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BOARD OF DIRECTORS AND CORPORATE INFORMATION

Board of Directors

- Eddie Foo Chik Kin  
*(Executive Chairman)*
- Tan Choon Sin  
*(Managing Director)*
- Lam Peng Lau  
*(Executive Director)*
- Raja Abdul Aziz bin Raja Musa  
*(Executive Director)*
- Yap Wing Chun  
*(Independent Non-executive Director)*
- Sieh Kok Jiun  
*(Independent Non-executive Director)  
(appointed on 3 April 2000)*
- Mohd Salleh bin Yeop Abdul Rahman  
*(Independent Non-executive Director)  
(resigned on 10 September 1999)*
- Leow Siew Beng  
*(Non-executive Director)*

Joint Company Secretaries

- An Nai [MIA 1074]  
Lim Shook Nyee (f) [MAICSA 7007640]

Registered Office

Room 813, 8th Floor  
Sun Kompleks, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: 03-2422733

Management/Business Office

Lot 20, Kulim Industrial Estate  
09000 Kulim  
Kedah Darul Aman  
Tel: 04-4892288

Share Registrar

Signet & Co. Sdn. Bhd.  
11th Floor, Tower Block  
Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur

Auditors

PricewaterhouseCoopers  
Public Accountants  
4th Floor, Wisma Penang Garden  
Jalan Sultan Ahmad Shah  
10050 Penang

Principal Bankers

- Malayan Banking Berhad  
254, Jalan Tunku Putra  
09000 Kulim  
Kedah Darul Aman
- RHB Bank Berhad  
44-45, Jalan Raya  
09000 Kulim  
Kedah Darul Aman
- Citibank Berhad  
42, Jalan Sultan Ahmad Shah  
10050 Penang

Stock Exchange Listing

Second Board  
Kuala Lumpur Stock Exchange



## CHAIRMAN'S STATEMENT

As we entered the new millennium, the regional economies have recovered exceptionally well from the Asian financial crisis with Malaysia achieving a strong GDP growth of 5.4% for 1999. I wish to report that in line with the general recovery, the Group has performed well for the year ended 31 December 1999.

### FINANCIAL RESULTS

The Group turnover for the year under review was RM69.65 million as compared to RM56.38 million in the preceding year. Profit before tax increased by 27.5% to RM16.59 million. With the exemption of tax granted by the Government on 1999 income and write-back of RM195,000 over-provision of tax in prior years, the Group profit after tax increased substantially by 115% to RM16.78 million.

### BUSINESS REVIEW

During the year under review, turnover for the Group's core business in contract manufacturing increased from RM49.17 million to RM69.62 million. Profit before tax for this business was RM9.41 million as compared to RM11.27 million in the preceding year. The lower profit was partly attributed to the absence of foreign exchange benefit which was significant in the previous year and also partly to a change in product mix.

In January 1999, the Group sold off its Australian commercial property so that it could focus on its core business. The Unit Trust which held the Group's commercial property previously was subsequently dissolved on 31 May 1999. This resulted in a currency translation gain of RM7.90 million for the Group for the year ended 31 December 1999.

With an accumulated cash and cash equivalents of over RM62 million as at 31 December 1999, the Group is currently well poised for acquisition of businesses which can contribute to its future earnings. In this respect, the Group will be exploring into investing in high growth areas such as Internet and technology-related businesses. At the same time, apart from organic growth in its existing contract manufacturing business, the Group will also be looking at acquiring other businesses which fit into its strategic positioning to broaden its current earning base.

Moving forward, the Group recognises that it cannot depend solely on its traditional resources and financial strength to sustain its competitive advantages for the long term as these can be depleted. More importantly, the Group has to rely on innovation and adoption of technology to spearhead its future growth. Towards this end, the Group recognises the need to continuously harness human talents and to create a larger pool of such scarce resources to meet future demands and challenges.

### DIVIDENDS

The Group had declared and paid out an interim dividend of 5% tax exempt for the six-month ended 30 June 1999. In view of higher Group profits for the year, the Directors had recommended a final dividend of 20% comprising 10% tax exempt and another 10% less 28% tax for the year ended 31 December 1999. The total dividends for 1999 comprising of 15 sen tax exempt per share and 10 sen less 28% tax per share compared favourably with the previous year's dividend of 24 sen less 28% tax per share.

### PROSPECTS FOR THE CURRENT YEAR

The global economy is expected to remain strong with the electronics sector continuing its expansion in 2000. The Directors are therefore optimistic that the Group's core business, barring any unforeseen circumstances, will maintain its good performance in the current year.

### PROFIT GUARANTEE

The Board is pleased to note that the Company had achieved a consolidated pretax profit of RM16.586 million for financial year ended 31 December 1999 which exceeded the profit guarantee of RM11.819 million for the same financial year, given in relation to the listing of the Company on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") on 10 February 1999. The consolidated pretax profit achieved for financial year ended 31 December 1999 exceeded the guaranteed profit by RM4.767 million or 40%. Accordingly, the bank guarantee relating to the profit guarantee for the financial year ended 31 December 1999 has lapsed.

The Board had on 7 March 2000 announced to the KLSE the proposed substitution of bank guarantee with placement of security shares or cash with a stakeholder as security for the profit guarantees in respect of the financial years ending 31 December 2000 and 31 December 2001. The said proposed substitution is conditional upon approvals being obtained from the shareholders of the Company by way of a special resolution and voting by poll, whereby at least 75% of the eligible shareholders present and voting must concur at an Extraordinary General Meeting to the convened and the Securities Commission.

#### **ACKNOWLEDGEMENTS**

Mohd Salleh bin Yeop Abdul Rahman tendered his resignation as a director from the Board effective on 10 September 1999 in view of his extensive business commitments. On behalf of the Company, I would like to express our gratitude to him for his invaluable service.

I also take this opportunity to welcome Mr. Sieh Kok Jiun as an independent non-executive director of the Company as well as a member of the Audit Committee effective 3 April 2000. Mr. Sieh brings with him many years of corporate finance experience.

To our business associates who have continued to support us in the past year, we are also grateful. Last but not least, I like to thank our management and staff for their commitment and efforts.

**Eddie Foo Chik Kin**  
Executive Chairman

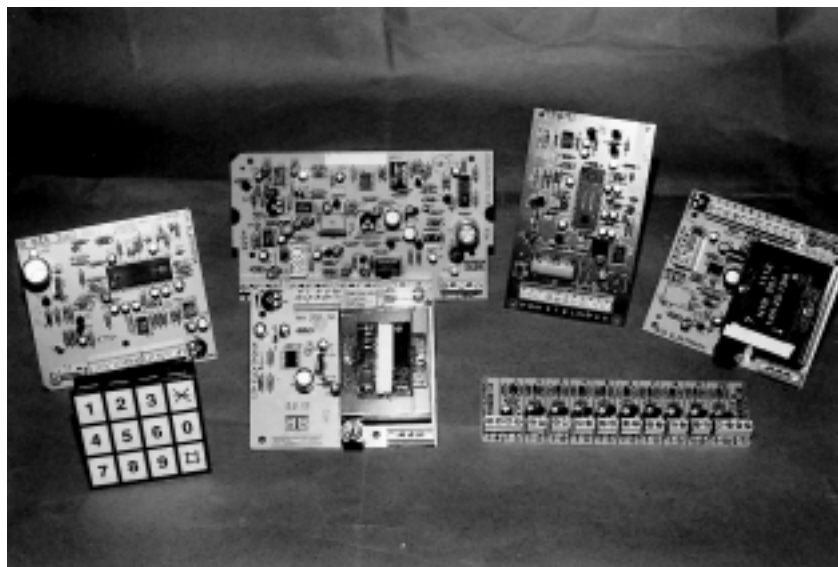
3 April 2000

## OPERATIONAL REVIEW

With the sale of the Group's investment property in Australia in January 1999, contract manufacturing became the Group's only main business. For the year under review, sales registered for contract manufacturing rose to RM69.62 million from RM49.17 million. Operating profit before tax recorded was RM9.41 million as compared to the previous year's RM11.27 million. The higher profit in 1998 was partly due to an inclusion of substantial foreign exchange benefit which did not recur in the following year and partly due to a change of the mix of products manufactured.

The Group continued to manufacture for its existing customers essentially similar product groups as in 1998, namely electronic musical instruments, electronic toys and games, home security systems and printed circuit board assemblies. A number of new musical instruments employing advanced technology underwent pilot production and would be launched in the current year. These included electronic piano with touch keys and featuring stereo output; and a first of its kind portable electronic musical keyboard with touch response and 4-speaker stereophonic system.

Extensive research and marketing were also undertaken in the year in an effort to implement the Group's plans along the direction as described in its IPO prospectus. The initial production of video compact disc players was successfully concluded. However, after the shipment of the initial production, the project was aborted by the customer due to the depressed market for this product. In the area of networking products and set-tops, the Group assisted by consultants, over a six-month period carried out an extensive marketing study with eight companies involved in the said products. Subsequent to this review, the Group had been advised by its consultants not to proceed with these products, at least for the time being. The main reason was the extremely high



*Printed Circuit Board  
Assemblies*



*State-of-the-art  
Digital Drum*

entry cost without the assurance of minimum production level to justify the high investment. In view of this, the Group has decided to scale down this priority while at the same time continue to monitor this potentially attractive market.

With a change in its future plans, the Group began to channel its efforts to secure new customers in more traditional markets. As a result of this effort, initial orders had been received to manufacture various electronic control assemblies for appliances. Production of this new product would be gradually increased over the current year.

To cope with increasing manufacturing business in the near future, the Group had increased its facility space by about 3,000 square metres. It had also expanded its sales and marketing activities in the major markets of USA and Europe. Another potential market which the Group will be developing is Australia. To complement its own marketing efforts,

the Group also appointed two external marketing consultants, each to provide on-site coverage of the American and Australian markets respectively. With the considerable strengthening of the sales and marketing programme, the Group is well poised to increase its market share of the global contract manufacturing business in the next few years.

The strategy being adopted by the Group is to protect its existing niche markets and at the same time to secure additional contract manufacturing businesses from new customers in the technology-based industries.

**Tan Choon Sin**  
Managing Director

3 April 2000



*Packing for shipment*



## AUDIT COMMITTEE

The Audit Committee was formed on 2 November 1998 by the Board of Directors with the main objective of continuously improving the corporate governance of the Group. In the year ended 31 December 1999, the committee met on three occasions during which time, the Committee review financial statements and work with the auditors on issues arising from internal and external audits in additional to its usual duties and responsibilities.

The Committee currently comprises the following members:

Chairman: Yap Wing Chun  
(Independent Non-Executive Director)

Members : Sieh Kok Jiun  
(Independent Non-Executive Director)  
(appointed on 3 April 2000)

Mohd Salleh bin Yeop Abdul Rahman  
(Independent Non-Executive Director)  
(resigned on 10 September 1999)

Tan Choon Sin  
(Managing Director)

The Board of Directors has approved and adopted the Terms of Reference of the Audit Committee as set out below:

### TERMS OF REFERENCE OF THE COMMITTEE

#### Constitution:

The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

#### Membership & 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. The Chairman of the Committee shall be appointed by the Board and the Secretary of the Committee shall be the Company Secretary.

The Audit Committee shall meet at least two (2) times a year, although additional meetings may be convened at any time at the discretion of the Chairman of the Committee. The external auditors may request for a meeting if they consider that it is necessary.

The quorum of all meetings of the Committee shall be two (2) and any decision shall be by a simple majority.

The Secretary of the Committee shall give notice of the meeting including the agenda together with the minutes of the last preceding meeting and all relevant documents to all members of the Committee prior to the meeting. Any persons who may be required to attend shall also be notified by the Secretary accordingly.

#### Authority:

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

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

#### Duties and Responsibilities:

The duties and responsibilities of the Committee shall be:

- to recommend the appointment and remuneration of the external auditors.
- to discuss with the auditors their evaluation of the system of internal accounting controls and audit procedures.
- to review management reporting and control systems.
- to review the quarterly, half-yearly and annual financial statements before submission to the Board.
- to consider other issues as authorised by the Board from time to time.

## DIRECTORS' REPORT

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The directors have pleasure in submitting their report together with the audited accounts of the group and of the company for the financial year ended 31 December 1999.

### 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 9 on the accounts. There has been no significant change in these activities during the financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
Profit after taxation	16,780,775	10,307,362
Retained profits brought forward	4,904,315	110,821
Profits available for appropriation	21,685,090	10,418,183
Dividends	(9,990,000)	(9,990,000)
Retained profits carried forward	11,695,090	428,183

### DIVIDENDS

The amount of dividends paid or declared by the company since 31 December 1998 were as follows:

	RM
In respect of the financial period ended 31 December 1998 shown in the directors' report of that financial year:	
Final dividend of 24 sen gross per share less tax, paid on 18 June 1999	7,776,000
In respect of the financial year ended 31 December 1999:	
Interim dividend of 5 sen per share (tax exempt), paid on 12 October 1999	2,250,000

The directors recommend the payment of final dividends of 10 sen gross per share less tax and 10 sen per share (tax exempt) for the financial year ended 31 December 1999. The total amount of the final dividend will be RM7,740,000.

### SHARE CAPITAL

On 10 February 1999, the issued share capital of the company increased from RM33,750,000 to RM45,000,000 by way of a public issue of 11,250,000 new ordinary shares of RM1.00 each at an issue price of RM1.55 per ordinary share. The shares of the company were successfully quoted on the Second Board of the Kuala Lumpur Stock Exchange on 10 February 1999 in conjunction with its listing exercise.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the accounts.



## DIRECTORS

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

Eddie Foo Chik Kin  
Tan Choon Sin  
Lam Peng Lau  
Raja Abdul Aziz bin Raja Musa  
Yap Wing Chun  
Sieh Kok Jiun (appointed on 3 April 2000)  
Mohd Salleh bin Yeop Abdul Rahman (resigned on 10 September 1999)  
Leow Siew Beng

## 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 period, no director has received or become entitled to receive a benefit (other than the directors' remuneration and benefits disclosed in Note 4 on the accounts) 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.

## DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, the interest of directors in office at the end of the financial year in shares in the company and its related corporations are as follows:

Astral Supreme Berhad	Number of ordinary shares of RM1.00 each			
	At 1.1.1999	Bought	Sold	At 31.12.1999
Tan Choon Sin	2,700,000	–	24,000	2,676,000
Raja Abdul Aziz bin Raja Musa	6,750,000	–	1,017,000	5,733,000

Singatronics Limited Held directly by directors	Number of ordinary shares of S\$0.20 each			
	At 1.1.1999	Bought	Sold	At 31.12.1999
Eddie Foo Chik Kin	21,100,000	–	–	21,100,000
Leow Siew Beng	1,214,000	–	–	1,214,000

Held by companies in which directors have interest				
Eddie Foo Chik Kin	97,617,729	–	–	97,617,729

Share options				
	At 1.1.1999	Granted	Expired	At 31.12.1999
Leow Siew Beng	410,000	100,000	50,000	460,000

## ULTIMATE HOLDING COMPANY

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

#### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

##### **Listing and quotation on the Second Board of the Kuala Lumpur Stock Exchange**

The shares of the company were successfully quoted on the Second Board of the Kuala Lumpur Stock Exchange on 10 February 1999 in conjunction with its listing exercise.

##### **Disposal of investment property**

On 14 January 1999, the disposal of the investment property by a subsidiary, Singa Kulim Unit Trust for A\$18,500,000 was completed.

##### **Termination of a subsidiary**

On 31 May 1999, the directors of Pinpeak Limited, as trustee of Singa Kulim Unit Trust, resolved to terminate the Trust on that date.

##### **Deregistration of a subsidiary**

On 9 December 1999, the directors of the subsidiary company, Pinpeak Limited resolved to deregister the company.

#### **STATUTORY INFORMATION ON THE ACCOUNTS**

Before the profit and loss accounts and balance sheets were made out, the directors took reasonable steps:

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the group and the company have 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 provision for doubtful debts in the accounts of the group and the company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the accounts 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.

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.

**OTHER STATUTORY INFORMATION**

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

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.

**AUDITORS**

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

On behalf of the Board

**TAN CHOON SIN**  
DIRECTOR

Kulim  
22 February 2000

**LAM PENG LAU**  
DIRECTOR

**PROFIT AND LOSS ACCOUNTS**  
for the financial year ended 31 December 1999

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		GROUP		COMPANY	
	Note	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 31.12.1998 RM
TURNOVER	3	69,647,695	89,118,534	11,250,000	10,980,000
PROFIT BEFORE TAXATION	4	16,585,942	22,556,268	11,567,362	10,961,221
TAXATION	5	194,833	(7,109,861)	(1,260,000)	(3,074,400)
PROFIT AFTER TAXATION		16,780,775	15,446,407	10,307,362	7,886,821
RETAINED PROFITS BROUGHT FORWARD	18	4,904,315	22,617,506	110,821	–
PROFITS AVAILABLE FOR APPROPRIATION		21,685,090	38,063,913	10,418,183	7,886,821
DIVIDENDS	6				
– Pre-merger dividends paid		–	(9,633,600)	–	–
– Post-merger dividends paid and payable		(9,990,000)	(7,776,000)	(9,990,000)	(7,776,000)
		(9,990,000)	(17,409,600)	(9,990,000)	(7,776,000)
		11,695,090	20,654,313	428,183	110,821
Set off against:					
Merger debit	18	–	(15,749,998)	–	–
RETAINED PROFITS CARRIED FORWARD	18	11,695,090	4,904,315	428,183	110,821
EARNINGS PER SHARE	7	38.3 sen	45.8 sen	–	–

The notes on pages 16 to 31 form part of these accounts.

**BALANCE SHEET**  
as at 31 December 1999

		GROUP		COMPANY	
	Note	1999 RM	1998 RM	1999 RM	1998 RM
<b>FIXED ASSETS</b>	8	7,303,188	6,256,762	–	–
<b>SUBSIDIARIES</b>	9	–	–	33,749,998	33,749,998
<b>CURRENT ASSETS</b>					
Marketable securities	10	7,635,711	–	–	–
Investment property	11	–	43,073,550	–	–
Stocks	12	1,811,396	2,392,580	–	–
Amount due from a subsidiary company	23	–	–	6,014,337	–
Debtors	13	1,345,959	1,616,607	12,439	776,099
Dividend receivable		–	–	7,740,000	7,905,600
Cash and cash equivalents	14	54,756,201	24,890,436	10,190,751	2
		<u>65,549,267</u>	<u>71,973,173</u>	<u>23,957,527</u>	<u>8,681,701</u>
<b>LESS CURRENT LIABILITIES</b>					
Creditors	15	2,596,232	2,142,497	29,051	18,779
Amount due to ultimate holding company	23	–	15,453	–	–
Amount due to a subsidiary company	23	–	–	–	776,099
Term loan	16	–	17,229,420	–	–
Taxation		124,697	3,867,701	–	–
Proposed dividend	6	7,740,000	7,776,000	7,740,000	7,776,000
		<u>10,460,929</u>	<u>31,031,071</u>	<u>7,769,051</u>	<u>8,570,878</u>
<b>NET CURRENT ASSETS</b>		<u>55,088,338</u>	<u>40,942,102</u>	<u>16,188,476</u>	<u>110,823</u>
		<u>62,391,526</u>	<u>47,198,864</u>	<u>49,938,474</u>	<u>33,860,821</u>
Financed by:					
SHARE CAPITAL	17	45,000,000	33,750,000	45,000,000	33,750,000
RESERVES	18	17,391,526	11,819,054	4,938,474	110,821
SHAREHOLDERS' FUND		62,391,526	45,569,054	49,938,474	33,860,821
DEFERRED TAXATION	20	–	1,629,810	–	–
		<u>62,391,526</u>	<u>47,198,864</u>	<u>49,938,474</u>	<u>33,860,821</u>

The notes on pages 16 to 31 form part of these accounts.

**CONSOLIDATED CASH FLOW STATEMENT**  
for the financial year ended 31 December 1999

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	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	16,585,942	22,556,268
Adjustments for:		
Diminution in value of marketable securities	1,350,000	–
Diminution in value of investment property held by a subsidiary	–	6,980,743
Depreciation	871,274	1,038,440
Gain on disposal of fixed assets	(20,815)	(91)
Rental income from land and building	(26,279)	(10,705,209)
Interest income	(2,037,511)	(1,646,143)
Interest expense	40,276	1,893,419
Exchange differences	(7,480,744)	27,632
Gain on disposal of marketable securities	(274,149)	–
Dividends from marketable securities	(32,500)	–
Loss on disposal of investment property held by a subsidiary	557,284	–
Operating profit before working capital changes	9,532,778	20,145,059
Decrease/(increase) in working capital:		
Stocks	581,184	4,514,333
Debtors	270,648	2,814,594
Creditors	453,735	(2,995,233)
Intercompany balances	(15,453)	15,453
Cash generated from operations	10,822,892	24,494,206
Tax paid	(5,378,321)	(4,047,067)
Interest paid	(40,276)	(1,893,419)
Net operating cash flow	5,404,295	18,553,720

The notes on pages 16 to 31 form part of these accounts.



(cont'd.) **CONSOLIDATED CASH FLOW STATEMENT**  
for the financial year ended 31 December 1999

	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(10,127,296)	–
Proceeds from marketable securities	1,415,734	–
Proceeds from disposal of investment property held by a subsidiary	46,327,700	–
Expenses paid on disposal of investment property held by a subsidiary	(557,284)	–
Interest received	2,037,511	1,646,143
Purchase of fixed assets	(1,921,391)	(1,018,278)
Proceeds from disposal of fixed assets	24,506	1,060
Rentals received	26,279	10,705,209
Dividends from marketable securities	32,500	–
Net investing cash flow	37,258,259	11,334,134
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	17,437,500	2
Dividends paid	(10,026,000)	(9,633,600)
Repayment of term loan	(18,531,080)	(4,742,680)
Payment of listing expenses	(1,677,209)	–
Net financing cash flow	(12,796,789)	(14,376,278)
Net increase in cash and cash equivalents	29,865,765	15,511,576
Cash and cash equivalents at beginning of financial year/period	24,890,436	9,378,860
Cash and cash equivalents at end of financial year/period (Note 14)	54,756,201	24,890,436

The notes on pages 16 to 31 form part of these accounts.

**1. BASIS OF PREPARATION OF ACCOUNTS**

**(a) Basis of accounting**

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets and investment property and in accordance with the applicable approved accounting standards in Malaysia.

**(b) Basis of accounting for the acquisition of Singatronics (Malaysia) Sdn. Bhd.**

The accounts of Singatronics (Malaysia) Sdn. Bhd. has been consolidated in accordance with the principles of merger accounting.

In accordance with the merger relief provisions of Section 60(4) of the Companies Act, 1965, Astral Supreme Berhad has recorded its investment in Singatronics (Malaysia) Sdn. Bhd. at the nominal value of the ordinary shares issued as consideration. On consolidation, the excess of the carrying value of the investment over the nominal value of the shares acquired has been taken to merger reserve. Merger debit arising on consolidation is set-off against retained profits.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of consolidation**

The consolidated accounts include the accounts of the company and its subsidiaries made up to the end of the financial period. Acquisitions of the subsidiaries which meet the criteria for merger accounting under Malaysian Accounting Standard 2, Accounting for Acquisitions and Mergers ("MAS 2") are accounted for under that method. If the criteria of MAS 2 are not met, then the acquisitions are accounted for under the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial period since the date of incorporation.

Under the acquisition method of accounting, the results of the subsidiaries acquired or disposed off during the financial period are included from the date of acquisition or up to the date of disposal respectively.

**(b) Subsidiaries and other long term investments**

Investments in subsidiaries and other long term investments are stated in the accounts of the company at cost. Provision is made for diminution in value when the directors consider that there has been a permanent impairment in value.

**(c) Fixed assets**

Fixed assets 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 fixed assets 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	)

Construction work-in-progress is not depreciated.

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 adopted in Malaysia, these assets are stated at their 1981 valuation less depreciation.

**(d) Marketable securities**

Marketable securities are stated at lower of cost and market value.

**(e) Investment property**

The investment property is stated at directors' valuation. Revaluation is carried out annually and changes to the value of the investment property are taken to revaluation reserve, unless a revaluation deficit exceeds the revaluation reserve, in which case the difference is charged to profit and loss account.

**(f) Stocks**

Stocks 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 and an appropriate proportion of production overheads.

**(g) Debtors**

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

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise deposits, cash and bank balances available for general use by the group.

**(i) Foreign currencies**

**(i) Transactions in 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 profit and loss account.

**(ii) Translation of foreign currency financial statements**

In the group accounts, balance sheets of foreign subsidiaries are translated into Ringgit Malaysia at the exchange rates ruling at the balance sheet date. Profit and loss items are translated into Ringgit Malaysia at the average exchange rate for the year. Exchange differences are dealt with through the exchange fluctuation reserve.

**(j) Revenue recognition**

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

Rental and dividend income are recognised on the accruals basis.

**(k) 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 assets are not recognised in the accounts unless there is reasonable certainty that the benefits will be realised in the foreseeable future.

**3. PRINCIPAL ACTIVITIES AND TURNOVER**

The principal activity of the company is that of an investment holding company. The principal activities of the subsidiaries are shown in Note 9 on the accounts.

Turnover of the company consists of gross dividend income.

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

**4. PROFIT BEFORE TAXATION**

Profit before taxation is stated after charging:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Year ended 31.12.1999 RM</b>	<b>Financial period from 11.8.1997 to 31.12.1998 RM</b>	<b>Year ended 31.12.1999 RM</b>	<b>Financial period from 11.8.1997 to 31.12.1998 RM</b>
Exceptional item				
– Diminution in value of investment property held by a subsidiary	–	6,980,743	–	–
– Loss on disposal of investment property held by a subsidiary	557,284	–	–	–
Pre-operating and preliminary expenses written off	–	14,925	–	14,925
Directors' remuneration				
– fees	79,200	–	79,200	–
– other emoluments	599,909	824,954	–	–
Auditors' remuneration	43,000	47,633	12,000	8,000
Depreciation	871,274	1,038,440	–	–
Interest expense	40,276	1,893,419	–	–
Exchange loss	38,400	–	–	–
Provision for diminution in value of marketable securities	1,350,000	–	–	–

and after crediting:

Exceptional items				
– Realisation of translation difference upon dissolution of a subsidiary	7,897,937	–	–	–
Dividends receivable (gross) from a subsidiary	–	–	11,250,000	10,980,000
Exchange gain	–	4,486,201	–	–
Interest income	2,037,511	1,646,143	508,984	–
Rental income from land and building	26,279	10,705,209	–	–
Gain on disposal of fixed assets	20,815	91	–	–
Gain on disposal of marketable securities	274,149	–	–	–
Gross dividends from marketable securities	32,500	–	–	–

Cost of sales recognised as an expense for the financial year amounted to RM57,881,718 (Financial period from 11.8.1997 to 31.12.1998: RM59,151,572) for the group.

(cont'd.) **NOTES ON THE ACCOUNTS**

**4. PROFIT BEFORE TAXATION** (cont'd.)

The estimated monetary value of benefits provided to the directors of the company and other directors of the group during the financial year by way of usage of the company's assets and the provision of accommodation and other benefits amounted to RM26,436 (Financial period from 11.8.1997 to 31.12.1998: RM37,388) and RM nil (Financial period from 11.8.1997 to 31.12.1998: RM nil) respectively.

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**5. TAXATION**

	GROUP		COMPANY	
	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
In Malaysia				
– Current taxation	–	(4,044,000)	(1,260,000)	(3,074,400)
– Overprovision in respect of prior years	226,476	–	–	–
	226,476	(4,044,000)	(1,260,000)	–
Outside Malaysia				
– Current taxation	–	(1,459,792)	–	–
– Deferred taxation – sale of investment property	–	(1,629,810)	–	–
– Overprovision in respect of prior years	(31,643)	23,741	–	–
	(31,643)	(3,065,861)	–	–
	<u>194,833</u>	<u>(7,109,861)</u>	<u>(1,260,000)</u>	<u>(3,074,400)</u>

A subsidiary company has been granted pioneer status under the Promotion of Investment Act, 1986 in respect of the manufacture of electronic musical instruments with effect from 1 January 1995. The income from the pioneer activities for the period from 1 January 1995 to 31 December 1999 are exempted from Malaysian income tax.

No provision has been made for Malaysian income tax in respect of business income earned by the company for the financial year ended 31 December 1999 pursuant to the tax relief granted under Section 8 of the Income Tax (Amendment) Act, 1999.

**6. DIVIDENDS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>Year ended 31.12.1999 RM</b>	<b>Financial period from 11.8.1997 to 31.12.1998 RM</b>	<b>Year ended 31.12.1999 RM</b>	<b>Financial period from 11.8.1997 to 31.12.1998 RM</b>
Pre-merger dividends	–	(9,633,600)	–	–
Post-merger dividends				
– Interim dividend of 5 sen per share (tax exempt)	(2,250,000)	–	(2,250,000)	–
– Proposed final dividend of 10 sen gross per share less tax and 10 sen per share (tax exempt) (Financial period from 11.8.1997 to 31.12.1998: 24 sen gross per share less tax)	(7,740,000)	(7,776,000)	(7,740,000)	(7,776,000)
	(9,990,000)	(7,776,000)	(9,990,000)	(7,776,000)
	<u>(9,990,000)</u>	<u>(17,409,600)</u>	<u>(9,990,000)</u>	<u>(7,776,000)</u>

Pre-merger dividends represent dividends paid by a subsidiary company to its former shareholders.

**7. EARNINGS PER SHARE**

The earnings per share is calculated by dividing the profit after taxation of RM16,780,775 (Financial period from 11.8.1997 to 31.12.1998: RM15,446,407) for the group by the weighted average number of ordinary shares in issue during the financial year of 43,767,123 shares (Financial period from 11.8.1997 to 31.12.1998: 33,750,000 shares).



(cont'd.) **NOTES ON THE ACCOUNTS**

**8. FIXED ASSETS**

**Group**

<b>Financial year ended 31.12.1999</b>	<b>Opening net book value RM</b>	<b>Additions RM</b>	<b>Disposals/ Write-offs RM</b>	<b>Depreciation for the year RM</b>	<b>Closing net book value RM</b>
Long leasehold land – at valuation	99,928	–	–	(1,212)	98,716
Factory buildings – at valuation	1,800,065	–	–	(53,600)	1,746,465
– at cost	2,928,263	88,954	–	(64,403)	2,952,814
	4,728,328	88,954	–	(118,003)	4,699,279
At cost					
Plant and machinery	641,742	138,660	–	(333,563)	446,839
Furniture, fixtures and equipment	252,444	115,672	–	(120,191)	247,925
Tools and equipment	351,879	348,232	–	(189,378)	510,733
Electrical fittings	9,814	–	–	(8,263)	1,551
Motor vehicles	172,627	491,702	(3,691)	(100,664)	559,974
Construction work-in- progress	–	738,171	–	–	738,171
	6,256,762	1,921,391	(3,691)	(871,274)	7,303,188

	<b>Valuation/cost RM</b>	<b>Accumulated depreciation RM</b>	<b>Net book value RM</b>
<b>At 31.12.1999</b>			
Long leasehold land – at valuation	120,000	(21,284)	98,716
Factory buildings – at valuation	2,680,000	(933,535)	1,746,465
– at cost	3,229,252	(276,438)	2,952,814
	5,909,252	(1,209,973)	4,699,279
At cost			
Plant and machinery	2,521,313	(2,074,474)	446,839
Furniture, fixtures and equipment	1,185,361	(937,436)	247,925
Tools and equipment	1,515,311	(1,004,578)	510,733
Electrical fittings	54,188	(52,637)	1,551
Motor vehicles	896,931	(336,957)	559,974
Construction work-in-progress	738,171	–	738,171
	12,940,527	(5,637,339)	7,303,188

8. **FIXED ASSETS** (cont'd.)

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Financial period from 11.8.1997 to 31.12.1998	Opening net book value RM	Additions RM	Disposals/ Write-offs RM	Depreciation for the financial period RM	Closing net book value RM
Long leasehold land – at valuation	101,646	–	–	(1,718)	99,928
Factory buildings – at valuation	1,875,998	–	–	(75,933)	1,800,065
– at cost	2,513,958	490,446	–	(76,141)	2,928,263
	4,389,956	490,446	–	(152,074)	4,728,328
At cost					
Plant and machinery	769,177	253,981	–	(381,416)	641,742
Furniture, fixtures and equipment	270,513	132,463	(969)	(149,563)	252,444
Tools and equipment	425,093	141,388	–	(214,602)	351,879
Electrical fittings	21,518	–	–	(11,704)	9,814
Motor vehicles	299,990	–	–	(127,363)	172,627
	6,277,893	1,018,278	(969)	(1,038,440)	6,256,762
			Valuation/cost RM	Accumulated depreciation RM	Net book value RM
At 31.12.1998					
Long leasehold land – at valuation			120,000	(20,072)	99,928
Factory buildings – at valuation			2,680,000	(879,935)	1,800,065
– at cost			3,140,298	(212,035)	2,928,263
			5,820,298	(1,091,970)	4,728,328
At cost					
Plant and machinery			2,382,653	(1,740,911)	641,742
Furniture, fixtures and equipment			1,073,246	(820,802)	252,444
Tools and equipment			1,167,079	(815,200)	351,879
Electrical fittings			54,188	(44,374)	9,814
Motor vehicles			449,520	(276,893)	172,627
			11,066,984	(4,810,222)	6,256,762

(cont'd.) **NOTES ON THE ACCOUNTS**

**8. FIXED ASSETS** (cont'd.)

The valuation of the long leasehold land and buildings were made by the directors based on an independent valuation of those assets in 1981 by a firm of professional valuers.

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 these 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 fixed assets been included in the accounts at cost less depreciation, the net book value of each class of fixed assets would have been as follows:

	<b>1999</b> <b>RM</b>	<b>1998</b> <b>RM</b>
Long leasehold land	96,824	98,013
Factory buildings	3,927,807	3,933,180
Plant and machinery	446,839	641,742
Furniture, fixtures and equipment	247,925	252,444
Tools and equipment	510,733	351,879
Electrical fittings	1,551	9,814
Motor vehicles	559,974	172,627
Construction work-in-progress	738,171	–
	<u>6,529,824</u>	<u>5,459,699</u>

**9. SUBSIDIARIES**

	<b>COMPANY</b> <b>1999</b> <b>RM</b>	<b>1998</b> <b>RM</b>
Unquoted shares, at cost	<u>33,749,998</u>	<u>33,749,998</u>

<b>Name</b>	<b>Country of incorporation/ establishment</b>	<b>Percentage of equity/ units held</b>		<b>Principal activities</b>
		<b>1999</b>	<b>1998</b>	
<b>Direct subsidiary</b>				
Singatronics (Malaysia) Sdn. Bhd.	Malaysia	100%	100%	Manufacture, assembly and export of electronic toys and games, electronic musical instruments, telecommunications and security products and printed circuit board assemblies

9. **SUBSIDIARIES** (cont'd.)

Name	Country of incorporation/ establishment	Percentage of equity/ units held		Principal activities
		1999	1998	
Subsidiaries of Singatronics (Malaysia) Sdn. Bhd.				
Pinpeak Limited *	Hong Kong	100%	100%	Trustee
Singa Kulim Unit Trust+	Hong Kong	–	100%	Property investment

The results of Singa Kulim Unit Trust are included in the consolidated profit and loss account up to date of termination.

On 9 December 1999, the directors of Pinpeak Limited, the subsidiary company, resolved to deregister the company.

\* Subsidiary audited by overseas firm associated with PricewaterhouseCoopers, Malaysia.

+ Subsidiary audited by a firm other than PricewaterhouseCoopers, Malaysia.

10. **MARKETABLE SECURITIES**

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Shares in corporations quoted in Malaysia, at cost	8,985,711	–	–	–
Less: Provision for diminution in value	(1,350,000)	–	–	–
	<u>7,635,711</u>	<u>–</u>	<u>–</u>	<u>–</u>
Market value at 31 December	<u>8,512,000</u>	<u>–</u>	<u>–</u>	<u>–</u>

As at 18 February 2000, shares in corporations quoted in Malaysia costing RM2,966,242 had been disposed of for a gain of RM549,223. The remaining shares in corporations quoted in Malaysia costing RM6,019,469 had a market value of RM6,578,000 as at 18 February 2000. No adjustment has been made in the accounts as at 31 December 1999 for these subsequent changes.

11. **INVESTMENT PROPERTY**

	GROUP	
	1999 RM	1998 RM
Land and building, at directors' valuation	<u>–</u>	<u>43,073,550</u>

The sale of the investment property was completed on 14 February 1999.

(cont'd.) **NOTES ON THE ACCOUNTS**

**11. INVESTMENT PROPERTY** (cont'd.)

The movements in the investment property during the financial year/period are as follows:

	<b>GROUP</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
At beginning of financial year/period	43,073,550	43,098,000
Exchange rate adjustments	–	7,868,900
Diminution in value (Note 4)	–	(6,980,743)
Set-off against revaluation reserve (Note 18)	–	(912,607)
Disposed of during the financial year	(43,073,550)	–
	<u>–</u>	<u>43,073,550</u>

**12. STOCKS**

	<b>GROUP</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
Raw materials	2,230,024	2,232,034
Work in progress	2,296	48,025
Finished goods	88,373	112,521
	<u>2,320,693</u>	<u>2,392,580</u>
Less: Provision for obsolete stocks	(509,297)	–
	<u>1,811,396</u>	<u>2,392,580</u>

**13. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
Trade debtors	610,542	309,448	–	–
Other debtors and prepayments	735,417	1,307,159	12,439	776,099
	<u>1,345,959</u>	<u>1,616,607</u>	<u>12,439</u>	<u>776,099</u>

**14. CASH AND CASH EQUIVALENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
Deposits with licensed finance companies	14,250,000	9,621,854	2,250,000	–
Deposits with licensed banks	34,687,600	11,609,600	7,705,600	–
Cash and bank balances	818,601	3,658,982	235,151	2
	<u>54,756,201</u>	<u>24,890,436</u>	<u>10,190,751</u>	<u>2</u>

15. CREDITORS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Trade creditors	659,756	950,771	–	–
Other creditors and accruals	1,936,476	1,191,726	29,051	18,779
	<u>2,596,232</u>	<u>2,142,497</u>	<u>29,051</u>	<u>18,779</u>

16. TERM LOAN

	GROUP	
	1999 RM	1998 RM
Payable within one year	<u>–</u>	<u>17,229,420</u>

The term loan carried interest at a rate of 5.15% (Financial period from 11.8.1997 to 31.12.1998: 5.20% to 6.95%) per annum. The loan was fully repaid in January 1999.

17. SHARE CAPITAL

	GROUP and COMPANY	
	1999 RM	1998 RM
<b>Authorised</b>		
Ordinary shares of RM1.00 each		
At beginning of financial year/at date of incorporation	100,000,000	100,000
Created during the financial year/period	–	99,900,000
At end of financial year/period	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued and fully paid up:</b>		
Ordinary shares of RM1.00 each		
At beginning of financial year/date of incorporation	33,750,000	2
Issued during the financial year/period	11,250,000	33,749,998
At end of financial year/period	<u>45,000,000</u>	<u>33,750,000</u>



**18. RESERVES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
<b>Non-distributable</b>				
Share premium	4,510,291	–	4,510,291	–
Revaluation reserve	1,186,145	1,186,145	–	–
Exchange fluctuation reserve	–	5,728,594	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
	5,696,436	6,914,739	4,510,291	–
<b>Distributable</b>				
Retained profits	11,695,090	4,094,315	428,183	110,821
	<hr/>	<hr/>	<hr/>	<hr/>
	17,391,526	11,819,054	4,938,474	110,821
	<hr/>	<hr/>	<hr/>	<hr/>

Movements in reserves are as follows:

**Share premium**

Premium arising from issue of shares	6,187,500	–	6,187,500	–
Listing expenses	(1,677,209)	–	(1,677,209)	–
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial year/period	4,510,291	–	4,510,291	–
	<hr/>	<hr/>	<hr/>	<hr/>

The share premium arose from a public issue of 11,250,000 new ordinary shares of RM1.00 at a premium of RM0.55 per share.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
<b>Revaluation reserve</b>				
At beginning of financial year/period	1,186,145	2,098,752	–	–
Diminution in value of investment property	–	(912,607)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial year/period	1,186,145	1,186,145	–	–
	<hr/>	<hr/>	<hr/>	<hr/>

The revaluation reserve at 31 December 1999 represents revaluation surplus on long leasehold land and buildings of a subsidiary and is not distributable.

**18. RESERVES** (cont'd.)

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
<b>Exchange fluctuation reserve</b>				
At beginning of financial year/period	5,728,594	1,425,803	–	–
Movement during the financial year/period	(5,728,594)	4,302,791	–	–
At end of financial year/period	–	5,728,594	–	–

The movement in exchange fluctuation reserve account represents exchange differences on translation of the net equity of foreign subsidiaries.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999 RM</b>	<b>1998 RM</b>	<b>1999 RM</b>	<b>1998 RM</b>
<b>Retained profits</b>				
At beginning of financial year/period	4,904,315	22,617,506	110,821	–
Profit after taxation	16,780,775	15,446,407	10,307,362	7,886,821
Dividends	(9,990,000)	(17,409,600)	(9,990,000)	(7,776,000)
	11,695,090	20,654,313	428,183	110,821
Set-off against:				
Merger debit	–	(15,749,998)	–	–
At end of financial year/period	11,695,090	4,904,315	428,183	110,821

The merger debit is the difference between the nominal value of shares of the company issued as consideration and the nominal value of Singatronics (Malaysia) Sdn. Bhd.'s shares transferred to the company and is derived from the following:

	<b>GROUP</b>	
	<b>1999 RM</b>	<b>1998 RM</b>
Nominal value of shares issued for the acquisition of Singatronics (Malaysia) Sdn. Bhd.	–	33,749,998
Nominal value of shares acquired	–	(18,000,000)
	–	15,749,998

**19. RETAINED PROFITS**

Subject to the agreement by the Inland Revenue Board, the company has sufficient tax credit available under the Section 108 of the Income Tax Act, 1967 to frank all of its retained profits as at 31 December 1999, if paid out as dividends.

Pursuant to the requirements of subsection 365 (1A) of the Companies Act, 1965, the future distribution of dividends out of the company's retained profits may only be declared for a financial year up to an amount not exceeding the after-tax profit of that financial year, or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater. However, the Finance Minister of Malaysia proposed at the recent 2000 Budget Speech that this restriction be removed.

**20. DEFERRED TAXATION**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1999</b>	<b>1998</b>	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Transfer from profit and loss account	—	1,629,810	—	—

**21. HOLDING AND ULTIMATE HOLDING COMPANY**

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

**22. CAPITAL COMMITMENTS**

	<b>GROUP</b>	
	<b>1999</b>	<b>1998</b>
	<b>RM</b>	<b>RM</b>
Contracted but not provided for	—	132,856

23. SIGNIFICANT RELATED PARTY DISCLOSURE

(a) Significant related party balances:

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Amount due from a subsidiary				
Non-trade	-	-	6,014,337	-
Amount due to ultimate holding company				
Non-trade	-	15,453	-	-
Amount due to a subsidiary				
Non-trade	-	-	-	776,099

The amount due from a subsidiary represents cash advance given by the company.

(b) Significant related party transactions:

	GROUP		COMPANY	
	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
Dividends received and receivable (gross) from a subsidiary	-	-	11,250,000	10,980,000
Dividends paid and payable to ultimate holding company	5,394,600	12,534,912	5,394,600	5,598,720

**24. GROUP SEGMENTAL INFORMATION**

(a) Analysis by geographical location

	TURNOVER		PROFIT BEFORE TAXATION		TOTAL ASSETS EMPLOYED	
	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
Malaysia	69,621,416	78,413,325	13,240,633	21,758,013	72,852,454	31,530,006
Overseas	26,279	10,705,209	3,345,309	798,255	1	46,699,929
	<u>69,647,695</u>	<u>89,118,534</u>	<u>16,585,942</u>	<u>22,556,268</u>	<u>72,852,455</u>	<u>78,229,935</u>

(b) Analysis by activity

	TURNOVER		PROFIT BEFORE TAXATION		TOTAL ASSETS EMPLOYED	
	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM	Year ended 31.12.1999 RM	Financial period from 11.8.1997 to 31.12.1998 RM
Electronic products and printed circuit boards assemblies	69,621,416	78,413,325	13,240,633	21,758,013	72,852,454	31,530,006
Property investment	26,279	10,705,209	3,345,309	798,255	1	46,699,929
	<u>69,647,695</u>	<u>89,118,534</u>	<u>16,585,942</u>	<u>22,556,268</u>	<u>72,852,455</u>	<u>78,229,935</u>

**STATEMENT BY DIRECTORS**

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We, Tan Choon Sin and Lam Peng Lau, two of the directors of Astral Supreme Berhad, state that in the opinion of the directors, the accounts set out on pages 12 to 31 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 1999 and of the results of the group and the company and the cash flows of the group for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia.

On behalf of the Board

**TAN CHOON SIN**  
DIRECTOR

**LAM PENG LAU**  
DIRECTOR

Kulim

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

I, Tan Choon Sin, the director primarily responsible for the financial management of Astral Supreme Berhad, do solemnly and sincerely declare that the accounts set out on pages 12 to 31 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.

**TAN CHOON SIN**

Subscribed and solemnly declared by the abovenamed Tan Choon Sin at Butterworth, in Penang on 22 February 2000 before me.



**REPORT OF THE AUDITORS TO THE MEMBERS  
OF ASTRAL SUPREME BERHAD**

We have audited the accounts set out on pages 12 to 31. These accounts are the responsibility of the company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion:

- (a) the accounts give a true and fair view of the state of affairs of the group and the company as at 31 December 1999 and of the results of the group and the company and the cash flows of the group for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia, and comply with the Companies Act, 1965; and
- (b) the accounting and other records and the registers required by the Act to be kept by the company and by the subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

The names of the subsidiaries of which we have not acted as auditors are indicated in Note 9 to the accounts. We have considered the accounts of the subsidiaries and the auditors' reports thereon.

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

The auditors' reports on the accounts of the subsidiaries 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)  
Public Accountants

**TAN HOCK HIN**  
(No. 441/3/01(J/PH))  
Partner of the Firm

Penang  
22 February 2000



Astral Supreme Berhad  
(Incorporated in Malaysia)

DETAILS OF PROPERTIES

	Location	Description	Land Area/ Built-up Area (sq. metre)	Tenure	Approx Age (years)	Market Value (as at 18.12.98)	Net Book Value (as at 31.12.99)
34	Plot 20, HS(M) 2/1981 Kulim Industrial Estate Mukim of Sungei Seluang District of Kulim Kedah Darul Aman	Land Factory Building	10,036 6,624	Leasehold 60 years (Expires on 9.11.2041)	19	RM5.5 million	RM4.798 million

**ANALYSIS OF SHAREHOLDINGS**  
as at 15 March 2000

Authorised Capital	RM100,000,000.00
Issued And Paid-up Capital	RM45,000,000.00
Class of Share	Ordinary Shares of RM1.00 each
Voting Rights	One vote per ordinary share
Number of Shareholders	2,288

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**DISTRIBUTION OF SHAREHOLDERS**

Size Of Shareholdings	No. Of Holders	%	No. Of Shares	%
1 – 1,000	1,252	54.72	1,252,000	2.78
1,001 – 5,000	766	33.48	2,248,000	5.00
5,001 – 10,000	138	6.03	1,124,000	2.50
10,001 and above	132	5.77	40,376,000	89.72
	2,288	100.00	45,000,000	100.00

**TOP TWENTY SHAREHOLDERS**

Name Of Shareholders	No. Of Shares	%
1. CIMB Nominees (Asing) Sdn. Bhd. (Pledged Securities Account For Singatronics Limited)	17,019,072	37.82
2. Singatronics Limited	7,280,928	16.18
3. Lembaga Tabung Haji	6,750,000	15.00
4. CIMB Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account For Tan Choon Sin)	1,891,008	4.20
5. Citicorp Nominees (Asing) Sdn. Bhd. (CIB Lux Union Investment Management SA For Unidynamicfonds Asia)	1,400,000	3.11
6. BOC Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account For Raja Abdul Aziz bin Raja Musa)	1,016,000	2.26
7. Mohd Najib bin Mashhor	780,000	1.73
8. Amanah Raya Berhad (Tabung Ittikal Arab-Malaysian)	540,000	1.20
9. Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. (Arab-Malaysian Trustee Bhd For HLB Penny Stock Fund [5/4-3])	308,000	0.68
10. Tan Choon Sin	108,992	0.24
11. AM Nominees (Tempatan) Sdn. Bhd. (Malaysia France Institute Sdn. Bhd.)	106,000	0.24
12. Charter Green Limited	100,000	0.22
13. Mohd Junid bin Itam Suliman	100,000	0.22
14. Mohd Noor Azam bin Ismail Bakri	100,000	0.22
15. Employees Provident Fund Board	78,000	0.17
16. Looi Kum Pak	75,000	0.17
17. Hock Hua Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account For Low Lay Ping [PDM])	70,000	0.16
18. Chua Tua Soon @ Chua Siow Seng	68,000	0.15
19. Vanguard Nominees (Tempatan) Sdn. Bhd.	65,000	0.14
20. Andrew Ooi Soon Hock	64,000	0.14
	37,920,000	84.27

**ANALYSIS OF SHAREHOLDINGS**  
as at 15 March 2000 (cont'd.)

**SUBSTANTIAL SHAREHOLDERS**

	Name Of Shareholders	Direct Interest		Indirect Interest	
		No. Of Shares	%	No. Of Shares	%
36	1. Singatronics Limited	24,300,000	54.00	–	–
	2. Eddie Foo Chik Kin	–	–	*24,300,000	54.00
	3. Lembaga Tabung Haji	6,786,000	15.08	–	–
	4. Tan Choon Sin	2,000,000	4.44	–	–
	5. CIB Lux U.I.M. SA for Unidynamicfonds Asia	1,400,000	3.11	–	–
	6. Raja Abdul Aziz bin Raja Musa	1,016,000	2.26		

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

**STATEMENT OF DIRECTORS' INTEREST  
IN SHARES** as at 21 January 2000

	Astral Supreme Berhad No. of Shares of RM1.00 each	
	Direct Interest	Indirect Interest
Eddie Foo Chik Kin	–	*24,300,000
Tan Choon Sin	2,000,000	–
Raja Abdul Aziz bin Raja Musa	4,716,000	–

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

	Singatronics Limited No. of Shares of S\$0.20 each	
	Direct Interest	Indirect Interest
Eddie Foo Chik Kin	21,100,000	97,617,729
Leow Siew Beng	1,214,000	–

**NOTICE IS HEREBY GIVEN THAT** the Second Annual General Meeting of the Company will be held at Nusantara 3, Sheraton Imperial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 17 May 2000 at 10.30 a.m. to conduct the following businesses:-

**AGENDA**

**As Ordinary Business:**

- |                                                                                                                                                                          |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| 1. To receive and adopt the Audited Accounts for the financial year ended 31 December 1999 together with the Reports of the Directors and Auditors thereon.              | <b>(Resolution 1)</b> |
| 2. To approve the payment of a Final Dividend of 10 sen gross per share less tax at 28% and 10 sen per share (tax exempt) for the financial year ended 31 December 1999. | <b>(Resolution 2)</b> |
| 3. To approve the payment of Directors' Fees for the year ended 31 December 1999.                                                                                        | <b>(Resolution 3)</b> |
| 4. To re-elect the following Directors retiring in accordance with Article 83 of the Company's Articles of Association:-                                                 |                       |
| a. Mr. Leow Siew Beng                                                                                                                                                    | <b>(Resolution 4)</b> |
| b. Raja Abdul Aziz bin Raja Musa                                                                                                                                         | <b>(Resolution 5)</b> |
| 5. To re-elect Mr. Chea Kok Jiunn @ Sieh Kok Jiun who retires pursuant to Article 82 of the Company's Articles of Association.                                           | <b>(Resolution 6)</b> |
| 6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorise the Directors to fix their remuneration.                                        | <b>(Resolution 7)</b> |

**As Special Business:**

7. To consider and, if thought fit, pass with or without any modification, the following Ordinary Resolution:

**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

"**THAT** pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any 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 in any one financial year does not exceed 10% of the 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."

**(Resolution 8)**

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

### **Notice of Dividend Entitlement**

**NOTICE IS ALSO HEREBY GIVEN** that a Final Dividend of 10 sen gross per share less tax at 28% and 10 sen per share (tax exempt) in respect of the financial year ended 31 December 1999, if approved by shareholders, will be paid on 16 June 2000 to Members appearing in the Register at the close of business on 31 May 2000.

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 31 May 2000 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]  
**LIM SHOOK NYEE** (f) [MAICSA 7007640]  
Joint Company Secretaries

Kuala Lumpur

Date: 21 April 2000

### **NOTES**

1. **Proxy**  
A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. A member may appoint more than two proxies to attend the same meeting. The Form of Proxy must be deposited at the Registered Office of the Company at Room 813, 8th Floor, Sun Kompleks, Jalan Bukit Bintang, 55100 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
2. **Resolution Pursuant to Section 132D of the Companies Act, 1965**  
The Ordinary Resolution proposed under item 7 above if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, the authority to issue and allot shares up to 10% of the issued capital of the Company for the time being for such other purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in general meeting will expire at the next Annual General Meeting.



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PROXY FORM

Astral Supreme Berhad  
(Incorporated in Malaysia)

REGISTERED OFFICE

Room 813, 8th Floor, Sun Kompleks, Jalan Bukit Bintang, 55100 Kuala Lumpur.

\* I/We \_\_\_\_\_ being  
a member of **ASTRAL SUPREME BERHAD** ("the Company") hereby appoint \*the Chairman or \_\_\_\_\_  
of \_\_\_\_\_  
or failing \*him/her, \_\_\_\_\_  
of \_\_\_\_\_

as \* my/our proxy to vote for \* me/our behalf at the Second Annual General Meeting of the Company to be held at Nusantara 3, Sheraton Imperial Kuala Lumpur, Jalan Sultan Ismail, 50250 Kuala Lumpur on Wednesday, 17 May 2000 at 10.30 a.m. and at any adjournment thereof.

Please indicate the manner in which you wish your votes should be cast with an "X" in the appropriate spaces below. Unless voting instructions are specified therein, the proxy will vote or abstain from voting as he/she thinks fit.

	RESOLUTIONS	FOR	AGAINST
No. 1	To receive and adopt the Accounts and Reports		
No. 2	To approve payment of a Final Dividend of 10 sen gross per share less tax at 28% and 10 sen per share (tax exempt)		
No. 3	To approve the payment of Directors' Fees		
No. 4	To re-elect Mr. Leow Siew Beng as a Director pursuant to the Company's Articles of Association		
No. 5	To re-elect Raja Abdul Aziz bin Raja Musa as a Director pursuant to the Company's Articles of Association		
No. 6	To re-elect Mr. Chea Kok Jiunn @ Sieh Kok Jiun as a Director pursuant to the Company's Articles of Association		
No. 7	To re-appoint Messrs. PricewaterhouseCoopers as Auditors		
No. 8	As special business, to approve the ordinary resolution pursuant to Section 132D of the Companies Act, 1965		

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

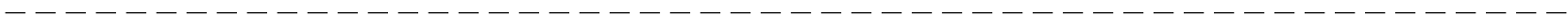
No. of Shares Held

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2000

NOTES

1. A proxy need not be a member of the Company, an advocate, an approved company auditors or a person approved by the Registrar.
2. To be valid, this 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.
3. A member shall be entitled to appoint more than two proxies to attend and vote at the same meeting.
4. Where a member appoints two or more proxies, the appointment shall be invalid unless he specifies the proportions 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



To

**The Company Secretary**  
**ASTRAL SUPREME BERHAD** (44237-A)  
Room 813, 8th Floor  
Sun Kompleks, Jalan Bukit Bintang  
55100 Kuala Lumpur  
Tel: 03-2422733

