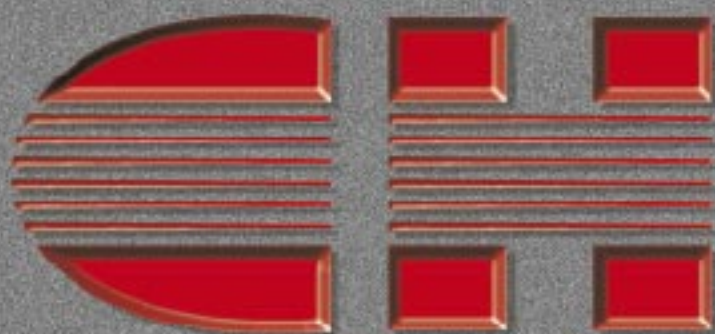


A n n u a l R e p o r t 1 9 9 9



CHUAN HUAT RESOURCES BERHAD

(Com no: 29072-w)
Incorporated in Malaysia

CONTENTS

Notice Of Annual General Meeting	[2-3]
Audit Committee	[4-5]
Corporate Information	[6]
C.E.O And Group Managing Director's Statement	[7]
Director's Report	[8-11]
Statement By Directors	[12]
Statutory Declaration	[12]

Report Of The Auditors To The Members Of Chuan Huat Resources Berhad	[13]
Balance Sheets	[14]
Profit And Loss Accounts	[15]
Consolidated Cash Flow Statement	[16]
Notes To The Accounts	[17-34]
List Of Properties	[35-38]
Analysis By Size Of Shareholdings	[39-40]
Proxy Form	Enclosed

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of **Chuan Huat Resources Berhad** will be held at **Dorsett Regency Kuala Lumpur, Alamanda Room, 2nd Floor, 172, Jalan Imbi, 55100 Kuala Lumpur on 13 June 2000 at 11.30 a.m.** for the following purposes: -

AGENDA

1. To receive and adopt the Accounts for the year ended 31 December 1999 and the Reports of the Directors and Auditors thereon. (Ordinary Resolution 1)
2. To approve the payment of a first and final dividend of 1% less income tax of 28% for the financial year ended 31 December 1999. (Ordinary Resolution 2)
3. To approve the payment of Directors' fees in respect of the year ended 31 December 1999. (Ordinary Resolution 3)
4. To re-elect the following Directors retiring pursuant to Article 63 of the Company's Articles of Association:
 - (i) Tengku Yunus Kamaruddin (Ordinary Resolution 4)
 - (ii) Lim Khoon Hock (Ordinary Resolution 5)
5. To re-elect the following Director retiring pursuant to Article 68 of the Company's Articles of Association:
 - (i) Dali Kumar @ Dali Bin Sardar (Ordinary Resolution 6)
6. To re-appoint the following Directors retiring pursuant to Section 129(2) of the Companies Act, 1965 and seeks re-election under the provision of Section 129(6) of the said Act to hold office until the next Annual General Meeting:
 - (i) Lim Kim Chuan (Ordinary Resolution 7)
 - (ii) Hew Kwee Won (Ordinary Resolution 8)
7. To re-appoint Messrs. Ong Boon Bah & Co. as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 9)
8. As a Special Business, to consider and if thought fit, to pass the following Ordinary Resolution :

"That pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies being obtained for such issue and allotment."

(Ordinary Resolution 10)
9. To transact any other ordinary business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAY LEE SIANG [LS 00129]
PAN KOW BAH [LS 007152]
(Company Secretaries)

Kuala Lumpur
Date: 26 May 2000

NOTICE OF ANNUAL GENERAL MEETING

Notes: -

1. A member 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 the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall be entitled to appoint more than one(1) proxy to attend and vote at the same meeting provided than the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one(1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. 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, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. All Forms of Proxy should be deposited at the Company's Registered Office, Wisma Lim Kim Chuan, Lot 50A, Section 92A, 3 1/2 Miles, Off Jalan Sungei Besi, 57100 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.

NOTICE OF CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed from 15 August 2000 to 17 August 2000 both days inclusive, to determine shareholders' entitlement to the dividend payment. The dividends, if approved, will be paid on 12 September 2000 to shareholders whose names appear in the Record of Depositors and Register of Members at the close of business on 14 August 2000.

A Depositor shall qualify for entitlement to the dividend only in respect of :

- (a) Shares deposited into the Depositor's Securities Account before 12.30 p.m. on 10 August 2000; (in respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 14 August 2000 in respect of ordinary transfers;
- (c) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

AUDIT COMMITTEE

THE MEMBERS

The Audit Committee of **CHUAN HUAT RESOURCES BERHAD** comprises the following directors :-

TENGKU YUNUS KAMARUDDIN (Chairman)

Independent Non-Executive Director

LIM LOONG HENG

Deputy Managing Director

DALI KUMAR @ DALI BIN SARDAR

Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The primary objectives of the Committee are

- a) to safeguard the interests of the minority shareholders;
- b) to assist in discharging the Board's responsibilities as they relate to the Company's management and internal controls, accounting policies and financial reporting;
- c) To provide, by way of regular meetings, a line of communication between the Board and the internal and external auditors.

Responsibilities

The Committee shall have the following responsibilities :

- a) To review with the external auditors
 - their audit plan;
 - their evaluation of the system of internal accounting controls;
 - any new or unusual risks detected during the course of their audit; and
 - their audit report on the financial statements.
- b) To review any significant transactions which are not a normal part of the Company's business.
- c) To review the effectiveness of management information and other systems of control within the Company.
- d) To review arrangements established by management for compliance with regulatory or other reporting requirements.
- e) To review the accounting policies adopted, any changes in accounting principles or practices, and the level of prudence applied in areas requiring judgement.
- f) To review the financial statements with management and the external auditors and if deemed true and fair to recommend their adoption by the full Board.
- g) To perform such other functions as may be agreed to by the Committee and the Board.

AUDIT COMMITTEE

Authority

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

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

Composition

The Committee shall be appointed by the Board from amongst their number and shall consist of not less than three members. A quorum shall be two members.

Majority of the Committee shall not be :

- executive directors of the Company or of any related corporation;
- a spouse, parent, brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or any related corporation;
- a spouse of brother, sister, son or adopted son, daughter or adopted daughter of an executive director of the Company or of any related corporation;
- 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 amongst their number, who is not an executive director or employee of the Company or of any related corporation.

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

The term of office of Committee members shall be reviewed by the Board of Directors no less than every three years.

Attendance at Meetings

The Finance General Manager shall not be members of the Committee but shall be in attendance during meetings when required to provide information for the Committee's deliberations.

The external auditor shall have the right to appear and be heard at any meeting of the Committee.

The Company Secretary shall be the Secretary of the Committee.

Frequency of Meetings

Meetings shall be held not less than two times a year. The external auditor may request a meeting if he considers that one is necessary to discuss matters which he believes should be brought to the attention of the Committee.

C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

Lim Kim Chuan

- *(Chairman)*

Tan Sri Wan Azmi bin Wan Hamzah

- *(Deputy Chairman)*

Lim Khoon Heng

- *(Managing Director)*

Lim Loong Heng

- *(Deputy Managing Director)*

Lim Khoon Hock

- *(Executive Director)*

Hew Kwee Won (f)

Dato' Wan Zaki bin Wan Muda

Tengku Yunus Kamaruddin

Dali Kumar @ Dali Bin Sardar

SECRETARIES

Tay Lee Siang (f) (LS 00129)

Pan Kow Bah (m) (LS 007152)

REGISTERED OFFICE

Wisma Lim Kim Chuan

Lot 50A, Section 92A

3 1/2 Miles Off Jalan Sungei Besi

57100 Kuala Lumpur

Tel No. : 03-7833333

PRINCIPAL BANKERS

RHB Bank Berhad

Arab-Malaysian Bank Berhad

Overseas Union Bank (Malaysia) Berhad

Malayan Banking Berhad

AUDITORS

Ong Boon Bah & Co.

B-10-1, Megan Phileo Promenade

189, Jalan Tun Razak

50400 Kuala Lumpur

REGISTRAR

Sectras Services Sdn Bhd

28-2, Jalan Tun Sambanthan 3

Brickfields

50470 Kuala Lumpur

Tel No. : 03-2746133

STOCK EXCHANGE LISTING

Second Board of the Kuala Lumpur Stock
Exchange

C.E.O. And Group Managing Director's Statement



On behalf of the Board, I have great pleasure in presenting the Annual Report and Financial Statement of the Company and the Group for the year ended 31 December 1999.

OVERVIEW

The effect of the 1997 economic crisis was still felt in 1999 although the overall market did show some recovery. However, demand for building materials was still slow as most mega projects are still not being revived as finance remains a primary obstacle and this has in a way affected the company core business.

The 1999 financial results revealed that the iron & steel division remains the major contributor to the company's turnover, recording a higher profit before tax of RM4.0 mil as compared to RM3.7 mil in 1998 whereas the Information Technology division continue its upsurge by recording an almost 70% increase in turnover.

Against a decline in the group's turnover, RM221 mil in 1998 to RM188 mil in 1999, the company profit after tax rose to RM4.2 mil compared to RM0.5 mil in the corresponding period of 1998. This was attributable to the company significantly reducing its bank borrowings with a substantial savings on interest while on the other hand embarking on a very selective policy on maintaining only a good set of quality customer which has also contributed to the increase in profit.

The drastic steps taken by the company was unavoidable and necessary and results has proven that the company did performed to its strength under the circumstances.

DIVIDEND

The Board is pleased to recommend a first and final dividend of 1% less income tax of 28% for shareholders' approval at the forthcoming Annual General Meeting.

BUSINESS DEVELOPMENT

In the medium and long term the company is poised to tap further downstream in the iron and steel sector after having already invested in a **JOINT VENTURE** in the operation of a steel service centre.

In line with the group Information Technology (IT) aspirations, the company will continue to look into exploring into the much talked about dot.com and e-business ventures.

OUTLOOK

With the country GDP growth expected to hit 6% in the year 2000, the company strength is likewise seen to grow in tandem after having emerge more resilient from the economic downturn.

The Board is therefore very optimistic that with the company's continuous effort to exercise prudent management and tightening internal control while remaining focussed on its core business, better operating results are attainable in the years ahead.

And as the country gears up to face the impact of globalisation, **CHUAN HUAT RESOURCES BERHAD** with its well oiled and fundamentally sound company infrastructure, is well positioned to weather whatever challenges that lies ahead.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere appreciation to all our loyal shareholders who had invested their confidence in the company and remained with us through thick and thin.

Special thanks also goes out to our bankers, suppliers, business associates for their invaluable support and last but not least the management and employees for their tireless dedication and contribution towards the company.

THANK YOU

DATO' K.H. LIM
CEO

DIRECTORS' REPORT

The Directors have pleasure in submitting 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 activity of the Company is investment holding. The principal activities of its subsidiary companies are shown in note 5 to the accounts.

Details of subsidiary companies acquired and disposed of 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 except for those subsidiary companies acquired and disposed of during the financial year as disclosed in Note 5 to the accounts.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit/(Loss) after taxation	4,231,783	(38,428)
Minority interests	(11,792)	—
Profit/(Loss) attributable to shareholders	4,219,991	(38,428)
Retained profit brought forward	6,797,430	721,723
Profit available for transfers and appropriations	11,017,421	683,295
Dilution arising from change in equity interest in a subsidiary company	(20,068)	—
Dividend	(287,993)	(287,993)
Retained profit carried forward	10,709,360	395,302

SHARE CAPITAL

During the financial year, the authorised share capital of the Company was increased from RM50,000,000 to RM100,000,000 by the creation of 50,000,000 ordinary shares of RM1.00 each.

DIVIDEND

The Directors have recommended a first and final dividend of 1% less 28% income tax, for the financial year ended 31st December, 1999 amounting to RM287,993 which, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid to shareholders registered on the Company's register at the close of business on 14th August, 2000.

The Company has paid a first and final dividend of 2.5% less 28% income tax in respect of the financial year ended 31st December, 1998 and included in the previous Directors' Report amounting to RM719,982.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year other than as disclosed in the accounts.

DIRECTORS' REPORT

DIRECTORS

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

Lim Kim Chuan

Tan Sri Wan Azmi bin Wan Hamzah

Dato' Wan Zaki bin Wan Muda

Tengku Yunus Kamaruddin

Dato' Lim Khoon Heng

Lim Loong Heng

Lim Khoon Hock

Hew Kwee Won (f)

Dali Kumar @ Dali Bin Sardar

(Appointed on 15.7.99)

In accordance with Article 63 of the Company's Articles of Association, Tengku Yunus Kamaruddin and Lim Khoon Hock retire by rotation, and being eligible, offer themselves for re-election. In accordance with Article 68 of the Company's Articles of Association, Dali Kumar @ Dali Bin Sardar retires by rotation, and being eligible, offer himself for re-election.

Lim Kim Chuan and Hew Kwee Won being over the age of seventy years, retire pursuant to Section 129(2) of the Company Act, 1965 and seek re-election as Director under the provision of Section 129(6) of the said Act to hold office until the next Annual General meeting.

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 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.

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 during the financial year are as follows:

	Number of ordinary shares of RM1.00 each			
	As at 1.1.99	Additions	Disposals	As at 31.12.99
Lim Kim Chuan	1,798,142	—	—	1,798,142
Tan Sri Wan Azmi bin Wan Hamzah	3,058,362	—	—	3,058,362
Dato' Wan Zaki bin Wan Muda	4,009,197	—	124,000	3,885,197
Dato' Lim Khoon Heng	4,768,175	—	—	4,768,175
Lim Loong Heng	4,768,174	—	—	4,768,174
Lim Khoon Hock	4,768,174	—	—	4,768,174
Hew Kwee Won	1,798,133	—	—	1,798,133
Tengku Yunus Kamaruddin	4,500	—	—	4,500
Dali Kumar @ Dali bin Sardar	124,000*	—	—	124,000

* as at 15.7.99

DIRECTORS' REPORT

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

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 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 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 of the Group and of the Company which has arisen since the end of the financial year.

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 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.

DIRECTORS' REPORT

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 Boards,

DATO' LIM KHOON HENG

Director

LIM KHOON HOCK

Director

Kuala Lumpur

Date : 26th April 2000

STATEMENT BY DIRECTORS

We, **DATO' LIM KHOON HENG** and **LIM KHOON HOCK**, being two of the directors of **CHUAN HUAT RESOURCES BERHAD**, do hereby state that, in the opinion of the directors, the accounts set out on pages 14 to 34 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 the cash flows of the Group for the financial year ended on that date.

On behalf of the Boards,

DATO' LIM KHOON HENG

Director

LIM KHOON HOCK

Director

Kuala Lumpur

Date: 26th April 2000

STATUTORY DECLARATION

I, **LIM LOONG HENG**, the director primarily responsible for the financial management of **CHUAN HUAT RESOURCES BERHAD**, do solemnly and sincerely declare that the accounts set out on pages 14 to 34 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 LOONG HENG** at Kuala Lumpur in the Federal Territory on 26th April 2000.

LIM LOONG HENG

Before me

CHAN LEONG CHOI

No. W309

Commissioner for Oaths

Kuala Lumpur

Date: 26th April 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF CHUAN HUAT RESOURCES BERHAD

We have audited the accounts set out on pages 14 to 34. The preparation of these accounts are 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 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 of 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 by the subsidiary companies have been properly kept in accordance with the provisions of the said Act.

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' report's 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

LIM KOK BENG

588/5/00(J)

Partner of the Firm

Kuala Lumpur

Date: 26th April 2000

BALANCE SHEETS as at 31st December 1999

		GROUP		COMPANY	
	Note	1999 RM	1998 RM	1999 RM	1998 RM
FIXED ASSETS	3	59,632,645	70,755,106	2,475	2,925
INVESTMENT PROPERTIES - at cost	4	7,518,876	3,438,573	—	—
SUBSIDIARY COMPANIES	5	—	—	57,313,526	57,326,300
ASSOCIATED COMPANY	6	1,897,142	1,807,599	—	—
INVESTMENTS	7	1,430,946	1,326,724	—	—
INTANGIBLE ASSETS	8	324,876	668,798	104,839	119,816
CURRENT ASSETS					
Stocks	9	27,397,158	28,231,804	—	—
Trade debtors	10	94,040,743	101,146,569	—	—
Other debtors, deposits and prepayments	11	5,221,406	3,257,284	3,792	793,598
Cash and bank balances		1,607,148	1,539,883	4,375	13,115
		128,266,455	134,175,540	8,167	806,713
CURRENT LIABILITIES					
Trade creditors		19,623,741	12,967,344	—	—
Other creditors and accruals	12	8,538,893	9,863,889	24,000	28,428
Short term borrowings	13	74,852,566	85,449,006	—	—
Taxation		—	2,842,308	—	45,103
Proposed dividend		287,993	719,982	287,993	719,982
		103,303,193	111,842,529	311,993	793,513
NET CURRENT ASSETS/(LIABILITIES)		24,963,262	22,333,011	(303,826)	13,200
		95,767,747	100,329,811	57,117,014	57,462,241
Financed by:					
SHARE CAPITAL	14	39,999,000	39,999,000	39,999,000	39,999,000
RESERVES	15	38,432,566	35,019,058	17,118,014	17,463,241
SHAREHOLDERS' FUNDS		78,431,566	75,018,058	57,117,014	57,462,241
MINORITY INTERESTS		6,078,679	11,448,862	—	—
DEFERRED CREDITORS	16	6,048,532	7,124,649	—	—
TERM LOANS	17	4,840,580	5,972,532	—	—
DEFERRED TAXATION	18	368,390	765,710	—	—
		95,767,747	100,329,811	57,117,014	57,462,241
Net tangible assets per share (sen)		195	186	—	—

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	1998 RM	1999 RM	1998 RM
TURNOVER	2	187,666,723	221,508,810	–	1,109,979
COST OF SALES		170,138,566	197,092,059	–	–
Profit /(Loss) before share in result of an associated company		3,463,083	2,077,735	(43,277)	1,042,412
Share in profit/(loss) of an associated company		358,133	(250,121)	–	–
Profit/(Loss) before taxation	19	3,821,216	1,827,614	(43,277)	1,042,412
Taxation	20	410,567	(1,285,474)	4,849	(320,795)
Profit/(Loss) after taxation		4,231,783	542,140	(38,428)	721,617
Minority interests		(11,792)	267,044	–	–
Profit/(Loss) attributable to shareholders		4,219,991	809,184	(38,428)	721,617
Retained profit brought forward		6,797,430	7,183,728	721,723	720,088
Profit available for transfers and appropriations		11,017,421	7,992,912	683,295	1,441,705
Transfer to capital redemption reserve		–	(82,500)	–	–
Dilution arising from change in equity interest in a subsidiary company		(20,068)	–	–	–
Premium on redemption of preference shares		–	(393,000)	–	–
Dividend	21	(287,993)	(719,982)	(287,993)	(719,982)
Retained profit carried forward		10,709,360	6,797,430	395,302	721,723
Earnings per share (sen)	22	10.55	2.00		
Fully diluted earning per share (sen)	22	7.03	1.35		

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	1998 RM
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		3,821,216	1,827,614
Adjustment for non-cash items and interests	23(a)	7,095,348	16,317,017
Operating profit before working capital charges		10,916,564	18,144,631
Decrease in inventories		918,387	8,412,369
Decrease in trade debtors and other receivables		2,387,989	35,931,375
Increase/(Decrease) in trade creditors and other payables		5,820,140	(11,264,577)
Cash generated from operations		20,043,080	51,223,798
Tax paid		(3,086,844)	(3,630,294)
Interest paid		(2,818,849)	(6,883,038)
Interest received		42,771	45,466
Net cash inflow from operating activities		14,180,158	40,755,932
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(1,702,994)	(5,942,959)
Purchase of investment properties		—	(970,579)
Purchase of investments		(104,222)	(196,600)
Proceeds from disposal of fixed assets		882,165	369,126
Proceeds from disposal of subsidiary companies		424,131	—
Purchase of subsidiary companies	24(b)	(38,349)	—
Payment of licence fee		(136,600)	—
Purchase of associated companies		—	(30,000)
Purchase of intangible assets		(2,000)	(4,695)
Purchase of additional shares in a subsidiary company		(90,000)	(467,500)
Dividend income from an associated company		48,600	48,600
Cashflow from disposal of a subsidiary company	24(a)	499,873	764,459
Proceeds from disposal of investments		—	22,090
Net cash outflow from investing activities		(219,396)	(6,408,058)
CASH FLOWS FROM FINANCING ACTIVITIES			
Term loans paid		(1,312,967)	(2,131,687)
Hire purchase creditors paid		(361,568)	(1,304,114)
Short term borrowings paid		(9,356,118)	(28,958,804)
Proceeds from issue of shares to minority shareholders		190,251	—
Dividend paid to minority shareholders		—	(28,620)
Repayment of loan to minority shareholder		(1,255,000)	—
Payment of listing expenses		(18,806)	—
Dividend paid		(719,982)	(1,439,964)
Redemption preference shares at premium in a subsidiary company		—	(2,250,000)
Net cash outflow from financing activities		(12,834,190)	(36,113,189)
Net increase/(decrease) in cash and cash equivalents		1,126,572	(1,765,315)
Cash and cash equivalents at beginning of the financial year		(801,425)	963,890
Cash and cash equivalents at end of the financial year	23(b)	325,147	(801,425)

The accompanying notes form an integral part of the accounts.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The accounts have been prepared under the historical cost convention and comply with applicable approved accounting standards.

(b) Basis of consolidation

The consolidated accounts include the accounts of the Company and its subsidiary companies made up to the end of the financial year. The results of subsidiary companies acquired or disposed during the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. All material inter-company balances and transactions have been eliminated on consolidation.

Goodwill and reserve on consolidation represents the difference between the purchase price and the fair value of the net assets of subsidiary companies acquired. Goodwill and reserve on consolidation are amortised over a period of twenty five years.

(c) Investments properties

Investment properties are investments in land and buildings held for long term purposes and are not occupied substantially for use by, or in the operations of the Group. Investment properties are stated at cost and are not depreciated.

(d) Associated companies

A company, other than a subsidiary company, in which the Group has a long term equity investment of between 20% and 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 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.

(e) Investments

Investment in subsidiary and associated companies and other investments are stated at cost and provision is made for permanent diminution in value where considered appropriate.

(f) 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 of each asset over its estimated useful life.

The principal annual rates used are:

Buildings	2%
Plant and machinery	10% - 15%
Motor vehicles	10% - 20%
Furniture and equipment	10%

(g) Deferred expenditure

Deferred expenditure comprises preliminary, pre-operating expenses and licence fee which are stated at cost. Deferred expenditure is amortised on a straight line basis over a period of ten years upon commencement of operations or production.

(h) Stocks

Stocks are stated 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 includes the actual cost of goods and incidentals in bringing the stocks to their present location and condition. Cost is determined principally on the first-in-first-out method.

(i) 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.

(j) Foreign currencies

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

2. TURNOVER

The turnover of the Group represents the invoiced value of goods sold less returns and allowances .

The turnover of the Company represents dividend and interest income.

3. FIXED ASSETS

	Land and buildings RM	Plant, machinery, cabin and motor vehicles RM	Furniture and fittings, and office equipment RM	Capital work-in- progress RM	Total RM
GROUP					
COST					
At 1st January 1999	36,377,245	50,151,696	2,789,134	674,952	89,993,027
Additions	172,456	755,487	471,565	303,486	1,702,994
Disposals	(542,692)	(77,225)	(178,941)	(319,910)	(1,118,768)
Assets written off	–	(881,156)	(38,014)	–	(919,170)
Acquisition of a subsidiary company	–	–	81,823	–	81,823
Disposal of a subsidiary company	–	(6,083,744)	–	–	(6,083,744)
At 31st December 1999	36,007,009	43,865,058	3,125,567	658,528	83,656,162
ACCUMULATED DEPRECIATION					
At 1st January 1999	1,347,423	16,563,961	1,326,537	–	19,237,921
Charge for the financial year	752,363	4,842,320	306,916	–	5,901,599
Disposals	(46,209)	(74,639)	(79,452)	–	(200,300)
Assets written off	–	(881,116)	(35,864)	–	(916,980)
Acquisition of subsidiary	–	–	1,277	–	1,277
At 31st December 1999	2,053,577	20,450,526	1,519,414	–	24,023,517
NET BOOK VALUE					
At 31st December 1999	33,953,432	23,414,532	1,606,153	658,528	59,632,645
At 31st December 1998	35,029,822	33,587,735	1,462,597	674,952	70,755,106
Depreciation charge for the financial year ended 31st December 1998	734,676	4,666,849	347,202	–	5,748,727

NOTES TO THE ACCOUNTS 31st December 1999

- (a) Included in fixed assets are the following assets acquired under hire purchase:

	GROUP
	1999
	RM
Net Book Value at 31st December, 1999:	
Motor vehicles	919,201
	2,532,235

- (b) Analysis of land and buildings as follows:

	Freehold Land and buildings RM	Long leasehold land and buildings RM	Short leasehold land and buildings RM	Buildings RM	Total RM
GROUP					
COST					
At 1st January 1999	7,142,600	20,267,609	7,500,000	1,467,036	36,377,245
Additions	–	171,856	–	600	172,456
Disposal	–	(110,000)	(292,092)	(140,600)	(542,692)
At 31st December 1999	7,142,600	20,329,465	7,207,908	1,327,036	36,007,009
ACCUMULATED DEPRECIATION					
At 1st January 1999	29,323	457,357	785,286	75,457	1,347,423
Charge for the financial year	14,741	322,132	386,849	28,641	752,363
Disposal	–	(2,578)	(35,931)	(7,700)	(46,209)
At 31st December 1999	44,064	776,911	1,136,204	96,398	2,053,577
NET BOOK VALUE					
At 31st December 1999	7,098,536	19,552,554	6,071,704	1,230,638	33,953,432
At 31st December 1998	7,113,277	19,810,252	6,714,714	1,391,579	35,029,822
Depreciation charge for the financial year ended 31st December 1998	14,741	297,951	392,643	29,341	734,676

- (c) Certain landed properties with a carrying value totalling of RM33,046,158 (1998: RM34,005,446) have been pledged as securities for the term loans and short term borrowings of certain subsidiary companies.

NOTES TO THE ACCOUNTS 31st December 1999

- (d) The issuance of title deeds of certain pieces of freehold and leasehold land of the subsidiary companies are pending from the relevant authority as at 31st December 1999.

COMPANY	Office equipment RM
COST	
At 1st January 1999	4,500
At 31st December 1999	<u>4,500</u>
ACCUMULATED DEPRECIATION	
At 1st January 1999	1,575
Charge for the financial year	<u>450</u>
At 31st December 1999	<u>2,025</u>
NET BOOK VALUE	
At 31st December 1999	<u>2,475</u>
At 31st December 1998	<u>2,925</u>
Depreciation charge for the financial year ended 31st December 1998	<u>450</u>

4. INVESTMENT PROPERTIES - at cost

The issuance of title deeds of certain investment properties of subsidiary companies are pending from relevant authorities as at 31st December 1999.

5. SUBSIDIARY COMPANIES

	COMPANY	
	1999 RM	1998 RM
Unquoted shares at cost	43,743,927	43,743,927
Amount due from subsidiary companies	13,569,599	13,582,373
	<u>57,313,526</u>	<u>57,326,300</u>

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

NOTES TO THE ACCOUNTS 31st December 1999

The subsidiary companies are as follows:

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		1999 %	1998 %	
Chuan Huat Hardware Holdings Sdn Bhd	Malaysia	100	100	Investment holding
Chuan Huat Hardware (Sdn) Bhd	Malaysia	100	100	Hardware merchant
Disccomp Magnetics (M) Sdn Bhd	Malaysia	#95.3	#95.3	Manufacturing and marketing of computer disketts
CH Steel Wire Products Sdn Bhd	Malaysia	#70	#70	Processing and trading of steel wire products
SC Multimedia Technology Sdn Bhd (formerly known as CH Multimedia Technology Sdn Bhd)	Malaysia	#100	#100	Computer merchants and retailers
CH Reinforcing Steel (M) Sdn Bhd	Malaysia	#51	#51	Cutting and bending of steel bars
Optical Disc Technology Sdn Bhd	Malaysia	#55	#55	Manufacturing of CD-ROMs, video CDs and audio CDs
ODT Marketing Sdn Bhd	Malaysia	#100	#100	Retailing and supplying of compact discs
SC Multimedia Product Sdn Bhd	Malaysia	#100	#70	Trading in high fidelity sound equipment
Chuan Huat Metal Sdn Bhd	Malaysia	#80	#85	Trading in building materials
Interactive Publication Sdn Bhd	Malaysia	#100	#80	Multimedia publication services
Vibrant Innovations Sdn Bhd	Malaysia	#67	#67	Selling of premium gifts
Triumph Consolidated Sdn Bhd	Malaysia	#93.75	#90	Steel service centre
Chuan Huat Industrial Marketing Sdn Bhd	Malaysia	#100	#100	Hardware dealers and marketing
Consteel Marketing Sdn Bhd	Malaysia	#80	#80	Hardware dealers and marketing
CHRB Utara Sdn Bhd	Malaysia	#97	#97	Dealing in building materials

NOTES TO THE ACCOUNTS 31st December 1999

Name of Company	Country of Incorporation	Holding in Equity		Principal Activities
		1999 %	1998 %	
DM Gold Sdn Bhd	Malaysia	–	#51	Dormant
Richter Precision (Asia) Sdn Bhd (formerly known as Richter Goding Precision (M) Sdn Bhd)	Malaysia	#100	–	Refurbishing of compact disc mould and mirror
Pineapple Computer Systems Sdn Bhd	Malaysia	#55	#30	Retailing in computers and related accessories
Pineapple Computer Training Centre Sdn Bhd (formerly known as Strategic Formula Sdn Bhd)	Malaysia	#100	–	Dormant
Pineapple Computer (1-Utama) Sdn Bhd (formerly known as Gateway Impact Sdn Bhd)	Malaysia	#80	–	Dormant
Pineapple Computer (Low Yat Plaza) Sdn Bhd (formerly known as Strategic Generation Sdn Bhd)	Malaysia	#51	–	Retailing in computers and related accessories
CH-Lion Reinforcing Steel Sdn Bhd (formerly known as South-Pacific Systems Sdn Bhd)	Malaysia	#100	–	Cutting and building of steel bars

Holding in equity by subsidiary companies.

6. ASSOCIATED COMPANY

	GROUP	
	1999 RM	1998 RM
Unquoted shares at cost	2,250,000	2,280,000
Share of post-acquisition losses	(21,607)	(319,689)
	2,228,393	1,960,311
Amount due to an associated company	(331,251)	(152,712)
	1,897,142	1,807,599

NOTES TO THE ACCOUNTS 31st December 1999

The associated company is as follow:

Name of Company	Country of Incorporation	Holding in Equity		Accounting year end	Principal Activities
		1999 %	1998 %		
Vintage Consolidated Sdn Bhd	Malaysia	#25	#25	31st December	Trading, retailing and supplying of all kinds of steel products

Holding in equity by subsidiary company.

7. INVESTMENTS

	GROUP	
	1999 RM	1998 RM
Quoted shares in Malaysia at cost	53,100	53,100
Unquoted shares at cost	1,377,846	1,273,624
	1,430,946	1,326,724
Market value of quoted shares	22,800	14,700

8. INTANGIBLE ASSETS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Deferred expenditure:				
Preliminary expenses	8,700	15,795	2,300	2,300
Pre-operating expenses	153,025	576,151	147,470	147,470
Licence fee	136,600	—	—	—
	298,325	591,946	149,770	149,770
Less: Accumulated amortisation	(78,563)	(33,794)	(44,931)	(29,954)
	219,762	558,152	104,839	119,816
Goodwill on consolidation	136,225	122,310	—	—
Less: Amortisation	(31,111)	(11,664)	—	—
	105,114	110,646	—	—
Total	324,876	668,798	104,839	119,816

9. STOCKS

	GROUP	
	1999 RM	1998 RM
Raw materials	1,565,666	1,329,740
Finished goods	25,692,643	26,718,734
Work-in-progress	150,236	133,821
Consumable goods	—	49,509
	27,408,545	28,231,804
Less: Provision for stock obsolescence	(11,387)	—
	27,397,158	28,231,804

10. TRADE DEBTORS

	GROUP	
	1999 RM	1998 RM
Trade debtors	97,169,738	105,399,500
Less: Provision for doubtful debts	(3,128,995)	(4,252,931)
	94,040,743	101,146,569

11. OTHER DEBTORS, DEPOSIT AND PREPAYMENTS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Other debtors, deposit and prepayments	5,246,279	3,257,284	3,792	793,598
Less: Provision for doubtful debts	(24,873)	—	—	—
	5,221,406	3,257,284	3,792	793,598

12. OTHER CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Other creditors and accruals	8,314,725	9,299,270	24,000	28,428
Hire purchase and lease creditors (Note 16)	224,168	564,619	—	—
	8,538,893	9,863,889	24,000	28,428

13. SHORT-TERM BORROWINGS

	GROUP	
	1999 RM	1998 RM
Bank overdrafts		
- unsecured	484,937	1,216,489
- secured	797,064	1,124,819
Bills payable		
- unsecured	67,944,882	78,232,000
- secured	2,683,000	1,752,000
Term loans		
- Portion repayable within one year (Note 17)	2,942,683	3,123,698
	74,852,566	85,449,006

The short-term borrowings of certain subsidiary companies are secured by landed properties of the subsidiary companies.

The short term borrowings carry interest rates ranging from 0.75% to 2.0% per annum above the respective bank's base lending rate.

14. SHARE CAPITAL

	GROUP AND COMPANY	
	1999	1998
	RM	RM
Authorised:		
Ordinary shares of RM1.00 each		
At 1st January	50,000,000	50,000,000
Created during the financial year	50,000,000	—
At 31st December	100,000,000	50,000,000
Issued and fully paid:		
39,999,000 Ordinary shares of RM1.00 each	39,999,000	39,999,000

As at 31st December 1999, there were 19,999,500 warrants with a right to subscribe for ordinary shares of the Company on the basis of one new ordinary share for every one warrant held and not exercised at the subscription price of RM1.00 per ordinary share. These warrant holders may exercise their right at any time not later than 5.00 p.m. on 13th August, 2004.

15. RESERVES

	<u>Non-distributable</u>		<u>Distributable</u>			
	Share Premium	Reserve on Consolidation	Capital reserves	Retained profit	1999 Total	1998 Total
	RM	RM	RM	RM	RM	RM
GROUP						
At 1st January	16,741,518	11,345,933	134,177	6,797,430	35,019,058	35,835,694
Listing expenses	(18,806)	—	—	—	(18,806)	—
Reserve on consolidation	—	12,119	—	—	12,119	(71,090)
Amortisation of reserve on consolidation	—	(493,910)	—	—	(493,910)	(493,425)
Profit for the financial year	—	—	—	3,911,930	3,911,930	89,202
Premium on redemption of preference shares	—	—	—	—	—	(393,000)
Accretion arising from change in equity interest in a subsidiary company	—	—	2,175	—	2,175	51,677
At 31st December	16,722,712	10,864,142	136,352	10,709,360	38,432,566	35,019,058

NOTES TO THE ACCOUNTS 31st December 1999

	<u>Non-distributable</u>	<u>Distributable</u>			
	Share Premium RM	Reserve on Consolidation RM	Retained profit RM	1999 Total RM	1998 Total RM
COMPANY					
At 1st January	16,741,518	–	721,723	17,463,241	17,461,606
Listing expenses	(18,806)	–	–	(18,806)	–
(Loss)/profit for the financial year	–	–	(326,421)	(326,421)	1,635
At 31st December	16,722,712	–	395,302	17,118,014	17,463,241

16. DEFERRED CREDITORS

	GROUP	
	1999 RM	1998 RM
Hire purchase creditors	390,763	752,331
Less: Portion payable within one year and included in other creditors and accruals (Note 12)	(224,168)	(564,619)
	166,595	187,712
Others - Loan from a director	1,120,000	1,080,000
- Loan from a company in which certain directors have interest	4,761,937	4,601,937
- Loan from a minority shareholder of a subsidiary company	–	1,255,000
	6,048,532	7,124,649

The loan from a director and loan from a company in which certain directors have interest are unsecured and carry interest at 4% per annum.

The loans are repayable after one year.

17. TERM LOANS

	GROUP	
	1999 RM	1998 RM
Term loans - secured	7,344,694	9,096,230
- unsecured	438,569	-
	7,783,263	9,096,230
Less: Portion repayable within one year (Note 13)	(2,942,683)	(3,123,698)
	4,840,580	5,972,532

The term loans are repayable over the following periods:

	GROUP	
	1999 RM	1998 RM
Within one year	2,942,683	3,123,698
From one to two years	2,230,736	3,997,274
From two to five years	1,903,025	723,140
Over five years	706,819	1,252,118
	7,783,263	9,096,230

The term loans are secured by way of charges over the landed properties of certain subsidiary companies. The term loans carry interest rates ranging from 1% to 2% per annum above the respective bank's base lending rate.

18. DEFERRED TAXATION

	GROUP	
	1999 RM	1998 RM
Deferred taxation provided for in the accounts:		
- excess of capital allowances over depreciation	368,390	354,710
- timing differences on unrealised foreign exchange gain	-	411,000
	368,390	765,710
Deferred taxation not provided for in the accounts:		
- timing differences on fixed assets which are not expected to reverse in the foreseeable future	3,585,600	3,889,000
	3,585,600	3,889,000
Tax losses carried forward for which no credit has been taken in the net income of the current or prior years	1,410,500	826,000
	1,410,500	826,000
Unabsorbed capital allowances for which no credit has been taken in the net income of the current or prior years	2,468,000	1,900,000
	2,468,000	1,900,000

The tax losses and unabsorbed capital allowances carried forward are subject to agreement with the tax authorities.

19. PROFIT BEFORE TAXATION

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
After charging:				
Directors' remuneration:				
- fees	79,000	63,000	16,000	16,000
- overprovision in prior year	—	(4,000)	—	(4,000)
- other emoluments	747,518	754,290	—	—
Auditors' remuneration:				
- current year	72,100	67,000	4,000	4,000
Depreciation	5,901,599	5,748,727	450	450
Interest expenses on:				
- bills payable	1,711,985	4,295,471	—	—
- bank overdrafts	175,948	333,344	—	—
- term loans	793,343	1,396,677	—	—
- loan from a director	40,000	40,000	—	—
- loan from a company in which certain directors have interest	160,000	160,000	—	—
- others	137,573	657,546	—	—
Amortisation of:				
- goodwill on consolidation	19,447	5,532	—	—
- deferred expenditure	44,769	25,155	14,977	14,977
Rental of premises	150,720	57,380	—	—
Rental of office equipment	87,647	—	—	—
Provision for:				
- doubtful debts	807,955	3,886,100	—	—
- stock obsolescence	11,387	—	—	—
Loss on disposal of fixed assets	51,623	146,730	—	—
Bad debts written off	1,536,782	—	—	—
Fixed assets written off	2,129	—	—	—
Loss on disposal of investment properties	54,681	—	—	—
And crediting:				
Rental income from:				
- directors	9,600	9,600	—	—
- others	668,737	545,049	—	—
Gross dividend income from:				
- quoted investment in Malaysia	—	54	—	—
- subsidiary company	—	—	—	1,098,900
Amortisation of reserve on consolidation	493,910	493,425	—	—
Interest income:				
- fixed deposit	41,992	—	—	—
- others	779	—	—	—
Provision for doubtful debts written back	1,907,018	—	—	—
Profit on disposal of fixed assets	70,304	69,604	—	—
Management fee from subsidiary companies	—	—	48,000	48,000

20. TAXATION

	GROUP		COMPANY	
	1999 RM	1998 RM	1999 RM	1998 RM
Current year provision	17,000	1,469,239	–	314,000
(Over)/under provision in prior years	(41,121)	(101,739)	(4,849)	6,795
Share in taxation of associated company	10,874	20,664	–	–
Deferred taxation	(397,320)	(102,690)	–	–
	(410,567)	1,285,474	(4,849)	320,795

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

The Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend out of all its unappropriate profit as at 31st December, 1999.

21. DIVIDEND

	GROUP AND COMPANY	
	1999 RM	1998 RM
Proposed first and final dividend of 1% less 28% income tax (1998: 2.5% less 28% income tax)	287,993	719,982

22. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit after tax and minority interest of RM4,219,991 (1998: RM809,184) by the weighted average number of shares of 39,999,000 (1998: 39,999,000) in issue during the financial year.

The fully diluted earnings per share is calculated by dividing the Group's profit after tax and minority interest of RM4,219,991 (1998: RM809,184) by the weighted average number of ordinary shares of 59,998,500 (1998: 59,998,500) that include warrants that would have been exercised at that date.

23. CONSOLIDATED CASH FLOW STATEMENT

a) Adjustments for non-cash items and interests

	GROUP	
	1999 RM	1998 RM
Amortisation of goodwill	19,447	5,532
Amortisation of deferred expenditure	44,769	25,155
Amortisation of reserve on consolidation	(493,910)	(493,425)
Depreciation	5,901,599	5,748,727
Loss/(Gain) on disposal of fixed assets	36,303	(69,604)
Loss on disposal of investments	54,681	146,730
Interest income	(42,771)	(45,466)
Interest expenses	3,018,849	6,883,038
Share of (profit)/loss in an associated company	(358,133)	250,121
Other non cash items	—	109
Provision for doubtful debts	(1,099,063)	3,866,100
Fixed assets written off	2,190	—
Stock written off	11,387	—
	7,095,348	16,317,017

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

	GROUP	
	1999 RM	1998 RM
Cash and bank balances	1,607,148	1,539,883
Bank overdrafts	(1,282,001)	(2,341,308)
	325,147	(801,425)

24. SUMMARY OF EFFECTS ON DISPOSAL OF A SUBSIDIARY COMPANY

(a) Net assets disposed

	GROUP 1999 RM
Fixed assets	6,083,744
Intangible assets	438,065
Cash at bank	127
Current liabilities	(521,936)
Minority interests	(5,500,000)
Net assets	500,000
Gain on disposal of a subsidiary company	—
Cash consideration	500,000
Less: Cash at bank disposed	(127)
Cash flow on disposal net of cash at bank disposed	499,873

SUMMARY OF EFFECTS ON ACQUISITION OF SUBSIDIARY COMPANIES

(b) Net assets acquired

	GROUP 1999 RM
Fixed assets	80,546
Stocks	95,128
Debtors	508,027
Cash and bank balances	41,653
Creditors	(538,106)
Minority interests	(75,663)
Net assets acquired	111,585
Reserves on consolidation	(8,447)
Goodwill	7,441
Purchase consideration	110,579
Less: Reclassification from an associated company	(30,577)
Cash and bank balances acquired	(41,653)
Cash flows on acquisition net of cash and bank balances acquired	38,349

25. CAPITAL COMMITMENTS

The Group has commitments as follows:

	GROUP 1999 RM	1998 RM
Capital expenditure approved and contracted for	874,996	123,326

26. CONTINGENT LIABILITIES

	COMPANY 1999 RM	1998 RM
Guarantees in respects of banking facilities granted to subsidiary companies		
- unsecured	45,550,000	43,550,000

27. SEGMENTAL ANALYSIS

	Turnover RM	Profit/ (Loss) RM	Total Assets Employed RM
1999			
Trading in hardware and building materials	159,948,208	4,095,508	131,516,347
Manufacturing and trading of information technology related products	27,365,930	842,286	35,468,138
Investment holding	352,585	(1,949,174)	32,086,455
	<u>187,666,723</u>	<u>2,988,620</u>	<u>199,070,940</u>
Share of profit in associated company		358,133	
Non segment activities		474,463	
		<u>3,821,216</u>	
1998			
Trading in hardware and building materials	204,488,042	3,764,494	134,028,802
Manufacturing and trading of information technology related products	16,867,226	1,496,740	45,423,404
Investment holding	153,542	(3,676,924)	32,720,134
	<u>221,508,810</u>	<u>1,584,310</u>	<u>212,172,340</u>
Share of loss in associated companies		(250,121)	
Non segment activities		493,425	
		<u>1,827,614</u>	

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

28. COMPARATIVE FIGURES

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

LIST OF PROPERTIES

Description of Properties/ Usage	Location	Land Area/ Build-Up Area (sq.metre)	Tenure /Approximate Age Of Building (years)	Net Book Value (RM'000)
Leasehold industrial land used as open warehouse	Lot 17, Section 92A Town of Kuala Lumpur Wilayah Persekutuan	3,333	Leasehold 42 years expiring in 2017 / –	950
Leasehold industrial land with warehouse cum office block	P.T.50, Section 92A Town of Kuala Lumpur Wilayah Persekutuan	4,919/3,257	Leasehold 42 years expiring in 2017 / 8	3,343
Leasehold industrial land with factory cum office block	P.T.1651, Mukim Setul District of Seremban Nilai Industrial Estate Negeri Sembilan	15,570/7,041	Leasehold 99 years expiring in 2090 / 10	5,282
Leasehold industrial land factory cum office block and canteen [#]	P.T.1888, Mukim Setul District of Seremban Nilai Industrial Estate Negeri Sembilan	28,416/6,297	Leasehold 99 years expiring in 2091 / 6	7,240
2 Apartment / Vacant	Units A4-5 & A4-6 Tudor Court Apartment Taman Rasmi Jaya Ampang	9,920/82 per unit	Leasehold 99 years expiring in 2090 /15	150
Office Space / rented out	Unit P5.04, 5th Floor BICMA Building Lot 2, Jalan 243/51A Petaling Jaya	4,750/898	Leasehold 99 years expiring in 2073 / 10	295
2 plots of leasehold industrial land with a factory each / rented out	Lot Nos. 3017 & 3018 65 Jalan Medan 3 Taman Medan Petaling Jaya, Selangor	167 per lot	Leasehold 99 years expiring in 2073 / 10	441
Freehold land with a bungalow house / vacant	Lot No. 17495 Mukim and District of Kuala Lumpur, Wilayah Persekutuan	692/327	Freehold / 21	499
Freehold land with a bungalow house / vacant	Lot No. 17339, Mukim Land District of Kuala Lumpur Wilayah Persekutuan	418/274	Freehold / 21	419
Freehold land with a bungalow house / vacant	Lot No. 28416 Mukim and District of Kuala Lumpur Wilayah Persekutuan	515/428	Freehold / 21	536

[#] The canteen was constructed in current year with built-up area of 279 sq. metre.

LIST OF PROPERTIES

Description of Properties/ Usage	Location	Land Area/ Build-Up Area (sq.metre)	Tenure /Approximate Age Of Building (years)	Net Book Value (RM'000)
Leasehold industrial land with 2-storey industrial building	P.T. No. 4, Section 92 Town of Kuala Lumpur Wilayah Persekutuan	4047	Leasehold 42 years expiring in 2009 / 50	1,077
Leasehold industrial land used as open warehouse	Lot No.19, Section 92A Town of Kuala Lumpur Wilayah Persekutuan	2,465	Leasehold 42 years expiring in 2017 / –	514
Leasehold industrial land with factory cum office Building	Lot 1566, Mukim of Setul District of Seremban Nilai Indutsrial Estate Negeri Sembilan.	16,820 / 2,358	Leasehold 99 years expiring in 2089 / 11	3,865
Leasehold land with double-storey house / Vacant	P.T.No. 9463 Mukim Of Ampang District of Ulu Langat Selangor darul Ehsan	218 / 84	Leasehold 99 years expiring in 2085 / 15	101
Apartment / Vacant	P.T.No. 10330, Mukim And District of Bentung Pahang	60 / 60	Freehold / 5	188
Freehold land with Double-storey House / Vacant	PT No 10258, Des Melati Bandar Baru Nilai Seremban	167.2/166.09	Freehold / 3	212
Freehold land with Double-Storey house / Vacant	PT No 5590, Desa Anggerik Phase 4 Bandar Baru Nilai Seremban	282.2/120.75	Freehold / 4	170
Shoplot 4½ storey / rented out	34-2 Jalan Wangsa 2/5 Taman Wangsa Permai 52100 Kuala Lumpur	1,221.42	Leasehold 99 years expiring 2098 / 2	130
Townhouse / rented out	Lot C28-1B 1st Floor Block C0 56 Jalan 1/155A Bukit OUG Kuala Lumpur	1,185	Freehold / 3	218
Freehold Land used as open warehouse	Lot 10464 5th Miles Kg Jawa Off Jalan Bukit Kemuning 41000 Kelang	40,645.82	Freehold / –	5,645

LIST OF PROPERTIES

Description of Properties/ Usage	Location	Land Area/ Build-Up Area (sq.metre)	Tenure /Approximate Age Of Building (years)	Net Book Value (RM'000)
Vacant Industrial Land	Plot P204 Bukit Minyak Ind. Area Mukit 13 Central District Pulau Pinang	14,163.99	Leasehold 60 years expiring 2057/-	1,817
Shoplot- 2- Storey / Vacant	No 66 Jalan SBC 3 Taman Sri Batu Caves 68100 Batu Caves	193.4	Freehold / 3	458
Apartment / Vacant	Unit 12/132 (Gold Mansion) Pangsapuri Pasir Emas Straits Court, Melaka	992.20	Freehold / 3	154
Vacant Land	Lot 6 Jalan 7 Kawasan Perusahaan Foundry dan Kejuruteraan Rasa, Hulu Selangor	10,927	Leasehold 99 years expiring 2095 / -	806
2 Lots of three storey shop houses/ Vacant	Lot 7251 & 7252 Jalan BBN, 1-2A Bandar Baru Nilai 71800 Nilai Negeri Sembilan	167.2/150.5 per lot	Freehold / 4	785
5 Storey Shop Lot / 2 Vacant & 3 rented out	Block B Unit 11 Level 1-5 Krystal Point Commercial Centre Bayan Lepas Penang	Level 1 - 949.0 Level 2-5 -1,049.0	Freehold / 2	1,438
Apartment / Vacant	No 4/15 15th Floor Desa Bistari Phase II Penang	700.0	Freehold / 2	112
Apartment / Vacant	Block No N-9-12 Desa Medura Taman Desa Relau 2 Penang	700.0	Freehold / 2	122
	No 10 Storey No 10 Block B Suria Mutiara Penang	830.0	Freehold / 2	148
4½ storey shopoffice/ Vacant	53-C, Tingkat 2 Jalan BRP 6/10 Bukit Rahman Putra Seksyen U20, Shah Alam Selangor	153.3	Freehold / 2	149

LIST OF PROPERTIES

Description of Properties/ Usage	Location	Land Area/ Build-Up Area (sq.metre)	Tenure /Approximate Age Of Building (years)	Net Book Value (RM'000)
Double storey terrace House / Vacant	82, Taman Lian Hoe Jalan Kuchai Lama 58100 Kuala Lumpur	148.6	Freehold / 15	183
Single storey terrace House / Vacant	12, Jalan Kenari 12E/8 Lembah Beringin 44110 Kuala Kubu Bahru Selangor	132.8	Freehold / 3	90
Condominium / Vacant	30-21-4, Reagon Tower Pandan Height Taman Pandan Perdana 56100 Kuala Lumpur	199.5	Freehold / 3	264
3 units Condominium / vacant	T1-E, T1-F & T2-E Kampong Warisan Condo Jalan Jelatek, Ampang Kuala Lumpur	130.4 per unit	Freehold / 4	902
4 storey shopoffice / 1 storey rented out & 3 vacant	19, Lorong Tiara 1B Bandar Baru Klang 41150 Klang Klang	306.5	Leasehold 99 years expiring 2093 / 8	2,300
Condominium / Vacant	A7-08, Block A Sri Alam Condo Jalan Kelab Golf 13/1 40100, Shah Alam	234.6	Freehold / 5	469

ANALYSIS BY SIZE OF SHAREHOLDINGS as at 21st April 2000

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage Of Shares
1 – 1,000	1,851	60.18	1,847,311	4.62
1,001 – 5,000	989	32.15	2,856,500	7.14
5,001 – 10,000	147	4.78	1,197,000	2.99
Above 10,000	89	2.89	34,098,189	85.25
Total	3,076	100.00	39,999,000	100.00

LIST OF TOP 20 SHAREHOLDERS / DEPOSITORS as at 21st April 2000

NO.	NAME	NUMBER OF SHARES	PERCENTAGE
1.	LIM KHOON HENG	4,768,175	11.92
2.	LIM KHOON HOCK	4,768,174	11.92
3.	LIM LOONG HENG	4,768,174	11.92
4.	DATO' WAN ZAKI BIN WAN MUDA	3,835,197	9.58
5.	TAN SRI WAN AZMI BIN WAN HAMZAH	2,858,362	7.14
6.	W MOHAMED @ NIK AZAM BIN WAN HAMZAH	1,997,360	4.99
7.	CHEN CHIN SANG	1,798,316	4.49
8.	LIM KIM CHUAN	1,798,142	4.49
9.	HEW KWEE WON	1,798,133	4.49
10.	CHONG MOAN LAM @ CHEONG MOON LAM	1,394,500	3.48
11.	LEMBAGA TABUNG HAJI	600,000	1.50
12.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD UBS AG SINGAPORE FOR PACIFIC INVESTMENT FUND	334,000	0.83
13.	CHONG KIM FOO	305,312	0.76
14.	AU WENG KEONG	235,500	0.58
15.	MAYBAN SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEOW CHOW KUEN	227,000	0.56
16.	WONG GUANG SENG	200,000	0.50
17.	RHB NOMINEES (ASING) SDN BHD RHB-CATHAY SECURITIES PTE LTD FOR LEE CHIN WENG	198,000	0.49
18.	YEANG KIM SIEW	188,000	0.47
19.	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DALI KUMAR @ DALI BIN SARDAR	120,000	0.30
20.	AMANAH RAYA NOMINEES (TEMPATAN) SDN BHD AMANAH SAHAM JOHOR	110,000	0.27
		32,302,345	80.68

LIST OF SUBSTANTIAL SHAREHOLDERS

NAME	HOLDINGS	PERCENTAGE
LIM KHOON HENG	4,768,175	11.92
LIM LOONG HENG	4,768,174	11.92
LIM KHOON HOCK	4,768,174	11.92
DATO WAN ZAKI BIN WAN MUDA	3,835,197	9.58
TAN SRI WAN AZMI BIN WAN HAMZAH	2,835,197	7.14
WAN MOHAMED ALIAS NIK AZAM BIN WAN HAMZAH	1,997,360	4.99
CHEN CHIN SANG	1,798,316	4.49
LIM KIM CHUAN	1,798,142	4.49
HEW KWEE WON	1,798,133	4.49
CHONG MOAN LAM @ CHEONG MOON LAM	1,394,500	3.48

VOTING RIGHTS OF SHAREHOLDERS

Every member of the Company in person or by proxy shall have one (1) vote on a show of hands, in case of poll, shall have one (1) vote for every share he is the holder.

DIRECTORS' INTERESTS as at 21 January 2000

The Directors' interest in the Company and its subsidiaries as at 31st December 1999 as shown in the Directors' Report, remain unchanged as at 21 January 2000.

CHUAN HUAT RESOURCES BERHAD (290729-W)
(Incorporated in Malaysia)

PROXY FORM

I/We,.....
of
being a member/members of **Chuan Huat Resources Berhad**, hereby appoint
.....of.....
.....
or failing him/herof.....
.....
as my/our proxy to vote for me/us and on my/our behalf at the Sixth Annual General Meeting of the Company to be held at **Dorsett Regency Kuala Lumpur, Alamanda Room, 2nd Floor, 172, Jalan Imbi, 55199 Kuala Lumpur on 13 June 2000 at 11.30 a.m.** and at every adjournment thereof.

RESOLUTIONS		FOR	AGAINST
No. 1	Adoption of Reports and Accounts		
No. 2	Approval of First and Final Dividend		
No. 3	Approval of Payment of Directors' Fees		
	Re-election of the following Directors :-		
No. 4	Tengku Yunus Kamaruddin		
No. 5	Lim Khoo Hock		
No. 6	Dali Kumar @ Dali Bin Sardar		
	Re-appoint the following Directors retiring pursuant to Section 129(2) of the Companies Act, 1965 who seek re-election under Section 129(6) of the said Act to hold office until the next Annual General Meeting		
No.7	Lim Kim Chuan		
No. 8	Hew Kwee Won		
No. 9	Re-appointment of Auditors		
No. 10	Approval for Directors to issue shares pursuant to Section 132D		

Please indicate with an "X" in the spaces as to how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion.

No. of shares	
---------------	--

Signature :

Date :

Notes :-

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy to attend and vote in his instead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
2. A member shall be entitled to appoint more than one(1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one(1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. 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, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. All Forms of Proxy should be deposited at the Company's Registered Office, Wisma Lim Kim Chuan, Lot 50A, Section 92A, Section 92A, 3 1/2 Miles, Off Jalan Sungei Besi 57100 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the Meeting, or any adjournment thereof.
5. Any alteration made on this form should be initialed by the person who signs it.

VIDEO PRESENTATION

[Click here to start the video](#)