



KIM HIN INDUSTRY BERHAD
(018203-V)

A N N U A L R E P O R T

1 9 9 8



Our Motto is

Total Commitment Towards Quality Products

We continue to monitor the manufacturing process throughout the stages of production within the organisation.

We make sure that our product quality conforms to relevant product specification

Product development is continuously carried out in response to market needs.

We provide all personnel the necessary training to carry out their tasks.

We stringently maintain a Quality Management System to MS: ISO 9002



OUR MOTTO





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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty Sixth Annual General Meeting of Members of KIM HIN INDUSTRY BERHAD will be held at the Kim Hin conference Room, 4¹/₂ Mile, Kung Phin Road, off Penrissen Road, 93250 Kuching, Sarawak on Friday, 25 June, 1999 at 2.00 pm for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited accounts and reports of Directors and Auditors for the financial year ended 31 December 1998. RESOLUTION 1

2. To approve a first and final dividend of 1% (tax exempt) for the year ended 31 December 1998. RESOLUTION 2

3. To approve the Directors' fees. RESOLUTION 3

4. To re-elect Directors
In accordance with Article 80 of the Company's Articles of Association, the following Directors retire by rotation from the Board and being eligible, offer themselves for re-election.


Chua Seng Huat RESOLUTION 4
Yeo Yong Siang RESOLUTION 5
Pauline Getrude Chua Hui Lin RESOLUTION 6

5. To re-appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. RESOLUTION 7

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following Resolution with or without amendments as an Ordinary Resolution:-

"That subject always to the Companies Act 1965, Articles of Association of the Company and approvals from the relevant Stock Exchanges and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act 1965 to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Directors, may, in their discretion, deem fit including but not limited to such shares as may be issued pursuant to Kim Hin Industry Berhad Executive Share Option Scheme as approved by the Ordinary Resolution passed at the Extraordinary General Meeting of the Company on 24 April 1994. RESOLUTION 8

- 
7. To transact any other business of Annual General Meeting for which due notice shall have been given.

By Order of the Board

BONG SIU LIAN
Secretary

Dated this 9 June, 1999
Kuching, Sarawak

NOTES:

1. *A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.*
2. *A proxy may but need not be a member of the Company.*
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 4½ Mile, Kung Phin Road, off Penrissen Road, P.O. Box 1842, 93736 Kuching, Sarawak, not less than forty-eight hours before the time set for holding the Meeting or any adjournment thereof.*
5. **Explanatory Notes on Special Business:**

Section 132D of the Companies Act 1965

The proposed resolution 6, if passed, will give the Directors of the Company from the date of the above General Meeting, authority to issue and allot Ordinary Shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company including but not limited to such shares as may be issued pursuant to Kim Hin Industry Berhad Executive Share Option Scheme. This authority will unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting of the Company.



COMPANY INFORMATION

ADVISOR

Mr. Chua Chui Tham

BOARD OF DIRECTORS

Executive Chairman

Mr. Chua Seng Huat

Group Managing Director

Mr. John Chua Seng Chai

Group Executive Director

Mr. Chua Seng Guan

Executive Directors

Mdm. Chua Yew Lin

Mdm. Pauline Getrude Chua Hui Lin

Mr. Vincent Gerard Khoo

Independent Non-Executive Directors

Mr. Yeo Yong Siang

Dato' Mohd. Arip bin Mahmud

COMPANY SECRETARY

Mdm. Bong Siu Lian

REGISTRARS

**Malaysian Share Registration
Services Sdn. Bhd.**

7th Floor, Exchange Square,
Bukit Kewangan
50200 Kuala Lumpur.
Tel: 03-2068099

REGISTERED OFFICE

4 1/2 Mile, Kung Phin Road,
Off Penrissen Road,
93250 Kuching, Sarawak.
Tel: 082-451567

SOLICITORS

**Messrs Wong Lu Peen &
Tunku Alina**

Lot 10A, 10th Floor,
Bangunan Hong Leong,
No. 117, Jalan Tun H. S. Lee,
50000 Kuala Lumpur

AUDITORS

Ernst & Young Public Accountants

Room 300-303, 3rd Floor,
Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak.

BANKERS

**Malaysian Industrial Development
Finance Berhad**

10th Floor, Bangunan MIDF,
195A Jalan Tun Razak,
50400 Kuala Lumpur.

**Malaysian International Merchant
Bankers Berhad**

4th Floor, Bangunan MIDF,
195A, Jalan Tun Razak,
50400 Kuala Lumpur.

**Arab Malaysian Merchant
Bank Berhad**

Lots 29-30, 1st Floor,
Jalan Chan Chin Ann, 93762 Kuching.

**United Overseas Bank
(Malaysia) Berhad**

Ground Floor,
Bangunan Yayasan Sarawak,
Jalan Masjid, 93400 Kuching.

HSBC Bank Malaysia Berhad

Bangunan Binamas, Jalan Padungan,
93100 Kuching, Sarawak.

**Standard Chartered Bank
Malaysia Bhd**

Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak

Bank of Commerce (M) Berhad

32-33 Khoo Hun Yeang Street,
93000 Kuching, Sarawak.

RHB Bank Berhad

Crown Tower,
88, Jalan Pending,
93450 Kuching, Sarawak.



STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
Main Board

AUDIT COMMITTEE

The Board had on 25 February 1994 resolved to establish a Committee of the Board to be known as the Audit Committee

Yeo Yong Siang

*Chairman of the Audit Committee
(Independent Non-Executive Director)*

Dato' Mohd. Arip bin Mahmud

(Independent Non-Executive Director)

Chua Seng Huat

*(Executive Chairman of the
Kim Hin Group)*

Terms of Reference

1. Composition of the Audit Committee

- a. An Audit Committee shall be appointed by the Directors (pursuant to a resolution of the Board of Directors) and shall compose of not fewer than three (3) members of whom a majority shall not be:
 - i) Executive Directors of the company or any related corporation;
 - ii) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an Executive Director of the Company or of any related corporation; or
 - iii) 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 on an Audit Committee.
- b. The members of an Audit Committee shall elect a Chairman from among their number who is not an Executive Director or employee of the Company or any related corporation.
- c. If a member of the Audit Committee resigns, dies or for any other reason ceases to be a member which result in the number of members being reduced to below three (3), the Board of Directors shall, within three (3) months of that event appoint such number of new members as may be required to make up the minimum number of three (3) members.

2. Secretary of Committee

The Company Secretary shall be the Secretary of the Committee.

3. Authority of the Audit Committee

- a. The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to cooperate with any request made by the Committee.
- b. The Committee is also granted the authority to obtain external legal or other independent professional advice and to secure the assistance of external parties with relevant experience and expertise if desirable. The Committee shall be empowered to engage and retain persons having special competence or skills and knowledge as necessary to assist the committee in fulfilling its responsibilities.
- c. The Audit Committee may invite the Chief Executive Officer of the operation audited or any employee within the Group whom the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

4. Scope And Function of Audit Committee

The scope and function of the Audit Committee shall be to:

- a. review with the External Auditor, the audit plan.
- b. review with the External Auditor, his evaluation of the system of internal accounting controls.
- c. review with the External Auditor and his audit report.
- d. review the assistance given by the Company's officer to the External Auditor.
- e. review the scope, result of internal audit procedures and reports by Internal Auditor.
- f. review the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account.
- g. review the inter-company transaction and any transaction between the Company and any related parties outside the Group.
- h. to nominate a person or persons as auditors.
- i. review any other functions as may be agreed upon by the Audit Committee and the Board of Directors.

5. Frequency And Attendance Of Meetings

- a. Meetings shall be held not less than 3 times a year.
- b. Any member may call a meeting. Notice of Meeting shall be circulated to the members one week in advance. In case of shorter notice by majority in number of the members, the accidental omission to give notice of a Meeting to, or the non receipt of such notice of a Meeting, by any member shall not invalidate proceedings of a Meeting.
- c. The quorum necessary for the transaction of business of the Audit Committee Meeting may be fixed by the members and unless so shall be two (2).
- d. The Finance Manager, Internal Auditor, Company Secretary and a representative of the External Auditor may attend meetings by invitation. Other Board members shall also have the right of attendance.
- e. Question arising of any Meeting shall be decided by a majority of votes, each member having one (1) vote and in case of equality of votes the Chairman shall have a second or casting vote. Save that where two (2) members form a quorum, the Chairman of a meeting at which only such a quorum is present, or that which only two (2) members are competent to vote on the question of issue shall not have a casting vote.
- f. The External Auditors may request a meeting if they consider necessary. Upon the request of the Auditors, the Chairman of the Audit Committee shall convene a Meeting of the Committee to consider any matters the Auditors believe should be brought to the attention of the Directors or shareholders.



COMPANY PROFILE

Kim Hin Industry Berhad is one of Malaysia's largest intergrated ceramics manufacturer.

Listed on the main Board of the Kuala Lumpur Stock Exchange on 22 July 1992, the Kim Hin Industry Group comprises 13 companies with assets totalling over RM 309 million and group sales of RM 176 million.

From its core business in ceramic tiles, the Group has successfully diversified into chinaware, stoneware, porcelain products, corrugated cartons, property landbank and marketing.

Kim Hin's products are marketed in over 25 countries, among them, Singapore, Australia, Hong Kong, Middle East, Brunei, USA, Japan, New Zealand and China.

In Malaysia, the Group owns two manufacturing plants strategically located in Kuching, Sarawak and Seremban, Negeri Sembilan, respectively. Overseas, the Shanghai plant serves the fast-growing market in China.

To date, Kim Hin Industry Group has invested over RM 266 million in state-of-the-art manufacturing facilities. It has achieved world standards in manufacturing and is committed to advancing its position on the cutting edge of technology.



CERAMICA INDAH SDN. BHD.

- Incorporated in Malaysia on 25 November 1980 as Kam Ham Brick Factory Sdn. Bhd.
- Renamed Ceramica Indah Sdn Bhd. on 30 August 1984.
- Production commenced on 30 August 1988 under present name.
- Current issued and paid-up capital; 7,000,000 ordinary shares @ RM 1.
- In 1998, 100% equity interest each were acquired in two companies in Australia : Kingres Australia Pty.Ltd. and Kingres Holdings Pty. Lyd.

Production of ceramic floor tiles began in September 1988 with a single line. By the end of 1994, a total of 12 lines had been installed, with production capacity of 15 million sq. metres.



About 70% of its output are for the Malaysian market. The remaining 30% are exported to Australia, the United States, Hong Kong, Singapore, Brunei, Bangladesh, the Middle East and New Zealand.

KIM HIN CERAMIC (SEREMBAN) SDN. BHD.

- . Former name : Rolnic Ceramic Sdn. Bhd.
- . Incorporated in Malaysia on 28 October 1987, commenced production in 1990.
- . Paid-up capital : RM20,394,162 (20,394,162 ordinary shares @ RM1)

Kim Hin Industry acquired Rolnic Ceramic in September 1994 in a strategic move to establish a manufacturing base in Peninsular Malaysia. The company produces the Durogres brand of ceramic tiles that are largely sold within the Peninsular Malaysian market. Its factory is located on a 6.15-hectare site in the Tuanku Jaafar Industry Estate, Seremban, Negeri Sembilan. Annual production capacity is 2 million sq. metres.

KIM HIN CERAMICS (SHANGHAI) CO. LTD.

- . Incorporated on 3 November 1992 in joint venture with Shanghai Kankin Industrial Co. Ltd of Shanghai, China and Taiwanese Investors.
- . 70% equity interest owned by Kim Hin Industry Berhad.
- . Authorised share capital : US \$ 45 million.
- . Paid up capital: US \$ 15,000,000 comprising 15,000,000 Ordinary share of US \$1 each.

Kim Hin Ceramics (Shanghai) produces ceramic wall tiles, floor tiles and homogeneous floor tiles. Its factory is located on a 70 acre site in the Zhujing industrial Development Area, Jin Shan, Shanghai, China. Production commenced in August 1994 with two lines. Current annual production capacity is 2 million sq.metres.

GUOLENE PAPER PRODUCTS (KUCHING) SDN. BHD.

- . Incorporated in Malaysia on 30 December 1991.
- . Authorised share capital : RM5,000,000 (5,000,000 ordinary shares fully issued and paid-up)

Guolene manufactures corrugated fibreboard cartons. About 40% of its products is utilised within the Kim Hin Group. The balance of 60% is sold primarily within East Malaysia.





MIYAMA CERAMICS SDN. BHD.

- Incorporated in Malaysia on 16 July 1990
- Joint venture with Miyama Co. Ltd. and Maebata China Corporation to manufacture fine bone china, new bone china, porcelain and stoneware.
- Authorised share capital : RM7,000,000 (7,000,000 ordinary shares of which 5,613,000 have been issued and fully paid-up)

Miyama Ceramics manufactures fine bone china and other ceramic tableware, decorative giftware exclusively for the Japanese market to be further decorated and marketed under internationally renowned Japanese and European tableware brand names. The factory is located in the vicinity of the other factories of the Kim Hin Group in Kuching. Annual production capacity is 50,000 units.

KIMGRES MARKETING SDN. BHD.

- Incorporated in Malaysia on 6 February 1984 as Kim Kim Building Materials Sdn. Bhd.
- Renamed Kimgres Marketing on 19 July 1994.
- Paid-up capital : RM500,000 (500,000 ordinary shares @ RM1).

Kimgres Marketing Sdn. Bhd. serves as the marketing arm of the Kim Hin Group, distributing the Group's wall, floor and homogeneous tiles under the Kimgres and Durogres trademarks.


In 1995, Kimgres marketing established a marketing office-and-showroom in Kuala Lumpur to manage the Peninsular Malaysian distribution network. In 1996, a marketing office and showroom was opened in Penang, Johor Bahru followed by another in Ipoh. In addition to a wide display of tiles, the showroom includes an in-house design team to provide services such as presentations of tile design layouts as specified by interior designers and architects and technical team to handle after-sale services.



KIMGRES AUSTRALIA PTY. LTD.

- Former name : Don Ceramic Tiles Pty.Ltd.
- Incorporated in New South Wales, Australia on 24 March 1972.
Ceramic tile wholesaler and retailer.
- Paid-up share capital : A\$16,204. (Kim Hin's wholly-owned subsidiary, Ceramica Indah Sdn.Bhd. holds 100%).

Kimgres Australia serves as the marketing arm of the Kim Hin Group in Australia to strengthen control of the group's marketing effort in the island continent.



CHAIRMAN'S STATEMENT

It gives me great pleasure, on behalf of the Board of Directors, to present the Annual Report and Audited accounts of Kim Hin Group of Companies for the financial year ended 31 December 1998.

REVIEW OF RESULTS

For the current financial year, the Group's Consolidated Group Turnover contracted 10% from RM195 million on 1997 to RM176 million in 1998. Group profit before tax declined drastically by 153% resulting in a loss of RM7.6 million. The decline was mainly due to the contraction of the Malaysian economy and "price-war" arising from intense competition in the industry. The decline in sales, lower plant utilisation which resulted in lower recovery of fixed costs and high cost of imported raw materials contributed to the erosion of profit margin. Furthermore, the prudent provisioning and writing off of slow moving stocks totalling RM6.5 million and provisioning of bad and doubtful debts of RM4.3 million in the current financial year have resulted in the Group posting an operating loss of RM7.5 million.

OPERATING ENVIRONMENT

The financial crises which started in 1997 did not improve but instead worsened in 1998. The unprecedented crisis which begun with currency depreciation followed by stock market collapse, property plunge and economic deflation have weakened the domestic economy. The Real Domestic Product contracted by 6.7%. Worst hit was the construction industry which recorded a sharp decline of an estimated 19.2%.

Government actions through the NEAC have since helped to contain the crisis and instill greater confidence in the economy.

In Malaysia the ceramic industry is plagued by oversupply and survival in the industry means price erosion and continuous product development. Operating under such unfavourable conditions, the management has implemented a series of cost-control oriented approach, flexible pricing policy to solidify itself and various actions to streamline its operations, rationalise its production capacity and at the same time strengthening its credit and stock management. These efforts have thus yielded a healthy net cash position of RM46.8 million as at 31 December 1998. The Group shall be able to repay its Guaranteed Redeemable Bonds of RM50 million when they fall due on 30 May 1999 entirely from internally generated funds.





PROSPECTS

The prospects of the Group is closely linked to the growth of the construction sector as the demand for ceramic tiles is largely derived from construction activities. Domestic consumption of ceramic tiles in 1998 has decreased in tandem with the slowdown in the economy. The fall in demand in the domestic market has prompted the Group to step up its efforts to expand its existing overseas market and penetrate new markets abroad. The depreciation of the Ringgit has led to exports becoming significantly more competitive.

The RM7 billion Development Fund which the Government is setting aside for construction projects is expected to give a boost to local tile manufacturers. In addition the improved sentiment in the residential property market, particularly low-medium cost housing is also expected to augur well for the ceramic tile industry in the coming year.

MILLENNIUM BUG

The millennium bug describes the inability for computers and software programmes to process two-digit references in dates after 31 December 1999 whereby they will mistakenly interpret "00" in the year field as "1900" resulting in possible systems failure when the year 2000 commences.

The Group's critical financial information system has been modified, upgraded and tested for Y2K compliance. Currently the management is developing a comprehensive contingency plan and aims to complete this plan soon.

PROPOSED FINAL DIVIDEND

The Board of Directors is pleased to recommend a first and final dividend of 1% (tax exempt) (1997: 1% tax exempt) amounting RM1.452 million in respect of the year ended 31 December 1998 for shareholders to consider and approve at the forthcoming Annual General Meeting, the notice for which will be dispatched in due course.

APPRECIATION

Taking cognizance of the current period of adversity, as the Chairman of the Board, I would like to thank my fellow directors for their perseverance and dedication during this trying time.

On behalf of the Board, I would also like to take this opportunity to thank the management and staff for their contributions, as well as shareholders for their confidence in the Board of Directors.

I look forward to your continued support and commitment.

CHUA SENG HUAT

Executive Chairman

Date: 9 June, 1999



MANAGEMENT TEAM & CORPORATE STRUCTURE



KIM HIN INDUSTRY BERHAD (018203-V)

CHUA SENG HUAT

(Executive Chairman)

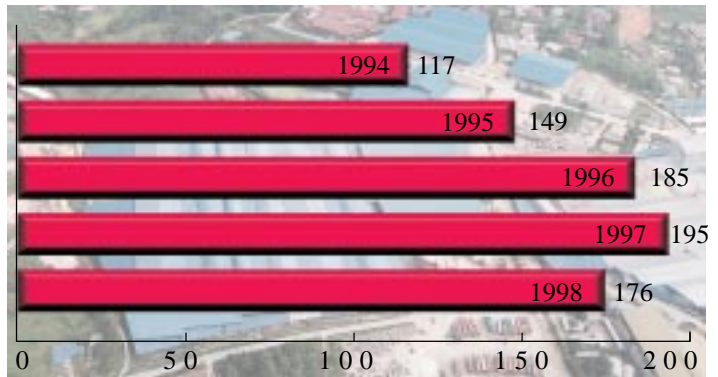
JOHN CHUA SENG CHAI

(Group Managing Director)

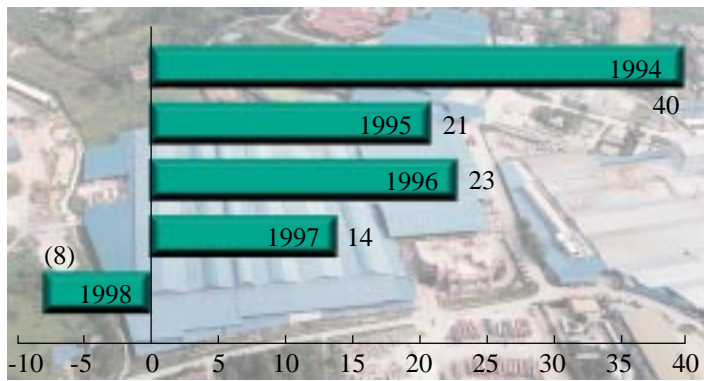


FINANCIAL HIGHLIGHTS

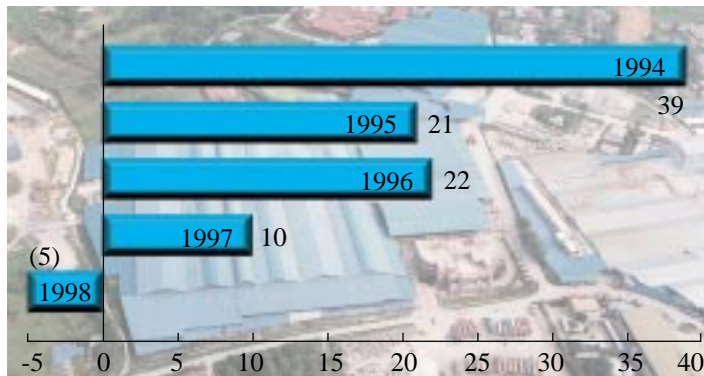
TURNOVER
RM Million



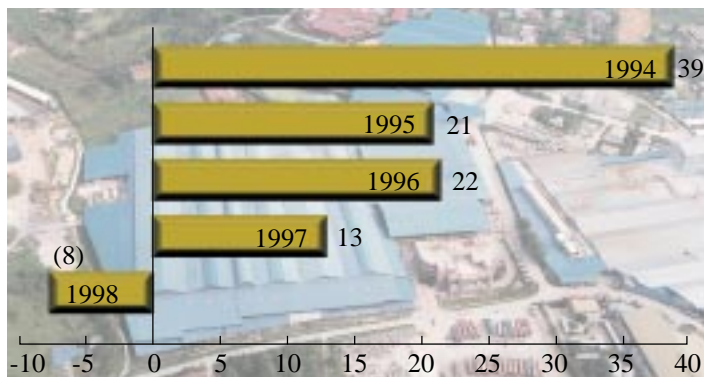
PROFIT AFTER TAXATION
RM Million



NET EARNINGS PER SHARE (BASIC)
Sen



PROFIT AFTER TAXATION & MINORITY INTERESTS
RM Million





FINANCIAL STATEMENT 1998





DIRECTORS' REPORT

The Directors present their report together with the audited accounts of the Group and of the Company for the year ended 31 December, 1998.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary and associated companies are set out in Note 2 to the accounts. There have been no other significant changes in the nature of these activities of the Group and the Company during the financial year.

Accounts

	Group RM'000	Company RM'000
(Loss)/profit after taxation and exceptional item	(8,058)	8,899
Minority interests	521	-
	<hr/>	<hr/>
(Loss)/profit attributable to shareholders	(7,537)	8,899
Transfer from revenue reserve	8,989	-
	<hr/>	<hr/>
Dividend, tax exempt	1,452	8,899
	(1,452)	(1,452)
	<hr/>	<hr/>
Retained profit transferred to revenue reserve	-	7,447
	=====	=====

There were no other material transfers to or from reserves or provisions during the year other than as disclosed in Note 18 to the accounts.

In the opinion of the Directors, the results of 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 other than the exceptional item mentioned in Note 7 to the accounts.

Significant event

On 1 August 1998, Ceramica Indah Sdn. Bhd., a wholly owned subsidiary, acquired the remaining 50% of the issued and paid-up share capital of its associated companies, Kingres Australia Pty. Limited and Kingres Holdings Pty. Limited. The consideration for the purchase was settled by cash, amounting to RM643,179, a disposal of Kingres Australia Pty. Limited's entire equity holding in Don's Tiles Australia Pty. Limited and an assignment of debts. The transaction was duly completed on 21 December, 1998.

Dividends

During the year, the Company paid a final dividend of 1%, tax exempt, amounting to RM1,451,990 in respect of the financial year ended 31 December, 1997.

The directors recommend a final dividend of 1%, tax exempt, amounting to RM1,451,990 to be paid in respect of the financial year ended 31 December, 1998.

Directors

The names of the Directors of the Company in office since the date of the last Report and at the date of this report are:

Chua Chui Tham	(Resigned on 1.4.1998)
Chua Seng Huat	(Executive Chairman)
John Chua Seng Chai	(Managing Director)
Chua Seng Guan	
Chua Yew Lin	
Pauline Getrude Chua Hui Lin	
Vincent Gerald Khoo	
Yeo Yong Siang	
Datuk Mohd. Arip Bin Mahmud	

At the forthcoming Annual General Meeting of the Company, Chua Seng Huat, Yeo Yong Siang and Pauline Getrude Chua Hui Lin shall retire in accordance with Article 80 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

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 other than the number of new ordinary shares offered and granted under the Executive Share Option Scheme.

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the Company as follows:

(a) Shareholdings registered in the name of directors:

	Number of ordinary shares of RM1.00 each			As at 31.12.1998
	As at 1.1.1998	During the year		
		Bought	Sold	
Chua Seng Huat	15,236	-	-	15,236
John Chua Seng Chai	24,650	-	-	24,650
Chua Yew Lin	14,500	-	-	14,500
Pauline Getrude Chua Hui Lin	2,900	-	-	2,900

(b) Shareholdings in which directors are deemed to have an interest:

	Number of ordinary shares of RM1.00 each			As at 31.12.1998
	As at 1.1.1998	During the year		
		Bought	Sold	
Chua Seng Huat	62,254,025	-	-	62,254,025
John Chua Seng Chai	62,254,025	-	-	62,254,025
Chua Seng Guan	62,254,025	-	-	62,254,025
Chua Yew Lin	62,254,025	-	-	62,254,025
Pauline Getrude Chua Hui Lin	62,254,025	-	-	62,254,025



Options to Directors, which will expire on 21 August, 1999, to subscribe for ordinary shares of RM1.00 each in the Company pursuant to the Company's Executive Share Option Scheme approved by shareholders are as follows:

	No. of options offered and granted Ordinary shares of RM1.00 each
Chua Seng Huat	725,000
John Chua Seng Chai	725,000
Chua Seng Guan	725,000
Chua Yew Lin	725,000
Pauline Getrude Chua Hui Lin	725,000
Vincent Gerald Khoo	290,000

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the Group accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a 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 as disclosed in Note 22 to the accounts.

Share capital

Executive Share Option Scheme (ESOS)

The Company's ESOS was approved by the shareholders on 25 April, 1994 and became effective on 22 August, 1994. On 30 October, 1995, the shareholders approved a further increase in the maximum number of ordinary shares of RM1.00 each available for allotment under ESOS from 5% to 10% of the issued and paid-up share capital.

The main features of the ESOS are:

- (a) The number of new ordinary shares to be offered under the ESOS shall be subject to a maximum of 10% of the issued and paid-up share capital of the Company at any time during the existence of the ESOS.
- (b) Any executive (including an Executive Director) of the Kim Hin Group shall be eligible to participate in the ESOS if:
 - (i) he/she is employed full-time by and on the payroll of any company comprised in the Kim Hin Group; and
 - (ii) he/she is confirmed in his/her position in writing with at least two years of service as an executive of any company comprised in the Kim Hin Group.

Eligibility however, does not confer an eligible executive a claim or right to participate in the ESOS.

- (c) No option shall be granted for less than 1,000 shares nor more than 500,000 shares to any selected executive.
- (d) The ESOS shall be in force for a period of five years commencing from 22 August, 1994.
- (e) The price payable upon exercise of the options under the ESOS shall be the average of the mean market quotation of the ordinary shares as quoted and shown in the Daily Official List issued by the Kuala Lumpur Stock Exchange for the five market days prior to the date on which the options were offered or at the par value of the ordinary shares, whichever is higher.

On 25 July, 1997, the number of options allocated to the ESOS was increased from 8,369,000 to 11,820,400.

As at 31 December 1998, the number of options offered and granted to eligible executives of the Group including Executive Directors of the Company to subscribe for ordinary shares of RM1.00 each remaining unexercised was 9,928,150 shares.

3% Guaranteed Redeemable Bonds 1994/1999

The Company had during a previous financial year issued RM50,000,000 nominal value of 3% Guaranteed Redeemable Bonds 1994/1999 with 20,000,000 detachable warrants on a “bought deal” basis.

The bonds are constituted by a Trust Deed dated 30 May, 1994 and are redeemable in cash at nominal value on maturity of the bonds in 1999. By a Guarantee Facility Agreement dated 30 May, 1994 between the Company and the Guarantor, Malaysian Industrial Development Finance Berhad, the Guarantor had agreed to guarantee the due payment of all principal and interest payable by the Company under the Trust Deed.

Warrants

The warrants are constituted by a Deed Poll executed by the Company on 30 May, 1994 for warrant holders for an exercise period of four years commencing from 30 May, 1994. The exercise period has since lapsed on 30 May, 1998. No warrants was exercised during the year up to its expiry on 30 May, 1998.

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 has 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 that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business of the Group and of the Company 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) the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and the Company inadequate to any substantial extent; or
 - (ii) the values attributed to current assets in the accounts of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of circumstances which have arisen which render adherence to the existing method of valuation of assets and liabilities of the Group and Company misleading or inappropriate.
- (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 Company which would render any amount stated in the consolidated accounts and 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 except as disclosed in Note 20 to the accounts.
- (f) In the opinion of the Directors:
- (i) 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 will or may affect the ability of the Group and of the Company to meet their 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 continue in office.

On behalf of the Board,

John Chua Seng Chai
Managing Director

Chua Yew Lin
Director

Kuching

Date: 11 May, 1999

STATEMENT BY DIRECTORS

We, **John Chua Seng Chai** and **Chua Yew Lin**, being two of the Directors of **Kim Hin Industry Berhad**, do hereby state that in the opinion of the Directors, the accounts set out on pages 21 to 40 are drawn up in accordance with approved accounting standards 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, 1998 and of the results of the Group and of the Company for the financial year ended on that date; and
- (ii) the cash flows of the Group for the financial year ended 31 December, 1998.

On behalf of the Board,



John Chua Seng Chai
Managing Director



Chua Yew Lin
Director


Declaration pursuant to Section 169(16) of the Companies Act, 1965

I, **Chua Seng Huat**, being the director primarily responsible for the financial management of **Kim Hin Industry Berhad**, do solemnly and sincerely declare that the accounts set out on pages 21 to 40 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 **Chua Seng Huat** at Kuching in the State of Sarawak on 11 May, 1999

Before me,


VOON WUI TAT
Commissioner For Oaths
19, Main Bazaar (1st Floor),
93000 Kuching, Sarawak.





REPORT OF THE AUDITORS

TO THE MEMBERS OF KIM HIN INDUSTRY BERHAD

We have audited the accounts set out on pages 21 to 40 in accordance with approved auditing standards.

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and approved accounting standards 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, 1998 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;
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors as indicated in Note 2 to the accounts, being accounts which are included in the consolidated accounts.

We are satisfied that the accounts of the subsidiaries that have been consolidated with the accounts of the Company 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 subsidiaries 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

YONG VOON KAR
1769/4/00 (J)
Partner

Kuching, Malaysia.

Date :

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER, 1998

	Note	Group		Company	
		1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Turnover	3	175,823 =====	194,633 =====	316 =====	7,391 =====
Cost of sales		137,627 =====	128,879 =====	81 =====	71 =====
Operating (loss)/profit	4	(7,681)	19,980	(6,709)	1,304
Investment and interest income	5	1,659	554	17,145	29,990
Interest expenses	6	(2,159)	(6,357)	(1,537)	(1,826)
Share of profits of associated companies		541	269	-	-
(Loss)/profit before exceptional item and taxation		(7,640)	14,446	8,899	29,468
Exceptional item	7	(399)	-	-	-
(Loss)/profit before taxation		(8,039)	14,446	8,899	29,468
Taxation	8	(19)	(336)	-	(126)
(Loss)/profit after taxation		(8,058)	14,110	8,899	29,342
Minority interests		521	(1,355)	-	-
Transfer from revenue reserve		(7,537) 8,989	12,755 -	8,899 -	29,342 -
Dividend, 1% (1997 - 1%), tax exempt		1,452 (1,452)	12,755 (1,452)	8,899 (1,452)	29,342 (1,452)
Retained profit transferred to revenue reserve		- =====	11,303 =====	7,447 =====	27,890 =====
(Loss)/earnings per share - basic	9	(5) sen =====	10 sen =====		

The notes on pages 25 to 40 form an integral part of the accounts.



BALANCE SHEETS

AS AT 31 DECEMBER, 1998

	Note	Group		Company	
		1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Fixed assets	10	231,159	252,071	32,020	32,043
Associated companies	11	4,959	10,151	4,428	4,427
Subsidiary companies	12	-	-	275,592	300,434
Goodwill on consolidation		10,397	8,988	-	-
Current assets					
Stocks and work-in-progress	13	67,001	92,430	-	-
Trade debtors	14	45,746	52,706	-	-
Other debtors, deposits and prepayments		4,108	5,109	2,179	1,239
Fixed deposits with licensed banks		43,082	7,944	37,582	7,944
Cash and bank balances		5,283	3,716	80	160
		<u>165,220</u>	<u>161,905</u>	<u>39,841</u>	<u>9,343</u>
Current liabilities					
Short term borrowings	15	54,828	10,781	50,000	1,475
Trade creditors		14,186	16,231	7	40
Other creditors and accruals		11,546	12,341	293	472
Provision for taxation		88	135	-	126
Proposed dividend		1,452	1,452	1,452	1,452
		<u>82,100</u>	<u>40,940</u>	<u>51,752</u>	<u>3,565</u>
Net current assets/(liabilities)		83,120	120,965	(11,911)	5,778
Long term liabilities	16	(2,082)	(50,340)	-	(50,000)
		<u>327,553</u>	<u>341,835</u>	<u>300,129</u>	<u>292,682</u>
Financed by:					
Share capital	17	145,199	145,199	145,199	145,199
Reserves	18	163,604	175,142	154,930	147,483
Minority interests		18,750	21,494	-	-
		<u>327,553</u>	<u>341,835</u>	<u>300,129</u>	<u>292,682</u>

The notes on pages 25 to 40 form an integral part of the accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER, 1998

	Note	1998 RM'000	1997 RM'000
Cash flows from operating activities			
Operating (loss)/profit before taxation and exceptional item		(7,640)	14,446
Adjustments for:			
Depreciation		33,246	30,552
Dividend income		-	(243)
Fixed asset written off		3	2
Interest expense		2,159	6,357
Interest income		(1,659)	(554)
(Loss)/gain on foreign exchange		2,121	(1,867)
Profit on disposal of fixed asset		(125)	(23)
Share of associated companies profit		(541)	(269)
Operating profit before working capital changes		<u>27,564</u>	<u>48,401</u>
Decrease/(increase) in stocks		26,854	(19,118)
Decrease/(increase) in trade and other debtors		8,433	(6,135)
(Decrease)/increase in trade and other creditors		(3,279)	2,010
Cash generated from operations		<u>59,572</u>	<u>25,158</u>
Interest paid		(2,159)	(6,357)
Income tax paid		(29)	(16)
Net cash from operating activities		<u>57,384</u>	<u>18,785</u>
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash		(1,657)	-
Dividend received		540	-
Interest received		1,659	554
Proceeds from sale of fixed assets		161	284
Purchase of fixed asset		(11,570)	(29,818)
Net cash used in investing activities		<u>(10,867)</u>	<u>(28,980)</u>



	Note	1998 RM'000	1997 RM'000
Cash flows from financing activities			
Proceeds from the issue of shares		-	69,487
Additional term loan obtained		-	2,115
Dividends paid		(1,452)	(3,002)
Dividends paid to minority shareholders		(1,520)	-
Repayment of term loan		(1,793)	(33,972)
Repayment of hire purchase and finance lease		(168)	(84)
Net cash (used in)/generated from financing activities		<u>(4,933)</u>	<u>34,544</u>
Net increase in cash and cash equivalents		41,584	24,349
Effects of exchange rate changes on cash and cash equivalents		(87)	4,753
Cash and cash equivalents at the beginning of the year		5,331	(23,771)
Cash and cash equivalents at the end of the year	21	<u>46,828</u> =====	<u>5,331</u> =====
Note:-			
Acquisition of subsidiaries, net of cash			
Net assets acquired		647	-
Goodwill		1,409	-
Purchase consideration		<u>2,056</u>	-
Less: Cost of investment incurred in prior year		(1,413)	-
		643	-
Add: Cash and cash equivalents acquired		1,014	-
Net cash outflows on acquisition of subsidiaries		<u>1,657</u> =====	- =====

The notes on pages 25 to 40 form an integral part of the accounts.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER, 1998

1. Accounting policies

1.1. Basis of accounting

The accounts of the Group and of the Company are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and investments in certain subsidiary companies and comply with approved accounting standards issued by the Malaysian Accounting Standards Board except that the information on segmental reporting has not been disclosed.

1.2. Basis of consolidation

The consolidated accounts comprise the accounts of the Company and all its subsidiary companies for the year ended 31 December, 1998. A list of the Group's subsidiary companies is shown in Note 2. The results of subsidiary companies acquired or sold during a year are included in or excluded from the respective dates of acquisition or sale, as applicable.

Goodwill or reserve on consolidation represents the difference between the consideration paid for the shares in the subsidiary companies and the value of attributable net assets acquired, as applicable. Goodwill is not amortised but write-offs are made where, in the opinion of the Directors, a permanent diminution in value has occurred.

1.3. Subsidiary companies

Investment in subsidiary companies are stated at cost and valuation unless, in the opinion of the Directors, there has been permanent diminution in value, when they are written down to recognise the variations in value of the underlying net tangible assets.

Dividend income from subsidiary companies is included in the profit and loss account of the Company when declared or proposed.

1.4. Associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term interest of not less than 20% of the equity and in whose financial and operating policy decisions the Group exercises significant influence. A list of the Group's associated companies is shown in Note 2.

The Group's share of the results of associated companies is included in the consolidated profit and loss account. The Group's share of the post-acquisition reserves or losses of associated companies is included in the investments in the Group balance sheet.

Dividend income is accrued on the basis of dividends declared by the investee companies up to the date of the Directors' Report.



1.5. Depreciation

No amortisation is made for freehold land and leasehold land with an unexpired lease term of more than fifty years. Short term leasehold land is amortised over the remaining term of the lease.

All other fixed assets are depreciated on a straight line basis to write off the cost or valuation of the fixed assets over their estimated useful lives. The principal annual rates used are as follows:

Buildings, drainage and roads	2 to 10%
Plant, machinery and equipment	5 to 30%
Furniture, fittings and equipment	8 to 30%
Motor vehicles and diesel tank	20%
Steel moulds	50%

1.6. Stocks and work-in-progress

Stocks are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis or standard cost, which approximates actual cost, and include cost of purchase and other directly attributable costs of acquisition. In arriving at the net realisable value, due allowance is made for all damaged, obsolete and slow-moving items.

Work-in-progress and finished goods include cost of materials, direct labour and an appropriate proportion of fixed and variable factory overheads.

1.7. Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future.

No account is taken of any debit balances arising on deferred taxation account.

1.8. Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling on the dates of transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All profits and losses on exchange are dealt with through the profit and loss account.

In the Group accounts, the assets and liabilities of overseas subsidiary companies are translated at exchange rates ruling on the balance sheet date. Profit and loss items are translated at average exchange rates for the year. All exchange differences are dealt with through the translation adjustment account.

2. General

The Company is incorporated in Malaysia and its principal activities are investment holding and the provision of management services.

The accounts of the Group and Company are expressed in Ringgit Malaysia.

The subsidiary and associated companies are:

Name of company	Principal activities	Country of incorporation	Effective group interest	
			1998	1997
Subsidiary companies				
Ceramica Indah Sdn. Bhd.	Manufacture and sale of ceramic floor, homogeneous and monoporosa tiles	Malaysia	100%	100%
Kim Hin Properties Sdn. Bhd.	Property and investment holding	Malaysia	100%	100%
Kimgres Marketing Sdn. Bhd.	Trading in building materials	Malaysia	100%	100%
Kim Hin Ceramic (Seremban) Sdn. Bhd.	Manufacture and sale of ceramic tiles	Malaysia	100%	100%
Refined Kaolin Industries Sdn. Bhd.	Inactive	Malaysia	100%	100%
Kim Hin (Shanghai) Building Materials Co. Ltd. (+)	Trading in building materials	People's Republic of China	100%	100%
Kim Hin Ceramics (Shanghai) Co. Ltd. (+)	Manufacture and sale of ceramic tiles	People's Republic of China	70%	70%
Kimgres Ceramic Pty. Ltd. (+)	Inactive	Australia	100%	100%
Subsidiary companies of Ceramica Indah Sdn. Bhd.:				
Kimgres Holdings Pty. Limited (+)	Property letting	Australia	100%	50%
Kimgres Australia Pty. Limited (+)	Wholesaler and retailer of ceramic tiles	Australia	100%	50%
Associated companies				
Miyama Ceramics Sdn. Bhd.	Manufacture and sale of ceramic wares	Malaysia	34%	34%
Guolene Paper Products (Kuching) Sdn. Bhd.(+)	Manufacture and sale of corrugated carton products	Malaysia	50%	50%

All companies are audited by Ernst & Young, Malaysia except those marked (+) which are audited by other firms.



3. Turnover

Turnover represents management fees received, invoiced trading sales of tiles, net of sales tax and after allowance for goods returned and trade discounts.

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Turnover is analysed as follows:				
External customers	175,823	194,633	-	-
Related companies	-	-	316	7,391
	<u>175,823</u>	<u>194,633</u>	<u>316</u>	<u>7,391</u>
	=====	=====	=====	=====

4. Operating profit

This is stated after charging/(crediting):

Auditors' remuneration				
- current year	267	143	45	42
- (over)/underprovision in previous year	(6)	-	3	-
Bad debts written off	551	401	-	-
Depreciation	33,246	30,552	1,806	1,690
Directors' fees	165	180	165	180
Directors' other remuneration	1,621	1,839	856	960
Fixed assets written off	3	2	-	-
(Gain)/loss on foreign exchange				
- realised	(790)	(177)	-	-
- unrealised	2,121	(1,945)	-	-
(Profit)/loss on disposal of fixed assets	(125)	(23)	-	1
Provision for bad and doubtful debts	4,313	2,215	-	-
Provision for stock obsolescence	4,453	-	-	-
Rental expenses	1,268	2,912	138	138
Rental income	(388)	(187)	(285)	(294)
Rental of plant and machinery	4	9	-	-
Stock written off	2,044	-	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

5. Investment and interest income

Dividend income:				
Subsidiary companies	-	-	14,046	28,000
Associated company	-	-	750	243
Interest income:				
Subsidiary companies	-	-	1,140	1,283
Others	1,659	554	1,209	464
	<u>1,659</u>	<u>554</u>	<u>17,145</u>	<u>29,990</u>
	=====	=====	=====	=====

6. Interest expenses

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Bond interest	1,500	1,500	1,500	1,500
Loan interest	300	1,212	23	133
Bank overdraft interest	114	1,159	14	193
Other interest expenses	245	2,486	-	-
	<u>2,159</u>	<u>6,357</u>	<u>1,537</u>	<u>1,826</u>
	=====	=====	=====	=====

7. Exceptional item

Loss on disposal of an associated company	399	-	-	-
	<u>399</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

8. Taxation

Based on profit for the year:				
Malaysian taxation	74	136	-	126
Foreign taxation	23	-	-	-
Associated companies:				
Malaysian taxation	(78)	189	-	-
Foreign taxation	-	11	-	-
	<u>19</u>	<u>336</u>	<u>-</u>	<u>126</u>
	=====	=====	=====	=====

- (a) Estimated tax losses and capital allowances carried forward as at 31 December 1998 available to be set off against the company's future business profit amounted to RM3,650,000 (1997: RM1,860,000) and RM970,000 (1997: NIL) respectively.

As at 31 December, 1998, the Group has unabsorbed tax losses, unutilised capital allowances, reinvestment allowances and investment tax allowances which are available for set-off against future chargeable income amounted to approximately RM116.7 million (1997: RM112.7 million) subject to agreement by the Revenue Authorities.

- (b) Subject to the agreement by the Revenue Authorities, the tax exempt account of the Company as at 31 December, 1998 amounted to RM152.7 million (1997: RM119.4 million).

9. Earnings per share

The basic earnings per share for the year has been calculated based on the Group's loss after exceptional item, taxation and minority interest of RM7,537,647 (1997: profit of RM12,755,055) and on the number of ordinary shares in issue during the year of 145,199,103 (1997: the weighted average number of ordinary shares in issue of 129,900,266). The assumed conversion of unexercised share options during the year would be antidilutive and accordingly, the basic and fully diluted earnings per share are the same.



10. Fixed assets

Group	Land, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
Cost/valuation					
Translation differences	(1,278)	(3,116)	(120)	(88)	(4,602)
Acquisition of subsidiaries	3,823	537	738	516	5,614
Addition	9,336	8,543	209	463	18,551
Disposal/reclassification	(125)	(65)	-	(58)	(248)
As at 31.12.1997	99,188	260,160	7,551	17,088	383,987
As at 31.12.1998	110,944	266,059	8,378	17,921	403,302
Accumulated depreciation					
Charge for 1997	2,523	25,526	929	1,574	30,552
Charge for the year	2,705	27,815	1,061	1,665	33,246
Translation differences	501	(1,676)	(19)	(81)	(1,275)
Acquisition of subsidiaries	321	369	367	319	1,376
Disposal/reclassification	(20)	(54)	-	(27)	(101)
As at 31.12.1997	12,578	117,234	4,280	7,936	142,028
As at 31.12.1998	16,085	143,688	5,689	9,812	175,274
Net book value					
As at 31.12.1998	94,859	122,371	2,689	8,109	228,028
Add: Construction work-in-progress					3,131
					231,159
As at 31.12.1997	86,610	142,926	3,271	9,152	241,959
Add: Construction work-in-progress					10,112
					252,071



Company	Land, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Total RM'000
Cost/valuation					
Addition	1,336	-	-	130	1,466
As at 31.12.1997	29,643	442	3,028	4,318	37,431
As at 31.12.1998	<u>30,979</u>	<u>442</u>	<u>3,028</u>	<u>4,448</u>	<u>38,897</u>
Accumulated depreciation					
Charge for 1997	791	31	462	406	1,690
Charge for the year	899	28	470	409	1,806
As at 31.12.1997	4,268	324	1,792	1,797	8,181
As at 31.12.1998	<u>5,167</u>	<u>352</u>	<u>2,262</u>	<u>2,206</u>	<u>9,987</u>
Net book value					
As at 31.12.1998	25,812	90	766	2,242	28,910
Add: Construction work-in-progress					3,110
					<u>32,020</u>
As at 31.12.1997	25,375	118	1,236	2,521	29,250
Add: Construction work-in-progress					2,793
					<u>32,043</u>





Analysis of land and buildings, drainage and roads:

	Group		Company	
	1998	1997	1998	1997
	RM'000	RM'000	RM'000	RM'000
Freehold land	9,206	5,943	-	-
Long term leasehold land	3,463	3,810	3,463	-
Short term leasehold land	20,613	23,310	17,157	19,749
Buildings and improvements	70,389	60,514	9,708	9,244
Drainage and roads	7,273	5,611	651	650
	<u>110,944</u>	<u>99,188</u>	<u>30,979</u>	<u>29,643</u>
	=====	=====	=====	=====

Included in fixed assets of the Group is a total net book value of RM839,961 (1997: RM856,886) representing assets acquired on instalment purchase plans.

Analysis of cost/valuation:

Group	Land and, buildings, drainage and roads	Plant, machinery and equipment	Motor vehicles	Furniture, fittings and office equipment	Construction work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
1998						
At cost	89,286	266,059	8,378	17,921	3,131	384,775
At valuation, 1992	21,658	-	-	-	-	21,658
	<u>110,944</u>	<u>266,059</u>	<u>8,378</u>	<u>17,921</u>	<u>3,131</u>	<u>406,433</u>
	=====	=====	=====	=====	=====	=====
1997						
At cost	77,530	260,160	7,551	17,088	10,112	372,441
At valuation, 1992	21,658	-	-	-	-	21,658
	<u>99,188</u>	<u>260,160</u>	<u>7,551</u>	<u>17,088</u>	<u>10,112</u>	<u>394,099</u>
	=====	=====	=====	=====	=====	=====



Company	Land and, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Construction work-in-progress RM'000	Total RM'000
1998						
At cost	14,917	442	3,028	4,448	3,110	25,945
At valuation, 1992	16,062	-	-	-	-	16,062
	<u>30,979</u>	<u>442</u>	<u>3,028</u>	<u>4,448</u>	<u>3,110</u>	<u>42,007</u>
	=====	=====	=====	=====	=====	=====
1997						
At cost	13,581	442	3,028	4,318	2,793	24,162
At valuation, 1992	16,062	-	-	-	-	16,062
	<u>29,643</u>	<u>442</u>	<u>3,028</u>	<u>4,318</u>	<u>2,793</u>	<u>40,224</u>
	=====	=====	=====	=====	=====	=====

The valuation for 1992 were adopted by the Directors based on professional appraisals by independent valuers. The valuations were on the basis of open market value for land and buildings.

11. Associated companies

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Unquoted shares, at cost	4,428	5,840	4,428	4,428
Share of post-acquisition profit less losses	531	691	-	-
	<u>4,959</u>	<u>6,531</u>	<u>4,428</u>	<u>4,428</u>
Due to associated companies	-	(1)	-	(1)
Due from associated companies	-	3,621	-	-
	<u>4,959</u>	<u>10,151</u>	<u>4,428</u>	<u>4,427</u>
	=====	=====	=====	=====

The Group's interest in the associated companies is represented by:

	Group	
	1998 RM'000	1997 RM'000
Share of net assets	4,943	5,581
Premium on acquisition	16	950
	<u>4,959</u>	<u>6,531</u>
	=====	=====



12. Subsidiary companies

	Company	
	1998 RM'000	1997 RM'000
Unquoted shares:		
- at cost	36,340	36,340
- at Directors' valuation, 1992	34,902	34,902
	71,242	71,242
Less: Provision for diminution in value of investment	(1,304)	-
	69,938	71,242
Due from subsidiary companies	205,654	229,192
	275,592	300,434

13. Stocks and work-in-progress

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Raw materials	15,457	26,331	-	-
Work-in-progress	3,459	4,079	-	-
Finished goods	41,776	55,221	-	-
Packing materials	201	310	-	-
Spare parts and stores	6,108	6,489	-	-
	67,001	92,430	-	-
	=====	=====	=====	=====

14. Trade debtors

Trade debtors (group) are stated after including the provision of doubtful debts of RM7,477,290 (1997: RM3,245,956).

15. Short term borrowings

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Bankers' acceptances	1,300	1,693	-	-
Bank overdrafts	237	4,634	-	666
3% Guaranteed Redeemable Bonds 1994/1999 with detachable warrants	50,000	-	50,000	-
Term loans				
- portion repayable within twelve months	2,996	4,187	-	809
Hire purchase and lease creditors				
- portion repayable within twelve months	295	267	-	-
	54,828	10,781	50,000	1,475
	=====	=====	=====	=====

The group's bank borrowings are secured by corporate guarantees and carry interest at rates ranging from 6.4% to 9.73% per annum.

The 3% Guaranteed Redeemable Bonds are constituted by a Trust Deed dated 30 May, 1994 and are redeemable in cash at nominal value on maturity of the bonds in 1999. By a Guarantee Facility Agreement dated 30 May, 1994 between the Company and the Guarantor, Malaysian Industrial Development Finance Berhad, the Guarantor agreed to guarantee the due payment of all principal and interest payable by the Company under the Trust Deed.

16. Long term liabilities

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
3% Guaranteed Redeemable Bonds 1994/1999 with detachable warrants	-	50,000	-	50,000
Term loans				
- portion repayable after twelve months	1,674	-	-	-
Hire purchase and lease creditors				
- portion repayable after twelve months	408	340	-	-
	<u>2,082</u>	<u>50,340</u>	<u>-</u>	<u>50,000</u>
	=====	=====	=====	=====
Ageing analysis				
Amount repayable within two years	669	50,191	-	50,000
Amount repayable after two years but within 5 years	1,264	149	-	-
Amount repayable after five years	149	-	-	-
	<u>2,082</u>	<u>50,340</u>	<u>-</u>	<u>50,000</u>
	=====	=====	=====	=====



17. Share capital

	Group and Company	
	1998	1997
	RM'000	RM'000
Ordinary shares of RM1.00 each		
Authorised	500,000	500,000
	=====	=====
Issued and fully paid:		
Balance at 1 January	145,199	100,067
Issued during the year through:		
- bonus issue	-	20,028
- right issue	-	25,034
- exercise of ESOS	-	70
	-----	-----
Balance at 31 December	145,199	145,199
	=====	=====

As at 31 December, 1998, the number of options offered and granted under the ESOS to eligible executives of the Group to subscribe for ordinary shares of RM1.00 each remaining unexercised was 9,928,150.

The warrants are constituted by a Deed Poll executed by the Company on 30 May, 1994 for warrant holders for an exercise period of four years commencing from 30 May, 1994. The exercise period has since lapsed on 30 May, 1998. No warrants was exercised during the year up to its expiry on 30 May, 1998.

18. Reserves

	Group		Company	
	1998	1997	1998	1997
	RM'000	RM'000	RM'000	RM'000
Non distributable:				
Revaluation reserve				
Balance at 1 January	140	140	2,186	2,186
Balance at 31 December	140	140	2,186	2,186
	-----	-----	-----	-----
Share premium account				
Balance at 1 January	45,069	686	45,069	686
Share issue expenses	-	(897)	-	(897)
Premium on share issue	-	45,280	-	45,280
	-----	-----	-----	-----
Balance at 31 December	45,069	45,069	45,069	45,069
	-----	-----	-----	-----

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Reserve and Enterprise Expansion Fund				
Balance at 1 January	882	-	-	-
Transfer from revenue reserve	17	882	-	-
Balance at 31 December	<u>899</u>	<u>882</u>	<u>-</u>	<u>-</u>

The Reserve Fund and Enterprise Expansion Fund are transferred from revenue reserve based on 10% and 9% of the current year profit of the group's China subsidiary for the purpose of working capital and expansion respectively. These funds are maintained in compliance with the governing authority of the People's Republic of China.

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Translation adjustment account				
Balance at 1 January	16,324	(2,900)	-	-
Translation difference in subsidiary companies	(2,920)	19,224	-	-
Balance at 31 December	<u>13,404</u>	<u>16,324</u>	<u>-</u>	<u>-</u>
Distributable:				
Revenue reserve				
Balance at 1 January	112,727	122,334	100,228	92,366
Amount utilised for bonus issue	-	(20,028)	-	(20,028)
Transfer (to)/from profit and loss account	(8,989)	11,303	7,447	27,890
Transfer to Reserve Fund and Enterprise Expansion Fund	(17)	(882)	-	-
Change in group structure	371	-	-	-
Balance at 31 December	<u>104,092</u>	<u>112,727</u>	<u>107,675</u>	<u>100,228</u>
Total reserves	<u><u>163,604</u></u>	<u><u>175,142</u></u>	<u><u>154,930</u></u>	<u><u>147,483</u></u>



- (a) Unappropriated profits are retained by:

	Group	
	1998 RM'000	1997 RM'000
Holding Company	107,675	100,228
Subsidiary companies	(4,114)	11,808
Associated companies	531	691
	<u>104,092</u>	<u>112,727</u>
	=====	=====

- (b) Based on the estimated tax exempt income and the Section 108 tax credits available, the whole of the revenue reserve of the Company is available for distribution 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 for 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.

19. Capital commitments

	Group		Company	
	1998 RM'000	1997 RM'000	1998 RM'000	1997 RM'000
Capital expenditure not provided for in the accounts:				
Authorised and contracted for	3,472	6,642	1,865	2,612
Authorised and not contracted for	736	-	736	-
	<u>4,208</u>	<u>6,642</u>	<u>2,601</u>	<u>2,612</u>
	=====	=====	=====	=====

20. Contingent liabilities

Guarantees to financial institutions in respect of banking facilities granted to subsidiary companies	-	-	138,123	138,675
Guarantees to financial institutions in respect of banking facilities granted to associated companies	-	7,467	-	7,467
	<u>-</u>	<u>7,467</u>	<u>138,123</u>	<u>146,142</u>
	=====	=====	=====	=====

21. Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks. Cash and cash equivalents included in the cashflow statement comprise the following balance sheet amounts:

	Group	
	1998	1997
	RM'000	RM'000
Cash and bank balances	5,283	3,714
Fixed deposits	43,082	7,944
Bankers acceptances	(1,300)	(1,693)
Bank overdraft	(237)	(4,634)
Cash and cash equivalents	<u>46,828</u>	<u>5,331</u>
	=====	=====

22. Related party transactions

The group's significant related party transactions are as follows:

	Group	
	1998	1997
	RM'000	RM'000
Sales to an associated company	5,861	5,856
Purchases from an associated company	2,794	3,631
Rental of office and warehouse paid to a company controlled by the directors	2,464	1,598
Purchases from a company controlled by a major shareholder who exercised significant influence	5,987	9,676
Renovation costs paid to a director related company	-	3,239
Interest received from an associated company	118	12

Sales and purchases were entered into by the group under terms that are no less favourable than those arranged with third parties. The rental paid to a company controlled by the directors is under terms which is determined by reference to the prevailing market rates for comparable buildings.



	Company	
	1998	1997
	RM'000	RM'000
Sales to a subsidiary company	58	57
Dividend receivable from subsidiary companies and an associated company	14,796	28,243
Management fees receivable from subsidiary companies	264	7,334
Interest income receivable from subsidiary companies	1,140	1,283
Rental income receivable from a subsidiary company	227	227
Renovation costs paid to a director related company	-	148
Rental paid to a company controlled by directors	120	120

The directors of the company are of the opinion that the above transactions were entered into in the normal course of business and under normal commercial terms.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

PARTICULARS OF GROUP'S PROPERTIES

FOR THE YEAR ENDED 31 DECEMBER, 1998

Details of the properties of the Group as at 31 December 1998, all of which are leasehold/freehold properties, set out below

No	Location	Description /Existing Use	Approximate Age Of Building (Year)	Land/Area M ²	Leasehold Expiry Date	NBV RM '000
1	Lot 2124 Block 226 Kuching North Land District (KNLD) Lot 96, 335, 479, 929 & 930 Block 226, KNLD	Country Land/Mixed Zone Land 3 storeys Old Office Block & factory building, worker quarters warehouse, 3 storeys new Office	14 7, 7 7, 3	60,187 75,071	13/7/2057 31/12/2038	42,254
2	Lot 313 Block 226 KNLD	Country Land/Mixed Zone Land	-	11,655	30/3/2038	377
3	Lot 315 Block 226 KNLD	Country Land/Mixed Zone Land	-	5,504	30/3/2038	175
4	Lot 505 Block 226 KNLD	Country Land/Mixed Zone Land	-	8,458	31/12/2038	529
5	Lot 506 Block 226 KNLD	Vacant Land	-	7,689	31/12/2038	759
6	Lot 754 Block 226 KNLD	Country Land/Mixed Zone Land	-	2,792	31/12/2038	212
7	Lot 931 Block 226 KNLD	Country Land/Mixed Zone Land	-	8,551	31/12/2038	249
8	Lot 932 Block 226 KNLD	Country Land/Mixed Zone Land	-	7,988	31/12/2038	209
9	Lot 679 Block 226 KNLD	Country Land/Mixed Zone Land	-	10,846	31/12/2038	322
10	Lot 1641 Block 226 KNLD	Country Land/Mixed Zone Land	-	4,405	31/12/2038	211
11	Lot 316 Block 225 KNLD	Country Land/Mixed Zone Land 1 dwelling house	13	4,573	31/12/2038	182
12	Lot 698 Block 225 KNLD	Country Land/Mixed Zone Land	-	11,676	31/12/2038	495
13	Lot 1789 Block 225 KNLD	Vacant Country Land /Mixed Zone Land	-	4,048	31/12/2038	175
14	Lot 1790 Block 225 KNLD	Vacant Country Land /Mixed Zone Land	-	4,787	31/12/2038	113
15	Lot 1791 Block 225 KNLD	Country Land/Mixed Zone Land	-	3,744	31/12/2038	123
16	Lot 1792 Block 225 KNLD (706/1042 Share)	Vacant Country Land /Mixed Zone Land 3 dwelling houses	8	2,857	31/12/2038	235
17	Lot 1802, 1803, 1809, 1810 & 1808 Block 225 KNLD	Vacant Country Land /Mixed Zone Land	-	41,332	31/12/2038	1,706
18	Lot 1804 Block 225 KNLD	Country Land/Mixed Zone Land	-	8,239	31/12/2038	495
19	Lot 1805 Block 225 KNLD	Country Land/Mixed Zone Land	-	8,042	31/12/2038	495



No	Location	Description /Existing Use	Approximate Age Of Building (Year)	Land/Area M ²	Leasehold Expiry Date	NBV RM '000
20	Lot 1806 Block 225 KNLD	Country Land/Mixed Zone Land	-	7,882	31/12/2038	494
21	Lot 1807 Block 225 KNLD	Country Land/Mixed Zone Land	-	7,996	31/12/2038	494
22	Lot 1812 Block 225, & Lot 1813 Block 225 (420/1050 share) KNLD	Country Land/Mixed Zone Land Single-storey detached house	12	5,226	31/12/2038	610
23	Lot 1814 Block 225 KNLD	Country Land/Mixed Zone Land & 3 storeys building plus store	15	3,268	31/12/2038	529
24	Lot 339 Block 4 Matang Land District (MLD)	Vacant Country Land/Mixed Zone Land with white clay deposits	-	19,464	31/12/2018	97
25	Lot 605 Block 4 (MLD)	Vacant Country Land/Mixed Zone Land with white clay deposits	-	11,250	3/1/2011	42
26	Lot 606 Block 4 (MLD)	Vacant Country Land/Mixed Zone Land with white clay deposits	-	11,960	3/1/2011	42
27	Lot 710 Block 4 (MLD)	Vacant Country Land with white clay deposits	-	22,330	4/2/2014	45
28	Lot 794 Block 4 (MLD)	Vacant Country Land with white clay deposits Mixed Zone Land	-	19,303	12/7/2017	102
29	Lot 803 Block 4 (MLD)	Vacant Country Land with white clay deposits Mixed Zone Land	-	23,513	23/8/2016	123
30	Lot 3, 20, 21, 29, 30, 31, 32, & 33 Block 1, Pangkalan Ampat Land District (PALD)	Vacant Country Land white clay deposits	-	347,949	31/12/2018	729
31	Lot 2 Block 1 (PALD)	Vacant Country Land with white clay deposits	-	121,127	31/12/2018	73
32	Lot 4 Block 1 (PALD)	Vacant Country Land with white clay deposits	-	40,632	31/12/2018	236
33	Lot 966 , Block 31, Kemena Land District(KLD)	Country Land/Mixed zone Land 4 storey intermediate shophouse	12	182	28/12/2043	431
34	Lot 1681 , Block 31(KLD)	Country Land/Mixed zone Land 3 storey intermediate shophouse	13	111	21/1/2045	265
35	Lot 164, Block 11, Salak Land Distrist	Country Land/Mixed zone land with white clay deposits suitable for ceramics/pottery industry	-	28,213	12/2/2012	88

No	Location	Description /Existing Use	Approximate Age Of Building (Year)	Land/Area M ²	Leasehold Expiry Date	NBV RM '000
36	Bau Lease of Crown Land No 5822 of 1952	Vacant Country Land ball with clay deposits	-	5,099	29/3/2037	18
37	Bau Occupation ticket No 73	Vacant Country Land ball with clay deposits		46,540	31/12/2029	131
38	HS(D) 43950 to HS(D) 43963 Lot Nos 10807 To 10820 Mukim Rentau District Of Seremban	Industrial freehold Land, Factory/Office building, new office building	9 1	61,495	-	18,826
39	Land in China Zhujing Development Area Jinshan Country, Shanghai	Industrial Land, Factory/Office building	4	230,932	5/11/2042	16,306
40	59 - 87 Ordish Road , Victoria, Australia	Vacant freehold Land	4	189,600		2,676
41	19 Little Street Camden, Australia	Freehold Land with Office Building & warehouse		19,790		2,875
42	21 Little Street Camden, Australia	Office building come showroom & detached warehouse	21	1,078		311
Total						94,859



STATISTICS ON SHAREHOLDINGS

AS AT 13 MAY, 1998

Authorised share capital : RM500,000,000
 Issued and fully paid-up capital : RM145,199,013
 Class of shares : Ordinary Shares of RM1 each fully paid

Analysis of shareholdings as at May 13, 1999

Size of shareholdings	Shareholders	%	Shareholdings	%
1 - 499	392	5.06	96,679	0.07
500 - 5,000	5,534	71.46	12,464,363	8.58
5,001 - 10,000	1,002	12.94	7,778,685	5.36
10,001 - 100,000	745	9.62	18,752,109	12.91
100,001 - 1,000,000	62	0.80	14,207,987	9.79
More Than 1,000,000	9	0.12	91,899,190	63.29
Total	7,744	100	145,199,013	100.00

List of twenty largest shareholders as at May 13, 1999

No	Name	No. of Shares	%
1.	Kim Hin (Malaysia) Sdn Bhd	62,254,025	42.87
2.	Employees Provident Fund Board	8,075,800	5.56
3.	Huang Jay Chia-Yi	5,106,850	3.52
4.	Permodalan Nasional Berhad	4,136,850	2.85
5.	Ong Huey Peng	3,929,000	2.71
6.	MIMB Nominees (Tempatan) Sendirian Berhad (Malaysian International Merchant Bankers Berhad)	2,614,265	1.80
7.	UOBM Nominees (Tempatan) (United Overseas Bank Nominees Pte Ltd For China Cruise Company)	2,582,400	1.78
8.	Citicorp Nominees (Asing) Sdn Bhd (Jacobson Associated SA)	2,000,000	1.38
9.	Universal Trustee (Malaysia) Berhad	1,200,000	0.83
10.	Chua Ban Choon @ Chua Chui Kim	823,700	0.57
11.	BSNCB Nominees (Tempatan) Sdn Bhd (Permodalan Terengganu Bhd)	816,000	0.56
12.	Nican Asia Limited	608,000	0.42
13.	Mayban Trustees Berhad (Amanah Saham Bank Islam Tabung Pertama)	580,000	0.40
14.	BBMB Trustee Berhad (Amanah Saham Darul Iman)	539,400	0.37
15.	Citicorp Nominees (Asing) Sdn Bhd (Gan, Owen Seng Yew)	459,800	0.32

No	Name	No. of Shares	%
16.	Universal Trustee (Malaysia) Berhad (Mayban Unit Trust Fund)	454,000	0.31
17.	M & A Nominee (Tempatan) Sdn Bhd (Gryphon Asset Management Sdn Bhd For Chan Boo Tang)	400,000	0.28
18.	DB (Malaysia) Nominee (Asing) Sdn Bhd (BNP Nominees Singapore Pte Ltd For Contend Investments Limited)	395,850	0.27
19.	Lim Yong Hua	356,000	0.25
20.	Kee Boon Yau	351,000	0.24

List of directors' shareholdings as at May 13, 1999

No.	Name	No. of Shares	%
1.	Chua Seng Huat	15,236	0.01
2.	John Chua Seng Chai	24,650	0.02
3.	Chua Yew Lin	17,400	0.01
4.	Pauline Getrude Chua Hui Lin	2,900	0

List of substantial shareholders

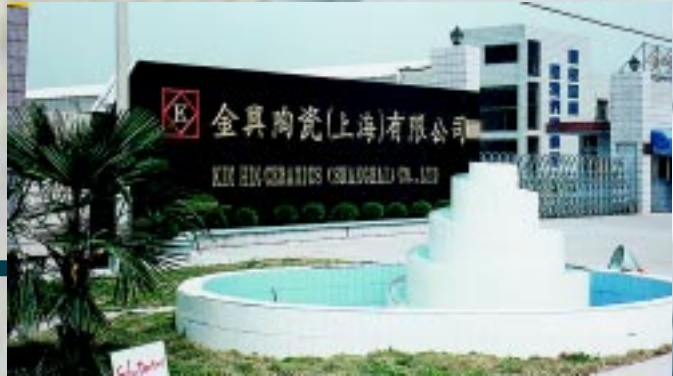
1.	Kim Hin (Malaysia) Sdb Bhd	62,254,025	42.87
2.	Employees Provident Fund Board	8,075,800	5.56
3.	Huang Jay Chia-Yi	5,106,850	3.52
4.	Permodalan Nasional berhad	4,136,850	2.85
5.	Ong Huey Peng	3,929,000	2.71



Reception counter at Head Office Kuching, Sarawak



Tile factory in Shanghai, Kim Hin Ceramics (Shanghai) Co. Ltd.



Marketing Company in Shanghai



Guolene Paper Products (Kuching) Sdn. Bhd. carton box factory





Showroom in
Petaling Jaya



Display of sanitaryware at our
showroom in Petaling Jaya



Display of all tiles for washroom at
showroom in Petaling Jaya





Tiles marketed under the brand names “Kimgres” and “Durogres”



Sanitaryware distributed by Kimgres Marketing Sdn. Bhd. under the brand name “Kimware”



Wash Basins distributed by Kimgres Marketing Sdn. Bhd. under the brand name “Kimware”



Some of the tableware products manufactured by Miyama Ceramics Sdn. Bhd.



Form of Proxy

Secretary,
Kim Hin Industry Berhad (18203-V)
4 1/2 Mile, Kung Phin Road, Off Penrissen Road,
P.O. Box 1842, 93736 Kuching, Sarawak.

TWENTY SIX ANNUAL GENERAL MEETING

I/We _____
of _____ being a member/members
of KIM HIN INDUSTRY BERHAD hereby appoint _____
of _____
or falling whom, _____
of _____
of _____

as my/our proxy to vote for me/us and on my/our behalf at the 26 Annual General Meeting to held at Kim Hin's Conference Room, 4 1/2 mile, Kung Phin Road, (off Penrissen Road) 93250 Kuching, Sarawak, on Friday, 25 June 1999, at 2.00 p.m. and, at every adjournment thereof in the manner indicated below:-

	For	Against
Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>

(Please indicate with a cross (X) in the space provided whether you wish your votes to be cast for or against the Resolution. In the absence of specific directions, your Proxy with vote or abstain as he/she thinks fit)

As witness my hand this _____ day of _____ 1999.

No. of shares held _____

Signature of Member(s)

NOTES:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. Where a holder appoints two or more proxies, he shall specify the proportions of his shareholdings to be represented by each proxy.
2. A proxy may but need not be a member of the Company.
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 4 1/2 Mile, Kung Phin Road, off Penrissen Road, P.O. Box 1842, 93736 Kuching, Sarawak, not less than forty-eight hours before the time set for holding the Meeting or any adjournment thereof.

Kim Hin Industry Berhad (18203-V)

4 1/2 Mile, Kung Phin Road,
Off Penrissen Road,
P.O. Box 1842,
93736 Kuching, Sarawak.





KIM HIN INDUSTRY BERHAD

(18203-V)

Group of Companies

Head Office Factory:

4 1/2 Mile, Kung Phin Road,

Off Penrissen Road,

P.O.Box 1842, 93736 Kuching,

Sarawak, East Malaysia.

Tel: 082-451567, 458857,

451017, 454373

Fax: 082-452135