

12. VALUERS' LETTER

(Prepared for inclusion in this Prospectus)



Chartered Surveyors
International Property Consultants
Registered Valuers Property Managers
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10 October 2000

The Board of Directors
Kim Loong Resources Berhad
Unit No. 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs,

**RE : VALUATION OF PROPERTIES BELONGING TO KIM LOONG RESOURCES
BERHAD ("KLR")**

This letter is prepared for inclusion in the Prospectus to be dated 18 October 2000 in relation to the Public Issue of 4,496,000 new ordinary shares of RM1.00 each in KLR and the Restricted Issue of 28,142,000 new ordinary shares of RM1.00 each in KLR at an Issue Price of RM1.80 per share.

We were instructed by KLR to value and determine the market value of the properties listed below. The term market value is defined as the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Pursuant to the instruction, we had inspected the subject properties on 17 June 1999 and 18 June 1999 respectively, details of which are set out in Schedule 1 below.

We confirm that we have valued the properties based on the valuation methods stated below, which have been carried out in accordance with the Guidelines on Asset Valuations for Submission to the Securities Commission (1995) issued by the Securities Commission, in compliance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

There are no legal issues affecting the valuation, with the exception that the valuation of the properties under report reference nos. V/JB/15/99/SC and V/JB/15(B)/99/SC are on the basis that the individual titles in respect of the subject lots are forthcoming with special terms for 'oil palm cultivation'. Except for the information as disclosed in Schedule 1 below, there are no other matter which may materially affect the valuation of such subject properties.

The details on the titles were extracted from the certified true copies of the title documents that were provided to us by KLR, except for the details of H.S(D) 15057 that were extracted from the original title document.

Our opinion of the Market Value of the subject properties, based on our Valuation Reports, are attached as Schedule 1.

Yours faithfully
JONES LANG WOOTTON
(Registration No. VE(2)0078/2)



PREM KUMAR
REGISTERED VALUER, V-367
EXECUTIVE DIRECTOR

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Singapore ■ Jakarta ■ Bangkok ■ Hongkong ■ Tokyo ■ Australia ■
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Company No.: 22703-K

12. VALUERS' LETTER (Cont'd)



SCHEDULE I

PROPERTIES HELD UNDER OWNER OCCUPATION

Report Ref. No./Property Details	Title Nos. CL Nos.	Land Areas (Acres)	Tenure – All 99 yrs leasehold interest expiring on	Registered Proprietor	Description		Valuation		
					Existing Use	Special Terms of Title	Market Value As At Date Of Valuation	Valuation Methods	Date Of Valuation
Ref No: V/JB/14/99/SC Property details: An oil palm and cocoa plantation known as Okidville Sdn Bhd located within the localities of Segaliud-Lokan, Lungmanis and Mile 50, Labuk Road, District of Labuk/Sugut and Kinabatangan, Sabah	085311306	300.10	31/12/2077	Selokan Sdn Bhd	The estate comprises fourteen parcels of land having a total land area of about 5,558.87 acres. The estate is divided into two divisions i.e. Main Division and Lokan Division and is mainly cultivated with oil palm with a small portion cultivated with cocoa. The land is generally undulating in terrain with several portions being hilly. The information pertaining to the cultivation, topography and soil type, rainfall statistics, hectareage statement and planting, yield trends, manpower and management, building details, equipment and motor vehicles were provided to us by our client.	Transfer and sublease of these titles are prohibited until such times as the said property has been fully developed in accordance with the terms and conditions of the titles.	RM43,500,000	Comparison and Profits	18 th June 1999
	085311315	253.3	31/12/2077	Suhenson Estate Sdn Bhd					
	085311244	411.5	31/12/2077	Sykt Kong Fen Shin & Sons Sdn Bhd					
	085311253	199.8	31/12/2077	Okidville Sdn Bhd					
	095310428	200.3	31/12/2077	Okidville Sdn Bhd					
	095310777	978.00	31/12/2078	Okidville Sdn Bhd					
	095310526	602.3	31/12/2077	Lokan Development Sdn Bhd					
	095315049	849.8	31/12/2085	Okidville Sdn Bhd					
	095315058	749.7	31/12/2085	Okidville Sdn Bhd					
	095316957	199.7	31/12/2086	Okidville Sdn Bhd					
	085313079	949.5	31/12/2078	Okidville Sdn Bhd					
	095317561	14.66	31/12/2085	Okidville Sdn Bhd					
	095317552	15.00	31/12/2085	Okidville Sdn Bhd					
	095317436	35.21	31/12/2087	Okidville Sdn Bhd					

12. VALUERS' LETTER (Cont'd)



Jones Lang Wootton
(Proprietor: Singham Sulaiman Sdn. Bhd.)
(Company No : 78217-X)

SCHEDULE I

Report Ref. No./Property Details	Title Nos. CL Nos.	Land Areas	Tenure – All leasehold interest expiring on	Registered Proprietor	Description		Market Value As At Date Of Valuation	Valuation Methods	Date Of Valuation
					Existing Use	Special Terms of Title			
<p>Ref No: V/IB/15/99/SC</p> <p>Property details: A parcel of agricultural land designated for use as an oil palm plantation forming part of C.L. 095317123 and within a locality known as Kg Entelebon, District of Kinabatangan, Sabah.</p> <p>We wish to draw attention that we were specifically instructed to value only part of C.L. 095317123 measuring about 4,000 ac.</p> <p>In light of the above, our valuation is on the basis that an individual title conveying an unexpired leasehold interest of about 87 years over a land area of about 4,000 acres with special terms for 'cultivation of oil palm' is forthcoming and when issued will be free of all encumbrances and restrictive conditions.</p>	Country Lease 095317123	Parent Title Area: 4,996 acres. The area forming the subject property: 4,000 acres	99 years leasehold interest expiring on 31/12/2086	Korporasi Pambangunan Desa – 996/4996 share and Desa Kim Loong Plantations Sdn Bhd – 4000/4996 share	<p>The subject site is a regular shaped parcel of land having a land area of about 4,000 acres.</p> <p>The land is generally undulating in terrain.</p> <p>Part of the land measuring about 2,200 acres is cultivated with young oil palm whilst the remaining portion is still under secondary jungle.</p>	<ul style="list-style-type: none"> Only for the purpose of oil palm cultivation. Not less than 30% of the undivided share of the said land or not less than 30% of the equity of the registered owner shall be transferred to or held by or registered in the name of native(s). Transfer and sublease of this title is prohibited until such times as the said property has been fully developed in accordance with the terms and conditions of the title. 	RM11,400,000	Comparison and Profits	18 th June 1999

12. VALUERS' LETTER (Cont'd)



SCHEDULE I

Report Ref. No./ Property Details	Title No.	Land Areas	Tenure	Registered Proprietor	Description		Market Value As At Date Of Valuation	Valuation Methods	Date Of Valuation
					Existing Use	Special Terms of Title			
<p>Ref No: V/JB/15(B)/99/SC</p> <p>Property Details: A parcel of agricultural land (identified as Parcels A & B) designated for use as an oil palm plantation forming parts of C.L. 135345069 and within a locality known as Sook, District of Keningau, Sabah.</p> <p>We wish to draw attention that we were specifically instructed to value only part of C.L. 135345069 measuring about 10,881 ac.</p> <p>In light of the above, our valuation is on the basis that individual titles in respect of Parcels A & B conveying an unexpired leasehold interest of about 81 years over a land area of about 100 acres and 10,781 acres respectively with special terms for 'cultivation of oil palm' are forthcoming and when issued will be free of all encumbrances and restrictive conditions.</p>	Country Lease 135345069	Parent Title Area: 12,881 acres. Land area forming the subject property: 10,881 acres	99 years leasehold interest expiring on 31/12/2080	Desa Cattle (S) Sdn Bhd Note: A private caveat has been entered by Okidville Holdings Sdn Bhd, registered on 27 th May 1998.	<p>The subject site comprises two irregular shaped parcels of land identified as Parcels A and B, having a total land area of about 10,881 acres.</p> <p>The land is generally undulating in terrain.</p> <p>Portion of the land measuring about 2,000 acres is overgrown with grass whilst the remaining portion is undeveloped and covered with secondary jungle.</p>	<ul style="list-style-type: none"> Only for the purpose of live stock and cattle farming. Not less than 49% of the undivided share of the said land shall be transferred to the native(s) before January 1988. Transfer and sublease of this title is prohibited until such times as the said property has been fully developed in accordance with the terms and conditions of the title. 	RM20,200,000	Comparison and Profits	17 th June 1999

12. VALUERS' LETTER (Cont'd)



SCHEDULE I

Report Property Details	Ref. No./	Title No.	Land Areas	Tenure	Registered Proprietor	Existing Use	Description	Special Terms of Title	Valuation		Date Of Valuation
									Market Value As At Date Of Valuation	Valuation Methods	
Ref No: V/JB/15(A)/99/SC Property Details: A parcel of agricultural land designated for use as an oil palm plantation identified as C.L. 135328782 and within a locality known as Sook, District of Keningau, Sabah.		Country Lease 135328782	6,850 acres.	99 years leasehold interest expiring on 31/12/2083	Desa Cattle Sdn Bhd Note: A private caveat has been entered by Okidville Holdings Sdn Bhd, registered on 27 th May 1998.	The subject site is a regular shaped parcel of land having a land area of about 6,850 acres. The land is generally undulating in terrain. Part of the land measuring about 1,000 acres is under various stages of initial development whilst the remaining portion of the land has been cleared and overgrown with light undergrowth. Notwithstanding the above, we were specifically instructed to value the subject property as a parcel of vacant agricultural land ignoring the preparatory works done.	<ul style="list-style-type: none"> Only for the purpose of oil palm cultivation. Transfer and sublease of this title is prohibited until such times as the said property has been fully developed in accordance with the terms and conditions of the title. 	RM15,900,000	Comparison and Profits	17 th June 1999	
Ref. No: V/JB/36/99/SC Property Details: A parcel of industrial land identified as PID 1520, Mukim of Ulu Sungai Sedili Besar, District of Kota Tinggi, Johor Darul Takzim		H/S (D) 15057	24.178 hectares (59.74 acres)	Interest in perpetuity	Kim Loong Palm Oil Mills Sdn Bhd	The land is generally flat in terrain and is terraced into two portions. The subject site comprises a parcel of industrial land accommodating a palm oil mill together with ancillary buildings and staff/workers quarters. Notwithstanding the above, we were specifically instructed by our client to value the subject property as a parcel of industrial land and to ignore all the structures and buildings on site.	Only for the purpose of "Perusahaan Sederhana". Transfer of this title is prohibited until such times as the palm oil mill has been built in accordance with the plan as approved by the local authorities.	RMR,000,000	Comparison and Residual	18 th June 1999	

13. DIRECTORS' REPORT

(Prepared for inclusion in the Prospectus)



KIM LOONG
RESOURCES BERHAD
(22703-K)

錦隆資源有限公司

Registered office: Unit No. 203, 2nd Floor, Block C, Damansara Intan, No. 1 Jalan SS20/27, 47400 Petaling Jaya
Tel 03-7112688 Fax: 03-7112693

11 October 2000


The Shareholders of
Kim Loong Resources Berhad

Dear Sir/Madam,

On behalf of the Directors of Kim Loong Resources Berhad, I report after due enquiry that during the period from 30 April 2000 (being the date to which the last audited accounts of the Group have been made) to 10 October 2000 (being a date not earlier than fourteen days before the issue of this Prospectus) that:-

- (a) the business of the Group has, the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen subsequent to the last audited accounts of the Group which have adversely affected the business and operations or the value of the assets of the Group;
- (c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) save as disclosed in Section 10.4, no contingent liabilities have arisen by reason of any guarantees given by the Company and its subsidiaries; and
- (e) save as disclosed in the Accountants' Report and Proforma Consolidated Balance Sheets in this Prospectus, there has been no change in the published reserves or any unusual factors affecting the profit of the Group since the last audited accounts of the Group.

Yours faithfully
for and on behalf of
KIM LOONG RESOURCES BERHAD



GOOI SEONG LIM
Managing Director