



安裕資源有限公司
ANN JOO RESOURCES BERHAD

(Incorporated in Malaysia) 371152 -U

NOTICE OF ANNUAL GENERAL MEETING	2
CORPORATE INFORMATION	4
GROUP STRUCTURE	5
5 YEARS' GROUP FINANCIAL HIGHLIGHTS	6
CHAIRMAN'S STATEMENT	8
AUDIT COMMITTEE	10
FINANCIAL STATEMENTS	11
PROPERTIES OWNED	41
SHAREHOLDINGS STATISTICAL REPORT	42

FORM OF PROXY

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at Hilton Petaling Jaya, Serunai Suite 1 & 2, 1st Floor East Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor on Thursday, 29th June 2000 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts for the financial year ended 31 December, 1999 and the Reports of Directors and Auditors thereon. (Resolution 1)
2. To declare a First and Final Tax Exempt Dividend of 5% for the financial year ended 31 December, 1999. (Resolution 2)
3. To approve the payment of Directors' Fees amounting to RM166,250.00 in respect of the financial year ended 31 December, 1999. (Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 105 of the Company's Articles of Association and being eligible offer themselves for re-election:-
 - (a) Mohd Alkaf Bin Mohd Kahar (Resolution 4)
 - (b) Lim Seng Chee (Resolution 5)
5. To re-elect Haidar Ali Bin Haji Sheikh Fadzir, a director retiring pursuant to Article 112 of the Company's Articles of Association and who being eligible offer himself for re-election. (Resolution 6)
6. To re-appoint Messrs Ong Boon Bah & Co., the retiring Auditors and to authorise the Directors to determine their remuneration. (Resolution 7)

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:-

ORDINARY RESOLUTION

- AUTHORITY FOR ALLOTMENT OF SHARES

"THAT subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Kuala Lumpur Stock Exchange for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT the First and Final Tax Exempt Dividend of 5% for the financial year ended 31 December, 1999, if approved, will be paid on 9th August, 2000. The entitlement date for the dividend payment is 19th July, 2000.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the depositor's securities account before 12.30 p.m. on 19th July, 2000 in respect of ordinary transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

Yeoh Chong Keat (MIA No. 2736)
Mabel Tio Mei Peng (MAICSA No. 7009237)
 Secretaries

Petaling Jaya
 13 June 2000

3

Notes:-**Proxy**

- (i) A Member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of an officer or its attorney duly authorised.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Wisma Ann Joo, Lot 19391, Bt 8 1/2, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY RESOLUTION**Resolution pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution proposed under Agenda (7), is to empower the Directors to issue shares in the Company in the event there is any expansion/diversification plan proposed by the Company which involve the issue of new shares. This resolution if passed, will authorise the Directors to issue up to a total 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting will expire at the next annual general meeting of the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Seng Chee	Executive Chairman
Lim Seng Qwee	Deputy Executive Chairman
Lim Kiam Lam	Group Managing Director
Lim Sin Seong	Executive Director
Toh Tuan Sun	Executive Director
Tan Sri Zulkifli Bin Mahmood	Independent Non-Executive Director
Dato' Ong Kim Hoay	Independent Non-Executive Director
Mohd Alkaf Bin Mohd Kahar	Independent Non-Executive Director
Haidar Ali bin Haji Sheikh Fadzir	Non-Executive Director

AUDIT COMMITTEE

Dato' Ong Kim Hoay (Chairman)
(Independent Non-Executive Director)
 Tan Sri Zulkifli Bin Mahmood
(Independent Non-Executive Director)
 Lim Kiam Lam
(Group Managing Director)
 Mohd Alkaf Bin Mohd Kahar
(Independent Non-Executive Director)

PRINCIPAL BANKERS

Bumiputra-Commerce Bank Berhad
 Multi-Purpose Bank Berhad
 RHB Bank Berhad
 Southern Bank Berhad

AUDITORS

Ong Boon Bah & Co.

COMPANY SECRETARIES

Yeoh Chong Keat
 (MIA No. 2736)
 Mabel Tio Mei Peng
 (MAICSA No. 7009237)

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
 13.01, Level 13, Uptown I
 No.1, Jalan SS21/58
 Damansara Uptown
 47400 Petaling Jaya
 Selangor Darul Ehsan
 Telephone No: 7725 4888
 Fax No: 7722 2311

HEAD OFFICE & REGISTERED OFFICE

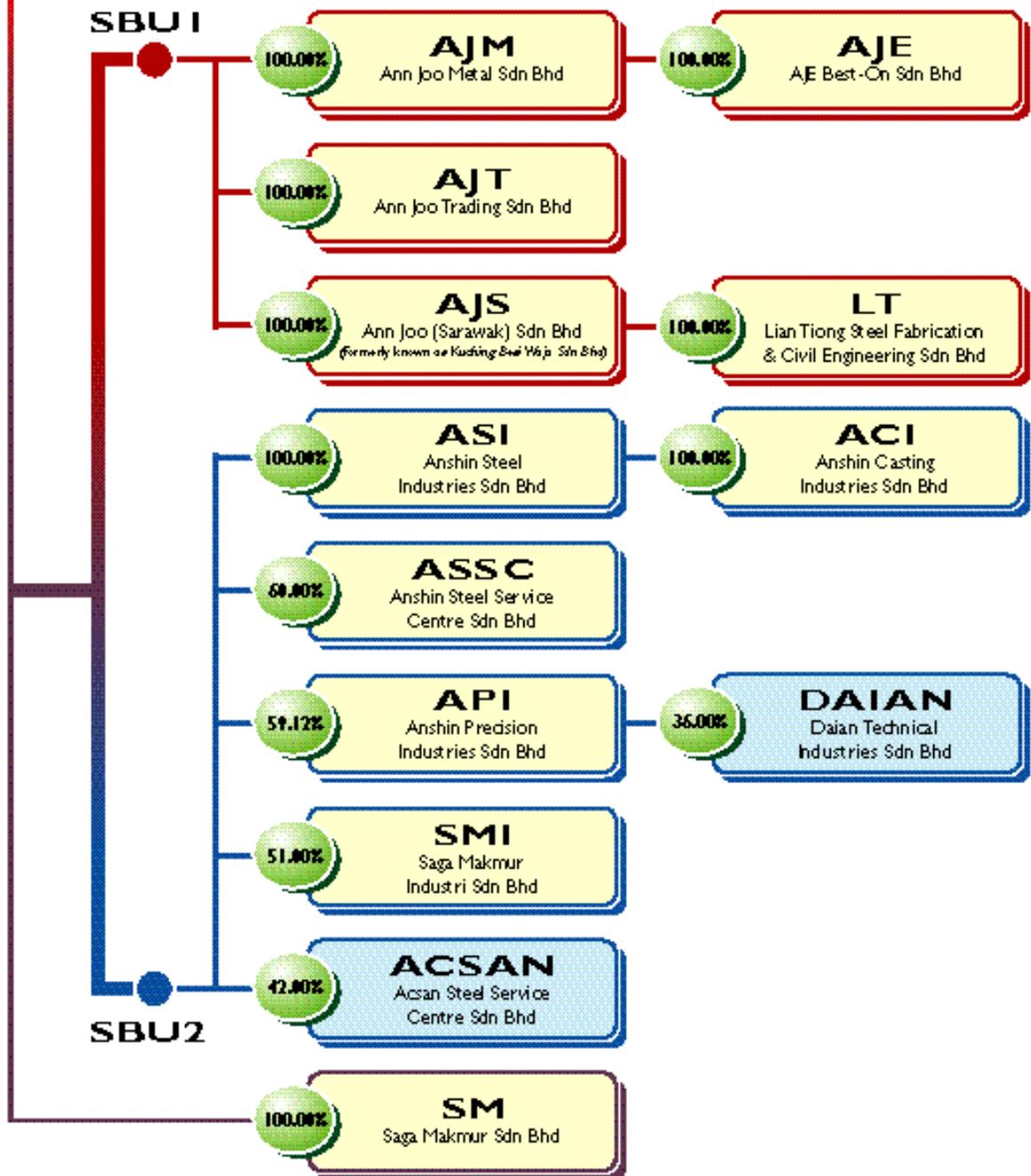
Wisma Ann Joo, Lot 19391
 Batu 8 1/2, Jalan Klang Lama
 46000 Petaling Jaya
 Telephone No: 7877 0028
 Fax No: 7875 9354

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange
 - Main Board

GROUP STRUCTURE

AS AT 31ST MAY, 2000



5

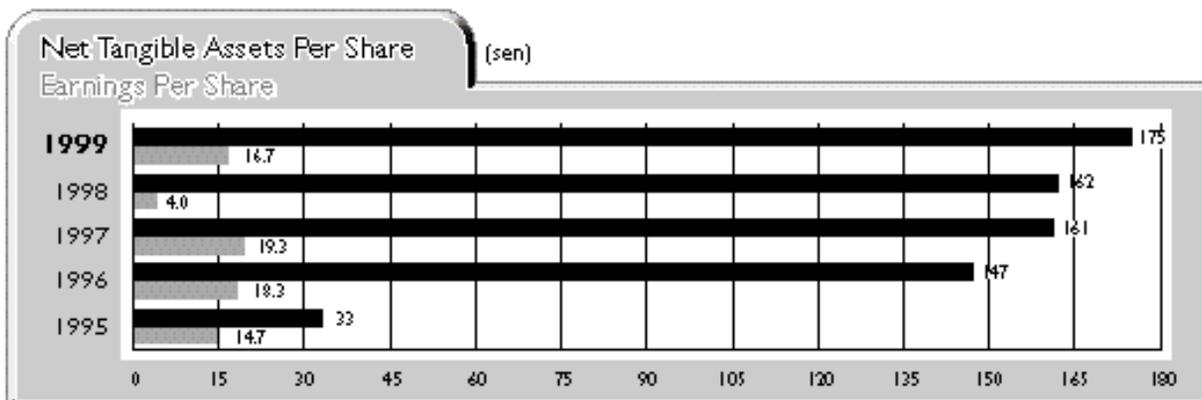
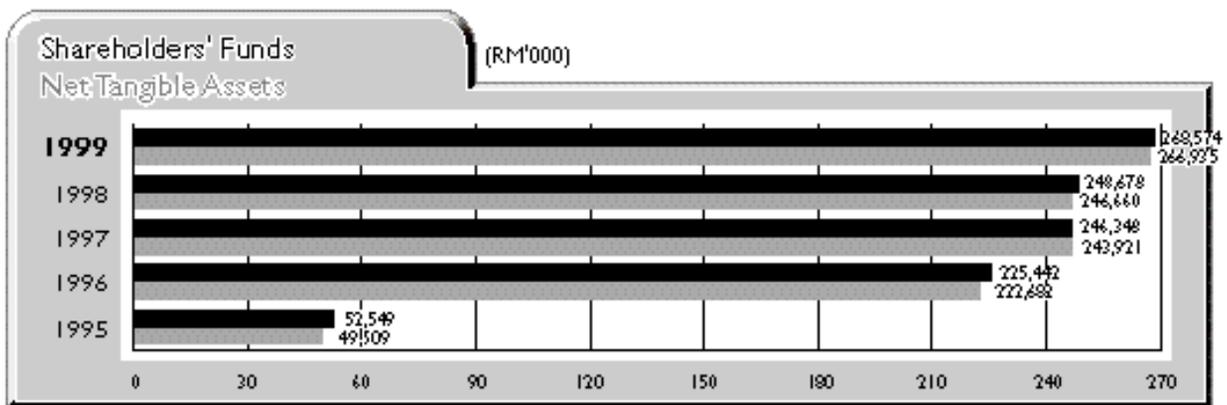
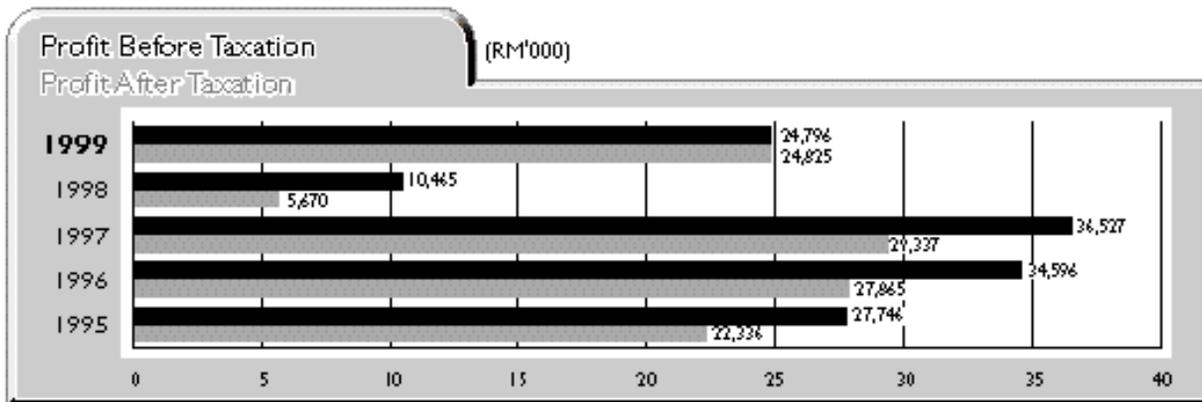
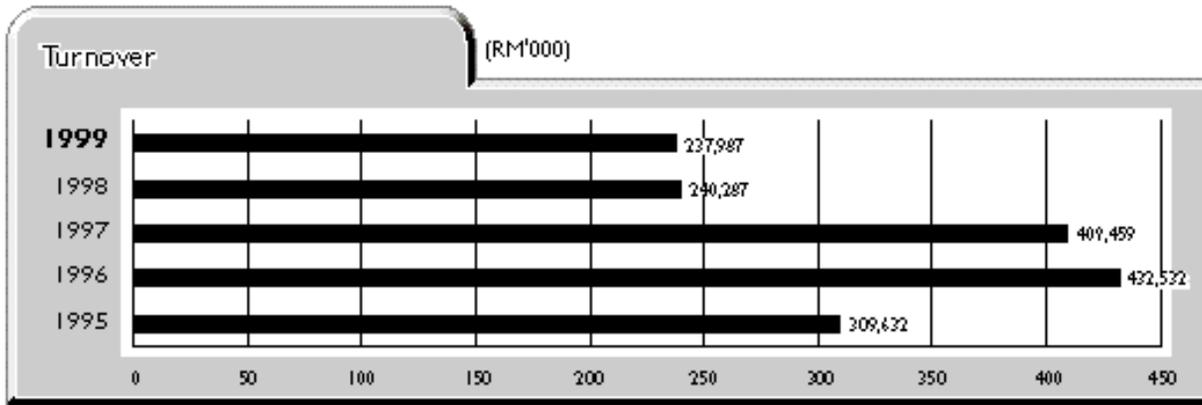
LEGEND

- – Trading Division
- – Manufacturing Division
- Subsidiary Company
- Associated Company

5 YEARS' GROUP FINANCIAL HIGHLIGHTS

	← Proforma Group →				
	1995	1996	1997	1998	1999
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	309,632	432,532	409,459	240,287	237,987
Profit before taxation	27,746	34,596	36,527	10,465	24,796
Profit after taxation	22,336	27,865	29,337	5,670	24,825
Dividends :					
Gross rate (%)	–	–	6.0	3.0	5.0
Amount (net of tax)	–	–	8,688	3,920	7,671
Shareholders' funds	52,549	225,442	246,348	248,678	268,574
Net tangible assets	49,509	222,682	243,921	246,660	266,935
Net tangible assets per share (sen)	33	147	161	162	175
Earnings per share (sen)	14.7	18.3	19.3	4.0	16.7

5 YEARS' GROUP FINANCIAL HIGHLIGHTS



CHAIRMAN'S STATEMENT

On behalf of the Board,

I am pleased to present the

Fourth Annual Report and

Accounts of the Company

and the Group for the

financial year ended

31st December 1999.

FINANCIAL HIGHLIGHTS

For the financial year ended 31st December 1999, the Group recorded a marginally lower turnover of RM238.0 million as compared with RM240.3 million in the preceding year. Profit before taxation, however, increased to RM25.5 million from RM10.5 million due to more favourable prices of selected steel products.

DIVIDEND

The Board recommends a first and final dividend of 5% (tax exempted) for the financial year ended 31st December 1999 to be approved by the shareholders at the forthcoming Annual General Meeting.

OPERATIONS REVIEW

Prices of steel products generally experienced a ten-year low towards the end of 1998 but those of certain selected products which are imported recovered in 1999. This favourable development in the context of a stable exchange rate environment contributed to the Trading Division's commendable performance.

The performance of the Manufacturing Division, however, was hampered by the slower than expected recovery of the construction industry amidst stiff market competition and sluggish demand. The negative impact on the Division was partially negated by measures undertaken to reduce production cost and increase production efficiency.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENT

In 1997, the Group had announced its intention to establish a new mini steel mill, which was later deferred following the downturn in the national economy.

Under the circumstance and with its continued conviction to be a major player in the local steel industry, the Group was on the look out for an investment with a lower cost and will not create additional production capacity in a competitive domestic market. The opportunity was provided when your Board announced on 13th March 2000 of its proposed acquisition of a strategic stake in Malayawata Steel Berhad.

To widen the operational base, the Group had also, during the year, established ACSAN Steel Service Centre Sdn Bhd, a joint venture company to undertake the slitting and shearing of hot-rolled steel sheets. It had also increased its stake in Anshin Steel Service Centre Sdn Bhd and Anshin Precision Industries Sdn Bhd, converting them to subsidiary companies of Ann Joo Resources Berhad.

OUTLOOK

The Trading Division would continue to strive for a more commendable performance in supporting and catering to the product requirements of its customers involved mainly in general steel and structural steel fabrication as well as general engineering works.

The Manufacturing Division is also expected to benefit from the recovery of the construction industry although the threat of competition on profit margin would necessitate our continued efforts at attaining cost efficiency.

ACKNOWLEDGEMENT

I would like to extend our appreciation to the Management and Staff for their contribution to the Company and Group's performance.

We also greatly value the continued support of our shareholders, customers, suppliers, financiers, business associates and government agencies.

Lim Seng Chee

Chairman

13 June 2000

AUDIT COMMITTEE

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three (3) members. A quorum shall be two (2) members.

Majority of the Committee shall not be:-

- a) Executive directors of the Company or any related corporation;
- b) A spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or of any related corporation; or
- c) Any person having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgement in carrying out the functions of the Audit Committee.

The members of the Committee shall select a Chairman from among their members who is not an executive director or employee of the Company or any related corporation.

If a member of the Committee resigns or for any other reason ceases to be a member with the result that the number of member is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three(3) member.

Authority

The Committee is authorised by the Board to investigate any activity within its Terms of Reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Functions

The functions of the Committee shall be:-

- a) to review:-
 - i. with the external auditor, the audit plan;
 - ii. with the external auditor, his evaluation of the system of internal accounting controls;
 - iii. with the external auditor, his audit report;
 - iv. the assistance given by the Company's officers to the auditors;
 - v. the scope and results of the internal audit procedures;
 - vi. the balance sheet and profit and loss account of the Company and the consolidated balance sheet and profit and loss account of the Group and thereafter to submit them to the Directors of the Company and;
 - vii. any related party transactions that may arise within the Company or Group.
- b) to consider the nomination of 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.

Meetings

The Financial Controller, the head of internal audit and a representative of the external auditors shall normally attend meetings. Other Board members may also attend the Audit Committee meeting with the consent of the Board of Directors.

The Company Secretary shall be the Secretary of the Committee.

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT	12
STATEMENT BY DIRECTORS	18
STATUTORY DECLARATION	18
REPORT OF THE AUDITORS	19
BALANCE SHEETS	20
PROFIT AND LOSS ACCOUNTS	21
CONSOLIDATED CASH FLOW STATEMENT	22
NOTES TO THE ACCOUNTS	23

DIRECTORS' REPORT

The Directors hereby submit their report and the audited accounts of the Group and of the Company for the financial year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and property management. The principal activities of its subsidiary companies are shown in Note 5 to the accounts.

Details of a subsidiary company acquired during the financial year are shown in Note 5 to the accounts.

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

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Profit before taxation and after share in results of associated companies	24,796	19,861
Taxation	29	(2,684)
Profit after taxation	24,825	17,177
Loss attributable to minority interests	553	–
Profit after taxation and minority interests	25,378	17,177
Profit brought forward	63,425	5,084
	88,803	22,261
Dividends	(7,671)	(7,671)
Profit carried forward	81,132	14,590

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.

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from 151,944,000 shares of RM1.00 each to 152,665,000 shares of RM1.00 each by the issue of 721,000 new ordinary shares of RM1.00 each pursuant to the Employees' Share Option Scheme at option price ranged from RM1.10 to RM1.34 per share.

DIRECTORS' REPORT

DIVIDENDS

The Directors recommend a first and final of 5% tax exempt dividend for the financial year ended 31st December, 1999 amounting to RM7,653,600 which is subject to approval by the members at the forthcoming Annual General Meeting of the Company.

The Company has paid a first and final dividend of 1.5% less 28% income tax and a tax exempt dividend of 1.5% for the financial year ended 31st December, 1998 amounting to RM3,937,079. This is an increase of RM16,924 over the amount disclosed in the previous Directors' Report due to additional shares issued pursuant to the Employees' Share Option Scheme after the financial year end.

DIRECTORS

The Directors who served since the date of the last report are:

Lim Seng Chee	
Lim Seng Qwee	
Lim Kiam Lam	
Lim Sin Seong	
Toh Tuan Sun	
Tan Sri Zulkifli Bin Mahmood	
Dato' Ong Kim Hoay	
Mohd Alkaf Bin Mohd Kahar	
Harun B Hj Faudzar	(Resigned on 30.9.99)
Haidar Ali Bin Haji Sheikh Fadzir	(Appointed on 1.3.00)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in the accounts) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which a Director is a member or with a company in which a Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

In accordance to Article 105 of the Articles of Association of the Company, Mohd Alkaf Bin Mohd Kahar and Lim Seng Chee retire and, being eligible, offer themselves for re-election.

In accordance to Article 112 of the Articles of Association of the Company, Haidar Ali Bin Haji Sheikh Fadzir retires and, being eligible, offers himself for re-election.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares of the Company are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.99	Additions	Disposals	As at 31.12.99
Direct interest in shares				
Lim Seng Chee	1,163,000	–	–	1,163,000
Lim Seng Qwee	1,001,099	–	–	1,001,099
Lim Kiam Lam	352,000	–	–	352,000
Lim Sin Seong	252,000	–	–	252,000
Toh Tuan Sun	1,074,163	–	100,000	974,163
Tan Sri Zulkifli Bin Mahmood	110,000	–	–	110,000
Dato' Ong Kim Hoay	10,000	–	–	10,000
Mohd Alkaf Bin Mohd Kahar	110,000	–	–	110,000

Indirect interest in shares

Lim Seng Chee	101,545,435	–	–	101,545,435
Lim Seng Qwee	101,545,435	–	–	101,545,435
Lim Kiam Lam	101,545,435	–	–	101,545,435
Lim Sin Seong	101,545,435	–	–	101,545,435
Mohd Alkaf Bin Mohd Kahar	840,970	–	–	840,970

In addition to the above, the following directors are also deemed to have an interest in the shares of the Company by virtue of options granted to them pursuant to the Employees' Share Option Scheme of the Company.

	Options over ordinary shares			
	As at 1.1.99	Granted	Exercised	As at 31.12.99
Lim Seng Chee	500,000	–	–	500,000
Lim Seng Qwee	500,000	–	–	500,000
Lim Kiam Lam	500,000	–	–	500,000
Lim Sin Seong	500,000	–	–	500,000
Toh Tuan Sun	500,000	–	–	500,000

The Directors' interest in shares in related companies are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.99	Additions	Disposals	As at 31.12.99
Ultimate holding company				
ANN JOO CORPORATION SDN BHD				
Direct interest in shares				
Lim Kiam Lam	450,000	–	–	450,000

DIRECTORS' REPORT

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of RM1.00 each			
	As at 1.1.99	Additions	Disposals	As at 31.12.99
Indirect interest in shares				
Lim Seng Chee	14,340,000	–	–	14,340,000
Lim Seng Qwee	12,210,000	–	–	12,210,000
Lim Kiam Lam	14,340,000	–	–	14,340,000
Lim Sin Seong	3,000,000	–	–	3,000,000

By virtue of their interest in the Company, Lim Seng Chee, Lim Seng Qwee and Lim Kiam Lam are also deemed to be interested in the shares of all the subsidiary companies to the extent that the Company has an interest in those companies.

Other than as disclosed above, the Directors of the Company do not have any other interest in the shares of the Company or its related companies.

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The Company operates an Employees' Share Option Scheme ("the Scheme") for the employees of the Group. The Scheme came into effect on 5th November, 1998 and will expire on 4th November, 2003. The main features of the Scheme are:

- (a) The maximum number of shares which may be subscribed and allotted under the Scheme shall not be more than ten percentum (10%) in aggregate of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (b) Employees must be at least 18 years of age on the offer date and meet the following criteria to participate in the Scheme:
 - (i) a Malaysian citizen who is a confirmed employee and in full time employment of the Group for at least twelve (12) months continuous service.
 - (ii) a non-Malaysian who is employed by the Group under a contract of employment for a duration of at least three (3) years and whose contribution is vital to the Group.
 - (iii) an Executive Director of the Company whose specific grant of option and the related allotment of shares is approved by the shareholders of the Company in a general meeting.
- (c) The options granted may be exercised by notice in writing to the Company during the period commencing on the offer date and expiring at the end of five (5) years from the commencement date of the Scheme or such shorter periods as may be specifically stated in the offer.
- (d) The options do not grant any right to participate in any share issue of any other company in the Group.
- (e) The exercise price for each ordinary share under the Scheme shall be the average of the highest and lowest market quotation of the shares of the Company as shown in the Daily Official List issued by Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the offer date or at the par value of the shares, whichever is higher.

DIRECTORS' REPORT

EMPLOYEES' SHARE OPTION SCHEME (ESOS) (cont'd)

The movement of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:

<u>Date granted</u>	<u>Exercise Price</u>	<u>Balance as at 1-1-1999</u>	<u>Granted</u>	<u>Exercised</u>	<u>Forfeited</u>	<u>Unissued Shares as at 31-12-1999</u>
11-11-1998	RM1.10	12,043,000	–	749,000	900,000	10,394,000
11-02-1999	RM1.17	–	83,000	–	2,000	81,000
11-05-1999	RM1.31	–	70,000	–	2,000	68,000
11-08-1999	RM1.34	–	205,000	3,000	1,000	201,000
11-11-1999	RM1.35	–	70,000	–	–	70,000
		12,043,000	428,000	752,000	905,000	10,814,000

OTHER STATUTORY INFORMATION

Before the balance sheets and profit and loss accounts of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

- (a) which would render the amounts written off for bad debts or the amount of 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 the 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; or
- (d) not otherwise dealt with in this report or the accounts which would render any amount stated in the accounts of the Group and of the Company misleading.

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

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (cont'd)

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 substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

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; 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.

AUDITORS

The Auditors, Ong Boon Bah & Co, have indicated their willingness to continue in office.

On behalf of the Board

17

LIM SENG CHEE

Executive Chairman

LIM KIAM LAM

Group Managing Director

Petaling Jaya
22 April 2000

STATEMENT BY DIRECTORS

We, LIM SENG CHEE and LIM KIAM LAM, being two of the Directors of ANN JOO RESOURCES BERHAD, do hereby state that, in the opinion of the Directors, the accounts set out on pages 20 to 40 are drawn up in accordance with 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 31st December, 1999 and of the results of the Group and of the Company and cash flows of the Group for the financial year ended on that date.

On behalf of the Board

LIM SENG CHEE

Director

LIM KIAM LAM

Director

Petaling Jaya
22 April 2000

STATUTORY DECLARATION

I, LIM KIAM LAM, the director primarily responsible for the financial management of ANN JOO RESOURCES BERHAD, do solemnly and sincerely declare that the accounts set out on pages 20 to 40 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above-named LIM KIAM LAM at Kuala Lumpur in the Federal Territory on 22 April 2000.

LIM KIAM LAM

Before me

LIANG HIEN TIEN

W 154

Commissioner for Oaths

Kuala Lumpur

REPORT OF THE AUDITORS

TO THE MEMBERS OF ANN JOO RESOURCES BERHAD

We have audited the accounts set out on pages 20 to 40. The preparation of these accounts is the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

We conducted our audit in accordance with approved standards on auditing. Those 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 accounts are free of material misstatements. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the accounts. 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 accounts. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the accounts which have been prepared under the historical cost convention, modified by the revaluation of certain freehold and leasehold land and buildings, are properly drawn up in accordance with the 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 31st December, 1999 and of the results of the Group and of the Company and 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 by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The names of subsidiary companies of which we have not acted as auditors are shown in Note 5 to the accounts. We have considered the accounts of the subsidiary companies and the auditors' reports thereon.

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

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

ONG BOON BAH & CO

AF: 0320

Public Accountants

WONG SOO THIAM

1315/11/00(J)

Partner of the Firm

Kuala Lumpur

22 April 2000

BALANCE SHEETS

AS AT 31ST DECEMBER, 1999

	Note	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	4	175,831	172,957	62,167	63,243
SUBSIDIARY COMPANIES	5	–	–	160,310	139,855
ASSOCIATED COMPANIES	6	5,229	7,794	5,297	11,295
INVESTMENTS	7	135	–	–	–
INTANGIBLE ASSETS	8	1,639	2,018	9	10
CURRENT ASSETS					
Stocks	9	87,571	84,734	–	–
Trade debtors	10	71,061	48,921	–	–
Other debtors, deposits and prepayments	11	19,961	18,265	629	94
Fixed deposits with licensed banks		–	3,554	–	–
Cash and bank balances		1,709	766	3	33
		180,302	156,240	632	127
CURRENT LIABILITIES					
Trade creditors		19,846	13,297	–	–
Other creditors and accruals	12	6,205	6,087	1,538	1,148
Short term borrowings	13	56,105	59,997	–	–
Taxation		3	4,884	–	539
Proposed dividend		7,654	3,920	7,654	3,920
		89,813	88,185	9,192	5,607
NET CURRENT ASSETS/(LIABILITIES)		90,489	68,055	(8,560)	(5,480)
		273,323	250,824	219,223	208,923
Financed by:					
SHARE CAPITAL	14	152,665	151,944	152,665	151,944
RESERVES	15	115,909	96,734	66,244	56,665
SHAREHOLDERS' FUNDS		268,574	248,678	218,909	208,609
MINORITY INTERESTS		4,429	1,806	–	–
DEFERRED CREDITORS	16	–	19	–	–
DEFERRED TAXATION	17	320	321	314	314
		273,323	250,824	219,223	208,923
Net tangible assets per share (sen)		175.2	162.4		

The accompanying notes form an integral part of the accounts.

PROFIT AND LOSS ACCOUNTS

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 1999

	Note	GROUP		COMPANY	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	3	237,987	240,287	5,361	5,385
COST OF GOODS SOLD		200,812	204,655	-	-
PROFIT before share in results of associated companies		24,929	12,730	19,861	8,744
Share in results of associated companies		(133)	(2,265)	-	-
PROFIT before taxation	18	24,796	10,465	19,861	8,744
TAXATION	19	29	(4,795)	(2,684)	(2,116)
PROFIT after taxation		24,825	5,670	17,177	6,628
LOSS attributable to minority interests		553	450	-	-
PROFIT after taxation and minority interests		25,378	6,120	17,177	6,628
PROFIT brought forward		63,425	61,225	5,084	2,376
		88,803	67,345	22,261	9,004
DIVIDENDS	20	(7,671)	(3,920)	(7,671)	(3,920)
PROFIT carried forward		81,132	63,425	14,590	5,084
Earnings per share (sen)	21	16.7	4.0		
Fully diluted earnings per share (sen)	21	15.1	3.7		

The accompanying notes form an integral part of the accounts.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER, 1999

	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit before taxation		24,796	10,465
Adjustments for non-cash items and interests	22(a)	12,729	19,526
Operating profit before working capital changes		37,525	29,991
(Increase)/Decrease in trade and other receivables		(23,179)	34,998
(Increase)/Decrease in inventories		(1,162)	172
Increase/(Decrease) in trade and other payables		5,102	(8,496)
Cash generated from operations		18,286	56,665
Interest paid		(3,086)	(6,941)
Tax paid		(4,922)	(7,068)
Interest received		1,957	1,464
Net cash inflow from operating activities		12,235	44,120
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of fixed assets		355	194
Purchase of fixed assets		(3,086)	(12,771)
Acquisition of a subsidiary company	22(b)	(3,803)	-
Increase of investment in a subsidiary company		-	(167)
Acquisition of an associated company		(719)	-
Dividend received from an associated company		297	-
Net cash outflow from investing activities		(6,956)	(12,744)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares		794	62
Net repayment of short term borrowings		(611)	(29,837)
Repayment of hire purchase creditors		(55)	(113)
Dividends paid		(3,937)	(8,688)
Net cash outflow from financing activities		(3,809)	(38,576)
Net increase/(decrease) in cash and cash equivalents		1,470	(7,200)
Cash and cash equivalents brought forward		(2,114)	5,086
Cash and cash equivalents carried forward	22(c)	(644)	(2,114)

The accompanying notes form an integral part of the accounts.

NOTES TO THE ACCOUNTS

31ST DECEMBER, 1999

I. BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention, modified by the revaluation of certain freehold and leasehold land and buildings and comply with applicable approved accounting standards.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year. The subsidiary companies are consolidated based on the merger method of accounting in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisitions and Mergers, except for AJE Best-On Sdn Bhd, Anshin Casting Industries Sdn Bhd, Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd and Anshin Precision Industries Sdn Bhd which are consolidated based on the acquisition method of accounting.

Under the merger method of accounting, the results of the subsidiary companies are combined throughout the current and previous financial years.

Under the acquisition method of accounting, the results of the subsidiary companies acquired during the financial year are included in the consolidated profit and loss account from the date of acquisitions. Goodwill or reserve arising on consolidation represents the difference between the purchase price and fair value of the net assets of the subsidiary companies acquired, as applicable. Goodwill on consolidation is amortised over a period of ten years.

(b) Associated companies

A company, other than a subsidiary company, in which the Group has a long term equity investment of from 20% to 50% and where the Group has representation on the Board and is in a position to exercise significant influence is accounted for as an associated company.

The consolidated profit and loss account includes the Group's share of profits less losses of associated companies based on the latest audited or management accounts of the companies concerned. In the consolidated balance sheet, the Group's interest in associated companies is stated at cost plus the Group's share of post acquisition retained profits and reserves.

(c) Investments

Investment in subsidiary companies, associated companies and other investments are stated at cost and a provision is made when the Directors are of the opinion that there is a permanent diminution in value.

(d) Depreciation

Freehold land is not amortised. Leasehold land is amortised over the period of the lease. Depreciation of the other fixed assets is provided on the straight line basis to write off the cost or valuation of each asset over its estimated useful life.

The principal annual depreciation rates used are:-

Buildings	2%
Plant, machinery, tools and equipment	6.67% - 50%
Furniture, fittings and office equipment	5% - 33.3%
Motor vehicles	20%

NOTES TO THE ACCOUNTS

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(e) Deferred expenditure**

Deferred expenditure comprises preliminary, pre-operating and pre-commercial production expenses and is amortised on a straight line basis over a period of ten years and is stated net of amortisation.

(f) Stocks

Stocks are valued at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, damaged, obsolete or slow-moving stocks. Cost consists of, where relevant, direct materials, direct labour, direct overheads and appropriate proportions of production overheads and is determined on a weighted average basis.

(g) Deferred taxation

Provision is made, on the liability method, for taxation deferred by capital allowances and other timing differences except where the tax effects of such timing differences are expected to be deferred indefinitely.

(h) Provision for bad and doubtful debts

Specific provisions are made for doubtful debts which have been individually reviewed and identified as bad or doubtful. In addition, general provisions are made to cover possible losses which are not specifically identified.

(i) Foreign currency

Transactions in foreign currencies are converted into Ringgit Malaysia at the rates of exchange ruling at the transaction dates. Assets and liabilities in foreign currencies at the financial year end are translated at the rates of exchange ruling at that date. All exchange differences are included in the profit and loss account.

(j) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and other short-term and highly liquid investments which are readily convertible to cash with insignificant risk of changes in value.

3. TURNOVER

The turnover for the Group represents the invoiced value of goods sold net of returns and allowances. Intra-group sales amounting to RM32.5 million (1998: RM24.1 million) made at market prices, have been eliminated on consolidation.

The turnover for the Company comprises of rental and management fee income.

NOTES TO THE ACCOUNTS

4. FIXED ASSETS

RM'000 GROUP	Land and buildings	Capital work-in- progress	Plant, machinery, tools and equipment	Furniture, fittings and office equipment	Motor vehicles	Total
AT COST OR VALUATION						
At 1st January, 1999	144,910	-	68,893	3,000	5,694	222,497
Additions	20	2,375	274	116	301	3,086
Disposals	-	-	(71)	(28)	(828)	(927)
Addition through acquisition of subsidiary	-	93	23,265	730	923	25,011
Written off	-	-	-	(27)	-	(27)
At 31st December, 1999	144,930	2,468	92,361	3,791	6,090	249,640
Representing items at:						
Cost	72,607	2,468	92,361	3,791	6,090	177,317
Valuation - 1996	72,323	-	-	-	-	72,323
	144,930	2,468	92,361	3,791	6,090	249,640
ACCUMULATED DEPRECIATION						
At 1st January, 1999	9,048	-	35,999	1,433	3,060	49,540
Charge for the financial year	1,733	-	5,370	404	1,020	8,527
Disposals	-	-	(69)	(28)	(524)	(621)
Addition through acquisition of subsidiary	-	-	15,285	570	519	16,374
Written off	-	-	-	(11)	-	(11)
At 31st December, 1999	10,781	-	56,585	2,368	4,075	73,809

NOTES TO THE ACCOUNTS

4. FIXED ASSETS (cont'd)

RM'000 GROUP	Land and buildings	Capital work-in- progress	Plant, machinery, tools and equipment	Furniture, fittings and office equipment	Motor vehicles	Total
Representing items at:						
Cost	3,245	-	56,585	2,368	4,075	66,273
Valuation - 1996	7,536	-	-	-	-	7,536
	10,781	-	56,585	2,368	4,075	73,809
NET BOOK VALUE						
At 31st December, 1999						
At cost	69,362	2,468	35,776	1,423	2,015	111,044
At valuation	64,787	-	-	-	-	64,787
	134,149	2,468	35,776	1,423	2,015	175,831
At 31st December, 1998						
At cost	70,158	-	32,894	1,567	2,634	107,253
At valuation	65,704	-	-	-	-	65,704
	135,862	-	32,894	1,567	2,634	172,957
Depreciation charge for the financial year ended 31st December, 1998	1,727	-	5,693	368	1,088	8,876
Assets acquired under hire purchase:						
NET BOOK VALUE						
At 31st December, 1999	-	-	-	-	231	231
At 31st December, 1998	-	-	-	-	295	295

NOTES TO THE ACCOUNTS

4. FIXED ASSETS (cont'd)

Analysis of land and buildings are as follows:

RM'000 GROUP	Freehold land and buildings	Long leasehold land and buildings	Total
AT COST OR VALUATION			
At 1st January, 1999	22,301	122,609	144,910
Additions	-	20	20
Disposals	-	-	-
Written off	-	-	-
At 31st December, 1999	22,301	122,629	144,930
Representing items at:			
Cost	22,096	50,511	72,607
Valuation - 1996	205	72,118	72,323
	22,301	122,629	144,930
ACCUMULATED DEPRECIATION			
At 1st January, 1999	271	8,777	9,048
Charge for the financial year	121	1,612	1,733
Disposals	-	-	-
Written off	-	-	-
At 31st December, 1999	392	10,389	10,781
Representing items at:			
Cost	386	2,859	3,245
Valuation - 1996	6	7,530	7,536
	392	10,389	10,781
NET BOOK VALUE			
At 31st December, 1999			
At cost	21,710	47,652	69,362
At valuation	199	64,588	64,787
	21,909	112,240	134,149
At 31st December, 1998			
At cost	21,830	48,328	70,158
At valuation	200	65,504	65,704
	22,030	113,832	135,862
Depreciation charge for the financial year ended 31st December, 1998	121	1,606	1,727

NOTES TO THE ACCOUNTS

4. FIXED ASSETS (cont'd)

RM'000 COMPANY	Freehold land and buildings	Long leased hold land and buildings	Furniture, fittings and office equipment	Motor vehicles	Total
AT COST					
At 1st January, 1999	22,096	41,082	975	1,551	65,704
Additions	-	-	37	52	89
Disposals	-	-	-	(35)	(35)
Written off	-	-	(6)	-	(6)
At 31st December, 1999	22,096	41,082	1,006	1,568	65,752
ACCUMULATED DEPRECIATION					
At 1st January, 1999	263	1,157	386	655	2,461
Charge for the financial year	119	514	198	313	1,144
Disposals	-	-	-	(18)	(18)
Written off	-	-	(2)	-	(2)
At 31st December, 1999	382	1,671	582	950	3,585
NET BOOK VALUE					
At 31st December, 1999	21,714	39,411	424	618	62,167
At 31st December, 1998	21,833	39,925	589	896	63,243
Depreciation charge for the financial year ended 31st December, 1998	118	514	190	322	1,144

The valuations were made by the Directors based on independent valuation reports carried out by firms of professional valuers and surveyors on an open market value basis.

The Directors have applied the transitional provisions of International Accounting Standards No. 16 (revised) Property, Plant and Equipment as adopted by Malaysian Accounting Standards Board which allow the freehold land and buildings and long leasehold land and building to be stated at their 1996 valuation less depreciation. Accordingly, these valuations have not been updated. The freehold land and buildings and long leasehold land and buildings if stated at cost less depreciation would amount to RM22,211,303 (1998: RM22,641,312).

Deferred taxation on the revaluation of freehold and long leasehold land and building are not provided for in the accounts as it is not the intention of the Directors to dispose these assets.

NOTES TO THE ACCOUNTS

5. SUBSIDIARY COMPANIES

	COMPANY	
	1999 RM'000	1998 RM'000
Unquoted shares at cost	144,211	135,493
Amount due from subsidiary companies	16,099	4,362
	160,310	139,855

The amounts due from subsidiary companies which arose mainly from inter-company advances and payments on behalf are interest bearing and have no fixed repayment terms.

The subsidiary companies are:

Name of Company	Country of Incorporation	Holding In Equity		Principal Activities
		1999	1998	
Ann Joo Trading Sdn Bhd	Malaysia	100%	100%	Trading, retailing and supplying of all kinds of building and construction materials
Ann Joo Metal Sdn Bhd	Malaysia	100%	100%	Trading, retailing, importing, exporting and supplying of all kinds of metal products
Anshin Steel Industries Sdn Bhd	Malaysia	100%	100%	Manufacturing, sales and distribution of steel and iron products
Anshin Casting Industries Sdn Bhd	Malaysia	# 100%	# 100%	Manufacturing and trading of cast iron products, sluice valves and other steel related products
Kuching Besi Waja Sdn Bhd *	Malaysia	100%	100%	Trading in hardware and steel materials
Lian Tiong Steel Fabrication & Civil Engineering Sdn Bhd *	Malaysia	# 100%	# 100%	Letting of properties
AJE Best-On Sdn Bhd	Malaysia	# 100%	# 100%	Trading in hardware, steel and iron products and building and construction materials of all kinds
Saga Makmur Industri Sdn Bhd	Malaysia	51%	51%	Steel bar service centre and trading of steel related products

NOTES TO THE ACCOUNTS

5. SUBSIDIARY COMPANIES (cont'd)

The following company became a subsidiary during the financial year:

Name of Company	Country of Incorporation	Holding In Equity		Principal Activities
		1999	1998	
Anshin Precision Industries Sdn Bhd *	Malaysia	59%	39%	Manufacturing and trading in precision press parts

Holding in equity by subsidiary companies.

* Accounts of subsidiary companies as at 31st December, 1999 not audited by Ong Boon Bah & Co.

6. ASSOCIATED COMPANIES

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Unquoted shares at cost	7,097	11,295	5,297	11,295
Share of retained loss	(1,868)	(3,501)	-	-
	5,229	7,794	5,297	11,295

The Group's interest in the associated companies are analysed as follows:

	GROUP	
	1999 RM'000	1998 RM'000
Shares of net assets	6,193	8,589
Reserve on acquisition	(964)	(795)
	5,229	7,794

The associated companies are:

Name of Company	Country of Incorporation	Holding In Equity		Accounting Year-end	Principal Activities
		1999	1998		
Anshin Steel Service Centre Sdn Bhd	Malaysia	30%	30%	31st December	Operations of a steel service centre
ACSAN Steel Service Centre Sdn Bhd	Malaysia	42%	-	31st December	Dormant
Daian Technical Industries Sdn Bhd *	Malaysia	# 36%	-	31st December	Trading of die tooling

Holding in equity by a subsidiary company.

* Accounts of associated company as at 31st December, 1999 not audited by Ong Boon Bah & Co.

NOTES TO THE ACCOUNTS

7. INVESTMENT

	GROUP	
	1999 RM'000	1998 RM'000
Unquoted shares at cost	55	-
Club memberships	80	-
	135	-

8. INTANGIBLE ASSETS

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Goodwill on consolidation	216	216	-	-
Less: Cumulative amortisation at 1st January	(71)	(50)	-	-
Amortisation for the current financial year	(21)	(21)	-	-
	124	145	-	-
Deferred expenditure:				
Preliminary expenses	37	37	-	-
Pre-operating expenses	460	460	13	13
Pre-commercial production expenses	3,380	3,380	-	-
	3,877	3,877	13	13
Less: Cumulative amortisation at 1st January	(2,004)	(1,616)	(3)	(1)
Amortisation for the current financial year	(358)	(388)	(1)	(2)
	1,515	1,873	9	10
Total	1,639	2,018	9	10

9. STOCKS

	GROUP	
	1999 RM'000	1998 RM'000
Raw materials	5,096	5,648
Finished goods	80,697	76,313
Work-in-progress	1,608	2,684
Consumables	170	89
	87,571	84,734

NOTES TO THE ACCOUNTS

10. TRADE DEBTORS

	GROUP	
	1999	1998
	RM'000	RM'000
Trade debtors	74,155	50,066
Less: Provision for doubtful debts	(3,094)	(1,145)
	71,061	48,921

11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

Included in other debtors, deposits and prepayments of the Group are deposits totalling RM14.053 million paid in respect of purchase of plant and machinery for a proposed new steel mill which had been deferred.

12. OTHER CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Other creditors and accruals	6,186	6,032	1,538	1,148
Hire purchase creditors (Note 16)	19	55	-	-
	6,205	6,087	1,538	1,148

13. SHORT TERM BORROWINGS

	GROUP	
	1999	1998
	RM'000	RM'000
Unsecured:		
Bank overdrafts	2,353	6,434
Bills payable	53,752	53,563
	56,105	59,997

The short term borrowings carry interest rates of between 0.5% and 1.25% per annum above the respective bank's prevailing base lending rate.

NOTES TO THE ACCOUNTS

14. SHARE CAPITAL

	GROUP/COMPANY	
	1999	1998
	RM'000	RM'000
Authorised:		
500,000,000 Ordinary shares of RM1.00 each	500,000	500,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At beginning of the financial year	151,944	151,888
721,000 shares of RM1.00 each issued pursuant to the Employee's Share Option Scheme (1998: 56,000 shares)	721	56
At end of the financial year	152,665	151,944

The Company operates an Employees' Share Option Scheme ("the Scheme") for the employees of the Group. The Scheme came into effect on 5th November, 1998 and will expire on 4th November, 2003. The main features of the Scheme are:

- (a) The maximum number of shares which may be subscribed and allotted under the Scheme shall not be more than ten per centum (10%) in aggregate of the issued and paid-up share capital of the Company at any point of time during the existence of the Scheme.
- (b) Employees must be at least 18 years of age on the offer date and meet the following criteria to participate in the Scheme:
 - (i) a Malaysian citizen who is a confirmed employee and in full time employment of the Group for at least twelve (12) months continuous service.
 - (ii) a non-Malaysian who is employed by the Group under a contract of employment for a duration of at least three (3) years and whose contribution is vital to the Group.
 - (iii) an Executive Director of the Company whose specific grant of option and the related allotment of shares is approved by the shareholders of the Company in a general meeting.
- (c) The options granted may be exercised by notice in writing to the Company during the period commencing on the offer date and expiring at the end of five (5) years from the commencement date of the Scheme or such shorter periods as may be specifically stated in the offer.
- (d) The options do not grant any right to participate in any share issue of any other company in the Group.
- (e) The exercise price for each ordinary share under the Scheme shall be the average of the highest and lowest market quotation of the shares of the Company as shown in the Daily Official List issued by Kuala Lumpur Stock Exchange for the five (5) market days immediately preceding the offer date or at the par value of the shares, whichever is higher.

NOTES TO THE ACCOUNTS

14. SHARE CAPITAL (cont'd)

During the financial year, the issued and paid-up share capital of the Company was increased from 151,944,000 shares of RM1.00 each to 152,665,000 shares of RM1.00 each by the issue of 721,000 new ordinary shares of RM1.00 each pursuant to the ESOS at option price ranged from RM1.10 to RM1.34 per share.

The movement of number of options granted and exercised pursuant to the ESOS during the financial year are as follows:

<u>Date granted</u>	<u>Exercise Price</u>	<u>Balance as at 1-1-1999</u>	<u>Granted</u>	<u>Exercised</u>	<u>Forfeited</u>	<u>Unissued Shares as at 31-12-1999</u>
11-11-1998	RM1.10	12,043,000	–	749,000	900,000	10,394,000
11-02-1999	RM1.17	–	83,000	–	2,000	81,000
11-05-1999	RM1.31	–	70,000	–	2,000	68,000
11-08-1999	RM1.34	–	205,000	3,000	1,000	201,000
11-11-1999	RM1.35	–	70,000	–	–	70,000
		12,043,000	428,000	752,000	905,000	10,814,000

34

15. RESERVES

	<u>Non-Distributable</u>		<u>Distributable</u>		1998 Total RM'000
	<u>Share Premium</u> RM'000	<u>Capital Reserve</u> RM'000	<u>Retained Profit</u> RM'000	<u>1999 Total</u> RM'000	
GROUP					
At beginning of the financial year	30,741	2,568	63,425	96,734	94,460
Premium on shares issued	73	–	–	73	6
Reserve on consolidation	–	1,395	–	1,395	68
Retained profit for the financial year	–	–	17,707	17,707	2,200
At end of the financial year	30,814	3,963	81,132	115,909	96,734

	<u>Non-Distributable</u>		<u>Distributable</u>		1998 Total RM'000
	<u>Share Premium</u> RM'000	<u>Capital Reserve</u> RM'000	<u>Retained Profit</u> RM'000	<u>1999 Total</u> RM'000	
COMPANY					
At beginning of the financial year	51,581	–	5,084	56,665	53,951
Premium on shares issued	73	–	–	73	6
Retained profit for the financial year	–	–	9,506	9,506	2,708
At end of the financial year	51,654	–	14,590	66,244	56,665

NOTES TO THE ACCOUNTS

16. DEFERRED CREDITORS

	GROUP	
	1999 RM'000	1998 RM'000
Hire purchase creditors	19	74
Less: Portion repayable within one year and included under other creditors and accruals (Note 12)	(19)	(55)
	-	19

17. DEFERRED TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Deferred taxation provided in the accounts: - excess of capital allowances over depreciation	320	321	314	314
Deferred taxation not provided for in the accounts: - timing differences on fixed assets which are not expected to reverse in the foreseeable future	3,221	4,342	-	-
Tax losses carried forward for which no credit has been taken in the net income of the current or prior years	4,062	3,665	-	-
Unabsorbed allowances for which no credit has been taken in the net income of the current or prior years:				
Capital allowances under Income Tax Act, 1967	3,445	2,699	-	-
Investment tax allowances under Promotion of Investment Act, 1986	122	122	-	-

NOTES TO THE ACCOUNTS

18. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
After charging:				
Directors' remuneration:				
- fees	217	140	166	91
- other emoluments	1,797	1,807	1,204	1,261
Auditors' remuneration	48	43	10	10
Depreciation	8,527	8,876	1,144	1,144
Interest expenses on:				
- bank overdrafts	278	759	-	-
- bills payable	2,070	4,633	-	-
- revolving credits	633	1,460	-	-
- advance from ultimate holding company	-	18	-	-
- others	105	71	-	-
Amortisation of:				
- goodwill on consolidation	21	21	-	-
- deferred expenditure	358	388	1	2
Loss on foreign exchange	52	4,875	-	-
Provision for doubtful debts	1,852	-	-	-
	-----	-----	-----	-----
And crediting:				
Dividend income from:				
- subsidiary companies	-	-	18,422	7,997
- associated company	-	-	413	-
Rental income from:				
- subsidiary companies	-	-	2,653	2,106
- associated companies	2,551	3,098	2,551	3,098
- others	1,168	1,683	-	-
Interest income from:				
- subsidiary companies	-	-	127	9
- others	1,957	1,464	-	-
Management fees from:				
- subsidiary companies	-	-	96	108
- associated companies	60	72	60	72
Gain on disposal of fixed assets	49	59	11	-
	-----	-----	-----	-----

NOTES TO THE ACCOUNTS

19. TAXATION

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
Current provision	-	4,820	2,643	2,119
Under/(Over) provision in prior years	41	15	41	(3)
Deferred taxation	(1)	(6)	-	-
	40	4,829	2,684	2,116
Share in taxation of associated companies	(69)	(34)	-	-
	(29)	4,795	2,684	2,116

No provision for tax is made for the financial year ended 31st December 1999 in respect of the income earned by the Company except for dividend income in accordance with the waiver granted under the Income Tax (Amendment) Act 1999.

The Company has estimated accumulated tax exempt retained profits amounting to RM9,822,000 (1998: RM2,707,000) available for the payment of tax exempt dividend.

The Company also has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends out of the balance of retained profits as at 31st December, 1999. The amounts are subject to agreement with the tax authorities.

37

20. DIVIDENDS

	GROUP		COMPANY	
	1999	1998	1999	1998
	RM'000	RM'000	RM'000	RM'000
First and final dividend:				
- Nil % (1998: 1.5%) less 28% income tax	-	1,641	-	1,641
- 5% (1998: 1.5%) tax-exempt dividend	7,654	2,279	7,654	2,279
Underprovision in prior year	17	-	17	-
	7,671	3,920	7,671	3,920

21. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM25.378 million (1998: RM6.120 million) by the weighted average number of ordinary shares of the Company in issued during the financial year of 152.343 million (1998: 151.889 million number of ordinary shares in issued at the end of the financial year).

Fully diluted earnings per share is calculated by dividing the Group's profit after taxation and minority interests of RM25.378 million (1998: RM6.120 million) by the weighted average number of ordinary shares of 167.932 million (1998: 167.138 million) that include ESOS that would have been exercised at that date.

NOTES TO THE ACCOUNTS

22. CONSOLIDATED CASH FLOW STATEMENT

a) Adjustments for non-cash items and interests

	GROUP	
	1999 RM'000	1998 RM'000
Depreciation	8,527	8,876
Amortisation of goodwill on consolidation and deferred expenditure	379	409
Interest expenses	3,086	6,941
Interest income	(1,957)	(1,464)
Gain on disposal of fixed assets	(49)	(59)
Share in results of associated companies	133	2,265
Fixed assets written off	16	31
Provision for doubtful debts	1,852	(428)
Bad debts written off	742	2,955
	12,729	19,526

b) Summary of effects of acquisition of subsidiary company

	RM'000
Net assets acquired:	
Fixed assets	8,637
Investments	135
Stocks	1,675
Debtors	3,252
Cash and bank balances	(1,805)
Creditors	(1,600)
Short term borrowings	(800)
Minority interests	(3,881)
Reserve on consolidation	(216)
	5,397
Less: Reclassification from an associated company	(3,399)
Add: Cash and bank balances	1,805
	3,803

c) Cash and cash equivalents at end of the financial year

	1999 RM'000	1998 RM'000
Cash and bank balances	1,709	766
Fixed deposits with licensed banks	-	3,554
Bank overdrafts	(2,353)	(6,434)
	(644)	(2,114)

NOTES TO THE ACCOUNTS

23. SEGMENT ANALYSIS - GROUP

1999	Turnover RM'000	Profit/ (Loss) RM'000	Total assets employed RM'000
Industry segment			
Iron and steel	237,987	19,253	314,931
Others	-	3,719	42,976
	237,987	22,972	357,907
Net interest income		1,957	-
		24,929	357,907
Share in results of associated companies		(133)	5,229
		24,796	363,136

1998	Turnover RM'000	Profit/ (Loss) RM'000	Total assets employed RM'000
Industry segment			
Iron and steel	240,287	6,484	287,468
Others	-	4,782	43,747
	240,287	11,266	331,215
Net interest income		1,464	-
		12,730	331,215
Share in results of associated companies		(2,265)	7,794
		10,465	339,009

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

24. CAPITAL COMMITMENTS

	GROUP	
	1999 RM'000	1998 RM'000
Capital expenditure for fixed assets:		
- Approved and contracted for	53	-
- Approved but not contracted for	3,508	-

NOTES TO THE ACCOUNTS

25. MATERIAL EVENTS

During the financial year, the Company has entered into a Shareholders' Agreement to subscribe 7,560,000 ordinary shares of RM1.00 in ACSAN Steel Service Centre Sdn Bhd, representing 42% of the proposed paid-up share capital for a consideration of RM7,560,000. The allotment of shares will be carried out in several stages.

26. SUBSEQUENT EVENTS

Subsequent to the financial year end:

- a) the Company has entered into a conditional Share Sale Agreement with Aseania Industries Sdn Bhd to acquire 2,580,000 ordinary shares of RM1.00 in Anshin Steel Service Centre Sdn Bhd, representing 30% of the issued and paid-up share capital, for a consideration of RM3,612,000, which has been completed as at the date of this report;
- b) the Company has entered into a conditional Sale and Purchase of Share Agreement to acquire 10,000 ordinary shares of RM1.00 in Saga Makmur Sdn Bhd, representing the entire issued and paid-up share capital for a consideration of RM10,000, which has been completed as at the date of this report; and
- c) the Company has entered into a conditional Share Sale Agreement with Pernas International Holdings Berhad to acquire 60,548,526 ordinary shares of RM1.00 in Malayawata Steel Berhad, a quoted company incorporated in Malaysia, representing approximately 30.03% of the issued and paid-up share capital, for a consideration of RM201,626,591.58.

27. ULTIMATE HOLDING COMPANY

The directors regard Ann Joo Corporation Sdn Bhd, a company incorporated in Malaysia, as its ultimate holding company.

28. COMPARATIVE FIGURES

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

PROPERTIES OWNED

BY ANN JOO RESOURCES BERHAD AND ITS SUBSIDIARIES

Location	Tenure	Description (i.e. Factory/ industrial land)	Existing Use	Approx. Age of Building Area	Net Book Value RM'000
Lot 19391 Mukim and District of Petaling	Freehold	Industrial Premises	Office and Warehouse	17 years 3.2037 acres	18,134
Lot 1508 Mukim and District of Petaling	Freehold	Unconverted Agriculture Land	Open Yard Warehouse	– 1.625 acres	3,578
HS(D) 5044 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 25.03.2070)	Industrial Premises	Factory, Office and Store	8 years 10.255 acres	28,949
Lot 55 - 59 Section 4 Phase 2A Pulau Indah Industrial Park West Port	Leasehold (99 years upon issue of qualified title)	Industrial Land	Vacant Land	– 12.68 acres	10,464
H.S.D. 711 Tapak Perusahaan Shah Alam District of Petaling	Leasehold (expiring on 29.06.2076)	Industrial Premises	Factory and Office	9 years 4.098 acres	12,046
Lot 9 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Premises	Factory and Office	6 years 13.160 acres	34,267
Lot 11 Persiaran Perusahaan Section 23 Shah Alam	Leasehold (expiring on 30.05.2098)	Industrial Land	Factory and Vacant Land	3 years 14.803 acres	25,054
Lot PT 3707 Mukim of Pasir Panjang Port Dickson	Freehold	Detached House	Staff Recreation	14 years 5,685 sq.ft.	199
Lot 2171 Section 66 Kuching	Leasehold (expiring on 04.02.2050)	Industrial Premises	Factory and Office	5 years 43,692 sq.ft.	1,459

SHAREHOLDINGS STATISTICAL REPORT

22ND MAY, 2000

ANALYSIS OF SHAREHOLDINGS

Category	No. of Shareholders		No. of Shares		% of Shareholding	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1 – 499	4	–	235	–	–	–
500 – 5,000	5,792	87	10,092,650	217,000	6.53	0.14
5,001 – 10,000	386	19	3,240,000	165,000	2.10	0.10
10,001 – 100,000	283	22	7,448,000	707,000	4.82	0.46
100,001 – 1,000,000	26	–	10,809,887	–	6.99	–
OVER 1,000,000	8	–	121,950,228	–	78.86	–
	6,499	128	153,541,000	1,089,000	99.30	0.70

LIST OF TOP 20 SHAREHOLDERS

Name	Shares Held	%
1. Ann Joo Corporation Sdn Bhd	93,872,098	60.71
2. United Hardware Holdings Sendirian Berhad	8,018,337	5.18
3. Amanah Merchant Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Aseania Industries Sdn Bhd)</i>	7,742,703	5.01
4. Mecroflex Sdn Bhd	4,776,876	3.09
5. Teoh Cheoh Thin @ Chung Soo Chern	3,016,000	1.95
6. Yap Kim Pin	2,360,115	1.53
7. Lim Seng Chee	1,163,000	0.75
8. Lim Seng Qwee	1,001,099	0.65
9. Public Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Omega Securities Sdn Bhd (SAM))</i>	1,000,000	0.65
10. Toh Tuan Sun	920,163	0.59
11. Thun Lian @ Teoh Shok Lian	910,000	0.59
12. Pandu Sinar Sdn Bhd	840,970	0.54
13. Bumiputra-Commerce Trustee Berhad <i>(Amanah Saham Darul Iman)</i>	824,264	0.53
14. Aseania Industries Sdn Bhd	750,000	0.48
15. Koay Kang Chuwan	698,111	0.45
16. Yang Pouy Soon	583,000	0.38
17. Kurnia Insurans (Malaysia) Berhad	510,000	0.33
18. Lim Ah Chem @ Lim Ah Chen	448,355	0.29
19. Perfect Pleasure Sdn Bhd	433,000	0.28
20. Tan Poh Gek	413,000	0.27
	130,281,091	84.25

SHAREHOLDINGS STATISTICAL REPORT

SUBSTANTIAL SHAREHOLDERS

Name	Direct		Indirect	
	Shares Held	% of Issued Capital	Shares Held	% of Issued Capital
1. Ann Joo Corporation Sdn Bhd	93,872,098	60.71	*8,018,337	5.18
2. United Hardware Holdings Sendirian Berhad	8,018,337	5.18	–	–
3. Aseania Industries Sdn Bhd	750,000	0.48	**7,742,703	5.01
4. Amanah Merchant Nominees (Tempatan) Sdn Bhd <i>(Pledged securities account for Aseania Industries Sdn Bhd)</i>	7,742,703	5.01	–	–
5. Mecroflex Sdn Bhd	4,776,876	3.09	–	–

* Deemed interested by virtue of Section 6 of the Companies Act, 1965, held through United Hardware Holdings Sdn Bhd.

** Shares held through Amanah Merchant Nominees (Tempatan) Sdn Bhd.



No. of Ordinary Shares Held	
-----------------------------	--

I/We _____
(Please use block letters)

of _____
being a member/members of Ann Joo Resources Berhad, hereby appoint _____

of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the Fourth Annual General Meeting of the Company to be held at Hilton Petaling Jaya, Serunai Suite 1 & 2, 1st Floor East Wing, No. 2, Jalan Barat, 46200 Petaling Jaya, Selangor on Thursday, 29th June 2000 at 10.00 a.m. or at any adjournment thereof, and to vote as indicated below:-

No.	Resolutions	For	Against
1.	To receive and adopt the Audited Accounts for the financial year ended 31 December, 1999 and the Reports of Directors and Auditors thereon.		
2.	To declare a First and Final Tax Exempt Dividend of 5% for the financial year ended 31 December, 1999.		
3.	To approve the payment of Directors' Fees amounting to RM166,250.00 in respect of the financial year ended 31 December, 1999.		
4.	To re-elect the following Directors retiring pursuant to Article 105 of the Company's Articles of Association and being eligible offer themselves for re-election:-		
	a) Mohd Alkaf Bin Mohd Kahar		
	b) Lim Seng Chee		
5.	To re-elect Haidar Ali Bin Haji Sheikh Fadzir, a director retiring pursuant to Article 112 of the Company's Articles of Association and who being eligible offer himself for re-election.		
6.	To re-appoint Messrs Ong Boon Bah & Co., the retiring Auditors and to authorise the Directors to determine their remuneration.		
7.	SPECIAL BUSINESS ORDINARY RESOLUTION - AUTHORITY FOR ALLOTMENT OF SHARES		

Please indicate with a "✓" in the appropriate space how you wish your votes to be cast. If you do not indicate how you wish your proxy to vote on any Resolution, the proxy will vote as he or she thinks fit, or, at his or her discretion, abstain from voting.

Signed this _____ day of _____, 2000

Signature
First or Sole Shareholder or Common Seal

Notes:-

Proxy

- (i) A Member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its Common Seal or under the hand of an officer or its attorney duly authorised.
- (iii) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Wisma Ann Joo, Lot 19391, Bt 8 1/2, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or at any adjournment thereof.

EXPLANATORY NOTES ON ORDINARY RESOLUTION

Resolution pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution proposed under Agenda (7), is to empower the Directors to issue shares in the Company in the event there is any expansion/diversification plan proposed by the Company which involve the issue of new shares. This resolution if passed, will authorise the Directors to issue up to a total 10% of the issued share capital of the Company for the time being. This authority, unless revoked or varied at a general meeting will expire at the next annual general meeting of the Company.