

**SIN HENG CHAN (MALAYA) BERHAD
AND ITS SUBSIDIARY COMPANIES**

(Incorporated in Malaysia)

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Note	2000 RM	1999 RM
Revenue	4	53,460,687	64,194,377
Other operating income		1,022,517	1,293,977
Changes in inventories of finished goods and work-in-progress		(16,257,640)	(18,012,322)
Raw materials and consumables used		(23,240,547)	(32,364,407)
Staff costs		(5,596,439)	(5,335,237)
Depreciation of property, plant and equipment		(2,326,042)	(2,301,461)
Other operating expenses		<u>(11,796,809)</u>	<u>(9,010,732)</u>
Loss from operations		(4,734,273)	(1,535,805)
Finance costs		(2,117,623)	(3,964,737)
Income from other investments		<u>162,331</u>	<u>205,063</u>
Loss before tax	5	(6,689,565)	(5,295,479)
Income tax expense	6	<u>-</u>	<u>401,484</u>
Loss after tax		(6,689,565)	(4,893,995)
Minority interest		<u>35,740</u>	<u>(22,220)</u>
Net loss for the year		<u><u>(6,653,825)</u></u>	<u><u>(4,916,215)</u></u>
Loss per ordinary share			
Basic	7	<u><u>35.0 sen</u></u>	<u><u>25.9 sen</u></u>

The accompanying Notes form an integral part of the Financial Statements.

**SIN HENG CHAN (MALAYA) BERHAD
AND ITS SUBSIDIARY COMPANIES**

(Incorporated in Malaysia)

**CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2000**

	Note	2000 RM	1999 RM
Property, plant and equipment	8	24,454,916	17,471,876
Other investments	10	597,322	597,322
Expenditure carried forward	11	-	155,785
Current Assets			
Inventories	12	8,726,524	6,286,997
Trade receivables	13	9,644,416	15,067,612
Other receivables, deposits and prepayments	14	3,941,003	5,531,395
Marketable securities	15	2,034,208	3,524,824
Fixed deposits, cash and bank balances	16	3,801,895	5,344,765
		<u>28,148,046</u>	<u>35,755,593</u>
Current Liabilities			
Trade payables		3,896,244	4,370,591
Other payables and accrued expenses	17	12,534,643	12,739,916
Bank borrowings	19	46,352,640	44,560,463
Tax liabilities		456,306	456,309
Hire-purchase creditors - current portion	20	862,489	253,135
		<u>64,102,322</u>	<u>62,380,414</u>
Net Current Liabilities		(35,954,276)	(26,624,821)
Long Term and Deferred Liabilities			
Hire-purchase creditors - non-current portion	20	(125,680)	(931,496)
Long-term loans - non-current portion	21	(5,920,000)	(2,526,819)
		(6,045,680)	(3,458,315)
Minority Interest		<u>(2,349,821)</u>	<u>(785,561)</u>
Net Liabilities		<u>(19,297,539)</u>	<u>(12,643,714)</u>
(Forward)			

Company No. 4690 - V

	Note	2000 RM	1999 RM
Represented by:			
Issued capital	22	18,994.375	18,994.375
Accumulated Loss		<u>(38,291.914)</u>	<u>(31,638.089)</u>
Capital Deficiency		<u>(19,297.539)</u>	<u>(12,643.714)</u>

The accompanying Notes form an integral part of the Financial Statements.

**SIN HENG CHAN (MALAYA) BERHAD
AND ITS SUBSIDIARY COMPANIES**
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2000**

The Group	Issued Capital RM	Share Premium RM	Reserve on Consolidation RM	Accumulated Losses RM	Total RM
Balance as of January 1, 1999	18,961,375	871,960	13,806	(27,632,060)	(7,784,919)
Premium arising from shares issued	-	24,420	-	-	24,420
Net loss for the year	-	-	-	(4,916,215)	(4,916,215)
Issue of shares	<u>33,000</u>	-	-	-	<u>33,000</u>
Balance as of December 31, 1999	18,994,375	896,380	13,806	(32,548,275)	(12,643,714)
Net loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,653,825)</u>	<u>(6,653,825)</u>
Balance as of December 31, 2000	<u>18,994,375</u>	<u>896,380</u>	<u>13,806</u>	<u>(39,202,100)</u>	<u>(19,297,539)</u>

The accompanying Notes form an integral part of the Financial Statements.

**SIN HENG CHAN (MALAYA) BERHAD
AND ITS SUBSIDIARY COMPANIES**

(Incorporated in Malaysia)

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Note	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(6,689,565)	(5,295,479)
Adjustments for:			
Depreciation of property, plant and equipment		2,326,042	2,301,461
Finance costs		2,117,623	3,964,737
Provision for diminution in value of marketable securities		1,072,926	-
Provision for doubtful debts		1,067,326	1,132,832
Gain/(Loss) on disposal of marketable securities		309,281	(97,098)
Inventories written off		230,140	50,000
Expenditure carried forward written off		155,785	-
Property, plant and equipment written off		5,580	82,816
Bad debts written off		1,880	9,138
Deposit receivable written off		(7,000)	-
Interest income		(35,755)	(149,192)
(Gain)/Loss on disposal of property, plant and equipment		(50,397)	116,250
Provision for doubtful debts no longer required		(739,569)	(376,402)
Dividend income		(1,245,567)	(1,280,309)
Provision for inventory obsolescence		-	216,448
Deposit written off		-	122,185
Provision for diminution in value of marketable securities no longer required		-	(500,656)
Operating Profit/(Loss) Before Working Capital Changes		(1,481,270)	296,731
(Increase)/Decrease in inventories		(2,669,667)	1,680,535
Decrease in trade receivables		5,083,661	8,330,533
Decrease in other receivables, deposits and prepayments		1,941,157	1,893,699
Increase in fixed deposit pledged		(30,053)	(30,000)
Decrease in trade payables		(462,001)	(3,347,296)
Increase/(Decrease) in other payables and accrued expenses		(20,410)	1,197,456
Cash Generated From Operations		2,361,417	10,021,658
Finance costs paid		(2,307,835)	(3,619,445)
Income tax paid		-	(268,469)
Net Cash Generated From Operating Activities		53,582	6,133,744

(Forward)

	Note	2000 RM	1999 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		903.888	1.280.309
Proceeds from disposal of marketable securities		108.409	5.375.230
Proceeds from disposal of property, plant and equipment		61.400	448.514
Interest received		36.567	96.719
Proceeds from issue of shares		-	57.420
Additions to expenditure carried forward		-	(4.641)
Purchase of marketable securities		-	(5.331.340)
Purchase of property, plant and equipment		<u>(9.178.665)</u>	<u>(3.920.550)</u>
Net Cash Used In Investing Activities		<u>(8.068.401)</u>	<u>(1.998.339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term loan drawdown		5.500.000	2.900.000
Repayment of long-term loan		(545.175)	-
Short-term borrowings receipts		30.094.000	39.344.000
Short-term borrowings paid		(34.823.000)	(64.047.655)
Proceeds from issue of shares to minority shareholders of a subsidiary company		1.600.000	-
Repayment of lease and hire-purchase creditors		<u>(343.462)</u>	<u>(575.101)</u>
Net Cash Generated From/(Used In) Financing Activities		<u>1.482.363</u>	<u>(22.378.756)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(6,532.456)	(18,243.351)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>(19,557,106)</u>	<u>(1,313,755)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	<u>(26,089,562)</u>	<u>(19,557,106)</u>

Note: During the financial year, the Group's additions to property, plant and equipment amounted to RM9,325,665 (RM3,940,550 in 1999) of which RM147,000 (RM20,000 in 1999) was financed through hire purchase arrangements. The balance of RM9,178,665 (RM3,920,550 in 1999) was paid in cash.

The accompanying Notes form an integral part of the Financial Statements.

Company No. 4690 - V

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000

	Note	2000 RM	1999 RM
Revenue	4	1,485,567	1,280,309
Other operating income		174,940	626,003
Staff costs		(1,396,185)	(1,145,292)
Depreciation of property, plant and equipment		(497,562)	(551,575)
Other operating expenses		<u>(4,537,840)</u>	<u>(2,063,010)</u>
Loss from operations		(4,771,080)	(1,853,565)
Finance costs		(743,404)	(2,172,409)
Income from other investments		<u>144,000</u>	<u>105,364</u>
Loss before tax	5	(5,370,484)	(3,920,610)
Income tax expense	6	<u>-</u>	<u>-</u>
Net loss for the year		<u><u>(5,370,484)</u></u>	<u><u>(3,920,610)</u></u>

The accompanying Notes form an integral part of the Financial Statements.

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

BALANCE SHEET
AS OF DECEMBER 31, 2000

	Note	2000 RM	1999 RM
Property, plant and equipment	8	2,703,729	3,201,291
Investment in subsidiary companies	9	10,075,756	10,075,756
Other investments	10	596,320	596,320
Current Assets			
Other receivables, deposits and prepayments	14	3,045,251	4,587,498
Amount owing by subsidiary companies	18	1,382,755	3,759,173
Marketable securities	15	2,034,208	3,524,824
Fixed deposit, cash and bank balances	16	642,453	733,094
		<u>7,104,667</u>	<u>12,604,589</u>
Current Liabilities			
Other payables and accrued expenses	17	7,569,539	7,613,941
Amount owing to subsidiary companies	18	5,941,815	6,417,215
Bank borrowings	19	22,235,384	22,244,972
Hire-purchase creditor - current portion	20	30,404	110,802
		<u>35,777,142</u>	<u>36,386,930</u>
Net Current Liabilities		(28,672,475)	(23,782,341)
Long-Term and Deferred Liability			
Hire-purchase creditor - non-current portion	20	<u>(13,472)</u>	<u>(30,684)</u>
Net Liabilities		<u>(15,310,142)</u>	<u>(9,939,658)</u>
Represented by:			
Issued capital	22	18,994,375	18,994,375
Accumulated Loss		<u>(34,304,517)</u>	<u>(28,934,033)</u>
Capital Deficiency		<u>(15,310,142)</u>	<u>(9,939,658)</u>

The accompanying Notes form an integral part of the Financial Statements.

Company No. 4690 - V

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2000

The Company	Issued Capital RM	Share Premium RM	Accumulated Losses RM	Total RM
Balance as of January 1,1999	18.961.375	871.960	(25.909.803)	(6.076.468)
Net loss for the year	-	-	(3.920.610)	(3.920.610)
Issue of shares	33.000	-	-	33.000
Premium arising from shares issued	-	24.420	-	24.420
Balance as of December 31, 1999	18.994.375	896.380	(29.830.413)	(9.939.658)
Net loss for the year	-	-	(5.370.484)	(5.370.484)
Balance as of December 31, 2000	<u>18.994.375</u>	<u>896.380</u>	<u>(35.200.897)</u>	<u>(15.310.142)</u>

The accompanying Notes form an integral part of the Financial Statements.

SIN HENG CHAN (MALAYA) BERHAD
(Incorporated in Malaysia)

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2000

	Note	2000	1999
		RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(5,370,484)	(3,920,610)
Adjustments for:			
Provision for diminution in value of marketable securities		1,072,926	-
Finance costs		743,404	2,172,409
Depreciation of property, plant and equipment		497,562	551,575
Provision for doubtful debts		375,937	487,003
(Gain)/Loss on disposal of marketable securities		309,281	(97,098)
Deposit receivable written off		(7,000)	-
Provision for doubtful debts no longer required		(167,942)	(158,733)
Dividend income		(1,245,567)	(1,280,309)
Deposit written off		-	122,185
Provision for diminution in value of subsidiaries		-	86,198
Bad debts written off		-	9,138
Loss on disposal of property, plant and equipment		-	5,288
Interest income		-	(105,364)
Provision for diminution in value of marketable securities no longer required		-	(500,656)
Operating Loss Before Working Capital Changes		(3,791,883)	(2,628,974)
Decrease in other receivables, deposits and prepayments		2,058,768	1,658,107
Increase/(Decrease) in other payables and accrued expenses		(368,910)	1,802,826
Increase in amount owing by/(to) subsidiary companies		1,525,081	1,066,427
Cash Generated From/(Used In) Operations		(576,944)	1,898,386
Finance costs paid		(1,027,977)	(1,687,836)
Net Cash Generated From/(Used In) Operating Activities		(1,604,921)	210,550

(Forward)

	Note	2000 RM	1999 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received		903.988	1.042.657
Proceeds from disposal of marketable securities		108.409	5.472.328
Proceeds from issue of shares		-	57.420
Proceeds from disposal of property, plant and equipment		-	75.432
Interest received		-	105.364
Purchase of property, plant and equipment		-	(107.850)
Purchase of marketable securities		-	(5.428.438)
		<u>1.012.397</u>	<u>1.216.913</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire-purchase creditor		(97.610)	(223.027)
Repayment of bank borrowings		(4.670.919)	(10.514.665)
		<u>(4.768.529)</u>	<u>(10.737.692)</u>
Net Cash Used In Financing Activities			
		<u>(4.768.529)</u>	<u>(10.737.692)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(5.361.053)	(9.310.229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		<u>(8.806.878)</u>	<u>503.351</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	27	<u>(14.167.931)</u>	<u>(8.806.878)</u>

The accompanying Notes form an integral part of the Financial Statements.