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Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of the Company will be held at the Klang Executive Club, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on 30th October 2000 at 9.30 a.m. for the following purposes:-

1. To receive and adopt the Audited Accounts for the financial year ended 30 April 2000 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To re-elect Puan Kamariah Binti Abdul, who retires pursuant to Article 87 of the Company's Articles of Association and being eligible, offers herself for re-election. *(Resolution 2)*
3. To re-elect Mr. Wong Mun Wai, who retires pursuant to Article 87 of the Company's Articles of Association and being eligible, offers himself for re-election. *(Resolution 3)*
4. To re-appoint Messrs Shamsir Jasani Grant Thornton as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Resolution 4)*

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

5. **ORDINARY RESOLUTION – AUTHORITY TO ISSUE SHARES**

THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval from other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.

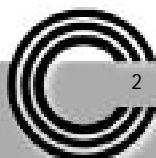
(Resolution 5)

6. **SPECIAL RESOLUTION – PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION**

"THAT in line with the Securities Industry (Central Depositories) (Amendment) Act, 1998 in respect of mandatory deposit of scrips into Central Depository System (CDS), the Article 57(ii) of the Company's Articles of Association be amended by deleting the words "as at a date not less than 3 market days" in line 3 immediately "before the general meeting". The amended Article be read as follows :-

- 57(ii) The Company shall inform the Central Depository of the date of the general meeting and shall request the Central Depository in accordance with the Rules, to prepare a Record of Depositors before the general meeting (hereinafter referred to as the "General Meeting Record of Depositors"). The General Meeting Record of Depositors shall be the final record of all depositors who shall be deemed to be the registered holders of the shares of the Company eligible to be present and vote at such meetings."

(Resolution 6)



Notice Of Annual General Meeting *(cont'd)*

7. To transact any other ordinary business of the Company for which due notice shall have been given.

By order of the Board

LIM SECK WAH (MAICSA 0799845)
M. CHANDRASEGARAN A/L S. MURUGASU (MAICSA 0781031)
Company Secretaries

Selangor Darul Ehsan
Dated this 5th October 2000

Notes:

1. *Every member is entitled to appoint a proxy (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.*
2. *A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints two (2) or more proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.*
4. *The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's Registered Office, Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or adjourned meeting as the case maybe.*
5. *Explanatory notes on Special Business*
 - (a) **Ordinary Resolution pursuant to Section 132D of the Companies Act, 1965**

The proposed Resolution 5 is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the next annual general meeting of the Company.
 - (b) **Special Resolution on the proposed amendments to the Company's Articles of Association**

The proposed Resolution 6 on the amendments to the Company's Articles of Association is to comply with the provision of the Securities Industry (Central Depositories) (Amendment) Act, 1998, the Rules of Malaysian Central Depository Sdn Bhd where the General Meeting Record of Depositors shall be the final record of all depositors who are entitled to be present and vote at such meetings.



Corporate Information

BOARD OF DIRECTORS

Izhar Bin Sulaiman (Executive Chairman)
Wong Mun Wai (Executive Director)
Chuah Hock Soon
Kamariah Binti Abdul

SECRETARIES

Lim Seck Wah (MAICSA 0799845)
M. Chandrasegaran A/L S. Murugasu (MAICSA 0781031)

AUDITORS

Shamsir Jasani Grant Thornton
(Member Firm of Grant Thornton International)
Public Accountants
Level 11-1, Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur

REGISTERED OFFICE

Lot 765, Jalan Haji Sirat,
Off Jalan Meru,
42100 Klang,
Selangor Darul Ehsan
Tel: (03) 391 5566
Fax: (03) 391 4489
E-mail: hmpmill@po.jaring.my
Website: <http://www.haiming.com>

REGISTRAR

Insurban Corporate Services Sdn. Bhd. (76260-W)
149-B, Jalan Aminuddin Baki,
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel: (03) 719 5529
Fax: (03) 718 5948

BANKERS

Arab-Malaysian Bank Berhad
Malayan Banking Berhad
OCBC Bank (M) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange
- Second Board



Audit Committee

The Audit Committee comprises the following Directors :-

CHUAH HOCK SOON

(Chairman, Independent Non-Executive Director)

KAMARIAH BINTI ABDUL (appointed on 20.09.2000)

(Independent Non-Executive Director)

WONG MUN WAI (appointed on 20.09.2000)

(Executive Director)

IZHAR BIN SULAIMAN (resigned on 20.09.2000)

(Executive Director)

ABDULLAH BIN OMAR (resigned on 28.08.2000)

(Chairman, Independent Non-Executive Director)

TERMS OF REFERENCE

Policy

The Audit Committee is established to ensure that the internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively.

Objectives

The objectives of this policy are :-

- a) to comply with Sections 1.19 and 344A of the Kuala Lumpur Stock Exchange Listing Requirements;
- b) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audits and yet ensure that audit findings are brought up to the highest level for consideration.

The Audit Committee shall be appointed by the Directors and shall comprise not fewer than 3 members of whom the majority shall be non-executive independent directors.

The members of the Audit Committee shall elect a Chairman from among themselves who is not an executive director or employee of the company or any related corporation.

Functions Of The Audit Committee

The functions of the Audit Committee shall be:-

- a) to review:-
 - i) with the auditor, the audit plan
 - ii) with the auditor, his evaluation of the system of internal controls
 - iii) with the auditor, his audit report
 - iv) the assistance given by the company's officers to the auditor;
 - v) the scope and results of the internal audit procedures;



Audit Committee *(cont'd)*

- vi) the balance sheet and profit and loss account of the company and the consolidated balance sheet and profit and loss account, submitted to it by the company and thereafter to submit them to the directors of the company;
- vii) any related party transaction that may arise within the company or the group; and
- b) to nominate a person or persons as auditors together with such other functions as may be agreed to by the Audit Committee and the Board of Directors.

Authority

The Committee is authorised by the Board to :

- a) investigate any activity within the scope of the Committee's duties;
- b) obtain any information it requires from any employee(s);
- c) obtain outside legal or independent professional advice and
- d) make recommendations for improvements of the operating performance and management control arising from the recommendations of internal and external audit.

Meetings

Meetings shall be held not less than twice a year. The external auditors may request a meeting if they consider that one is necessary. The Chairman shall convene a meeting whenever any member of the committee request for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and the auditors.

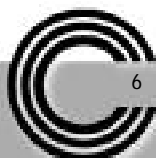
The external auditors shall have the right to appear and be heard at any meeting.

The quorum for a meeting shall be two and any decision shall be a simple majority. The Chairman shall not have a casting vote.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.



Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Accounts of the Group and of the Company for the financial year ended 30 April 2000.

Operating Results

Group turnover for this financial year dropped further to RM31.3 million (1999: RM91.3 million). Group pre-tax loss was RM9.2 million, down from RM29.0 million from the previous financial year.

This financial year's result was mainly affected by the lower turnover achieved as a result of the non-availability of banking facilities and hence the lack of working capital. Other than accrued bank interest, the Group was able to reduce all level of overheads and thus contained the losses.

The Group's result has also been adjusted by the non-consolidation of the Group's investment in China as the management has difficulties in exercising effective management control over its operation. To exercise effective control, the Group will have to commit further funds and human resources which the management is reluctant to commit.

Dividend

The Board is not recommending any payment of dividend due to the poor results and the non-availability of distributable profits.

Corporate Highlights

The financial year 2000 has indeed been a challenging year for the Group. Lenders to the Group have continued with the reduction of our banking facilities. As a result of the further cutbacks in banking facilities, the Group's trading ability was further reduced and hence the Group was trading well below its economic level to cover the overheads of the Group.

The Group has registered with the Corporate Debt Restructuring Committee of Bank Negara Malaysia in August 1999 for assistance in the restructuring of the Group's debts. Subsequently, a scheme to restructure the Group's debts was put to the lenders in March 2000. However, various reservations and issues were raised by the lenders and prompted the scheme to be withdrawn.

Another debt restructuring scheme was forwarded to the lenders at the end of May and was revised in July 2000. At the time of this report, we are awaiting the decision of the lenders. Your Board feels that there are only minor issues to be resolved before the scheme is presented to the shareholders for approval. We are hopeful that the scheme can be finalised in the near future to put the Group back to profitability.

Your Board of Directors will keep you informed of the outcome of the proposed restructuring scheme and eventually presenting it for your approval.



Chairman's Statement *(cont'd)*

Year 2000 (Y2K)

The Group did not encounter any Y2K problems during the rollover to the year 2000.

Prospects

As mentioned earlier, without a debt-restructuring scheme, the Group will not have sufficient working capital to operate at a profitable level and will continue to incur losses. The Group is losing market share to its competitors and is in need of fresh capital to rebuild its business. As any restructuring exercise will take at least 6 months to complete, the Group does not expect any major turnaround in its results for the financial year ending 30 April 2001.

Directorate

The Board wishes to record its appreciation to En. Abdullah Bin Omar who resigned as Director and Chairman of the Audit Committee of the Company on 28 August 2000.

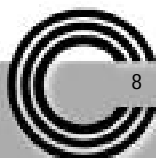
The Board also welcomes the appointment of Mr. Wong Mun Wai as Executive Director and Puan Kamariah Binti Abdul as Director of the Company on 20 September 2000.

Acknowledgement

On behalf of the Board, I wish to express my sincere appreciation to the management and staff for their hard work, dedication and loyalty to the Group despite these trying times. I would also like to thank the shareholders, business associates and the authorities for their continued support for the Group.

Izhar Bin Sulaiman
Executive Chairman

5th October 2000



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Directors' Report

The Directors of Hai Ming Holdings Bhd. hereby submit their report and audited accounts of the Group and of the Company for the financial year ended 30th April, 2000.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are mentioned in Note 10 to the Accounts.

There have been no significant changes in the activities of the Company and its subsidiary companies during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss after taxation	8,801,701	3,525,994
Accumulated loss at beginning of year	15,039,946	14,551,681
Accumulated loss at end of year	<u>23,841,647</u>	<u>18,077,675</u>

DIVIDENDS

There were no dividends paid or declared since the end of the last financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued during the financial year.

INFORMATION ON THE ACCOUNTS

Before the Profit and Loss Account and Balance Sheet of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.



Directors' Report *(cont'd)*

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the accounts of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the accounts of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:-

- (a) 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 liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

OTHER STATUTORY INFORMATION

The Directors state that:-

At the date of this report, they are not aware of any circumstances not otherwise dealt with in this report or the accounts which would render any amount stated in the accounts misleading.

In the opinion of the Directors :-

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 19 to the Accounts; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 27 to the Accounts.

SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

Significant event subsequent to balance sheet date is disclosed in Note 28 to the Accounts.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report are:-

Izhar bin Sulaiman (Executive Chairman)
Chuah Hock Soon
Abdullah bin Omar
Loh Seong Aun (resigned on 18.2.2000)



Directors' Report *(cont'd)*

In accordance with Article 80 of the Company's Articles of Association, Chuah Hock Soon retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

According to the Register of Directors' Shareholdings, the Directors holding office at the end of the financial year and their interests in the ordinary share capital of the Company are as follows:-

Company	Number of ordinary shares of RM1.00 each			At 30.4.2000
	At 1.5.1999	Bought	Sold	
Izhar bin Sulaiman - deemed interest	6,300,000	-	(3,300,000)	3,000,000

Encik Izhar bin Sulaiman, by virtue of his deemed interest in the Company, is also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act, 1965.

No other Directors holding office at the financial year end held or dealt with any shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

AUDITORS

Messrs Shamsir Jasani Grant Thornton have expressed their willingness to continue in office.

On behalf of the Board

IZHAR BIN SULAIMAN
EXECUTIVE CHAIRMAN

CHUAH HOCK SOON
DIRECTOR

Klang, Selangor
25th August, 2000



Statement By Directors

In the opinion of the Directors, the accounts set out on pages 15 to 37 are drawn up in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30th April, 2000 and of the results of the Group and of the Company and the cash flows of the Group for the financial year then ended.

On behalf of the Board

IZHAR BIN SULAIMAN
EXECUTIVE CHAIRMAN

CHUAH HOCK SOON
DIRECTOR

Klang, Selangor
25th August, 2000

Statutory Declaration

I, Wong Keet Loy, being the Officer primarily responsible for the financial management of Hai Ming Holdings Bhd., do solemnly and sincerely declare that to the best of my knowledge and belief, the accounts set out on pages 15 to 37 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed at Kuala Lumpur in
the Federal Territory on 25th August, 2000

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)
)
)

WONG KEET LOY

Before me:

No.W057

A.T. LIM JO SEN, A.M.N
Commissioner for Oaths



Report Of The Auditors

We have audited the financial statements set out on pages 15 to 37 of Hai Ming Holdings Bhd., comprising the balance sheet of the Group and of the Company and the notes to the accounts as at 30th April, 2000 and of the profit and loss accounts of the Group and of the Company and the cash flow statement of the Group for the financial year ended on that date.

The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion :-

- (a) the financial statements which have been prepared under the historical cost convention, as modified by the revaluation of certain assets and investments, are properly drawn up in accordance with provisions of the Companies Act, 1965 and applicable approved accounting standards so as to give a true and fair view of :-
- (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the accounts of the Group and of the Company ; and
 - (ii) the state of affairs of the Group and of the Company as at 30th April, 2000 and of the results of the operations of the Group and of the Company and the cash flows of the Group for the financial year ended on that date;
- and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the said Act.

Without qualifying our opinion, we draw attention to Note 1(b) to the Accounts. The Group and the Company incurred a net loss of RM8,801,701 and RM3,525,994 respectively for the financial year ended 30th April, 2000 and, as of that date, the Group's and the Company's current liabilities exceeded its current assets by RM44,178,509 and RM11,670,029 respectively. These factors, along with other matters as set forth in Note 1(b), raise substantial doubt that the Group and the Company will be able to continue as a going concern.

We have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 10 to the Accounts.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements 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 as required by us for these purposes.

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

SHAMSIR JASANI GRANT THORNTON
(NO:AF-737)
PUBLIC ACCOUNTANTS

Kuala Lumpur
25th August, 2000

N.K. JASANI
PUBLIC ACCOUNTANT
(NO: 708/03/02(J/PH))
PARTNER



Balance Sheets *As At 30th April, 2000*

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
SHARE CAPITAL	3	19,800,000	19,800,000	19,800,000	19,800,000
EXCHANGE FLUCTUATION RESERVE	4	61,809	5,128,181	-	-
ACCUMULATED LOSS		(23,841,647)	(15,039,946)	(18,077,675)	(14,551,681)
		(3,979,838)	9,888,235	1,722,325	5,248,319
MINORITY INTEREST		-	3,385,614	-	-
DEFERRED AND LONG TERM LIABILITIES					
Finance creditors	5	700,803	1,832,550	-	-
Term loans	6	345,000	4,975,599	-	-
Deferred taxation	7	541,000	978,000	-	-
		(2,393,035)	21,059,998	1,722,325	5,248,319
REPRESENTED BY :					
FIXED ASSETS	8	41,776,172	49,436,586	-	-
CAPITAL WORK-IN-PROGRESS	9	-	5,858,275	-	-
INVESTMENT IN SUBSIDIARY COMPANIES	10	1	-	13,392,354	15,643,644
EXPENDITURE CARRIED FORWARD	11	9,301	38,134	-	-
CURRENT ASSETS					
Stocks	12	4,751,529	14,020,566	-	-
Debtors	13	5,735,056	24,343,777	2,355,954	3,487,557
Tax recoverable		-	-	20,701	-
Cash and bank balances	14	1,668,474	1,588,407	591	54
Total current assets		12,155,059	39,952,750	2,377,246	3,487,611
LESS: CURRENT LIABILITIES					
Creditors	15	7,084,357	32,873,247	14,047,275	13,758,965
Term loans	6	14,115,499	4,903,512	-	-
Bank borrowings	16	34,931,494	35,903,023	-	-
Provision for taxation		202,218	545,965	-	123,971
Total current liabilities		56,333,568	74,225,747	14,047,275	13,882,936
NET CURRENT LIABILITIES		(44,178,509)	(34,272,997)	(11,670,029)	(10,395,325)
		(2,393,035)	21,059,998	1,722,325	5,248,319

The above balance sheets are to be read in conjunction with the Notes to the Accounts on pages 19 to 37.



Profit And Loss Accounts *For the Year Ended 30th April, 2000*

	Note	Group		Company	
		2000 RM	1999 RM	2000 RM	1999 RM
TURNOVER	17	31,317,465	91,268,850	-	-
COST OF GOODS SOLD		30,616,255	82,400,266	-	-
Operating loss	18	(8,410,580)	(15,155,620)	(829,774)	(848,982)
Exceptional items	19	(775,657)	(13,811,386)	(2,696,203)	(28,735,050)
Loss before taxation		(9,186,237)	(28,967,006)	(3,525,977)	(29,584,032)
Taxation	20	384,536	208,714	(17)	(173,327)
Loss after taxation		(8,801,701)	(28,758,292)	(3,525,994)	(29,757,359)
Minority interest		-	682,363	-	-
Loss after taxation and minority interest		(8,801,701)	(28,075,929)	(3,525,994)	(29,757,359)
(Accumulated loss)/Unappropriated profit at beginning of year		(15,039,946)	11,834,228	(14,551,681)	15,205,678
		(23,841,647)	(16,241,701)	(18,077,675)	(14,551,681)
Transfer from revaluation reserve upon realisation		-	1,201,755	-	-
Accumulated loss at end of year		(23,841,647)	(15,039,946)	(18,077,675)	(14,551,681)
RETAINED/(SUSTAINED) BY:					
The Company		30,098,286	24,120,465		
Subsidiary companies		(53,939,933)	(39,160,411)		
		(23,841,647)	(15,039,946)		
Loss per share	21	44.5 sen	141.8 sen		

The above profit and loss accounts are to be read in conjunction with the Notes to the Accounts on pages 19 to 37.



Consolidated Cash Flow Statement

For the Year Ended 30th April, 2000

	Note	2000 RM	1999 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(9,186,237)	(28,967,006)
Adjustments for:			
Depreciation		3,118,079	3,902,464
Expenditure carried forward written off		9,568	29,432
Fixed assets written off		4,056	4,065,236
Gain on disposal of fixed assets		(343,840)	(54,382)
Loss on disposal of properties		-	340,056
Goodwill written off		-	5,311,664
Provision for foreseeable loss		775,657	4,100,000
Interest expenses		4,675,702	6,673,822
Interest income		(25,781)	(19,653)
Operating loss before working capital changes		(972,796)	(4,618,367)
Stocks		3,430,445	11,476,207
Debtors		8,918,588	13,563,357
Creditors		(10,770,421)	(1,663,604)
Bills payable		(698,018)	(2,622,842)
Cash (used in)/generated from operations		(92,202)	16,134,751
Expenditure carried forward incurred		4,748	(56,847)
Interest paid		(4,675,702)	(6,673,822)
Interest received		25,781	19,653
Tax refunded		3,722	90,352
Tax paid		(335,798)	(549,497)
Net cash (used in)/from operating activities		(5,069,451)	8,964,590
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		867,400	695,249
Purchase of fixed assets	A	(1,255,557)	(521,791)
Capital work-in-progress incurred		(923,013)	(6,205,317)
Net cash used in investing activities		(1,311,170)	(6,031,859)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loans		6,000,000	-
Repayment of term loans		(1,418,612)	(3,191,689)
Repayment of revolving credits		(10,035,747)	-
Repayment of other borrowings		(1,767,880)	-
Repayment of finance creditors		(1,515,730)	(1,942,073)
Net cash used in financing activities		(8,737,969)	(5,133,762)
Net decrease in cash and cash equivalents		(15,118,590)	(2,201,031)
Cash and cash equivalents brought forward		(8,601,507)	(6,401,353)
Cash and cash equivalents of subsidiary company de-consolidated	B	3,667,664	-
Cash and cash equivalents carried forward	C	(20,052,433)	(8,602,384)



Consolidated Cash Flow Statement *(cont'd)*

For the Year Ended 30th April, 2000

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

A. PURCHASE OF FIXED ASSETS

During the financial year, the Group acquired fixed assets with an aggregate cost of RM1,255,557 (1999: RM1,632,686) of which none (1999: RM1,110,895) were acquired by means of hire purchase. Cash payments of RM1,255,557 (1999: RM521,791) were made to purchase the fixed assets.

B. DE-CONSOLIDATION OF SUBSIDIARY COMPANY

The carrying value of assets and liabilities of the subsidiary company when it ceased to be consolidated during the financial year are as follows:-

	2000 RM	1999 RM
Cash and bank balances	1,249,794	-
Short-term borrowings	(165,204)	-
Revolving credit	(4,752,254)	-
	<u>(3,667,664)</u>	-
Fixed assets	12,051,564	-
Expenditure carried forward	14,517	-
Stocks	5,838,592	-
Debtors	9,690,133	-
Creditors	(14,564,242)	-
Taxation	(64,135)	-
Minority interest	(3,385,614)	-
Translation differences	(5,137,494)	-
	<u>775,657</u>	-
Share of net assets at the point of de-consolidation		-

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Consolidated Cash Flow Statement comprise the following balance sheet amounts:-

	2000 RM	1999 RM
Cash and bank balances	1,668,474	1,588,407
Bank overdraft	(21,720,907)	(10,190,791)
	<u>(20,052,433)</u>	<u>(8,602,384)</u>
Cash and cash equivalents as previously reported	(20,052,433)	(8,602,384)
Effect of exchange rate changes	-	877
	<u>(20,052,433)</u>	<u>(8,601,507)</u>

The above consolidated cash flow statement is to be read in conjunction with the Notes to the Accounts on pages 19 to 37.



Notes To The Accounts *30th April, 2000*

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Accounting convention and standards*

The accounts are prepared under the historical cost convention modified by the revaluation of certain fixed assets and investments and in compliance with approved accounting standards.

(b) *Fundamental accounting concept*

The Directors are of the opinion that the Group and the Company has sufficient financial resources to meet their short term borrowings when they become due. Cash generated from operations alone will not be able to pay the short term borrowings when they fall due without the sale of assets, restructuring the bank facilities and/or raising further capital.

As and when required, efforts may have to be taken by the Directors for the Group to divest sufficient assets, raise long term loans and restructure its existing borrowings to long term.

The accounts of the Group and of the Company have been prepared on the going concern basis. The validity of this assumption depends on the successful implementation of the Group's strategies, including those referred above. The accounts do not include any adjustments that would result if such strategies are not implemented successfully within the relevant time frame.

Whilst the strategies are being pursued, the Directors are of the opinion that the Group and the Company has the ability to maintain their current level of operations and accordingly, it is appropriate for the accounts to be prepared on the going concern basis.

(c) *Basis of consolidation*

The consolidated accounts include the audited accounts of the Company and its subsidiary companies made up to 30th April, 2000, except for a subsidiary company, Hubei Huali Paper Mills Co. Ltd., which is not consolidated for reasons as stated in Note 10 to the Accounts. Inter-company transactions are eliminated on consolidation and consolidated accounts reflect external transactions only.

The difference between the cost of investment and the net worth of the subsidiary companies at the date of acquisition is included in the consolidated balance sheet as goodwill or capital reserve arising on consolidation.

Goodwill arising on consolidation has been written off in the previous financial year.

(d) *Subsidiary companies*

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost or valuation. The investments are revalued at intervals of 5 years. Where the carrying values of the revalued investments differ materially from the underlying net tangible asset values of the subsidiary companies, the investments will be carried at subsequent revaluation. Surplus on revaluation are taken to reserves and shortfalls are debited to reserves to the extent of any previous surplus. All other shortfalls are charged to the profit and loss account.



Notes To The Accounts *30th April, 2000*

(e) Foreign currency translation

Foreign currency transactions have been translated into Ringgit Malaysia at the rates of exchange ruling on transaction dates. All foreign currency assets and liabilities outstanding at the balance sheet date are translated at the approximate exchange rates ruling at that date. Unrealised gains and losses arising from the translation of current assets and liabilities are dealt with in the profit and loss account.

For the purposes of consolidation, net assets of the foreign subsidiary companies are translated into Ringgit Malaysia at the exchange rate ruling at the balance sheet date while the income statement is translated into Ringgit Malaysia at the average exchange rate for the year. Exchange differences arising from such translations are transferred to exchange fluctuation reserve.

(f) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation. Freehold land is not depreciated. Depreciation on fixed assets is calculated to write off the cost or valuation of the fixed assets on a straight line basis over the estimated useful lives of the assets concerned.

The principal annual rates used are as follows:-

Leasehold land	Amortised over the lease terms of 25-785 years
Buildings	2% - 4%
Plant and machineries	6% - 10%
Furniture, fittings and equipments	10% - 33.3%
Motor vehicles	12.5% - 20%
Office renovation	10% - 20%

(g) Capital work-in-progress

Capital work-in-progress consist of buildings, plant and machinery under construction /installation for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to fixed assets under construction / installation until the assets are ready for their intended use.

(h) Stocks

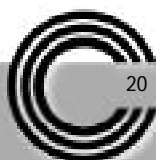
Stocks are stated at the lower of cost and net realisable value after adequate specific provision has been made for deteriorated, obsolete and slow moving stocks.

Cost of raw materials is determined using weighted average method. Cost of work-in-progress and finished goods includes direct materials, labour and an appropriate proportion of manufacturing overheads.

Cost of finished goods is determined using standard costing which approximates the actual cost.

(i) Expenditure carried forward

All expenses incurred in connection with the formation of subsidiary companies have been deferred and charged to preliminary expenses while all other expenses incurred before commencement of business operation have been deferred and charged to pre-operating expenses. Preliminary and pre-operating expenses are written off in the year of commencement of operations.



Notes To The Accounts *30th April, 2000*

(j) Deferred taxation

Deferred taxation is provided on the liability method for taxation which is deferred due to differences between the net book value of assets eligible for capital allowances and the tax written down value of these assets and on any other timing differences existing at year end except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future.

Deferred tax benefits are only recognised when there is a reasonable expectation of realisation in the near future.

(k) Finance leases/Hire purchase

The cost of assets acquired under finance lease or hire purchase arrangements is capitalised. The depreciation policy on these assets is similar to that of the Group's fixed assets depreciation policy. Outstanding obligation due under the finance lease or hire purchase agreements after deducting finance expenses are included as liabilities in the accounts. Finance charges on finance lease or hire purchase agreements are allocated to profit and loss account over the period of the respective agreements.

(l) Debtors

Known bad debts are written off and specific provision is made for debts which are considered doubtful. In addition, general provisions are made to cover possible losses which are not specifically identified.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, short-term demand deposits and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are mentioned in Note 10 to the Accounts.

3. SHARE CAPITAL

	Group and Company	
	2000	1999
	RM	RM
Authorised :		
Ordinary shares of RM1 each		
At beginning of year	20,000,000	20,000,000
Creation during the year	5,000,000	-
	<hr/>	<hr/>
At end of year	25,000,000	20,000,000
	<hr/>	<hr/>
Issued and fully paid :		
Ordinary shares of RM1 each	19,800,000	19,800,000
	<hr/>	<hr/>



Notes To The Accounts *30th April, 2000*

4. EXCHANGE FLUCTUATION RESERVE

	Group	
	2000 RM	1999 RM
At beginning of year	5,128,181	5,097,722
Reversal of subsidiary company not consolidated	(5,137,494)	-
	<u>(9,313)</u>	<u>5,097,722</u>
Movement during the year	71,122	30,459
At end of year	<u>61,809</u>	<u>5,128,181</u>

The above reserve is not available for distribution as dividends.

5. FINANCE CREDITORS

	Group	
	2000 RM	1999 RM
Finance creditors	2,081,254	4,007,164
Interest-in-suspense	(375,684)	(785,864)
	<u>1,705,570</u>	<u>3,221,300</u>
Total principal sum payable		
- within 1 year	1,004,767	1,388,750
- after 1 year but not later than 5 years	700,803	1,832,550
	<u>1,705,570</u>	<u>3,221,300</u>

The amount payable within 12 months has been included in other creditors and accruals.

6. TERM LOANS

	Group	
	2000 RM	1999 RM
Secured	5,417,467	6,972,689
Unsecured	9,043,032	2,906,422
	<u>14,460,499</u>	<u>9,879,111</u>
Due after one year	345,000	4,975,599
Due within one year	14,115,499	4,903,512
	<u>14,460,499</u>	<u>9,879,111</u>



Notes To The Accounts *30th April, 2000*

6. TERM LOANS (cont'd)

Term loans of certain subsidiary companies are secured by a fixed charge over their landed properties or landed properties of fellow subsidiary companies.

Certain term loans of the subsidiary companies are obtained by way of negative pledge on their respective assets.

Term loans of certain subsidiary companies are currently in default and are payable on demand. However, the Company has applied to the Corporate Debt Restructuring Committee ("CDRC") to assist its subsidiary companies to restructure the said term loans.

All term loans of the subsidiary companies are guaranteed by the Company.

Interest is charged at rates ranging from 8.25% to 9.40% (1999: 9.40% to 14.30%) per annum and repayment terms varies from monthly to quarterly instalments.

7. DEFERRED TAXATION

	Group	
	2000 RM	1999 RM
At beginning of year	978,000	1,830,200
Transfer to profit and loss account	(437,000)	(852,200)
At end of year	<u>541,000</u>	<u>978,000</u>

8. FIXED ASSETS

Group Cost or valuation	Land and buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings and others RM	Total	
					2000 RM	1999 RM
At beginning of year						
- cost	16,787,055	30,803,834	3,233,437	2,173,481	52,997,807	59,611,094
- valuation	13,767,235	-	-	-	13,767,235	17,107,235
	<u>30,554,290</u>	<u>30,803,834</u>	<u>3,233,437</u>	<u>2,173,481</u>	<u>66,765,042</u>	<u>76,718,329</u>
Additions	711,593	444,828	30,881	68,255	1,255,557	1,632,686
Transfer from capital work-in-progress	2,980,000	3,801,288	-	-	6,781,288	378,566
Disposals	-	(25,707)	(1,548,207)	(12,946)	(1,586,860)	(4,227,697)
Written off	-	-	(8,550)	(40,934)	(49,484)	(7,933,672)
Translation difference	-	-	-	-	-	196,830
Reversal of subsidiary company not consolidated	(7,320,765)	(11,079,106)	(475,637)	(129,325)	(19,004,833)	-
At end of year	<u>26,925,118</u>	<u>23,945,137</u>	<u>1,231,924</u>	<u>2,058,531</u>	<u>54,160,710</u>	<u>66,765,042</u>



Notes To The Accounts *30th April, 2000*

8. FIXED ASSETS *(contd)*

Group

Accumulated depreciation	Land and buildings RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings and others RM	Total 2000	Total 1999
					RM	RM
At beginning of year	4,591,570	9,613,446	1,862,677	1,260,763	17,328,456	18,253,039
Charge for the year	686,766	1,892,806	377,161	161,346	3,118,079	3,902,464
Disposals	-	(15,644)	(1,039,069)	(8,587)	(1,063,300)	(1,016,774)
Written off	-	-	(8,270)	(37,158)	(45,428)	(3,868,436)
Translation difference	-	-	-	-	-	58,163
Reversal of subsidiary company not consolidated	(2,428,718)	(4,325,222)	(137,207)	(62,122)	(6,953,269)	-
At end of year	2,849,618	7,165,386	1,055,292	1,314,242	12,384,538	17,328,456
Net book value						
30th April, 2000	24,075,500	16,779,751	176,632	744,289	41,776,172	-
30th April, 1999	25,962,720	21,190,388	1,370,760	912,718	-	49,436,586
Depreciation charge for the year ended 30th April, 1999	849,137	2,314,361	566,078	172,888	-	3,902,464
Cost or valuation at 30th April						
- cost	13,157,883	23,945,137	1,231,924	2,058,531	40,393,475	52,997,807
- valuation	13,767,235	-	-	-	13,767,235	13,767,235
	26,925,118	23,945,137	1,231,924	2,058,531	54,160,710	66,765,042



Notes To The Accounts *30th April, 2000*

8. FIXED ASSETS (cont'd)

Analysis of land as at 30th April:-

Group	Freehold land RM	Long leasehold land RM	Short leasehold land RM	Total 2000 RM	Total 1999 RM
Cost or valuation					
At beginning of year					
- cost	-	1,542,022	793,775	2,335,797	2,332,044
- valuation	2,328,709	-	1,549,000	3,877,709	5,292,057
	2,328,709	1,542,022	2,342,775	6,213,506	7,624,101
Additions	-	14,854	-	14,854	-
Disposals	-	-	-	-	(1,414,348)
Translation difference	-	-	-	-	3,753
Reversal of subsidiary company not consolidated	-	-	(343,775)	(343,775)	-
At end of year	2,328,709	1,556,876	1,999,000	5,884,585	6,213,506
Accumulated depreciation					
At beginning of year	-	138,602	289,993	428,595	390,575
Charge for the year	-	25,783	57,453	83,236	111,756
Disposals	-	-	-	-	(74,199)
Translation difference	-	-	-	-	463
Reversal of subsidiary company not consolidated	-	-	(58,887)	(58,887)	-
At end of year	-	164,385	288,559	452,944	428,595
Net book value					
30th April, 2000	2,328,709	1,392,491	1,710,441	5,431,641	-
30th April, 1999	2,328,709	1,403,420	2,052,782	-	5,784,911
Depreciation charge for the year ended 30th April, 1999	-	37,821	73,935	-	111,756
Cost or valuation at 30th April					
- cost	-	1,556,876	450,000	2,006,876	2,335,797
- valuation: 1993	2,328,709	-	1,549,000	3,877,709	3,877,709
	2,328,709	1,556,876	1,999,000	5,884,585	6,213,506



Notes To The Accounts *30th April, 2000*

8. FIXED ASSETS *(contd)*

Analysis of buildings as at 30th April :-

Group	Freehold buildings RM	Long leasehold buildings RM	Short leasehold buildings RM	Total 2000 RM	Total 1999 RM
Cost or valuation					
At beginning of year					
- cost	100,622	2,563,130	11,787,506	14,451,258	14,089,239
- valuation	7,437,328	-	2,452,198	9,889,526	11,815,178
	7,537,950	2,563,130	14,239,704	24,340,784	25,904,417
Additions	-	87,190	609,549	696,739	298,005
Transfer from capital work-in-progress	-	2,980,000	-	2,980,000	-
Disposals	-	-	-	-	(1,925,652)
Written off	-	-	-	-	(5,500)
Translation difference	-	-	-	-	69,514
Reversal of subsidiary company not consolidated	-	-	(6,976,990)	(6,976,990)	-
At end of year	7,537,950	5,630,320	7,872,263	21,040,533	24,340,784
Accumulated depreciation					
At beginning of year	888,162	181,976	3,092,837	4,162,975	3,636,492
Charge for the year	150,759	96,320	356,451	603,530	737,381
Disposals	-	-	-	-	(232,499)
Translation difference	-	-	-	-	21,601
Reversal of subsidiary company not consolidated	-	-	(2,369,831)	(2,369,831)	-
At end of year	1,038,921	278,296	1,079,457	2,396,674	4,162,975
Net book value					
30th April, 2000	6,499,029	5,352,024	6,792,806	18,643,859	-
30th April, 1999	6,649,788	2,381,154	11,146,867	-	20,177,809
Depreciation charge for the year ended 30th April, 1999	150,441	87,263	499,677	-	737,381
Cost or valuation at 30th April					
- cost	100,622	5,630,320	5,420,065	11,151,007	14,451,258
- valuation: 1993	7,437,328	-	2,452,198	9,889,526	9,889,526
	7,537,950	5,630,320	7,872,263	21,040,533	24,340,784



Notes To The Accounts *30th April, 2000*

8. FIXED ASSETS *(contd)*

- (a) Certain land and buildings of the Group were revalued in year 1992 and year 1993 by the Directors based on the valuation done by independent professional valuers on an open market value basis.

However, there is no subsequent revaluation being conducted as the Directors are of the opinion that the above revalued land and buildings would not materially differ from its current market value.

In the opinion of the Directors, unreasonable expenses would be incurred in obtaining the original costs of the assets value in that financial year.

- (b) Certain land and buildings of the Group carried at net book value of RM8,503,247 (1999:RM8,793,680) are charged to licensed banks for banking facilities and term loans granted to certain subsidiary companies.
- (c) The net book value of fixed assets which are under hire purchase are as follows:-

	Group	
	2000 RM	1999 RM
Hire purchase:-		
Plant and machineries	1,139,437	2,254,313
Motor vehicles	162,353	1,036,717
	1,301,790	3,291,030

9. CAPITAL WORK-IN-PROGRESS

	Group	
	2000 RM	1999 RM
At beginning of year	5,858,275	31,180
Additions	923,013	6,205,317
Transfer to fixed assets	(6,781,288)	(378,566)
Translation differences	-	344
	-	5,858,275

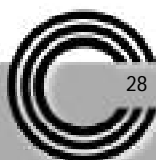


Notes To The Accounts *30th April, 2000*

10. INVESTMENT IN SUBSIDIARY COMPANIES

(a) The subsidiary companies are:-

Name of company	Place of incorporation	Effective interest		Principal activities
		2000 %	1999 %	
Hai Ming Capital Sdn. Bhd.	Malaysia	100	100	Investment holding
Hai Ming Development Sdn. Bhd.	Malaysia	100	100	Ceased operation
Hai Ming Enterprise Sdn. Bhd.	Malaysia	100	100	Trading in paper products
Hai Ming Industries Sdn. Bhd.	Malaysia	100	100	Converting of paper into paper related products
Hai Ming Management Sdn. Bhd.	Malaysia	100	100	Providing management services
Hai Ming Marketing Sdn. Bhd.	Malaysia	100	100	Trading in paper products
Hai Ming Paper Products Sdn. Bhd.	Malaysia	100	100	Converting of paper into paper related products
Hai Ming Paper Mills Sdn. Bhd.	Malaysia	100	100	Manufacturing of tissue paper and tissue related products
Hai Ming Trading Company Sdn. Bhd.	Malaysia	100	100	Trading in paper, paper products, stationery and general household products
Hai Ming Ventures Sdn. Bhd.	Malaysia	100	100	Dormant
Paragon Paper Mill Sdn. Bhd.	Malaysia	51	51	Manufacturing of tissue paper and converting tissue paper into tissue related products
Hai Ming Impex (S) Pte. Ltd. *	Singapore	100	100	Ceased operation
Subsidiary company of Hai Ming Capital Sdn. Bhd. :-				
Hubei Huali Paper Mills Co. Ltd. #	People's Republic of China	60	60	Manufacture and sale of paper
Subsidiary company of Paragon Paper Mill Sdn. Bhd. :-				
Paragon Marketing Sdn. Bhd.	Malaysia	51	51	Trading in tissue related products



Notes To The Accounts *30th April, 2000*

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

* *Subsidiary company not audited by Shamsir Jasani Grant Thornton.*

Shamsir Jasani Grant Thornton was engaged to conduct a Special Audit on the accounts for the financial year ended 20th April, 2000. However, during the financial year, the Group is deemed to have no effective control of the Huali operations as the Group does not have any representation on the Board of Directors and management team. The Group is reluctant to commit further funds of which Rmb 40 million (approximately RM18 million) is required for the construction of a water treatment and filtration plant in view of the imposition of environmental controls by the Chinese Authorities.

Therefore, in pursuant to Clause 5(4)(b)(ii) of the Ninth Schedule of the Companies Act, 1965, the accounts of Huali was not consolidated.

(b) Investment in subsidiary company not consolidated:-

	Group	
	2000 RM	1999 RM
Unquoted shares, at cost	9,759,432	-
Less: Goodwill written off in previous year	(3,030,828)	-
Post acquisition loss	(1,649,969)	-
	5,078,635	-
Less: Provision for foreseeable losses	(5,078,634)	-
	1	-

(c) Investment in subsidiary companies:-

	Company	
	2000 RM	1999 RM
Unquoted shares :-		
At Directors' valuation	10,214,562	10,214,562
At cost	18,328,115	18,328,115
	28,542,677	28,542,677
Less: Provision for diminution in value	(15,150,323)	(12,899,033)
	13,392,354	15,643,644

The accounts of Huali which was adjusted to conform with approved Malaysian Accounting Standards for the financial year ended 20th April 2000, are annexed to the accounts of the Company and the Group pursuant to Section 5(4)(c)(ii) of the Ninth Schedule of the Companies Act, 1965.



Notes To The Accounts *30th April, 2000*

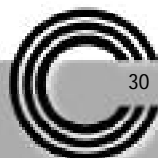
11. EXPENDITURE CARRIED FORWARD

	2000 RM	Group	1999 RM
Preliminary expenses	12,358		6,753
Pre-operating expenses	6,511		60,205
Translation difference	-		608
	<u>18,869</u>		<u>67,566</u>
Less: Written off during the year	(9,568)		(29,432)
	<u>9,301</u>		<u>38,134</u>

Included in pre-operating expenses is current year's audit fee of RM300 (1999: RM300).

12. STOCKS

	2000 RM	Group	1999 RM
Raw materials	1,800,825		8,098,084
Consumables	17,060		222,352
Work-in-progress	149,402		646,494
Finished goods	3,434,242		6,810,738
Goods-in-transit	-		35,460
	<u>5,401,529</u>		<u>15,813,128</u>
Less : Provision for slow moving stocks	(650,000)		(1,792,562)
	<u>4,751,529</u>		<u>14,020,566</u>



Notes To The Accounts *30th April, 2000*

13. DEBTORS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
i) Trade debtors	5,720,384	18,345,001	-	-
Less: Provision for doubtful debts				
- specific	(2,317,188)	(3,924,189)	-	-
- general	(281,560)	(695,000)	-	-
	<u>3,121,636</u>	<u>13,725,812</u>	<u>-</u>	<u>-</u>
ii) Other debtors, deposits and prepayments	2,640,059	10,716,674	-	-
Less: Provision for doubtful debts				
- specific	(26,639)	(98,709)	-	-
	<u>2,613,420</u>	<u>10,617,965</u>	<u>-</u>	<u>-</u>
iii) Amount due from subsidiary companies	-	-	20,369,886	21,056,576
Less: Provision for doubtful debts	-	-	(18,013,932)	(17,569,019)
	<u>-</u>	<u>-</u>	<u>2,355,954</u>	<u>3,487,557</u>
Total	<u>5,735,056</u>	<u>24,343,777</u>	<u>2,355,954</u>	<u>3,487,557</u>

The amount due from subsidiary companies bears interest at rates ranging from 6% to 8.5% (1999: 8.5% to 11.0%) per annum and has no scheme of repayment.

14 CASH AND BANK BALANCES

Included in the above is as follows :-

	Group	
	2000 RM	1999 RM
Deposits pledged to a bank for credit card facility used by a staff of a foreign subsidiary company	-	32,060
Deposits pledged to banks for bank guarantee facilities	<u>558,000</u>	<u>558,000</u>



Notes To The Accounts *30th April, 2000*

15. CREDITORS

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Trade creditors	2,189,263	22,513,061	-	-
Other creditors and accruals	4,895,094	10,360,186	141,840	91,729
Amount due to subsidiary companies	-	-	13,905,435	13,667,236
	<u>7,084,357</u>	<u>32,873,247</u>	<u>14,047,275</u>	<u>13,758,965</u>

The amount due to subsidiary companies bears interest at rates ranging from 6.0% to 8.5% (1999: 8.5% to 11.0%) per annum, is unsecured and has no scheme of repayment.

16. BANK BORROWINGS

	Group	
	2000 RM	1999 RM
Secured:		
Bank overdrafts	12,262,993	1,925,449
Bills payable/Bankers' acceptances	2,836,000	2,606,000
Revolving credit	1,650,000	1,000,000
Trust receipts	3,833,500	461,293
	<u>20,582,493</u>	<u>5,992,742</u>
Unsecured :-		
Bank overdrafts	9,457,914	8,265,342
Bills payable/Bankers' acceptances	1,000,000	823,000
Revolving credit	3,344,653	14,030,400
Trust receipts	546,434	5,023,659
Others	-	1,767,880
	<u>14,349,001</u>	<u>29,910,281</u>
	<u>34,931,494</u>	<u>35,903,023</u>

Some of the borrowings are secured by fixed and floating charges on the assets of certain subsidiary companies.

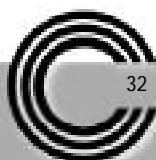
Certain unsecured borrowings of the subsidiary companies are obtained by way of a negative pledge on the respective subsidiary companies' assets.

All borrowings of the subsidiary companies are guaranteed by the Company.

Interest is charged at rates ranging from 4.50% to 11.70% (1999: 5.50% to 16.20%) per annum.

17. TURNOVER

Turnover for the Group represents rental income, sales of goods and services outside the Group net of discounts, returns and sales tax.



Notes To The Accounts *30th April, 2000*

18. OPERATING LOSS

Operating loss has been determined:-

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
After charging :-				
Audit fee				
- statutory	59,280	80,000	12,000	12,000
- special	12,000	22,000	-	-
- under/(over) provision in previous year	12,000	(3,000)	-	-
- other auditors	1,335	8,913	-	-
Bad debts written off	270,135	551,105	-	-
Depreciation	3,118,079	3,902,464	-	-
Directors' emoluments				
- holding company	-	50,000	-	50,000
- subsidiary companies	-	149,520	-	-
Fixed assets written off	4,056	5,570	-	-
Expenditure carried forward written off	9,568	29,432	-	-
Interest expenses				
- bank overdrafts	1,561,146	1,017,689		
- bankers' acceptances/ trust receipts	617,563	1,010,055	-	-
- hire purchase	410,180	531,087	-	-
- revolving credits	524,444	2,459,156	-	-
- term loans	1,212,092	1,402,285	-	-
- others	350,277	253,550	-	-
- subsidiary companies	-	-	822,820	1,057,785
Provision for doubtful debts				
- specific	446,499	3,057,569	-	-
- general	-	695,000	-	-
Provision for slow moving stocks	-	1,291,159	-	-
Rental expenses				
- warehouse	2,700	43,353	-	-
- plant and vehicles	33,512	36,000	-	-
Realised loss on foreign exchange	3,531	17,326	-	-
Stocks written down	-	196,029	-	-
Stocks written off	71,850	-	-	-



Notes To The Accounts *30th April, 2000*

18. OPERATING LOSS (contd)

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
And crediting:-				
Bad debts recovered	18,131	-	-	-
Gain on disposal of fixed assets	343,840	54,382	-	-
Interest income				
- fixed deposits	2,128	14,023	-	-
- others	23,653	5,630	-	2,675
- subsidiary companies	-	-	135,388	348,268
Rental income	124,200	105,980	-	-
Provision for doubtful debts no longer required				
- specific	2,125,570	222,782	-	-
- general	413,440	792	-	-
Provision for slow moving stocks no longer required	1,142,562	-	-	-

The estimated monetary value of benefits provided to the Directors of the Company during the financial year by way of usage of its subsidiary company's assets and other benefits amounted to Nil (1999: RM33,074).

19. EXCEPTIONAL ITEMS

Exceptional items comprise the followings:-

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
Provision for diminution in value of investment in subsidiary companies	-	-	2,251,290	11,166,031
Provision for amount due from subsidiary companies				
- current	-	-	1,191,858	17,569,019
- no longer required	-	-	(746,945)	-
Unrepresented goodwill in subsidiary companies written off	-	5,311,664	-	-
Provision for foreseeable losses upon disposal of a subsidiary company	775,657	4,100,000	-	-
Fixed assets written off	-	4,059,666	-	-
Loss on disposal of landed properties (net of real property gains tax)	-	340,056	-	-
	<u>775,657</u>	<u>13,811,386</u>	<u>2,696,203</u>	<u>28,735,050</u>



Notes To The Accounts *30th April, 2000*

20. TAXATION

	Group		Company	
	2000 RM	1999 RM	2000 RM	1999 RM
In Malaysia :				
Current taxation	49,000	-	-	-
Under provision in prior years	3,464	638,964	17	173,327
Deferred taxation	(437,000)	(852,200)	-	-
	<u>(384,536)</u>	<u>(213,236)</u>	<u>17</u>	<u>173,327</u>
Outside Malaysia :				
Under provision in prior years	-	4,522	-	-
Total	<u>(384,536)</u>	<u>(208,714)</u>	<u>17</u>	<u>173,327</u>

There is no provision for taxation in the current financial year as the Company does not have any chargeable income.

The Group's unabsorbed business losses, unutilised capital allowances and reinvestment allowances which can be carried forward to offset against future taxable profit amounted to approximately RM19.7million (1999: RM13.9 million), RM17.8 million (1999: RM13.9 million) and RM0.4 million (1999: RM0.42 million) respectively.

However, the above amounts are subject to the agreement of Inland Revenue Board.

21. LOSS PER SHARE

The loss per share before extraordinary items has been calculated based on loss after taxation and minority interest of RM8,801,701 (1999: RM28,075,929) and the number of shares in issue during the financial year of 19,800,000 (1999: 19,800,000).

22. CAPITAL COMMITMENTS

Capital expenditure in respect of the following are not provided for in the accounts:-

	Group	
	2000 RM	1999 RM
Authorised and contracted for :-		
Plant and machineries	-	1,412,372
Authorised but not contracted for :-		
Plant and machineries	-	18,320,000



Notes To The Accounts *30th April, 2000*

23. FUTURE RENTAL COMMITMENTS

The future rental commitments are as follows:-

	2000 RM	Group 1999 RM
Payable in the year		
2000	-	43,340
after 2000	-	674,787
	<u> </u>	<u> </u>

24. FUTURE PURCHASE COMMITMENTS

	2000 RM	Group 1999 RM
Authorised and contracted for	-	451,130
	<u> </u>	<u> </u>

25. CONTINGENT LIABILITIES

Guarantees provided by the Company for banking and other credit facilities extended to the subsidiary companies amounting to RM57,675,000 (1999: RM63,430,000).

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

Significant related party transactions during the financial year were as follows:-

	2000 RM	Company 1999 RM
Interest expenses paid to subsidiary companies	822,820	1,057,785
Interest income received from subsidiary companies	135,388	348,268
	<u> </u>	<u> </u>

The Directors are of the opinion that the Company has entered into the above transactions on a negotiated basis.

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) Due to the continual withdrawal of banking facilities by the Group's lenders, the Company registered with the Corporate Debt Restructuring Committee ("CDRC") of Bank Negara Malaysia in 1999 to restructure the Group's borrowings.
- (b) On 12th August, 1999, a firm of financial consultants was appointed by the Company to assist the Group in the negotiation and submission of a restructuring proposal to the lenders.
- (c) The Group submitted its first debt restructuring proposal to CDRC in March 2000. This proposal was subsequently withdrawn due to many issues and reservations raised by the lenders.



Notes To The Accounts *30th April, 2000*

27. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR *(cont'd)*

- (d) The Group has defaulted in total banking facilities of approximately RM45.0 million as at 30th April, 2000.
- (e) Subsequent to the receipt of the final balance of the fire insurance compensation, the re-building of the tissue paper making facilities of Paragon Paper Mill Sdn Bhd was completed during the financial year. The plant re-commenced operation in January 2000.

28. SIGNIFICANT EVENT SUBSEQUENT TO BALANCE SHEET DATE

The Company submitted a second proposal to CDRC in May 2000 which was revised in July 2000 for the consideration of the Group's lenders. At the time of this report there is no firm agreement with the lenders yet.

29. SEGMENT REPORTING – GROUP

Analysis by activities:-

	Turnover RM	Loss before taxation RM	Assets employed RM
2000			
Manufacturing	14,596,976	5,171,992	46,083,147
Trading	16,720,489	1,397,453	5,675,820
Investment, management and others	-	2,616,792	2,181,566
	31,317,465	9,186,237	53,940,533
1999			
Manufacturing	33,933,386	14,010,762	79,193,264
Trading	57,335,464	7,963,797	13,078,381
Investment, management and others	-	6,992,447	3,014,100
	91,268,850	28,967,006	95,285,745

Analysis by geographical location :-

2000			
Malaysia	31,317,465	9,170,198	53,935,460
Overseas	-	16,039	5,073
	31,317,465	9,186,237	53,940,533
1999			
Malaysia	62,196,603	24,403,001	64,346,441
Overseas	29,072,247	4,564,005	30,939,304
	91,268,850	28,967,006	95,285,745



List Of Properties *30th April, 2000*

	Location	Description	Expiry Date	Land Area (meter sq)	Age of Building (year)	Net Book Value (RM'000)
1.	Lot 67, SEDCO Industrial Estate, Phase 2, Kota Kinabalu, Sabah	Office/residential building, factory and warehouse	60 year lease to 31/12/2034	5,632	14	1,524
2.	Lot 292 & 294, Block 36, Muara Tuang Land District, Sarawak	Factory, office building and warehouse	58-year lease to 30/01/2030	22,784	21	6,980
3.	Lot 765, Mukim of Kapar, District of Klang, Selangor	Factory and office building	Freehold	17,705	7	8,828
4.	Lot PT PRO6, Kawasan Perusahaan Kanthan, Chemor, Perak.	Factory and office building	Not issued with a valid and individual title yet. Title when issued would convey a 60 year lease.	51,476	1	6,744



Shareholdings Structure *30th August, 2000*

Authorised Share Capital	:	RM25,000,000
Issued and Fully Paid-Up Share Capital	:	RM19,800,000
Class of Shares	:	Ordinary Shares of RM1.00 each fully paid
Voting Rights	:	One vote per ordinary share
No. of shareholders	:	3,060
Distribution of Shareholdings as at 30 th August, 2000		

Size of Holdings	No. of Shareholders	% of Shareholders	Number of RM1.00 Share	% of Paid-up Capital
1 - 1,000	1,453	47.48	1,450,684	7.33
1,001 - 5,000	1,237	40.42	3,587,009	18.12
5,001 - 10,000	216	7.06	1,819,000	9.19
10,001 and above	154	5.04	12,943,307	65.36
	3,060	100.00	19,800,000	100.00

Substantial Shareholders as at 30th August, 2000

Shareholders	No. of Shares held		Percentage Holding
	Direct	Indirect	
1. Abdul Farish Bin Abd Rashid	2,258,000 (a)	-	11.40
2. Chai Soon Hing	1,522,000 (b)	-	7.69
3. Izhar Bin Sulaiman	1,500,000 (b)	-	7.58
4. Mandarin Asian Prosperity Fund Campbell Corporate Services Ltd	1,444,000	-	7.29
5. Dato' Syed Ibrahim Bin Syed Mohamed	100,000	1,149,000 (c)	6.31
6. Duclos Sdn Bhd	1,149,000	-	5.80
7. Datin Mariam Prudence Bt Yusof	-	1,149,000 (d)	5.80
8. Distinct Master Sdn Bhd	450,000	-	2.27
9. Prime Utilities Berhad	-	450,000 (e)	2.27

Notes :

- (a) Held directly and through nominee companies.
 (b) Held through nominee companies.
 (c) Deemed interest by virtue of his substantial shareholding in Duclos Sdn Bhd.
 (d) Deemed interest by virtue of her substantial shareholding in Duclos Sdn Bhd.
 (e) Deemed interest by virtue of 100% equity interest in Distinct Master Sdn Bhd.



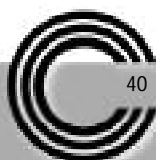
Shareholdings Structure *30th August, 2000*

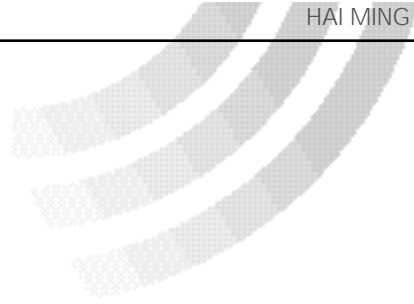
Twenty (20) Largest Shareholders as at 30th August, 2000

No.	Name of Shareholders	No. of Shares	Percentage Holding
1.	OSK Nominees (Tempatan) Sdn Bhd - Izhar Bin Sulaiman	1,500,000	7.58
2.	Mandarin Asian Prosperity Fund Campbell Corporate Services Ltd	1,444,000	7.29
3.	HDM Nominees (Tempatan) Sdn Bhd - Abdul Farish Bin Abd Rashid	1,183,000	5.97
4.	Duclos Sdn Bhd	1,149,000	5.80
5.	Amsec Nominees (Tempatan) Sdn Bhd - Chai Soon Hing	863,000	4.36
6.	OSK Nominees (Tempatan) Sdn Bhd - Abdul Farish Bin Abd Rashid	768,000	3.88
7.	OSK Nominees (Tempatan) Sdn Bhd - Chai Soon Hing	659,000	3.33
8.	Distinct Master Sdn Bhd	450,000	2.27
9.	Abdul Farish Bin Abd Rashid	307,000	1.55
10.	Chan Shu Mee	260,000	1.31
11.	AMSEC Nominess (Tempatan) Sdn Bhd - Ong Teik Kooi	168,000	0.85
12.	Kenanga Nominees (Tempatan) Sdn Bhd - Rusniyah Binti Hj. Ahmad	140,000	0.71
13.	Lau Hock Kwai	139,000	0.70
14.	HDM Nominees (Tempatan) Sdn Bhd - Khoo Chin Hoe	138,000	0.70
15.	TA Nominees (Tempatan) Sdn Bhd - Tang Yang Hing	105,000	0.53
16.	PRB Nominees (Tempatan) Sdn Bhd - RISDA	103,000	0.52
17.	Dato' Syed Ibrahim Bin Syed Mohamed	100,000	0.51
18.	Botly Nominees (Tempatan) Sdn Bhd - Beh Boon Seong	99,000	0.50
19.	Cheong Yoke Choy	91,000	0.46
20.	Thong & Kay Hian Nominees (Asing) Sdn Bhd - Tan Hian Theng	86,000	0.43
		9,752,000	49.25

Directors' Shareholdings and Interest In Shares as at 21st May, 2000

No.	Name of Directors	No. of Shares	Percentage Holding
1.	Izhar Bin Sulaiman - OSK Nominees (Tempatan) Sdn Bhd	1,500,000	7.58
2.	Abdullah Bin Omar	NIL	NIL
3.	Chuah Hock Soon	NIL	NIL





**ANNEXURE TO HAI MING HOLDINGS BHD'S GROUP
ACCOUNTS**

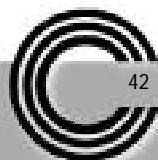


HUBEI HUALI PAPER MILLS CO. LTD

(Incorporated in People's Republic of China)

ACCOUNTS

20th APRIL, 2000



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Corporate Information

DIRECTORS

Hon Kwok Leung
Ong Li Kew
Chen Wai Bing
Loh Seong Aun (resigned on 18.2.2000)

OFFICE

41, Yanjiang Road
Rongcheng, Jianli
Hubei, 433300
People's Republic of China

BANKERS

Agricultural Bank of China
Construction Bank of China
Bank of China
Industrial and Commercial Bank of China



Report Of The Auditors

We have audited the financial statements of Hubei Huali Paper Mills Co. Ltd in accordance with approved auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered appropriate in the circumstances.

In our opinion :-

- (a) the accounts and notes which have been prepared under the historical cost convention are properly drawn up in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Company at 20th April, 2000 and of the results of the operations of the Company for the financial year ended on that date;
- (b) the accounts are in the form and content appropriate and proper for the purpose of the preparation of the consolidated accounts of the holding company.

SHAMSIR JASANI GRANT THORNTON
(NO:AF-737)
PUBLIC ACCOUNTANTS

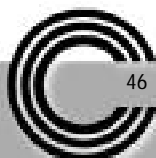
Kuala Lumpur
28th July, 2000



Balance Sheet *As At 20th April, 2000*

	Note	2000		1999	
		RM	Rmb	RM	Rmb
CAPITAL	3	11,595,732	38,333,000	11,595,732	38,333,000
RESERVES	4	5,430,399	879,922	5,403,670	879,922
ACCUMULATED LOSS		(5,873,921)	(14,910,874)	(3,397,518)	(9,514,485)
		11,152,210	24,302,048	13,601,884	29,698,437
REPRESENTED BY :-					
FIXED ASSETS	5	11,433,545	24,915,112	11,921,585	26,029,662
CAPITAL WORK-IN-PROGRESS	6	261,260	569,318	386,510	843,908
CURRENT ASSETS					
Stocks	7	6,497,555	14,158,978	6,193,772	13,523,519
Trade debtors	8	2,791,997	6,084,107	6,917,815	15,104,400
Other debtors, deposit and prepayments	9	5,410,205	11,789,507	4,964,114	10,838,676
Cash and bank balances	10	134,955	294,084	536,941	1,172,361
		14,834,712	32,326,676	18,612,642	40,638,956
LESS: CURRENT LIABILITIES					
Trade creditors		8,395,938	18,295,791	9,773,238	21,338,947
Other creditors and accruals	11	1,996,581	4,350,797	1,773,684	3,872,672
Short term borrowings	12	165,204	360,000	1,767,880	3,860,000
Bank revolving credit	13	4,818,450	10,500,000	4,030,400	8,800,000
Provision for taxation		1,808	3,939	1,804	3,939
		15,377,981	33,510,527	17,347,006	37,875,558
NET CURRENT (LIABILITIES)/ASSETS		(543,269)	(1,183,851)	1,265,636	2,763,398
EXPENDITURE CARRIED FORWARD	14	674	1,469	28,153	61,469
		11,152,210	24,302,048	13,601,884	29,698,437

The accompanying notes are an integral part of this balance sheet.



Profit And Loss Account *As At 20th April, 2000*

	Note	2000		1999	
		RM	Rmb	RM	Rmb
Turnover	15	20,298,077	44,232,026	29,072,247	63,476,522
Cost of goods sold		18,487,037	40,285,545	25,203,426	55,029,314
Loss before taxation	16	2,476,403	5,396,389	1,553,254	3,391,385
Taxation	17	-	-	-	-
Loss after taxation		2,476,403	5,396,389	1,553,254	3,391,385
Accumulated loss brought forward		3,397,518	9,514,485	1,844,264	6,123,100
Accumulated loss carried forward		5,873,921	14,910,874	3,397,518	9,514,485

The accompanying notes are an integral part of this profit and loss account.



Notes To The Accounts *20th April,2000*

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting convention and standards

The accounts are prepared under the historical cost convention and in compliance with Approved Malaysian Accounting Standards except for the departure of International Accounting Standard 7 on Cash Flow Statement where none was prepared.

(b) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of the fixed assets on a straight line basis over their estimated useful lives of the assets concerned.

The principal annual rates used are as follows :-

	Years	%
Short term leasehold land	25	4
Leasehold buildings	25	4
Plant and machinery	14	7.14
Motor vehicles	6	16.67
Furniture, fittings and equipment	8	12.50

Restoration cost relating to an item of the fixed assets is capitalised only if such expenditure is expected to increase the future benefits from the existing assets beyond its previously assessed standard of performance.

(c) Foreign currency translation

Foreign currency transactions are recorded in Renminbi ('Rmb') at rate of exchange approximating those ruling at transaction dates and where settlement had not taken place at 20th April, at approximate rates ruling at that date. Monetary assets and liabilities denominated in US\$ and HK\$ are converted into Rmb at the rates of exchange approximating to those ruling at the balance sheet date. Unrealised gains and losses arising from the translation of current assets and liabilities are dealt with in the profit and loss account.

For the purposes of consolidation with the accounts of the holding company, net assets of the Company is translated into Ringgit Malaysia at the exchange rate ruling at the balance sheet date while the profit and loss account is translated into Ringgit Malaysia at the average exchange rate for the financial year. Exchange differences arising from such translations are transferred to exchange fluctuation reserve.

(d) Debtors

Known bad debts are written off and specific provision is made for debts which are considered doubtful. In addition, general provision are made to cover possible losses which are not specifically identified.

Notes To The Accounts *20th April, 2000*

(e) Stocks

Stocks are stated at the lower of cost and net realisable value after adequate specific provision has been made for deteriorate, obsolete and slow moving stocks.

Cost of raw materials includes the original cost of purchase plus the cost of bringing the stocks to their present condition and location. Cost of finished goods and work-in-progress includes direct material, labour and appropriate proportion of manufacturing overheads and is determined on last-in-first-out (LIFO) method.

(f) Expenditure carried forward

All expenses incurred in connection with the formation of the Company have been deferred and charged to preliminary expenses while all other expenses incurred before commencement of operations have been deferred and charged to pre-operating expenses. Preliminary and pre-operating expenses are written off in five years from the year of commencement of operations.

(g) Capital work-in-progress

Capital work-in-progress consist of buildings, plant and machinery under construction/installation for intended use as production facility. The amount is stated at cost.

(h) Deferred taxation

Deferred taxation is provided on the liability method for taxation which is deferred due to differences between the net book value of assets eligible for capital allowances and the tax written down value of these assets and on any other timing differences existing at year end except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future.

Timing differences that give rise to deferred tax benefits are recognised only when there is a reasonable expectation of realisation.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the manufacture and sale of paper and paper related products.

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

3. CAPITAL

	2000		1999	
	RM	Rmb	RM	Rmb
Capital in issue	<u>11,595,732</u>	<u>38,333,000</u>	<u>11,595,732</u>	<u>38,333,000</u>



Notes To The Accounts *20th April, 2000*

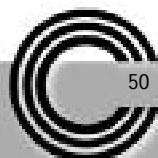
4. RESERVES

	2000		1999	
	RM	Rmb	RM	Rmb
Non distributable reserves :-				
Capital reserve	266,176	879,922	266,176	879,922
Exchange fluctuation reserve	5,164,223	-	5,137,494	-
	<u>5,430,399</u>	<u>879,922</u>	<u>5,403,670</u>	<u>879,922</u>

The above reserves are not available for distribution as dividends.

5. FIXED ASSETS

Cost	Short term	Plant and	Motor	Furniture,	Total	Total
	leasehold land			and building		
	Rmb	Rmb	Rmb	Rmb	Rmb	Rmb
At beginning of year	14,653,309	24,000,044	971,080	297,442	39,921,875	39,365,914
Additions	-	-	-	-	-	4,000
Transfer from capital work-in progress	322,156	912,750	80,000	57,046	1,371,952	826,563
Disposals	-	-	(14,400)	-	(14,400)	(274,602)
At end of year	14,975,465	24,912,794	1,036,680	354,488	41,279,427	39,921,875
Accumulated depreciation						
At beginning of year	5,033,291	8,561,337	180,975	116,610	13,892,213	11,632,570
Charge for the year	624,674	1,647,997	166,527	38,667	2,477,865	2,397,815
Disposals	-	-	(5,763)	-	(5,763)	(138,172)
At end of year	5,657,965	10,209,334	341,739	155,277	16,364,315	13,892,213
Net book value						
2000	9,317,500	14,703,460	694,941	199,211	24,915,112	-
1999	9,620,018	15,438,707	790,105	180,832	-	26,029,662
Depreciation charge for the year ended 20th April, 1999	620,388	1,616,900	124,992	35,535	-	2,397,815



Notes To The Accounts *20th April, 2000*

5. FIXED ASSETS (CONT'D)

Cost	Short term leasehold land and building RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and equipment RM	Total 2000 RM	Total 1999 RM
At beginning of year	6,711,216	10,992,020	444,756	136,227	18,284,219	17,832,759
Additions	-	-	-	-	-	1,832
Transfer from capital work-in progress	147,837	418,861	36,712	26,179	629,589	378,566
Disposals	-	-	(6,608)	-	(6,608)	(125,768)
Translation differences	13,188	21,600	872	269	35,929	196,830
At end of year	6,872,241	11,432,481	475,732	162,675	18,943,129	18,284,219
Accumulated depreciation						
At beginning of year	2,305,247	3,921,092	82,887	53,408	6,362,634	5,269,554
Charge for the year	286,663	756,266	76,419	17,744	1,137,092	1,098,199
Disposals	-	-	(2,645)	-	(2,645)	(63,282)
Translation differences	4,530	7,705	163	105	12,503	58,163
At end of year	2,596,440	4,685,063	156,824	71,257	7,509,584	6,362,634
Net book value						
2000	4,275,801	6,747,418	318,908	91,418	11,433,545	-
1999	4,405,969	7,070,928	361,869	82,819	-	11,921,585
Depreciation charge for the year ended 20th April, 1999	284,138	740,540	57,246	16,275	-	1,098,199



Notes To The Accounts *20th April, 2000*

5. FIXED ASSETS (CONT'D)

Analysis of land and building as at 20th April :-

Cost	Short term leasehold land Rmb	Short term leasehold building Rmb	Total 2000 Rmb	Total 1999 Rmb
At beginning of year	750,600	13,902,709	14,653,309	14,653,309
Transfer from capital work-in-progress	-	322,156	322,156	-
At end of year	750,600	14,224,865	14,975,465	14,653,309
Accumulated depreciation				
At beginning of year	128,574	4,904,717	5,033,291	4,412,903
Charge for the year	36,000	588,674	624,674	620,388
At end of year	164,574	5,493,391	5,657,965	5,033,291
Net book value 2000	586,026	8,731,474	9,317,500	-
1999	622,026	8,997,992	-	9,620,018
Depreciation charge for the year ended 20th April, 1999	36,000	584,388	-	620,388

Cost	Short term leasehold land RM	Short term leasehold building RM	Total 2000 RM	Total 1999 RM
At beginning of year	343,775	6,367,441	6,711,216	6,637,949
Transfer from capital work-in-progress	-	147,837	147,837	-
Translation differences	675	12,513	13,188	73,267
At end of year	344,450	6,527,791	6,872,241	6,711,216
Accumulated depreciation				
At beginning of year	58,887	2,246,360	2,305,247	1,999,045
Charge for the year	16,520	270,143	286,663	284,138
Translation differences	116	4,414	4,530	22,064
At end of year	75,523	2,520,917	2,596,440	2,305,247



Notes To The Accounts *20th April, 2000*

5. FIXED ASSETS (CONT'D)

	Short term leasehold land RM	Short term leasehold building RM	Total 2000 RM	Total 1999 RM
Net book value				
2000	268,927	4,006,874	4,275,801	-
1999	284,888	4,121,081	-	4,405,969
Depreciation charge for the year ended 20th April, 1999	16,488	267,650	-	284,138

The short term leasehold land and building has been pledged with licensed bank for credit facilities granted.

6. CAPITAL WORK-IN-PROGRESS

	2000		1999	
	RM	Rmb	RM	Rmb
At beginning of year	386,510	843,908	31,180	68,829
Addition	503,579	1,097,362	733,552	1,601,642
Transfer to fixed assets	(629,589)	(1,371,952)	(378,566)	(826,563)
Translation differences	760	-	344	-
At end of year	<u>261,260</u>	<u>569,318</u>	<u>386,510</u>	<u>843,908</u>

7. STOCKS

	2000		1999	
	RM	Rmb	RM	Rmb
Raw materials	4,425,729	9,644,213	5,138,356	11,219,118
Work-in-progress	163,373	356,009	79,765	174,160
Finished goods	4,593,058	10,008,843	1,751,188	3,823,555
Consumable stores	14,991	32,668	14,962	32,668
	<u>9,197,151</u>	<u>20,041,733</u>	<u>6,984,271</u>	<u>15,249,501</u>
Less:				
Provision for obsolete stocks				
- Raw materials	(950,563)	(2,071,394)	(409,550)	(894,215)
- Finished goods	(1,340,525)	(2,921,171)	(380,949)	(831,767)
Provision for slow moving stocks	(408,508)	(890,190)	-	-
	<u>6,497,555</u>	<u>14,158,978</u>	<u>6,193,772</u>	<u>13,523,519</u>



Notes To The Accounts *20th April, 2000*

8. TRADE DEBTORS

	2000		1999	
	RM	Rmb	RM	Rmb
Trade debtors	4,034,861	8,792,463	7,808,156	17,048,375
Less : Provision for doubtful debts				
- general	(11,090)	(24,166)	(15,864)	(34,637)
- specific	(1,231,774)	(2,684,190)	(874,477)	(1,909,338)
	<u>2,791,997</u>	<u>6,084,107</u>	<u>6,917,815</u>	<u>15,104,400</u>

9. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	2000		1999	
	RM	Rmb	RM	Rmb
Other debtors	355,269	774,175	663,557	1,448,815
Sundry deposits and prepayments	528,869	1,152,472	133,903	292,362
Advances to trade creditors	4,624,970	10,078,381	4,265,363	9,313,020
	<u>5,509,108</u>	<u>12,005,028</u>	<u>5,062,823</u>	<u>11,054,197</u>
Provision for doubtful debts - specific	(98,903)	(215,521)	(98,709)	(215,521)
	<u>5,410,205</u>	<u>11,789,507</u>	<u>4,964,114</u>	<u>10,838,676</u>

Advances to trade creditors represent trade advance to secure supply of raw materials.

Included in other debtors and advances to trade creditors are the following amounts:-

	2000		1999	
	RM	Rmb	RM	Rmb
Amount due from a company in which a Director has interest	78,532	171,131	48,527	105,954
Amount due from Directors	13,782	30,032	82,243	179,569
Amount due from a shareholder	3,288,760	7,166,615	1,955,068	4,268,707
	<u>3,381,074</u>	<u>7,367,778</u>	<u>2,085,838</u>	<u>4,554,230</u>

The above amounts bear no interest and no scheme of repayment has been arranged.



Notes To The Accounts *20th April, 2000*

10. CASH AND BANK BALANCES

Included in the above is as follows :-

	2000		1999	
	RM	Rmb	RM	Rmb
Deposits pledged to a bank for credit card facility used by Director	<u>32,123</u>	<u>70,000</u>	<u>32,060</u>	<u>70,000</u>

11. OTHER CREDITORS AND ACCRUALS

	2000		1999	
	RM	Rmb	RM	Rmb
Other creditors	547,710	1,193,527	190,066	414,992
Accruals and provisions	1,448,871	3,157,270	1,542,133	3,367,102
Deposits from trade debtors	-	-	41,485	90,578
	<u>1,996,581</u>	<u>4,350,797</u>	<u>1,773,684</u>	<u>3,872,672</u>

12. SHORT TERM BORROWINGS

The short term borrowings is unsecured and interest is charged at rates ranging from 5.10% to 18% (1999: 6.12% to 18%) per annum.

13. BANK REVOLVING CREDIT

The bank revolving credit is secured by pledging the Company's short term leasehold land and building and interest is charged at rates ranging from 7.02% to 7.62% (1999: 7.62% to 11.09%) per annum.

14. EXPENDITURE CARRIED FORWARD

	2000		1999	
	RM	Rmb	RM	Rmb
Pre-operating expenses - at cost	136,297	297,008	136,030	297,008
Less: Accumulated amortisation	(135,623)	(295,539)	(107,877)	(235,539)
	<u>674</u>	<u>1,469</u>	<u>28,153</u>	<u>61,469</u>



Notes To The Accounts *20th April, 2000*

15. TURNOVER

Turnover represents the invoiced value of goods sold net of sales tax, trade discounts and returns.

16. LOSS BEFORE TAXATION

Loss before taxation has been determined after charging/(crediting) amongst other items the following :-

	2000		1999	
	RM	Rmb	RM	Rmb
Amortisation of pre-operating expenses	27,746	60,000	27,480	60,000
Audit fee	6,884	15,000	6,870	15,000
Depreciation	1,137,092	2,477,865	1,098,199	2,397,815
Directors' remuneration				
- other emoluments	280,706	611,693	134,363	293,369
Interest expenses	589,431	1,284,443	907,548	1,981,546
Loss on disposal of fixed assets	3,045	6,636	41,417	90,430
Provision for obsolete stocks	1,500,589	3,266,583	283,562	619,132
Provision for slow moving stocks	408,508	890,190	-	-
Realised loss on foreign exchange	30	65	77	168
Rental expenses	36,714	80,004	41,403	90,400
Specific provision for doubtful debts	378,488	824,772	258,486	564,380
Write down of stocks	-	-	196,029	428,012
Interest income	(6,106)	(13,305)	(12,946)	(28,266)
Provision for doubtful debts no longer required				
- specific	(20,997)	(49,920)	(55,876)	(122,000)
- general	(4,774)	(10,471)	(792)	(1,730)

17. TAXATION

- No provision for taxation is made for current financial year as the Company has no chargeable income. However, this will be subject to the agreement by Inland Revenue of the People's Republic of China.
- The Company has been granted a tax incentive by the tax authority whereby the Company enjoys tax exemption for a period of two years commencing 1995 and a 50% tax reduction for the following three years.

Notes To The Accounts *20th April, 2000*

18. CAPITAL COMMITMENTS

	2000		1999	
	RM	Rmb	RM	Rmb
Authorised but not contracted for :-				
Plant and machinery	<u>18,356,000</u>	<u>40,000,000</u>	<u>18,320,000</u>	<u>40,000,000</u>

19. FUTURE RENTAL COMMITMENTS

The future rental commitments are as follows :-

	2000		1999	
	RM	Rmb	RM	Rmb
Payable in the year				
2001	36,712	80,000	36,640	80,000
After 2001	<u>639,401</u>	<u>1,393,333</u>	<u>638,147</u>	<u>1,393,333</u>

20. FUTURE PURCHASE COMMITMENTS

	2000		1999	
	RM	Rmb	RM	Rmb
Authorised and contracted for	<u>2,527,529</u>	<u>5,507,800</u>	<u>451,130</u>	<u>985,000</u>



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PROXY FORM

Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan, Malaysia

I/We

(please use block letters)

of

being a Member/Members of the abovenamed Company do hereby appoint the Chairman of the Meeting

or

or failing him

of

as my/our proxy to vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at the Klang Executive Club, Persiaran Bukit Raja 2, Bandar Baru Klang, 41150 Klang, Selangor Darul Ehsan on Monday, 30th October, 2000 at 9.30am. or any adjournment thereof for the following purposes :-

(My/ our proxy is to vote as indicated hereunder. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

	RESOLUTION	FOR	AGAINST
1.	Adoption of Report and Accounts		
2.	Re-election of Director - Puan Kamariah Binti Abdul		
3.	Re-election of Director - Mr.Wong Mun Wai		
4.	Re-appointment of Auditors and to authorise the the Directors to fix their remuneration		
5.	As Special Business Authority to issue shares under Section 132D of the Companies Act, 1965		
6.	Proposed Amendments to the Articles of Association		

Dated this _____ day of _____, 2000

NO. OF SHARES HELD

Signature/Common Seal

NOTES :

1. Every member is entitled to appoint a Proxy (or in the case of a corporation to appoint a representative) to attend and vote in his place. A proxy need not be a member of the Company.
2. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. Where a member appoints two (2) or more proxies to attend at the same meeting, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of its attorney.
4. The instrument appointing a proxy and the power of attorney, if any, under which it is signed or a certified copy thereof must be deposited at the Company's Registered Office, Lot 765, Jalan Haji Sirat, Off Jalan Meru, 42100 Klang, Selangor Darul Ehsan not less than 48 hours before the time set for holding the Meeting or adjourned meeting as the case maybe.

PLEASE FOLD HERE

AFFIX
STAMP HERE

To :

The Company Secretary
HAI MING HOLDINGS BERHAD (14816-V)
Lot 765, Jalan Meru
42100 Klang
Selangor Darul Ehsan
Malaysia

PLEASE FOLD HERE
