

Annual Report **2002**



美利有限公司
YEE LEE CORPORATION BHD. (338614)
(INCORPORATED IN MALAYSIA)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of Yee Lee Corporation Bhd. will be held at Garlet 3, Casuarina Ipoh Hotel, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Monday, June 30, 2003 at 11.00 a.m. for the transaction of the following business:-

1. To receive and adopt the Audited Financial Statements for the year ended December 31, 2002 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To sanction the declaration of a First and Final Dividend of 4.0 sen per share, less tax for the year ended December 31, 2002. Resolution 2
3. To approve the payment of Directors' fees of RM60,000 for the year ended December 31, 2002. Resolution 3
4. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:-
 - Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff Resolution 4
 - Encik Mohd Adhan bin Kechik Resolution 5
 - Mr. Lee Kee Hong Resolution 6
5. To re-elect Mr. Lim Ee Young who retires pursuant to Article 87 of the Company's Articles of Association. Resolution 7
6. To re-appoint Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration. Resolution 8
7. **As Special Business**
To consider and, if thought fit, pass the following ordinary resolutions:-
 - (i) **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** Resolution 9

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue shares in the Company, at any time 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 issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
 - (ii) **AUTHORITY TO ISSUE SHARES PURSUANT TO THE EXECUTIVE SHARE OPTION SCHEME** Resolution 10

"THAT pursuant to Section 132D of the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby empowered to issue shares in the Company, at any time pursuant to the exercise of options under the Yee Lee Corporation Bhd. Executive Share Option Scheme (ESOS) which was approved at the Extraordinary General Meeting of the Company held on January 30, 2002 and in accordance with the terms and conditions of the ESOS."

NOTICE OF ANNUAL GENERAL MEETING

(iii) **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (PROPOSED SHAREHOLDERS' MANDATE)**

Resolution 11

"THAT, subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, the Company and its subsidiaries be and are hereby authorised to enter into the recurrent transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders dated June 3, 2003 subject to the following:-

- (i) the transactions are in the ordinary course of business, at arm's length, and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders;
- (ii) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year and that such approval shall continue to be in force until:-
 - (a) the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which such Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by resolution passed at an AGM whereby the authority is renewed;
 - (b) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (the Act) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,whichever is earlier; and
- (iii) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the Proposed Shareholders' Mandate and the transactions authorised thereunder."

8. To transact any other business for which due notice has been given.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Thirtieth Annual General Meeting to be held on Monday, June 30, 2003, a First and Final Dividend of 4.0 sen per share, less tax for the year ended December 31, 2002 will be paid on August 27, 2003 to shareholders whose names appear in the Record of Depositors at the close of business on August 6, 2003.

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

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on August 6, 2003 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

Ooi Guat Ee (MIA 8042)
Chiang Sue Mai (MAICSA 7031742)
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 3, 2003

Notes:-

- 1. A member entitled to attend and vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his stead. If two proxies are appointed, the number of shares each proxy is entitled to vote must be stated in the proxy form. A proxy may but need not be a member of the Company.
- 2. Duly completed proxy forms must be deposited at the Registered Office of the Company, Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- 3. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

EXPLANATORY NOTES ON SPECIAL BUSINESS

The proposed Resolution 9, if passed, will empower the Directors to issue shares in the Company up to an amount not exceeding in aggregate ten per cent (10%) of the issued share capital of the Company for such purposes as the Directors deem fit and in the interest of the Company. This authority unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The proposed Resolution 10, if passed, will empower the Directors to issue shares in the Company pursuant to the exercise of options under the Executive Share Option Scheme and in accordance with its terms and conditions.

The proposed Resolution 11 on the shareholders' mandate will authorise the Company and its subsidiaries to enter into the recurrent transactions of a revenue or trading nature with the related parties in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION

Directors seeking re-election pursuant to Article 80 of the Company's Articles of Association are as follows:-

- (i) Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff
- (ii) Encik Mohd Adhan bin Kechik
- (iii) Mr. Lee Kee Hong

Director seeking re-election pursuant to Article 87 of the Company's Articles of Association is as follow:-

- Mr. Lim Ee Young

The details of the abovenamed Directors who are standing for re-election are set out in the Profile of Directors on pages 7 to 10 of this Annual Report; while their securities holdings are set out in the Analysis of Shareholdings under the Directors' interests on page 78 of this Annual Report.

2. DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

There were a total of four Board Meetings held during the year ended December 31, 2002. The details of attendance of Directors at the Board Meetings are as follows:-

Name	Attendance
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff	3 meetings
Mr. Lim A Heng @ Lim Kok Cheong	4 meetings
Mr. Chok Hooa @ Chok Yin Fatt	4 meetings
Mr. Thang Lai Sung	4 meetings
Encik Mohd Adhan bin Kechik	4 meetings
Mr. Lee Kee Hong	4 meetings
Mr. Lim Ee Young (appointed on December 3, 2002)	—
Mr. Chua Chee Seng (resigned on December 13, 2002)	3 meetings

3. PLACE, DATE AND TIME OF THE ANNUAL GENERAL MEETING

The Thirtieth Annual General Meeting of the Company will be held at Garlet 3, Casuarina Ipoh Hotel, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Monday, June 30, 2003 at 11.00 a.m.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff,
DSPN, JSM, DJN, SMS, KMN, PPT, PJK

Deputy Chairman and Group Managing Director
Mr. Lim A Heng @ Lim Kok Cheong, JP

Executive Directors
Mr. Chok Hooa @ Chok Yin Fatt, PMP
Mr. Thang Lai Sung
Mr. Lim Ee Young

Independent Non-Executive Directors
Encik Mohd Adhan bin Kechik, SMK
Mr. Lee Kee Hong

SECRETARIES

Ms. Ooi Guat Ee (MIA 8042)
Ms. Chiang Sue Mai (MAICSA 7031742)

AUDIT COMMITTEE

Chairman
Encik Mohd Adhan bin Kechik, SMK

Members
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff,
DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Mr. Chok Hooa @ Chok Yin Fatt, PMP

NOMINATION COMMITTEE

Chairman
Mr. Lee Kee Hong

Members
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff,
DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Encik Mohd Adhan bin Kechik, SMK

REMUNERATION COMMITTEE

Chairman
Mr. Chok Hooa @ Chok Yin Fatt, PMP

Members
Encik Mohd Adhan bin Kechik, SMK
Mr. Lee Kee Hong

EXECUTIVE SHARE OPTION SCHEME COMMITTEE

Chairman
Mr. Lim Ee Young

Members
Mr. Chok Hooa @ Chok Yin Fatt, PMP
Mr. Lee Kee Hong

AUDITORS

Deloitte KassimChan
Chartered Accountants

REGISTRARS

Sectrars Services Sdn. Bhd.
28-1, Jalan Tun Sambanthan 3
Brickfields
50470 Kuala Lumpur

Telephone no. :603-22746133
Facsimile no. :603-22741016

REGISTERED OFFICE

Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan

Telephone no. :605-2911055, 605-2912055
Facsimile no. :605-2919962, 605-2910862
Telex :YLOIL MA 44556
E-mail :info@yeelee.com.my

SUBSIDIARY COMPANIES

Yee Lee Edible Oils Sdn. Bhd.
Yee Lee Trading Co. Sdn. Bhd.
Mini Motors Sdn. Bhd.
South East Asia Paper Products Sdn. Bhd.
Yee Lee Palm Oil Industries Sdn. Bhd.
Sementra Plantations Sdn. Bhd.
Palker Sdn. Bhd.
Intanwasa Sdn. Bhd.
Desa Tea Sdn. Bhd.
Sabah Tea Sdn. Bhd.
Canpac Sdn. Bhd.
Good Cans Sdn. Bhd.
Genlin Investment Limited

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Bumiputra-Commerce Bank Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Board of the Kuala Lumpur Stock
Exchange

WEBSITE

www.yeelee.com.my

PROFILE OF DIRECTORS

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff

A Malaysian, aged 67, is an Independent Non-Executive Chairman of Yee Lee Corporation Bhd.. He was appointed to the Board on March 2, 1993. He is a member of the Audit Committee and Nomination Committee.

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff qualified as a professional Chartered Town Planner in 1964 and as a professional Landscape Architect in 1973 from the University of Newcastle-upon-Tyne, England.

He had served in various State Governments and as a Director General of the department of Town and Country Planning Malaysia from 1986 to 1993. He is also a member of the Advisory Board of the City of Kuala Lumpur. He is a Fellow of the Royal Town Planning Institute London; Fellow of Malaysian Institute of Planners; and Fellow of Institute of Landscape Architects Malaysia. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993.

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff sits on the Boards of Public Bank Berhad, Public Finance Berhad, Public Merchant Bank Berhad, Public Mutual Berhad (*formerly known as Kuala Lumpur Mutual Fund Berhad*) and Faber Group Berhad.

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff attended three out of the four Board Meetings held in the financial year ended December 31, 2002 and extended apology for his absence in the other meeting.

Mr. Lim A Heng @ Lim Kok Cheong

A Malaysian, aged 58, is the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd.. He was appointed to the Board on January 10, 1973.

He is a fellow member of Tunghai University, Taiwan. He has more than 37 years of experience in the trading and manufacturing of edible oils and consumer products industry. He is the Vice-President of Malaysian Basketball Association, President of Perak Basketball Association and Chairman of Poi Lam High School. He was formerly the President of Malaysian Eng Choon Association and is currently the President of Hock Kean Association, Perak.

Mr. Lim A Heng @ Lim Kok Cheong is the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.. He also serves on the Board of Hoklian Holdings Bhd..

Mr. Lim A Heng @ Lim Kok Cheong is the father of Mr. Lim Ee Young. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

Mr. Lim A Heng @ Lim Kok Cheong attended all of the four Board Meetings held in the financial year ended December 31, 2002.

PROFILE OF DIRECTORS

Mr. Chok Hooa @ Chok Yin Fatt

A Malaysian, aged 56, is an Executive Director of Yee Lee Corporation Bhd.. He was appointed to the Board on April 30, 1990. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Executive Share Option Scheme Committee.

Mr. Chok Hooa @ Chok Yin Fatt holds a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master of Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, a fellow member of CPA Australia and the Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

Mr. Chok Hooa @ Chok Yin Fatt has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Berhad from 1974 to 1982. In 1982, he joined Yee Lee Corporation Bhd. as Chief Accountant and was promoted to the Board as Executive Director in 1990.

He also sits on the Boards of OKA Corporation Bhd., Spritzer Bhd. and Yee Lee Organization Bhd..

Mr. Chok Hooa @ Chok Yin Fatt does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr. Chok Hooa @ Chok Yin Fatt attended all of the four Board Meetings held in the financial year ended December 31, 2002.

Mr. Thang Lai Sung

A Malaysian, aged 65, is an Executive Director of Yee Lee Corporation Bhd.. He was appointed to the Board on January 10, 1973.

Mr. Thang Lai Sung has more than 35 years of experience in the edible oils industry, having managed his own business in edible oil retailing for ten years from 1965 to 1974. He is presently in charge of the general affairs of the Group.

Mr. Thang Lai Sung is actively involved in social and community services. He is the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years. He also serves as the Vice President of Perak Basketball Association, Treasurer of Perak Chinese Badminton Association, Vice Treasurer of Perak Han Kang Kong Hoey and a committee member of Perak Chinese Chamber of Commerce and Industry.

He also sits on the Board of Yee Lee Organization Bhd..

Mr. Thang Lai Sung does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr. Thang Lai Sung attended all of the four Board Meetings held in the financial year ended December 31, 2002.

PROFILE OF DIRECTORS

Encik Mohd Adhan bin Kechik

A Malaysian, aged 48, is an Independent Non-Executive Director of Yee Lee Corporation Bhd.. He was appointed to the Board on March 2, 1993. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Encik Mohd Adhan bin Kechik is a lawyer by profession. He graduated from University of Malaya in 1979 with a Bachelor of Laws (Honours) Degree and obtained his Master of Laws Degree from the same university in 1999. Currently, he is practising as a partner at Messrs. Adhan & Yap in Kuala Lumpur. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and the Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as the Menteri Besar's political secretary from 1986 to 1990 and was elected as the State Assemblyman of Kelantan for Kemahang from 1995 to 1999.

He also sits on the Boards of Spritzer Bhd. and Lembaga Kemajuan Kelantan Selatan (KESEDAR).

Encik Mohd Adhan bin Kechik does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Encik Mohd Adhan bin Kechik attended all of the four Board Meetings held in the financial year ended December 31, 2002.

Mr. Lee Kee Hong

A Malaysian, aged 55 and was appointed to the Board on March 2, 1993. He was redesignated as Independent Non-Executive Director of Yee Lee Corporation Bhd. on December 3, 2002. He is the Chairman of the Nomination Committee, a member of the Remuneration Committee and Executive Share Option Scheme Committee.

Mr. Lee Kee Hong was involved in the senior management of several public listed companies between 1970 and 1990. Currently he runs his own private business and also sits on the Board of Crimson Land Berhad.

Mr. Lee Kee Hong does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no convictions for offences within the past ten years.

Mr. Lee Kee Hong attended all of the four Board Meetings held in the financial year ended December 31, 2002.

PROFILE OF DIRECTORS

Mr. Lim Ee Young

A Malaysian, aged 31, is an Executive Director of Yee Lee Corporation Bhd.. He was appointed to the Board on December 3, 2002. He is the Chairman of Yee Lee Corporation Bhd. Executive Share Option Scheme.

Mr. Lim Ee Young holds a Bachelor of Business (Accounting) from University of Ballarat, Australia and Master of Business Administration from University of Bath, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants and a member of CPA Australia.

Mr. Lim Ee Young joined Yee Lee Corporation Bhd. as a Management Trainee in 1993 and was subsequently promoted to an Accounts/Administration Executive. He was involved in the accounting, administration and marketing functions from 1993 to 1996. He was promoted to Administration Manager and Group Administration Manager in 1997 and 2001 respectively. He is presently responsible for the Group's administration functions and also involved in the management of several other related companies.

He also sits on the Board of Yee Lee Organization Bhd..

His father, Mr. Lim A Heng @ Lim Kok Cheong is also a member of the Board. Save as disclosed, he has no other family relationship with any other director and/or major shareholder of the Company. He has no conflict of interest with the Company and has had no convictions for offences within the past ten years.

Mr. Lim Ee Young did not attend any of the Board Meetings held in the financial year ended December 31, 2002 following his appointment as a director on December 3, 2002 as no meetings were held after his appointment.

AUDIT COMMITTEE REPORT

MEMBERSHIP

The Committee shall be appointed by the Board from amongst their members and composed of not less than three members, a majority of whom shall be independent directors.

The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

At least one member of the Audit Committee must be or have the following:-

- a member of the Malaysian Institute of Accountants; or
- at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967 or a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- a degree/masters/doctorate in accounting or finance with at least 3 years' post qualification experience in accounting or finance; or
- at least 7 years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

If a member of the Audit Committee ceases to be a member resulted in the number being reduced to less than three, the Board shall within three months of that event, appoint such new members to make up the minimum number.

No alternate director can be appointed as a member of the Audit Committee.

COMPOSITION

Chairman

Encik Mohd Adhan bin Kechik
(Independent Non-Executive Director)

Members

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff
(Independent Non-Executive Chairman)

Mr. Chok Hooa @ Chok Yin Fatt
(Executive Director)

TERMS OF REFERENCE

The Audit Committee shall be granted the authority to investigate any activity of the Company and its subsidiaries and all employees shall be directed to co-operate as required by members of the Committee. The Committee shall be empowered to retain persons having special competence as necessary to assist the Committee in fulfilling its responsibilities.

AUDIT COMMITTEE REPORT

The functions of the Audit Committee shall be to:-

- (a) review with the external auditors, the audit plan;
- (b) review with the external auditors, their evaluation of the system of internal accounting controls;
- (c) review with the external auditors, their audit report;
- (d) consider the nomination or resignation of any person or persons as external auditors;
- (e) review the scope, functions and resources of the internal audit functions;
- (f) review the internal audit programme and their audit report;
- (g) review of the quarterly results and year end financial statements for recommendation to the Board of Directors for approval;
- (h) review any related party transactions that may arise within the Company and the Group;
- (i) perform such other functions as may be agreed to by the Committee and the Board.

MEETINGS

The Audit Committee shall meet at least four times annually.

A majority of the members in attendance must be independent directors in order to form a quorum for the meeting.

The Company Secretary shall record, prepare and circulate the minutes of the meetings of Audit Committee and ensure that the minutes are properly kept.

The Audit Committee had five meetings during the financial year ended December 31, 2002. The members of the Audit Committee and the record of their attendance are as follows:-

Name	Attendance
Encik Mohd Adhan bin Kechik	5 meetings
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff	4 meetings
Mr. Chok Hooa @ Chok Yin Fatt	5 meetings

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the year, the Audit Committee performed its duties as set out in the terms of reference. The following is a summary of the main activities carried out by the Committee:-

- (a) reviewed and approved annual audit plan prepared by internal and external auditors;
- (b) reviewed the internal and external auditors' reports and considered the major findings by the auditors and Management's responses thereto;
- (c) reviewed the quarterly and year end results of the Company and the Group prior to submission to the Board of Directors for consideration and approval; and
- (d) reviewed the related party transactions entered into by the Company and the Group.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD)'s functions include independent assessments of the adequacy, efficiency and effectiveness of the Group's internal control system and the quality of performances in carrying out the assigned responsibilities. The IAD will conduct activities based on its yearly audit plan and also undertakes special "ad hoc" audit assignments from time to time. Throughout the year, the internal audit team had performed audit assignments on subsidiaries and associate companies. The scope of audit encompassed assets management, cash collections and disbursements, credit policy, inventory, purchasing and sales, operations and internal quality pertaining to ISO 9002 compliance. Audit reports incorporating the audit findings and recommendations for corrective actions on the systems and control weaknesses are presented to the Management concerned, and thereafter to the Audit Committee for appraisal and review.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

Set out below is a description of how the Group has applied the Principles of Corporate Governance and complied with best practices provisions laid down in the Malaysian Code on Corporate Governance (the Code):-

PRINCIPLES OF CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS

The Board

The Board currently has seven members, comprising four Executive Directors and three Independent Non-Executive Directors (including the Chairman). The Directors are equally accountable under the law for the proper handling of the Group's affairs. All Directors are from diverse professional background with a wide range of knowledge and experience vital towards the effective leadership and continued success of the Group. A brief profile of each Director is presented on pages 7 to 10.

Board Balance

There is a clear division of responsibilities between the Chairman and the Managing Director of the Group to ensure a proper balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Managing Director has overall responsibilities over organisational effectiveness and the implementation of Board policies and decisions. The Executive Directors are generally responsible for making and implementing operational decisions. The Board is also aware of the important role played by the Independent Non-Executive Directors in contributing towards the formulation of policies and the decision making process.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company.

To ensure that the Group is managed effectively, the Board has committed to meet at least four times a year, usually before the announcement of the quarterly results to the Kuala Lumpur Stock Exchange (KLSE), with additional meetings convened whenever the needs arise. During the financial year ended December 31, 2002, four Board Meetings were held and the record of attendance were as follows:-

Name	Attendance
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff	3 out of 4
Mr. Lim A Heng @ Lim Kok Cheong	4 out of 4
Mr. Chok Hooa @ Chok Yin Fatt	4 out of 4
Mr. Thang Lai Sung	4 out of 4
Encik Mohd Adhan bin Kechik	4 out of 4
Mr. Lee Kee Hong	4 out of 4
Mr. Lim Ee Young (appointed on December 3, 2002)	—
Mr. Chua Chee Seng (resigned on December 13, 2002)	3 out of 4

Supply of Information

All Directors are provided with reports and other relevant information on a timely manner, covering various aspects of the Group's operations. This is to enable the Directors to participate actively in the overall management of the Company and to effectively discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretaries in carrying out their duties.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (cont'd)

The following Board Committees have been established to assist the Board in discharging its responsibilities:-

(i) *Audit Committee*

The Audit Committee was established on April 11, 1994. Its composition and terms of reference are as set out on pages 11 to 12.

(ii) *Nomination Committee*

The Nomination Committee, comprising three Independent Non-Executive Directors, was set up on January 22, 2002. This committee is responsible for assessing the performance of existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. The Committee had two meetings during the financial year ended December 31, 2002 to review the structure and composition of the Board, and the appointment of new Director. The members of the Nomination Committee are as follows:-

Mr. Lee Kee Hong (Chairman)
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff
Encik Mohd Adhan bin Kechik

(iii) *Remuneration Committee*

The Remuneration Committee, which was formed on January 22, 2002 consists of two Independent Non-Executive Directors and an Executive Director. The Committee is responsible for setting the policy framework and for making recommendations to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The members of the Remuneration Committee are as follows:-

Mr. Chok Hooa @ Chok Yin Fatt (Chairman)
Encik Mohd Adhan bin Kechik
Mr. Lee Kee Hong

(iv) *Executive Share Option Scheme (ESOS) Committee*

The ESOS Committee was established on March 25, 2002 to administer the scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required. The members of the ESOS Committee are as follows:-

Mr. Lim Ee Young (Chairman)
Mr. Chok Hooa @ Chok Yin Fatt
Mr. Lee Kee Hong

Appointments to the Board

The Nomination Committee is responsible for making recommendations of new appointments to the Board. During the financial year, the Nomination Committee met twice to evaluate and recommend candidates for new appointment of Director.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that Director will undergo a familiarisation programme, which includes visits to the Group's various offices and factory premises and meetings with senior management as appropriate. This is to facilitate their understanding of the Group's activities. Directors will also receive such further training that may be required from time to time to keep them abreast with relevant changes in laws and regulations, and the business environment. All Directors have attended the Mandatory Accreditation Programme.

STATEMENT ON CORPORATE GOVERNANCE

1. BOARD OF DIRECTORS (cont'd)

Re-election

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting after their appointments.

In accordance with the Articles of Association, one third of the remaining Directors are required to retire by rotation at the Annual General Meeting held annually provided always that all Directors including the Managing Director shall retire from office once at least in each three years but shall be eligible for re-election.

2. DIRECTORS' REMUNERATION

The details of the remuneration for Directors of the Company paid or payable by the Company and its subsidiary companies for the financial year under review are as follows:-

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive Directors	751	38	129	13	931
Non-Executive Directors	—	34	—	—	34

Directors' remuneration are broadly categorised into the following bands:-

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	1	4
RM50,001 to RM100,000	—	—
RM100,001 to RM150,000	1	—
RM150,001 to RM200,000	—	—
RM200,001 to RM250,000	—	—
RM250,001 to RM300,000	—	—
RM300,001 to RM350,000	1	—
RM350,001 to RM400,000	—	—
RM400,001 to RM450,000	—	—
RM450,001 to RM500,000	1	—

The Directors' fees are subject to the approval by shareholders at the forthcoming Annual General Meeting of the Company.

3. SHAREHOLDERS

Dialogue between the Company and Investors

Shareholders are kept well informed of developments and performances of the Group through disclosures to the KLSE and press (where appropriate) as well as the Annual Report. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group.

The Group values dialogues with its shareholders, potential investors, institutional investors and analyst and is willing to meet up with anyone to explain or further clarify any information already disclosed in its Annual Report or KLSE announcements. The Board has identified Encik Mohd Adhan bin Kechik, an Independent Non-Executive Director, to answer any queries or clarify any matters concerning the Group. Shareholders may also contact the Company Secretaries for information at all times.

General Meetings

Notices of Annual and Extraordinary General Meetings of the Group and related papers are distributed to shareholders within a reasonable and sufficient time frame. Adequate time is given during the Annual and Extraordinary General Meetings to allow shareholders to seek clarifications or ask questions on pertinent and relevant matters.

STATEMENT ON CORPORATE GOVERNANCE

4. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and meaningful assessment of the Company's and the Group's financial positions and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement and the Audited Financial Statements.

The quarterly results announcements reflect the Board's commitment to give regular updated assessments on the Company's and the Group's performances.

Internal Control

The statement on internal control provides an overview of the state of internal controls within the Group and is set out on page 18.

Relationship with Auditors

The Board has delegated the function of reviewing its relationship with the external auditors to the Audit Committee. The role of the Audit Committee in connection with its relationship with the external auditors is stated on pages 11 to 13 in the Report of the Audit Committee. During the year, the Audit Committee has met twice with the external auditors.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

The Group has complied with the Best Practices of Corporate Governance as set out in the Code throughout the financial year ended December 31, 2002 with the exception of the formulation of a risk management framework to identify, evaluate and manage the significant risks faced by the Group has yet to be finalised. However, the Board is of the opinion that any risks arising from its business operations during the financial year were adequately addressed with its system of internal controls in place.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 (the Act) to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results and cash flows for that year.

The Directors consider that in preparing the financial statements for the year ended December 31, 2002 as set out on pages 31 to 74, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the Act. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

STATEMENT ON INTERNAL CONTROL

The Board recognises that internal controls are an integral part of managing risks in an effort to achieve corporate objectives. As such, the Board acknowledges that it is responsible for maintaining a system of internal controls which provides reasonable assurance of effective and efficient operations, financial controls and compliance with laws and regulations as well as with internally set procedures and guidelines safeguarding shareholders' investments and the Group's assets. Hence, an independent audit function had been established by the Board for the regular review and/or appraisal of the effectiveness of the system of internal controls within the Group.

There are clear lines of authority, responsibility and accountability within the Yee Lee Corporation Bhd. Group of Companies. The Board has provided all employees with the necessary resources to enable the achievement of corporate objectives by ensuring the existence of an adequate system of internal controls. The Group's individual operating units are managed by capable personnel who are responsible for the conduct and performance of their businesses in accordance with the organisation's goals. As for the Group's performance, this is monitored by the Group Managing Director, Executive Directors and senior management team through an integrating budgeting system which requires all material variances to be identified and explained on a monthly basis.

The Board has assigned the Audit Committee to review and monitor the effectiveness of the Group's system of internal controls. The external auditors will provide assurance in the form of annual statutory audit of the financial statements while the internal audit function will furnish the Audit Committee with reports from audit visits being carried out at various operating units. Any areas identified for improvements during the course of internal and external audit are brought up to the attention of the Audit Committee. In addition, the Board and Audit Committee also review the quarterly results to monitor the Group's progress towards achieving its objectives.

The Group's system of internal controls is designed to provide reasonable but not absolute assurance against risks of material errors, fraud or losses from occurring. In view of the limitations that are inherent in any system of internal controls, the Group's internal control system is applied to manage rather than to eliminate the risk of failure in achieving the business objectives. The rationale of the system of internal controls is to enable the Group to achieve its corporate objectives. It also ensures timely, relevant and reliable reports which cover both quantitative and qualitative areas for decision making and management review purposes. From an accounting perspective, the monthly management accounts are prepared and all control accounts are reconciled to the subsidiary records. Asset counts are done on periodic basis and reconciled to the underlying records. All access to the assets and records of the Group are adequately safeguarded and controlled to reduce the risk of unauthorised use.

The effectiveness of an internal control may vary from time to time due to changes in the operating environment. Hence, the Group's Internal Audit Department (GIAD) carries out the ongoing process of monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. Apart from providing assurance and assistance to the Group members to discharge their assigned responsibilities accordingly, the GIAD also acts as a risk management facilitator by conducting audit reviews on high-risk operational areas on an annual basis. This ensures that appropriate action is taken in response to the changes in risk and control assessments. The GIAD reports to the Audit Committee on risk and control matters of significance; including suspected fraud, illegal or irregular acts that could adversely affect the Group's reputation or financial position. The audit findings will provide the Board with an assessment as to whether the internal controls are effective and functioning as laid down.

The Board is of the opinion that the Group's present system of internal controls is sound and sufficient to safeguard the Group's interest. Despite fulfilling all these conditions, it is currently taking steps to formulate a risk management framework whilst working towards complying with the guidance being issued by the Task Force of Internal Control. The Board remains committed towards enhancing the system of internal control to support all types of businesses and operations within the Yee Lee Corporation Bhd. Group of Companies.

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUYBACK

The Company has not purchased any of its own shares during the financial year ended December 31, 2002.

2. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Yee Lee Corporation Bhd. Executive Share Option Scheme (ESOS) was launched on March 18, 2002. The details of the ESOS exercised are disclosed on pages 25 to 26 of the Directors' Report. The Company has not issued any warrants or convertible securities for the financial year ended December 31, 2002.

3. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme in the financial year ended December 31, 2002.

4. SANCTIONS AND/OR PENALTIES IMPOSED

Since the end of the previous financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

5. NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of non-audit fees paid/payable to external auditors by the Company and its subsidiaries for the financial year ended December 31, 2002 amounts to RM1,400.

6. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving directors and substantial shareholders which were either entered into since the end of the previous financial year or still subsisting as at the end of the financial year ended December 31, 2002.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Yee Lee Corporation Bhd. for the financial year ended December 31, 2002.

MAJOR CORPORATE DEVELOPMENTS

The corporate exercise undertaken by the Group as announced earlier on August 20, 2001 has been completed during the year.

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM265.01 million for the year ended December 31, 2002, representing an increase of 15.0% over the previous year. However the Group's pre-tax profit decreased from RM8.35 million in the preceding year to RM6.74 million. This resulted in a corresponding decrease in the Group's profit attributable to shareholder by 37.6% from RM6.41 million to RM4.00 million. Earnings per share was 6.39 sen as compared to 10.24 sen in 2001.

DIVIDEND

The directors are pleased to recommend a first and final dividend of 4.0 sen per share less tax (2001: 4.5 sen per share less tax) for the year ended December 31, 2002. The dividend, if approved, will be paid on August 27, 2003.



REVIEW OF OPERATIONS

The Company

The Company registered a lower revenue and pre-tax profit of RM3.22 million and RM2.75 million respectively (2001: RM5.36 million and RM4.46 million). The decrease in revenue and pre-tax profit was due to lower dividend income received from its subsidiary companies.

The issued and paid-up share capital of the Company has increased to 62,704,000 ordinary shares of RM1 each during the year arising from the bonus issue of 25,046,000 new ordinary shares and the exercise of 89,000 share options under the Executive Share Option Scheme.

CHAIRMAN'S STATEMENT

The Subsidiary Companies

Yee Lee Edible Oils Sdn. Bhd. (YLEO)

YLEO recorded an increase in revenue from RM87.94 million to RM108.30 million this year. The higher revenue was primarily due to higher selling price of palm based cooking oil as a result of the substantial increase in crude palm oil (CPO) price. With its aggressive marketing strategies, YLEO was able to penetrate into new export market segments that substantially increased its export sales.

Due to intense price competition among cooking oil manufacturers coupled with the entry of new players, the effect of the drastic increase in CPO price could not be compensated by a proportional increase in the selling price of palm based cooking oil. As a result, YLEO pre-tax profit decreased by 41.6%. Export sales, which generated a lower profit margin, also contributed to the decrease in YLEO's profit margin. YLEO will continue to exercise firm control over its cost and production efficiency to improve on its profit margin.

The Malayan Edible Oil Manufacturers' Association has proposed to the Ministry to remove the ceiling price of palm based cooking oil to enable cooking oil manufacturers to increase their selling price above the ceiling price in the event of further increase in CPO price. As at date, the proposal is still pending Ministry approval.



Yee Lee Palm Oil Industries Sdn. Bhd. (YLPOI)

In year 2002, CPO price rose steadily from an average of RM1,179 per metric ton (MT) in January to RM1,645 per MT in December. The steep rise of CPO price was caused by a tight supply of edible oils and fats in the global market coupled with the increase in demand from China and India.

As a result, YLPOI's revenue increased by 54.5% to RM81.95 million. However YLPOI incurred a pre-tax loss of RM1.50 million during the year as compared to a pre-tax profit of RM0.60 million in the preceding year. The lower oil extraction rate and higher operation costs were the main factors affecting its bottom line. Immediate actions such as the implementation of more stringent quality controls over its raw materials and production processes have been taken in order to improve its oil extraction rate and product quality as well as to reduce operation costs.

CHAIRMAN'S STATEMENT

South East Asia Paper Products Sdn. Bhd. (SEAPP)

Despite the increase in sales quantity, SEAPP recorded a decrease in revenue from RM23.35 million to RM20.93 million this year, representing a decrease of 10.4%. Being in the packaging industry, SEAPP operates in a very competitive market where existing and new competitors aggressively engage in price competition in order to gain market share. In order to counter this keen competition, SEAPP has to lower its profit margin to maintain its market share. As a result, SEAPP's pre-tax profit decreased by 45.3% to RM1.95 million. SEAPP will continue to strengthen its marketing and customer service forces to provide better services to enhance its customer confidence and satisfaction.

Canpac Sdn. Bhd. (CP)

CP is a newly acquired wholly-owned subsidiary company which is involved in the printing and manufacturing of tin cans, aerosol cans and lithographed metal printed cans. The acquisition was completed on March 31, 2002. During the year, CP achieved remarkable results with a pre-tax profit of RM4.17 million against a revenue of RM33.88 million, representing 50.7% of the Group's pre-tax profit after elimination of pre-acquisition profit. The increase in production capacity coupled with the on-going aggressive marketing strategies have enabled CP to capture more market share for both export and domestic markets.



Desa Tea Sdn. Bhd. (DT)

DT recorded a revenue and pre-tax loss of RM1.46 million and RM0.93 million respectively (2001: RM1.88 million and RM0.81 million). The lower revenue was due to fierce competition in the tea industry. DT will continue to improve its product range and quality and implement aggressive marketing strategies to enhance its revenue and profitability.

Sabah Tea Sdn. Bhd. (ST)

ST recorded a pre-tax loss of RM0.41 million as compared to RM0.18 million in previous year. The lack of global confidence in business and leisure travel has affected the tourism industry.

There are still no immediate plans to develop the agriculture land it owns in the District of Ranau, Sabah, measuring approximately 3,219 acres.

CHAIRMAN'S STATEMENT

Sementra Plantations Sdn. Bhd. (SMP)

SMP has commenced business operations in oil palm plantation during the year after completing the acquisition of several plantation lands with a total area of approximately 728 acres. SMP's pre-tax profit stood at RM0.16 million on the back of a revenue of RM0.33 million.

The involvement in oil palm plantation is part of the Group's strategies to expand its operation upstream. This has proven to be at the right timing when the average price of fresh fruit bunches increased by 65.3% to RM248 per MT. SMP will continue to undertake measures to increase its yield per hectare and expand its land banks to increase its production and revenue.

Yee Lee Trading Co. Sdn. Bhd. (YLT)

During the year, YLT expanded its product portfolio by launching several new brands of beverages namely the "Zen Honey Green Tea" and "Zen Plum Green Tea". YLT has also successfully secured the sole distribution rights to Tork Shou Heong chinese tea and became a distributor for Eu Yan Sang chinese herbal products. This has boosted YLT's revenue to RM152.92 million, an increase of 2.4% over the previous year.

Despite the increase in revenue, YLT's pre-tax profit decreased by 27.8% to RM0.88 million. The lower pre-tax profit was mainly attributable to lower profit margin earned from cooking oil and bottled water products as a result of intensified competition in both markets. Various steps have been taken to expand its product range and further improve on its distribution networks to enhance its position as one of the leading distributors of consumer goods.

Mini Motors Sdn. Bhd. (MM)

MM is a newly acquired wholly-owned subsidiary company of YLT. It is an investment holding company and owns a single-storey warehouse attached to a 3-storey office block in Kedah. This property is currently rented to YLT. MM achieved a marginal profit during the year.

Palker Sdn. Bhd. (PK)

PK is a newly acquired wholly-owned subsidiary company of YLPOI. It is currently involved in the trading of CPO and palm kernel. Pre-tax profit for the current year stood at RM0.16 million against a revenue of RM33.11 million.

Future Prospects

The Directors foresee the Group's operating environment to remain challenging and competitive, especially in the cooking oil sector arising from intense price competition among cooking oil manufacturers and the uncertainty surrounding the global economic market. The Group will continue to focus on operational profitability through enhancement of operational efficiency, distribution network and cost control. Barring any unforeseen and adverse circumstances, the Directors expect the Group to perform satisfactorily in year 2003.

Acknowledgement

On behalf of the Board, I would like to extend my appreciation and gratitude to the management and employees for their commitment and dedication. I would also like to thank our shareholders, financiers, suppliers, business associates, customers, consumers and other parties involved for their continued support.

Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff
Chairman

April 8, 2003

DIRECTORS' REPORT

The directors of **YEE LEE CORPORATION BHD.** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2002.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12 to the Financial Statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies except for a subsidiary company, Sementra Plantations Sdn. Bhd., which commenced operations in oil palm cultivation during the financial year.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	6,737	2,747
Income tax expense	(2,714)	(417)
Profit after tax	4,023	2,330
Minority interest	(21)	—
Net profit for the year	4,002	2,330

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

A first and final dividend of 4.5 sen per share, less tax, in respect of ordinary shares proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors proposed a first and final dividend of 4.0 sen per share, less tax, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

As approved by the shareholders at the Extraordinary General Meeting held on January 30, 2002, the issued and paid-up ordinary share capital of the Company was increased from RM37,569,000 to RM62,704,000 by way of:

- (a) a bonus issue of 25,046,000 new ordinary shares of RM1 each through capitalisation of RM4,979,000 from the share premium account and RM20,067,000 from the unappropriated profit account on the basis of two (2) new ordinary shares of RM1 each for every three (3) existing ordinary shares of RM1 each held; and
- (b) an issue of 89,000 new ordinary shares of RM1 each for cash pursuant to the Executive Share Option Scheme of the Company at a subscription price of RM1.58 per ordinary share.

The resultant premium arising from the shares issued in (b) of RM51,620 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The new ordinary shares issued under the bonus issue were listed and quoted on the Kuala Lumpur Stock Exchange with effect from March 18, 2002.

The Company has not issued any debentures during the financial year.

EXECUTIVE SHARE OPTION SCHEME (ESOS)

Under the Company's ESOS which became effective on March 18, 2002, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible employees and executive directors of the Company and its subsidiary companies.

The salient features of the ESOS are as follows:

- (a) The maximum number of new shares which may be allotted pursuant to the exercise of options under the ESOS shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- (b) Eligible employee is a natural person who is employed by and on the payroll of any company in the Group who fulfils the conditions of eligibility, including full time executive directors of the Group;
- (c) No eligible employee shall at any time participate in more than one (1) ESOS implemented by any company within the Group;
- (d) No option shall be granted for less than 1,000 ordinary shares nor more than 420,000 ordinary shares, and shall be exercised in multiples of 1,000 ordinary shares;
- (e) The subscription price shall be determined by the higher of the 5-day weighted average market price of the Company's shares preceding the date of offer, with a discount of not more than ten per cent (10%), if deemed appropriate and the par value of the shares; and
- (f) The options granted may be exercised at anytime within a period of five (5) years from March 18, 2002 to March 17, 2007 subject to a maximum of twenty per cent (20%) of the options granted per annum.

DIRECTORS' REPORT

The share options granted and exercised during the financial year are as follows:

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each				
		Balance as of 1.1.2002	Granted	Exercised	Lapsed due to resignation	Balance as of 31.12.2002
18.3.2002	1.58	—	5,755,000	(89,000)	(105,000)	5,561,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders, who have been granted options under the ESOS for less than 100,000 ordinary shares each.

Eligible employees, other than executive directors as disclosed in Directors' Interests, who have been granted options under the ESOS for or in excess of 100,000 ordinary shares each are as follows:

	Number of options over ordinary shares of RM1 each			
	Balance as of 1.1.2002	Granted	Exercised	Balance as of 31.12.2002
Mr. Lee Kon Cheng	—	260,000	—	260,000
Mr. Cheng Chao Sing	—	150,000	—	150,000
Mr. Chua Tiong Lee	—	150,000	—	150,000
Mr. Goh Mung Chwee	—	150,000	—	150,000
Mr. Lim Kim Kow	—	150,000	—	150,000
Ms. Ooi Guat Ee	—	150,000	—	150,000

OTHER FINANCIAL INFORMATION

Before the income statements and the balance sheets of the Group and of the Company were made out, the directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.

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

- which would render the amount written off as bad debts or the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- 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
- not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

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

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, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The following directors served on the Board of the Company since the date of the last report:

Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff
Mr. Lim A Heng @ Lim Kok Cheong
Mr. Chok Hooa @ Chok Yin Fatt
Mr. Thang Lai Sung
Encik Mohd Adhan bin Kechik
Mr. Lee Kee Hong
Mr. Lim Ee Young (appointed on December 3, 2002)
Mr. Chua Chee Seng (resigned on December 13, 2002)

In accordance with Article 80 of the Company's Articles of Association, Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff, Encik Mohd Adhan bin Kechik and Mr. Lee Kee Hong retire by rotation and, being eligible, offer themselves for re-election.

Mr. Lim Ee Young who was appointed to the Board since the last Annual General Meeting, retires under Article 87 of the Company's Articles of Association and, being eligible, offers himself for re-election.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The shareholdings in the Company and in the holding company of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965, are as follows:

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2002/ Date of appointment	Bought/ Bonus issue	Sold	Balance as of 31.12.2002
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff	562,000	644,666	—	1,206,666
Mr. Lim A Heng @ Lim Kok Cheong	55,000	225,000	—	280,000
Mr. Chok Hooa @ Chok Yin Fatt	5,000	3,333	—	8,333
Mr. Thang Lai Sung	5,000	3,333	—	8,333
Encik Mohd Adhan bin Kechik	100,000	66,666	(150,000)	16,666
Mr. Lee Kee Hong	5,000	3,333	—	8,333
Mr. Lim Ee Young	38,333	—	—	38,333
Indirect interest				
Mr. Lim A Heng @ Lim Kok Cheong	19,845,000	14,501,899	(646,167)	33,700,732
Mr. Lim Ee Young	3,333	—	—	3,333
Shares in holding company, Yee Lee Organization Bhd.				
Registered in the name of directors				
Mr. Lim A Heng @ Lim Kok Cheong	2,751	—	—	2,751
Mr. Thang Lai Sung	1,716	—	—	1,716
Mr. Lee Kee Hong	11,550	—	—	11,550
Mr. Lim Ee Young	25,879	—	—	25,879
Indirect interest				
Mr. Lim A Heng @ Lim Kok Cheong	7,279,904	215,050	—	7,494,954

In addition to the above, the following directors are deemed to have interest in the shares of the Company to the extent of options granted to them pursuant to the ESOS of the Company which was launched on March 18, 2002:

	Number of options over ordinary shares of RM1 each			
	Balance as of 1.1.2002	Granted	Exercised	Balance as of 31.12.2002
Mr. Lim A Heng @ Lim Kok Cheong	—	420,000	(80,000)	340,000
Mr. Chok Hooa @ Chok Yin Fatt	—	360,000	—	360,000
Mr. Thang Lai Sung	—	260,000	—	260,000
Mr. Lim Ee Young	—	150,000	—	150,000

By virtue of Mr. Lim A Heng @ Lim Kok Cheong's interest in the shares of the Company and of the holding company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and the holding company have interest.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 18 to the Financial Statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 23 to the Financial Statements.

HOLDING COMPANY

The immediate and ultimate holding company of the Company is Yee Lee Organization Bhd., a company incorporated in Malaysia.

AUDITORS

The auditors, Messrs. Deloitte KassimChan, have indicated their willingness to continue in office.

Signed on behalf of the Board
in accordance with a resolution of the Directors,

MR. LIM A HENG @ LIM KOK CHEONG
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT
Executive Director

Ipoh,
April 8, 2003

REPORT OF THE AUDITORS TO THE MEMBERS OF YEE LEE CORPORATION BHD.

We have audited the accompanying balance sheets as of December 31, 2002 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2002 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act 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 Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies, of which we have not acted as auditors, as mentioned under Note 12 to the Financial Statements, being financial statements that have been included in the consolidated financial statements.

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

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

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

WONG GUANG SENG
787/3/05(J/PH)
Partner

April 8, 2003

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2002

	Note	The Group		The Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	4	265,009	230,463	3,221	5,356
Other operating income	6	1,510	1,540	3	—
Purchase of finished and trading goods		(69,497)	(67,720)	—	—
Changes in inventories of finished goods, trading merchandise and work-in-progress		1,890	1,287	—	—
Raw materials and consumables used		(133,627)	(104,207)	—	—
Staff costs		(19,320)	(16,899)	—	—
Depreciation of property, plant and equipment	11	(6,786)	(4,910)	—	—
Amortisation of goodwill	15	(239)	(112)	—	—
Other operating expenses	6	(28,767)	(28,543)	(198)	(390)
Profit from operations		10,173	10,899	3,026	4,966
Finance costs	7	(6,300)	(5,246)	(74)	(48)
Share of profits of an associated company		1,760	1,735	—	—
Income from other investments	8	1,309	1,423	—	—
Expenses relating to corporate exercise		(205)	(461)	(205)	(461)
Profit before tax		6,737	8,350	2,747	4,457
Income tax expense:	9				
The Company and its subsidiary companies		(2,306)	(1,761)	(417)	(1,219)
Share of tax of an associated company		(408)	(141)	—	—
		(2,714)	(1,902)	(417)	(1,219)
Profit after tax		4,023	6,448	2,330	3,238
Minority interest		(21)	(33)	—	—
Net profit for the year		4,002	6,415	2,330	3,238
Earnings per ordinary share					
Basic (sen)	10	6.39	10.24		
Diluted (sen)	10	6.39	10.24		

The accompanying Notes form an integral part of the Financial Statements.

BALANCE SHEETS

AS OF DECEMBER 31, 2002

	Note(s)	The Group		The Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
ASSETS					
Property, plant and equipment	11	157,618	123,521	—	—
Investments in subsidiary companies	12	—	—	54,870	43,350
Investment in associated company	13	25,429	22,319	22,803	20,262
Other investments	14	3,721	3,721	3,454	3,454
Goodwill on consolidation	15	6,438	2,444	—	—
Current Assets					
Inventories	16	39,349	32,932	—	—
Trade receivables	17&18	55,219	39,116	—	—
Amount owing by ultimate holding company	18	8,643	15,354	—	—
Amount owing by subsidiary companies	18	—	—	13,534	18,953
Amount owing by other related companies	18	12,235	34,729	—	—
Other receivables, deposits and prepaid expenses	17&18	7,781	9,154	1,176	2,562
Tax recoverable		1,423	613	32	65
Cash and bank balances		3,680	2,422	33	22
		128,330	134,320	14,775	21,602

BALANCE SHEETS

AS OF DECEMBER 31, 2002

	Note(s)	The Group		The Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current Liabilities					
Trade payables	18&19	34,624	27,536	—	—
Other payables and accrued expenses	18&19	11,923	11,805	85	77
Amount owing to subsidiary companies	18	—	—	7,417	—
Amount owing to other related companies	18	123	1,798	—	—
Hire-purchase payables	18&20	2,490	380	—	—
Borrowings	21	108,694	90,066	2,000	2,631
Tax liabilities		347	1,506	—	—
		158,201	133,091	9,502	2,708
Net Current (Liabilities)/Assets		(29,871)	1,229	5,273	18,894
		163,335	153,234	86,400	85,960
Long-term and Deferred Liabilities					
Hire-purchase payables - non-current portion	18&20	3,682	170	—	—
Borrowings - non-current portion	21	9,983	5,812	—	—
Deferred tax liabilities	22	4,975	4,678	—	—
		(18,640)	(10,660)	—	—
Minority interests		(221)	(212)	—	—
Net Assets		144,474	142,362	86,400	85,960
Represented by:					
Issued capital	23	62,704	37,569	62,704	37,569
Reserves	24	81,770	104,793	23,696	48,391
Shareholders' Equity		144,474	142,362	86,400	85,960

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2002

The Group	Note(s)	Non-distributable Reserves			Distributable Reserve		Total Shareholders' Equity
		Issued Capital	Share Premium	Revaluation Reserve	Reserve on Consolidation	Unappropriated Profit	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of January 1, 2001		37,569	4,979	20,934	509	71,956	135,947
Net profit for the year		—	—	—	—	6,415	6,415
Balance as of December 31, 2001		37,569	4,979	20,934	509	78,371	142,362
Net profit for the year		—	—	—	—	4,002	4,002
Dividend	25	—	—	—	—	(2,031)	(2,031)
Issue of shares:							
Bonus issue	23&24	25,046	(4,979)	—	—	(20,067)	—
Exercise of share options	23&24	89	52	—	—	—	141
Balance as of December 31, 2002		62,704	52	20,934	509	60,275	144,474

The Company	Note(s)	Non-distributable Reserves			Distributable Reserve		Total Shareholders' Equity
		Issued Capital	Share Premium	Revaluation Reserve	Unappropriated Profit	RM'000	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of January 1, 2001		37,569	4,979	2,262	37,912	82,722	
Net profit for the year		—	—	—	3,238	3,238	
Balance as of December 31, 2001		37,569	4,979	2,262	41,150	85,960	
Net profit for the year		—	—	—	2,330	2,330	
Dividend	25	—	—	—	(2,031)	(2,031)	
Issue of shares:							
Bonus issue	23&24	25,046	(4,979)	—	(20,067)	—	
Exercise of share options	23&24	89	52	—	—	141	
Balance as of December 31, 2002		62,704	52	2,262	21,382	86,400	

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2002

	The Group	
	2002	2001
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	6,737	8,350
Adjustments for:		
Depreciation of property, plant and equipment	6,786	4,910
Finance costs	6,300	5,246
Bad debts written off	401	229
Amortisation of goodwill on consolidation	239	112
Allowance for doubtful debts	180	680
Property, plant and equipment written off	46	94
Share of profits of an associated company	(1,760)	(1,735)
Interest income	(1,308)	(1,422)
Gain on disposal of property, plant and equipment	(98)	(123)
Allowance for doubtful debts no longer required	(46)	—
Dividend income	(1)	(1)
Loss on disposal of shares in an associated company	—	210
Inventories written off	—	5
Operating Profit Before Working Capital Changes	17,476	16,555
(Increase)/Decrease in:		
Inventories	(4,848)	(425)
Trade receivables	(5,909)	3,871
Other receivables, deposits and prepaid expenses	2,609	3,847
Amount owing by ultimate holding company	10,656	546
Amount owing by other related companies	23,317	(3,249)
Increase/(Decrease) in:		
Trade payables	4,415	5,204
Other payables and accrued expenses	(644)	136
Amount owing to other related companies	(19,671)	1,353
Cash From Operations	27,401	27,838
Interest income received	1,308	1,422
Income tax paid	(3,962)	(2,984)
Interest on bank overdrafts paid	(1,732)	(1,898)
Net Cash From Operating Activities	23,015	24,378

CASH FLOW STATEMENT

		The Group	
	Note	2002 RM'000	2001 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from associated company		783	—
Proceeds from disposal of property, plant and equipment		334	358
Dividend received from quoted shares		1	1
Purchase of property, plant and equipment		(15,650)	(15,467)
Acquisition of subsidiary companies	12	(13,983)	—
Acquisition of additional shares in an associated company		(2,541)	(3,057)
Proceeds from disposal of shares in an associated company		—	1,565
Net Cash Used In Investing Activities		(31,056)	(16,600)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from/(Repayment of) bankers' acceptances		17,423	(969)
Proceeds from term loans		12,000	6,126
Proceeds from revolving credits		1,000	1,500
Proceeds from/(Repayment of) trust receipts		314	(2,191)
Proceeds from issuance of shares		141	—
Repayment of revolving credits		(5,500)	(11,000)
Repayment of term loans		(2,481)	(463)
Repayment of hire-purchase payables		(2,316)	(503)
Dividends paid		(2,031)	(1,894)
Interest on bankers' acceptances paid		(1,745)	(1,304)
Interest on revolving credits paid		(1,072)	(1,386)
Interest on term loans paid		(919)	(224)
Interest on hire-purchase paid		(547)	(109)
Interest on trust receipts paid		(348)	(307)
Dividends paid to minority shareholders		(12)	(14)
Interest on export credit refinancing paid		(2)	(10)
Net Cash From/(Used In) Financing Activities		13,905	(12,748)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		5,864	(4,970)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		(20,793)	(15,823)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	27	(14,929)	(20,793)

The accompanying Notes form an integral part of the Financial Statements.

CASH FLOW STATEMENT

	The Company	
	2002	2001
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	2,747	4,457
Adjustments for:		
Finance costs	74	48
Dividend income	(3,221)	(5,356)
Loss on disposal of shares in an associated company	—	210
Operating Loss Before Working Capital Changes	(400)	(641)
(Increase)/Decrease in other receivables, deposits and prepaid expenses	1,386	(2,560)
Increase in other payables and accrued expenses	8	12
Cash From/(Used In) Operations	994	(3,189)
Dividends received	2,787	4,146
Refund of income tax	49	—
Interest on bank overdraft paid	—	(1)
Net Cash From Operating Activities	3,830	956
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Repayment of advances granted to subsidiary companies	5,419	—
Acquisition of shares in subsidiary companies	(11,520)	—
Acquisition of additional shares in an associated company	(2,541)	(3,057)
Proceeds from disposal of shares in an associated company	—	1,565
Advances granted to subsidiary companies	—	(153)
Net Cash Used In Investing Activities	(8,642)	(1,645)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Advances received from a subsidiary company	7,417	—
Proceeds from revolving credits	500	1,500
Proceeds from issuance of shares	141	—
Dividends paid	(2,031)	(1,894)
Interest on revolving credits paid	(74)	(47)
Net Cash From/(Used In) Financing Activities	5,953	(441)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,141	(1,130)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(1,109)	21
CASH AND CASH EQUIVALENTS AT END OF YEAR	27	32
		(1,109)

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACTIVITIES

The Company is a company with limited liability and domiciled in Malaysia and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 12.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies except for a subsidiary company, Sementra Plantations Sdn. Bhd., which commenced operations in oil palm cultivation during the financial year.

The total number of employees of the Group and of the Company as of December 31, 2002 were 1,152 (2001: 978) and Nil (2001: Nil) respectively.

The registered office and principal place of business of the Company are located at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on April 8, 2003.

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment and investments in subsidiary companies.

Income Recognition

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership have transferred to the buyer. Income from provision of tourism related services are recognised when services are provided. Sales represent gross invoiced value of goods sold and services provided net of sales tax, trade discounts and allowances.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income represents gross dividends from quoted and unquoted investments and is recognised when the shareholder's rights to receive payment is established.

Rental income is accrued on a time basis, by reference to the agreements entered.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at approximate exchange rates prevailing at that date. All foreign exchange gains or losses are taken up in the income statements.

For the purpose of consolidation, the financial statements of a foreign incorporated subsidiary has been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate
Issued capital	- at historical rate
Revenue and expense	- at average rate

The closing rate per unit of Ringgit Malaysia used in the translation of foreign incorporated subsidiary's financial statements is as follows:

Currency	2002	2001
Hong Kong Dollar	2.077	2.077

Difference in exchange arising from the translation of the opening net investments in foreign subsidiary company, and from the translation of the results of the subsidiary at the average exchange rate, is taken to translation reserve account. Such exchange difference is taken up in the income statements, in the period in which the subsidiary is disposed of.

Deferred Taxation

The tax effects of transactions are generally recognised, using the "liability" method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. However, where timing differences give rise to net deferred tax assets, the tax effects are recognised generally on actual realisation.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Land and buildings stated at valuation are revalued at regular intervals of at least once in every five years by the directors based on the valuation reports of independent professional valuers using the "open market value on existing use" basis with additional valuation in the intervening years where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

An increase in the carrying amount arising from revaluation of property, plant and equipment is credited to the revaluation reserve account as revaluation surplus. Any deficit arising from revaluation is charged against the revaluation reserve account to the extent of a previous surplus held in the revaluation reserve account for the same asset. In all other cases, a decrease in carrying amount is charged to income statements. An increase in revaluation directly related to a previous decrease in carrying amount for that same asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to unappropriated profit account.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Freehold land, plantation development expenditure and capital work-in-progress are not depreciated. Leasehold land is amortised evenly over the lease period ranging from 26 to 90 years.

All other property, plant and equipment are depreciated on the reducing balance method to their residual values at rates based on the estimated useful lives of the various assets.

The annual depreciation rates are as follows:

Land improvements	20%
Buildings	2% to 5%
Electricity and water supply system	10%
Plant and machinery	2% to 20%
Motor vehicles	10% to 20%
Furniture, fixtures and equipment	10% to 20%

All direct expenses incurred for plantation development and attributable overheads, including depreciation of property, plant and equipment which are principally used for newly planted areas and finance costs on funds borrowed to finance newly planted areas are capitalised up to the maturity period as plantation development expenditure. Subsequent replanting costs are charged to the income statements.

Property, Plant and Equipment Under Hire-Purchase Arrangements

Property, plant and equipment acquired under hire-purchase arrangements are capitalised in the financial statements and the corresponding obligations treated as liabilities. Finance charges are allocated to the income statements to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company made up to December 31, 2002.

A subsidiary is a company in which the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities.

Subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

All significant intercompany balances and transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments

Investments in subsidiary companies, which are eliminated on consolidation and investment in associated company, are stated in the Company's financial statements at cost or valuation. The unquoted shares of certain subsidiary companies were revalued by the directors based on the value of underlying net assets as of December 31, 1991 modified to include the revaluation of certain property, plant and equipment. Where there is an indication of impairment in the value of the assets, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

Other investments in quoted and unquoted shares are stated at cost less allowance for diminution in value of investments to recognise any decline, other than a temporary decline, in the value of the investments.

Associated Companies

An associated company is a non-subsidiary company in which the Group or the Company holds not less than 20% of the equity voting rights as long-term investment and in which the Group or the Company is in a position to exercise significant influence in its management.

The Group's investment in associated company is accounted for under the equity method of accounting based on the latest management financial statements of the associated company made up to December 31, 2002. Under this method of accounting, the Group's interest in the post-acquisition profits and reserves of the associated company is included in the consolidated results while dividend received is reflected as a reduction of the investment in the consolidated balance sheet. The carrying amount of such investment is reduced to recognise any decline, other than a temporary decline, in the value of the investment.

Unrealised profits and losses arising on transactions between the Group and its associated company are eliminated to the extent of the Group's equity interest in the associated company except where unrealised losses provide evidence of an impairment of the asset transferred.

Goodwill

Goodwill arising on consolidation represents the excess of purchase consideration over the share of the fair values of the identifiable net assets of the subsidiary companies at the date of acquisition.

Reserve on consolidation represents the excess of the fair values of the identifiable net assets of the subsidiary companies over the purchase consideration at the date of acquisition.

Goodwill arising on the acquisition of associated company is included within the carrying amount of the associated company and represents the excess of the purchase consideration over the Group's interest in the fair values of the identifiable net assets of the associated company at the date of acquisition.

Goodwill is recognised as an asset and is amortised over its economic useful life of 25 years.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined principally on the "First-in, First-out" and "Weighted Average" methods. Cost of trade merchandise, raw materials, consumables, factory supplies, promotional stocks and goods-in-transit comprise the original purchase price plus cost incurred in bringing the inventories to their present location. Cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and a proportion of production overheads. Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Receivables

Trade and other receivables are stated at nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Cash Flow Statements

The Group and the Company adopt the indirect method in the preparation of the cash flow statements.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value.

4. REVENUE

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Sale of goods	264,866	230,463	—	—
Tourism related services	143	—	—	—
Dividend income:				
Subsidiary companies	—	—	2,438	5,356
Associated company	—	—	783	—
	—	—	3,221	5,356
	265,009	230,463	3,221	5,356

5. SEGMENT REPORTING

Business segments

For management purposes, the Group is organised into the following operating divisions:

- manufacturing (includes cooking oils, margarine, shortening, corrugated paper cartons, crude palm oil, kernel and general line tin cans)
- trading (includes edible oils, kernel and other consumer products)
- plantation (includes tea and palm oil)
- others (includes tourism related services and investment holding)

Inter-segment sales are charged at cost plus a percentage of profit mark-up.

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2002	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	101,583	162,951	332	143	—	265,009
Inter-segment sales	128,104	22,825	1,459	3,235	(155,623)	—
Total revenue	229,687	185,776	1,791	3,378	(155,623)	265,009
Results						
Profit from operations	8,616	2,880	(768)	2,827	(3,382)	10,173
Finance costs						(6,300)
Share of profits of an associated company	1,760	—	—	—	—	1,760
Income from other investments						1,309
Expenses relating to corporate exercise						(205)
Profit before tax						6,737
Income tax expense						(2,714)
Profit after tax						4,023
Other information						
Capital additions	8,420	760	9,833	509	—	19,522
Depreciations and amortisation	4,827	1,293	525	247	—	6,892
Consolidated Balance Sheet						
Assets						
Segment assets	222,120	108,252	31,810	103,554	(169,629)	296,107
Investment in associated companies	25,429	—	—	—	—	25,429
Consolidated total assets						321,536
Liabilities						
Segment liabilities	140,186	101,994	15,891	24,256	(105,486)	176,841

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2001	Manufacturing RM'000	Trading RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue					
External sales	74,565	155,894	4	—	230,463
Inter-segment sales	85,136	—	5,356	(90,492)	—
Total revenue	159,701	155,894	5,360	(90,492)	230,463
Results					
Profit from operations	8,577	2,953	4,923	(5,554)	10,899
Finance costs					(5,246)
Share of profits of an associated company	1,735	—	—	—	1,735
Income from other investments					1,423
Expenses relating to corporate exercise					(461)
Profit before tax					8,350
Income tax expense					(1,902)
Profit after tax					6,448
Other information					
Capital additions	7,344	8,263	126	—	15,733
Depreciations and amortisation	3,493	1,291	225	—	5,009
Consolidated Balance Sheet					
Assets					
Segment assets	190,726	96,055	108,976	(131,751)	264,006
Investment in associated companies	22,319	—	—	—	22,319
Consolidated total assets					286,325
Liabilities					
Segment liabilities	114,157	88,611	16,987	(76,004)	143,751
Geographical segments					

Information on the Group's operations and analysis of the carrying amounts of segment assets and capital additions by geographical segment has not been provided as the Group operates principally in Malaysia.

Information on the Group's analysis of the segment revenue from external customers by geographical area based on the geographical location of its customers has not been provided as the export sales of the Group is less than 10% of its total revenue.

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER OPERATING INCOME/(EXPENSES)

Included in other operating income/(expenses) are the following:

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Rental income:				
Premises	266	237	-	-
Hot and cold water dispensers	65	105	-	-
Motor vehicles	6	4	-	-
Gain on disposal of property, plant and equipment	98	123	-	-
Allowance for doubtful debts no longer required	46	1	-	-
Bad debts recovered	9	19	-	-
Realised gain on foreign exchange	3	13	3	-
Directors' remuneration:				
Directors of the Company:				
Fees	(72)	(72)	(60)	(58)
Other emoluments	(722)	(730)	-	-
Directors of the subsidiary companies:				
Fees:				
Current year	(24)	(15)	-	-
Prior year	(3)	-	-	-
Other emoluments	(606)	(379)	-	-
Bad debts written off	(401)	(229)	-	-
Rental expense:				
Premises	(269)	(244)	-	-
Bulking facilities	-	(36)	-	-
Allowance for doubtful debts	(180)	(680)	-	-
Hire of machinery	(161)	(119)	-	-
Audit fee:				
Current year	(141)	(112)	(16)	(5)
Prior year	(1)	1	(2)	-
Property, plant and equipment written off	(46)	(94)	-	-
Loss on disposal of shares in an associated company	-	(210)	-	(210)
Inventories written off	-	(5)	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCE COSTS

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bank overdrafts	1,732	1,898	—	1
Bankers' acceptances	1,691	1,325	—	—
Revolving credits	1,061	1,373	74	47
Term loans	919	224	—	—
Hire-purchase	547	109	—	—
Trust receipts	348	307	—	—
Export credit refinancing	2	10	—	—
	6,300	5,246	74	48

8. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Interest received on advances granted to related companies	1,308	1,422	—	—
Dividend income from quoted shares	1	1	—	—
	1,309	1,423	—	—

9. INCOME TAX EXPENSE

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	1,869	2,486	423	1,205
Prior year	140	377	(6)	14
	2,009	2,863	417	1,219
Deferred tax (Note 22)	297	(1,102)	—	—
Share of tax of an associated company	408	141	—	—
	2,714	1,902	417	1,219

The effective tax rate of the Group in 2002 is higher than the statutory income tax rate due mainly to certain expense items were considered as non-deductible for tax purposes.

The effective tax rate of the Group in 2001 is lower than the statutory income tax rate due mainly to utilisation of reinvestment allowances claimed under Schedule 7A of the Income Tax Act, 1967 by a subsidiary company.

The income tax expense of the Company in 2002 and 2001 relates to dividend income.

NOTES TO THE FINANCIAL STATEMENTS

10. EARNINGS PER ORDINARY SHARE

The basic and diluted earnings per share are calculated as follows:

	The Group	
	2002 RM'000	2001 RM'000
Basic		
Net profit attributable to ordinary shareholders	4,002	6,415
	2002 Units'000	2001 Units'000
Number of ordinary shares in issue as of January 1	37,569	37,569
Effect of bonus issue	25,046	25,046
Effect of exercise of ESOS	44	—
Weighted average number of ordinary shares in issue	62,659	62,615
	2002	2001
Basic earnings per ordinary share (sen)	6.39	10.24
	2002 RM'000	2001 RM'000
Fully Diluted		
Net profit attributable to ordinary shareholders	4,002	6,415
	2002 Units'000	2001 Units'000
Weighted average number of ordinary shares in issue	62,659	62,615
	2002	2001
Fully diluted earnings per ordinary share (sen)	6.39	10.24

The Group has no dilution in its earnings per share as a result of the ESOS as the fair value of the ordinary shares is currently lower than the subscription price. Therefore, there is no shares deemed issued under the ESOS with no consideration for adjustment in the form of an increase in the number of shares which will result in a dilution of its earnings per share.

Comparative figures of the basic and fully diluted earnings per ordinary share have been restated to reflect the bonus issue during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost except as otherwise stated					At end of year RM'000
	At beginning of year RM'000	Arising from acquisition of subsidiary companies RM'000	Additions RM'000	Disposals RM'000	Reclassification RM'000	
Freehold land:						
At 1998 valuation	1,401	—	—	—	—	1,401
At cost	7,456	3,860	8,516	—	—	19,832
Long-term leasehold land and improvements:						
At 1995 valuation	3,270	—	—	—	—	3,270
At 1998 valuation	31,858	—	—	—	(5,662)	26,196
At cost	4,579	—	842	—	(1,715)	3,706
Short-term leasehold land:						
At 1998 valuation	2,135	—	—	—	5,662	7,797
At cost	—	539	437	—	1,742	2,718
Buildings:						
At 1998 valuation	29,881	—	—	—	—	29,881
At cost	11,284	6,898	625	(97)	87	18,797
Electricity and water supply system:						
At 1995 valuation	95	—	—	—	—	95
At cost	63	—	—	—	—	63
Electricity and water supply system under hire-purchase	79	—	—	—	—	79
Plant and machinery:						
At 1995 valuation	1,002	—	—	—	(3)	999
At cost	52,659	11,859	1,531	(14)	161	66,196
Plant and machinery under hire-purchase	356	5,780	4,133	—	(158)	10,111
Motor vehicles:						
At 1995 valuation	255	—	—	—	—	255
At cost	10,709	328	330	(662)	413	11,118
Motor vehicles under hire-purchase	1,166	—	519	(62)	(413)	1,210
Furniture, fixtures and equipment	9,064	531	751	(194)	—	10,152
Plantation development expenditure	2,322	—	333	—	—	2,655
Capital work-in-progress	448	1,508	1,505	(98)	(114)	3,249
Total	170,082	31,303	19,522	(1,127)	—	219,780

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	← Accumulated depreciation →					At end of year RM'000
	At beginning of year RM'000	Arising from acquisition of subsidiary companies RM'000	Charge for the year RM'000	Disposals RM'000	Reclassification RM'000	
Freehold land:						
At 1998 valuation	—	—	—	—	—	—
At cost	—	—	—	—	—	—
Long-term leasehold land and improvements:						
At 1995 valuation	118	—	39	—	—	157
At 1998 valuation	1,459	—	430	—	(402)	1,487
At cost	225	—	96	—	(72)	249
Short-term leasehold land:						
At 1998 valuation	166	—	42	—	402	610
At cost	—	84	6	—	72	162
Buildings:						
At 1998 valuation	2,676	—	711	—	—	3,387
At cost	386	718	330	—	—	1,434
Electricity and water supply system:						
At 1995 valuation	39	—	6	—	—	45
At cost	21	—	4	—	—	25
Electricity and water supply system under hire-purchase	10	—	7	—	—	17
Plant and machinery:						
At 1995 valuation	505	—	50	—	—	555
At cost	28,403	7,062	2,940	(7)	31	38,429
Plant and machinery under hire-purchase	64	1,112	774	—	(31)	1,919
Motor vehicles:						
At 1995 valuation	192	—	13	—	—	205
At cost	8,188	108	590	(566)	177	8,497
Motor vehicles under hire-purchase	339	—	225	(25)	(177)	362
Furniture, fixtures and equipment	3,770	329	629	(106)	—	4,622
Plantation development expenditure	—	—	—	—	—	—
Capital work-in-progress	—	—	—	—	—	—
Total	46,561	9,413	6,892	(704)	—	62,162

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group	Net book value	
	2002 RM'000	2001 RM'000
Freehold land:		
At 1998 valuation	1,401	1,401
At cost	19,832	7,456
Long-term leasehold land and improvements:		
At 1995 valuation	3,113	3,152
At 1998 valuation	24,709	30,399
At cost	3,457	4,354
Short-term leasehold land:		
At 1998 valuation	7,187	1,969
At cost	2,556	—
Buildings:		
At 1998 valuation	26,494	27,205
At cost	17,363	10,898
Electricity and water supply system:		
At 1995 valuation	50	56
At cost	38	42
Electricity and water supply system under hire-purchase	62	69
Plant and machinery:		
At 1995 valuation	444	497
At cost	27,767	24,256
Plant and machinery under hire-purchase	8,192	292
Motor vehicles:		
At 1995 valuation	50	63
At cost	2,621	2,521
Motor vehicles under hire-purchase	848	827
Furniture, fixtures and equipment	5,530	5,294
Plantation development expenditure	2,655	2,322
Capital work-in-progress	3,249	448
Total	157,618	123,521

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Included in plantation development expenditure are the following current year's expenditure:

	The Group 2002 RM'000	2001 RM'000
Depreciation of property, plant and equipment	106	99
Audit fee:		
Current year	2	2
Prior year	—	(1)
Interest on:		
Hire-purchase	2	2
Bank overdrafts	—	20

During the financial year, depreciation expenses are charged to the following:

	The Group 2002 RM'000	2001 RM'000
Income statements	6,786	4,910
Plantation development expenditure	106	99
	6,892	5,009

Certain freehold land, leasehold land and improvements, buildings, electricity and water supply system, plant and machinery and motor vehicles of the subsidiary companies were revalued by the directors in 1995 and 1998 based on valuations carried out by independent firms of professional valuers using the "open market value on existing use" basis.

The tax effect relating to the surplus on revaluation of property, plant and equipment has not been disclosed or recognised as the directors of the subsidiary companies have no intention to dispose of these assets in the foreseeable future.

The carrying amounts of the revalued assets that would have been included in the financial statements had the assets been carried at cost less accumulated depreciation have not been disclosed due to the absence of historical records.

Land and buildings of certain subsidiary companies with carrying amounts of RM9,969,268 (2001: RMNil) are pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 21.

Plant and machinery, electricity and water supply system and motor vehicles under hire-purchase of the Group with carrying amounts of RM9,102,014 (2001: RM1,188,010) are registered under the names of hire-purchase companies for facilities granted to the Group as disclosed in Note 20.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2002	2001
	RM'000	RM'000
Unquoted shares:		
At directors' valuation	19,850	19,850
At cost	35,020	23,500
	54,870	43,350

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2002 %	2001 %	
Direct Subsidiary Companies				
Yee Lee Trading Co. Sdn. Bhd.	Malaysia	100.00	100.00	Marketing and distribution of edible oils and other consumer products.
Yee Lee Palm Oil Industries Sdn. Bhd. *	Malaysia	100.00	100.00	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing of cooking oil, margarine and shortening and trading of consumer products.
South East Asia Paper Products Sdn. Bhd. *	Malaysia	98.67	98.67	Manufacturing and selling of corrugated paper cartons.
Canpac Sdn. Bhd. *	Malaysia	100.00	—	Manufacturing and selling of general line tin cans.
Intanwasa Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding.
Genlin Investment Limited **	Hong Kong	100.00	100.00	Pre-operating.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2002 %	2001 %	
Indirect Subsidiary Companies				
Held through Yee Lee Trading Co. Sdn. Bhd.				
Mini Motors Sdn. Bhd. *	Malaysia	100.00	—	Investment holding.
Held through Yee Lee Palm Oil Industries Sdn. Bhd.				
Sementra Plantations Sdn. Bhd.	Malaysia	100.00	100.00	Planting of oil palm.
Palker Sdn. Bhd.	Malaysia	100.00	—	Trading of crude palm oil and palm kernel.
Held through Canpac Sdn. Bhd.				
Good Cans Sdn. Bhd. *	Malaysia	100.00	—	Dormant.
Held through Intanwasa Sdn. Bhd.				
Desa Tea Sdn. Bhd.	Malaysia	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.

* The financial statements of these companies are examined by auditors other than the auditors of the Company.

** Audited by member firm of Deloitte Touche Tohmatsu.

During the financial year, the Company entered into an agreement to acquire 100% equity interest in Canpac Sdn. Bhd.. The acquisition was completed on March 30, 2002.

Yee Lee Palm Oil Industries Sdn. Bhd. and Yee Lee Trading Co. Sdn. Bhd., wholly-owned subsidiary companies of the Company, also entered into agreements during the financial year to acquire 100% equity interest in Palker Sdn. Bhd. and Mini Motors Sdn. Bhd. respectively. The acquisitions were completed on March 12, 2002.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

The effect of these acquisitions on the financial results of the Group for the financial year is as follows:

Post-acquisition results of subsidiary companies acquired:

	2002 RM'000
Revenue	51,376
Operating expenses	(47,848)
Profit before tax	3,528
Income tax expense	(15)
Increase in Group profit attributable to shareholders	3,513

The effect of these acquisitions on the financial position of the Group as of year end is as follows:

	Note	Unaudited March 31, 2002 RM'000
Net assets acquired as of date of acquisition:		
Property, plant and equipment		21,890
Inventories		1,569
Trade receivables		10,729
Amount owing by ultimate holding company		3,945
Amount owing by other related companies		781
Other receivables, deposits and prepaid expenses		1,264
Tax recoverable		16
Cash and bank balances		38
Trade payables		(2,673)
Other payables and accrued expenses		(871)
Amount owing to related companies		(17,996)
Hire-purchase payables		(4,255)
Borrowings		(6,350)
Goodwill on consolidation	15	4,233
Net assets acquired		12,320
Add: Bank overdrafts		1,701
Less: Cash and bank balances		(38)
Cash flow on acquisition, net of cash acquired		13,983

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	22,803	20,262	22,803	20,262
Share of post-acquisition results, net of dividends received	2,626	2,057	—	—
	25,429	22,319	22,803	20,262
Market value of quoted shares	18,907	20,267	18,907	20,267

The Group's interest in the associated company is analysed as follows:

	The Group	
	2002	2001
	RM'000	RM'000
Share of net assets	27,011	23,426
Reserve on acquisition	(1,582)	(1,107)
	25,429	22,319

The Group and the Company has an equity interest of 26.61% (2001: 23.63%) in an associated company, Spritzer Bhd., a company incorporated in Malaysia, whose principal activity is investment holding.

14. OTHER INVESTMENTS

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
At cost:				
Quoted shares in Malaysia	20	20	—	—
Unquoted shares:				
In Malaysia	247	247	—	—
Outside Malaysia	3,454	3,454	3,454	3,454
	3,701	3,701	3,454	3,454
	3,721	3,721	3,454	3,454
Market value of quoted shares	22	25	—	—

NOTES TO THE FINANCIAL STATEMENTS

15. GOODWILL ON CONSOLIDATION

	The Group	
	2002 RM'000	2001 RM'000
Goodwill:		
At beginning of year	2,809	2,808
Goodwill arising from acquisition of subsidiary companies (Note 12)	4,233	1
At end of year	7,042	2,809
Cumulative amortisation:		
At beginning of year	365	253
Current amortisation	239	112
At end of year	(604)	(365)
Net	6,438	2,444

16. INVENTORIES

	The Group	
	2002 RM'000	2001 RM'000
At cost:		
Finished goods and trading merchandise	23,554	21,258
Raw materials	8,661	4,801
Goods-in-transit	1,997	2,939
Factory supplies	1,245	1,395
Consumables	865	744
Promotional stocks	763	801
Work-in-progress	759	173
At net realisable value:		
Finished goods	1,505	821
	39,349	32,932

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Trade receivables	59,175	43,591	-	-
Less: Allowance for doubtful debts	(3,956)	(4,475)	-	-
Net	55,219	39,116	-	-
Other receivables	6,155	6,595	1,174	1,408
Less: Allowance for doubtful debts	(45)	(45)	-	-
Refundable deposits	6,110	6,550	1,174	1,408
Prepaid expenses	508	1,702	1	1,153
Net	1,163	902	1	1
Net	7,781	9,154	1,176	2,562

Transactions with related parties are disclosed in Note 18.

The credit period granted on sale of goods ranges from 14 to 120 days (2001: 14 to 120 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods of RM3,956,221 (2001: RM4,475,208). This allowance has been determined by reference to management anticipation on the collectability of certain receivable accounts.

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary of Yee Lee Organization Bhd., a company incorporated in Malaysia, which is also the ultimate holding company.

The amount owing by ultimate holding company arose mainly from trade transactions and advances which are unsecured, interest-free and have no fixed terms of repayment.

The amount owing by/(to) subsidiary companies arose mainly from advances and expenses paid on behalf which are unsecured, interest-free and have no fixed terms of repayment.

The amount owing by/(to) other related companies arose mainly from trade transactions, advances and expenses paid on behalf which are unsecured and have no fixed terms of repayment. Certain advances granted to other related companies bear interest rate of 8% (2001: 8% to 9%) per annum.

Other than as disclosed elsewhere in the financial statements, the related parties and their relationship with the Company and its subsidiary companies are as follows:

Names of related parties	Relationship
Yew Lee Chiong Tin Factory Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim AHeng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Thang Lai Sung, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

Names of related parties	Relationship
Yee Lee Trading Co. (Kelantan) Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Chua Tiong Lee and Mr. Chua Ah Bah @ Chua Siew Seng, directors of subsidiary companies, are directors.
Kolej Teknologi Praktikal Sdn. Bhd. Practical Advanced Technology Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Goh Mung Chwee, a director of subsidiary companies, is a director.
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interest.
Mini Motors Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Chok Hooa @ Chok Yin Fatt, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Chua Tiong Lee, a director of a subsidiary company, is a director.
Batang Padang Oil Palm Sdn. Bhd. Palker Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Thang Lai Sung, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Cheng Chao Sing, a director of subsidiary companies, is a director.

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

Names of related parties	Relationship
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Lim Kim Kow, a director of a subsidiary company, is a director.
Kasjaria-Kim Huat (M) Sdn. Bhd. Kim Huat Engineering (1962) Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of a subsidiary company, is a director and has substantial financial interest.
Palker Oil Industries Sdn. Bhd. Yee Lee Plantations Sdn. Bhd. Multibase Systems Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Lee Kon Cheng and Mr. Cheng Chao Sing, directors of subsidiary companies, are directors.
Uniyelee Insurance Agencies Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Lim Ee Young, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interest.
Unipon Enterprise Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Lim Ee Young, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

Names of related parties	Relationship
Canpac Sdn. Bhd. Manimore Resources Sdn. Bhd. Golden PET Industries Sdn. Bhd. Angenet Sdn. Bhd. Transport Master Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.
Chuan Sin Cactus Sdn. Bhd. Chuan Sin Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interest.
Unikampar Credit & Leasing Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Mr. Thang Lai Sung, a director of the Company, is a director. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.
Multisafe Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Lee Kon Cheng, a director of subsidiary companies, is a director.
Intan Serantau Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest. - A company in which Mr. Cheng Chao Sing, a director of subsidiary companies, is a director.
Uniyelee Service Agencies Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim Ee Young, a director of the Company, has substantial financial interest. - A company in which Mr. Cheng Chao Sing, a director of subsidiary companies, is a director and has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

During the financial year, significant related party transactions are as follows:

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company				
Interest on advances received	525	—	—	—
Purchase of goods	1,837	6,601	—	—
Sale of goods	1,829	6,563	—	—
Rental on premises received	24	24	—	—
Subsidiary companies				
Dividends received (gross)	—	—	2,438	5,356
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	494	330	—	—
Sale of goods	118	51	—	—
Interest on advances received	144	168	—	—
Transportation fees received	86	208	—	—
Professional fees received	6	—	—	—
Transportation fees paid	1	—	—	—
Canpac Sdn. Bhd.				
Interest on advances received	145	669	—	—
Sale of goods	90	438	—	—
Professional fees received	—	5	—	—
Yee Lee Trading Co. (Kelantan) Sdn. Bhd.				
Purchase of property, plant and equipment	430	—	—	—
Kolej Teknologi Praktikal Sdn. Bhd.				
Training services rendered	68	—	—	—
Cranberry (M) Sdn. Bhd.				
Sale of steam	1,641	1,991	—	—
Interest on advances received	494	585	—	—
Sale of goods	412	459	—	—
Rental on premises received	60	60	—	—
Transportation fees received	15	4	—	—
Professional fees received	9	4	—	—
Mini Motors Sdn. Bhd.				
Rental on premises paid	5	18	—	—
Practical Advanced Technology Sdn. Bhd.				
Purchase of computer software and hardware and services rendered	268	259	—	—

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Palker Oil Industries Sdn. Bhd.				
Purchase of property, plant and equipment	2,330	—	—	—
Batang Padang Oil Palm Sdn. Bhd.				
Purchase of property, plant and equipment	750	—	—	—
Yee Lee Plantations Sdn. Bhd.				
Purchase of property, plant and equipment	5,963	—	—	—
Purchase of goods	596	664	—	—
Palker Sdn. Bhd.				
Sale of goods	6,775	13,475	—	—
Purchase of goods	5,674	12,656	—	—
Contract wages paid	42	—	—	—
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	224	227	—	—
Purchase of goods	148	27	—	—
Professional fees received	1	—	—	—
Kasjaria-Kim Huat (M) Sdn. Bhd.				
Professional fees received	—	1	—	—
Kim Huat Engineering (1962) Sdn. Bhd.				
Professional fees received	—	1	—	—
Other related parties				
Multibase Systems Sdn. Bhd.				
Secretarial and accounting fees payable	46	43	4	4
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium payable	987	931	7	2
Professional fees received	1	—	—	—
Unipon Enterprise Sdn. Bhd.				
Purchase of goods	19	103	—	—
Transportation fees received	—	1	—	—
Manimore Resources Sdn. Bhd.				
Sale of goods	3	—	—	—
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	5,832	3,907	—	—
Transportation fees received	—	1	—	—

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Unikampar Credit & Leasing Sdn. Bhd.				
Hire-purchase loans obtained	3,661	266	-	-
Interest on hire-purchase loans paid	531	109	-	-
Sale of goods	2	2	-	-
Professional fees received	1	-	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	7,818	9,152	-	-
Transportation fees received	282	123	-	-
Sale of goods	16	31	-	-
Professional fees received	5	-	-	-
Commission receivable	-	57	-	-
Chuan Sin Sdn. Bhd.				
Purchase of goods	19,706	27,258	-	-
Sale of goods	2,768	3,802	-	-
Transportation fees received/receivable	302	458	-	-
Professional fees received	7	9	-	-
Multisafe Sdn. Bhd.				
Sale of steam	221	-	-	-
Security fee received	34	-	-	-
Angenet Sdn. Bhd.				
Purchase of goods	1,244	248	-	-
Sale of goods	558	196	-	-
Transportation fees received/receivable	100	-	-	-
Transport Master Sdn. Bhd.				
Contract wages payable	1,003	1,025	-	-
Intan Serantau Sdn. Bhd.				
Contract wages payable	692	761	-	-
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium payable	5	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (cont'd)

The outstanding balances from related party transactions are as follows:

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	670	770	—	—
Included in other receivables and prepaid expenses	1,149	104	—	—
Payables:				
Included in trade payables	12,042	10,076	—	—
Included in other payables and accrued expenses	294	204	2	6
Included in hire-purchase payables	6,172	550	—	—

The transactions with subsidiary companies are aggregated as these transactions are similar in nature and also no single transaction is significant enough to be disclosed separately in the financial statements.

The directors of the Group and of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

19. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 120 days (2001: 30 to 120 days).

Other payables and accrued expenses consist of :

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Other payables	6,008	6,483	3	8
Deposits received	177	185	—	—
Accrued expenses	5,738	5,137	82	69
	11,923	11,805	85	77

Transactions with related parties are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

20. HIRE-PURCHASE PAYABLES

	The Group	
	2002 RM'000	2001 RM'000
Principal outstanding	6,172	550
Less: Amount due within 12 months (shown under current liabilities)	(2,490)	(380)
Non-current portion	3,682	170

The non-current portion is repayable as follows:

	The Group	
	2002 RM'000	2001 RM'000
Financial years ending December 31:		
2003	—	131
2004	1,723	18
2005	1,336	21
2006	623	—
	3,682	170

The terms for hire-purchase range from 2 to 4 years. For the financial year ended December 31, 2002, the effective borrowing rates range from 11.52% to 15.00% (2001: 11.83% to 17.26%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase.

21. BORROWINGS

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unsecured:				
Bankers' acceptances	60,736	38,597	—	—
Revolving credits	17,000	21,500	2,000	1,500
Term loans	16,876	7,119	—	—
Bank overdrafts	16,768	23,215	—	1,131
Trust receipts	3,374	5,447	—	—
Secured:				
Bankers' acceptances	1,940	—	—	—
Bank overdrafts	1,841	—	—	—
Term loans	142	—	—	—
	118,677	95,878	2,000	2,631
Less: Amount due within 12 months (shown under current liabilities)	(108,694)	(90,066)	(2,000)	(2,631)
Non-current portion	9,983	5,812	—	—

NOTES TO THE FINANCIAL STATEMENTS

21. BORROWINGS (cont'd)

The non-current portion is repayable as follows:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Financial years ending December 31:				
2003	—	1,289	—	—
2004	2,146	1,289	—	—
2005	2,146	1,289	—	—
2006	2,146	1,079	—	—
2007	2,146	866	—	—
2008 and above	1,399	—	—	—
	9,983	5,812	—	—

The average effective interest rates are as follows:

	The Group		The Company	
	2002 %	2001 %	2002 %	2001 %
Bank overdrafts	7.69	7.79	—	7.40
Bankers' acceptances	3.24	3.63	—	—
Revolving credits	4.40	4.54	4.05	4.10
Trust receipts	7.53	5.49	—	—
Term loans	6.90	7.68	—	—

The credit facilities of the Group of RM257,720,000 (2001: RM276,710,000) are guaranteed by the Company. Bank overdrafts, term loans and bankers' acceptances of the Group amounting to approximately RM3,923,093 (2001: RMNil) are secured by legal charges over certain subsidiary companies' property, plant and equipment.

22. DEFERRED TAX LIABILITIES

	The Group	
	2002 RM'000	2001 RM'000
At beginning of year	4,678	5,780
Transfer from/(to) income statements (Note 9)	297	(1,102)
At end of year	4,975	4,678

The deferred tax liabilities of the Group are in respect of timing differences between tax capital allowances and book depreciation of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

22. DEFERRED TAX LIABILITIES (cont'd)

As mentioned in Note 3, the effects of timing differences which would give rise to net deferred tax assets are recognised generally on actual realisation. As of December 31, 2002, the amount of estimated net deferred tax assets of the Group calculated at applicable tax rate which is not recognised in the financial statements, is as follows:

	Deferred Tax Assets/ (Liabilities) The Group	
	2002 RM'000	2001 RM'000
Tax effects of:		
Timing differences between tax capital allowances and book depreciation of property, plant and equipment	(1,091)	(650)
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	11,246	10,033
	10,155	9,383

The unutilised tax losses and unabsorbed agricultural and tax capital allowances of the Group are subject to agreement by the tax authorities except for unutilised tax losses of approximately RM3,414,000 (2001: RM3,414,000) and unabsorbed agricultural allowances of approximately RM51,000 (2001: RM51,000), which have been agreed by the Inland Revenue Board.

All timing differences of the Group have been accounted for as they are expected to reverse in the foreseeable future.

23. SHARE CAPITAL

	The Group and The Company	
	2002 RM'000	2001 RM'000
Authorised:		
100,000,000 ordinary shares of RM1 each	100,000	100,000
Issued and fully paid:		
Ordinary shares of RM1 each:		
At beginning of year	37,569	37,569
Issued during the year:		
Exercise of share options	89	—
Bonus issue	25,046	—
At end of year	62,704	37,569

As approved by the shareholders at the Extraordinary General Meeting held on January 30, 2002, the Company increased the issued and paid-up ordinary share capital from RM37,569,000 to RM62,704,000 by way of:

- a bonus issue of RM25,046,000 new ordinary shares of RM1 each through capitalisation of RM4,979,000 from the share premium account and RM20,067,000 from the unappropriated profit account on the basis of two (2) new ordinary share of RM1 each for every three (3) existing ordinary shares of RM1 each held; and
- an issue of RM89,000 new ordinary shares of RM1 each for cash pursuant to the Executive Share Option Scheme (ESOS) of the Company at a subscription price of RM1.58 per ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

23. SHARE CAPITAL (cont'd)

The resultant premium arising from the shares issued in (b) of RM51,620 has been credited to the share premium account.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

The new ordinary shares issued under the bonus issue were listed and quoted on the Kuala Lumpur Stock Exchange with effect from March 18, 2002.

Under the Company's ESOS which became effective on March 18, 2002, options to subscribe for unissued new ordinary shares of RM1 each in the Company were granted to eligible employees and executive directors of the Company and its subsidiary companies.

The share options granted and exercised during the financial year are as follows:

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each				
		Balance as of 1.1.2002	Granted	Exercised	Lapsed due to resignation	Balance as of 31.12.2002
18.3.2002	1.58	—	5,755,000	(89,000)	(105,000)	5,561,000

The salient features of the ESOS are as follows:

- The maximum number of new shares which may be allotted pursuant to the exercise of options under the ESOS shall not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time during the duration of the ESOS;
- Eligible employee is a natural person who is employed by and on the payroll of any company in the Group who fulfils the conditions of eligibility, including full time executive directors of the Group;
- No eligible employee shall at any time participate in more than one (1) ESOS implemented by any company within the Group;
- No option shall be granted for less than 1,000 ordinary shares nor more than 420,000 ordinary shares, and shall be exercised in multiples of 1,000 ordinary shares;
- The subscription price shall be determined by the higher of the 5-day weighted average market price of the Company's shares preceding the date of offer, with a discount of not more than ten per cent (10%), if deemed appropriate and the par value of the shares; and
- The options granted may be exercised at anytime within a period of five (5) years from March 18, 2002 to March 17, 2007 subject to a maximum of twenty per cent (20%) of the options granted per annum.

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	52	4,979	52	4,979
Revaluation reserve	20,934	20,934	2,262	2,262
Reserve on consolidation	509	509	—	—
	21,495	26,422	2,314	7,241
Distributable reserve:				
Unappropriated profit	60,275	78,371	21,382	41,150
	81,770	104,793	23,696	48,391

Share premium

Share premium arose from the following:

	The Group and The Company	
	2002	2001
	RM'000	RM'000
Exercise of share options of 154,000 ordinary shares issued at a premium of RM5.95 per ordinary share in 1997	916	916
Private placement of 3,415,000 ordinary shares issued at a premium of RM1.26 per ordinary share in 1998, net of share issue expense of RM240,043	4,063	4,063
Exercise of share options of 89,000 ordinary shares issued at a premium of RM0.58 per ordinary share in 2002	52	—
	5,031	4,979
Less: Capitalisation by way of bonus issue	(4,979)	—
	52	4,979

Revaluation reserve

The revaluation reserve is used to record increase and decrease in revaluation of non-current assets, as described in the accounting policies. This amount arose from the revaluation of certain freehold land, leasehold land and improvements, buildings, electricity and water supply system, plant and machinery and motor vehicles as disclosed in Note 11.

Reserve on consolidation

The reserve on consolidation represents the excess of the fair values of the identifiable net assets of the subsidiary companies over the purchase consideration at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES (cont'd)

Unappropriated profit

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credits and the tax-exempt accounts balances, the unappropriated profit of the Company as of December 31, 2002 is available for distribution by way of cash dividends without additional tax liabilities being incurred. Any dividends declared and proposed out of the aforesaid tax-exempt accounts will be tax exempted in the hands of the shareholders.

25. DIVIDENDS

	The Group and The Company	
	2002	2001
	RM'000	RM'000
First and final dividend paid		
- 4.5 sen per share, less tax for 2002; Nil for 2001	2,031	—

A first and final dividend of 4.5 sen per share, less tax, in respect of ordinary shares proposed in previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors proposed a first and final dividend of 4.0 sen per share, less tax, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Net dividend per share proposed during the year is 2.9 sen (2001: 3.2 sen).

26. FINANCIAL INSTRUMENTS

Financial Risk Management Objectives and Policies

The operations of the Group is subject to a variety of financial risks, including foreign currency exchange risk, interest rate risk, credit risk, liquidity risk and cash flow risk.

Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by the subsidiary companies in currencies other than their functional currency.

The Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables.

Interest rate risk

The Group enters into various interest rate risk management transactions for the purpose of reducing net interest costs and to achieve interest rates within predictable desired range.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (cont'd)

Credit risk

The Group is exposed to credit risk mainly from trade receivables and derivative instruments used. The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history. The Group also ensures a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

Liquidity risk

The Group practices prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

Cash flow risk

The Group reviews its cash flow position regularly to manage its exposure to fluctuations in future cash flows associated with its monetary financial instruments.

Financial Assets

The Group's principal financial assets are cash and bank balances, trade and other receivables, amount owing by related companies and equity investments.

The accounting policies applicable to the major financial assets are as disclosed in Note 3.

Financial Liabilities

The Group's principal financial liabilities are trade and other payables, bank borrowings, hire-purchase payables and amount owing to related companies.

Bank borrowings are recorded at proceeds received net of direct issue costs. Finance charges are accounted for on accrual basis.

Off Balance Sheet Derivative Financial Instruments

The Group enters into various financial derivative transactions to control and manage financial risks arising from its operations. The use of derivative instruments is to manage its exposures to fluctuations in foreign exchange rates. These instruments are not recognised in the financial statements on inception.

Forward Foreign Currency Exchange Contracts

Forward foreign currency exchange contracts are entered into by the Group to limit its exposure to fluctuations in foreign currency exchange rates on foreign receipts and payments.

Credit Risk

The financial instruments which potentially subject the Group to credit risk are trade receivables and forward foreign currency exchange contracts. There is no concentration of credit risk with respect to trade receivables of the Group as of December 31, 2002. The Group is exposed to credit risk with respect to forward foreign currency exchange contracts in the event of non-performance by the counterparties to these financial instruments. The directors are of the opinion that the risk of incurring material losses related to this credit risk is remote.

NOTES TO THE FINANCIAL STATEMENTS

26. FINANCIAL INSTRUMENTS (cont'd)

Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2002 are as follows:

	Note(s)	Carrying Amount RM'000	Fair Value RM'000
Financial Assets			
Investment in quoted shares	14	20	22
Investments in unquoted shares:			
In Malaysia	14	247	—
Outside Malaysia	14	3,454	—
Financial Liabilities			
Hire-purchase payables	18 & 20	6,172	4,856
Term loans	21	17,018	14,436
Off Balance Sheet Items			
Forward foreign currency exchange contracts		691	690

Cash and cash equivalents, trade and other receivables, trade and other payables and short-term bank borrowings.

The carrying amounts of the short-term financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments.

Amount owing by/(to) related companies

No disclosure is made as it is impractical to determine their fair values with sufficient reliability given that these balances have no fixed terms of repayment.

Equity investments

The market value of quoted shares as of balance sheet date approximates the fair value.

Investment in unquoted shares in Malaysia

No disclosure is made as it is impractical to estimate the fair value of unquoted investment. As of December 31, 2002, based on the management financial statements, the Group's share of the net tangible assets of the unquoted investment in Malaysia amounted to RM39,698.

Investment in unquoted shares outside Malaysia

No disclosure is made as it is impractical to estimate the fair value of unquoted investment. Based on the latest available audited financial statements as of December 31, 2001, the Group's and the Company's share of the net tangible assets of the unquoted investment outside Malaysia amounted to RM3,006,247.

Hire-purchase payables and term loans

The fair values are estimated using discounting cash flow analysis based on current borrowing rates for similar type of financing arrangements.

Forward foreign currency exchange contracts

The fair values of forward foreign currency exchange contracts are calculated by reference to the current rate for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	3,680	2,422	32	22
Bank overdrafts	(18,609)	(23,215)	-	(1,131)
	(14,929)	(20,793)	32	(1,109)

28. COMMITMENTS

	The Group	
	2002	2001
	RM'000	RM'000
Capital expenditure:		
Approved and not contracted for	-	133
Approved, contracted but not provided for	-	827
	-	960

29. CONTINGENT LIABILITIES (UNSECURED)

Guarantees granted to licensed banks of the subsidiary companies for facilities extended to the subsidiary companies are no longer disclosed as contingent liabilities to the Company because the Company considers the possibility of an outflow of resources for settlement of present obligations as remote.

NOTES TO THE FINANCIAL STATEMENTS

30. COMPARATIVE FIGURES

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

	As previously reported RM'000	As restated RM'000
The Group		
Income Statement		
Other operating income	2,963	1,540
Income from other investments	—	1,423
Cash Flow Statement		
Cash Flows From/(Used In) Operating Activities		
Finance costs paid	(5,238)	—
Interest on bank overdrafts paid	—	(1,898)
Cash Flows From/(Used In) Investing Activities		
Dividend received from quoted shares	—	1
Cash Flows From/(Used In) Financing Activities		
Dividend received	1	—
Proceeds from/(Repayment of) short-term bank borrowings	(12,660)	—
Proceeds from/(Repayment of) bankers' acceptances	—	(969)
Proceeds from revolving credits	—	1,500
Proceeds from/(Repayment of) trust receipts	—	(2,191)
Repayment of revolving credits	—	(11,000)
Interest on bankers' acceptances paid	—	(1,304)
Interest on revolving credits paid	—	(1,386)
Interest on term loans paid	—	(224)
Interest on hire-purchase paid	—	(109)
Interest on trust receipts paid	—	(307)
Interest on export credit refinancing paid	—	(10)
The Company		
Cash Flow Statement		
Cash Flows From/(Used In) Operating Activities		
Increase in amount owing by subsidiary companies	(153)	—
Finance costs paid	(48)	—
Interest on bank overdraft paid	—	(1)
Cash Flows From/(Used In) Investing Activities		
Advances granted to subsidiary companies	—	(153)
Cash Flows From/(Used In) Financing Activities		
Interest on revolving credits paid	—	(47)

STATEMENT BY DIRECTORS

The directors of **YEE LEE CORPORATION BHD.** state that, in their opinion, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of December 31, 2002 and of the results of their businesses and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

MR. LIM A HENG @ LIM KOK CHEONG
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT
Executive Director

Ipoh,
April 8, 2003

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. LIM A HENG @ LIM KOK CHEONG**, the director primarily responsible for the financial management of **YEE LEE CORPORATION BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and statements of income, cash flows and changes in equity are, in my opinion, 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.

MR. LIM A HENG @ LIM KOK CHEONG

Subscribed and solemnly declared by the abovenamed **MR. LIM A HENG @ LIM KOK CHEONG** at **IPOH** this 8th day of April, 2003

Before me,

R. SARJEET LAL, PJK
COMMISSIONER FOR OATHS
Ipoh

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 5, 2003

SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Fully Paid-Up Share Capital	:	RM62,704,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	1 Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	Number of Shares	Percentage of Issued Share Capital (%)
Less than 1,000	38	17,596	0.03
1,000 to 10,000	2,186	7,125,249	11.36
10,001 to 100,000	175	4,747,287	7.57
100,001 to less than 5% of issued shares	20	9,734,635	15.53
5% and above of issued shares	2	41,079,233	65.51
Total	2,421	62,704,000	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	Percentage of Issued Share Capital (%)	Number of Shares	Percentage of Issued Share Capital (%)
1. Yee Lee Organization Bhd.	33,545,732	53.50	—	—
2. Lembaga Tabung Haji	8,855,000	14.12	—	—
3. Lim A Heng @ Lim Kok Cheong	280,000	0.45	33,700,732 ^a	53.75
4. Chua Shok Tim @ Chua Siok Hoon	155,000	0.25	33,825,732 ^b	53.95
5. Unikampar Credit And Leasing Sdn. Bhd.	—	—	33,545,732 ^c	53.50
6. Uniyelee Sdn. Bhd.	—	—	33,545,732 ^d	53.50
7. Yeleta Holdings Sdn. Bhd.	—	—	33,545,732 ^e	53.50
8. Young Wei Holdings Sdn. Bhd.	—	—	33,545,732 ^f	53.50

^a Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Chua Shok Tim @ Chua Siok Hoon.

^b Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Lim A Heng @ Lim Kok Cheong.

^c Deemed interest by virtue of substantial shareholding in Yee Lee Organization Bhd..

^d Deemed interest by virtue of substantial shareholding in Yee Lee Organization Bhd..

^e Deemed interest by virtue of substantial shareholdings in Unikampar Credit And Leasing Sdn. Bhd. and Uniyelee Sdn. Bhd..

^f Deemed interest by virtue of substantial shareholding in Yeleta Holdings Sdn. Bhd..

ANALYSIS OF SHAREHOLDINGS

THIRTY LARGEST SHAREHOLDERS

Name of Shareholders	Number of Shares	Percentage of Issued Share Capital (%)
1. Yee Lee Organization Bhd.	32,624,233	52.03
2. Lembaga Tabung Haji	8,455,000	13.48
3. Cartaban Nominees (Asing) Sdn. Bhd. - Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	1,396,666	2.23
4. Ishak bin Mohamed Ariff	1,206,666	1.92
5. Yee Lee Organization Bhd.	921,499	1.47
6. Yap Ah Fatt	760,000	1.21
7. Chan Wan Moi	759,000	1.21
8. Nik Mohamad Pena bin Nik Mustapha	594,500	0.95
9. Leong Lim Kuan	528,055	0.84
10. Jailani bin Abdullah	513,666	0.82
11. Lai Ka Chee	452,583	0.72
12. Lembaga Tabung Haji	400,000	0.64
13. CIMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon (MM1076)	300,000	0.48
14. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Dana Johor	283,000	0.45
15. Lim A Heng @ Lim Kok Cheong	280,000	0.45
16. Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Huey Peng (REM 650)	279,000	0.44
17. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Amanah Saham Johor	234,000	0.37
18. OSK Nominees (Tempatan) Sdn. Bhd. - Lem Kim Kaw	210,000	0.33
19. Citicorp Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon (471895)	166,000	0.26
20. HDM Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Tan Soo Joo (Memo)	160,000	0.26
21. Chua Shok Tim @ Chua Siok Hoon	155,000	0.25
22. Choo Peng Hwa	135,000	0.22
23. Wong Yoke Lian	100,000	0.16
24. Low Poh Weng	95,000	0.15
25. Kwek Soo Siong	91,666	0.15
26. Botly Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chiew Ban Aik	91,666	0.15
27. Mohd Bakri @ Mohamed bin Ramly	85,000	0.14
28. Goh Han Chuan	83,333	0.13
29. Amanah Raya Berhad - Kumpulan Wang Am	83,333	0.13
30. Lim Ka Kian	80,000	0.13
Total	51,523,866	82.17

ANALYSIS OF SHAREHOLDINGS

DIRECTORS' INTERESTS

Name of Directors	Direct Interest		Deemed Interest	
	Number of Shares	Percentage of Issued Share Capital (%)	Number of Shares	Percentage of Issued Share Capital (%)
1. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	—	—
2. Lim A Heng @ Lim Kok Cheong	280,000	0.45	33,700,732 ^a	53.75
3. Chok Hooa @ Chok Yin Fatt	10,333	0.02	—	—
4. Thang Lai Sung	8,333	0.01	—	—
5. Lim Ee Young	38,333	0.06	3,333 ^b	0.01
6. Mohd Adhan bin Kechik	16,666	0.03	—	—
7. Lee Kee Hong	8,333	0.01	—	—

^a Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Chua Shok Tim @ Chua Siok Hoon.

^b Deemed interest by virtue of being the spouse of Ooi Guat Ee.

LIST OF PROPERTIES AS OF DECEMBER 31, 2002

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 01.09.2075, 30.07.2088 and 28.03.2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	27	34,368/ 18,914	04.03.1998	14,781
P.T. No. 311, Town of Melaka, District of Melaka Tengah, Melaka	Leasehold expiring on 19.12.2075	Double storey shophouse	31	276/ 310	08.01.1998	270
L.O. No. 26/73 Mukim of Bukit Katil, District of Melaka Tengah, Melaka	Leasehold expiring on 30.05.2072	Single storey semi-detached factory	32	2,013/ 677	08.01.1998	665
MLO Nos. 3647 and 3648, Mukim of Tebrau, District of Johor Bahru, Johor Darul Takzim	Freehold	2 adjoining units of single storey semi-detached factories	21	1,609/ 706	08.01.1998	1,256
Lot No. 15624, Mukim of Kuala Kuantan, Kuantan, Pahang	Freehold	Double storey shophouse	24	149/ 285	08.01.1998	210
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	23	922/ 466	08.01.1998	312
Lot No. PT 8438, Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Leasehold expiring on 09.07.2078	Double storey factory building	16	2,553/ 3,291	08.01.1998	3,156
Lot No. 16505, Mukim of Batu, Wilayah Persekutuan, Kuala Lumpur	Leasehold expiring on 16.06.2067	Single storey detached factory	30	1,799/ 449	08.01.1998	1,408
Lot No. 656, Block 233, Kuching North Land District 5th Mile, Penrissen	Leasehold expiring on 31.12.2038	Vacant land	—	2,185	08.01.1998	149

LIST OF PROPERTIES

AS OF DECEMBER 31, 2002

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	17	3,103/ 1,690	08.01.1998	2,497
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	22	585/ 414	08.01.1998	448
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	20	2,086/ 476	08.01.1998	696
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	18	307/ 594	08.01.1998	1,060
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	24	199	08.01.1998	272
Blk 1-6, & 9, Jalan Kilang, Sedco Industrial Estate, Miles 5 1/2, Tuaran Road, Kota Kinabalu, Sabah	Leasehold expiring on 31.12.2073	7 double storey industrial buildings	6	5,625/ 11,659	31.12.1997 #	3,285
Blk 1-6, & 9, Jalan Kilang, Sedco Industrial Estate, Miles 5 1/2, Tuaran Road, Kota Kinabalu, Sabah	Leasehold expiring on 31.12.2073	2 double storey industrial buildings	6	1,420/ 2,842	30.09.1999 #	814
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	2	14,729/ 5,642	01.06.2000 #	13,127
PT 3843, HS(M) 1602 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	—	3,338	31.12.2000 #	523
PT 3842, HS(M) 1601 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	—	3,267	31.12.2000 #	512

LIST OF PROPERTIES

AS OF DECEMBER 31, 2002

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau	Leasehold expiring on 04.05.2904	2 adjoining unit of 2-storey shophouse	2	446/ 669	01.01.2001 #	848
PT No. 681, HS(D) 519/82 Mukim of Panchor, Kemumin District of Kota Bharu Kelantan	Leasehold expiring on 25.07.2048	Vacant land	—	8,094	21.11.2002 #	438
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	27	16,291/ 10,643	07.02.1998	4,411
P.T. 59999 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 14.02.2046	Vacant land	—	5,054	06.02.1998	704
Lot Nos. 9399, and 10169, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 30.06.2046 and 05.07.2048 respectively	2-storey palm oil mill, office and factory warehouse	18	145,729/ 7,450	10.04.1998	12,915
Lot No. 3262, Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	—	27,450	10.04.1998	994
P.T. 786 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 16.07.2042	Vacant land	—	40,711	10.04.1998	945
Lot No. 10649 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 06.03.2050	Vacant land	—	24,281	14.05.2002 #	705
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	21	8,314,820/ 13,492	30.07.1998	16,662

LIST OF PROPERTIES

AS OF DECEMBER 31, 2002

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	—	13,027,600	1995	3,113
Lot No. 3368 Mukim of Mergong District of Kota Setar Kedah Darul Aman	Leasehold expiring on 14.05.2037	a single-storey warehouse attached to a 3-storey office	19	992/ 219	15.05.1977 #	348
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	6	10,866/ 6,623	1999	8,791
Lot No. 3877 Mukim of Chembong District of Rembau Negeri Sembilan Darul Khusus	Leasehold expiring on 15.07.2048	Vacant land	—	3,905	1985	103
Lot No. 10737 Mukim of Bidor District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 30.11.2041	2-storey refinery, office and warehouse	19	40,468	1995 #	1,178
Lot Nos. 3858-3864, 3867, 3879,3882-3883, 3888, 3921-3926, 3928-3931, 3933-3947, 3950-3951,3965-3967, 3970, 3972-3975, 3977, Mukim and District of Batang Padang, Perak Darul Ridzuan	Freehold	Oil palm estate	—	971,238	2002 #	3,238
Lot Nos. 15917-15918, 46292, 46300-46301, 46303-46315, 20276 & 20338, Mukim of Kampar Lot Nos,20339 & 20340, Mukim of Teja, District of Kinta Perak Darul Ridzuan	Freehold	Oil palm estate	—	1,982,944	2002 #	5,278

Date of acquisition

PROXY FORM

Number of shares held	
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I/We _____
of _____
being a member/members of **YEE LEE CORPORATION BHD.**, hereby appoint _____

of _____
or failing him/her _____
of _____

or failing him/her, the Chairman of the Meeting as my/our proxy, to attend and vote for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company, to be held at Garlet 3, Casuarina Ipoh Hotel, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Monday, June 30, 2003 at 11.00 a.m. and at any adjournment thereof. The proxy is to vote in the manner as indicated below with an "X". If no specific direction as to voting, the proxy will vote at his/her discretion or abstain from voting:-

Resolutions		For	Against
Resolution 1	Adoption of Audited Financial Statements and Reports of the Directors and Auditors for the year ended December 31, 2002.		
Resolution 2	Declaration of a First and Final Dividend.		
Resolution 3	Approval for payment of Directors' fees.		
Re-election of Directors:-			
Resolution 4	Y. Bhg. Dato' Dr Hj. Mohamed Ishak bin Mohamed Ariff		
Resolution 5	Encik Mohd Adhan bin Kechik		
Resolution 6	Mr. Lee Kee Hong		
Resolution 7	Mr. Lim Ee Young		
Resolution 8	Re-appointment of Messrs. Deloitte Kassim Chan as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 9	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 10	Authority for Directors to issue shares pursuant to the Executive Share Option Scheme.		
Resolution 11	Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature.		

Dated this _____ day of _____ 2003

Signature of shareholder(s) / Common Seal

Notes:-

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his stead. If two proxies are appointed, the number of shares each proxy is entitled to vote must be stated in the proxy form. A proxy may but need not be a member of the Company.
2. Duly completed proxy forms must be deposited at the Registered Office of the Company, Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.

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S T A M P

The Company Secretary

YEE LEE CORPORATION BHD.

Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan

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