

KIM HIN INDUSTRY BERHAD (018203-V)



annual
report 2003



Vision

To be a world class ceramic tile producer and distributor by providing products and services of superior values and by sustaining consistent long term growth in volume and profitability.

Mission

We shall strive to be a leader in the ceramic industry by

- achieving responsible and balanced commercial success
- satisfying our customers' needs
- giving maximum returns to our shareholders
- providing rewarding careers to our employees
- having mutually beneficial relationship with our business associates
- participating and contributing effectively towards nation building

Corporate Values


1. A role model and a good corporate citizen.
2. Provide the highest quality products and values to our customers.
3. Commitment to our employees' welfare and well being.
4. To instill a culture of discipline, integrity, teamwork and proactivity amongst our people.

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Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Thirty-First 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 Wednesday, 26 May 2004 at 2.00 p.m. for the following purposes:

ORDINARY BUSINESSES

1. To receive and adopt the audited financial statements and reports of Directors and Auditors for the financial year ended 31st December 2003.

ORDINARY RESOLUTION 1

2. To approve a first and final dividend of 5% (tax exempt) for the financial year ended 31st December 2003.

ORDINARY RESOLUTION 2

3. To approve the payment of Directors' fees amounting to RM240,000 for the financial year ended 31st December 2003 (2002 : RM200,000) as recommended by the Directors.

ORDINARY RESOLUTION 3

4. To re-elect Directors

In accordance with Article 84 of the Company's Articles of Association, the following Directors retire by rotation from the Board and being eligible, offer themselves for re-election.

Mdm. Pauline Getrude Chua Hui Lin

Mr. Yeo Yong Siang

Mr. Fong Tshu Kwong @ Fong Tshun Kwong

ORDINARY RESOLUTION 4

ORDINARY RESOLUTION 5

ORDINARY RESOLUTION 6

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

ORDINARY RESOLUTION 7

AS SPECIAL BUSINESSES:-

To consider and, if thought fit, to pass the following as Ordinary Resolutions:-

6. **Proposed Renewal of Share Buy-Back Authority**

"THAT subject always to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association and the Listing Requirements of Malaysia Securities Exchange Berhad ("MSEB") and any other relevant authority, the Directors of the Company be and are hereby authorised to purchase and hold on the market of the MSEB such number of ordinary shares of RM1.00 each ("Shares") in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company ("Directors") from time to time through the MSEB provided that the total aggregate number of Shares purchased and/or held or to be purchased and/or held pursuant to this resolution shall not exceed 15,280,000 Shares representing approximately ten percent (10%) of the total issued and paid-up share capital of 152,835,013 ordinary shares of RM1.00 each of the Company as at 31 March 2004 and an amount not exceeding RM40 million from the retained profit reserve (as at 31 March 2004, the unaudited retained profit reserve amounted to RM119,957,586) and being an amount not exceeding the total of the Company's latest unaudited net cash resource of RM142 million as at 31 March 2004, be allocated by the Company for the Proposed Share Buy-Back **AND THAT**, such Shares purchased are to be retained as treasury shares and distributed as dividends and/or resold on the market of the MSEB, or subsequently may be cancelled **AND THAT** the Directors be and are hereby authorised and empowered to do all acts and things and to take all such steps and to enter into and execute all commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in order to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments, as may be required or imposed by any relevant authority or authorities **AND FURTHER THAT** the authority hereby given shall commence immediately upon passing of this ordinary resolution and shall continue in force until:-

Notice of annual general meeting (Cont.)

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming general meeting at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM after that date is required by law to be held;
- (c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever occurs first, in accordance with the provisions of the guidelines issued by MSEB or any other relevant authorities."

ORDINARY RESOLUTION 8

7. Renewal Proposal for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into any of the category of recurrent related party transactions of a revenue or trading nature as set out in Paragraph 3.2 of the Circular to Shareholders dated 27 April 2004 with the specific related parties mentioned therein which are necessary for the Kim Hin Group's day-to-day operations subject further to the following :-

- (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders; and
- (b) disclosure is made in the annual report for the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year; amongst others, based on the following information:-
 - (i) the type of the recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the listed issuer

AND THAT such approval shall continue to be in force until :-

- (a) the conclusion of the next AGM of the Company following the forthcoming general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the specified Proposed Shareholders' Mandate."

ORDINARY RESOLUTION 9



Notice of annual general meeting (Cont.)

8. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

"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 new Executive Share Option Scheme as approved by the Ordinary Resolution passed at the Extraordinary General Meeting of the Company on 1 April 2002 .

ORDINARY RESOLUTION 10

BY ORDER OF THE BOARD

LOI PUI KHIM (MIA NO. 7259)
LOW WAI SEE (MAICSA 7051463)
Company Secretaries

Kuching, Sarawak
Dated this 27th day of April 2004

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid the Proxy Form duly completed must be deposited at the Registered Office of the Company at 4 $\frac{1}{2}$ Mile, Kung Phin Road, off Penrissen Road, P.O. Box 1842, 93736 Kuching, Sarawak 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 (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
5. If the appointer is a corporation, the Proxy Form must be executed under its common seal or under the hand of its attorney.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Mandate.



Notice of annual general meeting (Cont.)

Statement accompanying Notice of Annual General Meeting

Compliance to Paragraph 8.28 of the Listing Requirements of Malaysia Securities Exchange Berhad is set out as follows:-

1. THE DIRECTORS WHO ARE STANDING FOR RE-ELECTION ARE AS FOLLOWS:-

Mdm. Pauline Getrude Chua Hui Lin
Mr. Yeo Yong Siang
Mr. Fong Tshu Kwong @ Fong Tshun Kwong

2. THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS ARE AS FOLLOWS:-

There were six (6) Board Meetings held during the financial year ended 31 December 2003. The details of attendance of the Directors are set out on Page 12 on Corporate Governance in the Annual Report.

All Board Meetings were held at Kim Hin Conference Room, 4¹/₂ Mile, Kung Phin Road, off Penrissen Road, 93250 Kuching.

3. DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION:-

The Profile of the Directors standing for re-election are set out in pages 23 to 26 of the Annual Report.

4. PLACE, DATE AND TIME OF THE THIRTY-FIRST ANNUAL GENERAL MEETING

The Thirty-First Annual General Meeting of the Company will be held at the Kim Hin Conference Room, 4¹/₂ Mile, Kung Phin Road, off Penrissen Road, 93250 Kuching, Sarawak on Wednesday, 26 May 2004 at 2.00 p.m.

Explanatory Notes on Special Business

Append hereunder is the Explanatory Notes on Special Businesses from Agenda 6 to 8.

Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority

The proposed resolution 8, if passed, will give the Directors of the Company from the date of the above General Meeting, authority to purchase shares and/or held or to be purchased provided that the total aggregate number of shares purchased shall not exceed 10% of the total issued and paid-up share capital of the Company. The shares purchased may be retained as treasury shares and distributed as dividend and/ or resold on the market or subsequently be cancelled. This authority will unless revoked or varied by the Company in General Meeting expire at the next Annual General Meeting of the Company.

For further information on the Proposed Share Buy-Back, please refer to the Circular to Shareholders dated 27 April 2004, enclosed herewith.

Ordinary Resolution 9 pursuant to the Renewal Proposal for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Pursuant to Paragraph 10.09 of the Listing Requirements of Malaysia Securities Exchange Berhad which states that with regard to the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for its day-to-day operations, the public listed company may seek a Shareholders' Mandate.



Notice of annual general meeting (Cont.)

The proposed resolution 9, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties of the Circular to Shareholders dated 27 April 2004, which are necessary for the Kim Hin Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those available to the public and not to the detriment of the minority shareholders. This authority shall continue to be in force until:-

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming general meeting at which such mandate was passed at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier.

Please refer to Circular to Shareholders dated 27 April 2004 for further details.

Ordinary Resolution 10 - Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

The proposed resolution 10, 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 new Executive Share Option Scheme approved at the Extraordinary General Meeting held on 1st April 2002. This authority will unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting of the Company.



Corporate information

ADVISOR

Chua Chui Tham

BOARD OF DIRECTORS

Chua Seng Guan
(Executive Chairman)

John Chua Seng Chai
(Group Managing Director)

Pauline Getrude Chua Hui Lin
Chua Yew Lin
Vincent Gerard Khoo
(Executive Directors)

Yeo Yong Siang
Dato' Ibrahim bin Mahmud
Fong Tshu Kwong @ Fong Tshun Kwong
(Non-Executive Independent Directors)

COMPANY SECRETARIES

Loi Pui Khim (MIA 7259)
Low Wai See (MAICSA 7051463)

SHARE REGISTRARS

Malaysian Share Registration
Services Sdn. Bhd.
Level 26, Menara Multi
Purpose, Capital Square,
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur.
Tel : 03-27212222
Fax : 03-27212530

REGISTERED OFFICE

4¹/₂ Mile, Kung Phin Road,
Off Penrissen Road,
93250 Kuching, Sarawak.
Tel : 082-451567
Fax : 082-452135

WEBSITE

www.kimhin.com.my



ADVOCATES & SOLICITORS

Messrs Wong Lu Peen & Tunku Alina
21-6, Block B, The Boulevard,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.

AUDITORS

Ernst & Young
Chartered Accountants
3rd Floor, Wisma Bukit Mata Kuching,
Jalan Tunku Abdul Rahman,
93100 Kuching, Sarawak.

PRINCIPAL BANKERS

AmMerchant Bank Berhad
HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Bhd
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Board of Malaysia Securities
Exchange Berhad

STOCK NAME

KIMHIN (Stock Code : 5371)





Chairman's Statement

On behalf of the Board of Directors of Kim Hin Industry Berhad, it is my great pleasure to present to you the Annual Report and Audited Financial Statements of Kim Hin Industry Berhad and its subsidiary companies ("the Group") for the year ended 31 December 2003.

Business Performance Review

The Malaysian economy expanded by 5.2% in 2003. The economic growth was broad based and driven by strong domestic demand and augmented by a stronger export performance. The reinforcing effects of strong economic fundamentals, supportive monetary and financial policies and an economic stimulus package helped to overcome the dampening impact on growth by the emergence of the severe acute respiratory syndrome (SARS) and geopolitical concerns in the first half of the year. In particular, for the construction and property industries, the economic stimulus package has helped to pump prime these industries with numerous measures such as Home Ownership For The People (HOPE) Project, Real Property Gains Tax (RPGT) and stamp duty exemptions. This has helped the construction and property industries and in turn proved positive for the Group.

Financial Review

During the financial year ended 31 December 2003, the Group achieved yet another record revenue of RM257.7 million thereby resulting in a pleasingly significant improvement in profit after tax and minority interest from RM26.5 million achieved in 2002 to RM43.6 million achieved in 2003.

For 2003, the higher revenue was mainly contributed by better project demands while the improvement in profit before taxation and minority interests reflected higher project sales, better sales mix, ongoing enhancement of operational efficiencies and higher foreign exchange gains recorded during the year as a result of the appreciation of the Australian Dollar.

In view of the strong performance in 2003, I am proud to be able to present a strong financial position of the Group to the shareholders as evidenced from the significant increase in its cash reserves from about RM115 million in 2002 to about RM RM167 million while maintaining a tight control on the Group's almost negligible gearing. All in all, the shareholders' value has improved based on the improvement in the shareholders' equity of the Group from about RM354 million to about RM400 million.

Dividend

To share the fruits of our success with our shareholders, the Board is pleased to recommend a dividend of 5% (tax exempt) for the financial year ended 31 December 2003.



Chairman's Statement (Cont.)

Prospects for Year 2004

Year 2004 will continue to be a year of adjustments in view of the dismantling of trade barriers and lowering of tariffs among ASEAN countries with the opening of the ASEAN Free Trade Area (AFTA). However, the outlook for the global economy has become increasingly but cautiously optimistic following the strong upturn in the second half of 2003. For 2004, global economic growth is expected to expand at a faster pace of 4.1% while world trade is expected to expand strongly by 5% to 6%. In addition, the Malaysian economy is expected to strengthen further in 2004 based on the assumption of stronger global economic growth. Malaysia's economic fundamentals are expected to remain strong in 2004. Inflation is expected to remain low while the labour market is expected to improve. With Malaysia ranking as one of the 30 major manufacturing countries covering almost 90% of the world's tiles production and our country's strong fundamentals, the Group continues to foresee opportunities in both the domestic and export markets for our products and will continue its efforts to improve the efficiencies of the Group's operations and its foray into overseas markets by intensifying our efforts in Australia and China.

Barring unforeseen circumstances, the Group is looking forward to achieving another strong performance in 2004.

Corporate Governance

The Board acknowledges the Malaysian Code of Corporate Governance issued by the Finance Committee on Corporate Governance which sets out the principles, best practices and guidelines that may be applied in the operations of a company, so as to enhance the transparency and accountability of public listed companies in Malaysia.

Steps have been taken to ensure the Group's commitment to the Corporate Governance procedures so as to enhance shareholders' value and to safeguard the assets of the Group.

Appreciation

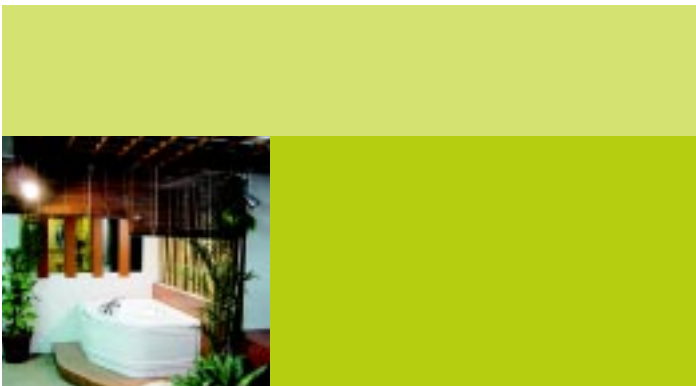
On behalf of the Board, I would like to extend my sincere appreciation to and thank our shareholders, valued customers, vendors, bankers, business associates and regulatory authorities for their continuous support and confidence in the Group.

I would also like to acknowledge the dedicated service and commitment of the Staff and Management of the Group.

Lastly, I take this opportunity to thank my fellow Directors for their invaluable advice and contributions to the Group.

CHUA SENG GUAN Executive Chairman

Dated this 27th day of April 2004



Corporate Governance

The Board of Directors of Kim Hin Industry Berhad ("Board") is committed to comply with the highest standards of corporate governance in discharging its responsibilities to enhance business prosperity and long term value for its shareholders.

The Board is pleased to present below a description of how the Group has applied the principles of good governance and the extent of compliance with the best practices as embodied in the Malaysian Code on Corporate Governance ("the Code"). In achieving this end, the Board takes every step to ensure that the principles of corporate governance and best practices are observed and practised throughout the Group.

The Board of Directors

The composition and category of Board as of 27 April 2004 are as follows:

Category	No. of directors	Percentage
Non-executive, independent directors	3	37.5%
Executive Directors	5	62.5%
Total	8	100%

The board comprises of eight (8) directors, that is three (3) independent non-executive directors and five (5) executive directors. The Board's composition brings to the Group a diverse wealth of skills, knowledge as well as a balanced mix of experience and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction. Generally, the Executive Directors are responsible for making and implementing operational and corporate decisions. Non-Executive Directors play a pivotal role in corporate accountability by providing unbiased and independent views in the sharing of knowledge and experience, towards the formulation of policies and in the decision-making process. A brief profile of each Director is presented on pages 23 to 26 of this Annual Report.

Board functions

Apart from reviewing its corporate performance, the Board undertakes the following functions:

- The Board is run by the chairman who is responsible for the board agenda, conduct of meetings and the preparation of correct minutes.
- The Board formulates corporate aims that are acceptable to a spread of shareholders who may not have common objectives. Some may be long-term investors who do not mind whether dividend payouts are subordinated to creating long-term cash flow; others may be short-term investors who wish to maximize their return.
- The Board ensures that a sound future strategy and plan are established to manage the business in line with these aims.
- The Board watches out for early warning of changing business conditions or competitive pressures that may require changes to the plan.
- The Board ensures that the company has sufficient resources, particularly money and people to implement the various strategies.
- The Board ensures that financial systems are accurate and timely, deter possible fraud, and represent assets at their correct value.
- The Board monitors performance against the plan, and takes preventive and corrective actions where necessary.
- As well as its prime obligation to the company and trusteeship for shareholders, the Board fulfils its obligations towards employees, customers, suppliers and the community.
- The Board elects officers of the company.
- The Board reviews and confirms basic company objectives.
- The Board approves major policy and management decisions.
- The Board adopts or changes the Articles of Association of the company.
- The Board approves changes in policies of the company and its subsidiaries.



Corporate Governance (Cont.)

The Board believes that the exercise of its responsibilities do not compromise the independence of the Board of Directors.

Chairman and Group Managing Director

There is a clear division of responsibilities between the Executive Chairman and the Group Managing Director to ensure that there is balance of power and authority. The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the Managing Director is responsible for the overall operations of the Group and the implementation of the Board's strategies and policies.

Board Meetings

The Board meets on a quarterly basis and additional meetings are convened as and when necessary. The Board met for a total of six (6) times during the financial year ended 31 December 2003. The dates of the board meetings are as follows:-

24 February 2003
28 March 2003
27 May 2003
20 August 2003
11 November 2003
17 December 2003

The attendance of the Directors at the Board Meetings are as follows:-

Directors	Board Meetings		
	Held	Attended	Percentage of attendance
Chua Seng Guan	6	5	83%
John Chua Seng Chai	6	6	100%
Pauline Getrude Chua Hui Lin	6	6	100%
Chua Yew Lin	6	6	100%
Vincent Gerard Khoo	6	6	100%
Yeo Yong Siang	6	6	100%
Dato' Ibrahim bin Mahmud	6	5	83%
Fong Tshu Kwong @ Fong Tshun Kwong	6	6	100%



Corporate Governance (Cont.)

Shareholders' Meeting

One (1) shareholders' meeting was convened during the year and details of the meeting is as follows:-

Date	Type of Meeting	Agenda
23 May 2003	Annual General Meeting	Ordinary businesses of Annual General Meeting and two (2) Special businesses as follows:- 1) Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature; 2) Proposed Share Buy-Back.

Directors attendance at the shareholders' meeting are as follows:-

Directors	No. of Shareholders' Meeting held	No. of Shareholders' Meeting attended	Percentage of attendance
Chua Seng Guan	1	1	100%
John Chua Seng Chai	1	1	100%
Chua Yew Lin	1	1	100%
Pauline Getrude Chua Hui Lin	1	1	100%
Vincent Gerard Khoo	1	1	100%
Yeo Yong Siang	1	0	0%
Dato' Ibrahim bin Mahmud	1	1	100%
Fong Tshu Kwong @ Fong Tshun Kwong	1	1	100%

Appointments of the board and re-election

The appointment of any new director undergoes a process of evaluation and assessment by the Nomination Committee. During the year, no new Director was appointed.

All directors including the Group Managing Director, are subject to retirement and re-election by the shareholders at least once every 3 years in accordance with the Company's Articles of Association.

Supply of information

At the beginning of every year, a yearly timetable of meetings are scheduled and circulated in advance. Due notice is given for all scheduled meetings.

Prior to all meetings, the Directors are given an agenda and a full set of board papers. The board papers provide updates on the business, operational and corporate developments and it also contains explanatory notes and other useful information to be discussed at the meeting.

Members of the Board have access to all information within the Company as well as advice and services of the company secretary.

Directors may seek independent professional advice and any such request is forwarded to the executive director or the company secretary and presented to the Board for approval.



Corporate Governance (Cont.)

Investor Relation and Shareholder Communication

Discussions were held with analysts and investors by Executive Directors. Only permissible disclosures were made during the discussions.

The shareholders' meetings are the principal forum for dialogue with shareholders. Shareholders were given the opportunities to raise questions regarding the proposed resolutions at the meeting as well as on matters relating to the Group's business and affairs. The Chairman and the Board members are in attendance to provide clarification on shareholders queries.

Directors' Remuneration

Details of the nature and amount of directors' remuneration for the year 2003 are as follows:-

Director	Fee ^a	Emolument	Share Options*	Benefits in kind
Chua Seng Guan	RM30,000	RM1,000,000-RM1,050,000	1,000,000	RM27,607
John Chua Seng Chai	RM30,000	RM1,050,000-RM1,100,000	1,000,000	RM49,041
Chua Yew Lin	RM30,000	RM400,000-RM450,000	830,000	RM45,825
Pauline Getrude Chua Hui Lin	RM30,000	RM400,000-RM450,000	830,000	RM42,654
Vincent Gerard Khoo	RM30,000	RM100,000-RM150,000	250,000	RM12,666
Yeo Yong Siang	RM30,000	-	-	-
Dato' Ibrahim bin Mahmud	RM30,000	-	-	-
Fong Tshu Kwong @				
Fong Tshun Kwong	RM30,000	-	-	-

Note:

& To be approved by shareholders at the forthcoming Annual General Meeting.

* Total Share Options granted under the Executive Share Option Scheme 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN PREPARING ANNUAL AUDITED FINANCIAL STATEMENTS

(Pursuant to Paragraph 15.27(a) of the Listing Requirements of Malaysia Securities Exchange Berhad)

In the course of preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible as follows:-

- 1) in ensuring that the financial statements are prepared in accordance with the requirements of the Malaysian Accounting Standards Board, the provisions of the Companies Act, 1965 and the Listing Requirements of Malaysia Securities Exchange Berhad.
- 2) in ensuring that the financial statements for each financial year, gives a true and fair view of the state of the affairs of the Group and the Company at the end of the financial year.
- 3) the adoption of suitable and relevant accounting policies on a consistent basis supported by reasonable and prudent judgements.
- 4) maintaining adequate accounting records and internal controls to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

Corporate Governance (Cont.)

STATEMENT ON INTERNAL CONTROL

(Pursuant to Paragraph 15.27(b) of the Listing Requirements of Malaysia Securities Exchange Berhad)

The Board of Directors acknowledges its responsibility for the Group's system of internal control that aims to safeguard shareholders' investments and the Group's assets. The Board recognises that it is their responsibility for reviewing the adequacy and integrity of system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, such a system by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

During the financial year, the Board has undertaken steps in reviewing the Group's system of internal control against the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies' (the Guidance) issued by the Malaysia Securities Exchange Berhad's (MSEB) Task Force on Internal Control. The Board confirms that there is an on-going process for identifying, evaluating, managing and reporting the significant risks faced by the Group as follows:

Risk Assessment

The Board affirms that an important element for a sound system of internal control is to have in place a risk management and control system to identify and assess the significant risks to the existing business processes of the Group and implement appropriate controls to manage such risks. Since the establishment of the Risk Management Committee (RMC) in 2001, RMC was working in achieving the following objectives:

- (a) To be at the forefront of the Group Wide Risk Programme and ensure that a risk management structure is embedded throughout the Group;
- (b) To ensure that the risk management structure is consistently adopted throughout the group and is within the parameters established by the Board; and
- (c) To ensure compliance with external requirements such as the MSEB's Statement on Internal Control – Guidance for Directors of Public Listed Companies.

In November 2003, a yearly risk assessment workshop was conducted after the strategic planning for 2004 was carried out. New risks were identified, analysed and evaluated on their possibility and impact, controls were also identified to mitigate the risks with risk owners assigned to manage these risks.

Control Environment and Activities

During the financial year, four Risk Management Committee meetings were held. The Corporate Risk Scorecard ("CRS") system has helped to facilitate Management in methodically identifying and assessing any emerging new risks, updating the business risks profiles that have previously been identified, and following up with the implementation of the control plans. Awareness training was conducted in March, 2003. A detailed Risk Management framework was also established and approved with authority charts properly drawn up.

The Corporate Risk Scorecard ("CRS") system was also being upgraded at the end of the year from Version 2 to Version 3 that has enhanced control features such as Key Risk Indicators and email notification.



Corporate Governance (Cont.)

Internal Audit

The Group's Internal Audit function is outsourced to an independent party, which reviews the effectiveness of the system of internal control in managing the key risks and report accordingly to the Audit Committee. In carrying out its work, Internal Audit focuses on areas of priority as determined by risk assessment and in accordance with the annual audit plan approved by the Audit Committee. Where any significant weaknesses have been identified as a result of the reviews, improvement measures are recommended to strengthen controls, with follow-up audits by Internal Audit to assess the status of implementation thereof by Management.

During the financial year, the internal auditors have performed operational audits covering the following organisational operations of various business units of the Group:

- (a) Production related functions - Production Planning, procurement, logistic, new product/process development
- (b) Human resource and maintenance
- (c) Marketing functions conducted in retail outlets
- (d) Support activities - quality assurance, communication, resource optimisation, corporate development, finance and information technology.

Board Review

The Board of Directors is taking continuous steps to assess and enhance the effectiveness of the system of internal control. The Audit Committee reviews the reports from the Internal Audit function and reports to the Board on key audit findings, recommendations of action plans and implementation status of corrective actions. The Board is pleased to report that there were no significant material internal control weaknesses noted during the period under review and to the date of approval of the annual report and financial statements.

The Board of Directors Kim Hin Industry Berhad

Dated this 27th day of April 2004

The Board Committees

The Board has established the following committees:-

1. Nomination Committee
2. Remuneration Committee
3. Executive Share Option Scheme Committee ("Option Committee")
4. Risk Management Committee
5. Audit Committee

The respective Committees are delegated with specific authority and they operate under approved terms of reference.

Nomination Committee

The composition and category of directors in the nomination committee are as follows:-

Category	No. of directors	Percentage
Non-executive, independent directors	2	100%
Executive Director	0	0
Total	2	100%

Corporate Governance (Cont.)

The duties of the Nomination Committee are as follows:-

- (a) Nomination and screening of board member candidates
- (b) Review of required mix of skills and experience and other qualities required for the Board to function completely and efficiently
- (c) Evaluation of the performance of the Board, committees and its members. The Nomination Committee takes into account the review of the audit committee as specified in Paragraph 15.21 of the Listing Requirements of Malaysia Securities Exchange Berhad.
- (d) Termination of membership of individual directors in accordance with policy, for cause or other appropriate reasons
- (e) Coordination of Board Agenda and Meeting Schedules
- (f) Assignment of Committee membership
- (g) Training and Orientation of directors
- (h) In conjunction with the Group Managing Director ("GMD") and the Remuneration Committee, development of the GMD's mission and objectives, succession for GMD and other senior executives, officers and key group managers, including annual evaluation of the performance of GMD.

Remuneration Committee

The composition and category of directors in the Remuneration Committee are as follows:-

Category	No. of directors	Percentage
Non-executive, independent directors	2	67%
Executive Director	1	33%
Total	3	100%

The duties of the Remuneration Committee are as follows:-

- (1) Establish a compensation strategy,
- (2) Establish compensation policies and programs,
- (3) Establish compensation levels of directors, Managing Director, presidents, top officers and management group.
- (4) Establish succession planning process,
- (5) Establish management development plans,
- (6) Establish compensation and employee benefit plans
- (7) Administration of stock bonus plans, stock option plans, and
- (8) Establishment of other executive and director compensation arrangements.

One (1) meeting was held during the financial year.

Executive Share Option Scheme Committee ("Option Committee")

The Option Committee was established on 19 April 2002.

The composition of the Option Committee are as follows:-

Category	No. of directors	Percentage
Non-Executive Independent Directors	2	67%
Executive Director	1	33%
Total	3	100%

The duty of the Option Committee is to administer the Executive Share Option Scheme of the Company in accordance to its Bye-Laws.

One (1) meeting was convened during the year and 100% attendance was recorded.



Corporate Governance (Cont.)

Risk Management Committee

The composition of the Risk Management Committee are as follows:-

Category	No. of directors/staff	Percentage
Non-executive Independent Director	1	14%
Executive Directors	2	29%
Management Staff	4	57%
Total	7	100%

The duties of the Risk Management Committee are as follows:-

- review and recommend overall risk management policies and processes; risk management tolerances and parameters used in establishing these tolerances;
- review the Company's risk profile and the mitigation plans to address significant residual risks;
- monitor significant risks through review of risk-related performance measures, and progress on action plans; and
- review the Corporate Risk Management Policy and Risk Management Framework annually to ensure that they are both relevant and viable in providing context for risk management activities at all levels of the Group.

Specific Duties:-

- Act as an agent of the Board to ensure that all decisions relating to risk activities taken by the Board are implemented and monitored throughout the Group;
- Design and implement an appropriate and robust Group Governance infrastructure and ensure it reflects the risk appetite set by the Board;
- Monitor the effectiveness of the Group Governance infrastructure (including the internal control environment) as a whole and make recommendations on improvements, to the Board where necessary;
- Ensure mitigation strategies/action plans have been enacted by relevant business units and are operating effectively;
- Align and promulgate policy guidelines with the business objectives set by the Board;
- Ensure that risk responsibility is being correctly transacted throughout the Group;
- Ensure that changing risk circumstances within the Group are communicated to the Board;
- Communicate and advise on expected standards in risk management and decisions taken to all areas of the business;
- Approve policy framework, set by relevant sub-committees, for measuring the controlling Group market, liquidity, credit and operational risks;
- Review all Group compliance monitoring reports on the members of the Group to ensure that requisite action is taken promptly to correct any deficiencies and report exceptions to the Board;
- Provide a quarterly report for the Board on the effectiveness of the risk management.

Other miscellaneous activities:

- Risk management training
- Publishing risk management policies and procedures
- Risk management communication with the business
- Technology to support Group Governance infrastructure

Four (4) Risk Management Committee Meetings and one (1) workshop were held during the year under review on the following dates:-

- 1) 25 February 2003
- 2) 27 May 2003
- 3) 18 August 2003
- 4) 20 November 2003 (Workshop)
- 5) 17 December 2003

Corporate Governance (Cont.)

AUDIT COMMITTEE

Composition of the Audit Committee

The Audit Committee comprises the following four members, three are non-executive independent directors and one executive director:

Mr. Yeo Yong Siang
Chairman of the Audit Committee
(Non-Executive Independent Director)

Dato' Ibrahim Bin Mahmud
Member of the Audit Committee
(Non-Executive Independent Director)

Mr. Fong Tshu Kwong @ Fong Tshun Kwong
Member of the Audit Committee
(Non-Executive Independent Director and a member of the Malaysian Institute of Accountants)

Mr. Chua Seng Guan
Member of the Audit Committee
(Executive Director)

Internal Auditor : Ernst & Young

The Audit Committee met six (6) times during the year as follows:-

- 1) 24 February 2003
- 2) 28 March 2003 (meeting convened with external auditors and Independent Directors excluding the attendance of the executive member of the Committee)
- 3) 28 March 2003
- 4) 27 May 2003
- 5) 20 August 2003
- 6) 11 November 2003

Details of attendance at the Audit Committee Meetings are as follows:-

Name of Audit Committee member	No. of Audit Committee meeting held	No. of Audit Committee meeting attended	Percentage of attendance
Mr. Yeo Yong Siang	6	6	100%
Dato' Ibrahim Bin Mahmud	6	6	100%
Mr. Fong Tshu Kwong @ Fong Tshun Kwong	6	6	100%
Mr. Chua Seng Guan	5	4	80%

The activities of the Audit Committee for the financial year under review are as follows:-

- 1) review the external audit plan and the reporting requirements pursuant to Malaysian Accounting Standards Board;
- 2) review with external auditor, his audit report;
- 3) review with external auditor, his evaluation of the system of internal controls;
- 4) review the assistance given by the employees to the external and internal auditors;
- 5) review the internal audit plan, the results of the findings or investigation undertaken and whether or not appropriate action has been taken based on the recommendations of the internal auditor; and
- 6) review related party transactions and share buy-back.



Corporate Governance (Cont.)

The meetings of the Audit Committee were attended by internal auditors, external auditors, General Manager, Group Financial Controller cum Company Secretary, who acts as Secretary of the Audit Committee.

Year 2003 Internal Audit Plan was drawn up in accordance with the high risk areas identified as a result of the risk assessment carried out.

Work Period Ending	Scope of review	Tabling at Audit Committee Meeting
Quarter 1, 2003	Production related functions conducted in Seremban Plant <ul style="list-style-type: none">• Receiving - focusing on receiving of raw material including pallets and carton boxes• Production Planning• Material storage and distribution (logistic)• Conversion process• Maintenance• Human resource	May 2003
Quarter 2, 2003	Production related functions conducted in Kuching Plant <ul style="list-style-type: none">• New product/process development• Procurement planning• Receiving• Production planning• Material storage and distribution (logistic)	August 2003
Quarter 3, 2003	Marketing functions conducted in retail outlets (West Malaysia market) <ul style="list-style-type: none">• Sell product• Branding• Distribution• Collection• Invoicing• Human Resource	November 2003
Quarter 4, 2003	Support activities in corporate headquarter and overseas operations <ul style="list-style-type: none">• Quality assurance• Communication• Resource optimisation• Corporate Development• Finance• Information technology	February 2004

The overall review of the internal control system for the above areas covered, reveals that controls and policies are generally adequate and functioning satisfactorily. On-going reviews were being carried out continuously to ensure the effectiveness of the system. Although the group's internal control system has been evaluated satisfactory, it can only provide reasonable but not absolute assurance in the event of material error or loss.

YEO YONG SIANG
Chairman of Audit Committee

Dated this 27th day of April 2004



Corporate Governance (Cont.)

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Audit Committee of Kim Hin Board of Directors operates under the Terms of Reference as follows:-

1. Composition

An audit committee shall be appointed by the Board of Directors from amongst its directors and shall compose of the following:-

- a) no fewer than 3 members.
- b) majority of the audit committee must be independent directors; and
- c) at least one member of the audit committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-
 - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- d) no alternate director is to be appointed member of the audit committee.
- e) In the event of any vacancy in an audit committee resulting in the non-compliance of the above, the Company must fill the vacancy within 3 months.
- f) the Board of Directors must review the term of office and performance of an audit committee and each of its members at least once every 3 years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

2. Chairman of the audit committee

The members of an audit committee shall elect a chairman from among their number who shall be an independent director.

3 Functions of the audit committee

The functions of the audit committee shall be as follows:-

- (1) review the following and report the same to the board of directors:-
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board of directors, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements.
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises question of management integrity;
 - (i) any letter of resignation from the external auditors;
 - (j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.



4. Rights of the Audit Committee

- A. The duties of the audit committee shall be in accordance with the procedure determined by the Board of directors and at the cost of the Company:-
- (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining the Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
 - (e) Be able to obtain independent professional or other advice; and
 - (f) Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, at least once a year.
- B. Where any audit committee is of the view that a matter report by it to the Board of directors has not been satisfactorily resolved resulting in a breach of these Requirements, the audit committee must promptly report such matter to the Exchange.

5. Procedure of Audit Committee Meetings

Calling a Meeting

- a. Any member may call a meeting.
- b. Upon the request of external auditor, the Chairman of the audit committee shall convene a meeting of the committee.

Notice of Meeting

Notice of meeting shall be circulated to 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.

Quorum

To form a quorum of an audit committee meeting, the majority of members present must be independent directors.

Attendance of other Directors and Employees

The other directors and employees may be invited to attend the audit committee meeting, specific to the relevant meeting.

Voting and Proceedings

Questions arising of any audit committee meeting shall be decided by a majority of votes, each member having one (1) vote and in the case of equality of votes the Chairman shall have a second or casting vote.

Minutes

The Secretary shall be responsible for the custody, production and inspection of the audit committee minutes.

6. Audit Committee Report

The audit committee must prepare a report at each of the financial year that complies with subparagraphs (a) and (b) below:

- (a) The audit committee report must be clearly set out in the annual report of the Company.
- (b) The audit committee report shall include the following:-
 - (i) the composition of the audit committee, including the name, designation (indicating the Chairman) and directorship of the members (including whether the directors are independent or otherwise);
 - (ii) the terms of reference of the audit committee;
 - (iii) the number of audit committee meeting held during the financial year and details of attendance of each committee member;
 - (iv) a summary of the activities of the audit committee in the discharge of its functions and duties for that financial year; and
 - (v) the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the audit committee to discharge its functions effectively.

Profile of Directors

CHUA SENG GUAN

Executive Chairman

46 years of age / Malaysian

Mr. Chua Seng Guan graduated with a Bachelor of Arts, Honours degree in Business Law from the City of London Polytechnic, United Kingdom and was called to the Bar at Gray's Inn at the end of 1983. After he had chambered and worked at Gray's Inn and Inner Temple, he returned to Malaysia and joined the Company as the Marketing Director on 22 October 1985. He is a member of the Audit Committee, Remuneration Committee and Risk Management Committee. He is also a director of Webspay Limited, a public listed company in Australia.

He attended five (5) of the six (6) Board Meetings of the Company held during the year ended 31 December 2003.

Mr. Chua Seng Guan is the brother of Mr. John Chua Seng Chai, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin who are also Directors of the Company.

Details of his securities holdings as at 6 April 2004:

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	280,000		500,000
Major shareholder:- Kim Hin (Malaysia) Sdn Bhd		62,254,025	

JOHN CHUA SENG CHAI

Group Managing Director

45 years of age / Malaysian

Mr. John Chua Seng Chai holds a Bachelor of Arts (Economics) Honours degree from the University of Warwick, United Kingdom. He was appointed to the Board as the Production Director on 2 October 1981. He is a member of the Risk Management Committee and Option Committee.

He attended all six (6) of the Board Meetings held during the financial year.

Mr. John Chua Seng Chai is the brother of Mr. Chua Seng Guan, Mdm. Pauline Getrude Chua Hui Lin and Mdm. Chua Yew Lin who are also the Directors of the Company.

Details of his securities holdings as at 6 April 2004:

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	524,650		500,000
Major shareholder:- Kim Hin (Malaysia) Sdn Bhd		62,254,025	



Profile of Directors (Cont.)

PAULINE GETRUDE CHUA HUI LIN

Administration Director

42 years of age / Malaysian

Madam Pauline Getrude Chua Hui Lin has completed her secondary education in Kuching and she joined the Company in 1980, initially serving in the Accounts Department and was appointed to the Board of Directors of Kim Hin Industry Berhad in 1981 and later as an Alternate Director to Mr. Chua Seng Guan in 1985. Madam Pauline Getrude Chua Hui Lin was later re-appointed as Director of Kim Hin Industry Berhad on 1 January 1992. She is currently the Administration Director of the Company who is responsible for the day-to-day administration and operating procedures of the Group.

She attended all six (6) of the Board Meetings held during the financial year ended 31 December 2003.

Madam Pauline Chua Hui Lin is the sister of Mr. Chua Seng Guan, Mr. John Chua Seng Chai and Mdm. Chua Yew Lin who are also the Directors of the Company.

Details of her securities holdings as at 6 April 2004:

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	328,900		415,000
Major shareholder:- Kim Hin (Malaysia) Sdn Bhd		62,254,025	

CHUA YEW LIN

Finance Director

41 years of age / Malaysian

Madam Chua Yew Lin has completed her secondary education in Kuching. She joined the Company in 1980 as Office Manager and was later promoted as a Director on 2 October 1981. She became the Finance Director in 1985 and was responsible for the overall financial and treasury operations of the Group.

She attended all six (6) of the Board meetings held during the financial year ended 31 December 2003.

Mdm. Chua Yew Lin is the sister of Mr. Chua Seng Guan, Mr. John Chua Seng Chai and Mdm. Pauline Getrude Chua Hui Lin who are also the Company's Directors.

Details of her securities holdings as at 6 April 2004:

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	332,400		415,000
Major shareholder:- Kim Hin (Malaysia) Sdn Bhd		62,254,025	

Profile of Directors (Cont.)

VINCENT GERARD KHOO (JSM, JBK, KMN, PBS, AMN)
Security Director
68 years of age / Malaysian

Mr. Khoo has completed his secondary education in Kuching. He joined the Sarawak Constabulary on 1 June 1956 as probationary inspector and rose through the inspectorate and gazetted ranks to Senior Assistant Commissioner of Police before his retirement on 17 July 1992. During his service he had gone through the mill of CID Investigation Officer, Prosecutor, Special Branch Officer, General Duty Police and Administrator. He was actively involved and participated in the fight against the Communist insurgency and the Indonesian confrontation. He joined Kim Hin Industry Berhad on 14 July 1992 as Security Director.

He attended all six (6) of the Board Meetings held during the financial year ended 31 December 2003.

Details of his securities holdings as at 6 April 2004 :

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	Nil	Nil	125,000

YEO YONG SIANG (PPT)
Independent Non-Executive Director
65 years of age / Malaysian

Mr. Yeo completed his secondary education in Kuching. He joined the Sarawak Land and Survey Department in early January 1960. He served as an Accounts Assistant in the Land Office, Valuation, Registry Office and retired on 10 June 1994 as an Enforcement Officer. He was appointed as Independent Non-Executive Director of Kim Hin Industry Berhad on 9 August 1996. He is the Chairman of the Audit Committee, member of the Remuneration Committee, Nomination Committee and Option Committee.

He attended all six (6) of the Board Meetings held during the financial year ended 31 December 2003.

DATO' IBRAHIM BIN MAHMUD (PPB, PPP, DIMP)
Independent Non-Executive Director
61 years of age / Malaysian

Dato' Ibrahim bin Mahmud completed his secondary education in Kuching. He joined the Sarawak Constabulary on 12 March 1964 as Constable. Promoted to the rank of Inspector in 1966 and rose through the gazette rank to full superintendent before his retirement on 1 March 1998. During his service in the Royal Malaysia Police, he had served as Staff Officer Narcotic, CID HQ, Sarawak and Officer in Charge of Police District. He was also seconded to the Anti-Corruption Agency, Kuching as Senior Investigation Officer. He joined Kim Hin Industry Berhad on 25 August 1999 as an Independent Non-Executive Director. He is also a member of the Audit Committee, Remuneration Committee, Nomination Committee and Option Committee.

On 26 December 2002, Dato' Ibrahim was appointed as a Director of FFM Flour Mills (Sarawak) Sdn. Bhd., a wholly-owned subsidiary of FFM Berhad (Company No. 4878-K), a Malaysian Listed Company.

He attended five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2003.



Profile of Directors (Cont.)

FONG TSHU KWONG @ FONG TSHUN KWONG

Independent Non-Executive Director
45 years of age / Malaysian

Mr. Fong is a Chartered Accountant (Malaysia) and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Malaysian Institute of Corporate Governance.

He started his career in Ernst & Young and has over 18 years of professional experience in accounting, secretarial, assurance and advisory business services, taxation, management consultancy and corporate advisory services in London and Malaysia offices. Since April 1996, he has been the Managing Director of OMG Fidelity (Malaysia) Sdn Bhd, a wholly-owned subsidiary of OM Group Inc., USA, a NYSE listed company.

Mr. Fong was appointed to the Board as an Independent Non-Executive Director on 21 May 2001. He is a member of the Audit Committee and Risk Management Committee. He is also an Independent Non-Executive Director of Sarawak Oil Palms Berhad.

He attended all six (6) of the Board Meetings held during the financial year ended 31 December 2003.

Details of his securities holdings as at 6 April 2004:

Name of Company	Ordinary Shares of RM1.00 each		Balance of ESOS options
	Direct shareholding	Indirect shareholding	
Kim Hin Industry Berhad	20,000	Nil	Nil

Save as disclosed, none of the Directors has

- (i) any interest in the Company or its subsidiaries;
- (ii) any family relationship with any Director and/or major shareholder of the Company;
- (iii) any conflict of interest with the Company; and
- (iv) any conviction of offences within the past 10 years other than traffic offences.



Management team & corporate structure

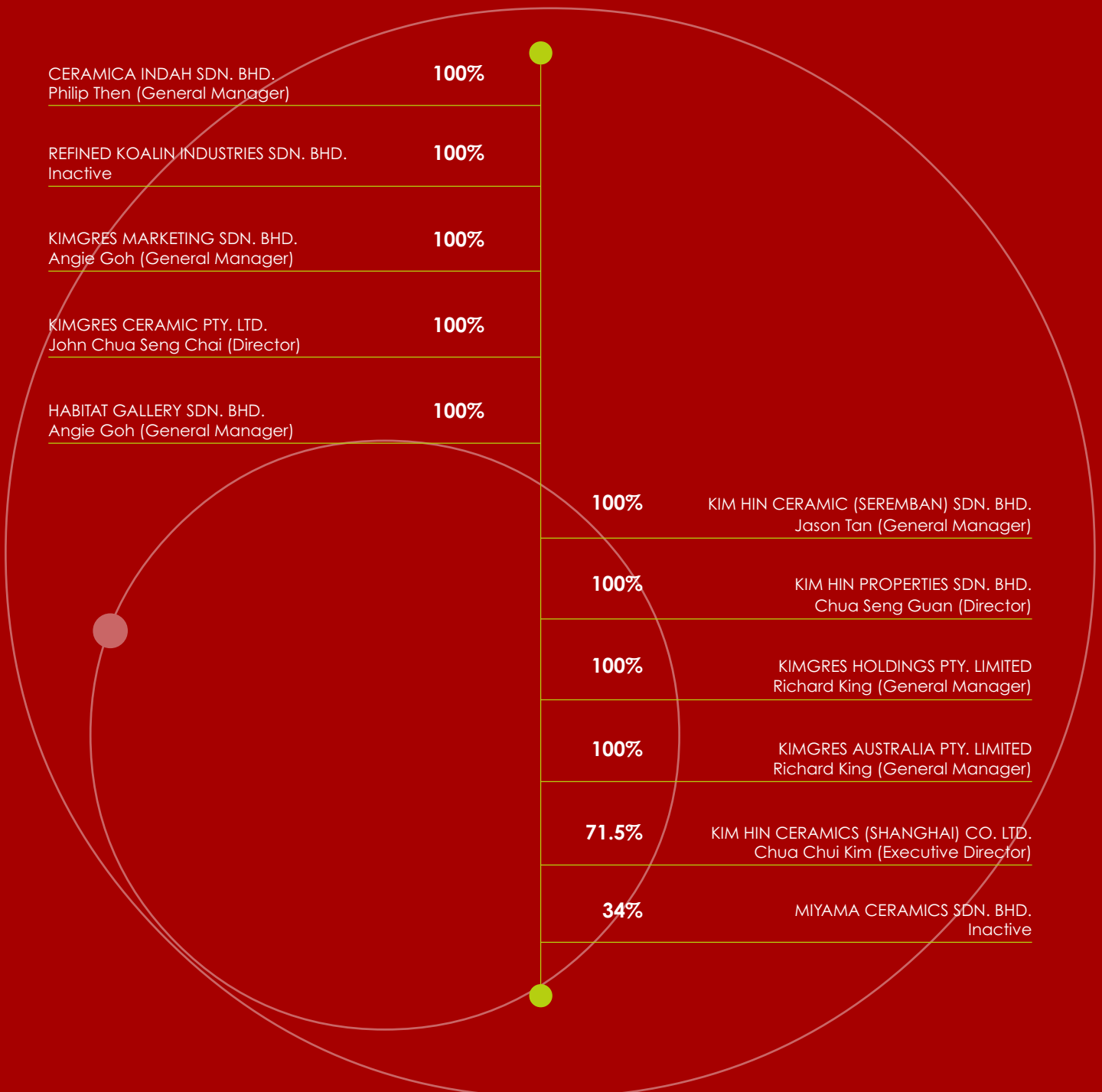


KIM HIN INDUSTRY BERHAD

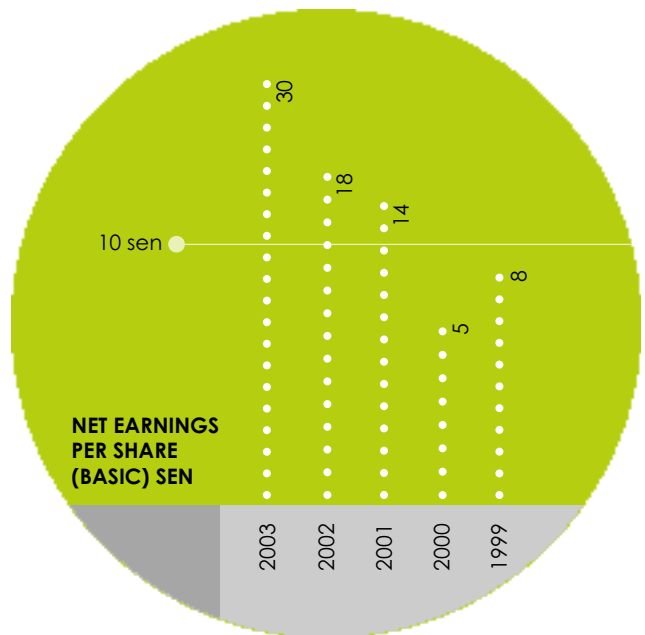
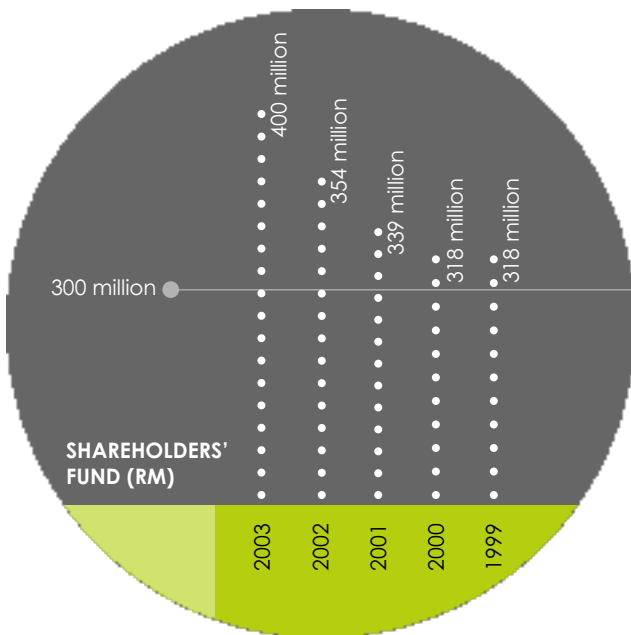
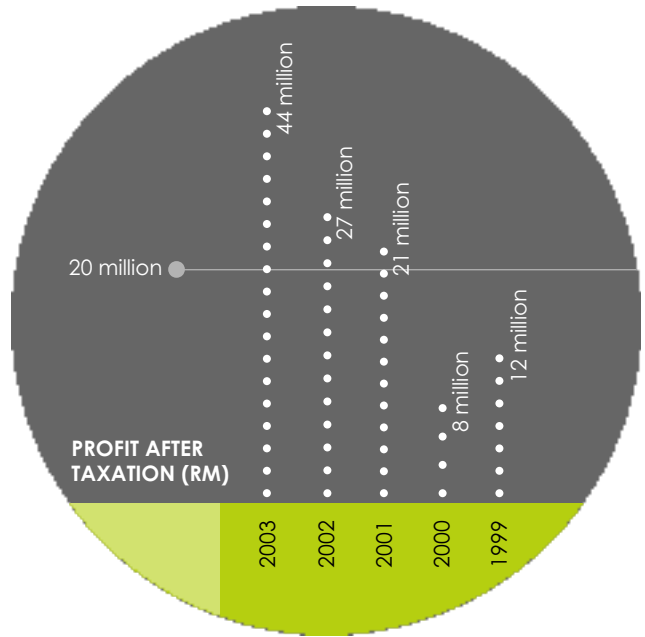
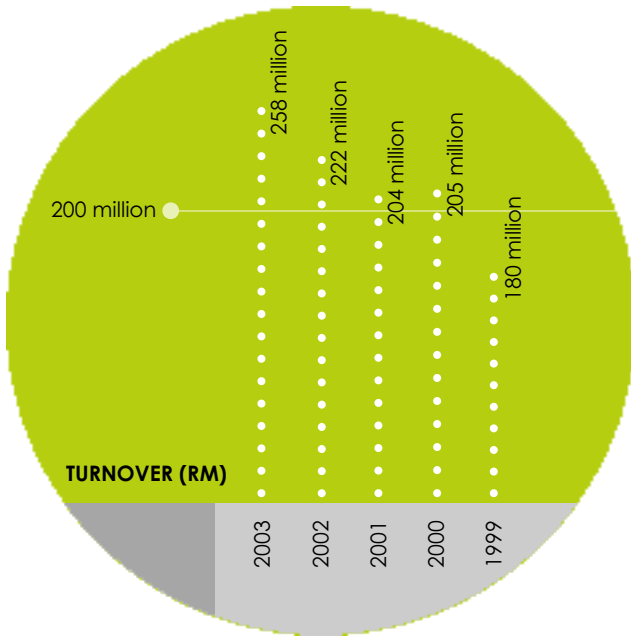
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Chua Seng Guan (Executive Chairman)

John Chua Seng Chai (Group Managing Director)



Financial Highlights



Financial Statements



Directors' Report

The Directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2003.

Principal activities

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are set out in Note 9 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit after taxation	43,603	8,252
Minority interest	31	-
Net profit for the year	<u>43,634</u>	<u>8,252</u>

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 effects arising from the changes in accounting policies resulting in a decrease in the Group's and in the Company's net profit for the year by RM1,965,000 and RM117,000 respectively as disclosed in Note 23 to the financial statements.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the Statements of Changes in Equity.

Dividends

During the year, the Company paid a first and final dividend of 5%, tax exempt, amounting to RM7,164,006 in respect of the financial year ended 31 December 2002.

At the forthcoming Annual General Meeting, a first and final dividend of 5%, tax exempt, amounting to RM7,638,701, in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2004.

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 Seng Guan	(Executive Chairman)
John Chua Seng Chai	(Group Managing Director)
Chua Yew Lin	
Pauline Getrude Chua Hui Lin	
Vincent Gerard Khoo	
Yeo Yong Siang	
Dato' Ibrahim bin Mahmud	
Fong Tshu Kwong @ Fong Tshun Kwong	

At the forthcoming Annual General Meeting, Pauline Getrude Chua Hui Lin, Yeo Yong Siang and Fong Tshu Kwong @ Fong Tshun Kwong shall retire in accordance with Article 84 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Issue of shares

During the current financial year, the issued and paid-up share capital of the Company was increased from RM145,710,013 to RM152,774,013 by the issuance of 7,064,000 new ordinary shares of RM1.00 each on the conversion of 7,064,000 options granted under the Company's Executive Share Option Scheme ("ESOS") at the exercise price of RM1.60 each.

Directors' Report (contd.)

Treasury shares

During the year, the Company repurchased a total of 1,157,000 of its issued ordinary shares from the open market for a total cost of RM2,227,751. The average price paid for the shares purchased during the current financial year was RM1.93 per share. Subsequent to the balance sheet date and up to 23 March 2004, being the last practicable date prior to the printing of this report, the Company did not carry out any share buy backs activity.

The above purchases were financed from the Company's internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. As at 23 March 2004, the issued and paid up capital of the Company comprises 152,835,013 ordinary shares of RM1.00 each, of which 2,800,000 ordinary shares are held as treasury shares.

Movements on treasury shares

	Number of ordinary shares of RM1.00 each ('000)	RM'000	Average price per share RM
At 1 January 2003	1,643	3,274	1.99
Purchased during the year ended 31 December 2003	1,157	2,228	1.93
At 31 December 2003	<u>2,800</u>	<u>5,502</u>	1.96

The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interests of the Company and its shareholders.

Executive share option scheme

The Company's ESOS is governed by the by-laws approved by the shareholders at 1 April 2002.

The main features of the ESOS are:

- (a) Eligible employees are all executives and Executive Directors of the Company or of the Group who have been confirmed in the employment of the Group or who are on contract of not less than three years with the Group.
- (b) The total number of new shares to be offered under the ESOS shall not exceed 10% of the issued share capital of the Company at any point in time during the existence of the ESOS.
- (c) The option period is for five years from 23 April, 2002, being the date on which the last of the requisite approvals was obtained.
- (d) The option price for each RM1.00 share shall be the average of the mean market quotation of the shares as shown in the Daily Official List issued by the Malaysia Securities Exchange Berhad for the five days immediately preceding the date of offer of the option.
- (e) The option granted under the ESOS shall be capable of being exercised on any market day during the option period. The option may be exercised in full or in any lesser number provided the number shall be in multiples of 1,000 shares subject to 25%, 30% or 50% of the allocation per annum depending on the number of options granted.
- (f) The number of options offered shall not be less than 1,000 shares and shall be in the multiples of 1,000 shares.

Executive share option scheme (contd.)

The status of the ESOS at the end of the current financial year was as follows:

A.	Balance of options available for exercise as at 1 January 2003	13,858,000
B.	Total options granted in 2003	-
C.	Total options rejected in 2003	-
D.	Total options forfeited in 2003 upon resignation	346,000
E.	Total options exercised in 2003	7,064,000
F.	Balance of options available for exercise as at the close of business on 31 December 2003 [F = A + B - C - D - E]	6,448,000

The Company has been granted an exemption by the Companies Commission of Malaysia pursuant to Section 169A(1) of the Companies Act, 1965 from disclosing the details of eligible employees, who have been granted options under the ESOS during the current financial year except for eligible employees who have been granted 250,000 or more options, in accordance with Section 169(11) of the Companies Act, 1965.

Accordingly, no disclosure is made in respect of eligible employees who have been granted less than 250,000 options while the details of eligible employees who have been granted 250,000 or more options are disclosed as follows:

- The names of the eligible employees and the number and class of shares in respect of which the options have been granted are disclosed in the ensuing paragraph under Directors' interests for the executive directors while the details relating to the relevant executives are disclosed hereunder:

Options over ordinary share of RM1.00 each

	Exercise price	Total options granted	At 1.1.2003	Exercise of options	At 31.12.2003
Goh Swee Chin	1.60	300,000	270,000	(95,000)	175,000
Chua Ban Choon @ Chua Chui Kim	1.60	300,000	300,000	(150,000)	150,000
Then Chi Kiong	1.60	300,000	300,000	(150,000)	150,000

- The date of expiration of the options and basis upon which the options may be exercised are disclosed in the preceding paragraph under items (c) and (e).
- The eligible employees who have been granted these options do not have any right to participate by virtue of the options granted in any share issue of any other company.

Directors' interests

According to the register of directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and/or options of the Company or its related corporation are as follows:

(a) Shareholdings registered in the name of Directors:

	Number of ordinary shares of RM1.00 each			At 31.12.2003
	At 1.1.2003	Bought During the year	Sold	
Chua Seng Guan	-	500,000	(120,000)	380,000
John Chua Seng Chai	24,650	500,000	-	524,650
Chua Yew Lin	17,400	415,000	(100,000)	332,400
Pauline Getrude Chua Hui Lin	2,900	415,000	(89,000)	328,900
Fong Tshu Kwong @ Fong Tshun Kwong	20,000	-	-	20,000
Vincent Gerard Khoo	-	125,000	(100,000)	25,000

Directors' Report (contd.)

Directors' interests (contd.)

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

	Number of ordinary shares of RM1.00 each			
	At 1.1.2003	During the year Bought	Sold	At 31.12.2003
Chua Seng Guan	62,254,025	-	-	62,254,025
John Chua Seng Chai	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

(c) Number of options granted to Directors under ESOS:

	Options over ordinary share of RM1.00 each				
	Exercise price	Total options granted	At 1.1.2003	Exercise of options	At 31.12.2003
Chua Seng Guan	1.60	1,000,000	1,000,000	(500,000)	500,000
John Chua Seng Chai	1.76	1,000	1,000	-	1,000
John Chua Seng Chai	1.60	999,000	999,000	(500,000)	499,000
Chua Yew Lin	1.60	830,000	830,000	(415,000)	415,000
Pauline Getrude Chua Hui Lin	1.60	830,000	830,000	(415,000)	415,000
Vincent Gerard Khoo	1.60	250,000	250,000	(125,000)	125,000

By virtue of their indirect interest in shares of Kim Hin Industry Berhad and Section 6A of the Companies Act, 1965, Chua Seng Guan, John Chua Seng Chai, Chua Yew Lin and Pauline Getrude Chua Hui Lin are also deemed interested in the shares of the subsidiary companies of Kim Hin Industry Berhad to the extent that Kim Hin Industry Berhad has an interest.

None of the other 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 and options in the Company or its related corporations during the financial year.

Directors' benefits

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, and/or debentures of the Company or any other body corporate other than the options over shares granted by the Company to eligible employees, including Executive Directors of the Company, pursuant to the Company's ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements 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 the Director is a member or with a company in which the Director has a substantial financial interest except as disclosed in Note 28 to the financial statements.

Directors' Report (contd.)

Directors' remuneration

The Group's remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that the remuneration is competitive in attracting personnel of an appropriate quality. Accordingly, the remuneration paid or payable to Executive Directors and Non-Executive Directors of the Company are disclosed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Executive Directors				
Fees	150	125	150	125
Salaries and bonuses	2,592	1,913	1,676	1,250
Employees Provident Fund	460	323	306	212
Benefits in kind	178	196	146	149
	<u>3,380</u>	<u>2,557</u>	<u>2,278</u>	<u>1,736</u>
Non-Executive Directors				
Fees	<u>90</u>	<u>75</u>	<u>90</u>	<u>75</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as follows:

	Number of Directors	
	2003	2002
Executive directors:		
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	1	-
RM200,001 – RM350,000	-	-
RM350,001 – RM400,000	-	2
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	2	-
RM500,001 – RM800,000	-	-
RM800,001 – RM850,000	-	2
RM850,001 – RM1,050,000	-	-
RM1,050,001 – RM1,100,000	1	-
RM1,100,001 – RM1,150,000	-	-
RM1,150,001 – RM1,200,000	1	-
Non-executive directors:		
Nil – RM50,000	3	3

Other statutory information

- (a) Before the income statements 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 an allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 had been written down to an amount which they might be expected so to realise.

Directors' Report (contd.)

Other statutory information (contd.)

- (b) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements 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 would render adherence to the existing method of valuation of assets or liabilities of the Group and of the 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements 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 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 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.

Signed on behalf of the Board in accordance with a resolution of the Directors

John Chua Seng Chai
Group Managing Director

Chua Yew Lin
Finance Director

Kuching, Malaysia

Date: 26 April 2004



Statement by directors pursuant to Section 169(15) of the Companies Act, 1965

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 accompanying financial statements set out on pages 38 to 77 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

John Chua Seng Chai
Group Managing Director

Chua Yew Lin
Finance Director

Date: 26 April 2004

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

I, **Loi Pui Khim**, being the officer primarily responsible for the financial management of **Kim Hin Industry Berhad**, do hereby solemnly and sincerely declare that the accompanying financial statements set out on pages 38 to 77 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the relevant legislation governing statutory declarations in Malaysia.

Subscribed and solemnly declared by
the abovenamed **Loi Pui Khim**
at Kuching in the State of Sarawak
on 26 April 2004

Loi Pui Khim (MIA 7259)

Before me,

Michael Ong Kee Tuan
Commissioner for Oaths

Report of the auditors to the members of Kim Hin Industry Berhad

We have audited the accompanying financial statements set out on pages 38 to 77. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in Note 9 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements in respect of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and in respect of subsidiary companies incorporated in Malaysia, did not include any comment required to be made under Section 174(3) of the Companies Act, 1965.

ERNST & YOUNG

AF: 0039

Chartered Accountants

YONG VOON KAR

1769/04/04 (J/PH)

Partner

Kuching, Malaysia.

Date : 26 April 2004



Income Statements

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	3	257,675	222,396	396	264
Cost of sales		(159,325)	(152,561)	-	-
Gross profit		98,350	69,835	396	264
Other operating income		15,319	9,724	15,413	13,585
Selling and distribution costs		(17,664)	(17,161)	-	-
Administrative expenses		(37,199)	(31,540)	(6,843)	(6,440)
Other operating expenses		(7,261)	(246)	(228)	(181)
Profit from operations		51,545	30,612	8,738	7,228
Finance cost		(202)	(212)	-	-
Share of associate's results		(29)	(78)	-	-
Profit before taxation	4	51,314	30,322	8,738	7,228
Taxation	5	(7,711)	(3,245)	(486)	51
Profit after taxation		43,603	27,077	8,252	7,279
Minority interest		31	(551)	-	-
Net profit for the year		<u>43,634</u>	<u>26,526</u>	<u>8,252</u>	<u>7,279</u>
Earnings per share (sen)	6				
- basic		30.0	18.3		
- diluted		<u>29.5</u>	<u>17.9</u>		
Dividends per share (sen)	7				
- tax exempt		<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>

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

Balance Sheets

as at 31 December 2003

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Non-current assets					
Property, plant and equipment	8	141,920	155,121	28,283	29,887
Investments in subsidiary companies	9	-	-	71,110	71,110
Investments in an associated company	10	232	261	232	261
Other investments	11	6,173	1,535	6,173	1,535
Goodwill on consolidation		10,380	10,380	-	-
Current assets					
Inventories and work-in-progress	12	55,656	61,271	-	-
Trade receivables	13	70,294	52,855	-	-
Other receivables, deposits and prepayments		8,524	6,112	2,839	2,304
Amount due from related companies	14	181	222	72,529	120,896
Fixed deposits with financial institutions		155,929	109,461	139,957	85,028
Cash and bank balances		11,059	5,553	169	43
		<u>301,643</u>	<u>235,474</u>	<u>215,494</u>	<u>208,271</u>
Current liabilities					
Short term borrowings	15	319	2,522	-	-
Trade payables	16	27,704	18,694	-	-
Other payables and accruals	17	9,165	8,630	1,183	1,251
Tax payable		379	321	-	-
		<u>37,567</u>	<u>30,167</u>	<u>1,183</u>	<u>1,251</u>
Net current assets		<u>264,076</u>	<u>205,307</u>	<u>214,311</u>	<u>207,020</u>
		<u>422,781</u>	<u>372,604</u>	<u>320,109</u>	<u>309,813</u>
Financed by:					
Share capital	18	152,774	145,710	152,774	145,710
Treasury shares	19	(5,502)	(3,274)	(5,502)	(3,274)
Reserves	20	253,094	211,313	171,528	166,204
Shareholders' equity		<u>400,366</u>	<u>353,749</u>	<u>318,800</u>	<u>308,640</u>
Minority interest		14,030	13,587	-	-
Long term and deferred liabilities					
Long term liabilities	21	836	779	-	-
Deferred taxation	22	7,549	4,489	1,309	1,173
		<u>422,781</u>	<u>372,604</u>	<u>320,109</u>	<u>309,813</u>

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2003

Group	Distributable		Non-Distributable			Total RM'000		
	Share capital RM'000	Treasury shares RM'000	Revenue reserve RM'000	Share premium reserve RM'000	Revaluation reserve RM'000		Reserve and expansion funds RM'000	Translation adjustment account RM'000
At 1 January 2002								
As previously stated	145,199	-	135,290	45,050	300	899	11,802	338,540
Prior year adjustments	-	-	(2,089)	-	(300)	-	-	(2,389)
At 1 January 2002, restated	<u>145,199</u>	<u>-</u>	<u>133,201</u>	<u>45,050</u>	<u>-</u>	<u>899</u>	<u>11,802</u>	<u>336,151</u>
Issuance of shares under ESOS	511	-	-	-	-	-	-	511
Premium on shares issued	-	-	-	307	-	-	-	307
Acquisition of treasury shares	-	(3,274)	-	-	-	-	-	(3,274)
Net profit for the year	-	-	26,526	-	-	-	-	26,526
Dividend paid	-	-	(7,194)	-	-	-	-	(7,194)
Currency translation differences	-	-	-	-	-	-	722	722
At 31 December 2002	<u>145,710</u>	<u>(3,274)</u>	<u>152,533</u>	<u>45,357</u>	<u>-</u>	<u>899</u>	<u>12,524</u>	<u>353,749</u>

Statement of Changes in Equity

for the year ended 31 December 2003

Company	Share capital RM'000	Treasury shares RM'000	Distributable Revenue reserve RM'000	Non-Distributable		Total RM'000
				Share premium reserve RM'000	Revaluation reserve RM'000	
At 1 January 2002						
As previously stated	145,199	-	119,640	45,050	2,346	312,235
Prior year adjustments	-	-	(874)	-	(350)	(1,224)
At 1 January 2002, restated	145,199	-	118,766	45,050	1,996	311,011
Issuance of shares under ESOS	511	-	-	-	-	511
Premium on shares issued	-	-	-	307	-	307
Acquisition of treasury shares	-	(3,274)	-	-	-	(3,274)
Net profit for the year	-	-	7,279	-	-	7,279
Dividend paid	-	-	(7,194)	-	-	(7,194)
At 31 December 2002	145,710	(3,274)	118,851	45,357	1,996	308,640

Statement of Changes in Equity (contd.)
for the year ended 31 December 2003

Company (contd.)	Share capital RM'000	Treasury shares RM'000	Distributable		Non-Distributable		Total RM'000
			Revenue reserve RM'000	Share premium reserve RM'000	Revaluation reserve RM'000		
At 1 January, 2003							
As previously stated	145,710	(3,274)	119,727	45,357	2,346	309,866	
Prior year adjustments	-	-	(876)	-	(350)	(1,226)	
At 1 January 2003, restated	145,710	(3,274)	118,851	45,357	1,996	308,640	
Issuance of shares under ESOS	7,064	-	-	-	-	7,064	
Premium on shares issued	-	-	-	4,236	-	4,236	
Acquisition of treasury shares	-	(2,228)	-	-	-	(2,228)	
Net profit for the year	-	-	8,252	-	-	8,252	
Dividend paid	-	-	(7,164)	-	-	(7,164)	
At 31 December 2003	152,774	(5,502)	119,939	49,593	1,996	318,800	

Consolidated Cash Flow Statement

for the year ended 31 December 2003

	2003 RM'000	2002 RM'000
Cash flows from operating activities		
Profit before taxation	51,314	30,322
Adjustments for:		
Allowance for diminution in value of investment	98	1
Allowance for doubtful debts less allowance no longer required	2,366	(421)
Allowance for inventories obsolescence	604	-
Bad debts written off	424	182
Depreciation of property, plant and equipment	24,344	23,922
Dividend income	(236)	(227)
Gain on disposal of property, plant and equipment	(962)	(1,631)
Interest expense	202	212
Interest income	(3,985)	(3,078)
Inventories written off	1,383	33
Loss on disposal of investment	102	33
Property, plant and equipment written off	2,488	-
Share of associate's results	29	78
Unrealised gain on foreign exchange	(2,379)	(2,302)
Operating profit before working capital changes	75,792	47,124
Changes in working capital:		
Inventories	5,134	12,336
Receivables	(23,351)	3,347
Payables	10,161	(9,037)
Cash generated from operations	67,736	53,770
Interest paid	(202)	(212)
Interest received	121	254
Income tax paid net of refund	(4,550)	(2,575)
Net cash generated from operating activities	63,105	51,237
Cash flows from investing activities		
Acquisition of property, plant and equipment	(16,516)	(10,155)
Acquisition of quoted investment	(12,393)	(227)
Acquisition of treasury shares	(2,228)	(3,274)
Additional investment in subsidiary companies	-	(672)
Dividend received	236	227
Interest received	3,864	2,824
Proceeds from disposal of investment	7,555	3,716
Proceeds from disposal of property, plant and equipment	7,189	4,169
Repayment of advances to an associated company	-	8
Net cash used in investing activities	(12,293)	(3,384)

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

Consolidated Cash Flow Statement (contd.)
for the year ended 31 December 2003

	2003 RM'000	2002 RM'000
Cash flows from financing activities		
Dividend paid	(7,164)	(7,194)
Dividend paid to minority shareholders	-	(98)
Proceeds from issuance of shares	11,300	818
Repayment of term loan	(2,298)	(84)
Repayment of lease payables	(218)	(300)
Net cash generated from/(used in) financing activities	<u>1,620</u>	<u>(6,858)</u>
Net increase in cash and cash equivalents	52,432	40,995
Effects of exchange rate changes on cash and cash equivalents	(458)	1,267
Cash and cash equivalents at the beginning of the year	<u>115,014</u>	<u>72,752</u>
Cash and cash equivalents at the end of the year	<u><u>166,988</u></u>	<u><u>115,014</u></u>
Analysis of acquisition of property, plant and equipment:		
By cash	16,516	10,155
By lease instalment arrangement	299	672
	<u>16,815</u>	<u>10,827</u>
Analysis of cash and cash equivalents:		
Cash and bank balances	11,059	5,553
Fixed deposits with financial institutions	155,929	109,461
	<u>166,988</u>	<u>115,014</u>

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

Cash Flow Statement

for the year ended 31 December 2003

	2003 RM'000	2002 RM'000
Cash flows from operating activities		
Profit before taxation	8,738	7,228
Adjustments for:		
Allowance for diminution in value of investment	127	79
Allowance for doubtful debts	-	68
Depreciation of property, plant and equipment	1,407	1,562
Dividend income	(10,736)	(11,073)
Gain on disposal of property, plant and equipment	-	(1)
Interest income	(3,542)	(1,986)
Loss on disposal of investment	102	33
Unrealised gain on foreign exchange	(852)	(242)
Operating loss before working capital changes	(4,756)	(4,332)
Changes in working capital:		
Receivables	(535)	(139)
Payables	(68)	105
Amount due from related companies	49,407	36,415
Cash generated from operating activities	44,048	32,049
Tax paid, net of refund	(351)	-
Net cash generated from operating activities	43,697	32,049
Cash flows from investing activities		
Acquisition of property, plant and equipment	(83)	(194)
Acquisition of quoted investments	(12,393)	(227)
Acquisition of treasury shares	(2,228)	(3,274)
Additional investment in subsidiary companies	-	(1,172)
Dividends received	10,736	11,073
Interest received	3,314	1,986
Proceeds from disposal of investment	7,555	3,716
Proceeds from disposal of property, plant and equipment	280	1
Repayment of advances to an associated company	41	8
Net cash generated from investing activities	7,222	11,917

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

Cash Flow Statement (contd.)
for the year ended 31 December 2003

	2003 RM'000	2002 RM'000
Cash flows from financing activities		
Proceeds from issuance of shares	11,300	818
Dividend paid	(7,164)	(7,194)
	<u>4,136</u>	<u>(6,376)</u>
Net cash generated from/(used in) financing activities		
	<u>4,136</u>	<u>(6,376)</u>
Net increase in cash and cash equivalents	55,055	37,590
Cash and cash equivalents at the beginning of the year	85,071	47,481
	<u>85,071</u>	<u>47,481</u>
Cash and cash equivalents at the end of the year	<u>140,126</u>	<u>85,071</u>
	<u>140,126</u>	<u>85,071</u>
Analysis of acquisition of property, plant and equipment:		
By cash	83	194
	<u>83</u>	<u>194</u>
Analysis of cash and cash equivalents:		
Cash and bank balances	169	43
Fixed deposits with financial institutions	139,957	85,028
	<u>140,126</u>	<u>85,071</u>
	<u>140,126</u>	<u>85,071</u>

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



Notes to the Financial Statements

31 December 2003

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Malaysia Securities Exchange Bhd. The registered office of the Company is located at 4¹/₂ Mile, Kung Phin Road, Off Penrissen Road, 93250 Kuching.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are disclosed in Note 9.

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

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention, modified to include the revaluation of certain property, plant and equipment and investments in certain subsidiary companies and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

In the financial year ended 31 December 2003, the Group and the Company continued to apply certain transitional provisions of the MASB Approved Accounting Standard IAS16, Property, Plant and Equipment, announced by the MASB, by virtue of which a reporting enterprise is allowed to retain carrying amounts on the basis of their previous revaluation (subject to continuity in depreciation policy and requirement to write an asset down to its recoverable amount) if it does not further revalue its property, plant and equipment.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB Standard 25	Income Taxes
MASB Standard 27	Borrowing Costs
MASB Standard 28	Discontinuing Operations
MASB Standard 29	Employee Benefits

The effects of adopting MASB Standards 25 and 29 are summarised in the Statements of Changes in Equity and further information is disclosed in Note 23 to the financial statements. The adoption of MASB Standards 27 and 28 has not given rise to any adjustments to the opening balances of revenue reserve of the prior and current year or to changes in comparatives.

(b) Basis of consolidation

(i) Subsidiary companies

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary company at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Notes to the Financial Statements (contd.)

31 December 2003

2. Significant accounting policies (contd.)

(b) Basis of consolidation (contd.)

(i) Subsidiary companies (contd.)

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

(ii) Associated companies

Associated companies are those companies in which the Group has a long term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated companies. Under the equity method of accounting, the Group's share of profits less losses of associated companies during the year is included in the consolidated income statement. The Group's interest in associated companies is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition revenue reserves or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Investments in subsidiary and associated companies

The Company's investments in subsidiary and associated companies are stated at cost less impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in the income statement.

(d) Goodwill

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 stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m). Goodwill is not amortised but write-offs are made where, in the opinion of the Directors, impairment has occurred.

(e) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statements represent short-term highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short-term borrowings repayable on demand.

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances, fixed deposits with financial institutions not pledged net of outstanding bank overdrafts.

2. Significant accounting policies (contd.)**(f) Property, plant and equipment and depreciation**

Leasehold land and buildings are stated at cost or valuation less accumulated depreciation and impairment losses (if any) whilst other assets are stated at cost less accumulated depreciation and impairment losses (if any). The policy for recognition and measurement of impairment losses is in accordance with Note 2(m).

Certain land and buildings of the Group and of the Company were revalued in 1992 based on independent professional valuations using open market values on an existing use basis. As permitted by the MASB, where such revaluation was an one-off isolated event prior to the adoption of the applicable approved accounting standard by the MASB (MASB Standard 15, 'Property, Plant and Equipment', and International Accounting Standard 16 (Revised), the predecessor standard), and provided no further revaluations have been adopted in the preparation of the financial statements, these assets have continued to be stated on the basis of their 1992 valuation (subject to continuity in depreciation policy and the requirement to write the asset down to its recoverable amount).

No amortisation is made for freehold land. Leasehold land is amortised over the remaining term of the respective leases.

All other property, plant and equipment are depreciated on a straight-line basis to write off the cost or valuation of the 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%
Steel moulds	50%
Motor vehicles and diesel tank	20%
Furniture, fittings and office equipment	8 to 30%

Capital work-in-progress is not depreciated until the property, plant and equipment are fully completed and brought into use.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(g) Inventories and work-in-progress

Inventories 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. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

(h) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

2. Significant accounting policies (contd.)

(h) Leases (contd.)

(i) Finance leases (contd.)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for lease assets is consistent with that for depreciable property, plant and equipment as described in Note 2(f).

(ii) Operating leases

Operating lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

(i) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB Standard 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 23.

(j) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2. Significant accounting policies (contd.)

(j) Employee benefits (contd.)

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the income statement as incurred.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transactions will flow to the company and the amount can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue relating to the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

(ii) Interest

Revenue is recognised as the interest accrues unless collectibility is in doubt.

(iii) Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(iv) Management fees

Revenue is recognised as the management fees accrues unless collectibility is in doubt.

(l) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are initially recorded in Ringgit Malaysia at rates of exchange ruling at the date of the transaction, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange rate differences are taken to the income statement.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward foreign exchange contracts. The accounting policy for these contracts is further described in Note 2(n) (vii).

(ii) Foreign entities

Financial statements of foreign consolidated subsidiary companies are translated at year-end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the income statement. All resulting translation differences are included in the translation adjustment accounts in shareholders' equity.

2. Significant accounting policies (contd.)

(l) Foreign currencies (contd.)

(ii) Foreign entities (contd.)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and translated at the exchange rate ruling at the date of the transaction.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2003	2002
	RM	RM
Australian Dollar	2.8200	2.1380
China Renminbi	0.4595	0.4690
Euro Dollar	4.7400	3.9600
Singapore Dollar	2.2520	2.1920
United States Dollar	3.8005	3.8005

(m) Impairment of Assets

At each balance sheet date, the Group reviews the carrying amount of its assets, to determine whether there is any indication of impairment. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is recognised as an expense in the income statement immediately, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any unutilised previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior years is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(n) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liability in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Other non-current investments

Non-current investments other than investments in subsidiaries and associated companies are stated at cost less impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2(m).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(ii) Marketable securities

Marketable securities are carried at the lower of cost and market value. Increases or decreases in the carrying amount of marketable securities are recognised in the income statement. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

2. Significant accounting policies (contd.)

(n) Financial instruments (contd.)

(iii) *Receivables*

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) *Payables*

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) *Interest-bearing borrowings*

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly attributable to the acquisition and construction of development properties and property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. All other borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(vi) *Equity instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

When the issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sale consideration and the carrying amount of the treasury shares is shown as a movement in equity.

(vii) *Derivative financial instruments*

The Group uses derivative financial instruments such as forward foreign exchange contracts, to hedge its exposure to interest rate risk and foreign exchange risk arising from operational activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements on inception.

Forward foreign exchange contracts

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rate and all exchange gains or losses are recognised as income or expense in the income statement in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

Notes to the Financial Statements (contd.)
31 December 2003

3. Revenue

Revenue of the Group represents invoiced trading sales of tiles, net of sales tax and after allowance for goods returned and trade discounts.

Revenue of the Company represents management fees received.

The significant categories of revenue during the year are analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sale of goods to external customers	257,675	222,396	-	-
Management fees from a subsidiary company	-	-	396	264
	<u>257,675</u>	<u>222,396</u>	<u>396</u>	<u>264</u>

4. Profit before taxation

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000

(a) *This is stated after charging:*

Auditors' remuneration				
- statutory audit	145	178	45	45
- overprovision in prior year	-	(3)	-	-
- other services	120	213	30	72
Allowance for doubtful debts				
less allowance no longer required	2,366	(421)	-	68
Allowance for diminution in value of investment	98	1	127	79
Allowance for inventories obsolescence	604	-	-	-
Bad debts written off	424	182	-	-
Depreciation of property, plant and equipment	24,344	23,922	1,407	1,562
Directors' remuneration				
- Directors of the company (Note 4(c))	3,393	2,583	2,368	1,811
- Other directors of a subsidiary company				
- other emoluments	77	49	-	-
Hire of plant and machinery	65	53	-	-
Interest expenses				
- Loan interest	4	146	-	-
- Bank overdraft interest	-	23	-	-
- Other interest expenses	198	43	-	-
Inventories written off	1,383	33	-	-
Lease rental	2,114	1,983	105	99

Notes to the Financial Statements (contd.)

31 December 2003

4. Profit before taxation (contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
<i>(a) This is stated after charging (contd.):</i>				
Loss on disposal of investment	102	33	102	33
Property, plant and equipment written off	2,488	-	-	-
Rental expenses	1,396	1,331	36	60
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>and crediting:</i>				
Dividend income received from				
- subsidiary companies	-	-	10,500	10,846
- other investments	236	227	236	227
Gain on disposal of property, plant and equipment	962	1,631	-	1
Gain on foreign exchange				
- realised	7,088	1,305	-	-
- unrealised	2,379	2,302	852	242
Interest income	3,985	3,078	3,542	1,986
Rental income	120	95	284	282
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>(b) Employee information</i>				
Staff costs:				
Wages and salaries	23,768	22,308	2,281	2,138
Social security costs	245	242	7	7
Pension costs – defined contribution plan	2,784	2,491	427	328
Other staff related costs	3,753	3,254	956	648
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	30,550	28,295	3,671	3,121
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2003	2002	2003	2002
Number of employees as at 31 December	<u>1,630</u>	<u>1,510</u>	<u>24</u>	<u>27</u>

Notes to the Financial Statements (contd.)
31 December 2003

4. Profit before taxation (contd.)

(c) Directors' remuneration

The aggregate remuneration of the Directors of the Company categorised into appropriate components for the financial year ended 31 December 2003 are further analysed as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Executive Directors				
Fees	150	125	150	125
Salaries and bonuses	2,592	1,913	1,676	1,250
Employees Provident Fund	460	323	306	212
Benefits in kind	178	196	146	149
	<u>3,380</u>	<u>2,557</u>	<u>2,278</u>	<u>1,736</u>
Non-Executive Directors				
Fees	<u>90</u>	<u>75</u>	<u>90</u>	<u>75</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2003	2002
Executive directors:		
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	1	-
RM200,001 – RM350,000	-	-
RM350,001 – RM400,000	-	2
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	2	-
RM500,001 – RM800,000	-	-
RM800,001 – RM850,000	-	2
RM850,001 – RM1,050,000	-	-
RM1,050,001 – RM1,100,000	1	-
RM1,100,001 – RM1,150,000	-	-
RM1,150,001 – RM1,200,000	1	-
Non-executive directors:		
Nil – RM50,000	3	3

5. Taxation

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Tax expense for the year:				
Malaysian taxation	4,311	981	23	-
Foreign taxation	-	319	-	-
Deferred taxation:				
Relating to origination and reversal of temporary differences (Note 22)	3,060	1,950	136	(51)
Under/(over) provision in prior years:				
Malaysian taxation	<u>340</u>	<u>(5)</u>	<u>327</u>	<u>-</u>
	<u>7,711</u>	<u>3,245</u>	<u>486</u>	<u>(51)</u>

Notes to the Financial Statements (contd.)

31 December 2003

5. Taxation (contd.)

Domestic income tax is calculated at the Malaysian statutory tax rates of 20% and 28% (2002: 28%) of the estimated chargeable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	2003 RM'000	2002 RM'000
Group		
Profit before taxation	51,314	30,322
Taxation at Malaysian statutory tax rate of 20%	58	-
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	14,286	8,490
Effect of different tax rates in other countries	(12)	44
Income not subject to tax	(4,484)	(4,846)
Expenses not deductible for tax purposes	3,985	4,799
Utilisation of current year deferred tax assets	(49)	(38)
Utilisation of previously unrecognised deferred tax assets	(6,604)	(4,352)
Deferred tax assets recognised during the year	(21)	(1,403)
Deferred tax assets not recognised during the year	212	556
Under/(over) provision in prior years	340	(5)
Tax expense for the year	<u>7,711</u>	<u>3,245</u>
Company		
Profit before taxation	8,738	7,228
Taxation at Malaysian statutory tax rate of 28% (2002: 28%)	2,447	2,024
Income not subject to tax	(2,984)	(3,100)
Expenses not deductible for tax purposes	484	470
Deferred tax assets not recognised during the year	212	555
Underprovision in prior years	327	-
Tax expense for the year	<u>486</u>	<u>(51)</u>

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000

Tax losses are analysed as follows:

Tax savings recognised during the year arising from:

Utilisation of current year tax losses	1,061	624	1,061	624
Utilisation of tax losses brought forward from previous years	1,108	1,422	-	-
Unutilised tax losses carried forward	<u>9,046</u>	<u>9,782</u>	<u>9,046</u>	<u>8,639</u>

Notes to the Financial Statements (contd.)

31 December 2003

5. Taxation (contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unabsorbed capital allowances are analysed as follows:				
Tax savings recognised during the year arising from:				
Utilisation of current year unabsorbed capital allowances	6,364	6,197	-	-
Utilisation of unabsorbed capital allowances brought forward from previous years	-	1,435	-	-
Unabsorbed capital allowances carried forward	<u>3,254</u>	<u>2,904</u>	<u>3,254</u>	<u>2,904</u>

6. Earnings per share (sen)

(a) Basic

The basic earnings per share has been calculated based on the Group's net profit for the year by the weighted average number of ordinary shares in issue during the financial year excluding treasury shares held by the Company.

	Group	
	2003	2002
Net profit for the year (RM'000)	43,634	26,526
Weighted average number of ordinary shares in issue ('000)	145,449	144,620
Basic earnings per share (sen)	<u>30.0</u>	<u>18.3</u>

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the effects of dilutive potential ordinary shares from conversion of the options granted under the Company's ESOS.

The weighted average number of ordinary shares is the weighted average number of ordinary shares in issue during the financial year plus the weighted average number of ordinary shares which would be issued on the conversion of the outstanding options granted under the Company's ESOS into ordinary shares.

	Group	
	2003	2002
Net profit for the year (RM'000)	43,634	26,526
Weighted average number of ordinary shares in issue ('000)	145,449	144,620
Adjustment for ESOS ('000)	<u>2,537</u>	<u>3,198</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>147,986</u>	<u>147,818</u>
Diluted earnings per share (sen)	<u>29.5</u>	<u>17.9</u>

The comparative basic and diluted earnings per share have been restated to take into account the effects of the changes in accounting policy as disclosed in Note 2(a) and 23 on net profit for the year.

Notes to the Financial Statements (contd.)

31 December 2003

7. Dividends per share (sen)

	Group and Company			
	2003		2002	
	Sen per share (gross)	RM'000 (net)	Sen per share (gross)	RM'000 (net)
First and Final dividend				
- tax exempt	5.0	7,164	5.0	7,194
	===	====	===	====

At the forthcoming Annual General Meeting, a first and final dividend of 5%, tax exempt, amounting to RM7,638,701 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2004.

8. Property, plant and equipment

	Land, buildings, drainage and roads RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Furniture, fittings and office equipment RM'000	Con- struction work-in progress RM'000	Total RM'000
Group						
Cost/valuation						
At 1.1.2003	117,995	277,578	10,201	12,521	1,507	419,802
Additions	6,751	4,093	3,464	853	1,654	16,815
Disposals/written off	(6,305)	(7,508)	(121)	(131)	-	(14,065)
Reclassification	336	-	-	84	(420)	-
Translation differences	440	1,755	483	174	(1)	2,851
At 31.12.2003	<u>119,217</u>	<u>275,918</u>	<u>14,027</u>	<u>13,501</u>	<u>2,740</u>	<u>425,403</u>
Accumulated depreciation						
Charge for 2002	<u>3,450</u>	<u>18,774</u>	<u>712</u>	<u>986</u>	<u>-</u>	<u>23,922</u>
At 1.1.2003	27,572	221,440	7,649	8,020	-	264,681
Charge for the year	3,912	18,351	875	1,206	-	24,344
Disposals	(95)	(5,027)	(111)	(117)	-	(5,350)
Translation differences	(8)	(379)	113	82	-	(192)
At 31.12.2003	<u>31,381</u>	<u>234,385</u>	<u>8,526</u>	<u>9,191</u>	<u>-</u>	<u>283,483</u>
Net book value						
At 31.12.2003	<u>87,836</u>	<u>41,533</u>	<u>5,501</u>	<u>4,310</u>	<u>2,740</u>	<u>141,920</u>
At 31.12.2002	<u>90,423</u>	<u>56,138</u>	<u>2,552</u>	<u>4,501</u>	<u>1,507</u>	<u>155,121</u>

Notes to the Financial Statements (contd.)
31 December 2003

8. Property, plant and equipment (contd.)

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	Con- struction work-in progress RM'000	Total RM'000
Cost/valuation						
At 1.1.2003	35,216	1,070	3,351	5,658	681	45,976
Additions	-	-	5	78	-	83
Disposals	(293)	-	(39)	(34)	-	(366)
At 31.12.2003	<u>34,923</u>	<u>1,070</u>	<u>3,317</u>	<u>5,702</u>	<u>681</u>	<u>45,693</u>
Accumulated depreciation						
Charge for 2002	<u>827</u>	<u>73</u>	<u>180</u>	<u>482</u>	<u>-</u>	<u>1,562</u>
At 1.1.2003	7,731	915	3,070	4,373	-	16,089
Charge for the year	824	58	113	412	-	1,407
Disposals	(20)	-	(39)	(27)	-	(86)
At 31.12.2003	<u>8,535</u>	<u>973</u>	<u>3,144</u>	<u>4,758</u>	<u>-</u>	<u>17,410</u>
Net book value						
At 31.12.2003	<u>26,388</u>	<u>97</u>	<u>173</u>	<u>944</u>	<u>681</u>	<u>28,283</u>
At 31.12.2002	<u>27,485</u>	<u>155</u>	<u>281</u>	<u>1,285</u>	<u>681</u>	<u>29,887</u>

Analysis of land and buildings, drainage and roads:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Freehold land	10,841	9,925	4,029	4,029
Long term leasehold land	3,463	3,463	3,463	3,463
Short term leasehold land	20,483	19,884	16,208	16,208
Buildings and improvements	81,229	77,524	10,518	10,811
Drainage and roads	3,201	7,199	705	705
	<u>119,217</u>	<u>117,995</u>	<u>34,923</u>	<u>35,216</u>

Included in property, plant and equipment of the Group is a total net book value of RM466,286 (2002: RM1,254,725) representing assets acquired on instalment payment arrangement.

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. The resultant revaluation surplus was credited to the revaluation reserve.

Notes to the Financial Statements (contd.)

31 December 2003

8. Property, plant and equipment (contd.)

Analysis of cost:

Group	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
2003						
At valuation in 1992	21,074	-	-	-	-	21,074
At cost	98,143	275,918	14,027	13,501	2,740	404,329
	<u>119,217</u>	<u>275,918</u>	<u>14,027</u>	<u>13,501</u>	<u>2,740</u>	<u>425,403</u>
2002						
At valuation in 1992	21,074	-	-	-	-	21,074
At cost	96,921	277,578	10,201	12,521	1,507	398,728
	<u>117,995</u>	<u>277,578</u>	<u>10,201</u>	<u>12,521</u>	<u>1,507</u>	<u>419,802</u>
Company						
2003						
At valuation in 1992	15,584	-	-	-	-	15,584
At cost	19,339	1,070	3,317	5,702	681	30,109
	<u>34,923</u>	<u>1,070</u>	<u>3,317</u>	<u>5,702</u>	<u>681</u>	<u>45,693</u>
2002						
At valuation in 1992	15,584	-	-	-	-	15,584
At cost	19,632	1,070	3,351	5,658	681	30,392
	<u>35,216</u>	<u>1,070</u>	<u>3,351</u>	<u>5,658</u>	<u>681</u>	<u>45,976</u>

9. Investments in subsidiary companies

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares:		
- at cost	36,208	36,208
- at Directors' valuation, 1992	34,902	34,902
	<u>71,110</u>	<u>71,110</u>

The details of the Group's subsidiary companies are as follows:

Name of company	Principal activities	Country of incorporation	Effective Group interest	
			2003	2002
Ceramica Indah Sdn. Bhd.	Manufacture and sale of ceramic floor, homogeneous and monoporosa tiles	Malaysia	100%	100%

Notes to the Financial Statements (contd.)
31 December 2003

9. Investments in subsidiary companies (contd.)

Name of company	Principal activities	Country of incorporation	Effective Group interest	
			2003	2002
Kingres 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%
Kim Hin Ceramics (Shanghai) Co. Ltd.	Manufacture and sale of ceramic tiles	People's Republic of China	71.5%	71.5%
Habitat Gallery Sdn. Bhd.	Operation of chain store, handling and dealing in building materials	Malaysia	100%	100%
Kim Hin Properties Sdn. Bhd.	Property and investment holding	Malaysia	100%	100%
Refined Kaolin Industries Sdn. Bhd.	Inactive	Malaysia	100%	100%
Kingres Ceramic Pty. Ltd.	Inactive	Australia	100%	100%

Subsidiary companies of Ceramica Indah Sdn. Bhd.

Kingres Holdings Pty. Limited	Property letting	Australia	100%	100%
Kingres Australia Pty. Limited	Wholesaler and retailer of ceramic tiles	Australia	100%	100%

All subsidiary companies are audited by Ernst & Young except for Kim Hin Ceramics (Shanghai) Co. Ltd. and Kingres Ceramic Pty Ltd which are audited by other firms.

The investment in certain subsidiary companies was revalued by the Directors in 1992 to reflect their respective net tangible assets values in conjunction with the listing of and quotation for the Company's entire issued and paid up share capital on the Main Board of the then Kuala Lumpur Stock Exchange in 1992.

10. Investment in an associated company

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unquoted shares, at cost	1,928	1,928	1,928	1,928
Allowance for diminution in value	(33)	(33)	(1,696)	(1,667)
	<u>1,895</u>	<u>1,895</u>	<u>232</u>	<u>261</u>
Share of post-acquisition losses	(1,663)	(1,634)	-	-
	<u>232</u>	<u>261</u>	<u>232</u>	<u>261</u>

Notes to the Financial Statements (contd.)

31 December 2003

10. Investment in an associated company (contd.)

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

	Group	
	2003 RM'000	2002 RM'000
Share of net assets	249	278
Premium on acquisition	16	16
Allowance for diminution in value	(33)	(33)
	<u>232</u>	<u>261</u>

The details of the Group's associated company are as follows:

Name of company	Principal activities	Country of incorporation	Effective Group interest	
			2003	2002
Miyama Ceramics Sdn. Bhd.	Manufacture and sale of ceramic wares	Malaysia	34%	34%

11. Other investments

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Quoted securities in Malaysia:				
Shares, at cost	1	1	-	-
Unit trusts, at cost	6,271	1,535	6,271	1,535
	<u>6,272</u>	<u>1,536</u>	<u>6,271</u>	<u>1,535</u>
Allowance for diminution in value	(99)	(1)	(98)	-
	<u>6,173</u>	<u>1,535</u>	<u>6,173</u>	<u>1,535</u>
Market value	<u>6,173</u>	<u>1,538</u>	<u>6,173</u>	<u>1,538</u>

12. Inventories and work-in-progress

	Group	
	2003 RM'000	2002 RM'000
Raw materials	10,662	10,615
Work-in-progress	2,480	2,477
Finished goods	38,624	42,399
Packing materials	267	286
Spare parts and stores	5,727	6,994
	<u>57,760</u>	<u>62,771</u>
Allowance for inventories obsolescence	(2,104)	(1,500)
	<u>55,656</u>	<u>61,271</u>

The carrying amount of inventories is stated as follows:

At cost	<u>55,656</u>	<u>61,271</u>
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Notes to the Financial Statements (contd.)

31 December 2003

13. Trade receivables

	Group	
	2003 RM'000	2002 RM'000
Trade receivables	77,360	57,555
Allowance for doubtful debts	(7,066)	(4,700)
	<u>70,294</u>	<u>52,855</u>

The Group has significant exposures to certain debtors. However, the Board does not consider this to pose significant credit risks to the Group.

The Group's normal trade credit term ranges from 30 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

14. Amount due from related companies

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amount due from subsidiary companies	-	-	72,348	120,674
Amount due from an associated company	365	406	365	406
	<u>365</u>	<u>406</u>	<u>72,713</u>	<u>121,080</u>
Allowance for doubtful debts	(184)	(184)	(184)	(184)
	<u>181</u>	<u>222</u>	<u>72,529</u>	<u>120,896</u>

Amount due from related companies is unsecured, interest free and under no fixed term of repayments.

15. Short term borrowings

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Term loan, secured				
- portion repayable within twelve months	-	2,345	-	-
Lease payables (Note 24)				
- portion repayable within twelve months	319	177	-	-
	<u>319</u>	<u>2,522</u>	<u>-</u>	<u>-</u>

The weighted average effective interest rates during the financial year for borrowings, excluding lease payables, were as follows:

	Group		Company	
	2003	2002	2003	2002
Term loan	<u>5.8%</u>	<u>5.8%</u>	<u>-</u>	<u>-</u>

16. Trade payables

The Group's normal trade credit term ranges from 30 to 120 days.

Notes to the Financial Statements (contd.)

31 December 2003

17. Other payables and accruals

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other payables	2,223	2,231	281	184
Electricity charges accrued	568	496	-	-
Sales tax payable	892	406	-	3
Rebates and incentive	1,988	1,550	-	-
Payroll expenses accrued	1,926	2,316	558	117
Other accruals	1,568	1,631	344	947
	<u>9,165</u>	<u>8,630</u>	<u>1,183</u>	<u>1,251</u>

18. Share capital

	Group and Company	
	2003 RM'000	2002 RM'000
Ordinary shares of RM1.00 each:		
Authorised:		
500,000,000 (2002: 500,000,000) ordinary shares	<u>500,000</u>	<u>500,000</u>
Issued and fully paid:		
152,774,013 (2002: 145,710,013) ordinary shares		
At 1 January	145,710	145,199
Allotted during the year	7,064	511
At 31 December	<u>152,774</u>	<u>145,710</u>

During the current financial year, the issued and paid-up share capital of the Company was increased from RM145,710,013 to RM152,774,013 by the issuance of 7,064,000 new ordinary shares of RM1.00 each on the conversion of 7,064,000 options granted under the ESOS at the exercise price of RM1.60 each.

As at 31 December 2003, the number of options offered under ESOS and granted to eligible employees and Executive Directors of the Group to subscribe for ordinary shares of RM1.00 each in the Company remaining unexercised was 6,448,000 (2002: 13,858,000).

The options granted under ESOS established are effective for a period of five years from 23 April 2002 onwards.

19. Treasury shares

This amount relates to the acquisition cost of treasury shares.

The shareholders of the Company, by a special resolution passed in a general meeting held on 23 May 2003, renewed their approval for the Company's plan to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the share buy-back plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased a total of 1,157,000 of its ordinary shares from the open market for a total cost of RM2,227,751. The average price paid for the shares purchased during the current financial year was RM1.93 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Notes to the Financial Statements (contd.)
31 December 2003

19. Treasury shares (contd.)

	Number of ordinary shares of RM1.00 each (‘000)	RM’000	Average price per share RM
At 1 January 2003	1,643	3,274	1.99
Purchased during the year	1,157	2,228	1.93
At 31 December 2003	<u>2,800</u>	<u>5,502</u>	1.96

20. Reserves

	Group		Company	
	2003 RM’000	2002 RM’000	2003 RM’000	2002 RM’000
Non-distributable:				
Revaluation reserve				
At 1 January and 31 December	-	-	1,996	1,996
Share premium reserve				
At 1 January	45,357	45,050	45,357	45,050
Premium on shares issued	4,236	307	4,236	307
At 31 December	<u>49,593</u>	<u>45,357</u>	<u>49,593</u>	<u>45,357</u>
Reserve and Enterprise Expansion Funds				
At 1 January and 31 December	899	899	-	-
The Reserve and Enterprise Expansion Funds are maintained in compliance with the governing authority of the People’s Republic of China for the purpose of working capital and expansion respectively.				
Translation adjustment account				
At 1 January	12,524	11,802	-	-
Translation difference in subsidiary companies	1,075	722	-	-
At 31 December	<u>13,599</u>	<u>12,524</u>	-	-
Distributable:				
Revenue reserve				
At 1 January	152,533	133,201	118,851	118,766
Transfer from income statement	43,634	26,526	8,252	7,279
Dividends paid	(7,164)	(7,194)	(7,164)	(7,194)
At 31 December	<u>189,003</u>	<u>152,533</u>	<u>119,939</u>	<u>118,851</u>
Total reserves	<u>253,094</u>	<u>211,313</u>	<u>171,528</u>	<u>166,204</u>

Notes to the Financial Statements (contd.)

31 December 2003

20. Reserves (contd.)

- (a) As at 31 December 2003, the Company has tax exempt profits available for distribution of approximately RM185.0 million (2002: RM181.6 million), of which RM3.3 million (2002: RM3.3 million) is subject to the agreement of the Inland Revenue Board.

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax exempt income account to frank the payment of dividends out of its entire revenue reserve as at 31 December 2003.

21. Long term liabilities

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Lease payables (Note 24)				
- portion repayable after twelve months	836	779	-	-
Ageing analysis:				
Amount repayable between one and two years	271	147	-	-
Amount repayable after two years but within five years	565	632	-	-
	836	779	-	-

22. Deferred taxation

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At 1 January	4,489	2,539	1,173	1,224
Recognised in the income statement	3,060	1,950	136	(51)
At 31 December	7,549	4,489	1,309	1,173
Presented after appropriate offsetting as follows:				
Deferred tax assets	(330)	-	-	-
Deferred tax liabilities	7,879	4,489	1,309	1,173
	7,549	4,489	1,309	1,173

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Accelerated Capital Allowances RM'000	Revaluation surplus RM'000	Unrealised gain on foreign exchange RM'000	Payables RM'000	Total RM'000
At 1 January 2003	3,427	520	542	-	4,489
Recognised in the income statement	2,769	(14)	645	(10)	3,390
At 31 December 2003	6,196	506	1,187	(10)	7,879

Notes to the Financial Statements (contd.)
31 December 2003

22. Deferred taxation (contd.)

Deferred tax asset of the Group:

	Allowance for doubtful debts RM'000	Total RM'000
At 1 January 2003	-	-
Recognised in the income statement	(330)	(330)
At 31 December 2003	<u>(330)</u>	<u>(330)</u>

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances RM'000	Revaluation surplus RM'000	Unrealised gain on foreign exchange RM'000	Total RM'000
At 1 January 2003	747	341	85	1,173
Recognised in the income statement	(93)	(9)	238	136
At 31 December 2003	<u>654</u>	<u>332</u>	<u>323</u>	<u>1,309</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Unused tax losses	9,046	8,639	9,046	8,639
Unabsorbed capital allowances	3,254	2,904	3,254	2,904
Unutilised reinvestment allowances	-	23,584	-	-
	<u>12,300</u>	<u>35,127</u>	<u>12,300</u>	<u>11,543</u>

The unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowances are available indefinitely for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of other subsidiary companies in the Group and they have arisen in subsidiary companies that have a recent history of losses.

23. Changes in accounting policy and prior year adjustments

(a) *Changes in Accounting Policies*

During the financial year, the Group and the Company applied four new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are discussed below:

(i) MASB Standard 25: Income Taxes

Under MASB Standard 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

23. Changes in accounting policy and prior year adjustments (contd.)*(a) Changes in Accounting Policies (contd.)**(ii) MASB Standard 29: Employee Benefits*

The adoption of MASB Standard 29 resulted in the Group and the Company making provisions for obligations in respect of short term employee benefits in the form of accumulated compensated absences. These obligations were not provided for prior to the adoption of MASB Standard 29.

(b) Prior Year Adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Effects on revenue reserve:				
At 1 January, previously stated	157,043	135,290	119,727	119,640
Effects of adopting:				
MASB Standard 25	(3,935)	(2,089)	(823)	(874)
MASB Standard 29	(575)	-	(53)	-
At 1 January, restated	<u>152,533</u>	<u>133,201</u>	<u>118,851</u>	<u>118,766</u>
Effects on revaluation reserve:				
At 1 January, previously stated	300	300	2,346	2,346
Effects of adopting:				
MASB Standard 25	(300)	(300)	(350)	(350)
At 1 January, restated	<u>-</u>	<u>-</u>	<u>1,996</u>	<u>1,996</u>
Effects on net profit for the year:				
Net profit before changes in accounting policies	45,599	28,947	8,369	7,281
Effects of adopting:				
MASB Standard 25	(2,031)	(1,846)	(136)	51
MASB Standard 29	66	(575)	19	(53)
Net profit for the year	<u>43,634</u>	<u>26,526</u>	<u>8,252</u>	<u>7,279</u>

Notes to the Financial Statements (contd.)
31 December 2003

23. Changes in accounting policy and prior year adjustments (contd.)

(b) *Prior Year Adjustments (contd.)*

Comparatives amounts as at 31 December 2002 have been restated as follows:

	Previously Stated RM'000	Adjustments RM'000	Restated RM'000
Group			
Deferred taxation	254	4,235	4,489
Other payables and accruals	8,055	575	8,630
Revaluation reserve	300	(300)	-
	<u> </u>	<u> </u>	<u> </u>
Company			
Deferred taxation	-	1,173	1,173
Other payables and accruals	1,198	53	1,251
Revaluation reserve	2,346	(350)	1,996
	<u> </u>	<u> </u>	<u> </u>

24. Lease payables

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Repayable within twelve months (Note 15)	319	177	-	-
Repayable after twelve months (Note 21)	836	779	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,155	956	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Minimum lease payments:				
Not later than one year	389	157	-	-
Later than one year but not later than five years	928	827	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,317	984	-	-
Future finance charges on finance leases	(162)	(28)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Present value of finance lease liabilities	1,155	956	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

25. Capital commitments

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Capital expenditure not provided for in the financial statements:				
Authorised and contracted for	434	2,142	35	35
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Financial Statements (contd.)

31 December 2003

25. Capital commitments (contd.)

Operating lease commitment

Future minimum rentals as at 31 December under non-cancellable operating lease for the acquisition and installation of Enterprise Resource Planning (ERP) Business Application System are as follows:

	Group and Company	
	2003	2002
	RM'000	RM'000
Not later than one year	1,178	1,491
Later than one year but not later than five years	76	1,255
	<u>1,254</u>	<u>2,746</u>

26. Contingent liabilities, unsecured

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Corporate guarantees to financial institutions in respect of banking facilities granted to subsidiaries	-	-	32,664	32,664
	<u>-</u>	<u>-</u>	<u>32,664</u>	<u>32,664</u>

27. Segmental reporting

Segmental information is presented based on geographical locations only as the Group operates principally in one industry.

	Malaysia operation	China operation	Australia operation	Total
	RM'000	RM'000	RM'000	RM'000
31.12.2003				
<i>Revenue</i>				
Total sales	230,479	23,626	17,719	271,824
Less: Inter-segment sales	(9,324)	(4,825)	-	(14,149)
	<u>221,155</u>	<u>18,801</u>	<u>17,719</u>	<u>257,675</u>
<i>Results</i>				
Segment operating profit/(loss)	51,866	(23)	(298)	51,545
Finance cost	(21)	(86)	(95)	(202)
Share of associate's result	(29)	-	-	(29)
	<u>51,816</u>	<u>(109)</u>	<u>(393)</u>	<u>51,314</u>
Profit/(loss) before taxation	51,816	(109)	(393)	51,314
Taxation	(7,711)	-	-	(7,711)
	<u>44,105</u>	<u>(109)</u>	<u>(393)</u>	<u>43,603</u>
Profit/(loss) after taxation	44,105	(109)	(393)	43,603
Minority interest	-	31	-	31
	<u>44,105</u>	<u>(78)</u>	<u>(393)</u>	<u>43,634</u>
Net profit/(loss) for the year	44,105	(78)	(393)	43,634

Notes to the Financial Statements (contd.)

31 December 2003

27. Segmental reporting (contd.)

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Total RM'000
<i>Assets</i>				
Segment assets	362,377	51,017	28,113	441,507
Associated company	413	-	-	413
Other investments	6,173	-	-	6,173
Goodwill on consolidation	10,380	-	-	10,380
Current tax assets	1,875	-	-	1,875
Total assets	<u>381,218</u>	<u>51,017</u>	<u>28,113</u>	<u>460,348</u>
<i>Liabilities</i>				
Segment liabilities	13,375	2,312	21,458	37,145
Bank borrowings	-	-	879	879
Tax payable	223	-	156	379
Deferred taxation	7,549	-	-	7,549
Total liabilities	<u>21,147</u>	<u>2,312</u>	<u>22,493</u>	<u>45,952</u>
31.12.2003				
<i>Other information</i>				
Depreciation	<u>19,694</u>	<u>4,273</u>	<u>377</u>	<u>24,344</u>
31.12.2002				
<i>Revenue</i>				
Total sales	199,115	19,756	12,268	231,139
Less: Inter-segment sales	(6,515)	(2,228)	-	(8,743)
	<u>192,600</u>	<u>17,528</u>	<u>12,268</u>	<u>222,396</u>
<i>Results</i>				
Segment operating profit	26,364	2,034	2,214	30,612
Finance cost	(34)	(145)	(33)	(212)
Share of associate's result	(78)	-	-	(78)
Profit before taxation	26,252	1,889	2,181	30,322
Taxation	(2,926)	-	(319)	(3,245)
Profit after taxation	23,326	1,889	1,862	27,077
Minority interest	-	(551)	-	(551)
Net profit for the year	<u>23,326</u>	<u>1,338</u>	<u>1,862</u>	<u>26,526</u>
<i>Assets</i>				
Segment assets	318,210	52,809	16,878	387,897
Associated company	483	-	-	483
Other investments	1,535	-	-	1,535
Goodwill on consolidation	10,380	-	-	10,380
Current tax assets	2,476	-	-	2,476
Total assets	<u>333,084</u>	<u>52,809</u>	<u>16,878</u>	<u>402,771</u>

Notes to the Financial Statements (contd.)

31 December 2003

27. Segmental reporting (contd.)

	Malaysia operation RM'000	China operation RM'000	Australia operation RM'000	Total RM'000
31.12.2002				
<i>Liabilities</i>				
Segment liabilities	23,742	3,390	192	27,324
Bank borrowings	297	2,345	659	3,301
Tax payable	6	-	315	321
Deferred taxation	4,489	-	-	4,489
Total liabilities	<u>28,534</u>	<u>5,735</u>	<u>1,166</u>	<u>35,435</u>
<i>Other information</i>				
Depreciation	<u>20,718</u>	<u>2,910</u>	<u>293</u>	<u>23,922</u>

28. Significant related party transactions

During the financial year, the Group and the Company had entered into the following significant related party transactions:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(a) <i>Transactions with directors and/or companies in which certain directors and their close family members have substantial financial interest:</i>				
Income:				
(i) Sale of goods: Pan Chyi Construction and Development Sdn. Bhd.	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>
Expenditure:				
(i) Rental of office and warehouses: Kim Hin (Malaysia) Sdn. Bhd. Kimmui Investments Pty. Ltd.	1,702 257	1,913 213	60 -	30 -
(ii) Rental of residential houses for use by consultants: John Chua Seng Chai & Chua Seng Huat	-	12	-	12

Notes to the Financial Statements (contd.)
31 December 2003

28. Significant related party transactions (contd.)

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Expenditure (contd.):				
(iii) Purchases of sanitaryware for resale: Kam Kam Sanitaryware Sdn. Bhd.	7,979	6,370	-	-
(iv) Renovation and maintenance costs: Pan Chyi Construction and Development Sdn. Bhd.	1,045	2,107	9	14
(v) Legal services: SG Chua Advocates	-	3	-	3
(vi) Insurance commission earned as insurance agent: Kim Hin (Malaysia) Sdn. Bhd.	117	111	9	10
(vii) Freight and handling charges: Sinar Mekar Sdn. Bhd.	495	823	-	-
(viii) Flower arrangement and gift services: Liz Petals and Gifts	21	60	15	46
(ix) Supply of materials and spare parts: Kam Kam Sanitaryware Sdn. Bhd.	107	152	-	-
			Company	
			2003	2002
(b) <i>Transactions with subsidiary companies:</i>			RM'000	RM'000
Income				
Dividend income			10,500	10,847
Management fees			396	264
Rental income			227	227
Interest income			228	-

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.

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 companies controlled by the directors is under terms which is determined by reference to the prevailing market rates for comparable buildings. Other related party transactions were entered into under normal commercial terms during the normal course of business.

28. Significant related party transactions (contd.)(c) *Directors' remuneration:*

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Executive Directors				
Fees	150	125	150	125
Salaries and bonuses	2,592	1,913	1,676	1,250
Employees Provident Fund	460	323	306	212
Benefits in kind	178	196	146	149
	<u>3,380</u>	<u>2,557</u>	<u>2,278</u>	<u>1,736</u>
Non-Executive Directors				
Fees	<u>90</u>	<u>75</u>	<u>90</u>	<u>75</u>

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2003	2002
Executive directors:		
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	1	-
RM200,001 – RM350,000	-	-
RM350,001 – RM400,000	-	2
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	2	-
RM500,001 – RM800,000	-	-
RM800,001 – RM850,000	-	2
RM850,001 – RM1,050,000	-	-
RM1,050,001 – RM1,100,000	1	-
RM1,100,001 – RM1,150,000	-	-
RM1,150,001 – RM1,200,000	1	-
Non-executive directors:		
Nil – RM50,000	3	3

29. Financial instruments

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity and credit risks. The Group operates within defined guidelines and the Group's policy is not to engage in speculative transactions.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debt, as the Group had no substantial long-term interest-bearing assets as at 31 December 2003. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits.

29. Financial instruments (contd.)

(c) Foreign exchange risk

Apart from exporting to overseas market, the Group also has operation in China and Australia and is exposed to various currencies, mainly United States Dollar, Euro Dollar, Singapore Dollar, Chinese Renminbi and Australian Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures. The net unhedged financial assets and financial liabilities of the Group that are not denominated in Ringgit Malaysia are disclosed in Note 27 for the China and Australia operations.

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements.

(e) Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's association to business partners with good creditworthiness. Trade receivables are monitored on an ongoing basis via the Group management reporting procedures.

(f) Fair values

In the opinion of the Directors, it is not practical to estimate the fair values of amount due from subsidiary companies and the associated company due principally to a lack of fixed repayment term. However, the Group and the Company do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received.

The carrying amounts of short-term financial assets and liabilities approximate their fair values due principally to the relatively short maturity of these financial instruments.

30. Comparatives

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a result of changes in accounting policies as disclosed in Note 2(a), Note 6 and Note 23.

31. Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 April 2004.



Particulars of Group's Properties

Details of the properties of the Group as at 31st December 2003, all of which are leasehold/freehold properties, set out below:

No	Location	Description /Existing Use	Year Revaluation/ Acquisition	Approximate Age Of Building (Year)	Land/ Area M ²	Leasehold Expiry Date	2003 NBV RM'000
Sarawak							
1	Lot 2124 Block 226 Kuching North Land District (KNLD)	Country Land/Mixed Zone Land 3 storeys Old Office Block & factory building, worker quarters warehouse, 3 storeys new Office	1992	19	60,187	13/7/2057	
	Lot 96, 929 & 930 Block 226, KNLD		1992	12,12 12,8	66,330	31/12/2038	25,255
2	Lot 931 Block 226 KNLD	Country Land / Mixed Zone Land	1991		8,551	31/12/2038	217
3	Lot 932 Block 226 KNLD	Country Land / Mixed Zone Land	1993		7,988	31/12/2038	175
4	Lot 313 Block 226 KNLD	Country Land / Mixed Zone Land	1992	-	11,655	30/3/2038	333
5	Lot 335 Block 226 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1992		5,423	31/12/2038	133
6	Lot 315 Block 226 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1991	-	5,504	30/3/2038	185
7	Lot 505 Block 226 KNLD	Country Land / Mixed Zone Land (Container Yard)	1995	-	8,458	31/12/2038	557
8	Lot 506 Block 226 KNLD	Country Land / Mixed Zone Land (Container Yard)	1998	-	7,689	31/12/2038	761
9	Lot 754 Block 226 KNLD	Country Land / Mixed Zone Land (Container Yard)	1995	-	2,792	31/12/2038	219
10	Lot 2489, Block 226 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1992	-	10,592	31/12/2038	275
11	Lot 1641 Block 226 KNLD	Country Land / Mixed Zone Land	1995	-	4,405	31/12/2038	185
12	Lot 4547 Block 225 KNLD	Country Land / Mixed Zone Land 1 dwelling house	1994	18	2,495	31/12/2038	87
13	Lot 698 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1992	-	11,655	31/12/2038	246
14	Lot 1789 Block 225 KNLD	Vacant Country Land / Mixed Zone Land (Clay Storage)	1992	-	4,048	31/12/2038	182
15	Lot 1790 Block 225 KNLD	Vacant Country Land / Mixed Zone Land (Clay Storage)	1992		4,787	31/12/2038	118
16	Lot 1791 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1992	-	3,744	31/12/2038	125
17	Lot 1792 Block 225 KNLD (906/1042 Share)	Vacant Country Land / Mixed Zone Land (Clay Storage) 3 dwelling houses	1992	13	3,666	31/12/2038	259
18	Lot 1802 Block 225 KNLD	Vacant Country Land / Mixed Zone Land	1993	-	8,067	31/12/2038	287
19	Lot 1803 Block 225 KNLD	Vacant Country Land / Mixed Zone Land (Clay Storage)	1993		8,051	31/12/2038	288
20	Lot 1808 Block 225 KNLD	Vacant Country Land / Mixed Zone Land (Clay Storage)	1993		8,121	31/12/2038	291

Particulars of Group's Properties (contd.)

No	Location	Description /Existing Use	Year Revaluation/ Acquisition	Approximate Age Of Building (Year)	Land/ Area M ²	Leasehold Expiry Date	2003 NBV RM'000
Sarawak							
21	Lot 1809 Block 225 KNLD	Vacant Country Land / Mixed Zone Land (Clay Storage)	1993		8,719	31/12/2038	312
22	Lot 1810 Block 225 KNLD	Vacant Country Land / Mixed Zone Land	1993		8,374	31/12/2038	300
23	Lot 1804 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Container)	1997	-	8,239	31/12/2038	444
24	Lot 1805 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1997	-	8,042	31/12/2038	444
25	Lot 1806 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1997	-	7,882	31/12/2038	444
26	Lot 1807 Block 225 KNLD	Country Land / Mixed Zone Land (Clay Storage)	1997	-	7,996	31/12/2038	444
27	Lot 1812 Block 225 KNLD	Country Land / Mixed Zone Land Double storey detached house	1992	17	3,376	31/12/2038	390
28	Lot 1813 Block 225 (580/1050share) KLND	Country Land / Mixed Zone Land Single-storey detached house	1992	16	2,707	31/12/2038	199
29	Lot 1814 Block 225 KNLD	Country Land / Mixed Zone Land & 3 storeys building plus store	1995	20	3,268	31/12/2038	460
30	Lot 232 , Matang Land District	Vacant Country Land / Mixed Zone Land with white clay deposits	1992	-	19,466	31/12/2018	73
31	Lease of Crown Land No 3515 of 1957	Vacant Country Land / Mixed Zone Land	1994	-	11,250	3/1/2011	24
32	Lease of Crown Land No 3517 of 1951	Vacant Country Land / Mixed Zone Land with white clay deposits	1994	-	11,493	3/1/2011	24
33	Lease of Crown Land No 7947 of 1954	Vacant Country Land with white clay deposits	1994	-	22,056	4/2/2014	30
34	Lease of Crown Land No 12255 of 1956	Vacant Country Land with white clay deposits Mixed Zone Land	1992	-	19,304	12/7/2017	75
35	Lease of Crown Land No 11272 of 1953	Vacant Country Land with white clay deposits Mixed Zone Land	1992	-	23,513	23/8/2016	88
36	Lot 795, Block 4 (MLD)	Country Land / Mixed Zone Land	2003		23,640	7/12/2017	397
37	Lot 804, Block 4 (MLD)	Country Land / Mixed Zone Land	2003		11,010	8/24/2016	184
38	Lot 3, 20, 21, 29, 30, 31, 32, & 33 Block 1, Pangkalan Ampat Land District (PALD)	Vacant Country Land white clay deposits	1992	-	347,961	31/12/2018	545
39	Lot 2 Block 1 (PALD)	Vacant Country Land with white clay deposits	1992	-	121,127	31/12/2018	177
40	Lot 4 Block 1 (PALD)	Vacant Country Land with white clay deposits	1992		40,632	31/12/2018	55
41	Lot 966 , Block 31, Kemena Land District(KLD)	Country Land / Mixed zone Land 4 storey intermediate shophouse	1992	17	182	28/12/2043	430

Particulars of Group's Properties (contd.)

No	Location	Description /Existing Use	Year Revaluation/ Acquisition	Approximate Age Of Building (Year)	Land/ Area M ²	Leasehold Expiry Date	2003 NBV RM'000
Sarawak							
42	Lot 164, Block 11, Salak Land District	Country Land / Mixed Zone land with white clay deposits suitable for ceramics	1992		28,213	12/2/2012	62
43	Bau Lease of Crown Land No 5822 of 1952	Vacant Country Land ball with clay deposits	1994	-	5,099	29/3/2037	16
44	Bau Occupation ticket No 73	Vacant Country Land ball with clay deposits	1994		46,540	31/12/2029	110
45	WP 12-08, 12 th floor, West Peak De Summit, Lot 2855 Muara Tebas Land District	Condominium	1999	4	1,812		411
46	Commercial Shop lot N2-G-7(D) MJC 4 storey shophouse cum with walk-up-apartment	Vacant commercial shop	2002	2	97		259
Johor							
47	Lot 46974 PTD, HS (D) 16278 (Asiatic) Mukim Senai-Kulai, Indahpura Industrial Park	Industrial Land	1997		15,829		3,761
Negeri Sembilan							
48	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	1989	14 6	61,495	-	20,766
Selangor							
49	C-3-2 of block No C, 2 nd floor, Centrepoint Business Park, Mukim of Damansara,P.J. Selangor	Multi - Storey shopoffice	1998	5	1,287		133
The People Republic of China							
50	Land in China Zhujing Development Area Jinshan Country, Shanghai	Industrial Land, Factory / Office building	1992	9	203,898	5/11/2042	22,814
Australia							
51	19 Little Street Camden, Australia	Freehold Land with Office Building & warehouse	1995	9	19,790		3,787

87,836

Statistics on Shareholdings

as at 6 April 2004

Analysis by Size of Shareholdings as at 6 April 2004

Authorised share capital : RM500,000,000
 Issued and fully paid up-capital : RM152,835,013
 Class of shares : Ordinary shares of RM1.00 each fully paid

Category	No. of Holders	% of Holders	No. of Shares	% of Shares
Less than 100	74	1.65	2,943	0.00
100 to 1,000	1,168	25.99	873,721	0.57
1,001 to 10,000	2,755	61.30	9,553,376	6.25
10,001 to 100,000	40	0.89	10,726,098	7.02
100,001 to less than 5% Issued shares	456	10.15	69,424,850	45.43
5% and above of Issued shares	1	0.02	62,254,025	40.73
TOTAL	4,494	100.00	152,835,013	100.00

List of Thirty (30) Largest Shareholders as at 6 April 2004

No.	Name	No. of Shares	%
1.	Kim Hin (Malaysia) Sdn. Bhd.	62,254,025	40.73
2.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Public Growth Fund)	5,098,100	3.34
3.	Permodalan Nasional Berhad	4,136,850	2.71
4.	Galister International Ltd.	3,900,000	2.55
5.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for Public Regular Savings Fund)	3,601,000	2.36
6.	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustees Bhd for OSK-UOB Small Cap Opportunity Unit Trust)	3,500,000	2.29
7.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Public Savings Fund)	3,027,400	1.98
8.	Kim Hin Industry Berhad (Share Buy Back Account)	2,800,000	1.83
9.	UOBM Nominees (Asing) Sdn. Bhd. (United Overseas Bank Nominees (Pte) Ltd. for China Cruise Company Ltd.)	2,582,400	1.69
10.	Malaysia Nominees (Tempatan) Sendirian Berhad (Great Eastern Life Assurance (Malaysia) Berhad)	2,471,000	1.62
11.	Citicorp Nominees (Asing) Sdn. Bhd. (CB GW Spore for Jacobson Associates SA)	2,000,000	1.31
12.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for Public Ittikal Fund)	1,971,000	1.29
13.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for Public Aggressive Growth Fund)	1,802,000	1.18
14.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Public Equity Fund)	1,652,000	1.08
15.	Employees Provident Fund Board	1,644,400	1.08
16.	BHLB Trustee Berhad (TA Small Cap Fund)	1,588,800	1.04
17.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for Public Balanced Fund)	1,476,400	0.97

Statistics on Shareholdings (contd.)
as at 6 April 2004

No.	Name	No. of Shares	%
18.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. (Pheim Asset Management Sdn. Bhd. for Employees Provident Fund)	1,285,100	0.84
19.	Huang Jay Chia-Yi	1,206,850	0.79
20.	Universal Trustee (Malaysia) Berhad (Mayban Balanced Trust Fund)	1,200,000	0.79
21.	Mayban Nominees (Tempatan) Sdn. Bhd. (Mayban Trustees Berhad for Public Industry Fund)	1,148,000	0.75
22.	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustee Bhd for OSK-UOB Kidsave Trust)	1,071,000	0.70
23.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. (Public Index Fund)	1,014,000	0.66
24.	Cartaban Nominees (Asing) Sdn. Bhd. (State Street Australia Fund UAJB for Unifund) (BTSL as Trustee)	998,000	0.65
25.	Lembaga Tabung Haji	881,100	0.58
26.	Chua Ban Choon @ Chua Chui Kim	793,700	0.51
27.	Universal Trustee (Malaysia) Berhad (Mayban Unit Trust Fund)	681,000	0.45
28.	Nican Asia Limited	650,000	0.43
29.	HSBC Nominees (Tempatan) Sdn. Bhd. (JPMCB for Drienhaus International Recovery Hub Fund Ltd.)	648,000	0.42
30.	HSBC Nominees (Tempatan) Sdn. Bhd. (HSBC (M) Trustee Bhd for Mayban Ethical Trust Fund)	608,000	0.40

List of Directors' Shareholdings as at 6 April 2004

No.	Name	Direct	Indirect
1.	Chua Seng Guan	280,000	62,254,025*
2.	John Chua Seng Chai	524,650	62,254,025*
3.	Pauline Getrude Chua Hui Lin	328,900	62,254,025*
4.	Chua Yew Lin	332,400	62,254,025*
5.	Vincent Gerard Khoo	-	-
6.	Yeo Yong Siang	-	-
7.	Dato' Ibrahim bin Mahmud	-	-
8.	Fong Tshu Kwong @ Fong Tshun Kwong	20,000	-

* Shares held through Corporation of which the director has substantial interest.

List of Substantial Shareholders as at 6 April 2004

No.	Name	No. of shares	%
1.	Kim Hin (Malaysia) Sdn. Bhd.	62,254,025	40.73

Form of Proxy

The Company Secretary,
Kim Hin Industry Berhad (018203-V)
 4 1/2 Mile, Kung Phin Road, off Penrissen Road,
 P.O. Box 1842, 93736 Kuching, Sarawak.

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

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-First Annual General Meeting to be held at Kim Hin Conference Room, 4 1/2 Mile, Kung Phin Road, off Penrissen Road, 93250 Kuching, Sarawak, on Wednesday, 26 May 2004, at 2.00 p.m. and, at every adjournment thereof in the manner indicated below:-

	For	Against		For	Against
Ordinary Resolution 1	<input type="checkbox"/>	<input type="checkbox"/>	Ordinary Resolution 6	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2	<input type="checkbox"/>	<input type="checkbox"/>	Ordinary Resolution 7	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3	<input type="checkbox"/>	<input type="checkbox"/>	Ordinary Resolution 8	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4	<input type="checkbox"/>	<input type="checkbox"/>	Ordinary Resolution 9	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5	<input type="checkbox"/>	<input type="checkbox"/>	Ordinary Resolution 10	<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 will vote or abstain as he/she thinks fit)

Dated day of 2004.

No. of shares held

 Signature / Seal of Shareholder(s)

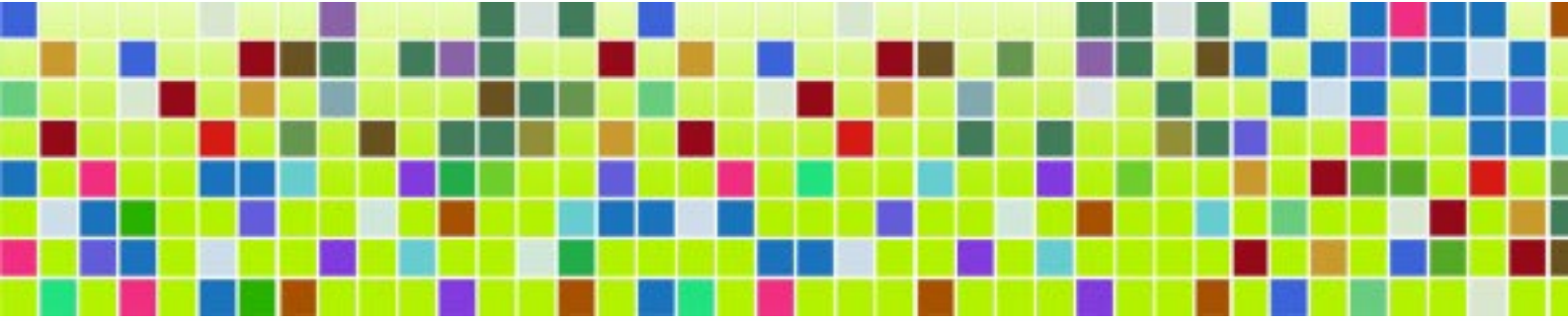
NOTES:

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. To be valid this form duly completed must be deposited at the Registered Office of the Company at 4 1/2 Mile, Kung Phin Road, off Penrissen Road, P.O. Box 1842, 93736 Kuching, Sarawak 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 (1) proxy to attend and vote at the same meeting.
4. Where a member appoints more than one (1) proxy, the appointment 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 common seal or under the hand of its attorney.
6. Please note that the interested directors, interested major shareholders or interested persons connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote in respect of their direct and/or indirect shareholdings on the resolution approving the Mandate.

Kim Hin Industry Berhad (018203-V)

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