

14. **INVESTMENT IN SUBSIDIARY COMPANIES**

Investment in subsidiary companies consists of:

	2001 RM	2000 RM
Unquoted shares in subsidiary companies - at cost	11,151,954	11,151,954
Impairment loss	<u>(1,076,198)</u>	<u>(1,076,198)</u>
Net	<u>10,075,756</u>	<u>10,075,756</u>

The subsidiary companies (all incorporated in Malaysia) are as follows:

Direct Subsidiary Companies	Effective		Principal Activities
	Equity Interest 2001	2000	
Sin Heng Chan (East Coast) Sdn. Bhd.	100%	100%	Manufacturing and trading of formulated animal feeds.
Goldkist (Malaysia) Sdn. Bhd.	100%	100%	Trading of formulated mineral poultry products.
Universal Goldquest (M) Sdn. Bhd.	100%	100%	Dormant.
Excel Food Sdn. Bhd.	51%	51%	Dormant.
Southern Farms Sdn. Bhd.	100%	100%	Pre-operating.
Ayam Segar Sdn. Bhd.	100%	100%	Pre-operating.
Sub-subsidiary Companies			
Sin Heng Chan Feed Sdn. Bhd.	100%	100%	Trading of formulated animal feeds.
Goldkist Breeding Farms Sdn. Bhd.	94%	94%	Broiler breeding.
LKPP - Goldkist Sdn. Bhd.	60%	60%	Broiler breeding and the planting of fragrant coconut trees.

Sub-Subsidiary Companies	Effective Equity Interest		Principal Activities
	2001	2000	
Central Feedmill Sdn. Bhd.	100%	100%	Dormant.
Goldkist (NS) Sdn. Bhd.	100%	100%	Dormant.
Kuala Lumpur Feedmill Sdn. Bhd.	100%	100%	Pre-operating.

The auditors' reports on the financial statements of four subsidiary companies, Southern Farms Sdn. Bhd., Goldkist (M) Sdn. Bhd., Universal Goldquest (M) Sdn. Bhd. and Excel Food Sdn. Bhd., together with four sub-subsidiary companies namely Sin Heng Chan Feed Sdn. Bhd., Central Feedmill Sdn. Bhd., Kuala Lumpur Feedmill Sdn. Bhd. and Goldkist (NS) Sdn. Bhd., have been modified to include an emphasis of matter relating to the appropriateness of presenting their financial statements on the basis of accounting principles applicable to a going-concern in view of their significant capital deficiencies resulting from operating losses sustained over the years.

15. **OTHER INVESTMENTS**

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unquoted shares (at cost)	592,072	592,072	591,070	591,070
Gold bullion	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>	<u>5,250</u>
Total	<u>597,322</u>	<u>597,322</u>	<u>596,320</u>	<u>596,320</u>

Certain unquoted shares of the Group at a cost of RM1,002 (2000: RM1,002) are registered in a director's name and are held in trust for one of its subsidiary companies.

16. INVENTORIES

	The Group	
	2001 RM	2000 RM
At cost:		
Raw materials	2,602,018	3,981,443
Parent stocks	3,138,143	2,938,957
Hatching eggs	903,092	895,695
Finished goods	312,055	275,765
Spare parts	612,876	634,664
	<u>7,568,184</u>	<u>8,726,524</u>

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group	
	2001 RM	2000 RM
Trade receivables	21,431,729	22,322,804
Less: Allowance for doubtful debts	<u>(12,800,869)</u>	<u>(12,678,388)</u>
Net	<u>8,630,860</u>	<u>9,644,416</u>

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other receivables	12,456,923	12,737,707	11,580,303	11,596,403
Less: Allowance for doubtful debts	<u>(9,743,305)</u>	<u>(9,807,505)</u>	<u>(8,803,907)</u>	<u>(8,868,107)</u>
Deposits	2,713,618	2,930,202	2,776,396	2,728,296
Prepaid expenses	401,211	389,633	257,229	257,229
	<u>286,057</u>	<u>197,987</u>	<u>60,692</u>	<u>59,726</u>
	<u>3,400,886</u>	<u>3,517,822</u>	<u>3,094,317</u>	<u>3,045,251</u>

Included in trade receivables of the Group is an amount of RM72,000 (2000: RM28,790) owing by Khosman Holdings Sdn. Bhd., a company in which YB Dato' Osman bin Din and Datin Khadijah bte Awang, directors of certain subsidiary companies, have substantial financial interest. The amount arose mainly from sales of livestock during the financial year as disclosed in Note 18.

Included in other receivables of the Group and of the Company are:

- (a) an amount of RM196,368 (2000: RM196,368) owing by Desa Samudra Sdn. Bhd., a company of which Dato' Choo Keng Weng is also a director. The amount represents rental deposits.
- (b) an amount of RM57,885 and RM Nil (2000: RM61,570 and RM Nil) respectively, owing by Jograwin (M) Sdn. Bhd., a company in which Mr. Chu Siew Fei, a director of certain subsidiary companies, is also a director. The amount represents mainly sales of goods in prior years.
- (c) an amount of RM21,993 (2000: RM Nil) owing by Chellam Wong, a legal firm in which Mr. Venkata Chellam s/o Subramaniam is also a partner. The amount represents mainly recoverable expenses.

18. RELATED PARTY TRANSACTIONS

	2001 RM	2000 RM
Amount owing by subsidiary companies - net of allowance for doubtful debts of RM10,023,744 (RM9,929,634 in 2000)	<u>6,865</u>	<u>1,382,755</u>
Amount owing to subsidiary companies	<u>7,379,392</u>	<u>5,941,815</u>

The amount owing by/(to) subsidiary companies arose mainly from trade transactions and unsecured interest-free advances with no fixed terms of repayment.

The related parties and their relationship with the Company and its subsidiary companies are as follows:

Name of related parties	Relationship
Desa Samudra Sdn. Bhd. Seng Hoe & Choong Corporation Sdn. Bhd.	Companies in which Dato' Choo Keng Weng, has substantial financial interest.
Chellam Wong	A firm in which Mr. Venkata Chellam s/o Subramaniam, is also a partner.
Jograwin (M) Sdn. Bhd.	A company in which Mr. Chu Siew Fei, a director of certain subsidiary companies, has substantial financial interest.
Comprehensive Corporate Services Sdn. Bhd.	A company in which Mr. Ng See Yen, a director of certain subsidiary companies, has substantial financial interest.
Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang	A statutory body which is a substantial shareholder of a subsidiary company.
Khosman Holdings Sdn. Bhd.	A company in which YB. Dato' Osman bin Din and Datin Khadijah bte Awang, directors of certain subsidiary companies, have substantial financial interest.
Kua See Lai	A director of a subsidiary company.

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Management fees receivable from	-	-	-	240,000
Rental of premises received from	-	-	-	144,000
	<hr/>	<hr/>	<hr/>	<hr/>

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other related parties				
Desa Samudra Sdn. Bhd. Rental of premises paid and payable to	<u>410,886</u>	<u>410,886</u>	<u>410,886</u>	<u>410,886</u>
Chellam Wong Legal fees paid and payable to	<u>2,503</u>	<u>218,200</u>	<u>2,503</u>	<u>218,200</u>
Seng Hoe & Choong Corporation Sdn. Bhd. Rental of premises paid and payable to	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>	<u>144,000</u>
Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang Annual tribute payable	<u>51,000</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Khosman Holdings Sdn. Bhd. Sale of livestocks	102,873	115,008	-	-
Consultancy fee paid	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>-</u>

Significant outstanding balances arising from non-trade transactions with related parties (other than subsidiary companies) are as follows:

	Due by/(to)			
	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Subsidiary companies				
Management fees receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,000</u>
Other related parties				
Desa Samudra Sdn. Bhd. Rental of premises paid	<u>196,368</u>	<u>196,368</u>	<u>196,368</u>	<u>196,368</u>
Chellam Wong Legal fees	<u>-</u>	<u>(68,042)</u>	<u>-</u>	<u>(68,042)</u>

	Due by/(to)			
	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Kua See Lai				
Advances granted	<u>(292,034)</u>	<u>(12,034)</u>	<u>-</u>	<u>-</u>
Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang				
Annual tribute	<u>(21,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Khosman Holdings Sdn. Bhd.				
Sale of livestocks	<u>72,000</u>	<u>28,790</u>	<u>-</u>	<u>-</u>

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

19. MARKETABLE SECURITIES

	The Company	
	2001	2000
	RM	RM
Quoted shares in Malaysia - at cost	1,337,640	3,429,740
Allowance for diminution in value	<u>(673,638)</u>	<u>(1,395,532)</u>
Net	<u>664,002</u>	<u>2,034,208</u>
Market value	<u>664,002</u>	<u>2,034,208</u>

20. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Fixed deposits with licensed banks	1,526,859	752,504	1,394,560	108,409
Cash and bank balances	<u>2,348,313</u>	<u>3,049,391</u>	<u>236,647</u>	<u>534,044</u>
	<u>3,875,172</u>	<u>3,801,895</u>	<u>1,631,207</u>	<u>642,453</u>

Fixed deposits with licensed banks of the Group of RM120,053 (2000: RM120,053) are charged to banks for overdraft facilities granted and guarantees issued by the said bank.

21. **OTHER PAYABLES AND ACCRUED EXPENSES**

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Other payables	11,685,920	11,179,185	7,632,140	7,349,796
Accrued expenses	2,204,588	1,355,458	830,915	219,743
Provision for retirement benefits (current portion)	73,441	-	-	-
	<u>13,963,949</u>	<u>12,534,643</u>	<u>8,463,055</u>	<u>7,569,539</u>

Included in other payables of the Group and of the Company are:

- a) an amount of RM9,009,040 (2000: RM9,009,040) and RM6,835,579 (2000: RM6,835,579) respectively which represents disputed debts owing to Sin Heng Chan (Singapore) Pte. Ltd., a company of which certain of its directors were former directors and shareholders of the Company as fully explained in Note 29.
- b) an amount of RM Nil (2000: RM68,042) owing to Chellam Wong, a legal firm in which Venkata Chellam s/o Subramaniam is also a partner. The amount arose mainly from legal expenses incurred during the financial year as disclosed in Note 18.
- c) an amount of RM21,000 (2000: RM Nil) and RM Nil (2000: RM Nil) respectively owing to Lembaga Kemajuan Perindustrian Pertanian Negeri Pahang, a statutory body which is a substantial shareholder of a subsidiary company. The amount arose mainly from annual tribute during the financial year as disclosed in Note 18.
- d) an amount of RM292,034 (2000: RM12,034) owing to Mr. Kua See Lai, a director of a subsidiary company. The amount represents unsecured interest-free advances with no fixed terms of repayment as disclosed in Note 18.

22. **BANK BORROWINGS**

Bank borrowings consist of:

	2001 RM	2000 RM
The Company:		
Bankers' acceptances	4,350,000	4,350,000
Short-term loan	3,075,000	3,075,000
Bank overdrafts	<u>16,119,487</u>	<u>14,810,384</u>
	<u>23,544,487</u>	<u>22,235,384</u>
Subsidiary companies:		
Bankers' acceptances	3,093,000	6,934,000
Bank overdrafts	15,928,243	14,961,020
Long-term loans - current portion	<u>1,660,000</u>	<u>2,222,236</u>
	<u>20,681,243</u>	<u>24,117,256</u>
The Group	<u>44,225,730</u>	<u>46,352,640</u>

The Group and the Company have bank overdrafts and other credit facilities amounting to RM62.3 million and RM19.2 million respectively (2000: RM61.3 million and RM19.2 million). The credit facilities of the Group and of the Company bear interest at rates ranging from 3.3% to 10.4% (2000: 3.3% to 10.50%) per annum.

Certain banks and financial institutions of the Group and of the Company amounting to about RM33,091,000 (2000: RM33,091,000) and RM21,225,000 (2000: RM21,225,000) respectively, form part of the Scheme Creditors under the Proposal as mentioned in Note 32.

The credit facilities of the Group and of the Company are obtained by a negative charge over all its assets. The credit facilities of the subsidiary companies from certain banks are guaranteed by the Company.

The existing credit and term loan facilities of a subsidiary company amounting to RM1.0 million (2000: RM1.0 million) are also secured by the following:

- (i) a first and second legal charge over the said subsidiary's freehold land and building with carrying value totalling RM303,000 (2000: RM303,000);
- (ii) a loan agreement cum assignment over one of its directors' property;
- (iii) a debenture by way of a first fixed and floating charge on the subsidiary's assets both present and future; and
- (iv) a joint and several guarantee by its directors.

23. FINANCE LEASE PAYABLES

	← The Group →	
	Minimum lease payments 2001 RM	Present vale of minimum lease payments 2001 RM
Amount payable under finance lease:		
Within one year	360,320	240,437
In the second to fifth years inclusive	<u>965,047</u>	<u>823,041</u>
Less: Future finance charges	1,325,367 <u>(261,889)</u>	1,063,478 <u>-</u>
Present value of lease payables	<u>1,063,478</u>	1,063,478
Less: Portion due within one year		<u>(240,437)</u>
Non-current portion		<u>823,041</u>
The non-current portion is repayable as follows:		
		2001 RM
Due within:		
2 years		276,437
3 years		311,880
4 years		195,243
Greater than 4 years		<u>39,481</u>
		<u>823,041</u>

For the financial year ended December 31, 2001 the average effective borrowing rate is 10.85% (2000: 12.33%) per annum. Interest rates are fixed at the inception of the lease. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

24. HIRE-PURCHASE PAYABLES

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Total outstanding principal	1,026,507	988,169	13,472	43,876
Less: Portion due within one year	<u>(831,857)</u>	<u>(862,489)</u>	<u>(13,472)</u>	<u>(30,404)</u>
Non-current portion	<u>194,650</u>	<u>125,680</u>	<u>-</u>	<u>13,472</u>

The non-current portion is repayable as follows:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Due within:				
2 years	85,747	52,472	-	13,472
3 years	62,830	39,000	-	-
4 years	<u>46,073</u>	<u>34,208</u>	<u>-</u>	<u>-</u>
	<u>194,650</u>	<u>125,680</u>	<u>-</u>	<u>13,472</u>

Certain hire-purchase payables of the Group amounting to about RM780,000 (2000: RM780,000), form part of the Scheme Creditors under the Proposal as mentioned in Note 32.

The interest rates implicit in the hire-purchase payables of the Group and of the Company are about 5.95% to 6.8% (2000: 6.5% to 6.8%) per annum.

25. LONG-TERM LOANS

	The Group	
	2001 RM	2000 RM
Outstanding loan principal	6,020,000	8,142,236
Less: Portion due within one year (included under bank borrowings) (Note 22)	<u>(1,660,000)</u>	<u>(2,222,236)</u>
Non-Current Portion	<u>4,360,000</u>	<u>5,920,000</u>

The non-current portion is repayable as follows:

	2001 RM	2000 RM
Due within:		
2 years	1,560,000	1,560,000
3 years	1,560,000	1,560,000
4 years	1,240,000	1,560,000
Greater than 4 years	-	1,240,000
	<u>4,360,000</u>	<u>5,920,000</u>

A subsidiary company has term loan facilities obtained from local banks amounting to RM8 million (2000: RM8 million) which bear interest at rates ranging from 9% to 11% (2000: 8% to 9.80%) per annum. The term loan facilities are secured by:

- i) a fixed charge on the leasehold land and buildings of a subsidiary company with carrying values totalling about RM8,646,355 (2000: RM9,491,000) as of December 31, 2001;
- ii) a first fixed and floating charge on all the assets of the subsidiary company; and
- iii) a corporate guarantee by the Company;

Certain loan creditors of the Group amounting to about RM3,072,000 (2000: RM3,072,000), form part of the Scheme Creditors under the Proposal as mentioned in Note 32.

26. DEFERRED TAX LIABILITIES

	The Group	
	2001 RM	2000 RM
At beginning of year	-	-
Transfer from consolidated income statement (Note 11)	(881,000)	-
At end of year	<u>(881,000)</u>	<u>-</u>

	The Group	
	2001 RM	2000 RM
The net deferred tax liabilities are in respect of:		
Timing differences between tax capital allowances and book depreciation of property, plant and equipment	(1,491,000)	-
Unabsorbed capital allowances and unutilised tax losses	423,000	-
Unabsorbed reinvestment allowances	187,000	-
	<u>(881,000)</u>	<u>-</u>

As mentioned in Note 3, the tax effects of timing differences which would give rise to net future tax benefits are recognised generally on actual realisation. As of December 31, 2001, the estimated amount of deferred tax calculated at current tax rate pertaining to the Company and certain subsidiary companies not recognised in the financial statements, is as follows:

	Deferred Assets/(Liability)			
	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Tax effects of:				
Timing differences between tax capital allowances and book depreciation of property, plant and equipment	794,428	(1,088,000)	672,000	101,000
Others	440,200	443,000	-	-
Unabsorbed capital allowances and unutilised tax losses	22,088,021	19,141,000	12,555,000	11,252,000
Reinvestment allowances	-	531,000	-	-
Net Deferred Assets	<u>23,322,649</u>	<u>19,027,000</u>	<u>13,227,000</u>	<u>11,353,000</u>

The unabsorbed capital allowances, unutilised tax losses and reinvestment allowances are subject to the agreement of the tax authorities.

27. **SHARE CAPITAL**

	RM
Authorised:	
Ordinary shares of RM1 each	<u>25,000,000</u>
Issued and fully paid:	
Ordinary shares of RM1 each	<u>18,994,375</u>

Under the Sin Heng Chan (Malaya) Berhad Employees' Share Option Scheme ("ESOS"), options to subscribe up to 1,792,000 new ordinary shares of RM1 each in the Company were granted to eligible directors and employees of SHC Group. The ESOS ended on January 21, 2002.

28. **RESERVES**

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Non-distributable reserves:				
Share premium	896,380	896,380	896,380	896,380
Reserve on consolidation	<u>13,806</u>	<u>13,806</u>	<u>-</u>	<u>-</u>
	<u>910,186</u>	<u>910,186</u>	<u>896,380</u>	<u>896,380</u>

Share premium

Share premium arose from the exercise of share options under ESOS by eligible directors and employees of Sin Heng Chan Group in prior years.

29. **CONTINGENT LIABILITIES - UNSECURED**

- (a) As of December 31, 2001, the subsidiary companies have credit facilities amounting to RM41.83 million (2000: RM41.25 million) obtained from certain local financial institutions which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the amount of the credit facilities utilised by its subsidiary companies.
- (b) As of December 31, 2001, there was a contingent disputed claim against the Group and the Company to the extent of RM9.9 million (2000: RM8.5 million) and RM5.7 million (2000: RM4.7 million) respectively in respect of interest claimed on disputed trade debts owing to a company which at all material time together with certain other parties have common directors and controlling shareholdings of the Company. In the opinion of management, the interest charges are without any merit whatsoever and accordingly no provision for the amount claimed is deemed necessary.

In 1998, the said company has instituted legal proceedings for disputed trade debts, services provided and/or interests as alleged, and the Company, expressly without prejudice to all its rights, title, entitlement, interest and estate, its relevant subsidiaries and a former subsidiary (pursuant to the arrangement for sale), has taken steps to defend and counter-claim against the said company and all other parties, and is seeking, inter alia, substantive exemplary damages which management is of the opinion are meritorious.

As of December 31, 2001, the hearings of the proceedings on both actions are in progress and the ultimate outcome of the litigation cannot presently be determined, and as such no provision for any litigation that may result has been made in the financial statements.

30. **CAPITAL COMMITMENTS**

As of December 31, 2001, the Group has the following capital commitments:

	2001 RM	2000 RM
Approved and contracted for:		
- Plant and machinery	275,000	275,000
- Factory renovation	1,796,000	1,857,000
Approved but not contracted for:		
- Plant and machinery	678,000	725,000
- Farm building	2,000,000	-
	<u>4,749,000</u>	<u>2,857,000</u>

31. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	The Group		The Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits with licensed banks	1,526,859	752,504	1,394,560	108,409
Cash and bank balances	2,348,313	3,049,391	236,647	534,044
Bank overdrafts	<u>(32,047,730)</u>	<u>(29,771,404)</u>	<u>(16,119,487)</u>	<u>(14,810,384)</u>
Total	(28,172,558)	(25,969,509)	(14,488,280)	(14,167,931)
Less: Fixed deposits pledged to banks	<u>(120,053)</u>	<u>(120,053)</u>	<u>-</u>	<u>-</u>
	<u>(28,292,611)</u>	<u>(26,089,562)</u>	<u>(14,488,280)</u>	<u>(14,167,931)</u>

32. **GOING-CONCERN ISSUES**

In 1999, Pengurusan Danaharta Nasional Berhad ("Danaharta") appointed Special Administrators to assume control of the assets and affairs of the Company.

A twelve (12) months moratorium period was granted, commencing from the date of appointment of Special Administrators ("SA"), during which creditors are prohibited from taking any legal action against the Company and certain subsidiaries without prior consent of Danaharta. This moratorium period was extended for a further period of 24 months to August 10, 2002.

A Scheme of Arrangement ("Proposal") was proposed to restructure the debts of the Company which amongst others, includes a proposed renounceable issue in the Company up to 40,302,750 ordinary shares on a basis of two ordinary shares for every existing ordinary share held, at an issue price of RM1.00 each which, is expected to raise RM38 million together with an interest waiver from the Scheme Creditors from May 1, 2000 to December 31, 2000. The proposal has been conditionally approved by the Securities Commission on August 30, 2000 and by Danaharta on February 9, 2001. However as of December 31, 2001, certain conditions to the approval have not been met yet and thus, the date of completion of the Proposal has been extended from August 30, 2001 to December 31, 2002.

As of December 31, 2001, the Group and the Company have capital deficiency of RM26,242,724 and RM21,400,103 as a result of operational losses incurred in the current and prior years and, current liabilities exceeding current assets by RM40,366,230 and RM34,004,015 respectively. These factors 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 aforesaid Proposal. 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.

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

STATEMENT BY DIRECTORS

The directors of **SIN HENG CHAN (MALAYA) BERHAD**, state that in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity, are 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 the state of affairs of the Group and of the Company as of December 31, 2001 and of the results of the businesses and the cash flows of the Group and of the Company for the year ended on that date.

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



TUAN SYED OMAR BIN SYED ABDULLAH

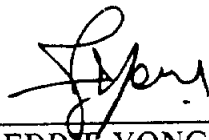


GHAZALI BIN SAIBOO

Kuala Lumpur
April 24, 2002

**DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR
THE FINANCIAL MANAGEMENT OF THE COMPANY**

I, **FREDDIE YONG**, the Officer primarily responsible for the financial management of **SIN HENG CHAN (MALAYA) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, 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.

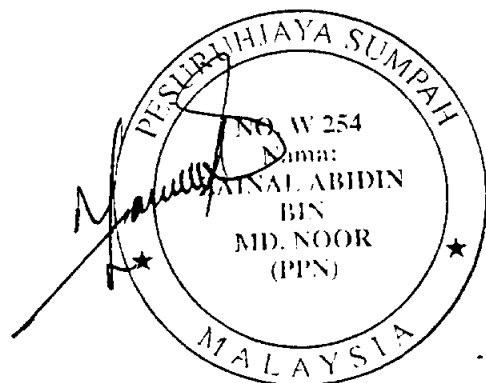


FREDDIE YONG

Subscribed and solemnly declared by the
abovenamed **FREDDIE YONG** at **KUALA
LUMPUR** this 24th day of April, 2002.

Before me

COMMISSIONER FOR OATHS



BANGUNAN CAKRAWAL
(BULATAN PUDURAYA)
JALAN SILANG
50050 KUALA LUMPUR