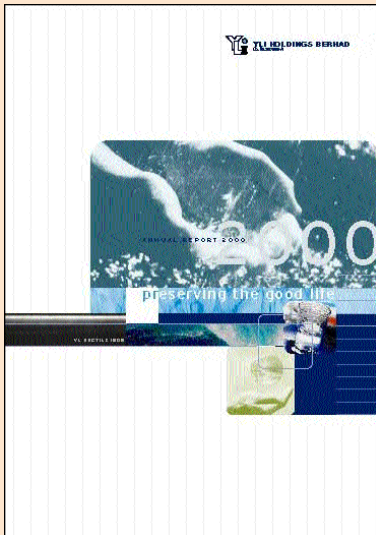


COVER RATIONALE

We live in a world where change is the most constant factor. In Malaysia, our economic expansion and multi-cultural society continue to spur greater challenges for us in meeting the needs of its people. Population growth itself is spawning new demands for a better life. People are constantly engaging in ways to secure a brighter future for their children.

There is a need to recognize that amidst the context of these activities, the demand for water which is a basic ingredient of life, never runs out. As the nation moves towards a more industrialized future, it is the highest calling of the people in YLI to contribute their part in providing high quality pipes and other related products that are essential to upgrade water coverage.

Our fundamental approach is to uphold this vision to preserve the good life of the people domestically and internationally.



CONTENTS

02	Corporate information	
03	Audit committee	
04	Financial highlights	_____
05	Financial track record	_____
06	Board of directors	_____
08	Chairman's statement	_____
11	Financial report	_____
33	Analysis of shareholdings	_____
35	Properties of the group	_____
37	Notice of annual general meeting	_____
39	Proxy form	_____





CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE CHAIRMAN

Loh Eng Kim

GROUP MANAGING DIRECTOR

Loh Yok Yeong

EXECUTIVE DIRECTOR

Lee Then Wah

DIRECTORS

Dato' Ir. Syed Muhammad Shahabudin

Dato' Haji Yahaya bin Ahmad

Puan Khairah binti Tahir

Chan Kok Soo

Foong Kai Choong

AUDIT COMMITTEE

Chan Kok Soo CHAIRMAN
Puan Khairah binti Tahir
Loh Yok Yeong

COMPANY SECRETARY

Molly Gunn Chit Geok
MAICSA 0673097

AUDITORS

PricewaterhouseCoopers
Public Accountants

PRINCIPAL BANKERS

ABN-Amro Bank Berhad
Malayan Banking Berhad
Southern Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRARS

Plantation Agencies Sdn Bhd
Standard Chartered Bank Chambers
Lebuh Pantai
10300 Penang

REGISTERED OFFICE

71-A Jalan Jelutong
11600 Penang, Malaysia
Tel 04 282 1942

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange
Second Board

AUDIT COMMITTEE

MEMBERS OF THE COMMITTEE

Mr Chan Kok Soo CHAIRMAN
(Independent, Non-Executive Director)

Puan Khairah binti Tahir
(Independent, Non-Executive Director)

Mr Loh Yok Yeong
(Executive Director)

TERMS OF REFERENCE

COMPOSITION OF COMMITTEE

1. The Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise not fewer than three (3) members.
2. There shall be a majority of the Committee which shall not be:
 - a) Executive Directors of the Company or any related corporation;
 - b) a spouse, parent, brother, sister, son or adopted son or daughter or adopted daughter of an Executive Director of the Company or 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 the independent judgement in carrying out the functions of the Committee.
3. Members of the Committee shall elect a Chairman of the Committee who shall not be an Executive Director or an employee of the Company or any related corporation.
4. The Company Secretary or if more than one, any one of them, shall be the Secretary of the Committee.
5. If a member of the Committee shall for any reason whatsoever cease to be a member with the result that the Committee shall be reduced to a number less than three (3), the Board shall within three (3) months from the date the last outgoing member ceases to be a member of the Committee, appoint such number of members as shall be necessary to ensure a Committee of not less than three (3).

MEETINGS OF THE COMMITTEE

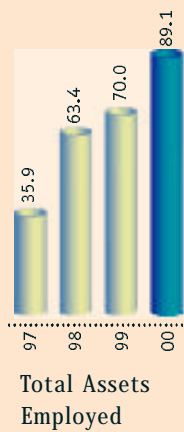
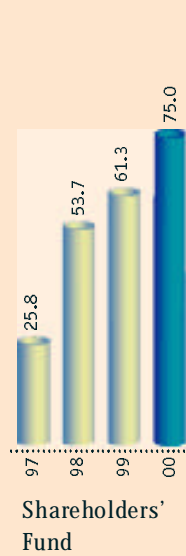
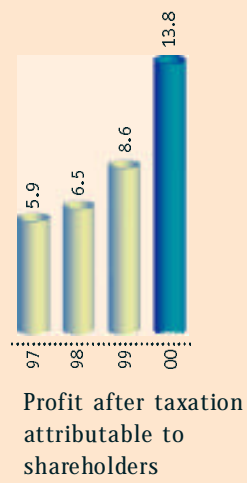
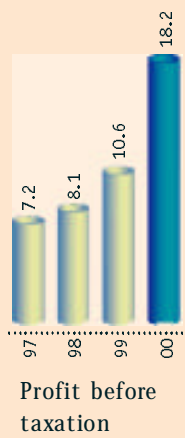
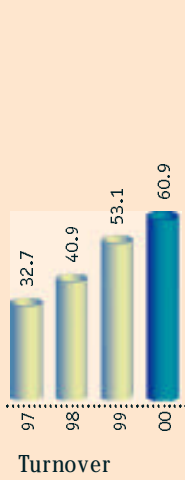
1. The Committee shall have no less than two (2) meetings in a financial year.
2. The Chairman of the Committee shall, upon receipt of a request by the auditor, convene a meeting to consider any matters the auditor believes should be brought to the attention of the Board of Directors or shareholders.
3. The quorum of all meetings of the Committee shall be two (2) members of whom at least one, must be an independent non-executive director.
4. The Secretary of the Committee shall give notice of the meeting including the agenda to all members of the Committee and the auditor no less than forty eight (48) hours before the relevant meeting. The Secretary shall further record minutes of all meetings and maintain a record of minutes of all meetings held by the Committee. The Secretary shall circulate minutes of a meeting of the Committee to all members of the Board of Directors as soon as the same is available.

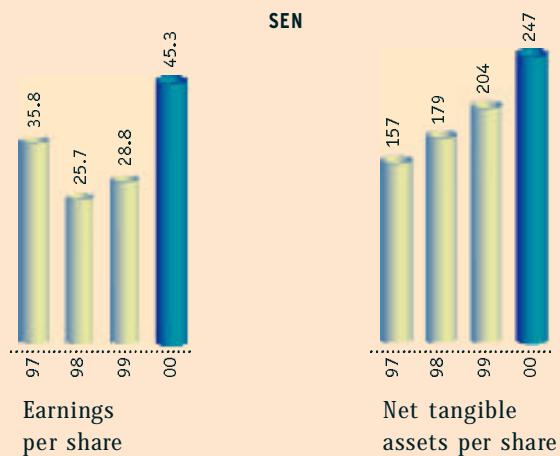
PURPOSE AND FUNCTIONS OF THE COMMITTEE

1. The objectives of the Committee shall include the following:-
 - a) Assist the Board of Directors in matters of statutory and financial duties and compliance thereto in respect of financial reporting including examination and monitoring of accounting practices of the Company.
 - b) Assist the Board of Directors in matters of internal audits and controls to ensure that the Company operates according to sound and prescribed procedures and codes of conduct.
2. The function of the Committee shall be:-
 - a) to review -
 - i) with the auditor, the audit plan;
 - ii) with the auditor, his evaluation of the system of internal accounting controls;
 - iii) with the auditor, his audit report;
 - iv) the scope and practice of the Management in its working with and assistance given to the auditors;
 - v) the yearly balance sheet and profit and loss account of the Company including the consolidated balance sheet and profit and loss account and thereafter to submit them to the Board of Directors;
 - vi) any related party transactions that may arise within the Company or group and;
 - b) to nominate a person or persons as auditors and consider the audit fee, and any questions of resignation or dismissal.



FINANCIAL HIGHLIGHTS




FINANCIAL TRACK RECORD


		← FINANCIAL YEAR ENDED 31 MARCH →				
		2000	1999	1998	1997	1996
Turnover	(RM million)	60.9	53.1	40.9	32.7	25.9
Profit before taxation	(RM million)	18.2	10.6	8.1	7.2	6.5
Profit after taxation attributable to shareholders	(RM million)	13.8	8.6	6.5	5.9	4.8
Shareholders' funds	(RM million)	75.0	61.3	53.7	25.8	N/A
Total assets employed	(RM million)	89.1	70.0	63.4	35.9	N/A
Profit after taxation as a percentage of shareholders' funds	(%)	18.4	14.0	12.1	12.7	N/A
Earnings per share	(sen)	45.3	28.8	25.7 [#]	35.8 ^{**}	29.2
Net tangible assets per share	(RM)	2.47	2.04	1.79	1.57 ^{**}	N/A
No of shares in issue	('000)	30,346	30,000	30,000	25,436 [*]	16,406 [*]

* Weighted average number of shares in issue during the year

** Calculated based on 16,406,000 shares in issue

Calculated based on weighted average number of shares in issue of 25,435,781



||| BOARD OF DIRECTORS

MR LOH TOA THAU @ LOH ENG KIM was appointed as the Executive Chairman in May 1997. He is one of the founders of the Group when the group first began its operations in the 1960s following the setting up of Yew Lean Foundry & Co (“Yew Lean”). He has vast experience and skills in all aspects of the iron trade and industry. He is credited for charting the growth of the Group since the inception of Yew Lean which has grown from a small concern to become the leading Ductile Iron pipe manufacturer in Malaysia. He also sits on the Board of several companies including subsidiaries of the YLI Group.

MR LOH YOK YEONG was appointed as the Group Managing Director in May 1997. He started his career with the Group in 1986 when he joined Yew Lean as an Assistant Manager. Over the years, he has held key positions in Sales, Production and Business Development within the Group. He graduated with a Bachelor of Science degree with a double major in Production and Operations Management and Marketing from the Ohio State University, United States. As the Group Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various companies including subsidiaries of the YLI Group.

MR LEE THEN WAH was appointed as Group Executive Director in October 1997. He graduated with a Bachelor of Science degree in Chemical Engineering from the National Cheng Kung University, Taiwan in 1965. He started his career in the iron and steel industry in 1966 when he joined Malayawata Steel Bhd as Production Engineer.

Prior to his appointment to the Board, he was the factory manager of Yew Lean, a position he has held since July 1984. In his present capacity, he oversees the Group's manufacturing plants and factory operations.

DATO' IR. SYED MUHAMMAD SHAHABUDIN was appointed to the Board in December 1998. He has been in the water engineering field for more than 30 years. He has devoted the earlier part of his career in the public sector serving the Public Works Department, Malaysia; nearly all the time in the water section. His last appointment was as Chief Executive Engineer, Penang Water Authority. The later part of his career was spent in the private sector; in the consulting engineering industry specialising mainly in water engineering.

In January 1975, he became a partner in the consulting engineering firm of Binnie dan Rakan. The firm was restructured in 1980 as Syed Muhammad, Hooi dan Binnie Sdn Bhd and he became the Chairman and Managing Director. When the firm was restructured in 1995 as SMHB Sdn Bhd, he assumed the duty as Executive Chairman. As a consulting engineer, he has been involved in several project feasibility studies in water supply, water supply distribution and upgrading studies, multi purpose water resources and river basin, drainage and irrigation and sewerage.

He is President of the Malaysian Water Association (MWA).



DATO' HAJI YAHAYA BIN AHMAD was appointed to the Board in October 1998. He is formerly a state assemblyman for 10 years serving the Penang State Government and has been actively involved in politics and social activities. Prior to his retirement, he was serving in the public sector for 35 years as a headmaster. He also sits on the board of several private companies in Malaysia.

PUAN KHAIRAH TAHIR was appointed as Director in May 1997 bringing with her more than 20 years experience in water industry. She graduated from the Institute of Marketing (United Kingdom) with a Diploma in Marketing in 1974 and started her career with George Kent (Malaysia) Berhad in the same year. Since 1988, she has been the Managing Director of Pakar Sains Sdn Bhd, a private limited company principally involved in the supply of water meters, pipes and related waterworks instrument and equipment.

MR CHAN KOK SOO was appointed as Director in May 1997. He graduated in 1960 with a Bachelor of Science in Engineering from University of Malaya and is a registered Professional Engineer (in Malaysia) and is the Non-Executive Vice-Chairman of George Kent (Malaysia) Berhad ("GKM"). He joined GKM in 1960 and was appointed as a Director on 24 September 1968 and subsequently as Managing Director on 1 July 1978. He held this position until his retirement on 31 July 1990 whereupon he was appointed as Vice-Chairman.

MR FOONG KAI CHOONG was appointed to the Board in October 1997. He holds a Bachelor of Law (Honours) degree from Universiti Malaya and was called to the Malaysian Bar in 1987. He is a partner in his own legal firm of advocates and solicitors since 1991.



CHAIRMAN'S STATEMENT



Mould maintenance

FINANCIAL RESULTS

I am pleased to present the annual report and audited accounts of the Group and the Company for the financial year ended 31 March 2000.

The Group registered an increase of 71.67% in pretax profit to RM18.2 million as compared to RM10.6 million in the previous year. This was attributed mainly to higher productivity and better utilisation of resources. Turnover has increased to RM60.9 million compared to RM53.1 million in the preceding year. Both earnings per share and net tangible assets per share have also improved significantly by 57.3% and 21.1% to 45.35 sen and RM2.47 respectively. Group shareholders' funds stood at RM75.0 million as at financial year ended 31 March 2000.

PROFIT GUARANTEE

The Group has successfully met and exceeded the profit guarantee for the third consecutive year and has thus fulfilled its profit guarantee as per its listing requirements.

DIVIDEND

In view of the favourable results, your Directors are recommending a first and final dividend of 5 sen per share less tax of 28% for the financial year ended 31 March 2000.

OPERATIONS HIGHLIGHTS

The Group is now in the midst of upgrading its manufacturing operations to increase its production capacity from 30,000 metric tonnes per annum to 50,000 metric tonnes per annum before the end of the current financial year. Investment of RM30 million will be spent on new machinery, equipment as well as two pieces of land to accommodate the expanded facilities of which RM15 million have been spent during the year under review.

Logam Utara (M) Sdn Bhd ("Logam"), a wholly-owned subsidiary has ventured into the manufacturing of tapping sleeves. Logam is also providing the finishing for waterworks products such as water tanks and couplings as well as sewerage products using a special protective coating called Lusan™ (Rilsan). During the year, Logam has also secured an exclusive distributorship from Hydrastop, USA for the marketing of hydra-tapper hot tapping machine in West Malaysia. The Lusan™ (Rilsan) coated couplings and tapping sleeves are also complementary accessories for the Hydra-Tapper hot tapping machines.



Construction of new factory building-in-progress

New training centre for production workers

YEAR 2000 COMPLIANCE

The Group experienced a smooth transition into Year 2000 and for the leap year rollover. The expenditure incurred for the entire Y2K exercise did not have a material impact on the company's earnings and liquidity.

GOING FORWARD

The Group intends to remain focus on its core business in the waterworks and sewerage industries. With expanded capacity, the Group plans to capture more market share in the piping industry. The added capacity and economies of scale will enable the Group to market more competitively into the regional markets. Currently, the production capacity is taken up by strong local demand as more water authorities recognize the long term benefits and cost efficiency of ductile iron pipes.

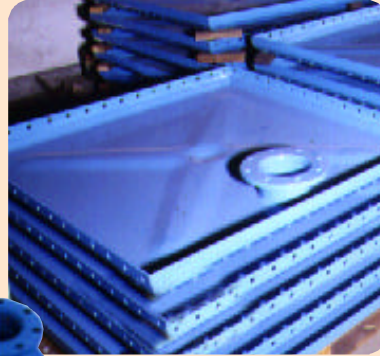
As a responsible corporate citizen, the Group intends to contribute effectively to the nation by helping to conserve water and enhance the transmission of safe water to consumers by promoting the use of its high quality pipes. The Group also helps to reduce the incidence of disruption of water supply to consumers by introducing the hydra tapping machine for use in pipe repairs and pipeline extensions.

PROPOSED BONUS ISSUE

On 29 May 2000, the Company had proposed a bonus issue of up to 33,000,000 new ordinary shares of RM1.00 each on the basis of one (1) new ordinary share for every one (1) existing ordinary share of RM1.00 each of which the Company had obtained approval from the Securities Commission ("SC") via its letter dated 26 July 2000 for the proposed bonus issue.

The proposed bonus issue is still subject to shareholders' approval at a forthcoming Extraordinary Annual General Meeting and the KLSE for the listing and quotation for the Bonus Shares.

The proposed bonus issue will increase the liquidity of our Company's shares as well as to reward the shareholders for their continuous support of the Company. It will also increase the capital base of the Company to a level which will better reflect the Company's current scale of operations and the increased asset level of the Company.



Lusan™ coated
hot tapping sleeves



Lusan™
coated panels

PROSPECTS

On the back of a recovered economy, the Board is optimistic that the Company will continue to benefit from increased expenditure for the water sector by the Government.

With the increased production capacity, the Group will also be able to capture the enormous replacement market for pipes in the Government's effort to upgrade aging water pipes to reduce the level of non-revenue water (NRW). The higher production capacity will also be in line with the Company's efforts to gear itself for the export markets. The higher efficiency achieved with respect to the higher capacity will also enable the Group to stay competitive when Asean Free Trade Area (AFTA) is implemented in 2003.

Going forward, the Company aspires to be the premier producer of Ductile Iron pipes in the Asean region.

ACKNOWLEDGEMENT

I wish to thank the Board and the Management for their efforts and support for the spectacular performance for the financial year ended 31 March 2000. My sincere appreciation also goes to the employees of the Group for their hard work and loyalty. I also wish to thank our valued customers and shareholders for their continuous support and confidence.

LOH ENG KIM

Executive Chairman