM3,829,812 (2001: RM5,369,486) and on the number of ordinary shares of the Company in issue during the year of 30,000,000 shares (2001: 30,000,000 shares issued).

9 Dividends

Dividend declared or proposed in respect of the financial year ended 31 March 2002 are as follows:

	2002		2001	
	Gross per share sen	Amount of dividend tax exempt RM	Gross per share sen	Amount of dividend tax exempt RM
Proposed final dividend	3	900,000	5	1,500,000

At the forthcoming annual general meeting, a final gross dividend in respect of the financial year ended 31 March 2002 amounting to RM900,000 (2001: RM1,500,000) will be proposed for shareholders' approval.

10 Property, plant and equipment

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

	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
2002	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost/valuation											
At 1 April											
- at cost		5,422,557	0	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	0	0	0	0	0	0	0	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
Additions											
- at cost	0	1,140	0	6,222,952	0	0	30,729	9,840	104,421	8,931	6,378,013
Disposals	0	0	0	(10,001)	0	0	0	0	0	0	(10,001)
	0	1,140	0	6,212,951	0	0	30,729	9,840	104,421	8,931	6,368,012
At 31 March											
- at cost		5,423,697	0	40,992,581	200,211	1,234,671	2,003,360	273,516	350,001	26,338	50,504,375
- at valuation	650,000	5,890,995	1,958,652	0	0	0	0	0	0	0	8,499,647
	650,000	11,314,692	1,958,652	40,992,581	200,211	1,234,671	2,003,360	273,516	350,001	26,338	59,004,022

10 Property, plant and equipment (cont'd)

	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
2002	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation											
- at cost	0	0	0	10,767,715	162,947	661,679	912,606	150,248	99,824	0	12,755,019
- at valuation	36,112	295,330	72,945	0	0	0	0	0	0	0	404,387
	36,112	295,330	72,945	10,767,715	162,947	661,679	912,606	150,248	99,824	0	13,159,406
Charge for the financial year	10,794	59,869	28,174	3,823,779	19,876	147,985	208,704	26,614	31,805	0	4,357,600
Disposals	0	0	0	(2,333)	0	0	0	0	0	0	(2,333)
	10,794	59,869	28,174	3,821,446	19,876	147,985	208,704	26,614	31,805	0	4,355,267
At 31 March											
- at cost	0	54,773	0	14,589,161	182,823	809,664	1,121,310	176,862	131,629	0	17,066,222
- at valuation	46,906	300,426	101,119	0	0	0	0	0	0	0	448,451
	46,906	355,199	101,119	14,589,161	182,823	809,664	1,121,310	176,862	131,629	0	17,514,673

10 Property, plant and equipment (cont'd)

	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
2002	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Net book value											
- At 31 March 2002											
- at cost	0	5,368,924	0	26,403,420	17,388	425,007	882,050	96,654	218,372	26,338	33,438,153
- at valuation	603,094	5,590,569	1,857,533	0	0	0	0	0	0	0	8,051,196
	603,094	10,959,493	1,857,533	26,403,420	17,388	425,007	882,050	96,654	218,372	26,338	41,489,349
Net book value											
- At 31 March 2001											
- at cost	0	5,422,557	0	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	0	0	0	0	0	0	0	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 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:

	Group	
	2002	2001
	RM	RM
Freehold buildings	448,903	459,697
Long term leasehold land and buildings	3,858,801	3,945,704

(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 20 to the financial statements are as follows:

	Group	
	2002	2001
	RM	RM
Plant and machinery		
Cost	10,631,136	10,631,136
Net book value	8,105,951	9,169,064

(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:

	Group	
	2002	2001
	RM	RM
Plant and machinery		
Cost	4,896,069	1,027,706
Net book value	5,804,249	1,436,553
Motor vehicles		
Cost	728,579	728,579
Net book value	425,004	570,720

10 Property, plant and equipment (cont'd)**(d) Fully depreciated assets**

The cost of fully depreciated assets of the Group which are still in use amounted to RM691,577 (2001: RM654,919).

11 Subsidiary companies

	Company	
	2002 RM	2001 RM
Unquoted shares - at valuation	14,445,057	14,445,057
- at cost	2,555,000	2,555,000
	17,000,057	17,000,057

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.

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

Name of company	Country of incorporation	Group effective interest		Principal activities	Method of consolidation
		2002 %	2001 %		
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	100	Manufacture of plastic fabricated parts	Acquisition method
SM Digital Media Sdn Bhd *	Malaysia	100	100	Trading of compact discs	Acquisition method

* Audited by PricewaterhouseCoopers, Malaysia

12 Amount due from a subsidiary company

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

13 Goodwill on consolidation

	2002	Group 2001
	RM	RM
At 1 April	1,075,632	0
Acquisition of subsidiary company (Note 26)	0	1,097,584
Amortisation charge (Note 4)	(43,904)	(21,952)
At 31 March	1,031,728	1,075,632

14 Inventories

	2002	Group 2001
	RM	RM
At cost:		
Raw materials	1,925,954	2,752,825
Work-in-progress	26,303	26,303
Finished goods	1,621,078	1,028,714
	3,573,335	3,807,842
At net realisable value:		
Finished goods	0	170,345
	3,573,335	3,978,187

15 Trade receivables

	2002	Group 2001
	RM	RM
Trade receivables	12,479,643	12,868,305
Allowance for doubtful debts	(1,322,288)	(1,224,617)
	11,157,355	11,643,688

16 Other receivables, deposits and prepayments

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables	473,798	672,005	250,000	250,000
Receivables from disposal of properties	585,000	567,285	0	0
Royalties receivable	2,417,331	0	0	0
Tax recoverable	753,409	253,241	0	0
Deposits	221,164	213,108	0	0
Prepayments	230,220	105,825	0	0
	4,680,922	1,811,464	250,000	250,000

17 Amounts due from subsidiary companies

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

18 Deposits with licensed banks

Deposits with licensed banks of a subsidiary company amounting to RM308,817 (2001: RM300,568) have been pledged as collateral for term loan facilities granted to the said subsidiary company.

19 Other payables and accrued liabilities

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other payables	210,897	62,060	0	0
Other accruals	1,057,244	1,404,820	202,243	201,987
Current portion of hire purchase and finance lease payables (Note 22)	1,798,301	437,143	0	0
Deposits payable	24,650	24,650	0	0
	3,091,092	1,928,673	202,243	201,987

20 Bank borrowings

	2002 RM	Group 2001 RM
Current		
Term loans (secured)		
- Term loan I	800,004	800,004
- Term loan II	675,000	675,000
- Term loan III	375,000	375,000
	1,850,004	1,850,004
Short term borrowings (unsecured)		
- Trust receipts	1,106,000	704,496
- Bankers' acceptances	990,774	506,000
	2,096,774	1,210,496
	3,946,778	3,060,500
Non current		
Term loans (secured)		
- Term loan I	266,652	1,066,656
- Term loan II	287,866	962,881
- Term loan III	468,750	843,735
	1,023,268	2,873,272
	4,970,046	5,933,772
Maturity of bank borrowings		
Payable within one year (included under current liabilities)	3,946,778	3,060,500
Payable between two and five years	1,023,268	2,873,272
	4,970,046	5,933,772

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 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% (2001: 3.25% to 8.80%) per annum.

21 Bank overdraft (unsecured)

Bank overdraft of a subsidiary company is guaranteed by the holding company.

Interest charged during the financial year ranged from 8% to 8.5% (2001: NIL) per annum.

22 Hire purchase and finance lease payables

Hire purchase and finance lease payables are analysed as follows:

	2002	Group 2001
	RM	RM
Hire purchase and finance lease liabilities		
Minimum lease payments:		
- not later than one year	2,112,364	533,874
- later than one year and not later than five years	2,684,184	878,316
	4,796,548	1,412,190
Future finance charges on hire purchase and finance lease	(701,197)	(259,942)
	4,095,351	1,152,248
Representing hire purchase and finance lease liabilities		
- current (included in other payables and accrued liabilities - Note 19)	1,798,301	437,143
- non current	2,297,050	715,105
	4,095,351	1,152,248
Present value of hire purchase and finance lease liabilities		
- not later than one year	1,798,301	437,143
- later than one year and not later than five years	2,297,050	715,105
	4,095,351	1,152,248

23 Deferred taxation

	2002	Group 2001
	RM	RM
At 1 April	1,221,000	704,000
Transfer from income statement	1,391,432	517,000
	2,612,432	1,221,000
At 31 March	2,612,432	1,221,000

23 Deferred taxation (cont'd)

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

	Group	
	2002	2001
	RM	RM
Timing differences between depreciation and corresponding taxation allowances	12,123,112	9,153,612
Other timing differences	(2,792,997)	(2,675,646)
	9,330,115	6,477,966
Timing differences on which deferred taxation has been provided	(9,330,115)	(4,360,714)
	0	2,117,252

24 Share capital

	Group and Company	
	2002	2001
	RM	RM
Authorised ordinary shares of RM1.00 each	50,000,000	50,000,000

25 Acquisition of property, plant and equipment

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

	Group	
	2002	2001
	RM	RM
Total acquisition of property, plant and equipment	6,378,013	8,959,338
Less: Amount financed by hire purchase	(4,136,707)	(822,165)
Net cash outlay on acquisition of property, plant and equipment	2,241,306	8,137,173

26 Acquisition of additional shares in a subsidiary company

- (a) During the previous 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.

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

	2001 From date of acquisition RM
Revenue	8,688,784
Operating costs	(8,276,641)
Profit from operations	412,143
Taxation	89,952
Profit after taxation	502,095
Minority interest	0
Increase in Group's net profit attributable to shareholders	502,095

- (b) Details of net assets acquired and goodwill arising from the acquisition in previous year were as follows:

	2001 At date of acquisition RM
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 13)	1,097,584
Cash outflow on acquisition	2,500,000

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

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash outflow from investing activities				
Acquisition of additional shares in a subsidiary company				
- Japantec Industries (M) Sdn Bhd	0	2,500,000	0	2,500,000

27 Cash and cash equivalents

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Deposits with licensed banks (net of deposits of the Group pledged as collateral of RM308,817 (2001: RM300,568))	9,064,455	7,705,747	505,799	489,127
Cash and bank balances	1,693,588	2,240,971	43,866	46,644
Bank overdraft	(179,650)	0	0	0
	10,578,393	9,946,718	549,665	535,771

28 Related party disclosures

- (a) Related party and relationships

The related parties of the Group comprise:

Name of company	Relationship
SM Summit Holdings Ltd	Company in which Mr Lee Kerk Chong 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

28 Related party disclosures (cont'd)**(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 parties were as follows:

	2002	2001
	RM	RM
Sale of goods to:		
- Summit CD Manufacture Pte Ltd	1,764,126	2,468,390
- Summit Technology Australia Pty Ltd	2,675,680	595,046

(c) Significant related party balances

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

	Type of transactions	2002	2001
		RM	RM
Receivables			
- Summit CD Manufacture Pte Ltd	Sale of goods	440,673	490,435
- Summit Technology Australia Pty Ltd	Sale of goods	696,862	314,784

29 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.

30 Commitments**(a) Capital commitments**

Capital expenditure in respect of property, plant and equipment are as follows:

	2002	Group	2001
	RM		RM
Approved and contracted for	0		1,967,034

30 Commitments (cont'd)

(b) The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2002	2001
	RM	RM
Not later than 1 year	42,000	0
Later than 1 year and not later than 5 years	10,500	0
	52,500	0

31 Contingent liabilities

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Guarantee of banking facilities granted to subsidiary companies (unsecured)	0	0	9,245,047	7,086,020

STATEMENT BY DIRECTORS

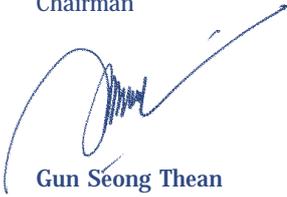
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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 23 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 2002 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 2002.



Nazir bin Mansor
Chairman



Gun Seong Thean
Managing Director

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

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 23 to 49 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



Yap Kiam Beng
Director

Subscribed and solemnly declared by the abovenamed Yap Kiam Beng at Kuala Lumpur on 19 July 2002, before me

Commissioner for Oaths

19 07 02



Lot 1.28, Tkt 1, Komplek Wilayah
2, Jalan Munshi Abdullah,
50100 Kuala Lumpur.

REPORT OF THE AUDITORS

TO THE MEMBERS OF SM SUMMIT HOLDINGS BHD (287036 X)
(INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 23 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 2002 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)
Chartered Accountants



Yap Kim Swee
(1654/10/02 (J))
Partner

Kuala Lumpur
19 July 2002

LIST OF PROPERTIES AS AT 31 MARCH 2002

Registered Owner / Location	Description	Tenure / Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2002 (RM)
Summit Audio Industries (M) Sdn Bhd				
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 6 years)	79.25	116,364
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 6 years)	1,041.00	3,172,587
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 10 years)	95.00	121,400
Summit CD Manufacture (M) Sdn Bhd				
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 16 years)	278.71	883,551
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 6 years)	79.62	116,364
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 6 years)	1,041.00	3,094,036

LIST OF PROPERTIES - CONT'D

Registered Owner / Location	Description	Tenure / Age (years)	Total Land Area/ Built-up Area (sq metres)	Net Book Value as at 31 March 2002 (RM)
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 10 years)	95.00	121,073
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 3 years)	195.93	371,048
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 16 years)	6,861.00	5,423,697
Total			9,766.51	13,420,120

STATISTICS OF SHAREHOLDINGS AS AT 31 JULY 2002

Financial Year End : 31st March 2002
 Class of Shares : Ordinary Shares of RM 1.00 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	0.08
1,000 – 10,000	6,225,000	20.75	2,372	91.80
10,001 – 100,000	4,690,000	15.63	184	7.12
100,001 – 1,499,999	6,084,000	20.28	22	0.85
1,500,000 & above	13,000,000	43.34	4	0.15
Total	30,000,000	100.00	2,584	100.00

List of Thirty Largest Shareholders as at 31 July 2002 (As per Record of Depositors)

Name of Holders	No. of Shares	%
1. SM Summit Holdings Limited	6,036,000	20.12
2. AMSEC Nominees (Asing) Sdn Bhd <i>AMFinance Berhad for Gun Seong Thean</i>	2,660,000	8.87
3. AMSEC Nominees (Tempatan) Sdn Bhd <i>AMFinance Berhad for Nazir Bin Mansor</i>	2,152,000	7.17
4. AMSEC Nominees (Tempatan) Sdn Bhd <i>AMFinance Berhad for Shing Kong Enterprise Sdn Bhd</i>	2,152,000	7.17
5. Lee Kerk Chong	1,058,000	3.53
6. Gun Seong Thean	830,000	2.77
7. Faridah Binti Jantan	700,000	2.33
8. Nazir Bin Mansor	377,000	1.26
9. Wong Kong Meng	288,000	0.96
10. Citicorp Nominees (Asing) Sdn Bhd <i>TNTC for Government of Singapore Investment Corporation Pte Ltd</i>	266,000	0.89
11. Sing Kong Wey	236,000	0.79
12. Tan Kwee Bee	220,000	0.73
13. Chow Seck Kai	219,000	0.73
14. Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Na Bon Tiam (Rem 622)</i>	217,000	0.72
15. Yap Win Seng	198,000	0.66
16. Universal Trustee (Malaysia) Berhad <i>BHLB Pacific High Growth Fund</i>	190,000	0.63
17. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd</i>	180,000	0.60
18. Universal Trustee (Malaysia) Berhad <i>BHLB Pacific Emerging Companies Growth Fund</i>	153,000	0.51
19. Straits Nominees (Asing) Sdn Bhd <i>GK Goh SPL for Chong Ah Kong (20/207125)</i>	150,000	0.50
20. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Kong Kien Kok</i>	149,000	0.50
21. Hong Kea Choon	113,000	0.38
22. Tam Chui Chui	113,000	0.38
23. Nile Capital Limited	110,000	0.37
24. Teo Kee Bock	110,000	0.37

List of Thirty Largest Shareholders as at 31 July 2002 (Cont'd)

Name of Holders	No. of Shares	%
25. Yeoh Ah Tu	105,000	0.35
26. Chee Wai Meng	102,000	0.34
27. Alliancegroup Nominees (Asing) Sdn Bhd <i>HSBC Trustee (S) Ltd for The Vittoria Fund Ltd</i>	100,000	0.33
28. Tan Tiou Chong	100,000	0.33
29. Tan Su Loke	87,000	0.29
30. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Magnum 4D (Selangor) Sdn Bhd</i>	80,000	0.27
Total	19,451,000	64.85

Substantial Shareholders as at 31 July 2002
(As per the Register of Substantial Shareholders)

Name of Shareholders	No. of Shares Direct / Indirect	%
1. Gun Seong Thean	3,490,000	11.63
2. Nazir Bin Mansor	2,529,000	8.43
3. Shing Kong Enterprise Sdn Bhd	2,152,000	7.17
4. Lee Kerk Chong	1,058,000 (direct) 6,036,000 (indirect)	3.53 20.12•
5. SM Summit Holdings Limited	6,036,000	20.12
6. Soo Yoke Mun	54,000 (direct) 2,152,000 (indirect)	0.18 7.17••
7. Tan Mooi Hiang	2,152,000 (indirect)	7.17••
• 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.		
•• Deemed interest by virtue of her 50.00% direct shareholding interest in Shing Kong Enterprise Sdn Bhd		

Directors' Shareholdings as at 31 July 2002
(As per the Register of Directors' Shareholdings)

Directors	No. of Shares Direct / Indirect	%
1. Nazir Bin Mansor	2,529,000	8.43
2. Lee Kerk Chong	1,058,000 (direct) 6,036,000 (indirect)	3.53 20.12 •
3. Gun Seong Thean	3,490,000	11.63
4. Yap Kiam Beng	20,000	0.07
5. Soo Yoke Mun	54,000 (direct) 2,152,000 (indirect)	0.18 7.17••
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 Limited.		
•• Deemed interest by virtue of his 50.00% direct shareholding interest in Shing Kong Enterprise Sdn Bhd.		

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of the Company will be convened and held at No. 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur on Friday, 27 September 2002 at 10.00 a.m. to transact the following items of business:

AGENDA

1. To receive and adopt the audited financial statements for the year ended 31 March 2002 together with the Directors' and Auditors' Reports thereon. **Ordinary Resolution 1**
2. To declare a first and final tax exempt dividend of 3% for the year ended 31 March 2002. **Ordinary Resolution 2**
3. To approve the payment of Directors' Fees amounting to RM70,000/- for the year ended 31 March 2002. **Ordinary Resolution 3**
4. To re-elect Mr Soo Yoke Mun who retires in accordance with Article 82 of the Company's Articles of Association. **Ordinary Resolution 4**
5. To re-elect Mr Gun Seong Thean who retires in accordance with Article 82 of the Company's Articles of Association. **Ordinary Resolution 5**
6. To re-appoint Messrs PricewaterhouseCoopers as auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

7. 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 7

(ii) General Mandate in respect of the Renewed Recurrent Related Party Transactions of a revenue or trading nature

"THAT, subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, the Company shall be mandated to enter into the category of recurrent transactions of a revenue or trading nature and with those related parties as specified under items 2.2.2 and 2.2.4 in the Circular to Shareholders dated 5 September 2002 subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not to the detriment of minority shareholders.
- (b) disclosure of the aggregate value of recurrent transactions conducted during the financial year will be disclosed in the Annual Report for the said financial year AND that such approval shall continue to be in force until :-
 - (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed;
 - (ii) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in an AGM or an Extraordinary General Meeting.

whichever is earlier.

(c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution." **Ordinary Resolution 8**

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

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a first and final tax exempt dividend of 3% per share for the year ended 31 March 2002, if approved, will be paid on 29 November 2002 to depositors registered in the Record of Depositors at the close of business on 31 October 2002.

A depositor shall qualify for entitlement to dividend only in respect of:

1. Shares transferred into the Depositors' Securities Account before 12.30 p.m. on 31 October 2002, in respect of ordinary transfers; and
2. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

BY ORDER OF THE BOARD

CHU KUM YOON
LEONG SHIAK WAN
Company Secretaries

Kuala Lumpur
5 September 2002

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 7, 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 8, if passed, will empower the Directors from the date of the Ninth 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 Renewed 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.

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

The Directors who are standing for re-election at the Ninth Annual General Meeting of the Company are Messrs Soo Yoke Mun and Gun Seong Thean.

The profiles and interests of the abovementioned Directors are set out on page 9 and on pages 8 to 9 respectively.

Five (5) Board Meetings were held during the financial year ended 31 March 2002. Both Messrs Soo Yoke Mun and Gun Seong Thean attended all the five (5) Board Meetings held during the financial year ended 31 March 2002.

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

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

PROXY FORM

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 and on *my/our behalf at the Ninth Annual General Meeting of the Company,
to be held at No 9 Jalan 3/91A Taman Shamelin Perkasa Cheras 56100 Kuala Lumpur on Friday, the 27th
day of September 2002 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 Financial Statements and Reports		
Ordinary Resolution 2	Declaration of first and final tax exempt dividend		
Ordinary Resolution 3	Approval of Directors' Fees of RM70,000/-		
Ordinary Resolution 4	Re-election of Mr Soo Yoke Mun		
Ordinary Resolution 5	Re-election of Mr Gun Seong Thean		
Ordinary Resolution 6	Re-appointment of Auditors		
Ordinary Resolution 7	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965		
Ordinary Resolution 8	General mandate in respect to the renewed recurrent related party transactions of a revenue or trading nature		

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

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

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

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

Dated this _____ day of _____ 2002

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 office or attorney duly authorised.
4. The instrument appointing a proxy must be deposited at the Registered Office at 22nd Floor, Wisma Cyclecarri, 288 Jalan Raja Laut, 50350 Kuala Lumpur at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof (or in the case of a poll not less than twenty-four (24) hours before the time appointment for taking of the poll).

* Strike out whichever is not valid

MALAYSIA (Subsidiaries)

SUMMIT AUDIO INDUSTRIES (M) SDN. BHD.

SUMMIT CD MANUFACTURE (M) SDN. BHD.

SM DIGITAL MEDIA SDN. BHD.

No. 9, Jalan 3/91A Taman Shamelin Perkasa

Cheras 56100, Kuala Lumpur, Malaysia

Tel: (03) 981 1188

Fax: (03) 987 9959

Email: smsummit@smsummit.com.my

JAPANTEC INDUSTRIES (M) SDN. BHD.

No. 10, Jalan Hasil 2

Off Jalan Tampoi, 81200

Johor Bahru

Tel: (07) 238 1818

Fax: (07) 238 9818

SINGAPORE (Affiliates)

SM SUMMIT HOLDINGS LIMITED

SUMMIT AUDIO MANUFACTURE PTE LTD

SUMMIT CD MANUFACTURE PTE LTD

SUMMIT HI-TECH PTE LTD

45 Ubi Road 1 Summit Building

Singapore 408696

Tel: (65) 745 3288

Fax: (65) 748 9612

Website: www.smsummit.com.sg

AUSTRALIA (Affiliates)

SUMMIT TECHNOLOGY AUSTRALIA PTY LTD

Unit 2, 904 Bourke Street, Waterloo

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Email: francis@summittech.com.au