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HWA TAI INDUSTRIES BERHAD

Incorporated in Malaysia • Company No.: 19688-V

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HWA TAI INDUSTRIES BERHAD

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held at The Katerina Hotel, Diamond Room, Level 2, No. 8, Jalan Zabadah, 83000 Batu Pahat, Johor Darul Takzim on Monday, 24th June 2002 at 10.00 a.m.

AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2001 together with the Directors' and Auditors' Reports thereon.
2. To sanction the declaration of a first and final dividend of 3% less 28% income tax for the year ended 31 December 2001.
3. To approve payment of Directors' fee for the year ended 31 December 2001.
4. To re-elect the following Directors who retire in accordance with the Company's Articles of Association:-

Soo Thien Ming @ Soo Thien See
Lee Kah Keng @ Lee Kah Heng
Loh Poh Im
5. To re-elect Tan Sri Dato' Mohamed Yusoff Bin Mohamed who retires in accordance with Section 129(6) of the Companies Act, 1965.
6. To appoint Auditors and authorise the Directors to fix their remuneration.
7. To transact any other business appropriate to an Annual General Meeting.
8. As SPECIAL BUSINESS, to consider and, if thought fit, pass the following ordinary resolution:-

ORDINARY RESOLUTION - AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

"That, subject to the Companies Act, 1965 and the Articles of Association of the Company and approvals from the Securities Commission and the Kuala Lumpur Stock Exchange and other relevant governmental or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company from time to time upon such terms and conditions and for such purposes as the Directors may in their discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE IS ALSO GIVEN that, subject to the approval of the Shareholders at the Twenty-Seventh Annual General Meeting, the first and final dividend of 3% less 28% income tax in respect of the financial year ended 31 December 2001 will be paid to Shareholders on 22 August 2002. The entitlement date for the Dividend shall be on 8 August 2002.

A Depositor shall qualify for entitlement to the Dividend only in respect of:-

- a) Shares transferred to the Depositor's securities account before 12.30 p.m. on 8 August 2002 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

JESSICA CHIN TENG LI (MAICSA 7003181)
Secretary

Johor Darul Takzim, Malaysia
30 May 2002

**NOTES:**

A member entitled to attend and vote at the Meeting is entitled to appoint more than 2 proxies to attend and vote instead of him. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia, not less than 48 hours before the time appointed for holding the Meeting.

EXPLANATORY STATEMENT TO THE SPECIAL BUSINESS:**ORDINARY RESOLUTION**

The proposed Ordinary Resolution, if passed, will give the Directors of the Company the power to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to specifically approve such an issue of shares. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING**1) TWENTY-SEVENTH ANNUAL GENERAL MEETING**

Place : The Katerina Hotel
Diamond Room (Level 2)
No. 8, Jalan Zabedah,
83000 Batu Pahat
Johor Darul Takzim, Malaysia

Date : Monday, 24 June 2002

Time : 10.00 a.m.

2) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Twenty-Seventh Annual General Meeting are as follows:-

- i) Soo Thien Ming @ Soo Thien See
- ii) Lee Kah Keng @ Lee Kah Heng
- iii) Loh Poh Im
- iv) Tan Sri Dato' Mohamed Yusoff Bin Mohamed

3) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of the Directors standing for re-election at the forthcoming Twenty-Seventh Annual General Meeting are set out in the Directors' Profile appearing on pages 5 to 7 of this Annual Report.

4) DETAILS OF ATTENDANCE OF DIRECTORS AT DIRECTORS' MEETINGS

There were two (2) Directors' Meetings held during the financial year ended 31 December 2001. The details of attendance of the Directors are set out in the Directors' Profile appearing on page 7 of this Annual Report.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Soo Thien Ming @ Soo Thien See (Chairman)
Lee Thye @ Lee Chooi Yoke (Executive Director)
Lee Kah Keng @ Lee Kah Heng (Chief Operating Officer)
Y.M. Raja Zainal Abidin Bin Raja Hussin
Soo Suat Swon
Tan Sri Dato' Mohamed Yusoff Bin Mohamed
Loh Poh Im (Group Financial Controller)

COMPANY SECRETARY

Jessica Chin Teng Li (MAICSA 7003181)

REGISTERED OFFICE & PRINCIPAL BUSINESS ADDRESS

No. 12 Jalan Jorak
Kawasan Perindustrian Tongkang Pecah
83010 Batu Pahat
Johor Darul Takzim, Malaysia
Tel. No.: 607-4151688 Fax No.: 607-4151135

SHARE REGISTRAR

Bina Management (M) Sdn. Bhd.
Lot 10, The Highway Centre
Jalan 51/205
46050 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel. No.: 603-77843922 Fax No.: 03-77841988

AUDITORS

Monteiro & Heng
Public Accountants
22-1, Jalan Tun Sambanthan 3
50470 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

RHB Bank Berhad
Bumiputra-Commerce Bank Berhad
OCBC Bank (Malaysia) Berhad
Arab-Malaysian Bank Berhad
Bank Islam Malaysia Berhad

LISTING

Kuala Lumpur Stock Exchange Second Board



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PROFILE OF THE BOARD OF DIRECTORS

MR. SOO THIEN MING @ SOO THIEN SEE

Non-Independent Executive Director

Mr. Soo Thien Ming, Malaysian, aged 54, is the Chairman on the Board of the Company. He was appointed to the Board on 26 April 1996. Mr. Soo is a Barrister-At-Law from Lincoln's Inn, London. He is an advocate and solicitor by profession and has been in practice for 27 years. Besides being a Notary Public and Commissioner for Oaths, he is also a member of the Advocates & Solicitors' Disciplinary Board, Malaysia. He is also the Vice President of Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

He is the Chairman of the Nomination Committee and Remuneration Committee of the Company.

Mr. Soo has a direct shareholding of 849,730 ordinary shares of RM1/- each in the Company. He also has an indirect shareholding of 421,000 ordinary shares of RM1/- each in the Company. He does not have any equity holdings in its subsidiaries.

He does not have any family relationship with any directors and/or major shareholders of the Company. He also does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.

MDM. LEE THYE @ LEE CHOOI YOKE

Non-Independent Executive Director

Mdm. Lee Thye @ Lee Chooi Yoke, Malaysian, aged 55, is the Executive Director of the Company. She was appointed to the Board on 9 August 1996. She is a director of various private companies.

She does not sit on any Committees of the Company.

Mdm. Lee has an indirect shareholding of 1,133,000 ordinary shares of RM1/- each in the Company. She does not have any equity holdings in its subsidiaries.

She is the mother of Ms. Soo Suat Swon, a Director of the Company and the wife of Mr. Soo Kim Chey, a substantial shareholder of the Company.

Mdm. Lee does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.

MR. LEE KAH KENG @ LEE KAH HENG

Non-Independent Executive Director

Mr. Lee Kah Keng, Malaysian, aged 52, is the Chief Operating Officer of the Company. He was appointed to the Board on 1 February 1998. A graduate in Mechanical Engineering, he also holds a Master of Business Administration from the University of Hull, United Kingdom. He has extensive experience in the field of workshop management, solid waste management, ready mixed concrete and lime products, quarrying and general management. Prior to his appointment as the Chief Operating Officer of the Company, he was the Managing Director of Lime & Lime Products Sdn Bhd, a 100 % owned subsidiary of Megafirst Corporation Berhad and also the Executive Director of Rock Chemicals Industries Berhad.

He does not sit on any Committees of the Company.

Mr. Lee does not have any interest in the securities of the Company or its subsidiaries, neither does he have any family relationship with any directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.



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MS. SOO SUAT SWON

Non-Independent Executive Director

Ms. Soo Suat Swon, Malaysian, aged 29, was appointed to the Board on 9 August 1996. She holds a Bachelor of Science in Economics from the London School of Economics and a Masters of Business Administration from Richmond College, London. Ms. Soo is also a Director in Anson Perdana Berhad.

She sits on the Remuneration Committee of the Company.

Ms. Soo has an indirect shareholding of 46,000 ordinary shares of RM1/- each in the Company. She does not have any equity holdings in its subsidiaries.

She is the daughter of Mdm. Lee Thye, the Executive Director of the Company and Mr. Soo Kim Chey, a substantial shareholder of the Company.

Ms. Soo does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.

MDM. LOH POH IM

Non-Independent Executive Director

Mdm. Loh Poh Im, Malaysian, aged 37, is the Group Financial Controller of the Company. She was appointed to the Board on 1 December 2001. She graduated from the University of Malaya with an honours degree in Accountancy and subsequently qualified as a Registered Accountant. She is a member of the Malaysian Institute of Accountants since 1993. She has more than 10 years accounting and financial experience especially in the manufacturing sector. She has previously worked as a Senior Accountant and Accountant in multi national company as well as public listed company before joining the Company as an Accounts Manager in 1996.

She sits on the Audit Committee of the Company.

Mdm. Loh does not have any interest in the securities of the Company or its subsidiaries, neither does she have any family relationship with any directors and/or major shareholders of the Company. She does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.

Y.M. RAJA ZAINAL ABIDIN BIN RAJA HUSSIN

Independent Non-Executive Director

Y.M. Raja Zainal Abidin Bin Raja Hussin, Malaysian, aged 46, was appointed to the Board on 3 April 1992. He is an entrepreneur, starting from the development of housing projects in Johor Bahru in 1997. He is currently a director and major shareholder in a few private limited companies with business ventures in commercial building development, small and medium size housing development, trading in broadcasting equipment, forest management and replanting and investment in small and medium size manufacturing industries.

He is the Chairman of the Audit Committee and also sits on the Nomination Committee and Remuneration Committee of the Company.

Y.M. Raja Zainal Abidin does not have any interest in the securities of the Company or its subsidiaries, neither does he have any family relationship with any directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.



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YBHG. TAN SRI DATO' MOHAMED YUSOFF BIN MOHAMED

Independent Non-Executive Director

YBhg. Tan Sri Dato' Mohamed Yusoff bin Mohamed, Malaysian, aged 75, was appointed to the Board on 25 June 2001. He is a Barrister-At-Law from Lincoln's Inn, London. He was the High Court Judge in Kota Kinabalu, Kuching, Johor Bahru and Kuala Lumpur between 1974 and 1988. He has also served as a Supreme Court Judge between 1988 and 1992 before retiring in September 1992. Prior to his judgeship, he had served the judiciary from 1963 to 1968 in the capacity of President of Sessions Court and Legal Service, from 1968 to 1973 as Deputy Parliamentary Draftsman and Senior Federal Counsel in the Attorney General's Department, Kuala Lumpur. Currently, he is also a Director of Dunham-Bush (Malaysia) Berhad.

YBhg. Tan Sri Dato' Mohamed Yusoff sits on the Audit Committee and Nomination Committee of the Company.

He does not have any interest in the securities of the Company or its subsidiaries, neither does he have any family relationship with any directors and/or major shareholders of the Company. He does not have any conflict of interest with the Company nor any convictions for offences within the past 10 years.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2001

Name of Director	Date of Directors' Meeting		Total Attendance
	23/4/2001	27/11/2001	
Soo Thien Ming @ Soo Thien See	✓	✓	2 of 2
Lee Thye @ Lee Chooi Yoke	✓	✓	2 of 2
Lee Kah Keng @ Lee Kah Heng	✓	✓	2 of 2
Soo Suat Swon	✓	✓	2 of 2
Raja Zainal Abidin bin Raja Hussin	✓	✓	2 of 2
Tan Sri Dato' Mohamed Yusoff bin Mohamed			
(Appointed on 25/6/2001)	N/A	✓	1 of 1
Loh Poh Im (Appointed on 1/12/2001)	N/A	N/A	N/A

N/A – Not Applicable as these Directors were appointed after the dates of the respective meetings.



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AUDIT COMMITTEE REPORT

1. COMPOSITION OF AUDIT COMMITTEE

Y. M. Raja Zainal Abidin Bin Raja Hussin (Chairman)	Independent Non-Executive Director
Tan Sri Dato' Mohamed Yusoff Bin Mohamed (Appointed on 25 June 2001)	Independent Non-Executive Director
Loh Poh Im (Appointed on 1 December 2001)	Executive Director
Lee Kah Keng @ Lee Kah Heng (Resigned on 1 December 2001)	Executive Director

2. TERMS OF REFERENCE OF AUDIT COMMITTEE

The Terms of Reference of the Audit Committee was revised on 27 November 2001 to be consistent with the revamped Listing Requirements.

MEMBERSHIP

1. An Audit Committee shall be appointed by the Directors from among their number (except Alternate Directors) pursuant to a resolution of the Board of Directors which fulfils the following requirements:
 - (a) The Audit Committee must be composed of no fewer than 3 Members;
 - (b) A majority of the Audit Committee must be Independent Directors; and
 - (c) At least one Member of the Audit Committee:
 - (i) Must be a member of the Malaysian Institute of Accountants; or
 - (ii) If he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - (1) He must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or
 - (2) He must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.
2. The Members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Director.
3. If a Member of the Audit Committee resigns, dies or for any other reason ceases to be a Member with the result that the number of Members is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new Members as may be required to make up the minimum of 3 Members.
4. The terms of office and performance of the Audit Committee and each of its Members shall be reviewed by the Board of Directors no less than once every 3 years.

MEETINGS

1. Meetings shall be held not less than 4 times a year.
2. Upon the request of the External Auditor, the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters the External Auditor believes should be brought to the attention of the Directors or Shareholders. The External Auditor has the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Committee when required to do so by the Committee.
3. The Chairman shall convene a meeting whenever any Member of the Audit Committee requests for a meeting.
4. Written notice of the meeting together with the agenda shall be given to the Members of the Audit Committee and the External Auditor, where applicable.
5. The quorum for a meeting shall be 2 Provided Always that the majority of Members present must be Independent Directors and any decision shall be by a simple majority. The Chairman shall not have a casting vote.
6. The other Board Members, Accounts Manager, the Head of Internal Audit (if any), any employee of the Company and a representative of the External Auditors may be invited to attend meetings. If necessary, the Audit Committee shall meet with the External Auditors without any Executive Board Member present.
7. The Company Secretary shall be the secretary of the Audit Committee.



AUTHORITY

The Audit Committee is authorised by the Board of Directors to:

- a) Investigate any activity within its terms of reference.
- b) Seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee.
- c) 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.

The Audit Committee shall have direct access to the External Auditor and person(s) carrying out the internal audit procedure or activity (if any) and be able to convene meetings with the External Auditor, excluding the attendance of the Executive Members of the Audit Committee, whenever necessary.

The Audit Committee shall be empowered to appoint and remove the Internal Auditor.

DUTIES

The duties of the Audit Committee shall be:

1. To recommend the nomination of a person or persons as External Auditors.
2. To review the following and report the same to the Board of Directors:-
 - a. With the External Auditor, the audit plan;
 - b. With the External Auditor, his evaluation of the system of internal controls;
 - c. With the External Auditor, his audit report;
 - d. The assistance given by the employees of the Company to the External Auditor;
 - e. The adequacy of the scope, functions and resources of the Internal Audit functions and that it has the necessary authority to carry out its work;
 - f. The Internal Audit programme, processes, the results of the Internal Audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the Internal Audit function;
 - g. The quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - i) Changes in or implementation of major accounting policy changes;
 - ii) Significant and unusual events; and
 - iii) Compliance with accounting standards and other legal requirements;
 - h. Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - i. Any letter of resignation from the External Auditors of the Company; and
 - j. Whether there is reason (supported by grounds) to believe that the Company's External Auditor is not suitable for re-appointment; and
3. To discuss problems and reservations arising from the interim and final audits, and matters the External Auditor may wish to discuss (in the absence of management where necessary).
4. To keep under review the effectiveness of internal control systems, and in particular review the External Auditor's management letter and management's response.
5. To consider other topics, as agreed to by the Audit Committee and the Board of Directors.

PROCEDURES

Each Audit Committee may regulate its own procedure and in particular the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.



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3. AUDIT COMMITTEE MEETING

During the financial year 31 December 2001, 2 Audit Committee Meetings were held. Details of the attendance of each Committee Member are as follows:-

Name of Audit Committee Member	Attendance
Y. M. Raja Zainal Abidin Bin Raja Hussin (Chairman)	2 of 2
Lee Kah Keng @ Lee Kah Heng (Resigned on 1 December 2001)	2 of 2
Tan Sri Dato' Mohamed Yusoff Bin Mohamed (Appointed on 25 June 2001)	1 of 1
Loh Poh Im (Appointed on 1 December 2002)	N/A

N/A – Not Applicable as the Committee Member was appointed after the date of meeting.

4. ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the activities of the Audit Committee included the following:

- Reviewed and recommended for Board approval the quarterly financial results for public announcement.
- Reviewed the related party transactions that had arisen within the Company and Group.
- Reviewed and discussed the External Auditors' management letter and the major findings during the course of their year end audit and the management's response.
- Reviewed and recommended for Board approval the Group's audited financial year end statement.
- Briefed the revamped Listing Requirements among the Members.

5. INTERNAL AUDIT

An Internal Audit Department was established on 1 January 2002 to report to the Audit Committee the internal control system, management information system, and to identify principle risks and ensure the implementation of appropriate system to manage and control these risks.

The Head of Internal Audit Department shall have unrestricted access to the Committee Members and reports to the Committee.

During the year, while the internal audit function is in the process of being streamlined from accounting and operational controls to a formal and codified structure with a wider scope, the Audit Committee has relied on the discussion with the management and Executive Directors, reports from the management, reviews on quarterly financial statement and input from External Auditors to discharge its functions.



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STATEMENT OF CORPORATE GOVERNANCE

The Group takes a pro-active approach in exercising Corporate Governance, Transparency, Integrity and Accountability in the Group's operations.

As an effort to emphasize on transparency and corporate governance, Hwa Tai has enrolled as a member of the Federation of Public Listed Companies and the Malaysian Institute of Corporate Governance.

The Board fully supports and recognizes their responsibility towards good Corporate Governance and acknowledges its role in ensuring that the shareholders' interests are protected.

With the issuance of the Malaysian Code of Corporate Governance (Code) and the mandatory requirement by KLSE for listed companies to disclose their compliance with the Code, the Board has set out below a statement of how the Group has applied the principles and complied with the Best Practices contained within the Code in the year 2001.

However, it should be noted that not all formal structures were in place during the last financial year. Where appropriate, the areas not yet complied with will be explained below.

BOARD OF DIRECTORS

A. The Board.

The Board leads and controls the Group. The Board is bestowed with the duty and responsibility to ensure the interests of the shareholders are protected.

Where appropriate, formal structures and committees are in place to facilitate the Board in carrying out its duties. All Board committees report to the Board.

The Board meets on a regular and scheduled basis, at least 4 times a year.

B. Composition and Board Balance.

The Board comprises 7 members to reflect the interests of the major shareholders, management, and minority shareholders.

The Chairman heads the Board with 4 Executive Directors and 2 Independent Non Executive Directors.

The Directors together bring a wide range of business, financial, industrial and legal experience to lead the Group in the area of business strategies, performance, utilization of resources and standards of conduct.

Generally, the Executive Directors are responsible for carrying out the day to day operational functions while the Non Executive Directors will play the supporting role by contributing their knowledge and experience in the business strategic plans.

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision making process.

The Board also set up an Executive Committee in the year 1998 to assist the Board in the management of the operations of the Group.

The Exco meets regularly prior to the Board meetings and is responsible to review the performance of the Group operations and any other pertinent issues pertaining to the performance of the Group.

C. Supply of Information.

A Board report is prepared prior to the Board meeting and sufficient notice is given to the Directors to review the papers and agenda for the meeting.

Generally, the Board papers provide information on the operating results, financial, corporate development, acquisitions and disposals proposals, if any.

In furtherance of the Directors duties, all members, either as full Board or in their individual capacities, will have access to all information of the Group.

Directors are also free to seek independent advice should the need arise and have direct access to the advice and services of the Company Secretary.



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D. Appointments to the Board.

In compliance with the Code on the appointment of Directors, the Board has on 27th November 2001 set up a Nomination Committee to advise the Board on the nomination of new Board members and assess Directors on an ongoing basis.

The Nomination Committee comprises Mr. Soo Thien Ming, Chairman of the Board, Y Bhg Tan Sri Dato' Mohd Yusoff Bin Mohd, and YM Raja Zainal Abidin Bin Raja Hussin. Mr. Soo Thien Ming is the Chairman of the Nomination Committee.

The Committee shall make recommendations to the Board on the appropriate appointments of new Directors and also to fill seats on committees of the Board.

In addition, the Nomination Committee assesses the contribution of individual Board member, the effectiveness of the Board, and the committees of the Board.

The duties and responsibilities are spelt out in the Terms of Reference of the Nomination Committee.

E. Re-election.

In accordance to the Company's Articles of Association, an election of Directors shall take place each year and all Directors shall retire from office once at least in every 3 years. In addition, a Director who attains the age over 70 retires at every Annual General Meeting pursuant to the Companies Act, 1965.

DIRECTORS TRAINING

All Directors of the Company have attended the KLSE's Mandatory Accreditation Programme.

DIRECTORS REMUNERATION

The Board set up the Remuneration Committee on 27th November 2001 to review the policy and make recommendations to the Board on the remuneration package and benefits annually as accorded to the Executive Directors. The Executive Directors shall not participate in the decision makings relating to their own remunerations.

The members of the Remuneration Committee comprises Mr. Soo Thien Ming, Y.M. Raja Zainal Abidin Bin Hussin and Miss Soo Suat Swon. Mr. Soo Thien Ming is the Chairman of the Committee.

Fees payable to the Directors are recommended by the Board with the approval from shareholders at the Annual General Meeting.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure the Group attracts and retains the Directors needed to run the Group successfully, whereby the remuneration package for the Non Executive Directors will hinge on their contribution to the Group in terms of their knowledge and experience.

The breakdown of the Directors remuneration for the financial year under review is reflected in the following table:

Ranges of Remuneration (RM)	Executive Director	Non-Executive Director
RM1 – RM50,000	-	2
RM50,001 – RM100,000	1	-
RM150,001 – RM200,000	1	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	2	-

SHAREHOLDERS

Dialogue between the Group and Investors.

The Group recognizes the importance of accountability to the shareholders and as such convey information on the Group's performance, directions, other matters of interest to the shareholders by way of annual reports, relevant circulars and the issuance of press releases.



HTA INDUSTRIES KENYA LTD

Annual General Meeting

Annual General Meeting is used as a primary mode of communication to report on the Group's performance. Notice of Annual General Meeting is issued 21 days before the date of meeting.

At the Annual General Meeting, shareholders are encouraged to raise any questions pertaining to any issues regarding the Group.

The Chairman, assisted by the Directors are available to answer any queries and discuss matters pertaining to the business activities of the Group.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcements, the Directors take steps to ensure a clear, balanced and understandable assessment of the Group's positions and prospects.

The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 47 of this Annual Report.

Internal controls

The Board recognizes their responsibilities for the Group's system of internal controls to safeguard shareholders investment and Group's assets.

To cover financial together with operational and compliance controls, the Board has initiated an Internal Audit Division in 2002 to regularly review, appraise, and monitor the effectiveness of the systems of internal controls within the Group.

Audit Committee / Relationship with Auditors

The Audit Committee Report is set out on pages 8 to 10 of this Annual Report.

The role of the Audit Committee in relation to the Auditors is stated in the Audit Committee Report.



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DIRECTORS' RESPONSIBILITY STATEMENT AND OTHER INFORMATION

The Board of Directors are required under Paragraph 15.27(a) of the Listing Requirements of the Kuala Lumpur Stock Exchange to issue a statement explaining their responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cashflows of the Company and of the Group for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2001 as set out herein on pages 21 to 46 of this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders.

Revaluation Policy on Landed Properties

Landed properties at valuation are revalued at a regular interval of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued properties materially differ from the market values.

Non-Audit Fees

During the financial year, a non-audit fee of RM800/- was paid to Messrs. Monteiro & Heng for professional services in rendering auditor's certificate in respect of application for Certificate of Performance under ECR Facility of the Company.

Utilisation of Proceeds

The Company did not implement any fund raising exercise during the financial year.

Share Buy-Backs

The Company did not make any share buy-back during the financial year.

Options and Warrants

The Company did not offer any options and warrants.



HTA INDUSTRIES KENYA LTD

American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”)

The Company did not sponsor any ADR or GDR programme during the financial year.

Variation in Results

There was no material variation between the audited results for the financial year ended 31 December 2001 and the unaudited results previously released for the financial quarter ended 31 December 2001.

Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

Recurrent Related Party Transaction of a Revenue Nature

There was no recurrent related party transaction of a revenue nature which requires Shareholders’ mandate during the financial year.



HWA TAI INDUSTRIES BERHAD

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Hwa Tai Industries Berhad, I am pleased to present the 27th Annual Report and Accounts of the Group and of the Company for the year ended 31st December 2001.

OPERATING RESULTS

2001 was generally a tumultuous year for the Group due to the persistent regional crisis still hanging on, more so with the US economy slowing down coupled with the infamous 911 calamity, thus affecting the sentiments of the consumers resulting in a weaker market than expected especially towards the second half of the year.

Notwithstanding the above, the Group has surpassed the RM100million target by achieving a Group turnover of RM104.5million (2000-RM99.7million), an increase of 4.8%.

Despite the increase in turnover, group profit before tax dropped to RM2.2million (2000-RM3.6million), a decrease of 39%, mainly due to the adverse performance from the trading subsidiaries.

At the Company level, inspite of the decrease in turnover to RM54.2million(2000-RM65million), we were able to sustain the profit before tax at RM3.8million(2000-RM3.8million), mainly due to the lower operating cost resulted from effective cost saving exercises.

Net earnings per share was RM0.12(2000-RM0.19) and net tangible asset per share was RM2.14 (2000-RM2.01).

DIVIDEND

The Board proposes a first and final gross dividend of 3 sen per share (2000-5 sen per share) less 28% income tax, subject to the approval of the shareholders of the Company at the forthcoming Twenty-Seventh Annual General Meeting.

ACHIEVEMENTS

The year 2001 also saw Hwa Tai obtaining the prestigious Johor Quality Award in the Food Processing Category, testifying our continuous strive to achieve the highest product quality and excellence!

OUTLOOK AND FUTURE PROSPECTS

2001 was a nightmare to many companies due the deteriorating business conditions resulting from the slowing down of the global economy.

Our efforts will be geared towards enhancing our efficiency to compete in the tough market place and at the same time repose our position positively in the industry.

We will endeavour to launch new products and continuously implement aggressive promotional activities for the benefit of the discerning consumers.

With the launching of our new layer cakes and mini swiss rolls in June this year, we hope to further enhance our product portfolio and at the same time improve our Group turnover and profit therefrom.

Barring unforeseen circumstances, we expect the Group's performance to be optimistic during the next financial year.

DIRECTORATE

Y Bhg Tan Sri Dato' Mohd Yusoff Bin Mohd joined the Board on 25th June 2001 as Independent Non Executive Director. Ms. Loh Poh Im, the Group's Senior Manager, Finance and Administration also joined the Board on 1st December 2002 as Group Financial Controller/Director.

Y Bhg Tan Sri Dato' Mohd Yusoff Bin Mohd also sits on the Audit Committee and the Nomination Committee while Ms. Loh Poh Im sits on the Audit Committee.

The Board is confident that with their vast experience and knowledge, they will bring in valuable advice and guidance to the Group.



HTA 141 INDUSTRIES BERHAD

CORPORATE EVENTS

On 25th September 2001, the Company increased its equity interest in its subsidiary company, Acetai Corporation Sdn Bhd from 60% to 70% by subscribing for 2,870,000 ordinary shares of RM1/- each in Acetai at par.

The Company's shareholdings in Acetai Corporation Sdn Bhd were accordingly increased to 3,500,000 ordinary shares of RM1/- each after the above share subscription.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take the opportunity to thank our management and staff for their commitment, dedication and hard work rendered to achieve our Group objectives.

The Board would like to express our great appreciation and thanks to our valued customers, bankers, suppliers, business associates as well as all regulatory authorities for their support over the past years to the Group.

SOO THIEN MING @ SOO THIEN SEE

Chairman

30 May 2002



HWA TAI INDUSTRIES BERHAD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31st December 2001.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit after taxation	1,345,836	2,918,989
Minority interest	272,928	-
Net profit for the year	1,618,764	2,918,989
Unappropriated profit brought forward	15,982,405	11,531,920
Profit available for appropriation	17,601,169	14,450,909
Proposed final dividend of 3 sen per share less 28% income tax	(285,768)	(285,768)
Unappropriated profit carried forward	17,315,401	14,165,141

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 5 sen per share less income tax of 28% amounting to RM476,280/- in respect of the financial year ended 31st December 2000.

The directors now recommend the payment of a first and final dividend of 3 sen per share less income tax of 28% amounting to RM285,768/- in respect of the current financial year, subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the year have been disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps 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 adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.



CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group or of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company 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.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company has not issued any shares or debentures.

DIRECTORS

The directors in office since the date of the last report are:-

Y.M. Raja Zainal Abidin Bin Raja Hussin

Soo Thien Ming @ Soo Thien See

Soo Suat Swon

Lee Thye @ Lee Chooi Yoke

Lee Kah Keng @ Lee Kah Heng

Tan Sri Dato' Mohd Yusoff Bin Mohamed

Loh Poh Im

- appointed on 25.6.2001

- appointed on 1.12.2001



HWA TAI INDUSTRIES BERHAD

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of those directors who held office at the end of the financial year in shares in the Company during the financial year are as detailed below:-

	Number of ordinary shares of RM1/- each			
	At 1.1.2001	Bought	Sold	At 31.12.2001
Soo Thien Ming @ Soo Thien See				
- direct	849,730	-	-	849,730
- indirect	421,000	-	-	421,000
Lee Thye @ Lee Chooi Yoke				
- direct	-	-	-	-
- indirect	1,183,000	-	4,000	1,179,000

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

In accordance with the Articles of Association of the Company, Soo Thien Ming @ Soo Thien See, Lee Kah Keng @ Lee Kah Heng and Loh Poh Im retire from the Board at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Pursuant to the Articles of Association of the Company and the Companies Act, 1965, Tan Sri Dato' Mohd Yusoff Bin Mohamed retires from the Board at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed 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 the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company or any of its related corporations a party to any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

AUDITORS

The auditors, Messrs Monteiro & Heng, have expressed their willingness to continue in office.

On behalf of the Board,

.....
LEE THYE @ LEE CHOOI YOE
Director

.....
LEE KAH KENG @ LEE KAH HENG
Director

Kuala Lumpur

22 April 2002



HWA TAI INDUSTRIES BERHAD

BALANCE SHEETS

AS AT 31ST DECEMBER 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
PROPERTY, PLANT AND EQUIPMENT	3	48,375,986	36,598,161	31,360,059	25,277,044
INVESTMENT IN SUBSIDIARY COMPANIES	4	-	-	7,864,226	4,994,226
LONG TERM INVESTMENTS	5	5,141,918	5,141,918	5,141,918	5,141,918
CURRENT ASSETS					
Stocks	6	12,412,815	9,922,503	3,391,301	4,035,929
Amount due from customers for construction contracts	7	1,297,726	1,297,726	-	-
Trade debtors	8	28,294,820	25,120,836	5,614,871	5,825,101
Sundry debtors, deposits and prepayments	9	3,131,062	1,593,554	2,654,874	697,837
Tax recoverable		748,344	652,176	744,855	648,687
Amounts owing by subsidiary companies	10	-	-	13,542,106	19,629,586
Fixed deposits placed with a licensed bank		25,000	25,000	-	-
Cash and bank balances		2,909,284	1,738,218	1,068,917	1,096,426
		48,819,051	40,350,013	27,016,924	31,933,566
Less:					
CURRENT LIABILITIES					
Trade creditors		24,381,445	15,588,180	10,104,987	9,432,798
Sundry creditors and accruals		3,960,646	6,407,525	2,728,086	4,076,548
Amounts owing to subsidiary companies	11	-	-	404,75	1,772,654
Hire purchase creditors	12	960,108	1,013,198	515,704	785,593
Short term borrowings	13	24,687,513	22,599,925	20,444,592	22,450,093
Provision for taxation		3,543,391	3,577,984	-	-
Proposed dividend		285,768	476,280	285,768	476,280
		57,818,871	49,663,092	34,483,888	38,993,966
NET CURRENT LIABILITIES		(8,999,820)	(9,313,079)	(7,466,964)	(7,060,400)
GOODWILL ON CONSOLIDATION	14	2,306,921	2,649,216	-	-
		46,825,005	35,076,216	36,899,239	28,352,788
Financed by:					
SHARE CAPITAL	15	13,230,000	13,230,000	13,230,000	13,230,000
CAPITAL RESERVE	16	7,664	7,664	7,664	7,664
UNAPPROPRIATED PROFIT	17	17,315,401	15,982,405	14,165,141	11,531,920
SHAREHOLDERS' FUNDS		30,553,065	29,220,069	27,402,805	4,769,584
MINORITY INTEREST		1,292,339	827,562	-	-
LONG TERM LIABILITIES	18	13,250,501	3,649,897	8,005,434	2,422,204
DEFERRED TAXATION	19	1,729,100	1,378,688	1,491,000	1,161,000
		46,825,005	35,076,216	36,899,239	28,352,788

The accompanying notes form an integral part of these financial statements.



HWA TAI INDUSTRIES BERHAD

INCOME STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

		Group		Company	
	Note	2001 RM	2000 RM	2001 RM	2000 RM
REVENUE	20	104,508,829	99,733,133	54,284,116	65,790,158
COST OF SALES		(81,624,880)	(75,181,482)	(42,594,523)	(51,542,571)
GROSS PROFIT		22,883,949	24,551,651	11,689,593	14,247,587
Other operating income		275,543	445,022	348,123	280,871
Administrative expenses		(19,226,402)	(19,704,874)	(6,834,196)	(9,385,230)
OPERATING PROFIT	21	3,933,090	5,291,799	5,203,520	5,143,228
Finance costs	22	(1,718,538)	(1,600,876)	(1,438,978)	(1,332,636)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		2,214,552	3,690,923	3,764,542	3,810,592
Exceptional item	23	-	(92,000)	-	(92,000)
PROFIT BEFORE TAXATION		2,214,552	3,598,923	3,764,542	3,718,592
TAXATION	24	(868,716)	(1,102,709)	(845,553)	(1,000,000)
PROFIT AFTER TAXATION		1,345,836	2,496,214	2,918,989	2,718,592
Minority interest		272,928	15,400	-	-
NET PROFIT FOR THE YEAR		1,618,764	2,511,614	2,918,989	2,718,592
Earnings per ordinary share	25	0.12	0.19		

The accompanying notes form an integral part of these financial statements.



HWA TAI INDUSTRIES BERHAD

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST DECEMBER 2001

Group	Note	Share Capital RM	Capital Reserve RM	Unappropriated Profit RM	Total RM
Balance at 1st January 2000		13,230,000	7,664	13,947,071	27,184,735
Net profit for the year		-	-	2,511,614	2,511,614
Dividend	26	-	-	(476,280)	(476,280)
Balance at 31st December 2000		13,230,000	7,664	15,982,405	29,220,069
Net profit for the year		-	-	1,618,764	1,618,764
Dividend	26	-	-	(285,768)	(285,768)
Balance at 31st December 2001		13,230,000	7,664	17,315,401	30,553,065

Company					
Balance at 1st January 2000		13,230,000	7,664	9,289,608	22,527,272
Net profit for the year		-	-	2,718,592	2,718,592
Dividend	26	-	-	(476,280)	(476,280)
Balance at 31st December 2000		13,230,000	7,664	11,531,920	24,769,584
Net profit for the year		-	-	2,918,989	2,918,989
Dividend	26	-	-	(285,768)	(285,768)
Balance at 31st December 2001		13,230,000	7,664	14,165,141	27,402,805

The accompanying notes form an integral part of these financial statements.



HWA TAI INDUSTRIES BERHAD

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
FROM OPERATING ACTIVITIES:				
Profit before taxation	2,214,552	3,598,923	3,764,542	3,718,592
Adjustments for:				
Bad debts written off	-	51,306	-	1,412
Bad debts recovered	(3,362)	(16,974)	-	-
Depreciation	3,673,461	3,473,417	2,663,533	2,652,699
Property, plant and equipment written off	20,640	40,946	6,259	40,946
Interest income	(1,473)	(7,225)	(1,473)	(4,223)
Interest expenses	1,718,538	1,600,876	1,438,978	1,332,636
Gain on disposal of property, plant and equipment	(128,835)	(168,762)	(79,939)	(41,657)
Net loss arising from de-registration of a subsidiary company	8,381	-	-	-
Provision for doubtful debts	383,540	98,209	-	-
Provision for doubtful debts no longer required	(966,740)	(113,335)	(966,740)	(113,335)
Rental expenses	360,742	274,820	108,600	75,600
Operating Profit Before Working Capital Changes	7,279,444	8,832,201	6,933,760	7,662,670
(Increase)/decrease in stocks	(2,490,312)	(2,340,912)	644,628	738,101
(Increase)/decrease in debtors	(4,124,930)	3,930,872	(780,067)	1,780,131
Increase/(decrease) in creditors	6,346,386	(936,693)	(676,273)	(2,672,554)
Decrease/(increase) in amount owing by/to subsidiary companies	-	-	4,620,015	(1,409,507)
Cash Generated From Operations	7,010,588	9,485,468	10,742,063	6,098,841
Interest paid	(556,876)	(67,594)	(281,893)	(67,594)
Tax paid	(649,065)	(1,033,839)	(611,721)	(1,030,140)
Rental paid	(360,742)	(274,820)	(108,600)	(75,600)
Net Cash From Operating Activities	5,443,905	8,109,215	9,739,849	4,925,507
CASH FLOW FROM INVESTING ACTIVITIES:				
Purchases of property, plant and equipment *	(14,519,352)	(7,109,542)	(8,421,148)	(469,061)
Net transfer of property, plant and equipment (from)/to subsidiary companies	-	-	(185,141)	(4,389,057)
Net loss arising from de-registration of a subsidiary company	(8,381)	-	-	-
Acquisition of additional shares in a subsidiary company	-	-	(2,870,000)	(2)
Proceeds from sale of property, plant and equipment	312,749	667,722	263,850	329,228
Interest received	1,473	7,225	1,473	4,223
Net Cash Used In Investing Activities	(14,213,511)	(6,434,595)	(11,210,966)	(4,524,669)



HWA 141 INDUSTRIES BERHAD

CASH FLOW STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
CASH FLOW FROM FINANCING ACTIVITIES:				
Increase/(decrease) in short term borrowings	1,441,426	(644,266)	(2,010,103)	(644,266)
Drawdown of term loan	11,034,940	-	7,084,940	-
Proceeds from issue of shares by subsidiary to minority shareholders	1,080,000	-	-	-
Repayments of term loan	(1,039,444)	(1,100,805)	(971,021)	(1,040,697)
Repayment of hire purchase creditors	(1,183,291)	(1,433,733)	(849,710)	(942,178)
Interest paid	(1,161,662)	(1,533,282)	(1,157,085)	(1,265,042)
Dividend paid	(476,280)	(476,280)	(476,280)	(476,280)
Net Cash From/(Used In) Financing Activities	9,695,689	(5,188,366)	1,620,741	(4,368,463)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	926,083	(3,513,746)	149,624	(3,967,625)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	(839,210)	2,674,536	(1,506,002)	2,461,623
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	86,873	(839,210)	(1,356,378)	(1,506,002)

ANALYSIS OF CASH AND CASH EQUIVALENTS:

Cash and bank balances	2,909,284	1,738,218	1,068,917	1,096,426
Fixed deposits	25,000	25,000	-	-
Bank overdraft	(2,847,411)	(2,602,428)	(2,425,295)	(2,602,428)
	86,873	(839,210)	(1,356,378)	(1,506,002)

GROUP

- * During the year, the Group acquired property, plant and equipment amounting to RM15,655,839/- (2000 : RM8,478,532/-) of which RM1,263,735/- (2000 : RM1,483,204/-) were acquired under hire purchase. Cash payments amounting to RM127,248/- (2000 : RM114,214/-) were made towards the hire purchase.

COMPANY

- * During the year, the Company acquired property, plant and equipment amounting to RM8,751,577/- (2000 : RM1,590,051/-) of which RM352,004/- (2000 : RM1,174,386/-) were acquired under hire purchase. Cash payments amounting to RM21,575/- (2000 : RM53,396/-) were made towards the hire purchase.

The accompanying notes form an integral part of these financial statements.



HWA TAI INDUSTRIES BERHAD

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The principal activities of the Company are that of a biscuit manufacturer and investment holding. The principal activities of the subsidiary companies are disclosed in Note 4 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year.

The Company is a limited liability company, incorporated and domiciled in Malaysia, and listed on the Second Board of the Kuala Lumpur Stock Exchange.

The registered office and principal place of business of the Company are both located at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim.

The number of employees of the Group and of the Company at the end of the year was 909 (2000 : 901) and 563 (2000 : 690) respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment and comply with applicable approved accounting standards in Malaysia.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year.

The results of the subsidiary companies are consolidated on the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the effective date of their acquisition or up to the date of their disposal. The proportion of the profit or loss applicable to the minority shareholders is deducted in arriving at the profit attributable to the shareholders of the Company.

The assets and liabilities of subsidiary companies are included in the Group balance sheet whilst the interest of the minority shareholders in the net assets employed are stated separately. All significant inter-company transactions and balances are eliminated on consolidation.

The excess of purchase price over the fair value of the net assets of subsidiaries at the date of acquisition is included in the consolidated balance sheet as goodwill on consolidation and is not amortised unless, in the opinion of the directors, there is a permanent diminution in the value of the investment.

(c) Property, Plant and Equipment and Depreciation

Short leasehold properties are stated at cost or Directors' valuation in 1983 and 1985 based on valuations by professional valuers on open market value basis. (The last valuation on revalued assets was done in April 2002 which gave rise to a value above the book value in the financial statements. The revalued amount has not been incorporated in the financial statements.)

All other landed properties held by the Group and the Company are stated at cost. Freehold land are not amortised and the leasehold properties are amortised over the remaining lease periods ranging between 41 years and 99 years.

All other property, plant and equipment are stated at cost less depreciation which are provided on a straight line basis over their estimated useful lives. The principal annual rates used for this purpose are as follows:-

Freehold building	2%
Office equipment, furniture and fittings and vehicles	10% - 20%
Plant and machinery	10%
Renovation	10%

**(d) Subsidiary Companies**

A subsidiary company is a company in which the Group has a long term equity investment of more than 50% and where the Group controls the composition of its board of directors or more than half of its voting powers.

Investments in subsidiaries are stated at cost except where the directors are of the opinion that there is a permanent diminution in the value of the investment, in which case provision is made for the diminution in value.

(e) Long Term Investments

Long term investments are stated at cost. Provision for diminution in value of investments is only made where in the opinion of the directors, there is a permanent diminution in the value of the investment.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value, cost being determined on the first-in first-out basis.

Costs of manufactured finished goods and work-in-progress include direct materials, direct labour and an allocation of manufacturing overheads. Raw materials, packing materials and consumable stores comprise purchase price and carriage costs.

(g) Debtors

Debtors are carried at anticipated realisable value. A provision is made for doubtful debts based on specific review of outstanding balances at balance sheet date. General provisions are made to cover possible losses which are not specifically identified. Bad debts are written off during the financial year in which they are identified.

(h) Amount Due From/To Customers For Construction Contracts

Amount due from customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings.

Amount due to customers for construction contracts is the net amount of costs incurred plus recognised profits less the sum of recognised losses and progress billings for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(i) Hire Purchase

Assets financed by hire purchase arrangements which transfer substantially all the risks and ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment. Finance charges are charged to the income statements in equal annual instalments over the period of the respective agreements.

(j) Foreign Currency Translation

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences are taken to the income statement.

The exchange rates ruling at the balance sheet date used are as follows:-

Foreign currencies	2001 RM	2000 RM
1 United States Dollar	3.80	3.80
1 Singapore Dollar	2.05	2.20



(k) Deferred Taxation

Provision is made for deferred taxation, using the liability method, in respect of all material timing differences except where such differences are not expected to reverse in the foreseeable future.

(l) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Income Recognition

Revenue from sales of goods are recognised upon delivery of products and customer acceptance, net of sales taxes and discounts.

Rental income are recognised on an accrual basis.

(n) Recognition of Revenue and Costs on Construction Contracts

Contract revenue and costs from construction contracts are recognised on the percentage of completion method when the outcome of the contracts can be reliably estimated. Full provision is made for all anticipated losses.

The percentage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bears to the estimated total contract costs.

Costs on construction contracts include the cost of materials, direct labour, sub-contract costs and attributable overheads paid or payable to date.



HWA TAI INDUSTRIES BERHAD

3. PROPERTY, PLANT AND EQUIPMENT

Group	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in Progress RM	Total RM
2001					
Cost (except as stated otherwise)					
At 1st January 2001	20,747,067	24,334,618	8,935,386	60,289	54,077,360
Additions	15,789	388,839	1,393,051	13,858,160	15,655,839
Reclassification	-	-	59,950	(59,950)	-
Disposals/write-offs	(215,562)	(15,920)	(119,996)	(280)	(351,758)
At 31st December 2001	20,547,294	24,707,537	10,268,391	13,858,219	69,381,441
Accumulated Depreciation					
At 1st January 2001	2,209,966	10,736,163	4,533,070	-	17,479,199
Charge for the year	329,225	2,100,388	1,243,848	-	3,673,461
Reclassification	-	-	-	-	-
Disposals/write-offs	(28,219)	(14,360)	(104,626)	-	(147,205)
At 31st December 2001	2,510,972	12,822,191	5,672,292	-	21,005,455
Net Book Value at 31st December 2001	18,036,322	11,885,346	4,596,099	13,858,219	48,375,986
2000					
Cost (except as stated otherwise)					
At 1st January 2000	14,425,642	23,813,678	8,847,443	237,726	47,324,489
Additions	6,321,425	403,120	1,739,265	14,722	8,478,532
Reclassification	-	176,590	15,569	(192,159)	-
Disposals/write-offs	-	(58,770)	(1,666,891)	-	(1,725,661)
At 31st December 2000	20,747,067	24,334,618	8,935,386	60,289	54,077,360
Accumulated Depreciation					
At 1st January 2000	1,986,647	8,692,384	4,512,506	-	15,191,537
Charge for the year	223,319	2,086,859	1,163,239	-	3,473,417
Reclassification	-	-	-	-	-
Disposals/write-offs	-	(43,080)	(1,142,675)	-	(1,185,755)
At 31st December 2000	2,209,966	10,736,163	4,533,070	-	17,479,199
Net Book Value at 31st December 2000	18,537,101	13,598,455	4,402,316	60,289	36,598,161



HWA TAI INDUSTRIES BERHAD

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties consist of:-

Group	Freehold Land and Buildings RM	Long Leasehold Land and Buildings RM	Short Leasehold Land and Buildings RM	Short Leasehold Land and Buildings (At Valuation) RM	Renovation RM	Total RM
2001						
Cost (except as stated otherwise)						
At 1st January 2001	11,633,586	453,897	5,530,258	2,483,176	646,150	20,747,067
Additions	10,969	-	-	-	4,820	15,789
Disposals	-	-	(209,651)	-	(5,911)	(215,562)
At 31st December 2001	11,644,555	453,897	5,320,607	2,483,176	645,059	20,547,294
Accumulated Depreciation						
At 1st January 2001	48,012	20,318	984,324	796,243	361,069	2,209,966
Charge for the year	122,004	4,669	106,077	45,553	50,922	329,225
Disposals	-	-	(28,219)	-	-	(28,219)
At 31st December 2001	170,016	24,987	1,062,182	841,796	411,991	2,510,972
Net Book Value at 31st December 2001	11,474,539	428,910	4,258,425	1,641,380	233,068	18,036,322
2000						
Cost (except as stated otherwise)						
At 1st January 2000	5,454,430	453,897	5,414,258	2,483,176	619,881	14,425,642
Additions	6,179,156	-	116,000	-	26,269	6,321,425
At 31st December 2000	11,633,586	453,897	5,530,258	2,483,176	646,150	20,747,067
Accumulated Depreciation						
At 1st January 2000	40,008	15,649	879,004	750,689	301,297	1,986,647
Charge for the year	8,004	4,669	105,320	45,554	59,772	223,319
At 31st December 2000	48,012	20,318	984,324	796,243	361,069	2,209,966
Net Book Value at 31st December 2000	11,585,574	433,579	4,545,934	1,686,933	285,081	18,537,101



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3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Company	Properties RM	Plant and Machinery RM	Office Equipment, Furniture and Fittings and Vehicles RM	Capital Work-in Progress RM	Total RM
2001					
Cost (except as stated otherwise)					
At 1st January 2001	10,841,996	24,328,803	3,859,957	60,289	39,091,045
Additions	10,969	387,989	251,737	8,100,882	8,751,577
Reclassification	-	-	59,950	(59,950)	-
Transfer (to)/from subsidiary companies	926,873	(2,037,126)	(211,004)	-	(1,321,257)
Disposals/write-offs	(209,651)	(15,920)	(111,523)	(280)	(337,374)
At 31st December 2001	11,570,187	22,663,746	3,849,117	8,100,941	46,183,991
Accumulated Depreciation					
At 1st January 2001	1,508,319	10,732,790	1,572,892	-	13,814,001
Charge for the year	187,663	2,001,856	474,014	-	2,663,533
Reclassification	-	-	-	-	-
Transfer (to)/from subsidiary companies	-	(1,382,902)	(123,496)	-	(1,506,398)
Disposals/write-offs	(28,219)	(14,359)	(104,626)	-	(147,204)
At 31st December 2001	1,667,763	11,337,385	1,818,784	-	14,823,932
Net Book Value at 31st December 2001	9,902,424	11,326,361	2,030,333	8,100,941	31,360,059
2000					
Cost (except as stated otherwise)					
At 1st January 2000	6,333,875	23,809,513	4,020,028	237,726	34,401,142
Additions	116,000	401,470	1,057,859	14,722	1,590,051
Reclassification	-	176,590	15,569	(192,159)	-
Transfer (to)/from subsidiary companies	4,392,121	-	(44,279)	-	4,347,842
Disposals/write-offs	-	(58,770)	(1,189,220)	-	(1,247,990)
At 31st December 2000	10,841,996	24,328,803	3,859,957	60,289	39,091,045
Accumulated Depreciation					
At 1st January 2000	1,372,718	8,689,580	2,059,692	-	12,121,990
Charge for the year	135,601	2,086,290	430,808	-	2,652,699
Reclassification	-	-	-	-	-
Transfer (to)/from subsidiary companies	-	-	(41,215)	-	(41,215)
Disposals/write-offs	-	(43,080)	(876,393)	-	(919,473)
At 31st December 2000	1,508,319	10,732,790	1,572,892	-	13,814,001
Net Book Value at 31st December 2000	9,333,677	13,596,013	2,287,065	60,289	25,277,044



HWA TAI INDUSTRIES BERHAD

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Properties consist of:-

Company	Freehold Land and Buildings RM	Short Leasehold Land and Buildings (At Valuation) RM	Short Leasehold Land and Buildings RM	Renovation RM	Total RM
2001					
Cost (except as stated otherwise)					
At 1st January 2001	4,524,637	3,859,366	2,183,176	274,817	10,841,996
Additions	10,969	-	-	-	10,969
Transfer (to)/from subsidiary companies	926,873	-	-	-	926,873
Disposals	-	(209,651)	-	-	(209,651)
At 31st December 2001	5,462,479	3,649,715	2,183,176	274,817	11,570,187
Accumulated Depreciation					
At 1st January 2001	-	625,182	711,340	171,797	1,508,319
Charge for the year	61,000	72,698	39,893	14,072	187,663
Transfer (to)/from subsidiary companies	-	-	-	-	-
Disposals	-	(28,219)	-	-	(28,219)
At 31st December 2001	61,000	669,661	751,233	185,869	1,667,763
Net Book Value at 31st December 2001	5,401,479	2,980,054	1,431,943	88,948	9,902,424
2000					
Cost (except as stated otherwise)					
At 1st January 2000	132,516	3,743,366	2,183,176	274,817	6,333,875
Additions	-	116,000	-	-	116,000
Transfer (to)/from subsidiary companies	4,392,121	-	-	-	4,392,121
At 31st December 2000	4,524,637	3,859,366	2,183,176	274,817	10,841,996
Accumulated Depreciation					
At 1st January 2000	-	553,241	671,446	148,031	1,372,718
Charge for the year	-	71,941	39,894	23,766	135,601
Transfer (to)/from subsidiary companies	-	-	-	-	-
At 31st December 2000	-	625,182	711,340	171,797	1,508,319
Net Book Value at 31st December 2000	4,524,637	3,234,184	1,471,836	103,020	9,333,677



3. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) The following assets of the Group and of the Company, stated at net book value, have been charged to licenced banks to secure the bank borrowings as stated in Note 13 and 18 to the financial statements :-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At Net Book Value				
Plant and machinery	7,240,668	9,161,197	7,240,668	9,161,197
Freehold land and buildings	873,776	881,776	-	-
Leasehold land and buildings	391,037	395,287	-	-
Capital work in-progress	12,776,340	-	7,019,062	-
	21,281,821	10,438,260	14,259,730	9,161,197

- (b) The net book value of property, plant and equipment of the Group and of the Company includes the following property, plant and equipment acquired under hire purchase instalment plans:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At Net Book Value				
Motor vehicles	2,542,586	2,085,102	1,105,084	1,181,372
Plant and machinery	1,845,423	2,372,990	1,768,602	2,372,990
Office equipment	173,480	93,225	26,342	-
	4,561,489	4,551,317	2,900,028	3,554,362

- (c) Details of independent professional valuations of property, plant and equipment owned by the Group are as follows:-

	Year of Valuation	Description of Property	Revalued Amount RM	
The Company	1983	Short leasehold land	408,000) Based on professional valuation on open market value basis
The Company	1983	Short leasehold buildings	1,775,176	
Subsidiary	1985	Short leasehold land	300,000	
			2,483,176	

In April 2002, the above short leasehold land and buildings of the Group were revalued by a firm of professional valuers using the open market value basis. On prudence basis, the directors do not recommend that the revalued amount of RM3,316,463/- which is above the book value of these leasehold properties be incorporated in the financial statements.



HWA TAI INDUSTRIES BERHAD

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (d) Had the short leasehold properties* been carried at historical cost less accumulated depreciation, the net book values of the short leasehold properties* that would have been included in the financial statements at the end of the year are as follows:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Short leasehold land and buildings *	278,517	286,254	278,517	286,254

* Excluding a short leasehold property belonging to a subsidiary company which was revalued at RM300,000/- in 1985. Details of the original cost of the assets revalued are not available due to the lack of historical records.

Group

As at balance sheet date, certificates of title to the freehold land and buildings costing RM10,582,246/- (2000 : RM10,571,277/-) are in the process of being registered in the name of the Group.

Company

: As at balance sheet date, certificates of title to the freehold land and buildings costing RM5,329,963/- (2000 RM4,392,121/-) are in the process of being registered in the name of the Company.



HWA TAI INDUSTRIES BERHAD

4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 RM
Unquoted shares at cost	8,014,675	5,144,675
Less: Provision for diminution in value	(150,449)	(150,449)
	7,864,226	4,994,226

The following information relates to the subsidiaries which are all incorporated in Malaysia except as stated otherwise:-

Name of Company	Equity Held		Principal Activities	
	2001 %	2000 %		
Direct subsidiaries				
Epro Industries Sdn. Bhd. ("EISB")	100	100	Property holding	
Suria Merah Manufactory (Segamat) Sdn. Bhd. ("SMMS")	100	100	Property holding	
Hwa Tai Food Industries (Sabah) Sdn. Bhd. ("HTFIS")	100	100	Biscuit manufacturer and Property holding	
Pan Tai Trading Sdn. Bhd ("PTT")	100	100	Trading	
Satria Potensi Sdn. Bhd. ("SPSB")	100	100	Contractor	
Hwa Tai Manufacturing Sdn. Bhd. ("HTM")	100	100	Dormant	
* Acetai Corporation Sdn. Bhd. ("Acetai")	70	60	Trading	
* Keris Intan Sdn. Bhd. ("KISB")	100	100	Insurance agency	
* Hwa Tai (Sarawak) Sdn. Bhd. ("HTSB")	100	100	Dormant	
* Hwa Tai Distribution Sdn. Bhd. ("HTDSB")	100	100	Dormant	
* Hwa Tai Services Sdn. Bhd. ("HTSSB")	100	100	Dormant	
* Absolute Focus Sdn. Bhd. ("AFSB")	100	100	Dormant	
Indirect subsidiaries				
* Anika Bebas Sdn. Bhd. ("ABSB")	100	100	Trading	
* Esprit Classic Sdn. Bhd. ("ECSB")	100	100	Trading	
*+# Yield Luck International Limited ("YLIL")	-	100	Dormant	

* Subsidiaries not audited by Monteiro & Heng

+ Subsidiary incorporated in Hong Kong

The Company has been de-registered on 14th December 2001



5. LONG TERM INVESTMENTS

	Group and Company	
	2001 RM	2000 RM
Shares quoted in Malaysia - at cost	5,141,918	5,141,918
Market value	2,353,820	1,879,100

Provision for diminution in value of the quoted investments has not been made as the directors are of the opinion that the diminution is not permanent in nature.

6. STOCKS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Raw materials	982,674	992,680	580,962	992,680
Work-in-progress	387,862	382,901	356,637	382,901
Finished goods	9,480,356	6,742,230	891,779	855,656
Packing materials	1,455,344	1,700,803	1,455,344	1,700,803
Consumable stores	106,579	103,889	106,579	103,889
	12,412,815	9,922,503	3,391,301	4,035,929

7. AMOUNT DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS

	Group	
	2001 RM	2000 RM
Aggregate costs incurred to date	48,942,554	48,942,554
Recognised profits less recognised losses	21,180,705	21,180,705
	70,123,259	70,123,259
Less: Progress billings	(68,825,533)	(68,825,533)
Amount due from customers for construction contracts	1,297,726	1,297,726
Construction contract costs recognised as contract expenses during the year	-	-



8. TRADE DEBTORS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade debtors	30,892,63	27,477,853	7,081,518	7,434,488
Less: Provision for doubtful debts	(2,597,817)	(2,357,017)	(1,466,647)	(1,609,387)
	<u>28,294,820</u>	<u>25,120,836</u>	<u>5,614,871</u>	<u>5,825,101</u>

9. SUNDRY DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sundry debtors, deposits and prepayments	3,157,062	2,443,554	2,680,874	1,547,837
Less: Provision for doubtful debts	(26,000)	(850,000)	(26,000)	(850,000)
	<u>3,131,062</u>	<u>1,593,554</u>	<u>2,654,874</u>	<u>697,837</u>

Group and Company

Included in this account is an amount of RM1,080,000/- (2000 : RM Nil) owing by Murni Sakti Sdn. Bhd. ("MSSB"), a corporate shareholder of a subsidiary company. The amount owing is unsecured, bears interest at the prevailing base lending rate of licensed banks and is due for full repayment by 25th September 2004.

Subsequent to the balance sheet date, the amount owing by MSSB was settled in part by way of an offset against an amount of RM1,000,000/- due from the Company arising from the disposal of 1,000,000 ordinary shares in Acetai to the Company as disclosed in Note 31 (b) to the financial statements.

10. AMOUNTS OWING BY SUBSIDIARY COMPANIES

	Company	
	2001 RM	2000 RM
Amounts owing by subsidiary companies	14,056,102	20,143,582
Less: Provision for doubtful debts	(513,996)	(513,996)
	<u>13,542,106</u>	<u>19,629,586</u>

The amounts owing by subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

11. AMOUNTS OWING TO SUBSIDIARY COMPANIES

The amounts owing to subsidiary companies are unsecured, interest free and have no fixed terms of repayment.



12. HIRE PURCHASE CREDITORS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Minimum hire purchase payments:-				
not later than one year	1,222,324	1,317,421	649,602	1,006,559
later than one year and not later than five years	1,953,839	1,981,985	925,319	1,358,901
later than five years	16,460	-	-	-
	3,192,623	3,299,406	1,574,921	2,365,460
Future interest charges	(719,883)	(779,863)	(350,200)	(521,896)
Present value of hire purchase liabilities	2,472,740	2,519,543	1,224,721	1,843,564
Current:-				
not later than one year	960,108	1,013,198	515,704	785,593
Non-current (Note 18):-				
later than one year and not later than five years	1,500,202	1,506,345	709,017	1,057,971
later than five years	12,430	-	-	-
	1,512,632	1,506,345	709,017	1,057,971
	2,472,740	2,519,543	1,224,721	1,843,564

13. SHORT TERM BORROWINGS

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade financing facilities	16,328,346	14,886,920	12,876,817	14,886,920
Revolving credits	4,000,000	4,000,000	4,000,000	4,000,000
Bank overdrafts	2,847,411	2,602,428	2,425,295	2,602,428
Term loans repayable within one year (Note 18)	1,511,756	1,110,577	1,142,480	960,745
	24,687,513	22,599,925	20,444,592	22,450,093

The trade financing facilities, revolving credits and bank overdrafts are granted on the undertaking that the Company will not pledge or execute any charges on its assets, other than those assets under hire purchase. These borrowings bear interest at rates ranging from 7.65% to 8.05% (2000 : 7.80% to 8.30%) per annum.



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14. GOODWILL ON CONSOLIDATION

	Group	
	2001	2000
	RM	RM
Balance as at 1st January	2,649,216	2,649,216
Additions during the year	14,431	-
Minority's share of losses previously absorbed by holding company now recovered	(356,726)	-
Balance as at 31st December	<u>2,306,921</u>	<u>2,649,216</u>

15. SHARE CAPITAL

	Group and Company	
	2001	2000
	RM	RM
Ordinary shares of RM1/- each		
Authorised	1,000,000,000	1,000,000,000
Issued and fully paid	<u>13,230,000</u>	<u>13,230,000</u>

16. CAPITAL RESERVE

	Group and Company	
	2001	2000
	RM	RM
At beginning of the year/ end of the year	7,664	7,664
The capital reserve comprises:		
Surplus arising from revaluation of leasehold land and building	1,757,664	1,757,664
Bonus issue in the year of 1983	(1,750,000)	(1,750,000)
	<u>7,664</u>	<u>7,664</u>

The balance of the capital reserve is not distributable by way of dividends.

17. UNAPPROPRIATED PROFIT - distributable

Company

Subject to agreement with the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 and tax exempt income under Section 12 of Income Tax (Amendment) Act, 1999 for the distribution of its entire unappropriated profit as at 31st December 2001 by way of dividends.



18. LONG TERM LIABILITIES

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Long term loans	13,249,625	3,254,129	8,438,897	2,324,978
Less: Repayable within one year (Note 13)	(1,511,756)	(1,110,577)	(1,142,480)	(960,745)
Repayable after one year	11,737,869	2,143,552	7,296,417	1,364,233
Hire purchase creditors repayable after one year (Note 12)	1,512,632	1,506,345	709,017	1,057,971
	13,250,501	3,649,897	8,005,434	2,422,204

Group

The term loans of a subsidiary company are secured by the creation of a first legal charge over the subsidiary company's freehold and leasehold land and buildings as stated in Note 3(a) to the financial statements, and are also jointly and severally guaranteed by certain directors of the Company. The term loans bear interest at rates ranging from 1.25% to 1.75% (2000 : 1.25% to 1.75%) per annum above the base lending rate of the commercial banks.

Company

The term loans of the Company are secured by the following:-

- Negative pledge over all present and future assets of the Company (but excluding those machinery and equipment financed under hire purchase).
- Specific debenture over assets financed by the commercial bank.

The term loans bear interest at rates ranging from 1.25% % to 1.5% % (2000 : 1.25% to 1.5%) per annum above base lending rate of the commercial banks.

19. DEFERRED TAXATION

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Balance at the beginning	1,378,688	742,000	1,161,000	541,000
Transfer from income statement (Note 24)	350,412	636,688	330,000	620,000
Balance at the end	1,729,100	1,378,688	1,491,000	1,161,000

The deferred taxation is in respect of timing differences between depreciation and tax allowances on property, plant and equipment.

The tax effect on the surplus arising from the revaluation of certain properties is not provided for in the financial statements as these properties are held for long term purposes and there is no foreseeable intention to dispose of these properties.



20. REVENUE

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Sales of trading goods	47,040,658	33,942,975	-	-
Sales of manufactured goods	57,468,171	65,790,158	54,254,116	65,790,158
Contract billings	-	-	-	-
Rental income from landed properties	-	-	30,000	-
	104,508,829	99,733,133	54,284,116	65,790,158

21. OPERATING PROFIT

Operating profit is arrived at:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
After charging:-				
Audit fee				
- current year	114,300	102,400	60,000	62,000
- overprovision in prior year	(18,849)	(4,000)	(14,849)	(2,000)
Bad debts written off	-	51,306	-	1,412
Directors' remuneration				
- fees				
• current year provision	70,000	60,000	70,000	60,000
• (over)/underprovision in prior year	(10,000)	30,000	(10,000)	30,000
- other emoluments	2,034,122	1,325,320	1,149,522	734,720
Depreciation	3,673,461	3,473,417	2,663,533	2,652,699
Expenditure carried forward written off	-	1,700	-	-
Property, plant and equipment written off	20,640	40,946	6,259	40,946
Hire of vehicles	191,210	240,341	66,123	168,174
Net loss arising from de-registration of a subsidiary company	8,381	-	-	-
Realised loss on foreign exchange	7,858	47,894	929	41,618
Consultancy fee paid	-	537,250	-	285,250
Provision for doubtful debts	383,540	98,209	-	-
Provision for doubtful debts no longer required	(966,740)	(113,335)	(966,740)	(113,335)
Rental of premises	360,742	274,820	108,600	75,600
Staff costs	8,819,322	8,152,901	4,095,132	3,752,611
And crediting:-				
Gain on disposal of property, plant and equipment	128,835	168,762	79,939	41,657
Interest income	1,473	7,225	1,473	4,223
Bad debts recovered	3,362	16,974	-	-
Realised gain on foreign exchange	8,978	-	-	-



HTM 141 INDUSTRIES BERHAD

21. OPERATING PROFIT (Continued)

Details of Directors' remuneration including the estimated monetary value of benefits-in-kind are as follows:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Executive Directors				
Directors' fees				
- current	50,000	20,000	50,000	20,000
- underprovision in prior year	-	10,000	-	10,000
Other emoluments	2,022,122	1,325,320	1,137,522	734,720
Benefits-in-kind	29,500	37,900	15,900	18,000
	2,101,622	1,393,220	1,203,422	782,720
Non-Executive Directors				
Directors' fees				
- current	20,000	40,000	20,000	40,000
- (over)/underprovision in prior year	(10,000)	20,000	(10,000)	20,000
Other emoluments	12,000	-	12,000	-
Benefits-in-kind	-	-	-	-
	22,000	60,000	22,000	60,000
Grand Total				
Directors' fees				
- current	70,000	60,000	70,000	60,000
- (over)/underprovision in prior year	(10,000)	30,000	(10,000)	30,000
Other emoluments	2,034,122	1,325,320	1,149,522	734,720
Benefits-in-kind	29,500	37,900	15,900	18,000
	2,123,622	1,453,220	1,225,422	842,720

The number of Directors of the Company whose total remuneration fall within the respective ranges, were as follows:-

	Number of Directors			
	2001		2000	
	Executive Director	Executive Director	Executive Director	Executive Director
Ranges of Remuneration (RM)				
RM1 - RM50,000	-	2	-	4
RM50,001 - RM100,000	1	-	-	-
RM101,000 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	-	-	-
RM200,001 - RM250,000	-	-	-	-
RM250,001 - RM300,000	-	-	-	-
RM300,001 - RM350,000	-	-	-	-
RM350,001 - RM400,000	1	-	2	-
RM400,001 - RM450,000	2	-	-	-

**22. FINANCE COSTS**

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Banker acceptance and bills payable				
Bank overdrafts	129,723	67,594	152,170	67,594
Hire purchases	331,679	330,365	224,372	210,433
Term loans	234,855	348,036	155,262	261,770
Other interests	156,642	-	129,723	-
	1,718,538	1,600,876	1,438,978	1,332,636

23. EXCEPTIONAL ITEM

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Consultancy fee incurred in respect of disposal of quoted shares in prior year	-	(92,000)	-	(92,000)

24. TAXATION

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Income tax				
- current year provision	(516,928)	(466,021)	(515,000)	(380,000)
- overprovision in previous year	629	-	1,452	-
Deferred taxation (Note 19)				
- current year	(385,930)	(636,688)	(330,000)	(620,000)
- prior years	35,518	-	-	-
Real Property Gain Tax	(2,005)	-	(2,005)	-
	(868,716)	(1,102,709)	(845,553)	(1,000,000)

Group

The effective tax rate of the Group is higher than the statutory tax rate mainly due to certain expenses being disallowed for tax reporting purposes.

Subject to the approval of the tax authorities, the Group has estimated unabsorbed tax losses and unabsorbed capital allowances totalling approximately RM4,932,000/- (2000 : RM4,458,000/-) and RM84,000/- (2000 : RM Nil) respectively as at 31st December 2001 available for set off against future taxable profits, for which the related tax effects have not been recognised in the accounts. The benefits will only be obtained when the company and the respective subsidiary companies derive future assessable income of a nature and an amount sufficient for the tax losses and capital allowances to be utilised.

Company

The effective tax rate of the Company is lower than the statutory tax rate mainly due to the utilisation of the unabsorbed reinvestment allowance.



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25. EARNINGS PER ORDINARY SHARE

The earnings per ordinary share for the year has been calculated based on the Group's profit after taxation and minority interest of RM1,618,764/- (2000 : RM2,511,614/-) and on the number of 13,230,000 (2000 : 13,230,000) ordinary shares in issue during the year.

26. DIVIDEND

	Group and Company	
	2001	2000
	RM	RM
Proposed first and final dividend of 3 sen (2000 : 5 sen) per share less 28% income tax	285,768	476,280

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Company	
	2001	2000
	RM	RM
<i>Transactions with subsidiary companies</i>		
Sales to subsidiary companies		
- Acetai	21,386,615	25,742,174
- HTFIS	231,135	-
- PTT	1,923,229	2,398,429
Purchases from a subsidiary company		
- Acetai	-	94,090
Rental income from a subsidiary company		
- HTFIS	30,000	-
Rental of premises paid to subsidiary companies		
- Acetai	36,000	-
- EISB	24,000	24,000
- HTFIS	3,000	6,000
- SMMS	24,000	24,000
Management fees, administration fees and rental receivable/receivable from subsidiary companies		
- Acetai	-	49,503
- HTFIS	24,000	-
- KISB	60,000	60,000
- SPSB	60,000	60,000
- PTT	24,000	-
Sales commission paid to subsidiary companies		
- Acetai	4,444	6,075
- PTT	69,670	73,358
- HTFIS	1,993	-
Transfer of property, plant and equipment from subsidiary companies		
- at cost , SPSB	926,873	4,392,121
- at net book value , PTT	8,897	-
Transfer of property, plant and equipment to subsidiary companies at net book value		
- HTFIS	750,629	-
- PTT	-	3,064



HWA TAI INDUSTRIES BERHAD

27. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
<i>Transactions with directors of the Company and firm in which a director is a partner</i>				
Rental of premises paid to a director, Soo Thien Ming @ Soo Thien See	36,000	36,000	21,600	21,600
Consultancy fee paid :				
- to Soo Thien Ming & Nashrah, a firm in which a director is a partner	-	121,500	-	121,500
- to directors	-	415,750	-	163,750
Legal and professional fees paid to Soo Thien Ming & Nashrah, a firm in which a director is a partner	108,450	850	58,050	850

The directors are of the opinion that the transactions have been entered into in the normal course of business and have been established on negotiated basis.

28. CONTINGENT LIABILITIES

As at 31st December 2001, the Group and the Company are contingently liable for the following:-

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Unsecured				
Bank guarantees issued in favour of third parties	287,000	298,000	287,000	298,000
Corporate guarantees issued in favour of third parties for facilities granted to a subsidiary company to the extent of RM5,477,760/- (2000 : RM3,056,500/-)	-	-	4,080,994	730,525
Corporate guarantees issued to financial institutions for credit facilities granted to subsidiary company to the extent of RM13,900,000/- (2000 : RM13,900,000/-)	-	-	7,823,645	-
	287,000	298,000	12,191,639	1,028,525



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29. CAPITAL COMMITMENT

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
As at balance sheet date:				
- authorised capital expenditure contracted but not provided for in the financial statements	1,296,975	4,758,102	1,045,985	-
Subsequent to the balance sheet date:				
- capital expenditure authorised and contracted	-	7,735,000	-	7,735,000

30. SEGMENTAL INFORMATION

Group	Turnover RM	Profit/(Loss) Before Taxation RM	Total Assets Employed RM
Analysis by activity			
2001			
Manufacturing	57,468,171	3,696,646	48,208,309
Construction	-	(294,726)	8,612,429
Trading and others	47,040,658	(1,187,368)	47,823,138
	104,508,829	2,214,552	104,643,876
2000			
Manufacturing	65,790,158	3,718,592	37,581,024
Construction	-	(77,348)	9,735,152
Trading and others	33,942,975	(42,276)	37,423,132
	99,733,133	3,598,968	84,739,308

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical locations is not presented.

31. SUBSEQUENT EVENTS

Company

- On 12th April 2002, the Kuala Lumpur Stock Exchange ("KLSE"), upon consultation with the Securities Commission ("SC"), issued a public reprimand to the Company for failure to comply with certain provisions of the KLSE's Second Board Listing Requirement in respect of the acquisition and disposal of quoted shares during the financial years 1996 to 1999. A total penalty of RM1,187,500/- has been imposed on the Company in respect of the aforesaid breaches.
- On 1st April 2002, the Company increased its equity interest in its subsidiary company, Acetai Corporation Sdn. Bhd. ("Acetai"), from 70% to 90% by acquiring 1,000,000 ordinary shares of RM1/- each in Acetai at par from Murni Sakti Sdn. Bhd. ("MSSB") for a total consideration of RM1,000,000/- The consideration was paid by way of an offset against the amount owing by MSSB to the Company.

The Company's shareholdings in Acetai were accordingly increased to 4,500,000 ordinary shares of RM1/- each after the above acquisition.

32. RECLASSIFICATION OF ACCOUNTS

Certain comparative figures of the Group and of the Company have been reclassified to conform with their presentation in the current year.



HWA TAI INDUSTRIES BERHAD

STATEMENT BY DIRECTORS

We, **LEE THYE @ LEE CHOOI YOKE** and **LEE KAH KENG @ LEE KAH HENG**, being two of the directors of Hwa Tai Industries Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 21 to 46 are drawn up in accordance with 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 at 31st December 2001 and of the results and cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

.....
LEE THYE @ LEE CHOOI YOKE
Director

.....
LEE KAH KENG @ LEE KAH HENG
Director

Kuala Lumpur

22 April 2002

STATUTORY DECLARATION

I, **LEE THYE @ LEE CHOOI YOKE**, being the director primarily responsible for the financial management of Hwa Tai Industries Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 21 to 46 are 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.

.....
LEE THYE @ LEE CHOOI YOKE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 22 April 2002

Before me,

MOHD. RADZI BIN YASIN
Commission for Oaths



HWA TAI INDUSTRIES BERHAD

REPORT OF THE AUDITORS TO THE MEMBERS OF HWA TAI INDUSTRIES BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 21 to 46. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 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 financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and 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 at 31st December 2001 and of the results and 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 Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 4 to the financial statements.

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 those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Companies Act, 1965.

Monteiro & Heng
No. AF 0117
Chartered Accountants

Heng Ji Keng
No. 578/05/02 (J/PH)
Partner

Kuala Lumpur

22 April 2002



HT INDUSTRIES BERHAD

ANALYSIS OF SHAREHOLDINGS

AS AT 9 MAY 2002

Authorised Capital	:	RM1,000,000,000/-
Issued and fully paid-up capital	:	RM13,230,000/-
Class of Shares	:	Ordinary shares of RM1/- each fully paid
Voting Rights	:	One vote per ordinary share

SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 1,000	10	0.25	1,786	0.01
1,000 -10,000	3,893	97.32	7,056,000	53.34
10,001 -100,000	85	2.13	2,223,000	16.80
100,001-less than 5% of issued shares	11	0.28	3,269,484	24.71
5% and above of issued shares	1	0.02	679,730	5.14
Total	4,000	100.00	13,230,000	100.00

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders as per Register of Members	No. of Shares	% of Shareholdings
1. Public Nominees (Tempatan) Sdn Bhd (A/C Soo Thien Ming @ Soo Thien See)	679,730	5.14
2. Arab-Malaysian Finance Berhad (A/C Ang Cheng Ean)	574,000	4.34
3. PM Securities Sdn Bhd (A/C IVT [DONG])	531,244	4.02
4. Arab-Malaysian Finance Berhad (A/C Soo Tian Chai @ Soo Kim Chey)	450,000	3.40
5. Arab-Malaysian Finance Berhad (A/C Tan Hua Teck @ Tang Wah Teck)	339,240	2.56
6. Arab-Malaysian Finance Berhad (A/C Koh Pee Kiat)	292,000	2.21
7. DB (Malaysia) Nominee (Tempatan) Sdn Bhd (A/C See Ai Chin)	229,000	1.73
8. HLG Nominee (Asing) Sdn Bhd (A/C Shogun Investment Limited)	200,000	1.51
9. HLG Nominee (Asing) Sdn Bhd (A/C Silver Arrow Investment Limited)	196,000	1.48
10. Soo Thien Ming @ Soo Thien See	170,000	1.28
11. Siaw Kit Leong	145,000	1.10
12. Thong & Kay Hian Nominees (Asing) Sdn Bhd (A/C Lim Suryanti)	143,000	1.08
13. Arab-Malaysian Finance Berhad (A/C Wong Ah Moi)	100,000	0.76
14. Halim Securities Sdn Bhd	98,000	0.74
15. Arab-Malaysian Finance Berhad (A/C Woo Weng Kian @ Eric Woo Weng Kian)	85,000	0.64
16. Khoh Swee Hoe	69,000	0.52
17. Zakiah Binti AB Samat	65,000	0.49
18. Alliancegroup Nominees (Tempatan) Sdn Bhd (A/C Ong Kee Chak)	61,000	0.46
19. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Contend Investments Limited)	61,000	0.46
20. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Flourish Holdings Limited)	61,000	0.46
21. Lim Soh Bee	55,000	0.42
22. DB (Malaysia) Nominee (Asing) Sdn Bhd (A/C Promote International Limited)	50,000	0.38
23. Tan Tiong Ghee	50,000	0.38
24. Noor Salbina Binti Sajad	48,000	0.36
25. Purnama Pelangi Sdn Bhd	46,000	0.35
26. Tan Jin Tuan	43,000	0.33
27. Yap Shing @ Yap Sue Kim	43,000	0.33
28. Che Wan Mohd Zuhaimi Bin Che Wan Hussain	41,000	0.31
29. Cimsec Nominees (Tempatan) Sdn Bhd (A/C Tay Kian Chuan)	41,000	0.31
30. Citicorp Nominees (Tempatan) Sdn Bhd (A/C Mohamad Mastam Bin Abd Jalil)	38,000	0.29
Total	5,004,214	37.82



HTA 141 INDUSTRIES BERHAD

SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders (excluding bare trustees) of the Company:

Name of Substantial Shareholder	Direct Interest	%	Indirect Interest	%	Total Interest	%
	(A)		(B)		(A) + (B)	
Soo Thien Ming @ Soo Thien See	849,730	6.42	421,000	3.18	1,270,730	9.60
Lee Thye @ Lee Chooi Yoke	-	-	1,133,000	8.56	1,133,000	8.56
Soo Tian Chai @ Soo Kim Chey	712,000	5.38	421,000	3.18	1,133,000	8.56

DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings required to be kept under Section 134 of the Companies Act, 1965, the directors' interest in the ordinary share capital of the Company are as follows:

Name of Substantial Shareholder	Direct Interest	%	Indirect Interest	%	Total Interest	%
	(A)		(B)		(A) + (B)	
Soo Thien Ming @ Soo Thien See	849,730	6.42	421,000	3.18	1,270,730	9.60
Lee Thye @ Lee Chooi Yoke	-	-	1,133,000	8.56	1,133,000	8.56
Soo Suat Swon	-	-	46,000	0.35	46,000	0.35

None of the other directors hold any share of the Company or its related company.



HWA HAI INDUSTRIES BERHAD

LIST OF GROUP PROPERTIES

HELD AS AT 31/12/01

		Land	Build up			Date of		Estimated	Net
	Location	Area	Area	Tenure	Description	Acquisition /	Date of	Age of	Book
		(Sq.ft.)	(Sq.ft.)			Revaluation	Expiry	Building	Value
						(Year)	(Year)	(years)	(RM)
1	Lot No. PTD 1098&1099 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor	87,120	56,150	Leasehold	Factory land & Industrial buildings (Own Occupation)	1983 (R)	2037	24	1,827,046
2	Lot No. PTD 881 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor	21,780	6,600	Leasehold	Factory land & Industrial buildings (Own Occupation)	1991	2035	22	350,092
3	Lot No. PTD 2680 & 2681 at Mukim Linau, District of Batu Pahat Johor	1,540 (per unit)	1,540 (per unit)	Freehold	2 units single storey terrace houses (Own Occupation)	1991	-	10	132,516
4	Lot No. PT 1130 & 1131 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540 (per unit)	4,613 (per unit)	Freehold	2 units 3 storey shop office (Vacant)	1999	-	3	682,885
5	Lot No. PT 1132& 1133& 1134 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540 (per unit)	4,613 (per unit)	Freehold	3 units 3 storey shop office (Vacant)	1999	-	3	1,455,000
6	Lot No. PT 1135 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,990	5,977	Freehold	1 unit 3 storey shop office (Vacant)	1999	-	3	619,967
7	Lot No. PT 1136 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,908	5,737	Freehold	1 unit 3 storey shop office (Vacant)	1999	-	3	596,036



HT INDUSTRIES BERHAD

		Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition / Revaluation (Year)	Date of Expiry (Year)	Estimated Age of Building (years)	Net Book Value (RM)
8	Lot No. PT 1137 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	3,176	9,540	Freehold	1 unit 3 storey shop office (Vacant)	1999	-	3	992,233
9	H.S.(D) 17336-17337 Lot No. PT 1126-1127 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540 (per unit)	4,613 (per unit)	Freehold	2 unit 3 storey shop office (Vacant)	2000	-	3	608,500
10	H.S.(D) 17282 Lot No. PT 1072 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540	4,613	Freehold	1 unit 3 storey shop office (Vacant)	2000	-	3	314,342
11	Lot No. PTD 1731 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor	43,560	23,745	Leasehold	Factory land & Industrial buildings (Own Occupation)	1985 (R)	2039	19	478,115
12	Lot No. PTD 1171 at Mukim Linau, Tongkang Pecah Industrial Estate, District of Batu Pahat, Johor	43,560	19,670	Leasehold	Factory land & Industrial buildings (Own Occupation)	1978	2038	22	621,217
13	Lot No. PTD 40 & 41 Lot Kawi Light Industrial Estate, District of Kota Kinabalu, Sabah	121,908	49,237	Leasehold	Factory land & Industrial buildings (Own Occupation)	1989	2042	10	2,661,208
14	Lot No. PT 25809 at Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	4,000	6,680	Freehold	2 1/2 storey terrace factory (Own Occupation)	1992	-	8	436,888
15	Lot No. PT 25810 at Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	4,000	5,880	Freehold	2 1/2 storey terrace factory (Own Occupation)	1992	-	8	436,888



HT INDUSTRIES BERHAD

		Land Area (Sq.ft.)	Build up Area (Sq.ft.)	Tenure	Description	Date of Acquisition / Revaluation (Year)	Date of Expiry (Year)	Estimated Age of Building (years)	Net Book Value (RM)
16	Lot No. PT. 133946 at Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan	7,276	5,220	Leasehold	1 1/2 storey detached factory (Own Occupation)	1996	2094	6	391,038
17	H.S.(M) 13714 P.T.3476 Mukim Petaling, Tempat Seri Kembangan Negeri Selangor Darul Ehsan	176,226	N/A	Leasehold	Vacant industrial land	2001	2089	N/A	5,757,278
18	H.S.(D) 17771 Lot No. PT 1561 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	2,545	7,645	Freehold	1 unit 3 storey shop office (Vacant)	2000	-	3	805,283
19	H.S.(D) 17772& 17774-17780 Lot No. PT 1562& 1564-1570 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540 (per unit)	4,613 (per unit)	Freehold	8 unit 3 storey shop office (Vacant)	2000	-	3	3,880,000
20	H.S.(D) 17781 Lot No. PT 1571 Bandar Dataran Segar at Village of Lukut District of Port Dickson, Negeri Sembilan Darul Khusus	1,540	4,611	Freehold	1 unit 3 storey shop office (Vacant)	2000	-	3	514,000

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HWA TAI INDUSTRIES BERHAD

FORM OF PROXY

I / We,
 of
 being a member of HWA TAI INDUSTRIES BERHAD, here appoint
 of
 or failing him
 of or failing him,
 the Chairman of the Meeting, as my / our proxy, to vote for me / us and on my / our behalf at the Twenty-Seventh Annual General Meeting of the Company to be held on 24 June 2002 and at any adjournment thereof in the manner indicated below in respect of the following Resolutions:-

Resolutions relating to:

	For	Against
1. The adoption of Financial Statements and Reports	()	()
2. The declaration of a first and final dividend	()	()
3. The payment of Directors' fees	()	()
4. The re-election of Directors:-		
Soo Thien Ming @ Soo Thien See	()	()
Lee Kah Keng @ Lee Kah Heng	()	()
Loh Poh Im	()	()
5. The re-election of Tan Sri Dato' Mohamed Yusoff Bin Mohamed	()	()
6. Appointment of Auditors and their remuneration	()	()
7. Ordinary Resolution	()	()

Please indicate with (X) how you wish your vote to be cast.

No. of Shares Held : ()

Date:

Signature:

NOTES:

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint more than 2 proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) Where a member appoints 2 or more proxies, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (3) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of such securities account.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its Common Seal or signed by an officer or attorney so authorised.
- (5) The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 12, Jalan Jorak, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor Darul Takzim, Malaysia not less than 48 hours before the time set for holding the meeting or any adjournment thereof.

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20/10/20

THE SECRETARY
HWA TAI INDUSTRIES BERHAD
NO 12 JALAN LORAK
KAWASAN PERINDUSTRIAN TONGKANG PECAH
83010 BATU PAHAT
JOHOR DARUL TAKZIM
MALAYSIA

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