

Certain hire purchase creditors of the Group amounting to about RM780,000, form part of the Scheme Creditors under the Proposal as mentioned in Note 28.

The interest rates implicit in the hire-purchase creditors of the Group and of the Company are about 6.5% to 6.8% (5.75% to 8.50% in 1999) per annum.

## 21. LONG-TERM LOANS

The long-term loans of the Group consist of:

	<b>2000</b> <b>RM</b>	<b>1999</b> <b>RM</b>
Outstanding loan principal	8,142,236	3,187,411
Less: Portion due within one year (included under bank borrowings) (Note 19)	<u>(2,222,236)</u>	<u>(660,592)</u>
Non-Current Portion	<u>5,920,000</u>	<u>2,526,819</u>

The non-current portion of the long-term loans is repayable as follows:

	<b>2000</b> <b>RM</b>	<b>1999</b> <b>RM</b>
Due within:		
2 years	1,560,000	706,819
3 years	1,560,000	585,000
4 years	1,560,000	585,000
Greater than 4 years	<u>1,240,000</u>	<u>650,000</u>
	<u>5,920,000</u>	<u>2,526,819</u>

The Group has term loan facilities obtained from local banks amounting to RM8.3 million (RM8.3 million in 1999) which bear interest at rates ranging from 8% to 9.80% (8.80% to 10.15% in 1999). The term loan facilities of certain subsidiary companies are secured by:

- i) a fixed charge on the leasehold and freehold land and buildings of the subsidiary companies with carrying values totalling about RM9,491,000 (RM3,615,000 in 1999) as of December 31, 2000;
- ii) a first fixed and floating charge on all the assets of the subsidiary companies;
- iii) corporate guarantee by the Company;
- iv) guarantee of directors of the subsidiary companies;
- v) loan cum assignment over the property of the directors of a subsidiary company;
- vi) debentures by way of a first fixed and floating charge on both present and future assets of the subsidiary companies.

Certain loan creditors of the Group and of the Company amounting to about RM3,072,000, form part of the Scheme Creditors under the Proposal as mentioned in Note 28.

## 22. SHARE CAPITAL

Share capital is represented by:

	<b>2000</b>	<b>1999</b>
	<b>RM</b>	<b>RM</b>
Authorised:		
Ordinary shares of RM1 each	<u>25,000,000</u>	<u>25,000,000</u>
Issued and fully paid:		
Ordinary shares of RM1 each		
At beginning of year	18,994,375	18,961,375
Issued during the year	<u>-</u>	<u>33,000</u>
At end of year	<u>18,994,375</u>	<u>18,994,375</u>

Under the Sin Heng Chan (Malaya) Berhad Employees' Share Option Scheme ("ESOS"), which has been approved by the shareholders and relevant authorities, 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.

## 23. SEGMENT ANALYSIS

	<b>Turnover</b>	<b>Profit/(Loss)</b>	<b>Assets</b>
	<b>RM</b>	<b>Before tax</b>	<b>Employed</b>
		<b>RM</b>	<b>RM</b>
<b>2000</b>			
By Group activity			
Feedmilling	48,151,556	(455,272)	27,639,085
Poultry breeding	17,225,130	124,114	24,485,798
Non segment	<u>1,521,785</u>	<u>(6,762,596)</u>	<u>19,557,973</u>
Consolidation adjustments	66,898,471	(7,093,754)	71,682,856
	<u>(13,437,784)</u>	<u>404,189</u>	<u>(18,482,572)</u>
	<u>53,460,687</u>	<u>(6,689,565)</u>	<u>53,200,284</u>

	Turnover RM	Profit/(Loss) Before tax RM	Assets Employed RM
<b>1999</b>			
By Group activity			
Feedmilling	57,113,440	823,609	32,618,232
Poultry breeding	12,928,365	1,268,289	14,846,575
Non segment	<u>1,991,372</u>	<u>(7,425,970)</u>	<u>25,888,832</u>
	72,033,177	(5,334,072)	73,353,639
Consolidation adjustments	<u>(7,838,800)</u>	<u>38,593</u>	<u>(19,373,063)</u>
	<u><u>64,194,377</u></u>	<u><u>(5,295,479)</u></u>	<u><u>53,980,576</u></u>

The non-segment activities comprise mainly of investment holding activities of the Company and expenses incurred by certain subsidiary companies which are not directly attributable to any significant segment.

Segmental information by geographical location has not been disclosed as the Group operates predominantly in Malaysia.

## 25. CONTINGENT LIABILITIES - UNSECURED

- (a) As of December 31, 2000, the subsidiary companies have credit facilities amounting to RM59.75 million (RM40.0 million in 1999) 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, 2000, there was a contingent disputed claim against the Group and the Company to the extent of RM8.5 million (RM7.1 million in 1999) and RM4.7 million (RM3.7 million in 1999) 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.

The said company has instituted legal proceedings in 1998 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, 2000, 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.

## 26. CAPITAL COMMITMENTS

As of December 31, 2000, the Group has the following capital commitments:

	<b>2000</b>	<b>1999</b>
	<b>RM</b>	<b>RM</b>
Approved and contracted for	2,132,219	8,088,604
Approved but not contracted for	<u>724,554</u>	<u>677,554</u>
	<u><u>2,856,773</u></u>	<u><u>8,766,158</u></u>

As of December 31, 2000, the Group has lease rental commitments in respect of rental of plant and machineries which is repayable as follows:

<b>Due In</b>	<b>RM</b>
2001	279,813
2002	305,251
2003	305,251
2004	305,251
2005	<u>152,625</u>
	<u><u>1,348,191</u></u>

27. **CASH AND CASH EQUIVALENTS**

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Fixed deposits with licensed banks	632,451	1,569,036	108,409	-
Cash and bank balances	3,049,391	3,685,729	534,044	733,094
Bank overdrafts	<u>(29,771,404)</u>	<u>(24,811,871)</u>	<u>(14,810,384)</u>	<u>(9,539,972)</u>
Total	<u>(26,089,562)</u>	<u>(19,557,106)</u>	<u>(14,167,931)</u>	<u>(8,806,878)</u>

28. **GOING-CONCERN ISSUES**

On August 11, 1999, Pengurusan Danaharta Nasional Berhad ("Danaharta") appointed Special Administrators to assume control of the assets and affairs of the Company.

The Company has a twelve (12) months moratorium period, commencing from the date of appointment of the Special Administrators ("SA"), during which creditors are prohibited from taking any legal action against the companies without prior consent of Danaharta. On August 10, 2000, the moratorium period was extended for additional 12 months to August 10, 2001.

A Proposed Scheme of Arrangement ("Proposal") to restructure the debts of the Group was approved by Danaharta on February 9, 2001 pursuant to Section 45(2) of the Pengurusan Danaharta Nasional Berhad Act, 1998 (as amended).

The Proposal provides for a proposed renounceable issue in the Company of 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 proposed rights issue has already been approved by the Securities Commission on August 30, 2000 and is currently subject to approval from relevant authorities for its implementation.

As of December 31, 2000, the Group and the Company have capital deficiency of RM19,297,539 and RM15,310,142 as a result of operational losses incurred in the current and prior years and, current liabilities exceeding current assets by RM35,954,276 and RM28,672,475 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**

(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, 2000 and of the results of the businesses and the cash flows of the Group and the Company or 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**

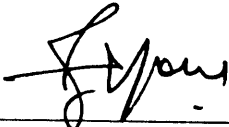


**GHAZALI BIN SAIBOO**

Kuala Lumpur  
April 25, 2001

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

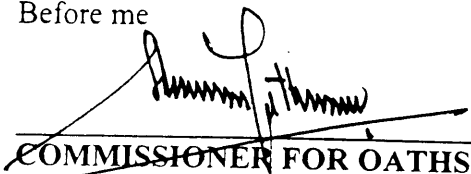
I, **FREDDIE YONG**, the Officer primarily responsible for the financial management of **SIN HENG CHAN (MALAYA) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity, are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



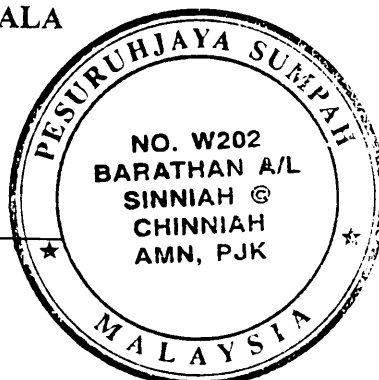
**FREDDIE YONG**

Subscribed and solemnly declared by the  
abovenamed **FREDDIE YONG** at **KUALA  
LUMPUR** this April 25, 2001.

Before me



**COMMISSIONER FOR OATHS**



Tingkat 8 Wisma UOA Damansara  
4950, Jalan Dungun,  
Bukit Damansara,  
50490 Kuala Lumpur