



KIA LIM BERHAD

Incorporated in Malaysia (Company No : 342868-P)

Annual Report 1999

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting of Kia Lim Berhad will be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor, Malaysia on Tuesday, 16 May 2000, at 11.00 am.

AGENDA

Ordinary Business

1. To receive and adopt the Audited Statement of Accounts for the year ended 31 December 1999 together with the Directors' and Auditors' Report thereon.
2. To approve the payment of Directors' Fees for the year ended 31 December 1999.
3. To re-elect the following Directors who retire in accordance with Article 80 of the Company's Articles of Association and being eligible, offer themselves for re-election:-
 - i) Mr. Ng Yeng Keng @ Ng Ka Hiatt
 - ii) Mr. Ng Chuan Kim @ Ng Yan Chong
 - iii) Mr. Tan See Chip
4. To re-appoint Messrs Ernst & Young as Auditors of the Company and authorise the Directors to fix their remuneration.

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

Special Business

5. To consider and, if thought fit, to pass the following Ordinary Resolution :-

AUTHORITY TO ALLOT SHARES - SECTION 132D

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute 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 the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 7

6. To consider and, if thought fit, to pass the following Ordinary Resolution :-

APPROVAL FOR SUBSTANTIAL PROPERTY TRANSACTIONS INVOLVING DIRECTORS - SECTION 132 E

"THAT in accordance with Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions with the Directors of the Company or any person connected with such Directors (within the meaning of section 122A, Companies Act, 1965) whereby the Company or its related corporations may acquire from or dispose to such Directors or connected persons non-cash assets including but not limited to capital equipment and related machineries and/or any other assets or products of the Company or its related corporations provided that such acquisitions or disposals are on commercial terms and in the ordinary course of business, such authority will continue to be in force until the conclusion of the next Annual General Meeting and THAT for the avoidance of doubt, any such transactions entered into by the Company or its subsidiaries with the Directors or connected persons prior to the date of this resolution be and are hereby approved and ratified."

Resolution 8

Notice of Annual General Meeting

7. To transact any other business appropriate to an Annual General Meeting.

Notes :

1. A member of the Company entitled to attend and vote at the Meeting shall not be entitled to appoint more than two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. A proxy shall be a member of the Company and if he is not a member of the Company, he shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
4. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 633, 6th Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Explanatory Notes On Special Business:

1. Resolution Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution, if passed, will empower the Directors 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. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval.

2. Resolution Pursuant to Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangement or transaction with its directors or persons connected with such directors in respect of the acquisition from or disposal to such directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of the arrangement or transaction, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net asset, subject to minimum of ten thousand ringgit.

The proposed Ordinary Resolution, if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its directors or connected persons, products, services or any non-cash assets which may fall within the definition of "requisite value", provided that such acquisition or disposals are on normal commercial terms.

BY ORDER OF THE BOARD

LEONG OI WAH (MAICSA NO. 7023802)

LEONG SIEW FOONG (MAICSA NO. 7007572)

Company Secretaries

Johor Bahru
28 April 2000

Board of Directors



(I) **DATUK NG ENG SOS @ BAH CHIK** DMSM., DSM., KMN., PPN., PIS.
Chairman & Managing Director



(II)



(III)



(IV)



(V)



(VI)



(VII)



(VIII)



(IX)

(II) **EN. ARISS BIN SAMSUDIN** DSM.
Vice Chairman & Executive Director

(III) **MR. NG YENG KENG @ NG KA HIAT**
Executive Director

(IV) **MR. NG CHUAN KIM @ NG YAN CHONG**
Executive Director

(V) **MR. TAN SEE CHIP**
Executive Director

(VI) **DR. NG YAM PUAN @ NGAH BAH**
Director

(VII) **EN. MOHD SALLEH BIN JANTAN**
Director

(VIII) **MR. LOH CHEE KAN**
Director

(IX) **MR. TAN SENG KEE**
Director

Corporate Information

DIRECTORS Datuk Ng Eng Sos @ Bah Chik
 Ariss Bin Samsudin
 Ng Yeng Keng @ Ng Ka Hiatt
 Ng Chuan Kim @ Ng Yan Chong
 Tan See Chip
 Ng Yam Puan @ Ng Ah Bah
 Mohd Salleh Bin Jantan
 Tan Seng Kee
 Loh Chee Kan

SECRETARIES Leong Oi Wah
 Leong Siew Foong

REGISTERED OFFICE Suite 633, 6th Floor
 PanGlobal Plaza
 Jalan Wong Ah Fook
 80000 Johor Bahru
 Johor Darul Ta'zim
 Telephone : 07-2223536

SHARE REGISTRAR Signet & Co. Sdn. Bhd.
 11th Floor, Tower Block
 Kompleks Antarabangsa
 Jalan Sultan Ismail
 50250 Kuala Lumpur
 Telephone : 03- 2619788

AUDITORS Ernst & Young
 Public Accountants

PRINCIPAL BANKERS Aseambankers Malaysia Berhad
 Bumiputra-Commerce Bank Berhad
 Heong Leong Bank Berhad
 Malaysian Industrial Development Finance Berhad
 Oriental Bank Berhad
 RHB Bank Berhad

STOCK EXCHANGE Main Board of the Kuala Lumpur Stock Exchange

Terms of Reference for Audit Committee

The Board of Directors established an Audit Committee on 16 April 1996 in compliance with Sections 15A and 344A of Kuala Lumpur Stock Exchange Main Board Listing Requirements.

The Members are :

Loh Chee Kan - Chairman / Independent Non-Executive Director
 Tan Seng Kee - Independent Non-Executive Director
 Ng Yeng Keng @ Ng Ka Hiatt - Executive Director

The Audit Committee shall be governed by the following terms of reference :

COMPOSITION

The Committee shall be appointed by the Board from amongst their number (pursuant to a resolution of the Board of Directors) and shall consist of not fewer than three members of whom a majority shall not be:

- executive directors of the Company or any related corporation;
- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the company or of any related corporation; or
- any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Committee shall select a Chairman from among their number who is not an executive director or employee of the Company or of any related corporation.

If a member of the Committee resigns, dies or for any other reason ceases to be 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 number of 3 members.

The Company Secretary shall be the Secretary of the Committee.

Terms of Reference for Audit Committee

AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice.

FUNCTIONS

The functions of the Committee shall be:

- (a) to review
 - (1) with the external auditor, the audit plan;
 - (2) with the external auditor, his evaluation of the system;
 - (3) with the external auditor, his audit report;
 - (4) the assistance given by the Company's officers to the auditor;
 - (5) the scope and results of the internal audit procedures; and
 - (6) the balance-sheet and profit and loss account of the Company and if it is a holding company, the consolidated balance-sheet and profit and loss account, submitted to it by the Company or the holding company, and thereafter to submit them to the directors of the Company or the holding company;
 - (7) any related party transactions that may arise within the Company or Group; and
- (b) to consider the nomination of a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

MEETINGS AND REPORTING PROCEDURES

- (a) The Committee shall meet as the Chairman deems necessary but not less than two times a year.
- (b) The Chairman shall be entitled, where deemed appropriate, to invite any person(s) to meetings of the Committee.
- (c) The Secretary is responsible for-
 - (1) sending out notices of meetings; and
 - (2) preparing and keeping minutes of meetings.
- (d) The Committee meeting minutes are to be extended to the Chairman of Kia Lim Berhad who will report to the Board of Directors.

QUORUM

Two members of the Committee present at the meeting shall constitute a quorum.

Chairman's Statement



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On behalf of the Board of Directors,
I am pleased to present the Annual Report of Kia Lim Group
of Companies for the fiscal year 1999

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FINANCIAL PERFORMANCE Kia Lim Group (KLG) achieved turnover of RM27.5 million for the year ended 31 December 1999. This is an increase of RM3.6 million compared to the RM23.9 million achieved in the fiscal year 1998. The higher turnover was attributed to the higher demands for KLG products brought forth by the recovery in the construction industry and the commissioning of a new factory for the production of high quality pavers and facing bricks.

KLG recorded a loss of RM11.7 million after taxation in the year ended 31 December 1999 compared to a loss of RM3.7 million in the year ended 31 December 1998. The increased loss, on the back of a higher sales volume was principally due to the depressed selling prices, higher fuel costs, as well as higher depreciation and interest charges following the commissioning of the new paver factory.

BUSINESS OUTLOOK & PROSPECTS

The new paver factory had been successfully commissioned during the year, and its overall performance has been up to expectation in line with our contract with the German equipment supplier. Demand for the pavers has also been very encouraging, particularly in areas like the Federal Territory and Johor. With the continued competitive exchange rate of the Ringgit, the Group is also actively exploring the potential of exporting the products to regional markets like Singapore, Japan and Taiwan.

Following the Government's initiatives to stabilise the economy and stimulate economic activities, the overall confidence in the country's economy has brightened considerably. The 4.5% GDP growth and the reduced contraction of only 3.6% in the construction sector in 1999, indicate a renewed business confidence and that the country's economic recovery is on the right track. These, coupled with favourable financing facilities, will further encourage the resumption of construction activities and housing projects, which in turn will lead to increase demand for the Group's products.

DIVIDENDS

The Board does not recommend any dividends which is subject to the approval of the members at the coming Annual General Meeting.

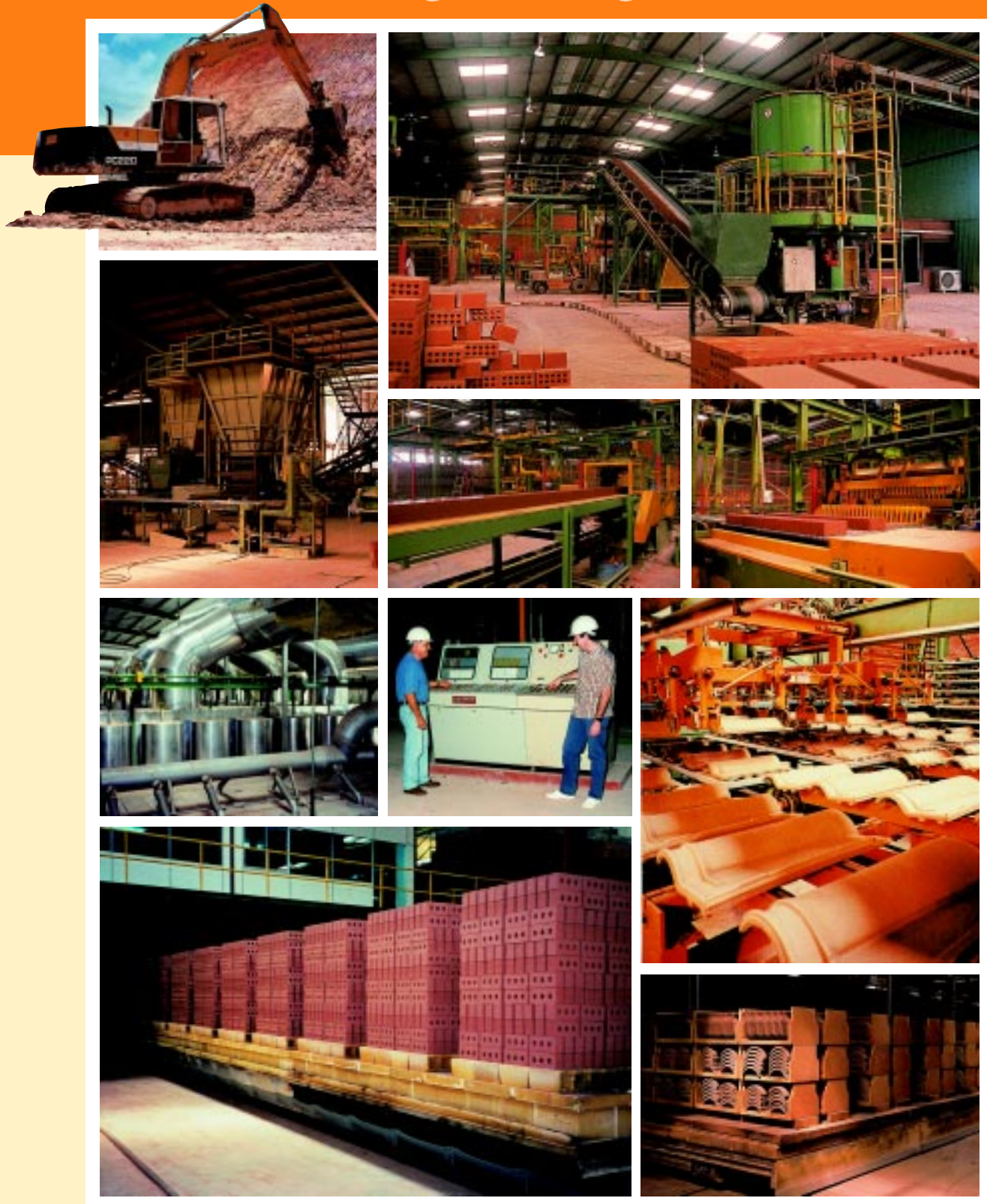
APPRECIATION

On behalf of the Board of Directors, I wish to express our sincere gratitude to the Government authorities, financial institutions, customers, suppliers and business associates for their patience and invaluable support in helping us mitigate problems encountered. I would like to thank the management and our employees for their continuing dedication and commitment to our organisation.

Datuk Ng Eng Sos @ Bah Chik
(DMSM., DSM., KMN., PPN., PIS.)
Chairman & Managing Director

11 April 2000

Manufacturing in Progress...



End Products and Their Usage...



Directors' Report

The Directors present their report together with the audited accounts of the Group and of the Company for the financial year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiary and associated companies are as disclosed under Notes 3 and 4 to the accounts.

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

RESULTS

	Group RM	Company RM
Loss after taxation	(11,690,630)	(159,031)
Retained profits brought forward	12,479,484	774,314
Profits available for distribution	<u>788,854</u>	<u>615,283</u>

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the accounts.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

During the financial year, the Company paid a final dividend of 1% less 28% tax, amounting to RM291,600 in respect of the previous financial year and as proposed in the Directors' Report for that year.

The Directors do not propose any dividend in respect of the current financial year.

Directors' Report

DIRECTORS

The Director who held office since the date of the last report and at the date of this report are:

Datuk Ng Eng Sos @ Bah Chik
 Ariss Bin Samsudin
 Ng Yeng Keng @ Ng Ka Hiat
 Ng Chuan Kim @ Ng Yan Chong
 Tan See Chip
 Ng Yam Puan @ Ng Ah Bah
 Mohd Salleh Bin Jantan
 Tan Seng Kee
 Loh Chee Kan

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company is a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The following Directors who held office at the end of the financial year had, according to the registers required to be kept under Section 134 of the Companies Act, 1965, an interest in the shares in the Company and its related corporations as stated below:

	Number of ordinary shares of RM1 each			
	Balance at 1.1.1999	Bought	Sold	Balance at 31.12.1999
The Company				
Direct interest				
Datuk Ng Eng Sos @ Bah Chik	963,379	101,000	204,000	860,379
Ng Yeng Keng @ Ng Ka Hiat	712,055	50,000	35,000	727,055
Ng Chuan Kim @ Ng Yan Chong	326,092	-	-	326,092
Tan See Chip	785,935	-	-	785,935
Ng Yam Puan @ Ng Ah Bah	390,499	50,083	50,000	390,582
Mohd Salleh Bin Jantan	1,168,416	-	-	1,168,416
Ariss Bin Samsudin	303,000	2,000	-	305,000
Deemed interest				
Datuk Ng Eng Sos @ Bah Chik	19,198,199	1,099,994	682,000	19,616,193
Ng Yeng Keng @ Ng Ka Hiat	19,198,199	1,099,994	682,000	19,616,193
Ng Chuan Kim @ Ng Yan Chong	10,476,473	470,000	182,000	10,764,473
Tan See Chip	6,970,853	188,000	181,000	6,977,853
Ng Yam Puan @ Ng Ah Bah	19,198,199	1,099,994	682,000	19,616,193

Directors' Report

DIRECTORS (Cont'd)

Datuk Ng Eng Sos @ Bah Chik, Ng Yeng Keng @ Ng Ka Hiat, Ng Chuan Kim @ Ng Yan Chong and Ng Yam Puan @ Ng Ah Bah, by virtue of their interest in the Company, are deemed interested in the shares of the subsidiary companies to the extent that the Company has an interest.

In accordance with Article 80 of the Articles of Association of the Company, Ng Yeng Keng @ Ng Ka Hiat, Ng Chuan Kim @ Ng Yan Chong and Tan See Chip shall retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts) 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 required to be disclosed by Section 169(8) of the Companies Act, 1965 other than certain Directors who may be deemed to derive a benefit by virtue of those transactions entered in the ordinary course of business between the Company or its related corporations and companies in which the Directors have substantial financial interest.

OTHER STATUTORY INFORMATION

- (a) Before the profit and loss accounts and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there was no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render :
- (i) it necessary to write off any debts or the amount of provision for doubtful debts of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributable to current assets in the accounts of the Group and of the Company misleading or inappropriate.
- (c) 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.

Directors' Report

- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or accounts of the Group and of the Company which would render any amount stated in the accounts and consolidated accounts misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group and of the Company which 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 which has arisen since the end of the financial year.
- (f) In the opinion of the Directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to accept re-appointment as auditors.

ON BEHALF OF THE BOARD,

DATUK NG ENG SOS @ BAH CHIK
 Director

NG YENG KENG @ NG KA HIAT
 Director

Batu Pahat
 10 March 2000

Statement by Directors

We, DATUK NG ENG SOS @ BAH CHIK and NG YENG KENG @ NG KA HIAT, being two of the Directors of KIA LIM BERHAD, do hereby state that, in the opinion of the Directors, the accounts set out on pages 18 to 31 are drawn up in accordance with approved accounting standard so as to give a true and fair view of :

- (i) the state of affairs of the Group and of the Company as at 31 December 1999; and
- (ii) the results of the Group and of the Company and the cash flows of the Group for the year ended 31 December 1999.

On behalf of the Board,

DATUK NG ENG SOS @ BAH CHIK
Director

NG YENG KENG @ NG KA HIAT
Director

Batu Pahat
10 March 2000

Statutory Declaration

I, DATUK NG ENG SOS @ BAH CHIK, being the Director primarily responsible for the financial management of KIA LIM BERHAD, do solemnly and sincerely declare that the accounts set out on pages 18 to 31 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by)
the abovenamed DATUK NG ENG SOS @)
BAH CHIK at Batu Pahat in the State of)
Johor Darul Ta'zim on 10 March 2000)
DATUK NG ENG SOS @ BAH CHIK

Before me,

Ng Swee Chiang
Commissioner for Oaths
No. J 004

Auditors' Report

To the Members of Kia Lim Berhad

We have audited the accounts set out on pages 18 to 31. These accounts are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and 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 31 December 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts and consolidated accounts.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's accounts are in form and content appropriate and proper for the purposes of the preparation of the consolidated accounts and we have received satisfactory information and explanations required by us for those purposes.

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

Ernst & Young
AF : 0039
Public Accountants

Wun Mow Sang
1821/12/00 (J)
Partner

Johor Bahru
10 March 2000

Balance Sheets

As at 31 December 1999

	Note	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
FIXED ASSETS	2	109,026,287	111,734,166	1,403,021	1,226,319
SUBSIDIARY COMPANIES	3	-	-	45,577,317	46,375,839
ASSOCIATED COMPANY	4	105,905	106,113	-	-
INVESTMENTS	5	1,417,819	1,628,188	-	-
CURRENT ASSETS					
Stocks	6	8,898,725	11,209,696	-	-
Debtors	7	10,753,621	11,230,284	25,000	22,255
Deposits with licensed banks	8	27,750	27,750	-	-
Cash and bank balances		10,724	7,856	7,153	828
		19,690,820	22,475,586	32,153	23,083
CURRENT LIABILITIES					
Creditors	9	18,569,659	14,064,195	442,342	814,300
Taxation		1,224,192	2,015,475	1,200	2,730
Proposed dividend		-	291,600	-	291,600
Bank and other borrowings	10	20,785,397	16,501,404	510,245	192,156
		40,579,248	32,872,674	953,787	1,300,786
NET CURRENT LIABILITIES		(20,888,428)	(10,397,088)	(921,634)	(1,277,703)
		89,661,583	103,071,379	46,058,704	46,324,455
SHARE CAPITAL	11	40,500,000	40,500,000	40,500,000	40,500,000
RESERVES	12	5,247,669	16,938,299	5,074,098	5,233,129
SHAREHOLDERS' FUND		45,747,669	57,438,299	45,574,098	45,733,129
DEFERRED LIABILITIES	13	43,913,914	45,633,080	484,606	591,326
		89,661,583	103,071,379	46,058,704	46,324,455

The notes on pages 21 to 31 form an integral part of these accounts.

Profit and Loss Accounts

For the year ended 31 December 1999

	Note	Group		Company	
		1999 RM	1998 RM	1999 RM	1998 RM
Turnover	14	27,508,806	23,861,155	-	-
Cost of sales		27,165,812	18,807,568	-	-
Operating loss	15	(12,692,243)	(5,581,557)	(158,761)	(135,119)
Share of loss of associated company		(66)	(66,302)	-	-
Loss before taxation		(12,692,309)	(5,647,859)	(158,761)	(135,119)
Taxation	16	1,001,679	1,922,424	(270)	(3,000)
Loss after taxation		(11,690,630)	(3,725,435)	(159,031)	(138,119)
Retained profits brought forward		12,479,484	16,496,519	774,314	1,204,033
Profits available for distribution		788,854	12,771,084	615,283	1,065,914
Dividend	17	-	(291,600)	-	(291,600)
Retained profits carried forward	12	788,854	12,479,484	615,283	774,314
Loss per share (sen)	18	(29)	(9)		

The notes on pages 21 to 31 form an integral part of these accounts.

Consolidated Statement of Cash Flows

For the year ended 31 December 1999

	1999 RM	1998 RM
Cash flows from operating activities		
Loss before taxation	(12,692,309)	(5,647,859)
Adjustments for :		
Depreciation of fixed assets	6,755,034	5,699,447
Interest expense	4,710,022	4,590,873
Interest income	(2,871)	(12,224)
Fixed assets written off	-	6,377
Gain on disposal of fixed assets	(344,333)	(95,099)
Loss on disposal of fixed assets	83,844	-
Provision for diminution in value of fixed assets	97,609	195,219
Share of loss of associated company	66	66,302
Operating (loss)/profit before working capital changes	(1,392,938)	4,803,036
Decrease/(increase) in stocks	2,310,971	(2,711,349)
Decrease in trade and other receivables	400,873	4,008,729
Increase in trade and other payables	4,527,784	5,527,026
Cash generated from operations	5,846,690	11,627,442
Tax paid	(374,228)	(631,526)
Interest received	2,871	12,224
Interest paid	(4,710,022)	(4,590,873)
<i>Net cash from operating activities</i>	765,311	6,417,267
Cash flows from investing activities		
Purchase of fixed assets	(5,037,476)	(21,710,410)
Purchase of quoted investment	-	(501,816)
Sales proceeds on disposal of fixed assets	1,363,570	184,203
<i>Net cash used in investing activities</i>	(3,673,906)	(22,028,023)
Cash flows from financing activities		
Proceeds from trade facilities	2,207,700	4,627,623
Proceeds from term loans	-	7,393,639
Proceeds from hire purchase financing	720,550	4,931,813
Repayment of term loans	(356,787)	(1,456,084)
Repayment of hire purchase liabilities	(1,368,850)	(1,008,925)
Dividend paid	(291,600)	(874,800)
<i>Net cash from financing activities</i>	911,013	13,613,266
Net decrease in cash and cash equivalents	(1,997,582)	(1,997,490)
Cash and cash equivalents at beginning	(4,928,979)	(2,931,489)
Cash and cash equivalents at end (Note 19)	(6,926,561)	(4,928,979)

The notes on pages 21 to 31 form an integral part of these accounts.

Notes to the Accounts

31 December 1999

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The accounts of the Group and of the Company are prepared under the historical cost convention and comply with approved accounting standards issued by the Malaysian Accounting Standards Board.

(b) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other assets is calculated on the straight line method to write off the cost of the assets over the estimated useful lives as follows :

Buildings	10 - 50 years
Plant and machinery	5 - 16 years
Other assets	5 - 10 years

Subsequent restoration costs relating to an item of fixed asset that has been recognised, are capitalised only if such costs improve the condition of the asset beyond its originally assessed standard of performance. All other subsequent expenditure are recognised as an expense in the year in which it is incurred.

(c) Basis of Consolidation

The consolidated accounts incorporate the accounts of the Company and its subsidiary companies made up for the financial year ended 31 December. The accounts of the subsidiary companies are consolidated using the merger method of accounting in accordance with Malaysian Accounting Standard 2.

Under the merger method of accounting, the results of subsidiary companies are presented as if the companies have been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital of the subsidiary companies are treated as a reserve arising on consolidation if the carrying value of the investments is less than the nominal value of the shares transferred or treated as a reduction of reserves where the carrying value is more than the nominal value of the shares transferred. All significant intercompany balances have been eliminated.

(d) Associated Company

An associated company is a company in which the Group has a long term equity interest of between 20 and 50 per cent and where it exercises significant influence through Board representation.

The Group's share of results and reserve of associated company acquired or disposed are included in the consolidated accounts from the date of acquisition or up to the date of disposal.

Notes to the Accounts

SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**(e) Investments**

Long term investments are stated at cost, unless in the opinion of the Directors, there has been a permanent diminution in values, in which case provision is made for the diminution. Investment properties are not amortised.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete and slow moving items. Work-in-progress and finished goods are determined at average production cost. Raw materials are valued at cost determined on the weighted average basis and consumables are valued at cost on a first-in-first-out basis.

Cost includes the actual cost of material and incidentals in bringing the stocks into store. For manufactured stocks, it also includes labour and an appropriate allocation of the relevant overhead expenses.

(g) Debtors

Known bad debts are written off and specific provisions made for any debts which are considered doubtful of collection.

(h) Foreign Currencies

Transactions in foreign currencies are recorded in Ringgit Malaysia at the exchange rates ruling at the dates of transaction or at contracted rates, where applicable. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. All gains and losses are included in the profit and loss account.

(i) Deferred Taxation

Deferred taxation is provided for on material timing differences using the liability method except where it can be demonstrated with reasonable probability that the deferrals will continue in the foreseeable future. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

(j) Investment Income

Dividends from subsidiary and associated companies are recognised as and when they are proposed or declared while dividends from other investments are recognised as and when they are received.

(k) Borrowing Cost

Borrowing cost are capitalised as part of the cost of an asset when incurred specifically for assets which on acquisition, construction or production requires a substantial period of time to get them ready for their intended use. Capitalisation of borrowing cost ceases when the asset is ready for its intended use.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash balances net of bank overdrafts.

Notes to the Accounts

2. FIXED ASSETS

GROUP	Freehold land and building	Plant and machinery	Other assets	Total
	RM	RM	RM	RM
Cost				
At beginning of the year	14,317,574	67,646,495	58,135,107	140,099,176
Additions	693,615	3,358,993	984,868	5,037,476
Disposals	(636,585)	(536,882)	(91,947)	(1,265,414)
Reclassification	4,060,178	42,406,160	(46,466,338)	-
At end of the year	18,434,782	112,874,766	12,561,690	143,871,238
Accumulated Depreciation				
At beginning of the year	1,430,132	20,219,384	6,520,275	28,169,791
Charge for the year	316,563	5,668,355	770,116	6,755,034
Disposals	-	(282,255)	(90,447)	(372,702)
At end of the year	1,746,695	25,605,484	7,199,944	34,552,123
Provision for diminution in value				
At beginning of the year	-	195,219	-	195,219
Additions	-	97,609	-	97,609
At end of the year	-	292,828	-	292,828
Net Book Value				
At 31.12.1999	16,688,087	86,976,454	5,361,746	109,026,287
At 31.12.1998	12,887,442	47,231,892	51,614,832	111,734,166
COMPANY				
Cost				
At beginning of the year	-	-	1,282,637	1,282,637
Additions	-	-	194,298	194,298
At end of the year	-	-	1,476,935	1,476,935
Accumulated Depreciation				
At beginning of the year	-	-	56,318	56,318
Charge for the year	-	-	17,596	17,596
At end of the year	-	-	73,914	73,914
Net Book Value				
At 31.12.1999	-	-	1,403,021	1,403,021
At 31.12.1998	-	-	1,226,319	1,226,319

Notes to the Accounts

FIXED ASSETS (Cont'd)

Certain assets of the Group have been pledged as security for banking facilities obtained by a subsidiary company as mentioned in Note 10 to the accounts.

In the course of upgrading a subsidiary company's production facilities, certain plant and machinery in excess of requirements are being held for disposal. These assets have been stated at their estimated recoverable amounts amounting to RM1,268,923 (1998 : RM1,366,532), net of provision for diminution in value of RM292,828 (1998 : RM195,219). In determining the estimated recoverable amounts, no attempt has been made to estimate expected future cash flows and discount them to their present values.

Other assets of the Group and of the Company include capital work-in-progress of RM2,960,791 (1998 : RM 49,009,621) and RM1,383,105 (1998 : RM1,190,057) respectively which comprise expenditures incurred for shop-houses, labour quarters and office suite under construction. During the year, borrowing costs amounting to RM4,551,885 (1998 : RM2,844,772) and RM65,231 (1998 : RM35,268) were capitalised in capital work-in-progress of the Group and of the Company respectively.

The balance of the amounts yet to be incurred for these capital work-in-progress and not provided for is disclosed as capital commitments in Note 21 to the accounts.

The net book value of assets being acquired under instalment purchase plans is as follows :

	Group	
	1999 RM	1998 RM
Motor vehicles	515,656	906,980
Office equipment	56,183	244,158
Plant and machinery	7,260,450	6,168,145

The gross amount of assets of the Group which are fully depreciated but still in use amounted to RM11,045,633 (1998 : RM10,357,522).

3. SUBSIDIARY COMPANIES

	Company	
	1999 RM	1998 RM
Unquoted shares, at cost	29,616,709	29,616,709
Advances made to subsidiary companies	1,353,441	2,019,130
Advances received from subsidiary companies	(132,833)	-
Loans to subsidiary companies	14,740,000	14,740,000
	45,577,317	46,375,839

The subsidiary companies, which are incorporated in Malaysia, are :

Name of company	Principal activity	Effective equity interest	
		1999	1998
Kangkar Raya Batu Bata Sdn. Bhd.	Manufacturing of bricks and roofing tiles	100%	100%
Syarikat Kia Lim Kilang Batu Bata Sdn. Bhd.	Manufacturing of bricks	100%	100%

The advances to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. The loans to subsidiary companies are unsecured, interest free and not expected to be repaid within the next 12 months.

Notes to the Accounts

4. ASSOCIATED COMPANY

	Group	
	1999 RM	1998 RM
Unquoted shares, at cost	54,000	54,000
Group's share of post-acquisition profits	51,905	52,113
	105,905	106,113
The Group's interest in associated company is as follows :		
Share of net assets of associated company	101,201	101,409
Goodwill on acquisition	4,704	4,704
	105,905	106,113

The associated company, which is incorporated in Malaysia, is:-

Name of company	Principal activity	Effective equity interest	
		1999	1998
Sersen Tiles Sdn. Bhd.	Property owner	27%	27%

5. INVESTMENTS

	Group	
	1999 RM	1998 RM
At cost		
Shares quoted in Malaysia	916,003	916,003
Warrants quoted in Malaysia	501,816	501,816
Investment properties	-	210,369
	1,417,819	1,628,188
Market value of quoted shares	1,330,953	1,642,603
Market value of quoted warrants	307,780	459,440

6. STOCKS

	Group	
	1999 RM	1998 RM
Raw materials	4,747,100	4,930,989
Indirect materials	1,977,771	1,937,972
Work-in-progress	256,146	135,140
Finished products	1,917,708	4,205,595
	8,898,725	11,209,696

Notes to the Accounts

7. DEBTORS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Trade debtors	10,685,252	10,411,598	-	-
Other debtors	1,408,659	1,570,068	25,000	22,255
	12,093,911	11,981,666	25,000	22,255
Provision for doubtful debts	(1,340,290)	(751,382)	-	-
	10,753,621	11,230,284	25,000	22,255

Included in trade debtors of the Group are debts owing by related parties amounting to RM1,570,981 (1998 : RM4,805,693).

8. DEPOSITS WITH LICENSED BANK

These deposits are pledged as security for guarantee facilities.

9. CREDITORS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Hire purchase creditors	5,926,138	6,749,424	-	-
Interest in suspense	(1,543,536)	(1,718,521)	-	-
	4,382,602	5,030,903	-	-
Repayment due after 1 year disclosed under deferred liabilities (Note 13)	(2,840,697)	(3,470,233)	-	-
Repayment due less than 1 year	1,541,905	1,560,670	-	-
Trade creditors	6,404,675	4,641,398	-	-
Other creditors	10,445,437	7,693,584	351,942	711,389
Directors	177,642	168,543	90,400	102,911
	18,569,659	14,064,195	442,342	814,300

The future hire purchase payments are as follows :

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Year ending December 31				
1999	-	2,031,759	-	-
2000	2,048,109	1,676,347	-	-
2001	1,745,168	3,041,318	-	-
2002	2,132,861	-	-	-
	5,926,138	6,749,424	-	-

Notes to the Accounts

CREDITORS (Cont'd)

Included in trade and other creditors of the Group and Company are debts owing to related parties amounting to RM3,441,351 (1998 : RM4,240,698) and RM20,418 (1998 : RM462,625) respectively.

Also included in trade creditors of the Group is an unsecured amount of RM Nil (1998 : RM198,100) owing to a company in which certain Directors have substantial financial interest and bears interest ranging from 10.65% to 11.05% (1998 : 11.05% to 15.8%) per annum with no fixed term of repayment.

10. BANK AND OTHER BORROWINGS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Term loans	45,481,629	45,838,416	688,205	731,964
Portion repayable after 1 year disclosed under deferred liabilities (Note 13)	(41,073,217)	(41,505,847)	(484,606)	(591,326)
Portion repayable less than 1 year	4,408,412	4,332,569	203,599	140,638
Bankers' acceptance	7,732,000	5,882,000	-	-
Revolving credit	1,707,700	1,350,000	-	-
Bank overdrafts	6,937,285	4,936,835	306,646	51,518
	20,785,397	16,501,404	510,245	192,156

The above borrowings are secured by way of corporate guarantees from the Company and a fixed charge on all present and future assets of certain subsidiary company.

The term loans are repayable over 4 to 7 years and bear interest at rates ranging from 7.75% to 9.75% (1998 : 7.7% to 15.3%) per annum.

The other bank borrowings are repayable on demand and bear interest at rates ranging from 2% to 2.5% (1998 : 1.75% to 3%) above the bank's base lending rate per annum.

11. SHARE CAPITAL

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Authorised				
Shares of RM1 each	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
Ordinary shares of RM1 each	40,500,000	40,500,000	40,500,000	40,500,000

During the year, the Company submitted an application for the proposed establishment of an Employees Share Option Scheme to the Securities Commission ("SC") and other relevant authorities for approval. As at the date of this report, the approval from other relevant authorities is still pending whilst approval from SC has been obtained.

Notes to the Accounts

12. RESERVES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Non-Distributable				
Share premium	4,458,815	4,458,815	4,458,815	4,458,815
Distributable				
Profit and loss account	788,854	12,479,484	615,283	774,314
	5,247,669	16,938,299	5,074,098	5,233,129

Based on estimated tax credits available under Section 108 of the Income Tax Act, 1967 which are subject to agreement with the Inland Revenue Board, the entire retained profits of the Company are available for distribution by way of dividend without incurring additional tax liability.

The ability of the Company to distribute its retained earnings is subject to restrictions contained in Section 365 of the Companies Act, 1965. In general (unless exempted from the section), a company is allowed to declare dividends (after making deductions for income tax, if any) for a financial year of an amount not exceeding the after-tax profit of that financial year or not exceeding the average dividends declared in respect of the two financial years immediately preceding that financial year, whichever is the greater. Any after-tax profit not declared as dividends for any financial year commencing on or after 1 July 1997 may be accumulated and paid out as dividends in any subsequent financial year.

Although it was announced on 29 October 1999 in the 2000 Budget speech that the aforesaid restriction be removed with immediate effect, the amendment of Section 365 of the Companies Act, 1965 has thus far not been gazetted.

13. DEFERRED LIABILITIES

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Deferred taxation				
At beginning of the year	657,000	2,686,000	-	-
Transfer to profit and loss account (Note 16)	(657,000)	(2,029,000)	-	-
At end of the year	-	657,000	-	-
Term loans (Note 10)	41,073,217	41,505,847	484,606	591,326
Hire purchase creditors (Note 9)	2,840,697	3,470,233	-	-
	43,913,914	45,633,080	484,606	591,326

Notes to the Accounts

14. TURNOVER

Turnover of the Group represents invoiced value of goods sold less returns and trade discounts. Intra-group transactions are excluded from the Group's turnover. Turnover of the Company comprises gross dividend income.

15. OPERATING LOSS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
This is arrived at after charging :				
Auditors' remuneration	30,000	30,000	5,000	5,000
Depreciation of fixed assets	6,755,034	5,699,447	17,596	17,596
Directors' fees	53,900	107,800	25,200	50,400
Directors' other emoluments	642,660	791,526	6,000	7,000
Fees paid to a company of which certain Directors are members	-	19,430	-	7,430
Fixed assets written off	-	6,377	-	-
Interest expense	4,710,022	4,590,873	25,372	437
Loss on disposal of fixed assets	83,844	-	-	-
Provision for diminution in value of fixed assets	97,609	195,219	-	-
Rental of motor vehicles	20,000	24,000	-	-
Rental of premises	209,400	210,000	-	30,000
And crediting :				
Dividend from quoted shares	-	26,923	-	-
Foreign exchange gain	46,404	207,108	-	-
Gain on disposal of fixed assets	344,333	95,099	-	-
Interest income	2,871	12,224	-	10,216
Rental income	539,171	242,490	-	-

The estimated monetary value of benefits provided to Directors during the financial year by way of usage of the Group and Company's assets and provision of other benefits amounted to RM6,600 (1998 : RM13,200).

Notes to the Accounts

16. TAXATION

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Malaysian taxation based on profit for the year :				
Current tax	-	210,000	-	3,000
Deferred tax (Note 13)	(657,000)	(2,029,000)	-	-
Share of taxation of associated company	142	(21)	-	-
	(656,858)	(1,819,021)	-	3,000
(Over)/under provision in prior years	(344,821)	(103,403)	270	-
	(1,001,679)	(1,922,424)	270	3,000

No provision for taxation is necessary as the Group and Company have no chargeable income.

17. DIVIDEND

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Proposed final dividend - Nil (1998 : 1% less 28% tax)	-	291,600	-	291,600

18. LOSS PER SHARE

The loss per share is calculated based on the Group's loss after taxation of RM11,690,630 (1998 : RM3,725,435) on the total number of ordinary shares in issue during the year of 40,500,000 (1998 : 40,500,000).

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts :

	Group	
	1999 RM	1998 RM
Cash and bank balances	10,724	7,856
Bank overdrafts	(6,937,285)	(4,936,835)
	(6,926,561)	(4,928,979)

Notes to the Accounts

20. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
To/(from) related parties :				
Sales	241,006	6,213,619	-	-
Purchases of fixed assets	(185,086)	(1,307,769)	-	-
Purchases of finished goods	(104,790)	(73,290)	-	-
Purchases of raw materials	(15,625)	(416,009)	-	-
Other purchases	(164,017)	(528,355)	-	-
Interest payable	2,528	37,899	-	-
Management fees payable	-	12,000	-	-
Repair and maintenance charges payable	139,430	421,793	-	-
Rental payable	246,800	196,800	-	30,000
Transport charges payable	511,147	1,958,169	-	-
Other charges payable	128,143	88,808	-	-

The above transactions have been entered in the normal course of business and established under mutually agreed terms.

Related parties are those enterprises where significant influence can be exercised over the parties through common directors and shareholders.

21. CAPITAL COMMITMENTS

	Group		Company	
	1999 RM	1998 RM	1999 RM	1998 RM
Contracted but not provided	227,000	797,000	103,000	128,000
Approved but not contracted	-	2,000,000	-	-

22. CONTINGENT LIABILITY

	Company	
	1999 RM	1998 RM
Corporate guarantees given to secure banking and trade facilities granted to subsidiary companies	92,743,188	92,137,448

23. SEGMENTAL REPORTING

There is no disclosure of segmental information as required by International Accounting Standard 14 (Reporting Financial Information by Segment) as the Group operates principally within one industry and one country.

Statement of Shareholdings

As at 20 March 2000

Authorised capital	: RM 100,000,000
Issued and fully paid-up capital	: RM 40,500,000
Class of shares	: Ordinary shares of RM1.00 each
Voting rights	: One vote per RM1.00 share

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares
1 - 499	1	0.04	434	0.00
500 - 5,000	2,053	86.12	3,762,613	9.29
5,001 - 10,000	153	6.42	1,256,000	3.10
10,001 - 100,000	131	5.49	3,933,248	9.71
100,001 - 1,000,000	40	1.68	11,977,798	29.58
Over 1,000,000	6	0.25	19,569,907	48.32
	<u>2,384</u>	<u>100.00</u>	<u>40,500,000</u>	<u>100.00</u>

TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	Number of Shares	Percentage of Shares
1. RHB Capital Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account for Kia Lim Timber Trading Sdn. Bhd.	6,440,270	15.90
2. Kia Lim Realty Sdn. Bhd.	5,947,853	14.69
3. Permodalan Nasional Berhad	4,124,895	10.18
4. Ng Hoo Tee Holdings Sdn. Bhd.	2,572,682	6.35
5. Kia Lim Timber Trading Sdn. Bhd.	1,587,450	3.92
6. Mohd Salleh Bin Jantan	1,126,416	2.78
7. Mayban Securities Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For Ng Hoo Tee Holdings Sdn. Bhd.	1,097,938	2.71
8. Mayban Securities Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For Kia Lim Realty Sdn. Bhd.	875,000	2.16

Statement of Shareholdings

TWENTY LARGEST SHAREHOLDERS (Cont'd)

Name of Shareholder	Number of Shares	Percentage of Shares
9. Ng Yan Kian	835,692	2.06
10. Mayban Securities Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For Kia Lim Timber Trading Sdn. Bhd.	824,000	2.03
11. Tan See Chip	785,935	1.94
12. Datuk Ng Eng Sos @ Bah Chik	461,789	1.14
13. Bumiputra-Commerce Trustee Berhad Amanah saham Darul Iman	439,000	1.08
14. Syarikat Nominee Bumiputra (Tempatan) Sdn. Bhd. • Pledged Securities Account For Datuk Ng Eng Sos @ Bah Chik	391,590	0.97
15. Peninsula Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For Kour Siok Leen	385,264	0.95
16. Ng Chuan Kim @ Ng Yan Chong	326,092	0.81
17. Chin Choon Lan	312,000	0.77
18. Ariss Bin Samsudin	305,000	0.75
19. Mayban Securities Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For Goh May Lee	216,000	0.53
20. HLB Nominees (Tempatan) Sdn. Bhd. • Pledged Securities Account For South Johor Securities Sdn. Bhd.	216,000	0.53

Statement of Shareholdings

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act,1965, the following are the substantial shareholders of the Company:-

Shareholder	No. of Shares	
	Direct Interest	Deemed Interest
1. E. S. Ng Holding Sdn. Bhd.	-	6,980,853 A
2. Eng Lee @ Ng Hoe Sai	178,304	6,980,853 A
3. Kia Lim Realty Sdn. Bhd.	6,822,853	158,000 B
4. Kia Lim Timber Trading Sdn. Bhd.	8,851,720	274,000 C
5. Lim Teh	-	6,980,853 A
6. Mohd Salleh Bin Jantan	1,168,416	-
7. Mayban Securities Nominees (Tempatan) Sdn. Bhd. #	3,160,938	-
- Ng Hoo Tee Holdings Sdn. Bhd.	1,097,938	
- Kia Lim Timber Trading Sdn. Bhd.	824,000	
- Kia Lim Realty Sdn. Bhd.	875,000	
8. Ng Hoo Tee Holdings Sdn. Bhd.	3,670,620	116,000 D
9. Datuk Ng Eng Sos @ Bah Chik	860,379	19,619,193 E
10. Ng Yeng Keng @ Ng Ka Hiatt	672,055	19,619,193 E
11. Ng Chuan Kim @ Ng Yan Chong	326,092	10,767,473 F
12. Ng Yam Puan @ Ng Ah Bah	390,582	19,619,193 E
13. Ng Yan Kian	858,692	19,619,193 E
14. Ng Hor Huat @ Ng Eh Wat	143,304	6,980,853 A
15. Ng Eng Seng	516,610	6,980,853 A
16. Ng Chin Lan	-	6,980,853 A
17. Ng Cheng Chai	-	6,980,853 A
18. Ng Cheng Choon	-	6,980,853 A
19. Ng Chin Kiat	-	6,980,853 A
20. Ng Chin Ching	-	6,980,853 A
21. Ng Chin Kang	-	9,125,720 G
22. Ng Ho Teck Enterprise Sdn. Bhd.	-	6,980,853 A
23. Ng Yan Kuan	-	6,980,853 A
24. Ng Yan Tai	-	6,980,853 A
25. Ng Yan Teat	-	6,980,853 A
26. Ng Yen Kar	-	6,980,853 A
27. Ng Guat Tee @ Ng Guat Hua	39,000	6,980,853 A
28. Permodalan Nasional Berhad	4,124,895	-
29. Peninsula Nominees (Tempatan) Sdn. Bhd. *	930,318	-

Statement of Shareholdings

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Shareholder	No. of Shares	
	Direct Interest	Deemed Interest
30. RHB Capital Nominees (Tempatan) Sdn. Bhd. # - Kia Lim Timber Trading Sdn. Bhd.	6,450,270 6,440,270	-
31. Tan See Chip	785,935	6,980,853 A
32. Tan See Chip Sdn. Bhd.	-	6,980,853 A
33. Tan Sue Seng	-	6,980,853 A
34. Tan Sue See	-	6,980,853 A
35. Tan Sue Sian	-	6,980,853 A
36. Tan Sue Yee	-	6,980,853 A
37. Yayasan Pelaburan Bumiputra	-	4,124,895 H

Notes:

- A. Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd. and Sersen Tiles Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - B. Deemed to have indirect interest through its shareholding in Sersen Tiles Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - C. Deemed to have indirect interest through its shareholding in Sersen Tiles Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - D. Deemed to have indirect interest through its shareholding in Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - E. Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd., Kia Lim Timber Trading Sdn. Bhd., Sersen Tiles Sdn. Bhd., Ban Dung Palm Oil Industries Sdn. Bhd. and Ng Hoo Tee Holdings Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - F. Deemed to have indirect interest through his shareholding in Kia Lim Realty Sdn. Bhd., Sersen Tiles Sdn. Bhd., Ng Hoo Tee Holdings Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - G. Deemed to have indirect interest through his shareholding in Kia Lim Timber Trading Sdn. Bhd., Sersen Tiles Sdn. Bhd. and Ban Dung Palm Oil Industries Sdn. Bhd. by virtue of Section 6A of the Companies Act,1965.
 - H. Deemed to have indirect interest through its shareholding of 100% less 1 share in Permodalan Nasional Berhad by virtue of Section 6A of the Companies Act,1965.
- # Other than disclosed accordingly, the rest of the beneficial owner(s) of shares are not holding 2% or more in the Issued and paid-up share capital.
- * The beneficial owners of shares are not holding 2% or more in the issued and paid-up share capital.

List of Properties

Held by the group

Location of Property	Description	Tenure/ Age of Buildings	Area	Net Book Value RM'000
5 plots of land comprising Lot Nos : PT 5032, 5033, 5034, 5035, 5036 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial Land (with factory for brick making plant, office, store and workshop)	Freehold (13 years)	23.93 acres	1,576
2 plots of land Lot Nos 25 & 26 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with 1 open - sided factory buildings for Paver Plants)	Freehold (1½ years)	5.35 acres	4,721
2 plots of land comprising Lot Nos : PTD 6922 and 1186 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Extraction of clay	Freehold	24.34 acres	353
5 plots of land comprising Lot Nos : 1187, 27, 378, 24 and 20 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land	Freehold	29.07 acres	462
Lot No : 1617 Mukim Simpang Kiri 4, Batu Pahat, Johor Darul Takzim	Agricultural land	Freehold	5.08 acres	408
Lot No : PTD 6920 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with 2 open - sided factory buildings for brick making plants)	Freehold (12 years)	20.60 acres	1,873

List of Properties

Location of Property	Description	Tenure/ Age of Buildings	Area	Net Book Value RM'000
Lot Nos : PTD 6988 & PTD 6989 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Industrial land (with open - sided factory buildings for roofing tile plants, office building cum store and laboratory)	Freehold (4 years)	8.78 acres	5,726
Lot No : PTD 6921 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Extraction of clay	Freehold	7.00 acres	292
4 plots of land comprising Lot Nos : PTD 8029, 6642, 809, and PT 4461 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land	Freehold	14.50 acres	401
EMR 3460 Lot 6641 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land	Freehold	1.20 acres	104
EMR 3134 Lot 6625 Mukim Sri Medan 18, Batu Pahat, Johor Darul Takzim	Agricultural land	Freehold	4.075 acres	212

Form of Proxy

I/We _____
 of _____
 being a member/members of the abovenamed Company, hereby appoint _____
 of _____
 or failing whom, _____
 of _____

as *my/our proxy to vote for *me/us and on *my/our behalf at the Fifth Annual General Meeting of the Company to be held at Dewan Okid, 2nd Floor, Hotel Carnival, 2, Jalan Fatimah, 83000 Batu Pahat, Johor on Tuesday, 16 May 2000 at 11.00 a.m. and at any adjournment thereof *for/against the resolutions to be proposed thereat.

*My/Our proxy is to vote as indicated below:-

No.	Resolutions	For	Against
1.	Adoption of Reports and Accounts		
2.	Approval of Directors' Fees		
3.	Re-election of Directors Retiring by Rotation :		
4.	- Mr Ng Yeng Keng @ Ng Ka Hiat		
5.	- Mr Ng Chuan Kim @ Ng Yan Chong		
6.	- Mr Tan See Chip		
6.	Re-appointment of Messrs Ernst & Young as Auditors		
7.	Authority to Allot Shares - Section 132D		
8.	Approval for Substantial Property Transactions Involving Directors - Section 132E		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he thinks fit.

Dated this _____ day of _____ 2000

NO. OF SHARES HELD

 Signature of Member(s)

Notes:

1. A proxy shall be a member of the Company and if the proxy is not a member of the Company, the proxy shall be an advocate or an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company situated at Suite 633, 6th Floor, PanGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.
3. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, this form must be executed under its Seal or under the hand of its attorney.

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