

# ASTRAL

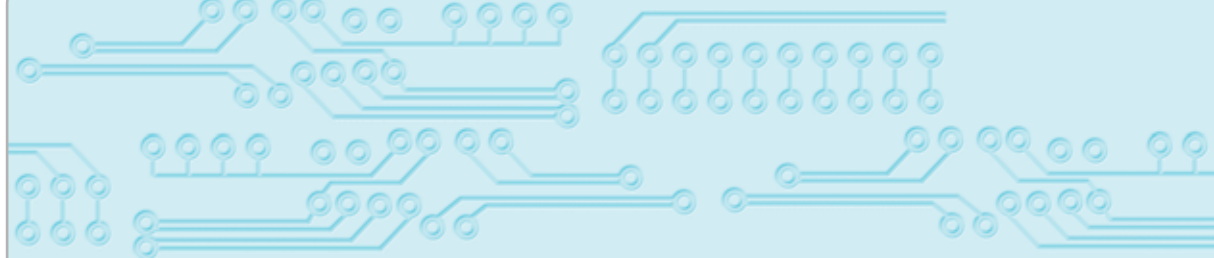
S U P R E M E

Astral Supreme Berhad

( Company No. 442371-A )

The background of the lower half of the cover is a complex, abstract design. It features a blue-to-yellow gradient. Overlaid on this are intricate white and light blue circuit-like patterns, including lines, dots, and branching structures that resemble a neural network or a high-tech circuit board. A bright, glowing horizontal band of light passes through the center of the image, creating a lens flare effect. The text 'annual report 2001' is centered within this glowing band.

annual report 2001



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## Board of Directors

Eddie Foo Chik Kin  
*Executive Chairman*

Tan Choon Sin  
*Managing Director*

Y. M. Raja Abdul Aziz bin Raja Musa  
*Executive Director*

Katherine Chang Choong Yeen  
*Executive Director and Chief Financial Officer*

Leow Siew Beng  
*Non-Independent Non-Executive Director*

George Thia Peng Heok  
*Independent Non-Executive Director*  
(appointed on 24 May 2001)

Sieh Kok Jiun  
*Independent Non-Executive Director*

Yap Wing Chun  
*Independent Non-Executive Director*  
(resigned on 18 June 2001)

## Company Secretary

An Nai [MIA 1074]

## Registered/Corporate Office

Suite 13-05, Level 13, Menara HLA  
No. 3 Jalan Kia Peng  
50450 Kuala Lumpur  
Tel: 03-2163 3268 Fax: 03-2161 7078

## Business Office

Lot 20, Kulim Industrial Estate  
09000 Kulim  
Kedah Darul Aman  
Tel: 04-489 2288

## Share Registrar

Signet Share Registration Services Sdn. Bhd.  
11<sup>th</sup> Floor, Tower Block  
Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 03-2145 4337 Fax: 03-2142 1353

## Auditors

PricewaterhouseCoopers

## Principal Bankers Of The Group

Malayan Banking Berhad  
RHB Bank Berhad  
Citibank Berhad

## Stock Exchange Listing

Second Board of the Kuala Lumpur Stock Exchange



### **Eddie Foo Chik Kin**

*Executive Chairman*  
Singaporean, aged 59

Mr. Foo was appointed to the Board of Directors of the Company on 2 November 1998 as Executive Chairman. He is one of the founders of the Group and has been the Executive Chairman of Singatronics (M) Sdn. Bhd. ("SMSB"), a subsidiary of the Company, since its establishment in August 1979. Mr. Foo is a substantial shareholder of Singatronics Limited ("SL"), the holding company of Astral Supreme Berhad and is deemed interested in the Company by virtue of his shareholding in SL. He has been the Chairman and Chief Executive Officer of SL since 1987.

Mr. Foo was attached with Olivetti (S) Pte. Ltd., a company involved in the trading of office equipment, from 1963 to 1974. He held several management positions and was its Director of Systems Division from 1971 to 1974. He left to assume the position of General Manager of City Development Limited, a public company in Singapore involved in property development. He left City Development Limited five years later to join SL, an investment holding company listed on the Main Board of the Singapore Exchange.

He had also served with several bodies and statutory organisations of the Singapore Government. He was a member of the Board of Management of Singapore Institute of Standards and Industrial Research from 1986 to 1987 and was a member of the Electrical/Electronics Advisory Committee of the Singapore Trade Development Board from 1984 to 1986. He was also a member of the Advisory Panel of CEOs which was established by the Singapore National Productivity Board in 1986.

### **Tan Choon Sin**

*Managing Director*  
Malaysian, aged 60

Mr. Tan was appointed to the Board of Directors of the Company on 2 November 1998 as Executive Director and was redesignated as Managing Director on 1 February 1999. He is a member of the Audit Committee.

Mr. Tan joined Olivetti (M) Sdn. Bhd., a company dealing in office equipment in 1963 and achieved the position of District Manager before leaving in 1971. He joined Eastern Agencies (M) Sdn. Bhd., a company involved in office equipment as its Country Sales Manager in 1971. He left in 1973 to join Harper Gilfilan (M) Sdn. Bhd., a company involved in office equipment, as its Country Marketing Manager. He then moved to KL Supplies (M) Sdn. Bhd., a company involved in the supply of office equipment in 1978 as its General Sales Manager. From 1981 to 1982, he was the Product Manager of Equatron (M) Sdn. Bhd., a company involved in office equipment. Mr. Tan was appointed as Executive Director of SMSB upon joining the company in 1982 and was appointed as its Managing Director on 1 September 1997.

### **Y. M. Raja Abdul Aziz bin Raja Musa**

*Executive Director*  
Malaysian, aged 61

Y. M. Raja Abdul Aziz was appointed to the Board of Directors of the Company on 2 November 1998 as Executive Director. He was appointed to the Board of Directors of SMSB on 18 October 1995. In 1997, he was appointed as Executive Director of SMSB, responsible for sales and marketing.

He has attended a multinational marketing programme at Harvard University in 1969, a management executive programme for smaller companies in Stanford University in 1988, both in the United States and a development programme in 1975 at the Asian Institute of Management, Philippines. He has over 32 years of experience in the corporate and industrial sectors in Malaysia and abroad.

In 1976, he joined the Malaysian operations of Gestetner International Limited, an independent distributor of office equipment, as a Marketing Manager. He rose through various senior management positions in the company to become its Chief Executive Officer of the Asia Pacific Division in 1987 responsible for Singapore, Indonesia, Philippines, Brunei, Pakistan, Sri Lanka and Bangladesh. In 1991, he was appointed as Chairman of the Malaysian operations, but he left in the same year to join Probadi Sdn. Bhd., an oil and gas company which is part of the Renong Group, as Chief Executive Officer. In 1994, he assumed the position of Chief Executive Officer of hotel operations of the Renong Group, namely, Faber Hotels Holdings Sdn. Bhd., to develop the Sheraton chain of hotels locally and in Vietnam and Uzbekistan. He left the Renong Group in 1995.

He is also a member of the Harvard Business School Alumni, Stanford Business School Alumni and the Asian Institute of Management Alumni.

## **Katherine Chang Choong Yeen**

*Executive Director and  
Chief Financial Officer  
Malaysian, aged 35*

Ms. Chang joined the Company as Chief Financial Officer in August 2000 and was appointed to the Board of Directors of the Company as Executive Director on 20 November 2000. She is a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and is a member of the Malaysian Institute of Accountants. She started her professional career with Arthur Andersen & Co. in May 1992 involved primarily in audit work. In February 1994, she joined RHB Sakura Merchant Bankers Berhad ("RHB Sakura") reaching the position of Senior Manager of Corporate Finance prior to leaving the merchant bank for the Company in August 2000. During her tenure in RHB Sakura, she was involved in providing financial advisory services to corporations in areas of mergers, acquisitions and take-overs. She also assisted a wide spectrum of companies in corporate exercises involving corporate and debt restructuring, public listing, fund raising, valuation of debt and equity securities, privatisation, financial modelling of investments and financial analysis.

## **Leow Siew Beng**

*Non-Independent  
Non-Executive Director  
Singaporean, aged 55*

Mr. Leow was appointed to the Board of Directors of the Company on 2 November 1998. He is a member of the Nomination Committee and Remuneration Committee. He graduated with first class honours from the University of Singapore in Mechanical Engineering in 1970 and also obtained a post-graduate Master of Science Degree from the University of Leeds, United Kingdom in 1971. In 1984, the Singapore National Productivity Board awarded him a Diploma with merit in Management Accounting and Finance.

He began his career with the Singapore Institute of Standards and Industrial Research in 1971. During his tenure, he held various technical and managerial positions, leaving as Deputy General Manager in 1988. In 1988, he joined SL as General Manager and was also appointed as a Director. He has been an Executive Director of SL since 1989. Mr Leow currently also sits on the Board of Eastgate Technology Limited which is listed on the Main Board of the Singapore Exchange.

Besides being a Director of SMSB since 16 February 1995, he holds directorships in various companies within the SL Group, which include subsidiaries and related companies in Australia, New Zealand and Singapore. During 1978 to 1987, he also held official positions in many Government and international organisations such as the Institute of Engineers Singapore, Technonet Asia, Singapore Manufacturers Association and the National University of Singapore. He is a registered professional engineer in Singapore and was previously admitted as a Fellow of the British Institute of Management and Institute of Quality Assurance in the United Kingdom.

## **George Thia Peng Heok**

*Independent Non-Executive Director  
Singaporean, aged 53*

Mr. Thia was appointed to the Board of Directors of the Company on 24 May 2001. He is the Chairman of the Remuneration Committee as well as the Audit Committee and is a member of the Nomination Committee. He is a Certified Public Accountant in Singapore and a Fellow of the Association of Chartered Certified Accountants in the United Kingdom and the Singapore Institute of Directors.

He started his professional career in 1971 as an accountant in Cooper Brothers & Co. (now known as PricewaterhouseCoopers). Subsequently, from 1973 to 1992, he acquired extensive experience in merchant banking, stock broking and financial consulting. He held the positions of Managing Director at merchant bank, Morgan Grenfell (Asia) Limited (1973 - 1983), investment bank, Merrill Lynch International Bank Limited (1985 - 1987) and stock broking firms, Sun Hung Kai Securities Pte Ltd (1987 - 1990) and Lum Chang Securities Pte Ltd (1990 - 1992). He was also a director and partner of another stock broking firm, Kay Hian Pte Ptd from 1984 to 1985. Mr. Thia became Managing Director of AsiaMatrix Limited, a company listed on the Singapore Exchange of Securities Dealing and Automated Quotation ("SESDAQ") in 1993 and held that position for 3 years. From 1995 to 1999, he was a private management and financial consultant.



Mr. Thia is currently the Executive Chairman of MediaStream Limited, a company listed on the SESDAQ dealing in the music and media business. He also sits on the Boards of Metroplex Berhad which is listed on the Main Board of the Kuala Lumpur Stock Exchange, IDT Holdings (Singapore) Limited, which is listed on the Main Board of the Singapore Exchange and Mendaki Holdings Pte Ltd., a company wholly owned by Yayasan Mendaki in Singapore, as well as several private corporations. He is a member of the Supervisory Board for the Mendaki Unit Trusts. He is involved in the National Cancer Centre in Singapore, as the chairman of the Cancer Research & Education Fund.

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**Sieh Kok Jiun**

*Independent Non-Executive Director*  
Malaysian, aged 54

Mr. Sieh Kok Jiun was appointed to the Board of Directors of the Company on 3 April 2000. He is the Chairman of the Nomination Committee and is a member of the Remuneration Committee and Audit Committee.

Mr. Sieh has extensive experience in corporate finance work. From 1987 to 1990, he served as a Director of Morgan Grenfell (Asia) Ltd and as a representative at the Kuala Lumpur Representative Office of Morgan Grenfell & Co. Between 1990 to 1994, he was Director of Corporate Affairs at Genting Berhad, a company listed on the Main Board of the Kuala Lumpur Stock Exchange. From 1994 to 1996, he was the Chief Representative of the Union Bank of Switzerland at its Kuala Lumpur Representative Office. Since then, his principal occupation has been that of a company director. He currently sits on the Boards of United Pulp & Paper Company Limited, which is listed on the Main Board of the Singapore Exchange and Cathay Organisation Holdings Limited, which is listed on the SESDAQ. In addition, he is also a director of several private companies in Malaysia.

He holds a Bachelor of Science (Honours) Degree in Mechanical Engineering from University College London (1970), and a Master of Business Administration Degree from Cornell University (1971).

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None of the Directors have any family relationship with any other Directors and/or major shareholder of the Company. To date, there is no conflict of interest between any of the Directors and the Company. None of the Directors has been convicted for any offence in the past 10 years.

Details of the Directors' attendance at Board meetings are set out in the Statement Accompanying Notice of Annual General Meeting.





## ***Dear Shareholders,***


On behalf of the Board of Directors, I would like to present the Annual Report and Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2001.

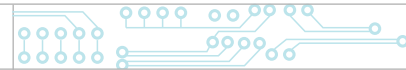
### **Operational And Financial Review**

The year under review presented a different set of challenges to the Group compared to the year 2000. While year 2000 saw a surge in the electronics industry, resulting in the worldwide shortage of electronic components, year 2001 provided a stark contrast where the core business of the Group in electronics contract manufacturing was severely impacted by the global economic slowdown which resulted in a significant drop in orders. The economic downturn led to rapid and significant declines across the electronics industry.

Against this backdrop, the Group recorded a turnover of RM44.0 million for 2001, a decline of approximately 49% from our 2000 turnover of RM86.8 million due to a cutback in orders from customers. As a result of the decline in turnover and higher corporate expenses arising mainly from a full year charge of expenses incurred by our corporate office which was established in the third quarter of 2000, the Group registered a lower profit before tax of RM2.0 million for 2001 compared with RM10.5 million in 2000. Shareholders will recall that the Group's results for 2000 also included a non-operating gain of RM2.1 million arising from the sale of quoted securities with a provision of RM1.0 million for diminution in the value of quoted securities at year end.



 Manufacturing facility of Subsidiary in Kulim, Kedah



### Operational And Financial Review (continued)

Due to these factors, the Group was unable to meet the profit before tax guaranteed for 2001 of RM10.5 million. The profit guarantee was given by certain shareholders of the Company in conjunction with the listing of and quotation for the Company on the Second Board of the Kuala Lumpur Stock Exchange in 1999. The Company intends to call upon the shareholders who provided the profit guarantee for compensation of the shortfall of RM8.5 million after the audited accounts of the Group for 2001 have been approved and adopted by shareholders at the forthcoming Annual General Meeting. The payment of the compensation is secured against quoted shares and/or cash deposited by the said shareholders with a stakeholder.

Notwithstanding the above, the Group's balance sheet remains healthy with shareholders' funds of RM57.0 million and a cash balance of RM35.3 million as at 31 December 2001. The Group does not have any borrowings.

Shareholders will recall the Group's business strategy outlined in last year's annual report, focusing on marketing push and improving production efficiency. I am pleased to report that during the year, our marketing efforts have succeeded in securing orders from new customers for 2002. Although contribution from these new customers is not expected to be

significant in year 2002, we look forward to growing our business with these customers in the future. We are continuing our marketing emphasis in year 2002 to expand our global presence in existing markets and to penetrate new ones.

The downturn in the electronics industry had underscored the urgency to be more cost competitive. In 2001, cost improvement was continually emphasised in our operations, in line with our commitment to deliver the highest quality outsourcing solution to our customers at the most competitive price. This will be a continuous effort into the future.

### Dividend

The Board recommends a final dividend of 15 sen per share (tax exempt). An interim dividend of 10 sen per share less tax was paid on 3 October 2001. In line with the decline in performance of the Group, total dividend declared for 2001 amounting to 25 sen per share comprising 15 sen per share (tax exempt) and 10 sen per share (less tax) was lower compared with a total dividend of 30 sen per share comprising 20 sen (tax exempt) and 10 sen (less tax) for 2000.

Subject to the shareholders' approval at the forthcoming Annual General Meeting, the final dividend will be paid on 12 June 2002.



Wave-soldering machine used for printed circuit board assemblies



Final testing of finished products





## Corporate Developments

Shareholders would be aware from the Company's announcement on 7 December 2001 that the proposed joint venture with Gain-Micro Optics, Inc. ("GMO") had been terminated by GMO. Whilst we regret the loss of an opportunity to develop a new business, we remain as shareholders of GMO and would participate in the performance of GMO via our equity holding in the company.

With regard to the employees' share option scheme, all required approvals had been obtained and the scheme became effective on 10 January 2002.

## Prospects

With competition from low cost producers in China and the uncertain recovery of the market segment in which the Group operates, the Group expects business conditions to remain difficult in 2002. The Board recognises that the difficult operating environment poses a significant challenge to the Group's performance in 2002. In this respect, the Group will continue to intensify its efforts to secure new customers and markets and improve its competitiveness.

## Corporate Governance

The Board of Directors fully supports the recommendations of the Malaysian Code on Corporate Governance ("Code"). During the year, the Group had initiated various measures for compliance with the Code. The Group will continue to take further steps to strengthen and enhance corporate governance in 2002.

## Directorate

I would like to express our deep appreciation to Mr. Yap Wing Chun who resigned from the Board on 18 June 2001 for his invaluable guidance and advice as Chairman of the Audit Committee since the Committee was established on 2 November 1998.

I would also like to welcome Mr George Thia Peng Heok who joined the Board during the financial year as Independent Non-Executive Director and is presently the Chairman of the Audit Committee and Remuneration Committee.

## Appreciation

On behalf of the Board of Directors, I would like to record our sincere appreciation to all our management staff and employees who have worked hard and loyally, and to all shareholders for their continued support.

Eddie Foo Chik Kin  
*Executive Chairman*  
22 April 2002



The Board of Directors recognises that the exercise of good corporate governance in conducting the business and affairs of the Group not only protects shareholders' investment in the Company, but is integral to the Group's continued progress and success. Thus, the Board fully supports the recommendations of the Malaysian Code of Corporate Governance ("Code").

The following statement explains the manner in which the Group has applied the Principles and the state of compliance with the Best Practice provisions of the Code.

### 1. Directors

#### (a) The Board

The Group is led and managed by an experienced Board which is responsible for the performance of the Group. The Board provides strategic direction and advice to the Group and guides the Group on its short and long term goals. The Board also provides a balance to the management of the Company.

Members of the Board bring with them a wide range of business, financial and technical experience to the helm of the Group. This ensures a balanced Board decision making process which is essential for strong and effective leadership and control of the Group.

All the Directors have attended the Mandatory Accreditation Training Programme prescribed by the Kuala Lumpur Stock Exchange ("KLSE") during the year under review.

#### (b) Board Balance

As at 31 December 2001, the Board comprises an Executive Chairman, a Managing Director, two Executive Directors and three Non-Executive Directors, of whom two are Independent. The Independent Non-Executive Directors, comprising approximately one third of the Board, are independent of management and have no relationships which would interfere with the exercise of their independent judgement.

The functions of the Executive Chairman and Managing Director are separate and distinct. The Executive Chairman provides strategic input and direction to the business operations while the Managing Director is responsible for the day-to-day operations of the Group. No individual or group of individuals dominates the Board's decision making.

#### (c) Board Meetings

The Board meets every quarter. Additional meetings are held as and when necessary. Documented procedures are in place in the event decisions are required between Board meetings.

The Board met four times during the year ended 31 December 2001. Details of each Director's attendance at Board meetings are set out in the Statement Accompanying Notice Of Annual General Meeting.

#### (d) Supply Of Information

All Directors are provided with an agenda and information necessary for them to deal with the agenda prior to Board meetings. These documents are issued in sufficient time in order for the Directors to be well informed prior to the meetings. The Chairman of the Board undertakes the primary responsibility for organising such information and for providing this information to the Directors on a timely basis.

The Board has approved an agreed procedure for Directors, whether as a full Board or in their individual capacity, to obtain independent professional advice at the Company's expense where necessary in order to discharge their duties. Where the Directors require such external professional advice in their individual capacity, such advice may be obtained subject to the approval of the Audit Committee. No Director sought such advice in 2001.

Directors have direct access to the advice and services of the Company Secretary as well as access to all information within the Group, whether as a full Board or in their individual capacity, in discharging their duties.



### (e) Re-election Of Directors

In compliance with the Listing Requirements of the KLSE, the Articles of Association of the Company provide for all Directors to retire from office once every three years but shall be eligible for re-election.

A Director appointed to fill a vacancy on the Board is subject to re-election by shareholders at the first Annual General Meeting after his/her appointment.

Information on the Directors seeking re-election at the forthcoming Annual General Meeting is set out in the Statement Accompanying Notice of Annual General Meeting.

## 2. Directors' Remuneration

### (a) Level And Make-Up

The Company's objective is to ensure that the level of remuneration is sufficient to attract and retain the Directors to run the Company successfully. The remuneration for Executive Directors takes into account the responsibility, contribution and performance of the individual. In the year ended 31 December 2001, the remuneration of Executive Directors was determined by the Executive Chairman while Directors' fees for both Executive and Non-Executive Directors were determined by the Board. From 2002, the Remuneration Committee which was established on 19 November 2001, will recommend to the Board the remuneration packages and terms of employment of Executive Directors.

### (b) Procedure

Please refer to details of the Remuneration Committee set out below.

### (c) Disclosure Of Remuneration

The aggregate remuneration of Directors of the Company from the Group categorised into appropriate components is as follows:-

	Executive Directors RM	Non-Executive Directors RM
Fees	38,400	46,800
Salaries	497,280	-
Bonus	95,200	-
Benefits-In-Kind	35,630	-
<b>Total</b>	<b>666,510</b>	<b>46,800</b>

The number of Directors of the Company whose total compensation falls within the following bands is as follows:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	4 (1)
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	-	-
RM201,000 to RM250,000	-	-
RM250,001 to RM300,000	1	-
RM300,001 to RM350,000	1	-

Notes:-

(1) Includes Mr Yap Wing Chun who resigned on 18 June 2001.

(2) The Executive Chairman, Mr Eddie Foo Chik Kin, does not receive any compensation from the Group.



### 3. Board Committees

The Board has established the following Board Committees to assist the Board in executing its responsibilities:-

#### (a) Audit Committee

The composition and terms of reference of this Committee together with its report are presented in the Audit Committee Report.

#### (b) Nomination Committee

The Nomination Committee was established on 19 November 2001. The Committee's primary responsibilities are to consider and recommend to the Board, candidates for directorships and to review the required mix of skills and experience which Non-Executive Directors should bring to the Board. The Committee is also responsible for the assessment of the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director on an annual basis. The Committee reports to the Board its recommendation and findings for the Board's consideration and implementation.

Members of the Nomination Committee, all of whom are Non-Executive Directors, are as follows:-

Sieh Kok Jiun (*Chairman*)  
George Thia Peng Heok (*Member*)  
Leow Siew Beng (*Member*)

The terms of reference of the Committee provides that it meets at least once a year. The Committee held its first meeting on 22 February 2002. The Committee did not meet in 2001.

#### (c) Remuneration Committee

The Remuneration Committee was established on 19 November 2001. The primary responsibilities of the Committee are to develop for the Board, the Group's remuneration policy for Executive Directors, to recommend to the Board the remuneration packages and terms of employment of Executive Directors and to administer the Company's employees' share option scheme.

Members of the Committee are as follows:-

George Thia Peng Heok (*Chairman*)  
Sieh Kok Jiun (*Member*)  
Leow Siew Beng (*Member*)

The terms of reference of the Committee provides that it meets at least once a year. The Committee has not met since it was established.

### 4. Accountability And Audit

#### (a) Financial Reporting

The Board has endeavoured to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects.

#### (b) Internal Control

The Board recognises its responsibility for the Group's system of internal controls and the need to review its adequacy and integrity regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. However, this system, by its nature, can only provide reasonable but not absolute assurance against material errors, fraud or losses.



### (b) Internal Control (continued)

The Board has put in place a risk assessment framework where principal risks are identified and risk management activities are agreed upon and communicated to senior management. As part of the monitoring process, the Board is updated on the progress of such activities on a quarterly basis. The Board also reviews the principal risks and the associated risk management activities when necessary.

### (c) Relationship With External Auditors

The Board, through the Audit Committee, maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards and other related regulatory requirements.

## 5. Relationship With Shareholders

The Board encourages shareholders' active participation at the Company's Annual General Meeting and endeavours to ensure that all Board members are in attendance. The Board is supported by the auditors and other legal/financial advisers, where applicable, who are also present in the Company's Annual General Meeting.

In addition, the Company makes timely release of the Group's quarterly results within two months from the close of a particular quarter, as stipulated by the Listing Requirements of the KLSE. Members of the public can obtain the full financial results and the Company's announcements from the KLSE website or the Company's corporate office.

The Board has identified Mr Sieh Kok Jiun as the Senior Non-Executive Director to whom shareholders can address their concerns. Shareholders may also contact the Company Secretary for information at all times.

## 6. Statement Of Compliance With The Code

The Group has substantially complied with the recommendations of the Best Practices of the Code except for the following:-

- (a) The Best Practices recommend that the Board should include a number of directors which fairly reflects the investment in the Company by shareholders other than the significant shareholder.

The Company's Board currently comprises seven members, of which two members are Independent Non-Executive Directors. The Directors regard the interests of minority shareholders of the Company as adequately served by the two Independent Non-Executive Directors who have a wealth of business and financial knowledge and experience. Further, based on the current size of the Group's operations, the Board considers that a larger Board size would be surplus to the Group's present requirements.

- (b) An internal audit function has not been established during the year ended 31 December 2001. In this respect, the Board has accepted the Audit Committee's recommendation that the Company outsource its internal audit function in 2002.
- (c) Details of remuneration of each Director are not disclosed as such information is private and confidential and the Board regards the general disclosure under Section 2(c) above as sufficient.
- (d) The Nomination Committee has not been activated in the year ended 31 December 2001. The Committee will review the required mix of skills and experience for the Board and assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual director in 2002.
- (e) In 2002, the Board expects to develop with the Managing Director, the corporate objectives which the Managing Director will be responsible for meeting.



## 7. Statement Of Directors' Responsibilities In Relation To The Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and their results and cash flows for the year.

In preparing the financial statements for the year ended 31 December 2001, the Directors have used appropriate accounting policies that are consistently applied and made judgements and estimates that are reasonable and prudent.

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

## 8. Additional Compliance Information

### (a) Share Buybacks

There were no share buybacks by the Company during the year ended 31 December 2001.

### (b) Options, Warrants Or Convertible Securities Exercised

The Company's employees' share option scheme became effective on 10 January 2002. The Company has not issued any options, warrants or convertible securities during the financial year.

### (c) American Depositary Receipt ("ADR") Or Global Depositary Receipt ("GDR") Programme

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

### (d) Imposition Of Sanctions/Penalties

There were no sanctions nor penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

### (e) Non-Audit Fees

Non-audit fees paid by the Group to the external auditors mainly for taxation advice and services was RM5,885 for the financial year.

### (f) Variance From Unaudited Results Previously Announced

There is no variance between the audited results for the financial year and the unaudited results previously announced by the Company.

### (g) Profit Guarantee

Please refer to the Chairman's Statement.

### (h) Material Contracts Involving Directors and Substantial Shareholders' Interests

To the best of the Board's knowledge, there are no material contracts involving the Group with any of the major shareholders nor Directors in office as at 31 December 2001.

22 April 2002



## I. Membership

The Audit Committee comprises the following members:

Chairman:- George Thia Peng Heok (*Independent Non-Executive Director*)  
appointed as Chairman of Audit Committee on 5 July 2001

Yap Wing Chun (*Independent Non-Executive Director*)  
resigned on 18 June 2001

Members:- Sieh Kok Jiun (*Independent Non-Executive Director*)

Tan Choon Sin (*Managing Director*)

## II. Terms of Reference Of The Committee

### 1. Constitution

The Committee was established by the Board on 2 November 1998.

### 2. Membership And Meetings

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members. A majority of the Committee shall be non-executive directors and at least one member of the Committee shall be a member of the Malaysian Institute of Accountants or one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967 or must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967. The Chairman of the Committee shall be an independent non-executive director appointed by the Board and the Secretary of the Committee shall be the Company Secretary.

The Audit Committee shall meet at least four (4) times a year, although additional meetings may be convened at any time at the discretion of the Chairman of the Committee. Other members of the Board and employees may attend the meetings upon the invitation of the Committee. At least once a year, the Committee shall meet the external auditors without any executive directors present. The external auditors may request for a meeting if they consider that it is necessary.

All or any members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A person so participating shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

The quorum of all meetings of the Committee shall be two (2) and the majority of members present must be independent directors. Any decision shall be by a simple majority. The Chairman of the Committee shall report on each meeting to the Board.

The Secretary of the Committee shall give notice of the meeting including the agenda together with all relevant documents to all members of the Committee prior to the meeting. Minutes of each meeting shall be kept and distributed to each member of the Committee and of the Board. Any persons who may be required to attend shall also be notified by the Secretary accordingly.



### 3. Authority

The Committee is authorised by the Board and at the cost of the Company to:-

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

Notwithstanding the above, the Committee does not have executive powers and shall report to the Board on matters considered and its recommendations thereon, pertaining to the Company and the Group.

### 4. Responsibility

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Kuala Lumpur Stock Exchange, the Committee has the responsibility to promptly report such matter to the Kuala Lumpur Stock Exchange.

### 5. Review Of The Committee

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### 6. Duties

The duties of the Committee are to:-

- (a) consider the appointment, resignation and dismissal of the external auditors and the audit fee;
- (b) review the nature and scope of the audit with the internal (if any) and external auditors before the audit commences;
- (c) review the quarterly and annual financial statements of the Group, focusing on the matters set out below, and thereafter to submit them to the Board:-
  - (i) any changes in accounting policies and practices;
  - (ii) significant and unusual events;
  - (iii) significant adjustments arising from the audit;
  - (iv) the going concern assumption;
  - (v) compliance with accounting standards and other legal requirements;



## 6. Duties (continued)

- (d) discuss problems and reservations arising from the interim and final audits, and any matter the external auditors may wish to discuss;
- (e) review with the external auditors, their evaluation of the system of internal controls;
- (f) review the audit reports and management letters prepared by the external auditors, the major findings and management's responses thereto;
- (g) where an internal audit function exists:-
  - (i) review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - (ii) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - (iii) review any appraisal or assessment of the performance of members of the internal audit function;
  - (iii) approve any appointment or termination of senior staff members of the internal audit function;
  - (iv) be informed of any resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning;
- (h) consider any related party transactions and conflict of interest situations that may arise within the Group;
- (i) consider the major findings of internal investigations and management's response;
- (j) review the assistance given by the Group's employees to the auditors; and
- (k) consider any other issues as may be designated by the Board from time to time.

## III. Summary Of Activities

The following activities were carried out by the Audit Committee during the year under review:-

1. Reviewed the quarterly and annual financial statements of the Group prior to presentation for the Board's approval.
2. Considered the appointment of the external auditors and their request for increase in audit fees.
3. Reviewed with the external auditors their audit plan prior to the commencement of audit.
4. Discussed and reviewed the Group's annual financial statements with the external auditors including issues and findings noted in the course of the audit of the Group's financial statements.
5. Discussed with the external auditors their evaluation of the system of internal controls of the Group.
6. Reviewed the audit reports of the Group. The auditors did not issue any management letters.
7. Reviewed with the external auditors the assistance given by the Group's employees to the auditors.



### III. Summary Of Activities (continued)

8. Reviewed the recommendation of the Code to establish an internal audit function and recommended to the Board that this function be outsourced.
9. Discussed with management the progress of the Company's employees' share option scheme.

### IV. Internal Audit Function

An internal audit function has not been established during the year ended 31 December 2001. In this respect, the Board has accepted the Audit Committee's recommendation that the Company outsource its internal audit function in 2002.

In the absence of an internal audit function, the Committee, in discharging its duties during the financial year, was briefed by senior management staff who were invited to attend the Committee's meetings. The Committee was also given access to all information required by the Committee.

### V. Details Of Attendance

The Audit Committee met four times during the year ended 31 December 2001. Details of each Committee member's attendance are given below:-

Directors	Number of meetings attended
George Thia Peng Heok (appointed on 24 May 2001)	2
Sieh Kok Jiun	4
Tan Choon Sin	3
Yap Wing Chun (resigned on 18 June 2001)	2



## Financial Statements

# FINANCIAL STATEMENTS

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The directors have pleasure in submitting their report together with the audited financial statements of the group and of the company for the financial year ended 31 December 2001.

## PRINCIPAL ACTIVITIES

The principal activity of the company is that of an investment holding company. The principal activities of the subsidiaries are shown in Note 10 on the financial statements. There has been no significant change in these activities during the financial year.

## FINANCIAL RESULTS

	<u>Group</u> <u>RM</u>	<u>Company</u> <u>RM</u>
Profit after taxation for the financial year	<u>486,219</u>	<u>7,847,953</u>

## DIVIDENDS

Dividends paid or declared by the company since 31 December 2000 were as follows:

**RM**

In respect of the financial year ended 31 December 2000,  
as shown in the directors' report of that financial year:

Final dividend of 10 sen gross per share less tax and 10 sen per share (tax exempt), paid on 28 May 2001	<u>7,740,000</u>
--	------------------

In respect of the financial year ended 31 December 2001:

Interim dividend of 10 sen gross per share less tax paid on 3 October 2001	<u>3,240,000</u>
--	------------------

The directors now recommend the payment of final dividend of 15 sen per share (tax exempt) for the financial year ended 31 December 2001. The total amount of the final dividend will be RM6,750,000 and is subject to the approval of members at the forthcoming Annual General Meeting of the company.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The company did not issue any new shares or debentures during the financial year.

## SHARE OPTIONS

No option was granted to any person during the financial year to take up unissued shares of the company.



## DIRECTORS

The directors who have held office during the period since the date of the last report are as follows:

Foo Chik Kin  
 Tan Choon Sin  
 Y.M. Raja Abdul Aziz bin Raja Musa  
 Chang Choong Yeen  
 Leow Siew Beng  
 Thia Peng Heok (appointed on 24 May 2001)  
 Sieh Kok Jiun  
 Yap Wing Chun (resigned on 18 June 2001)

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the company is a party, 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 directors' remuneration and benefits disclosed in the financial statements) by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors received remuneration as directors/executives from the company's holding company.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year in shares and/or options over shares in the company and its related corporations are as follows:

<b>The company - Astral Supreme Berhad</b>	<b>Number of ordinary shares of RM1.00 each</b>			
	<b>At 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>At 31.12.2001</b>
Foo Chik Kin				
- deemed interested*	24,300,000	-	-	24,300,000
Tan Choon Sin				
- held directly	2,000,000	-	-	2,000,000
Y.M. Raja Abdul Aziz bin Raja Musa				
- held directly	1,016,000	-	(2,000)	1,014,000
<b>Holding company - Singatronics Limited</b>	<b>Number of ordinary shares of S\$0.20 each</b>			
	<b>At 1.1.2001</b>	<b>Bought</b>	<b>Sold</b>	<b>At 31.12.2001</b>
Foo Chik Kin				
- held directly	21,100,000	-	-	21,100,000
- deemed interested	97,617,729	-	-	97,617,729
Leow Siew Beng				
- held directly	1,230,000	-	-	1,230,000

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)****Share options in holding company****- Singatronics Limited**

	<u>At 1.1.2001</u>	<u>Granted</u>	<u>Expired</u>	<u>At 31.12.2001</u>
Leow Siew Beng	400,000	350,000	(100,000)	650,000
Chang Choong Yeen	-	150,000	-	150,000

\* By virtue of Foo Chik Kin's deemed interest in the shares of the company, he is deemed to have an interest in the shares of the subsidiaries of the company to the extent of the company's interest in the respective subsidiaries as disclosed under Note 10 on the financial statements.

Other than as disclosed above, no other directors in office at the end of the financial year held any interest in shares/and or options over shares in the company and its related corporations during the financial year.

**EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

The company's ESOS was approved by the Securities Commission ("SC") vide the SC's letter dated 10 January 2001 and by the shareholders of the company at an Extraordinary General Meeting held on 8 May 2001.

Subsequently, on 25 June 2001, the company announced that it proposed to amend the existing By-Laws governing the ESOS in order to adopt the flexibilities allowed by the SC in the SC's revised guidelines on ESOS which was introduced on 10 May 2001. The company's proposed amendments to the By-Laws were approved by the SC vide its letter dated 13 July 2001 and by the shareholders of the company at an Extraordinary General Meeting held on 10 January 2002.

The salient features of the ESOS are as follows:

- (a) the maximum number of new ordinary shares to be allotted by the company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary share capital of the company;
- (b) the ESOS shall be for a duration of 10 years;
- (c) eligibility for participation in the ESOS shall be at the discretion of the ESOS Committee subject to the employees, *inter-alia*, being at least 18 years of age and confirmed in service on the offer date;
- (d) an executive director shall only be eligible to participate in the ESOS if he is holding a full time executive position and the specific allotment to be made to the executive director has been approved by the shareholders of the company in general meeting;
- (e) the subscription price for the new ordinary shares to be issued under the ESOS is the higher of the weighted average market price of the shares of the company for the five market days preceding the offer date (subject to a discount of not more than ten percent which the ESOS Committee may at its discretion decide to give), and the par value of the shares of the company of RM1;
- (f) the new ordinary shares to be issued upon the exercise of any option under the ESOS will upon allotment rank *pari passu* in all respects with the then existing issued and paid-up ordinary shares of the company except that the new ordinary shares so allotted will not be eligible for any dividends, rights, allotments or other distributions, the entitlement date for which is before the date of exercise of the option; and
- (g) the ESOS Committee shall have the discretion to determine the maximum number of options that are exercisable by the eligible employees in a particular year.

## PROFIT GUARANTEE

The company was listed on the Second Board of the Kuala Lumpur Stock Exchange on 10 February 1999. In its approval of the company's flotation scheme, the Securities Commission imposed a condition that the substantial shareholders of the company provide a profit guarantee to the company for the three financial years ended 31 December 1999, 2000 and 2001. In compliance with the said condition, Singatronics Limited, Y.M. Raja Abdul Aziz bin Raja Musa and Tan Choon Sin ("the Guarantors") entered into a profit guarantee agreement with the company on 21 December 1998 wherein the Guarantors severally guaranteed that the audited consolidated profit before taxation of the group ("Guaranteed Profit") for the financial year ended 31 December 1999 shall not be less than RM11,818,800 and for each of the subsequent two financial years ended 31 December 2000 and 31 December 2001 shall not be less than RM10,452,600.

The audited consolidated profit before taxation for the group for the financial year ended 31 December 2001 amounted to RM1,988,381, giving rise to a shortfall of RM8,464,219 ("Compensation") from the Guaranteed Profit of RM10,452,600. It is the intention of the company to call upon the Guarantors for the Compensation after the audited accounts of the group for the financial year ended 31 December 2001 have been approved and adopted by shareholders at the next general meeting.

Pursuant to a Stakeholder Agreement dated 21 April 2000 between the Guarantors, the company and Commerce International Merchant Bankers Berhad ("CIMB") as stakeholder, the Guarantors have pledged quoted shares and/or cash as collateral with CIMB to secure the payment of the Compensation.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and 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 in the ordinary course of business their values as shown in the accounting records of the group and the company had been written down to an amount which they might be expected so to realise.

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 the company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the group and the company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the group and the company misleading or inappropriate.



### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

No contingent or other liability 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 substantially 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 and the company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the group and the company which has arisen since the end of the financial year.

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

In the opinion of the directors,

- (a) the results of the group's and the company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) 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.

### ULTIMATE HOLDING COMPANY

The directors regard Singatronics Limited, a company incorporated in Singapore, as the company's ultimate holding company.

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 April 2002

TAN CHOON SIN  
DIRECTOR

CHANG CHOONG YEEN  
DIRECTOR

## Income Statements

for the financial year ended 31 December 2001



	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
TURNOVER	4	43,960,211	86,756,428	9,180,000	18,000,000
COST OF SALES		(38,389,561)	(74,775,406)	-	-
GROSS PROFIT		5,570,650	11,981,022	9,180,000	18,000,000
OTHER OPERATING INCOME		1,542,454	4,245,182	587,109	438,211
ADMINISTRATIVE EXPENSES		(4,391,914)	(3,765,791)	(1,115,839)	(440,142)
SELLING AND MARKETING EXPENSES		(653,143)	(852,026)	-	-
OTHER OPERATING EXPENSES (GROUP: INCLUDING ALLOWANCE FOR DIMINUTION IN VALUE OF MARKETABLE SECURITIES RM NIL (2000: RM958,000))		(79,666)	(1,153,774)	-	-
PROFIT FROM OPERATIONS	5	1,988,381	10,454,613	8,651,270	17,998,069
FINANCE COST		-	-	-	-
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAX		1,988,381	10,454,613	8,651,270	17,998,069
TAXATION	6	(1,502,162)	(2,571,630)	(803,317)	(2,080,100)
NET PROFIT FOR THE FINANCIAL YEAR		486,219	7,882,983	7,847,953	15,917,969
BASIC EARNINGS PER SHARE	7	1.08 sen	17.5 sen	N/A	N/A
DIVIDENDS PER SHARE	8	25.0 sen	30.0 sen	25.0 sen	30.0 sen

The notes on pages 30 to 44 form part of these financial statements.



## Balance Sheets

as at 31 December 2001



		Group		Company	
	Note	2001 RM	2000 RM	2001 RM	2000 RM
NON-CURRENT ASSETS					
Property, plant and equipment	9	6,860,032	7,745,456	207,340	313,261
Subsidiaries	10	-	-	33,750,000	33,749,998
Investment	11	7,600,800	-	7,600,800	-
		14,460,832	7,745,456	41,558,140	34,063,259
CURRENT ASSETS					
Marketable securities	12	3,454,587	3,454,587	-	-
Inventories	13	1,975,104	2,637,013	-	-
Amount due from ultimate holding company		-	10,554	-	10,554
Amount due from subsidiary companies		-	-	64,650	1,636
Receivables	14	10,384,086	6,304,368	8,564,404	108,314
Dividend receivable		-	-	6,750,000	-
Cash and cash equivalents	15	35,335,852	49,182,349	9,825,398	27,319,223
		51,149,629	61,588,871	25,204,452	27,439,727
LESS CURRENT LIABILITIES					
Amount due to ultimate holding company		20,996	-	20,996	-
Payables	16	1,297,586	2,798,997	52,981	32,043
Taxation		271,932	760,821	-	114,500
Proposed dividend		6,750,000	7,740,000	6,750,000	7,740,000
		8,340,514	11,299,818	6,823,977	7,886,543
NET CURRENT ASSETS		42,809,115	50,289,053	18,380,475	19,553,184
LESS NON-CURRENT LIABILITY					
Deferred taxation	17	275,000	-	-	-
		56,994,947	58,034,509	59,938,615	53,616,443
CAPITAL AND RESERVES					
Share capital	18	45,000,000	45,000,000	45,000,000	45,000,000
Reserves	19	11,994,947	13,034,509	14,938,615	8,616,443
		56,994,947	58,034,509	59,938,615	53,616,443

The notes on pages 30 to 44 form part of these financial statements.



## Statement Of Changes In Equity

for the financial year ended 31 December 2001



GROUP	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable reserves	Distributable Retained earnings	Total
		Number of shares	Nominal value RM	RM	RM	RM
At 1 January 2000		45,000,000	45,000,000	5,696,436	11,695,090	62,391,526
Net profit for the financial year		-	-	-	7,882,983	7,882,983
Dividends for the financial year	8	-	-	-	(12,240,000)	(12,240,000)
At 31 December 2000		45,000,000	45,000,000	5,696,436	7,338,073	58,034,509
At 1 January 2001		45,000,000	45,000,000	5,696,436	7,338,073	58,034,509
Net profit for the financial year		-	-	-	486,219	486,219
Compensation receivable on profit guarantee shortfall	22	-	-	-	8,464,219	8,464,219
Net gain not recognised in income statement		-	-	-	8,464,219	8,464,219
Dividends for the financial year	8	-	-	-	(9,990,000)	(9,990,000)
At 31 December 2001		45,000,000	45,000,000	5,696,436	6,298,511	56,994,947
NON-DISTRIBUTABLE RESERVES				Shares premium	Revaluation reserve	Total
GROUP				RM	RM	RM
At 1 January/31 December 2000				4,510,291	1,186,145	5,696,436
At 1 January/31 December 2001				4,510,291	1,186,145	5,696,436

The notes on pages 30 to 44 form part of these financial statements.



## Statement Of Changes In Equity

for the financial year ended 31 December 2001 (continued)



COMPANY	Note	Issued and fully paid ordinary shares of RM1 each		Non- distributable share premium	Distributable Retained earnings	Total
		Number of shares	Nominal value RM	RM	RM	RM
At 1 January 2000		45,000,000	45,000,000	4,510,291	428,183	49,938,474
Net profit for the financial year		-	-	-	15,917,969	15,917,969
Dividends for the financial year	8	-	-	-	(12,240,000)	(12,240,000)
At 31 December 2000		45,000,000	45,000,000	4,510,291	4,106,152	53,616,443
At 1 January 2001		45,000,000	45,000,000	4,510,291	4,106,152	53,616,443
Net profit for the financial year		-	-	-	7,847,953	7,847,953
Compensation receivable on profit guarantee shortfall	22	-	-	-	8,464,219	8,464,219
Net gain not recognised in income statement		-	-	-	8,464,219	8,464,219
Dividends for the financial year	8	-	-	-	(9,990,000)	(9,990,000)
At 31 December 2001		45,000,000	45,000,000	4,510,291	10,428,324	59,938,615

The notes on pages 30 to 44 form part of these financial statements.



	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit after taxation	486,219	7,882,983	7,847,953	15,917,969
Adjustments for:				
Diminution in value of marketable securities	-	958,000	-	-
Depreciation	1,036,944	1,027,926	105,921	25,742
Gain on disposal of property, plant and equipment	(13,067)	(212,052)	-	-
Interest income	(1,268,422)	(1,463,682)	(586,109)	(438,211)
Gain on disposal of marketable securities	-	(2,136,760)	-	-
Dividends from marketable securities	(145,500)	(109,700)	-	-
Dividends receivable from a subsidiary company	-	-	(9,180,000)	(18,000,000)
Taxation	1,502,162	2,571,630	803,317	2,080,100
	1,598,336	8,518,345	(1,008,918)	(414,400)
Decrease/(increase) in working capital:				
Inventories	661,909	(825,617)	-	-
Receivables	4,400,529	(4,958,409)	24,157	(95,875)
Payables	(1,501,411)	202,765	20,938	2,992
Cash generated from operations	5,159,363	2,937,084	(963,823)	(507,283)
Tax paid	(1,732,079)	(1,935,506)	(253,445)	(1,965,600)
Net operating cash flow	3,427,284	1,001,578	(1,217,268)	(2,472,883)

The notes on pages 30 to 44 form part of these financial statements.



## Cash Flow Statements

for the financial year ended 31 December 2001 (continued)



	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease/(increase) in intercompany balances	31,550	(10,554)	(31,464)	6,002,147
Acquisition of subsidiary	-	-	(2)	-
Investment	(7,600,800)	-	(7,600,800)	-
Purchase of marketable securities	-	(3,955,127)	-	-
Proceeds from disposal of marketable securities	-	9,315,011	-	-
Interest received	1,268,422	1,463,682	586,109	438,211
Purchase of property, plant and equipment	(174,213)	(1,513,731)	-	(339,003)
Proceeds from disposal of property, plant and equipment	35,760	255,589	-	-
Dividends from marketable securities	145,500	109,700	-	-
Dividends received from a subsidiary company	-	-	1,749,600	25,740,000
Net investing cash flow	(6,293,781)	5,664,570	(5,296,557)	31,841,355
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>				
Dividends paid	(10,980,000)	(12,240,000)	(10,980,000)	(12,240,000)
Net financing cash flow	(10,980,000)	(12,240,000)	(10,980,000)	(12,240,000)
Net change in cash and cash equivalents	(13,846,497)	(5,573,852)	(17,493,825)	17,128,472
Cash and cash equivalents at beginning of financial year	49,182,349	54,756,201	27,319,223	10,190,751
Cash and cash equivalents at end of financial year (Note 15)	35,335,852	49,182,349	9,825,398	27,319,223

### Comparative figures

The decrease/(increase) in intercompany balances for the current financial year is included under cash flows from investing activities as these are now considered as part of the group's and company's investing activities. Accordingly, the comparative figures have been reclassified to conform with current financial year's presentation.

The notes on pages 30 to 44 form part of these financial statements.

## 1 GENERAL INFORMATION

The principal activity of the company is that of an investment holding company. The principal activities of the subsidiaries are shown in Note 10 on the financial statements.

The number of staff employed by the group and the company at the end of the financial year are 463 (2000: 775) and 2 (2000: 2) respectively.

The holding and ultimate holding company is Singatronics Limited, a company incorporated in Singapore.

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 company's registered office and principal place of business are as follows:

Suite 13-05  
Level 13, Menara HLA  
No. 3 Jalan Kia Peng  
50450 Kuala Lumpur

## 2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the group and of the company have been prepared under the historical cost convention (as modified for the revaluation of land and buildings) unless otherwise indicated in the summary of significant accounting policies as shown in Note 3 on the financial statements.

The financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of consolidation

Subsidiaries are those enterprises in which the group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting except for Singatronics (Malaysia) Sdn. Bhd., which was consolidated using the merger method of accounting in accordance with Malaysian Accounting Standard No.2 "Accounting for Acquisition and Mergers".

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

In a piecemeal acquisition, the fair value adjustment attributable to previously held equity interests is accounted for as post-acquisition revaluation.

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

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the group.

Minority interest is measured at the minorities' share of post-acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

#### (b) Investments

Investments in subsidiaries and other non-current investments are stated at cost. Allowance is made for diminution in value when the directors consider that there has been a permanent impairment in value. Where there has been a permanent impairment in the value of an investment, such an impairment is recognised as an expense in the period in which the impairment is identified.

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, modified by valuation of long leasehold land and factory buildings. Long leasehold land is amortised over the lease period of 99 years expiring on 9 November 2080. Other property, plant and equipment are depreciated on the straight line basis over the period of their estimated useful lives at the following principal annual rates:

Factory buildings	2%
Plant and machinery	)
Furniture, fixtures and equipment	)
Tools and equipment	) 20%
Electrical fittings	)
Motor vehicles	)
Renovation	33 $\frac{1}{3}$ %

Construction work-in-progress is not depreciated.





### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn. Bhd., have not been revalued since they were first revalued in 1981. The directors have not adopted a policy of regular revaluations of such assets. As permitted under the transitional provisions of International Accounting Standards ("IAS") No.16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board ("MASB"), these assets are stated at their 1981 valuation less accumulated depreciation. The revaluation surplus on the long leasehold land and factory buildings in the subsidiary company has been credited into the revaluation reserve. On disposal of these revalued assets, the amounts in the revaluation reserve are transferred to retained earnings.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

(d) Marketable securities

Marketable securities (within current assets) are carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investment. Cost is derived at on the weight average basis. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount of marketable securities are credited/charged to the income statement.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

(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 on the first-in first-out basis, and in the case of work in progress and finished goods, cost represents materials, direct labour, other direct costs and an appropriate proportion of production overheads.

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 invoiced amount less an estimate made for doubtful debts based on a review of outstanding amounts at the financial year end. Bad debts are written off when identified.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates or at contracted rates, where applicable. At balance sheet date, monetary assets and liabilities resulting from foreign currency transactions are translated into Ringgit Malaysia at exchange rates ruling at that date or at contracted rates, where applicable. All gains and losses on exchange are included in the income statement.

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

<u>Foreign currency</u>	<u>31.12.2001</u>	<u>31.12.2000</u>
	<b>RM</b>	<b>RM</b>
1 US Dollar	3.8000	3.8000
1 Singapore Dollar	2.0795	2.1930
1 Deutsche mark	1.6930	1.8050

(i) Revenue recognition

Sales are recognised upon delivery of products, net of sales taxes and discounts and allowances.

Dividend income is recognised when the group's right to receive payment is established.

(j) Deferred taxation

Deferred taxation arising from significant timing differences between accounting income and taxable income is provided for by using the 'liability method' except where there is reasonable evidence that these timing differences will not reverse in the foreseeable future.

Deferred tax benefits are not recognised in the financial statements unless there is a reasonable expectation of their realisation.

### 4 TURNOVER

Turnover of the company consists of gross dividend income.

Turnover of the group represents the invoiced value of goods sold less returns.



## 5 PROFIT FROM OPERATIONS

Profit from operations are stated after charging:

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Directors' remuneration				
- fees	85,200	78,200	85,200	78,200
- other emoluments	592,480	644,024	235,200	94,885
Auditors' remuneration	40,000	40,000	12,000	12,000
Depreciation	1,036,944	1,027,926	105,921	25,742
Staff costs*	6,810,065	8,516,647	270,983	107,030
Realised foreign exchange loss	12,168	199	-	199
Inventories written off	165,627	61,916	-	-
Rental of equipment	45,220	52,224	-	-
Rental of building	495,110	342,281	185,020	54,675
Allowance for diminution in value of marketable securities	-	958,000	-	-

and after crediting:

Dividends received and receivable (gross) from a subsidiary	-	-	9,180,000	18,000,000
Realised foreign exchange gain	-	133,406	-	-
Gain on disposal of property, plant and equipment	13,067	212,052	-	-
Gain on disposal of marketable securities	-	2,136,760	-	-
Gross dividends from marketable securities	145,500	109,700	-	-
Interest income	1,268,422	1,463,682	586,109	438,211
Write back of allowance for obsolete inventories no longer required (Note 13)	-	486,120	-	-
Bad debts written back	-	71,957	-	-

\*Staff costs include directors' remuneration – other emoluments

The estimated monetary value of benefits otherwise than in cash receivable during the financial year by directors from the group and the company are RM35,630 (2000: RM34,730) and RM9,400 (2000: RM3,917) respectively.



## 6 TAXATION

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Tax charge for the financial year in respect of current year:				
- Malaysian income tax	(1,022,600)	(2,834,500)	(803,000)	(2,080,100)
	(1,022,600)	(2,834,500)	(803,000)	(2,080,100)
In respect of prior year:				
- Malaysian income tax	(204,562)	262,870	(317)	-
- Deferred taxation (Note 17)	(275,000)	-	-	-
	(479,562)	262,870	(317)	-
	<u>(1,502,162)</u>	<u>(2,571,630)</u>	<u>(803,317)</u>	<u>(2,080,100)</u>

The effective tax rate of the company for the current financial year is lower than the statutory tax rate prevailing in Malaysia as certain dividend income received from a subsidiary company are exempted from tax.

The effective tax rate of the group for the current financial year is higher than the statutory tax rate prevailing in Malaysia as certain expenses of the company are not deductible for tax purposes.

## 7 BASIC EARNINGS PER SHARE

The earnings per share is calculated by dividing the profit after taxation of RM486,219 (2000: RM7,882,983) for the group by the number of ordinary shares in issue during the financial year of 45,000,000 (2000: 45,000,000 shares).

## 8 DIVIDENDS

	<b>Group and Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Interim dividend of 10 sen per share less tax (2000: 10 sen per share (tax exempt))	(3,240,000)	(4,500,000)
Proposed final dividend of 15 sen per share (tax exempt) (2000: 10 sen gross per share less tax and 10 sen per share (tax exempt))	(6,750,000)	(7,740,000)
	<u>(9,990,000)</u>	<u>(12,240,000)</u>



## 9 PROPERTY, PLANT AND EQUIPMENT

Group

	Opening net book value RM	Additions RM	Disposals RM	Depreciation for the year RM	Closing net book value RM
Financial year ended 31 December 2001					
Long leasehold land - at valuation	97,504	-	-	(1,212)	96,292
Factory buildings - at valuation	1,692,865	-	-	(53,600)	1,639,265
- at cost	2,888,230	28,419	-	(64,780)	2,851,869
	4,581,095	28,419	-	(118,380)	4,491,134
At cost					
Plant and machinery	894,698	-	-	(270,929)	623,769
Furniture, fixtures and equipment	414,195	136,594	(22,511)	(130,717)	397,561
Tools and equipment	607,423	9,200	(182)	(199,357)	417,084
Electrical fittings	251,786	-	-	(62,946)	188,840
Motor vehicles	636,680	-	-	(158,103)	478,577
Renovation	262,075	-	-	(95,300)	166,775
	7,745,456	174,213	(22,693)	(1,036,944)	6,860,032

**9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**Group

	<u>Valuation/cost</u> RM	<u>Accumulated depreciation</u> RM	<u>Net book value</u> RM
<u>At 31 December 2001</u>			
Long leasehold land			
- valuation	120,000	(23,708)	96,292
Factory buildings			
- at valuation	2,680,000	(1,040,735)	1,639,265
- at cost	3,257,672	(405,803)	2,851,869
	<u>5,937,672</u>	<u>(1,446,538)</u>	<u>4,491,134</u>
<u>At cost</u>			
Plant and machinery	3,170,580	(2,546,811)	623,769
Furniture, fixtures and equipment	1,470,879	(1,073,318)	397,561
Tools and equipment	1,809,848	(1,392,764)	417,084
Electrical fittings	368,920	(180,080)	188,840
Motor vehicles	790,516	(311,939)	478,577
Renovation	285,900	(119,125)	166,775
	<u>13,954,315</u>	<u>(7,094,283)</u>	<u>6,860,032</u>

Company

<u>Financial year ended</u> <u>31 December 2001</u>	<u>Opening at book value</u> RM	<u>Additions</u> RM	<u>Disposals</u> RM	<u>Depreciation for the year</u> RM	<u>Closing net book value</u> RM
<u>At cost</u>					
Furniture, fixtures and equipment	51,186	-	-	(10,621)	40,565
Renovation	262,075	-	-	(95,300)	166,775
	<u>313,261</u>	<u>-</u>	<u>-</u>	<u>(105,921)</u>	<u>207,340</u>



## 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Company

	<b>Valuation/cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>
<u>At 31 December 2001</u>			
At cost			
Furniture, fixtures and equipment	53,103	(12,538)	40,565
Renovation	285,900	(119,125)	166,775
	<u>339,003</u>	<u>(131,663)</u>	<u>207,340</u>

### Group

	<b>Valuation/cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>
<u>At 31 December 2000</u>			
Long leasehold land - valuation	120,000	(22,496)	97,504
Factory buildings - at valuation	2,680,000	(987,135)	1,692,865
- at cost	3,229,252	(341,022)	2,888,230
	<u>5,909,252</u>	<u>(1,328,157)</u>	<u>4,581,095</u>
At cost			
Plant and machinery	3,303,321	(2,408,623)	894,698
Furniture, fixtures and equipment	1,386,735	(972,540)	414,195
Tools and equipment	1,806,035	(1,198,612)	607,423
Electrical fittings	368,920	(117,134)	251,786
Motor vehicles	790,516	(153,836)	636,680
Renovation	285,900	(23,825)	262,075
	<u>13,970,679</u>	<u>(6,225,223)</u>	<u>7,745,456</u>

### Company

	<b>Valuation/cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>
<u>At 31 December 2000</u>			
At cost			
Furniture, fixtures and equipment	53,103	(1,917)	51,186
Renovation	285,900	(23,825)	262,075
	<u>339,003</u>	<u>(25,742)</u>	<u>313,261</u>

**9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The valuation of the long leasehold land and buildings were arrived at by the directors based on an independent valuation of those assets in 1981 by a firm of professional valuers using the comparison method for the long leasehold land and the current replacement cost method for the buildings.

Long leasehold land and factory buildings in a subsidiary company, Singatronics (Malaysia) Sdn. Bhd., have not been revalued since the first revaluation exercise in 1981. The directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts for IAS No.16 (Revised): Property, Plant and Equipment as allowed for by Malaysian Accounting Standards Board to retain the carrying amounts of the long leasehold land and factory buildings on the basis of their previous revaluation subject to the continuing application of the current depreciation policy.

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

Had the property, plant and equipment been included in the financial statements of the group at cost less depreciation, the net book value of each class of property, plant and equipment would have been as follows:

	<b>Group</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Long leasehold land	94,446	95,635
Factory buildings	3,767,016	3,833,300
Plant and machinery	623,769	894,698
Furniture, fixtures and equipment	397,561	414,195
Tools and equipment	417,084	607,423
Electrical fittings	188,840	251,786
Motor vehicles	478,577	636,680
Renovation	166,775	262,075
	<u>6,134,068</u>	<u>6,995,792</u>

**10 SUBSIDIARIES**

	<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
Unquoted shares, at cost	<u>33,750,000</u>	<u>33,749,998</u>



**10 SUBSIDIARIES (CONTINUED)**

<u>Name</u>	<u>Country of Incorporation</u>	<u>Percentage of equity held</u>		<u>Principal activities</u>
		<u>2001</u>	<u>2000</u>	
<u>Direct subsidiary</u>				
Singatronics (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and export of electronic and electrical consumer and industrial products
ASTRAL-GMO Sdn. Bhd.	Malaysia	100%	-	The company has not commenced operation as at 31 December 2001

**11 INVESTMENT**

	<u>Group and Company</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Shares at cost in a corporation, unquoted in the United States of America	7,600,800	-

**12 MARKETABLE SECURITIES**

	<u>Group</u>	
	<u>2001</u>	<u>2000</u>
	<u>RM</u>	<u>RM</u>
Shares in corporations quoted in Malaysia, at cost	5,762,587	5,762,587
Less: Allowance for diminution in value	(2,308,000)	(2,308,000)
	<u>3,454,587</u>	<u>3,454,587</u>
Market value at 31 December	<u>3,457,200</u>	<u>3,455,370</u>

**13 INVENTORIES**

	<b>Group</b>	
	<b>2001 RM</b>	<b>2000 RM</b>
At cost:		
Raw materials	1,960,310	2,325,232
Work in progress	14,794	188,130
Finished goods	-	123,651
	<u>1,975,104</u>	<u>2,637,013</u>

During the financial year ended 31 December 2000, the group wrote back an allowance for obsolete inventories made in prior years of RM486,120 as the group was able to use these inventories for production. There was no write back of allowance for obsolete inventories during the financial year ended 31 December 2001.

**14 RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>	<b>2001 RM</b>	<b>2000 RM</b>
Trade receivables	1,068,062	5,418,498	-	-
Other receivables	229,727	385,709	14,079	36,631
Advances paid to creditors	315,632	230,558	-	-
Deposits	93,875	100,875	70,078	71,078
Prepayments	25,400	72,045	-	605
Staff loans	171,143	96,683	-	-
Tax recoverable	16,028	-	16,028	-
Compensation receivable on profit guarantee shortfall (Note 22)	8,464,219	-	8,464,219	-
	<u>10,384,086</u>	<u>6,304,368</u>	<u>8,564,404</u>	<u>108,314</u>

**15 CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2001 RM</b>	<b>2000 RM</b>	<b>2001 RM</b>	<b>2000 RM</b>
Deposits with licensed finance companies	14,750,000	14,750,000	4,750,000	10,750,000
Deposits with licensed banks	20,080,000	32,629,000	4,930,000	16,430,000
Cash and bank balances	505,852	1,803,349	145,398	139,223
	<u>35,335,852</u>	<u>49,182,349</u>	<u>9,825,398</u>	<u>27,319,223</u>

**16 PAYABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Trade payables	475,517	1,926,533	-	-
Advances received from a debtor	152,486	190,297	-	-
Other payables	12,050	14,305	-	-
Accrued expenses	325,191	192,261	42,232	23,896
Payroll liabilities	332,342	475,601	10,749	8,147
	<u>1,297,586</u>	<u>2,798,997</u>	<u>52,981</u>	<u>32,043</u>

**17 DEFERRED TAXATION**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
As at 1 January	-	-
Transfer from income statement (Note 6)	275,000	-
As at 31 December	<u>275,000</u>	<u>-</u>

The deferred taxation is in respect of tax effect on the excess of capital allowances over depreciation.

All timing differences of the group have been accounted for as they are expected to reverse in the foreseeable future.

**18 SHARE CAPITAL**

	<b>Group and Company</b>	
	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>
Ordinary shares of RM1.00 each		
Authorised	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid	<u>45,000,000</u>	<u>45,000,000</u>

**19 RESERVES**

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Non-distributable</u>				
Share premium	4,510,291	4,510,291	4,510,291	4,510,291
Revaluation reserve	1,186,145	1,186,145	-	-
	<u>5,696,436</u>	<u>5,696,436</u>	<u>4,510,291</u>	<u>4,510,291</u>
<u>Distributable</u>				
Retained earnings	6,298,511	7,338,073	10,428,324	4,106,152
	<u>11,994,947</u>	<u>13,034,509</u>	<u>14,938,615</u>	<u>8,616,443</u>

The revaluation reserve at 31 December 2001 represents revaluation surplus on long leasehold land and buildings of a subsidiary and is not distributable.

Movements in reserves are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<u>Retained earnings</u>				
At beginning of financial year	7,338,073	11,695,090	4,106,152	428,183
Net profit for the financial year	486,219	7,882,983	7,847,953	15,917,969
Compensation receivable on profit guarantee shortfall (Note 22)	8,464,219	-	8,464,219	-
Dividends for the financial year	(9,990,000)	(12,240,000)	(9,990,000)	(12,240,000)
At end of financial year	<u>6,298,511</u>	<u>7,338,073</u>	<u>10,428,324</u>	<u>4,106,152</u>

Subject to agreement by the Inland Revenue Board, the company has sufficient tax exempt account balance and tax credits available under the Income Tax Act, 1967 to frank approximately RM3,500,000 of its retained earnings as at 31 December 2001, if paid out as dividends.

**20 SIGNIFICANT RELATED PARTY DISCLOSURES**

In addition to related party disclosures mentioned elsewhere in the financial statements other significant related party information is set out below:

Significant related party transactions:

	<b>Group</b>		<b>Company</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Dividends received and receivable (gross) from Singatronics (M) Sdn. Bhd.; a subsidiary company	-	-	9,180,000	18,000,000
Dividends paid and payable (gross) to Singatronics Limited; the ultimate holding company	<u>6,075,000</u>	<u>7,290,000</u>	<u>6,075,000</u>	<u>7,290,000</u>



## 21 GROUP SEGMENTAL INFORMATION

### (a) Analysis by geographical location

	<u>Turnover</u>		<u>Profit before taxation</u>		<u>Total assets employed</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM	RM	RM
Malaysia	43,960,211	86,756,428	1,988,381	10,454,613	58,009,661	69,334,327
Overseas	-	-	-	-	7,600,800	-
	<u>43,960,211</u>	<u>86,756,428</u>	<u>1,988,381</u>	<u>10,454,613</u>	<u>65,610,461</u>	<u>69,334,327</u>

### (b) Analysis by activity

	<u>Turnover</u>		<u>Profit before taxation</u>		<u>Total assets employed</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	RM	RM	RM	RM	RM	RM
Electronic and electrical consumer and industrial products	43,960,211	86,756,428	2,517,111	10,456,544	39,412,519	41,582,975
Investment holding	-	-	(528,730)	(1,931)	26,197,942	27,751,352
	<u>43,960,211</u>	<u>86,756,428</u>	<u>1,988,381</u>	<u>10,454,613</u>	<u>65,610,461</u>	<u>69,334,327</u>

## 22 PROFIT GUARANTEE

Based on the Profit Guarantee Agreement dated 21 December 1998 entered into between Singatronics Limited, Y.M. Raja Abdul Aziz bin Raja Musa and Tan Choon Sin ("the Guarantors"), and the company, the Guarantors severally guaranteed that the audited consolidated profit before taxation of the group ("Guaranteed Profit") for the financial year ended 31 December 1999 shall not be less than RM11,818,800 and for each of the subsequent two financial years ended 31 December 2000 and 31 December 2001 shall not be less than RM10,452,600.

The audited consolidated profit before taxation for the group for the financial year ended 31 December 2001 amounted to RM1,988,381, giving rise to a shortfall of RM8,464,219 from the Guaranteed Profit of RM10,452,600. The compensation receivable from the respective guarantors is as follows:

	<u>Group and Company</u>
	<u>2001</u>
	RM
Singatronics Limited; the ultimate holding company	6,094,238
Y.M. Raja Abdul Aziz bin Raja Musa, a director of the company	1,692,844
Tan Choon Sin, a director of the company	677,137
	<u>8,464,219</u>



## Statement By Directors

pursuant to Section 169(15) of the Companies Act, 1965

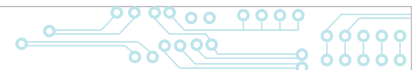


We, Tan Choon Sin and Chang Choong Yeen, two of the directors of Astral Supreme Berhad, state that in the opinion of the directors, the financial statements set out on pages 24 to 44 are drawn up so as to give a true and fair view of the state of affairs of the group and the company as at 31 December 2001 and of the results and the cash flows of the group and the company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 12 April 2002.

TAN CHOON SIN  
DIRECTOR

CHANG CHOONG YEEN  
DIRECTOR



I, Chang Choong Yeen, the director primarily responsible for the financial management of Astral Supreme Berhad, do solemnly and sincerely declare that the financial statements set out on pages 24 to 44 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.

CHANG CHOONG YEEN

Subscribed and solemnly declared by the abovenamed Chang Choong Yeen at Kuala Lumpur, in Federal Territory on 12 April 2002, before me.

Ong Kah Chong  
COMMISSIONER FOR OATHS  
Kuala Lumpur



We have audited the financial statements set out on pages 24 to 44. 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 the 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 December 2001 and of the results and cash flows of the group and the company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

Our audit reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.

PRICEWATERHOUSECOOPERS  
(No. AF-1146)  
Chartered Accountants

CHO CHOO MENG  
(2082/09/02 (J))  
Partner of the firm

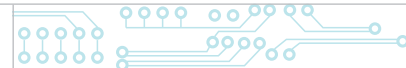
Penang  
12 April 2002



### Details Of Properties

Address	Description/ Existing Use	Land Area/ Built-up Area (sq. metre)	Tenure	Approximate Age Of Building (years)	Net Book value (as at 31.12.2001)	Date Of Last Revaluation
Plot 20, HS(M) 2/1981 Kulim Industrial Estate Mukim of Sungei Seluang District of Kulim Kedah Darul Aman	Land and electronics factory building	10,036/ 6,624	60 years leasehold expiring on 9.1.2041	21	RM4.587 million	24.9.1997*

\* For purposes of the Company's initial public offering.



Authorised capital	:	RM100,000,000.00
Issued and paid-up capital	:	RM45,000,000.00
Class of share	:	Ordinary shares of RM1.00 each
Number of shareholders	:	3,589

## Distribution Of Shareholders

Size of Shareholdings	No. of Holders	%	No. of Shares	%
less than 1,000	-	-	-	-
1,000 to 10,000	3,443	95.93	8,311,000	18.46
10,001 to 100,000	135	3.76	3,156,000	7.02
100,001 to less than 5% of issued shares	7	0.20	2,483,000	5.52
5% and above of issued shares	4	0.11	31,050,000	69.00
Total	3,589	100.00	45,000,000	100.00

## Top Thirty Shareholders

Name of Shareholders	No. of Shares	%
1. Singatronics Limited	17,019,072	37.82
2. Lembaga Tabung Haji	6,750,000	15.00
3. CIMB Nominees (Asing) Sdn Bhd pledged securities account for Singatronics Limited	4,500,000	10.00
4. Singatronics Limited	2,780,928	6.18
5. Mohd Najib Bin Mashhor	890,000	1.98
6. Employees Provident Fund Board	562,000	1.25
7. Amanah Raya Berhad, Tabung Ittikal Arab-Malaysian	549,000	1.22
8. Loh Kian Chong	140,000	0.31
9. Rafeah Binti Jaafar	124,000	0.28
10. Tan Sing Kah	112,000	0.25
11. AM Nominees (Tempatan) Sdn Bhd, Malaysia France Institute Sdn Bhd	106,000	0.24
12. Blue Ribbon International Limited	100,000	0.22
13. SJ Sec Nominees (Tempatan) Sdn Bhd pledged securities account for Mohd Junid Bin Itam Suliman	100,000	0.22
14. Zalima Binti Md Drus	100,000	0.22
15. Teng U Heng	81,000	0.18
16. Andrew Ooi Soon Hock	77,000	0.17
17. Looi Chin Seng	60,000	0.13
18. Ooi Tong Sun	57,000	0.13



### Top Thirty Shareholders (continued)

Name of Shareholders	No. of Shares	%
19. Chua Tua Soon @ Chua Siow Seng	54,000	0.12
20. Ng Yoke Hua	50,000	0.11
21. Kenanga Nominees (Tempatan) Sdn Bhd pledged securities account for Lau Hing Kuok	50,000	0.11
22. Chua Tua Soon @ Chua Siow Seng	47,000	0.10
23. Ong See Ngu	43,000	0.10
24. TCL Nominees (Tempatan) Sdn Bhd pledged securities account for Chong Kim Piew	41,000	0.09
25. AMSEC Nominees (Tempatan) Sdn Bhd pledged securities account for Sulaiman Bin Rahmad	40,000	0.09
26. Chin Teng Kee @ Cheng Teng Kee	40,000	0.09
27. PAB Nominee (Tempatan) Sdn Bhd pledged securities account for Navamani A/P Krishnan	40,000	0.09
28. AM Nominees (Tempatan) Sdn Bhd, International Islamic University	37,000	0.08
29. AM Nominees (Tempatan) Sdn Bhd, Ketengah Perwira Sdn Bhd	36,000	0.08
30. Lembaga Tabung Haji	36,000	0.08
Total	34,622,000	76.94

### Substantial Shareholders

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
1. Singatronics Limited	<sup>(1)</sup> 24,300,000	54.00	-	-
2. Lembaga Tabung Haji	6,786,000	15.08	-	-
3. Eddie Foo Chik Kin	-	-	<sup>(2)</sup> 24,300,000	54.00

<sup>(1)</sup> Account under CIMB Nominees (Asing) Sdn Bhd held as bare trustee for Singatronics Limited of 4,500,000 shares (10%) was merged.

<sup>(2)</sup> Deemed interest by virtue of his interest in Singatronics Limited.

### Voting Rights Of Shareholders

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder.



### Directors' Interests In Shares

	<b>Astral Supreme Berhad</b> <b>No. of shares of RM1.00 each</b>			
	<b>Direct Interest</b>		<b>Indirect Interest</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
1. Eddie Foo Chik Kin	-	-	*24,300,000	54.00

\*Deemed interest by virtue of his interest in Singatronics Limited.

	<b>Singatronics Limited</b> <b>No. of shares of S\$0.20 each</b>			
	<b>Direct Interest</b>		<b>Indirect Interest</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
1. Eddie Foo Chik Kin	21,100,000	8.63	97,617,729	39.93
2. Leow Siew Beng	1,230,000	0.50	-	-

## ASTRAL

S U P R E M E

Astral Supreme Berhad

Company No. 442371-A

**NOTICE IS HEREBY GIVEN THAT** the Fourth Annual General Meeting of the Company will be held at Sheraton Imperial Kuala Lumpur, Penang 1 & 2, Level 3, Jalan Sultan Ismail, 50250 Kuala Lumpur, on Tuesday, 28 May 2002 at 3.00 p.m. to conduct the following businesses:-

### AGENDA

As Ordinary Business:

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2001 together with the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To approve the payment of a final dividend of 15 sen per share (tax exempt) for the financial year ended 31 December 2001. **(Resolution 2)**
3. To approve the payment of Directors' fees for the year ended 31 December 2001. **(Resolution 3)**
4. To re-elect Mr. Tan Ma Chau @ Tan Choon Sin who retires pursuant to Article 83 of the Company's Articles of Association. **(Resolution 4)**
5. To re-elect Mr. Thia Peng Heok who retires pursuant to Article 82 of the Company's Articles of Association. **(Resolution 5)**
6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**

7. As Special Business:

To consider and, if thought fit, pass the following Ordinary Resolution:

Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **(Resolution 7)**

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

8. As Special Business:

To consider and, if thought fit, pass the following Special Resolution:

Proposed Amendments to the Company's Articles of Association **(Special Resolution 1)**

"THAT the proposed amendments to the Company's Articles of Association as contained in Appendix I set out in the Annual Report 2001 be and are hereby approved."

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



### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN THAT**, subject to the approval of the shareholders at the Fourth Annual General Meeting, a final dividend of 15 sen per share (tax exempt) in respect of the financial year ended 31 December 2001, will be paid on 12 June 2002 to the registered shareholders of the Company whose names appear in the Record of Depositors at the close of business on 3 June 2002.

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

- (a) shares transferred into the Depositor's Securities Account before 12.30 p.m. on 3 June 2002 in respect of ordinary transfers;
- (b) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

AN NAI [MIA 1074]  
Company Secretary

Kuala Lumpur  
30 April 2002

### NOTES ON APPOINTMENT OF PROXY

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
- 2. A proxy need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
- 3. To be valid, this proxy form duly completed, must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
- 4. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- 5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

- 1. Ordinary Resolution 7: Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

*Subject to the exceptions provided in the Companies Act, 1965, the Directors would have to call for a General Meeting to approve the issue of new shares even though the number involved is less than 10% of the issued capital.*

*In order to avoid any delay and costs involved in convening a General Meeting to approve such issue of shares, it is thus considered appropriate that the Directors be now empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a General Meeting, will expire at the next Annual General Meeting of the Company.*

- 2. Special Resolution 1: Proposed Amendments to the Company's Articles of Association:

*The above Special Resolution 1, if passed, will render the Company's Articles of Association to be consistent and compliant with the Listing Requirements of the Kuala Lumpur Stock Exchange and any other regulatory requirements of the Companies Act, 1965 and the Rules of the Malaysian Central Depository Sdn. Bhd.*



### 1. Names Of Directors Standing For Re-election

Directors who are standing for re-election at the Fourth Annual General Meeting of the Company are :-

Mr. Tan Ma Chau @ Tan Choon Sin Article 83 (Resolution 4)

Mr. Thia Peng Heok Article 82 (Resolution 5)

### 2. Details of Attendance of Directors at Board Meetings

The Board met four times during the year ended 31 December 2001. Details of each Director's attendance are given below:-

Directors	Number of meetings attended
Eddie Foo Chik Kin	3
Tan Choon Sin	3
Y.M. Raja Abdul Aziz bin Raja Musa	3
Katherine Chang Choong Yeen	3
Leow Siew Beng	4
George Thia Peng Heok (appointed on 24 May 2001)	2
Sieh Kok Jiun	4
Yap Wing Chun (resigned on 18 June 2001)	2

### 3. Place, Date And Time Of The Board Of Directors' Meetings

The Board meetings were held at the following dates, time and places:-

Meeting	Date	Time	Place
7th Board Meeting	26 February 2001	11.20 a.m.	Corporate Office, Kuala Lumpur
8th Board Meeting	24 May 2001	10.00 a.m.	Hotel Equatorial, Penang
9th Board Meeting	29 August 2001	3.00 p.m.	Corporate Office, Kuala Lumpur
10th Board Meeting	19 November 2001	3.45 p.m.	Corporate Office, Kuala Lumpur

### 4. Profile Of Directors Who Are Standing For Re-election

Details of Directors who are standing for re-election are set out in the Profiles Of The Board Of Directors and Shareholding Statistics sections of the Annual Report 2001.



## Proxy Form



# ASTRAL

S U P R E M E

Astral Supreme Berhad  
Company No. 442971-A

### REGISTERED OFFICE

Suite 13-05, Level 13, Menara HLA, No. 3, Jalan Kia Peng, 50450 Kuala Lumpur.

\*I/We \_\_\_\_\_  
of \_\_\_\_\_  
being a Member/Members of **Astral Supreme Berhad** ("the Company"), hereby appoint \*The Chairman of the Meeting or \_\_\_\_\_  
of \_\_\_\_\_  
or failing \*him/her, \_\_\_\_\_  
of \_\_\_\_\_  
as \*my/our proxy/proxies to vote for \*me/our behalf at the Fourth Annual General Meeting of the Company to be held at Sheraton Imperial Kuala Lumpur, Penang 1 & 2, Level 3, Jalan Sultan Ismail, 50250 Kuala Lumpur on Tuesday, 28 May 2002 at 3.00 p.m. and at any adjournment thereof.

My/our proxy/proxies is/are to vote on the resolutions as indicated by an "X" in the appropriate box below. If this form is returned without any indication as to how the proxy/proxies shall vote, the proxy/proxies shall vote or abstain from voting as he/she thinks fit:

	RESOLUTION	FOR	AGAINST
No. 1	To receive and adopt the Financial Statements and Reports		
No. 2	To approve payment of a final dividend of 15 sen per share (tax exempt) for the financial year ended 31 December 2001		
No. 3	To approve the payment of Directors' Fees		
No. 4	To re-elect Mr. Tan Ma Chau @ Tan Choon Sin as a Director pursuant to the Company's Articles of Association		
No. 5	To re-elect Mr. Thia Peng Heok as a Director pursuant to the Company's Articles of Association		
No. 6	To re-appoint Messrs. PricewaterhouseCoopers as Auditors		
No. 7	As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		
No. 8	As special business, to approve the special resolution on the Proposed Amendments to the Company's Articles of Association		

Signature \_\_\_\_\_  
(If shareholder is a corporation, this part should be executed under seal)

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2002

**No. of Shares Held**

### NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead.
2. A proxy need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar.
3. To be valid, this proxy form duly completed, must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
4. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
5. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.

\* Delete where not applicable



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Affix  
stamp  
here

The Company Secretary  
**ASTRAL SUPREME BERHAD**  
(442371-A)

Suite 13-05, Level 13 Menara HLA  
No. 3, Jalan Kia Peng  
50450 Kuala Lumpur

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