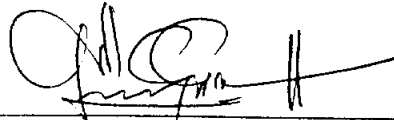


Company No. 4690 – V

SIN HENG CHAN (MALAYA) BERHAD
(Special Administrators Appointed)
(Company No. 4690-V)
(Incorporated in Malaysia)
AND ITS SUBSIDIARY COMPANIES

FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2003
(In Ringgit Malaysia)

These Audited Financial Statements of the Company with *Qualified/Unqualified Auditors' Report for the year ended December 31, 2003 were tabled at the Annual General Meeting/Adjourned Annual General Meeting held on



TUAN SYED OMAR BIN SYED ABDULLAH

Company No. 4690 - V

SIN HENG CHAN (MALAYA) BERHAD
(Special Administrators Appointed)
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FINANCIAL STATEMENTS

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SIN HENG CHAN (MALAYA) BERHAD
(Special Administrators Appointed)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors of **SIN HENG CHAN (MALAYA) BERHAD** hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2003.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company.

The principal activities of the subsidiary companies are as disclosed in Note 14 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and of its subsidiary companies during the financial year other than the disposal of certain subsidiary companies as disclosed in Note 14 to the Financial Statements.

SIGNIFICANT EVENT

On August 11, 1999, Pengurusan Danaharta Nasional Berhad ("Danaharta") appointed Special Administrators to the Company pursuant to Section 24 of the Pengurusan Danaharta Nasional Berhad (Amendment) Act, 2000 to assume control of the assets and manage the affairs of the Company.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM	The Company RM
Loss before tax	(6,450,625)	(13,920,044)
Tax income	<u>219,881</u>	<u>-</u>
Loss after tax	(6,230,744)	(13,920,044)
Minority interests	<u>(243,625)</u>	<u>-</u>
Net loss for the year	<u>(6,474,369)</u>	<u>(13,920,044)</u>

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In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than the exceptional items as mentioned in Note 6 to the Financial Statements.

DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The Company does not have distributable reserve for dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company 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 have 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 which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

As of December 31, 2003, the Group and the Company have capital deficiency of RM41,229,182 and RM40,827,589 as a result of operational losses incurred in the current and prior years and current liabilities exceeding current assets by RM53,575,428 and RM52,075,528 respectively. These factors, along with other matters as set forth in Note 33 to the Financial Statements, raise substantial doubt as to whether the Group and the Company will be able to continue as a going-concern. However, the financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to a going-concern. The ability of the Group and of the Company to continue as a going-concern is dependent on the successful implementation of the Proposal as fully explained in Note 33 to the Financial Statements.

Other than as stated in the preceding paragraph, at the date of this report, the directors are not aware of any circumstances:

- (a) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of 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 of 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 of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

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 of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

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DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Dato' Choo Keng Weng
Tuan Syed Omar bin Syed Abdullah
Dato' Ghazali bin Saiboo
Venkata Chellam s/o Subramaniam
Y.M. Tunku Mahmood bin Tunku Mohammed

In accordance with Article 97 of the Company's Articles of Association, Dato' Choo Keng Weng and Y.M. Tunku Mahmood bin Tunku Mohammed retire by rotation and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The shareholdings in the Company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134, of the Companies Act, 1965, are as follows:

	No. of shares of RM1 each			Balance at 31.12.2003
	Balance at 1.1.2003	Bought	Sold	
Shares in the Company				
Registered in name of director				
Dato' Choo Keng Weng	54,000	-	-	54,000
Deemed Interest <i>(by virtue of his 40% interest in Macronet Sdn. Bhd.)</i>				
Dato' Choo Keng Weng	5,508,000	-	-	5,508,000

By virtue of Dato' Choo Keng Weng having shareholdings in the Company, he is deemed to have beneficial interest in the shares of the other related companies.

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DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than those disclosed as directors' remuneration 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 for any benefit which may be deemed to have arisen by virtue of rental of premises paid and payable amounting to RM448,206 to companies in which Dato' Choo Keng Weng has substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Deloitte KassimChan have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,



TUAN SYED OMAR BIN SYED ABDULLAH



DATO' CHOO KENG WENG

Kuala Lumpur
April 29, 2004



Deloitte KassimChan (AF 0080)
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REPORT OF THE AUDITORS TO THE MEMBERS OF

SIN HENG CHAN (MALAYA) BERHAD

(Special Administrators Appointed)

(Incorporated in Malaysia)

We have audited the accompanying balance sheets as of December 31, 2003 and the related statements of income, cash flows and changes in equity for the year then ended. 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 standards on auditing in Malaysia. These 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up 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 state of affairs of the Group and of the Company as of December 31, 2003 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

(Forward)

Company No. 4690 - V

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company 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 as required by us for these purposes.

Our auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Act.

Without qualifying our opinion, we draw attention to Note 33 to the Financial Statements. As of December 31, 2003, the Group and the Company have capital deficiency of RM41,229,182 and RM40,827,589 as a result of operational losses incurred in the current and prior years and current liabilities exceeding current assets by RM53,575,428 and RM52,075,528 respectively. These factors, along with other matters as set forth in Note 33 to the Financial Statements, raise substantial doubt as to whether the Group and the Company will be able to continue as a going-concern. However, the financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to a going-concern. The ability of the Group and of the Company to continue as a going-concern is dependent on the successful implementation of the Proposal as fully explained in Note 33 to the Financial Statements. As the Proposal has not been implemented and its outcome is presently not determinable, the financial statements of the Group and of the Company do not include any adjustments relating to the amounts and classification of recorded assets and liabilities that might be necessary, should the Group and the Company be unable to continue as a going-concern.



DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants



HIEW KIM TIAM
1717/8/05 (J)
Partner

April 29, 2004