

THIS PROSPECTUS HAS BEEN SEEN AND APPROVED BY THE DIRECTORS AND PROMOTERS OF KIM LOONG RESOURCES BERHAD ("KLR" OR "THE COMPANY") AND THEY COLLECTIVELY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE ALL REASONABLE ENQUIRIES, AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO FALSE OR MISLEADING STATEMENTS OR OTHER FACTS THE OMISSION OF WHICH WOULD MAKE ANY STATEMENTS IN THIS PROSPECTUS FALSE AND MISLEADING.

ASEAMBANKERS MALAYSIA BERHAD, ACKNOWLEDGES THAT, BASED ON ALL AVAILABLE INFORMATION AND TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THIS PROSPECTUS CONSTITUTES FULL AND TRUE DISCLOSURE OF ALL MATERIAL FACTS ABOUT THE PUBLIC ISSUE AND KLR GROUP, AND IS SATISFIED THAT THE CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING 31 JANUARY 2001 (FOR WHICH THE DIRECTORS OF THE COMPANY ARE SOLELY RESPONSIBLE) PREPARED FOR INCLUSION IN THE PROSPECTUS HAS BEEN STATED BY THE DIRECTORS OF THE COMPANY AFTER DUE AND CAREFUL ENQUIRY AND HAVE BEEN DULY REVIEWED BY THE REPORTING ACCOUNTANTS.

THE APPROVAL OF THE SECURITIES COMMISSION ("SC"), WHICH WAS OBTAINED ON 23 FEBRUARY 2000, SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE PUBLIC ISSUE WHICH IS THE SUBJECT OF THIS PROSPECTUS. THE SC SHALL NOT BE LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE PUBLIC ISSUE.**

THE VALUATION OF THE PROPERTIES APPROVED BY THE SC SHALL ONLY BE UTILISED FOR THE PURPOSE OF THE LISTING EXERCISE SUBMITTED TO AND APPROVED BY THE SC AND SHALL NOT BE CONSTRUED AS AN ENDORSEMENT BY THE SC ON THE VALUE OF THE SUBJECT PROPERTIES FOR ANY OTHER PURPOSES.

THE KUALA LUMPUR STOCK EXCHANGE ASSUMES NO RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THIS PROSPECTUS. ADMISSION TO THE OFFICIAL LIST OF THE MAIN BOARD OF THE KUALA LUMPUR STOCK EXCHANGE IS NOT TO BE TAKEN AS AN INDICATION OF THE MERITS OF KLR OR OF ITS ORDINARY SHARES.

A COPY OF THIS PROSPECTUS HAS BEEN REGISTERED BY THE SC AND LODGED WITH THE REGISTRAR OF COMPANIES, MALAYSIA WHO TAKES NO RESPONSIBILITY FOR ITS CONTENTS.

INDICATIVE TIMETABLE

Special Events	:	Date
Opening Date	:	18 October 2000
Closing Date	:	1 November 2000
Tentative Public Balloting Date	:	6 November 2000
Tentative Allotment Date	:	15 November 2000
Tentative Listing Date	:	21 November 2000

DEFINITIONS

In this Prospectus, unless otherwise indicated, the following words and abbreviations shall have the following meanings:

“Acquisition of OMSB”	:	Acquisition by KLR of the entire issued and paid-up share capital of OMSB comprising 100,000 ordinary shares of RM1.00 each from the vendors, as mentioned in Section 5.5.4 for a total purchase consideration of RM8,683,140 to be satisfied partly by the issuance of 3,257,000 new ordinary shares of RM1.00 each in KLR at an issue price of RM1.20 per share and the balance of RM4,774,740 in cash
“Acquisition of KLPO”	:	Acquisition by KLR of the entire issued and paid-up share capital of KLPO comprising 1,750,000 ordinary shares of RM1.00 each from the vendors, as mentioned in Section 5.5.4 for a total purchase consideration of RM34,822,135 to be satisfied partly by the issuance of 12,945,000 new ordinary shares of RM1.00 each in KLR at an issue price of RM1.20 per share and the balance of RM19,288,135 in cash
“Acquisition of KLC”	:	Acquisition by KLR of the entire issued and paid-up share capital of KLC comprising 100,000 ordinary shares of RM1.00 each from SKL for a total purchase consideration of RM33,247,656 to be satisfied partly by the issuance of 11,910,000 new ordinary shares of RM1.00 each in KLR at an issue price of RM1.20 per share and the balance of RM18,955,656 in cash
“Acquisitions”	:	Acquisition of KLC, Acquisition of KLPO and Acquisition of OMSB collectively
“ADA Code”	:	ADA (Broker) Code
“ADA”	:	Authorised Depository Agent
“Aseambankers”	:	Aseambankers Malaysia Berhad (Company No.: 15938-H)
“Bonus Issue”	:	The issue of 32,371,000 new ordinary shares of RM1.00 each to the existing shareholders on the basis of 32,371 new ordinary shares for every 10 existing ordinary shares held in KLR. The Bonus Issue will be effected by capitalising RM32,371,000 from the revaluation surplus account arising from the Revaluation of Landed Properties and Revaluation of Investment in Subsidiary Companies
“CDS”	:	Central Depository System
“DKLPO”	:	Desa Kim Loong Palm Oil Sdn Bhd (Company No.: 463620-W)
“DKLISB”	:	Desa Kim Loong Industries Sdn Bhd (Company No.: 504278-K)
“DKLPSB”	:	Desa Kim Loong Plantations Sdn Bhd (Company No.: 416387-H)
“DOSB”	:	Desa Okidville Sdn Bhd (Company No.: 463619-U)
“EPS”	:	Earnings per share
“FIC”	:	Foreign Investment Committee
“HYSB”	:	Herng Yuen Sdn Bhd (Company No.: 036370-H)
“KLC”	:	Kim Loong Corporation Sdn Bhd (Company No.: 458947-T)
“KLESB”	:	Kim Loong Evergrow Sdn Bhd (Company No.: 487153-H)

DEFINITIONS (Cont'd)

“KLPOM”	:	Kim Loong Palm Oil Mills Sdn Bhd (Company No.: 267654-P)
“KLPO”	:	Kim Loong Palm Oil Sdn Bhd (Company No.: 30999-P)
“KLPSB”	:	Kim Loong Plantations Sdn Bhd (Company No.: 233086-T)
“KLR Group” or “the Group”	:	KLR and its subsidiary companies
“KLR” or “the Company”	:	Kim Loong Resources Berhad (Company No.: 22703-K)
“KLSE”	:	Kuala Lumpur Stock Exchange (Company No.: 30632-P)
“LDSB”	:	Lokan Development Sdn Bhd (Company No.: 43447-H)
“MCD”	:	Malaysian Central Depository Sdn Bhd (Company No.: 165570-W), a subsidiary of KLSE
“MIDFCCS”	:	MIDF Consultancy and Corporate Services Sdn Bhd (Company No.: 11324-H)
“MITI”	:	Ministry of International Trade and Industry
“NBV”	:	Net book value
“NTA”	:	Net tangible assets
“OHSB”	:	Okidville Holdings Sdn Bhd (Company No.: 458944-P)
“OMSB”	:	Okidville Manufacturing Sdn Bhd (Company No.: 254996-D)
“OSB”	:	Okidville Sdn Bhd (Company No.: 22703-K)
“PE Multiple”	:	Price earnings multiple
“Proposed Listing”	:	Proposed admission to the Official List and listing of and quotation for the entire issued and paid-up capital of KLR comprising 106,750,000 ordinary shares of RM1.00 each on the Main Board of the KLSE
“Public Issue Shares” or “Issue Shares”	:	The 4,496,000 new ordinary shares of RM1.00 each in KLR to be issued pursuant to the Public Issue
“Public Issue” or “Issue”	:	The issue of 4,496,000 new ordinary shares of RM1.00 each by KLR at an issue price of RM1.80 per share, subject to the terms and conditions of this Prospectus
“Restricted Issue”	:	Restricted issue of 28,142,000 new ordinary shares of RM1.00 each to the Bumiputera companies, which also include individuals, co-operatives and institutions, at an issue price of RM1.80 per share, subject to the approval and allocation by the MITI
“Restructuring and Listing Scheme”	:	Acquisitions, Bonus Issue, Rights Issue, Restricted Issue, Public Issue and Proposed Listing
“Revaluation of Landed Properties”	:	Revaluation of landed properties of KLR as assessed by Messrs Jones Lang Wootton, a firm of independent professional valuers, and the incorporation of revaluation surplus of RM17,329,818 into the accounts of KLR

DEFINITIONS (Cont'd)

“Revaluation of Investment in Subsidiary Companies”	:	Revaluation of investment in KLR’s subsidiaries and the incorporation of revaluation surplus of RM15,143,860 into the accounts of KLR
“Rights Issue”	:	The rights issue of 13,619,000 new ordinary shares of RM1.00 each at par per share to the existing shareholders on the basis of 13,619 new ordinary shares for every 10 existing ordinary shares held in KLR before the Bonus Issue
“RM” and “sen”	:	Ringgit Malaysia and sen respectively
“ROC”	:	Registrar of Companies, Malaysia
“Rules”	:	The rules of MCD
“SC”	:	Securities Commission
“SESB”	:	Sungkit Enterprise Sdn Bhd (Company No.: 85011-U)
“Sykt KFS”	:	Syarikat Kong Fen Shin & Sons Sdn Bhd (Company No.: 48946-U)
“SKL”	:	Sharikat Kim Loong Sendirian Berhad (Company No.: 7315-V)
“sq. ft”	:	Square foot/feet
“SSB”	:	Selokan Sdn Bhd (Company No.: 47569-V)
“SuESB”	:	Suhenson Estate Sdn Bhd (Company No.: 48091-V)
“TCSB”	:	Tyeco Corporation Sdn Bhd (Company No.: 478277-W)
“USD”	:	United States Dollar
“WPSB”	:	Winsome Plantations Sdn Bhd (Company No.: 510158-W)

TABLE OF CONTENTS

	Page
1. CORPORATE INFORMATION	1
2. SUMMARY INFORMATION	4
2.1 HISTORY AND BUSINESS	4
2.2 PROMOTERS/DIRECTORS AND KEY MANAGEMENT TEAM	6
2.3 FINANCIAL HIGHLIGHTS	7
2.4 PROFORMA CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2000	8
2.5 SUMMARY OF MATERIAL RISK FACTORS	9
2.6 PROFIT AND DIVIDEND FORECAST	10
2.7 PROFORMA GROUP NTA AS AT 30 APRIL 2000	11
2.8 PRINCIPAL STATISTICS RELATING TO THE PUBLIC ISSUE	11
2.9 PROPOSED UTILISATION OF PROCEEDS	12
2.10 MATERIAL COMMITMENTS AND CONTINGENT LIABILITIES	12
3. PARTICULARS OF THE ISSUE	13
3.1 OPENING AND CLOSING DATES OF THE APPLICATIONS	13
3.2 DATES OF SPECIAL EVENTS	13
3.3 PURPOSES OF THE ISSUE	13
3.4 NUMBER AND CLASS OF SECURITIES TO BE ISSUED	14
3.5 DETAILS OF THE PUBLIC ISSUE	14
3.6 BASIS OF ARRIVING AT THE ISSUE PRICE	15
3.7 PROPOSED UTILISATION OF PROCEEDS	15
3.8 UNDERWRITING COMMISSION AND BROKERAGE	16
3.9 FORCE MAJEURE CLAUSE IN THE UNDERWRITING AGREEMENT	17
3.10 ESTIMATED LISTING EXPENSES	17
4. RISK FACTORS	18
5. INFORMATION ON THE KLR GROUP	27
5.1 INCORPORATION AND PRINCIPAL ACTIVITIES	27
5.2 HISTORY OF KLR GROUP	27
5.3 BUSINESS OVERVIEW	30
5.4 CHANGES IN SHARE CAPITAL	40
5.5 RESTRUCTURING AND LISTING SCHEME	40
5.6 SUBSIDIARY AND ASSOCIATED COMPANIES	50
5.7 INDUSTRY OVERVIEW	69
5.8 MAJOR CUSTOMERS	77
5.9 MAJOR SUPPLIERS	78
5.10 FUTURE PLANS, STRATEGIES AND PROSPECTS OF THE COMPANY	79
6. INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT	85
6.1 SUBSTANTIAL SHAREHOLDERS	85
6.2 PROMOTERS	86
6.3 CHANGES IN SUBSTANTIAL SHAREHOLDERS/PROMOTERS	86
6.4 DIRECTORS	86
6.5 AUDIT COMMITTEE	89
6.6 KEY MANAGEMENT TEAM	90
6.7 DECLARATIONS FROM THE DIRECTORS AND KEY MANAGEMENT TEAM	92
6.8 FAMILY RELATIONSHIPS	92
6.9 SERVICE CONTRACTS	92
7. APPROVALS AND CONDITIONS	93

TABLE OF CONTENTS (Cont'd)

	PAGE
8. RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST	95
8.1 RELATED-PARTY TRANSACTIONS	95
8.2 DECLARATION BY THE ADVISERS	96
9. LANDED PROPERTIES.....	97
9.1 SUMMARY OF LANDED PROPERTIES.....	97
10. FINANCIAL INFORMATION.....	99
10.1 PROFIT AND DIVIDEND RECORD	99
10.2 SEGMENTAL ANALYSIS OF REVENUE AND PROFITS	100
10.3 DIRECTORS' DECLARATION ON FINANCIAL PERFORMANCE	104
10.4 WORKING CAPITAL, BORROWINGS AND CONTINGENT LIABILITIES.....	104
10.5 CONSOLIDATED PROFIT FORECAST	105
10.6 REPORTING ACCOUNTANTS' LETTER ON THE CONSOLIDATED PROFIT FORECAST	108
10.7 DIRECTORS' COMMENTS ON PROFIT FORECAST	109
10.8 SENSITIVITY ANALYSIS.....	109
10.9 BREAK-EVEN ANALYSIS FOR MILLING AND PLANTATION OPERATIONS	110
10.10 DIVIDEND FORECAST	111
10.11 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE	112
SHEETS	112
11. ACCOUNTANTS' REPORT	116
12. VALUERS' LETTER.....	183
13. DIRECTORS' REPORT	188
14. STATUTORY AND GENERAL INFORMATION	189
14.1 SHARE CAPITAL.....	189
14.2 ARTICLES OF ASSOCIATION	189
14.3 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS.....	199
14.4 GENERAL INFORMATION	200
14.5 MATERIAL CONTRACTS.....	201
14.6 MATERIAL LITIGATION.....	204
14.7 EXPENSES AND COMMISSIONS	204
14.8 PUBLIC TAKE-OVERS.....	204
14.9 LETTERS OF CONSENT	204
14.10 DOCUMENTS AVAILABLE FOR INSPECTION.....	205
15. PROCEDURE FOR APPLICATION AND ACCEPTANCE	206
15.1 OPENING AND CLOSING OF APPLICATION LISTS	206
15.2 APPLICATION FORMS	206
15.3 PROCEDURE FOR APPLICATION.....	206
15.4 APPLICATIONS AND ACCEPTANCES.....	209
15.5 CDS ACCOUNT.....	210
15.6 NOTICES OF ALLOTMENT.....	210
15.7 FORMALISING OF CDS ACCOUNT.....	210
15.8 LIST OF AUTHORISED DEPOSITORY AGENTS	211

KIM LOONG RESOURCES BERHAD(Company No : 22703-K)
(Incorporated in Malaysia under the Companies Act, 1965)**1. CORPORATE INFORMATION****BOARD OF DIRECTORS**

Name	Address	Occupation	Nationality
Datuk Hj Mohd Zamani bin Samah	7 Jalan Perwira Century Garden 80250 Johor Bahru Johor Darul Takzim	Chairman	Malaysian
Gooi Seong Lim	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Managing Director	Malaysian
Loo Geok Eng (f)	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Executive Director	Malaysian
Gooi Seong Heen	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Executive Director	Malaysian
Gooi Seong Chneh	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Executive Director	Malaysian
Gooi Seong Gum	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Executive Director	Malaysian
Gooi Seow Mee (f)	No. 5, Jalan Biru Enam Taman Pelangi 80400 Johor Bahru Johor Darul Takzim	Executive Director	Malaysian
Mathew K Mathai	27, Jalan SS20/23 47400 Damansara Utama Selangor Darul Ehsan	Independent Non-executive Director	Malaysian
Chew Poh Soon	3, Lorong 12/15A 46200 Petaling Jaya Selangor Darul Ehsan	Independent Non-executive Director	Malaysian

AUDIT COMMITTEE

Name	Responsibility	Directorship
Mathew K Mathai	Chairman	Independent Non-executive Director
Gooi Seong Heen	Member	Executive Director
Chew Poh Soon	Member	Independent Non-executive Director

1. **CORPORATE INFORMATION (Cont'd)**

- COMPANY SECRETARIES** : Mr. Chong Fook Sin
(MACS 00681)
2A, Jalan USJ 2/6F
47600 UEP Subang Jaya
Selangor Darul Ehsan
- Ms Ng Kam May
(MAICSA 7020575)
No. 1, Jalan SS 22/24
Damansara Jaya
47400 Petaling Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : Unit No. 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan
- Tel : 03-711 2688
Fax : 03-711 2693
- AUDITORS** : Liang & Co.
(Firm No.: AF 0312)
Public Accountants
4L, Jalan Tun Abdul Razak (Susur 3)
80000 Johor Bahru
Johor Darul Takzim
- JOINT REPORTING
ACCOUNTANTS** : Liang & Co.
(Firm No.: AF 0312)
Public Accountants
4L, Jalan Tun Abdul Razak (Susur 3)
80000 Johor Bahru
Johor Darul Takzim
- Ong & Wong
(Firm No.: AF 0241)
Public Accountants
3rd Floor, Wisma Ho Weng Kee
138-140, Jalan Petaling
50000 Kuala Lumpur
- SOLICITORS FOR THE ISSUE** : Lee Choon Wan & Co.
No.12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
- VALUERS** : Jones Lang Wootton Sdn Bhd (78217-X)
Registered Valuer
Registration No. VE(2)0078/2
Unit No.8.01, Level 8 Wisma LKN
No.49, Jalan Wong Ah Fook
80000 Johor Bahru

1. CORPORATE INFORMATION (Cont'd)

- PRINCIPAL BANKERS** : OCBC Bank (Malaysia) Berhad (295400-W)
Jalan Ibrahim
80000 Johor Bahru
Johor Darul Takzim
- BSN Commercial Bank (Malaysia) Berhad (23877-T)
Unit 1B, Podium 1, Menara Ansar
No. 65, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim
- Malayan Banking Berhad (3813-K)
Lot 11 & 12, Block C
Foo Leong Shopping Complex
89000 Keningau
Sabah
- ISSUING HOUSE** : MIDF Consultancy and Corporate Services Sendirian
Berhad (11324-H)
12th Floor, Bangunan MIDF
195A, Jalan Tun Razak
50400 Kuala Lumpur
- REGISTRAR** : Tacs Corporation Sdn Bhd (18101-X)
Unit No. 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan
- INDUSTRY EXPERT** : Thomas Mielke/ISTA Mielke GmbH
Langenberg 25
21077 Hamburg
Germany
- ADVISER AND MANAGING
UNDERWRITER** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- UNDERWRITERS** : Aseambankers Malaysia Berhad (15938-H)
33rd Floor Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- Mayban Securities Sendirian Berhad (165630-M)
30th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
- Thong & Kay Hian Securities Sdn Bhd (14592-P)
Level 5 & 6, Wisma Sri Pinang
60 Green Hall
10200 Pulau Pinang
- LISTING SOUGHT** : Main Board of the Kuala Lumpur Stock Exchange

2. SUMMARY INFORMATION

This Summary Information is only a summary of the salient information about the Company and the investors should read and understand the whole Prospectus prior to deciding whether to invest.

The following information is derived from this Prospectus and should be read in conjunction with the full text of the Prospectus.

2.1 History And Business

KLR was incorporated in Malaysia under the Companies Act, 1965 on 15 April 1975 as a private limited company under the name Okidville Sdn Bhd. OSB changed its name to Kim Loong Resources Sdn Bhd on 15 July 1999. It was subsequently converted into a public limited company under its present name on 2 August 1999.

The Company is principally involved in investment holding and cultivation of oil palm and cocoa, whilst the principal activities of its subsidiary companies are as follows:

Subsidiary*	Effective Equity Interest %	Principal Activities
LDSB	100.0	Owning and letting of leasehold land
SSB	100.0	Owning and letting of leasehold land
SuESB	100.0	Owning and letting of leasehold land
Sykt KFS	100.0	Owning and letting of leasehold land
DKLPSB	70.0	Oil palm cultivation
DKLISB	70.0	Intended for manufacturing of concrete culverts
KLC	100.0	Investment holding
- OHSB	100.0	Cultivation of oil palm and investment holding
- DOSB	51.0	Cultivation of oil palm
- DKLPO	70.0	Intended for processing and marketing of oil palm products
KLPO	100.0	Investment holding
- KLPOM	100.0	Processing and marketing of oil palm products
- SESB	100.0	Processing and trading of palm kernel products
- KLESB	51.0	Manufacturing of compost fertilizers
OMSB	100.0	Investment holding
TCSB	100.0	Dormant
WPSB	80.0	Dormant

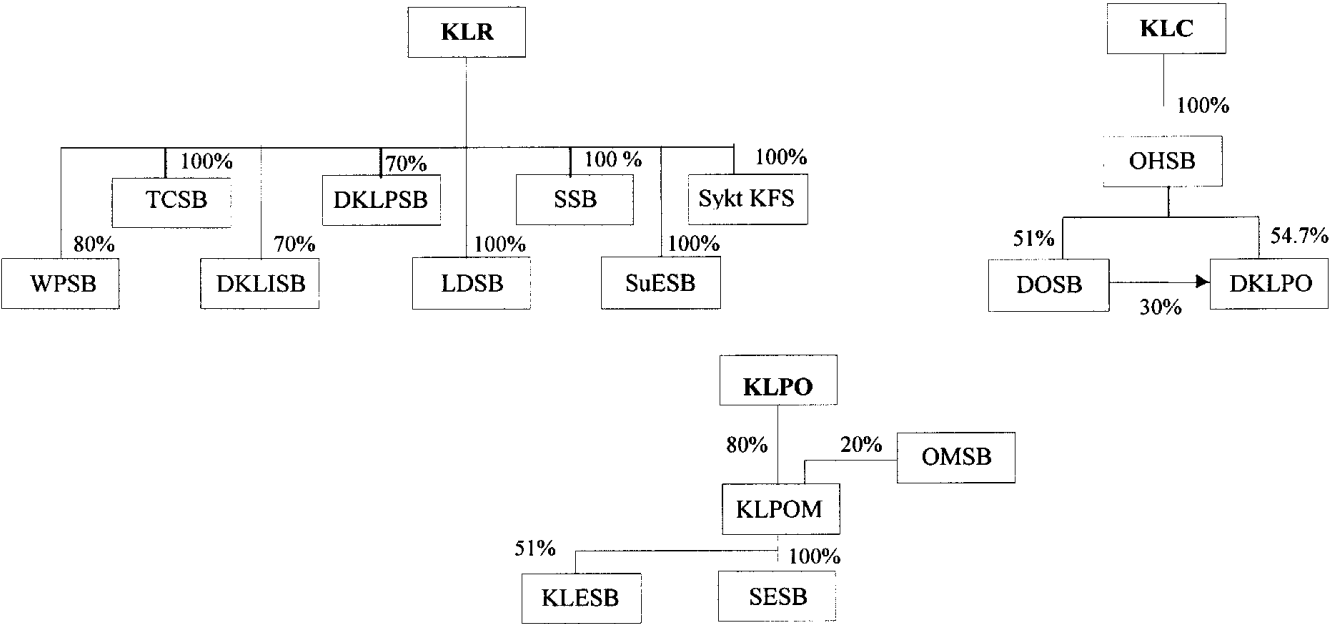
* *After the Restructuring and Listing Scheme*

Detailed information on the history and business of the KLR Group is set out in Section 5.1 to 5.3 of this Prospectus.

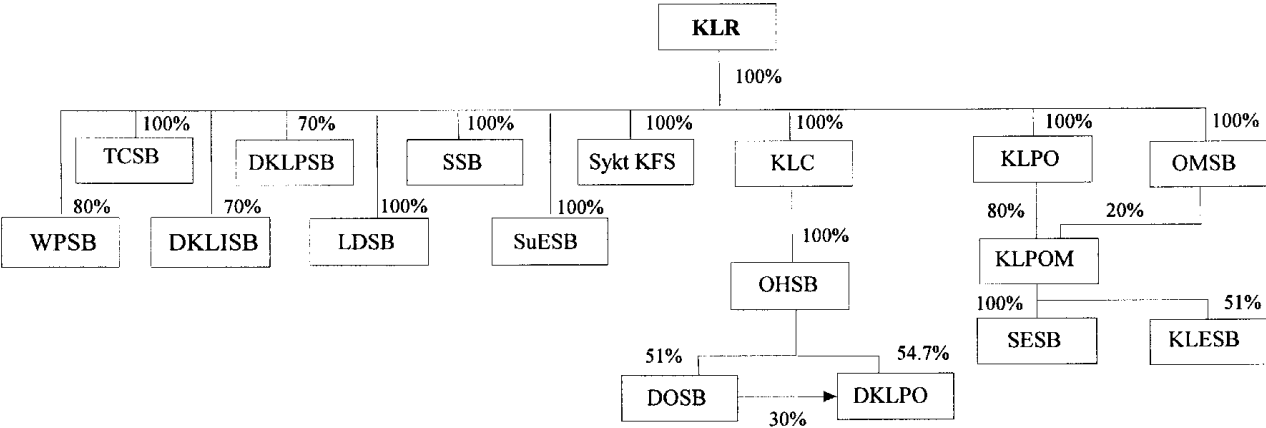
2. SUMMARY INFORMATION (Cont'd)

The Group structure of KLR before and after the Restructuring and Listing Scheme are as follows:-

Before the Restructuring and Listing Scheme



After the Restructuring and Listing Scheme



KLR currently does not have any associated companies.

Detailed information on the Restructuring and Listing Scheme is set out in Section 5.5 of this Prospectus

2. SUMMARY INFORMATION (Cont'd)

2.2 Promoters/Directors and Key Management Team

Promoters

Names	Nationality	No. Of KLR Ordinary Shares Held After The Restructuring and Listing Scheme			
		Direct	%	Indirect	%
Loo Geok Eng (f)	Malaysian	-	-	65,030,000 ⁽¹⁾	60.91
Gooi Seong Lim	Malaysian	1,433,000	1.34	65,030,000 ⁽¹⁾	60.91
Gooi Seong Heen	Malaysian	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Gooi Seong Chneh	Malaysian	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Gooi Seong Gum	Malaysian	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Gooi Seow Mee (f)	Malaysian	456,000	0.43	65,030,000 ⁽¹⁾	60.91

Note (1): Deemed interested by virtue of their respective direct shareholdings in SKL and HYSB.

Directors

Names	Designation	No. Of KLR Ordinary Shares Held After The Restructuring and Listing Scheme			
		← Direct →		← Indirect →	
		No. Of Shares	%	No. Of Shares	%
Datuk Hj Zamani bin Samah	Chairman	647,000	0.61	-	-
Gooi Seong Lim	Managing Director	1,433,000	1.34	65,030,000 ⁽¹⁾	60.91
Gooi Seong Heen	Director	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Loo Geok Eng (f)	Director	-	-	65,030,000 ⁽¹⁾	60.91
Gooi Seong Chneh	Director	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Gooi Seong Gum	Director	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Gooi Seow Mee (f)	Director	456,000	0.43	65,030,000 ⁽¹⁾	60.91
Mathew K Mathai	Independent Director	-	-	-	-
Chew Poh Soon	Independent Director	-	-	-	-

Note (1): Deemed interested by virtue of their respective direct shareholdings in SKL and HYSB.

Key Management Team

Names	Nationality	No. Of KLR Ordinary Shares Held After The Restructuring and Listing Scheme ⁽¹⁾			
		← Direct →		← Indirect →	
		No. Of Shares	%	No. Of Shares	%
Lee Fook Wing	Malaysian	10,000	0.01	-	-
Chang Chow Swan	Malaysian	10,000	0.01	-	-
Chow Kok Hiang	Malaysian	9,000	0.01	-	-
Han Kim Juan	Malaysian	10,000	0.01	-	-
Jeprol Osinggang	Malaysian	8,000	0.01	-	-
Chang Chee Chiong	Malaysian	7,000	0.01	-	-
Looi Weng Tuck	Malaysian	7,000	0.01	-	-
Soo Kui Loi @ William Soo	Malaysian	6,000	0.01	-	-
Chan Fai Lup	Malaysian	7,000	0.01	-	-

Note (1): Based on their respective entitlements under the Restructuring and Listing Scheme.

2. SUMMARY INFORMATION (Cont'd)

Detailed information on the Promoters, Directors and Key Management Team is set out in Section 6.2, 6.4 and 6.6 respectively of this Prospectus.

2.3 Financial Highlights

The following table sets out a summary of the proforma KLR Group's financial performance for the past five (5) financial years/period ended 31 January 2000 and three (3) months period ended 30 April 2000 on the assumption that the Group structure has been in existence since 1 January 1995. The proforma consolidated profit and dividend records should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report set out in Section 11 of this Prospectus:

	Year/Period Ended					3 months period ended 30 April 2000 RM'000
	31 December 1995 RM'000	13 months ended 31 January 1997 RM'000	31 January			
			1998 RM'000	1999 RM'000	2000 RM'000	
Turnover	81,311	76,486	114,797	226,853	157,128	31,298
Consolidated profit before depreciation, interest and taxation	5,663	6,312	10,653	23,031	22,834	4,282
Depreciation/amortisation	(806)	(2,035)	(253)	(3,061)	(3,235)	(814)
Interest expenses	(45)	(830)	(1,308)	(1,296)	(523)	(100)
Consolidated profit before taxation and exceptional items	4,812	3,447	9,092	18,674	19,076	3,368
Exceptional items	206	(426)	(1,720)	-	-	-
Consolidated profit before taxation, extraordinary item and minority interests	5,018	3,021	7,372	18,674	19,076	3,368
Taxation	(1,477)	(43)	(979)	(8)	(4,316)	(847)
Consolidated profit after taxation but before extraordinary item and minority interests	3,541	2,978	6,393	18,666	14,760	2,521
Extraordinary items	-	-	-	-	-	-
Consolidated profit after taxation and extraordinary items	3,541	2,978	6,393	18,666	14,760	2,521
Minority interests	-	-	-	2	3	4
Profit after taxation and minority interests	3,541	2,978	6,393	18,668	14,763	2,525
No. of ordinary shares in issue ('000) ⁽¹⁾	74,112	74,112	74,112	74,112	74,112	74,112
Gross EPS (sen)	6.77	⁽²⁾ 3.76	9.95	25.20	25.74	⁽²⁾ 18.19
Net EPS (sen)	4.78	⁽²⁾ 3.71	8.63	25.19	19.92	⁽²⁾ 13.63
Fully diluted gross EPS (sen) ⁽³⁾	4.70	⁽²⁾ 2.61	6.91	17.49	17.87	⁽²⁾ 12.62
Fully diluted net EPS (sen) ⁽³⁾	3.32	⁽²⁾ 2.58	5.99	17.49	13.83	⁽²⁾ 9.46
Dividend rate (%)	-	-	-	-	-	-

Notes :

- (1) KLR's enlarged issued and paid-up share capital of 74,112,000 ordinary shares of RM1.00 each following the restructuring and listing scheme but before the Restricted Issue and Public Issue.
- (2) Annualised.
- (3) Based on KLR's enlarged issued and paid-up share capital of 106,750,000 ordinary shares of RM1.00 each after the Restricted Issue and Public Issue.

2. SUMMARY INFORMATION (Cont'd)

Notes to the proforma financial information of KLR including details of exceptional items are set out in paragraph 4.1 of Section 11 of this Prospectus.

2.4 Proforma Consolidated Balance Sheet As At 30 April 2000

The Proforma Consolidated Balance Sheets of KLR Group as set out below have been prepared for illustrative purposes only to show the effects of the proposed transactions described below :-

	Audited Consolidated Balance Sheet as at 30 April 2000 RM'000	Proforma I After the Bonus Issue RM'000	Proforma II After Proforma I and the Rights Issue RM'000	Proforma III After Proforma II and the Acquisitions RM'000	Proposed IV After Proforma III and proposed Restricted Issue and Public Issue RM'000
PROPERTY, PLANT & EQUIPMENT	28,022	62,582	62,582	152,029	152,029
QUOTED INVESTMENTS	-	-	-	6,241	6,241
DEVELOPMENT EXPENDITURE	-	-	-	157	157
EXPENDITURE CARRIED FORWARD	37	37	37	108	108
	<u>28,059</u>	<u>62,619</u>	<u>62,619</u>	<u>158,535</u>	<u>158,535</u>
CURRENT ASSETS					
Stocks	565	565	565	4,667	4,667
Trade debtors	292	292	292	4,504	4,504
Other debtors and deposits	1,176	1,176	1,176	1,765	1,765
Amount owing by holding company	1,466	1,466	-	-	-
Fixed deposits	-	-	-	7,775	7,775
Cash and bank balances	908	908	1,557	3,302	5,758
	<u>4,407</u>	<u>4,407</u>	<u>3,590</u>	<u>22,013</u>	<u>24,469</u>
CURRENT LIABILITIES					
Trade creditors	1,085	1,085	1,085	5,879	5,879
Other creditors and accruals	474	474	474	1,925	1,925
Amount owing to shareholders*	-	-	-	43,019	-
Amount owing to holding company	-	-	-	11,274	-
Amount owing to related company	817	817	-	-	-
Amount owing to related party	195	195	195	195	195
Provision for taxation	1,609	1,609	1,609	4,890	4,890
	<u>4,180</u>	<u>4,180</u>	<u>3,363</u>	<u>67,182</u>	<u>12,889</u>
NET CURRENT ASSETS/(LIABILITIES)	<u>227</u>	<u>227</u>	<u>227</u>	<u>(45,169)</u>	<u>11,580</u>
	<u>28,286</u>	<u>62,846</u>	<u>62,846</u>	<u>113,366</u>	<u>170,115</u>
SHARE CAPITAL AND RESERVES					
Share capital	10	32,381	46,000	74,112	106,750
Share premium	-	-	-	5,622	29,733
Revaluation reserve	-	107	107	107	107
Reserve on consolidation	-	-	-	7,589	7,589
Profit and loss account	12,338	12,338	12,338	12,338	12,338
Total shareholders' funds	<u>12,348</u>	<u>44,826</u>	<u>58,445</u>	<u>99,768</u>	<u>156,517</u>
MINORITY INTERESTS	25	2,107	2,107	2,111	2,111
LONG TERM AND DEFERRED LIABILITIES					
Amount owing to holding company	13,619	13,619	-	-	-
Amount owing to minority shareholders	1,139	1,139	1,139	6,381	6,381
Term loans	-	-	-	3,273	3,273
Deferred taxation	1,155	1,155	1,155	1,833	1,833
	<u>28,286</u>	<u>62,846</u>	<u>62,846</u>	<u>113,366</u>	<u>170,115</u>
NTA per share (RM)	<u>1,231.10</u>	<u>1.38</u>	<u>1.27</u>	<u>1.34</u>	<u>1.47</u>

* This amount relates to amount owing to shareholders of subsidiaries for the Acquisitions.

Notes to the Proforma Consolidated Balance Sheet are set out in Section 10.11 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.5 Summary Of Material Risk Factors

In addition to the general risks associated with any investment in the stock market, there are certain additional risks in investing in the Company as well as risks specific to investments in entities engaged in the oil palm industry. Applicants should consider carefully the risk factors that may affect KLR and the oil palm industry in which it operates as well as all the relevant information contained in this Prospectus. Some of the material risk factors, which are discussed in detail in Section 4, are as follows:-

- (i) Prior to this public issue, there has been no public market for KLR shares and, as such, there can be no assurance regarding the future development of the market for the shares.
- (ii) KLR is susceptible to certain risks inherent in the oil palm industry, such as its ability to source for continuous supply of oil palm fresh fruit bunches ("FFB") for its mill operations, constraints and rising costs of labour supply and raw materials, effects of poor weather, commodity price fluctuations and competition from other major oil seed products such as soyabean oil, rapeseed oil and sunflower oil as well as competition from other palm oil producing countries, such as Indonesia and other South East Asian countries.
- (iii) The Company's continued success will depend significantly upon the abilities and continued efforts of its existing Directors and senior management. Hence, the loss of any key member in the Company could affect the Company's continued ability to compete.
- (iv) Upon completion of the Public Issue, SKL, which is the existing substantial shareholder of KLR, will maintain its control over the Company. Hence, SKL, being the single largest shareholder of KLR will be able to effectively control the Company and will have sufficient voting control to effect certain corporate transactions.
- (v) Regulatory compliance in respect of the newly acquired land of the Group held under *CL 135328782* (6,850 acres), District of Sook, Keningau, Sabah, *CL 135345069* (10,881/12,881 acres), District of Sook, Keningau, Sabah and *CL 095317123* (4,000/4,996 acres) District of Kinabatangan, Sabah.
- (vi) This Prospectus contains financial forecast for the financial year ending 31 January 2001 that is based on assumptions, which the Directors of KLR deem to be reasonable but nevertheless are subject to uncertainties and contingencies, such as variations in prices and production.

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2. SUMMARY INFORMATION (Cont'd)

2.6 Profit and Dividend Forecast

2.6.1 Consolidated Profit Forecast

Financial Year Ending 31 January 2001	Forecast RM'000
Turnover	128,276
Consolidated profit before taxation	23,088
Less: Taxation	(6,384)
Consolidated profit after taxation	16,704
Less: Minority interests	92
Consolidated profit after taxation and minority interests	16,796
Less: Pre-acquisition profit	(4,005)
Consolidated post-acquisition profit after taxation and minority interests	12,791
Weighted average number of ordinary shares in issue ('000)	⁽¹⁾ 49,985
Enlarged number of ordinary shares in issue ('000)	106,750
Gross EPS (sen)	⁽²⁾ 35.64
Net EPS (sen)	⁽³⁾ 25.59
Fully diluted gross EPS (sen)	⁽⁴⁾ 21.71
Fully diluted net EPS (sen)	⁽⁵⁾ 15.73
Gross PE Multiple based on the issue price of RM1.80 per ordinary share (times)	5.05
Net PE multiple based on the issue price of RM1.80 per ordinary share (times)	7.03
Fully-diluted gross PE Multiple based on the issue price of RM1.80 per ordinary share (times)	⁽⁶⁾ 8.29
Fully-diluted net PE multiple based on the issue price of RM1.80 per ordinary share (times)	⁽⁶⁾ 11.44

Notes:-

- (1) *The weighted average number of shares of 49,984,628 ordinary shares of RM1.00 each is calculated based on the assumption that the Restricted Issue and Public Issue to be completed in mid October 2000.*
- (2) *Calculated based on consolidated profit before taxation but after minority interests and pre-acquisition profit of RM17,814,000 and on weighted average number of ordinary share of 49,984,628 ordinary shares of RM1.00 each.*
- (3) *Calculated based on consolidated profit after taxation, minority interests and pre-acquisition profit of RM12,791,000 and on weighted average number of ordinary share of 49,984,628 ordinary shares of RM1.00 each.*
- (4) *Calculated based on consolidated profit before taxation but after minority interests but before pre-acquisition profit of RM23,180,000 and on enlarged share capital of 106,750,000 ordinary shares of RM1.00 each.*
- (5) *Calculated based on consolidated profit after taxation but after minority interests but before pre-acquisition profit of RM16,796,000 and on enlarged share capital of 106,750,000 ordinary shares of RM1.00 each.*
- (6) *Based on fully diluted gross and net EPS.*

About 70% of the forecast profit is derived from palm oil milling operation which is less subject to palm oil price fluctuations. Further notes and assumptions on the Profit Forecast are set out in Section 10.5 of this Prospectus.

2. SUMMARY INFORMATION (Cont'd)

2.6.2 Dividend Forecast

Financial Year Ending 31 January 2001	Forecast
Gross dividend per ordinary share (sen)	5
Gross dividend yield based on the issue price of RM1.80 per ordinary share (%)	2.78
Net dividend cover (times)	3.33

Details of dividend forecast are set out in Section 10.10 of this Prospectus.

2.7 Proforma Group NTA As At 30 April 2000

	Note	NTA Per Ordinary Share RM
Proforma Group NTA after the Rights Issue	(1)	1.27
Proforma Group NTA after the Rights Issue and Acquisitions	(2)	1.34
Proforma Group NTA after the Rights Issue, Acquisitions, Restricted Issue and Public Issue	(3)	1.47

Notes:

- (1) *Based on the enlarged issued and paid-up share capital of 46,000,000 ordinary shares of RM1.00 each after the Rights Issue.*
- (2) *Based on the enlarged issued and paid-up share capital of 74,112,000 ordinary shares of RM1.00 each after the Rights Issue and the Acquisitions.*
- (3) *Based on the enlarged issued and paid-up share capital of 106,750,000 ordinary shares of RM1.00 each and after deducting estimated listing expenses of RM2.0 million after the Restricted Issue and Public Issue.*

2.8 Principal Statistics Relating To The Public Issue**2.8.1 Share Capital**

<i>Authorised</i>	RM
500,000,000 ordinary shares of RM1.00 each	<u>500,000,000</u>
<i>Issued and fully paid-up</i>	RM
74,112,000 ordinary shares of RM1.00 each	74,112,000
<i>To be issued as fully paid-up pursuant to the :-</i>	
Restricted issue of 28,142,000 new ordinary shares of RM1.00 each	28,142,000
Public issue of 4,496,000 new ordinary shares of RM1.00 each	<u>4,496,000</u>
Enlarged issued and paid-up share capital	<u>106,750,000</u>

2. SUMMARY INFORMATION (Cont'd)

2.8.2 Class of shares

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank *pari passu* with one another. The Restricted Issue and Public Issue Shares will rank *pari passu* in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of this Prospectus.

Subject to any special rights attaching to any shares which may be issued by the Company in the future, the holders of ordinary shares in the Company shall, in proportion to the amount paid-up on the ordinary shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends, distributions and the whole of any surplus in the event of liquidation of the Company in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney, and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each ordinary share held.

2.8.3 Issue Price Per Ordinary Share RM1.80

2.9 Proposed Utilisation of Proceeds

The total gross proceeds of RM72,367,400 arising from Rights Issue, Restricted Issue and Public Issue shall be accrued entirely to KLR and utilised as follows :-

	RM
1. Repayment of existing KLR's loan from SKL	13,619,000
2. Part cash settlement for the Proposed Acquisition of KLC	18,955,656
3. Part cash settlement for the Proposed Acquisition of KLPO	19,288,135
4. Part cash settlement for the Proposed Acquisition of OMSB	4,774,740
5. Working Capital Requirement for the new listed KLR Group	13,729,869
6. Estimated expenses for the listing of KLR on the Main Board of the KLSE	2,000,000
Total	<u>72,367,400</u>

Details of proposed utilisation are set out in Section 3.7 of this Prospectus.

2.10 Material Commitments and Contingent Liabilities

	As at 10 October 2000 RM' million
Material commitments	1.7
Borrowings	3.5
Contingent liabilities	Nil

Details of the above are set out in Section 10.4 of this Prospectus.