



**YEE LEE Corporation BHD.** (13585-A)  
(INCORPORATED IN MALAYSIA)

# Annual Report 2003

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# NOTICE OF

## ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Thirty-First Annual General Meeting of Yee Lee Corporation Bhd. will be held at Garlet 3, Casuarina Ipoh, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, June 29, 2004 at 11.00 a.m. for the transaction of the following business:

### AS ORDINARY BUSINESS

- |  |              |
|--|--------------|
| 1. To receive the Audited Financial Statements for the financial year ended December 31, 2003 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 2.0 sen per share, less 28% income tax for the financial year ended December 31, 2003.                   | Resolution 2 |
| 3. To approve the payment of Directors' fees for the financial year ended December 31, 2003.   | Resolution 3 |
| 4. To re-elect the following Directors who retire by rotation pursuant to Article 80 of the Company's Articles of Association:                       |              |
| (i) Mr. Chok Hooa @ Chok Yin Fatt  | Resolution 4 |
| (ii) Mr. Thang Lai Sung  | Resolution 5 |
| 5. To re-elect Major (R) Mohd Ramli bin Othman who retires pursuant to Article 87 of the Company's Articles of Association.                          | Resolution 6 |
| 6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration.                    | Resolution 7 |

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

- |   |              |
|---|--------------|
| 7. <b>Authority to issue shares pursuant to Section 132D of the Companies Act, 1965</b>   | Resolution 8 |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot shares in the Company, at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being, subject always to the approvals of all the relevant Regulatory Authorities being obtained for such issue and allotment."</p> |              |
| 8. <b>Authority to issue shares pursuant to the Executive Share Option Scheme</b>   | Resolution 9 |
| <p>"THAT pursuant to Section 132D of the Companies Act, 1965 and the Articles of Association of the Company, the Directors be and are hereby authorised to issue and allot shares in the Company, at any time pursuant to the exercise of options in accordance with the terms and conditions of the Yee Lee Corporation Bhd. Executive Share Option Scheme, which was approved by the Shareholders at the Extraordinary General Meeting held on January 30, 2002."</p>   |              |

## NOTICE OF ANNUAL GENERAL MEETING

### 9. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Proposed Shareholders' Mandate)** Resolution 10

“THAT, subject always to the Bursa Malaysia Securities Berhad Listing Requirements, the Company and its subsidiary companies be and are hereby authorised to enter into the recurrent transactions as set out in Section 2.4 of the Circular to Shareholders dated June 4, 2004 with the related parties mentioned therein which are necessary for the Group's day-to-day operations and are 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; and
- (ii) disclosure of the breakdown of the aggregate value of transactions pursuant to the Proposed Shareholders' Mandate conducted during a financial year will be made in the annual report for the said financial year as follows:
  - (a) the type of the recurrent transactions made; and
  - (b) the name of the related parties involved in each type of the recurrent transactions made and their relationship with the Group.

AND THAT such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (AGM) of the Company following the forthcoming AGM at which the Proposed Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, whereby the authority is renewed;
  - (ii) the expiration of the period within which the next AGM 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
  - (iii) revoked or varied by resolution passed by the shareholders in general meeting,
- whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate.”

### 10. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS HEREBY GIVEN** that, subject to the approval of the Shareholders at the Thirty-First Annual General Meeting to be held on June 29, 2004, a first and final dividend of 2.0 sen per share, less 28% income tax for the financial year ended December 31, 2003 will be paid on August 25, 2004 to Depositors whose names appear in the Record of Depositors at the close of business on August 4, 2004.

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 4, 2004 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

**OOI GUAT EE**  
**CHIANG SUE MAI**  
Company Secretaries

Ipoh, Perak Darul Ridzuan  
June 4, 2004

#### Notes:

1. A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time for holding the meeting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

The proposed Resolution 8, if passed, will empower the Directors to issue and allot shares for such purposes as the Directors may, in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

The proposed Resolution 9, if passed, will empower the Directors to issue and allot shares pursuant to the exercise of options under the Executive Share Option Scheme and in accordance with its terms and conditions.

The proposed Resolution 10 on the Proposed Shareholders' Mandate will authorise the Company and its subsidiary companies 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 AT THE THIRTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY

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

- Mr. Chok Hooa @ Chok Yin Fatt
- Mr. Thang Lai Sung

The new Director appointed during the financial year retiring pursuant to Article 87 of the Company's Articles of Association and is seeking re-election:

- Major (R) Mohd Ramli bin Othman

The details of the abovenamed Directors who are standing for re-election are set out in the Directors' Profile on pages 8 to 10 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings which appear on page 77 of this Annual Report.

### 2. BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED DECEMBER 31, 2003

There were a total of four Board Meetings held during the financial year ended December 31, 2003.

The details of attendance of Directors at the Board Meetings held in the financial year ended December 31, 2003 are as follows:

Name of directors	Number of meetings attended	Percentage
Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4	100%
Mr. Lim A Heng @ Lim Kok Cheong	4	100%
Mr. Chok Hooa @ Chok Yin Fatt	4	100%
Mr. Thang Lai Sung	4	100%
Mr. Lim Ee Young	4	100%
Y.B. Mohd Adhan bin Kechik	4	100%
Mr. Lee Kee Hong	3	75%
Major (R) Mohd Ramli bin Othman (appointed on November 20, 2003)	-	-

### 3. THIRTY-FIRST ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AS FOLLOWS:

Venue : Garlet 3, Casuarina Ipoh, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan.  
Date : June 29, 2004  
Time : 11.00 a.m.

# CORPORATE

## INFORMATION

### BOARD OF DIRECTORS

*Independent Non-Executive Chairman*

**Y. Bhg. Dato' Dr. Haji 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*

**Y.B. Mohd Adhan bin Kechik, SMK**

**Mr. Lee Kee Hong**

**Major (R) Mohd Ramli bin Othman**

### AUDIT COMMITTEE

*Chairman*

**Y.B. Mohd Adhan bin Kechik, SMK**

*Members*

**Y. Bhg. Dato' Dr. Haji 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. Haji Mohamed Ishak bin**  
**Mohamed Ariff, DSPN, JSM, DJN, SMS, KMN,**  
**PPT, PJK**

**Y.B. Mohd Adhan bin Kechik, SMK**

### EXECUTIVE SHARE OPTION SCHEME COMMITTEE

*Chairman*

**Mr. Lim Ee Young**

*Members*

**Mr. Chok Hooa @ Chok Yin Fatt, PMP**

**Mr. Lee Kee Hong**

### REMUNERATION COMMITTEE

*Chairman*

**Mr. Chok Hooa @ Chok Yin Fatt, PMP**

*Members*

**Y.B. Mohd Adhan bin Kechik, SMK**

**Mr. Lee Kee Hong**

### COMPANY SECRETARIES

**Ms. Ooi Guat Ee (MIA 8042)**

**Ms. Chiang Sue Mai (MAICSA 7031742)**

### SHARE REGISTRARS

**Sectrars Services Sdn. Bhd.**

28-1, Jalan Tun Sambanthan 3

Brickfields

50470 Kuala Lumpur

Telephone number : 03-22746133

Facsimile number : 03-22741016

### AUDITORS

**Deloitte KassimChan**

Chartered Accountants

### STOCK EXCHANGE LISTING

**Main Board of Bursa Malaysia Securities Berhad**

### REGISTERED OFFICE

Lot 85, Jalan Portland

Tasek Industrial Estate

31400 Ipoh

Perak Darul Ridzuan

Telephone number : 05-2911055, 05-2912055

Facsimile number : 05-2919962, 05-2910862

E-mail : info@yeelee.com.my

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

RHB Bank Berhad

Bumiputra-Commerce Bank Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

### WEBSITE ADDRESS

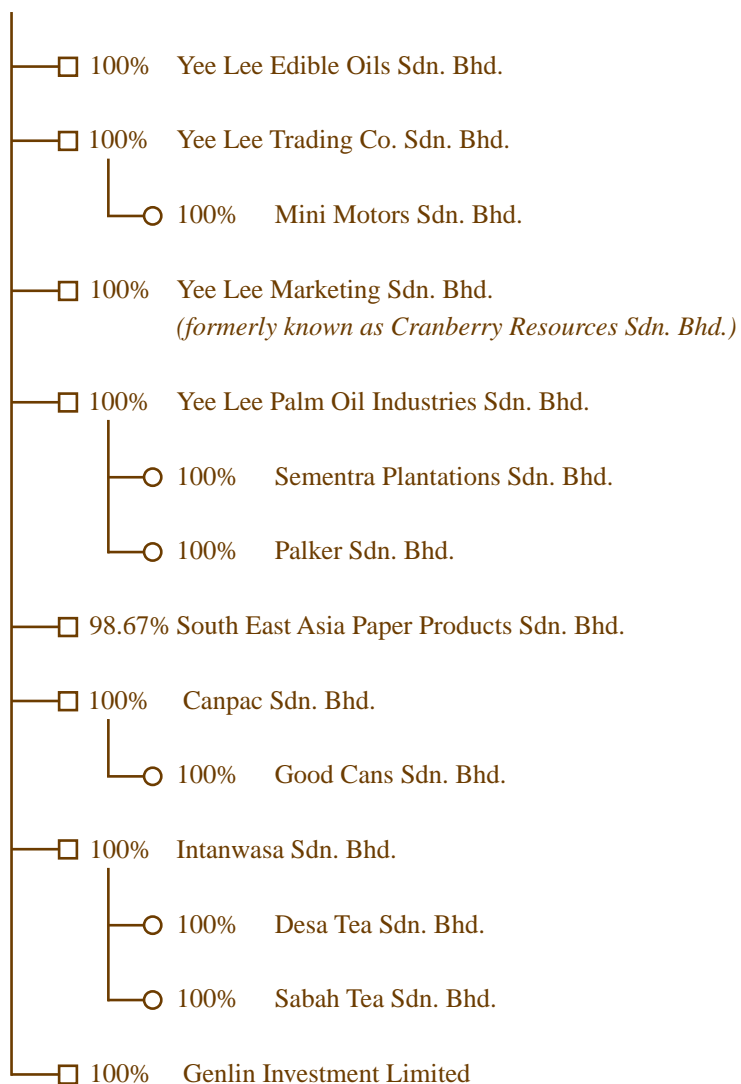
**www.yeelee.com.my**

# CORPORATE STRUCTURE

AS AT MAY 5, 2004



## YEE LEE CORPORATION BHD.





# DIRECTORS'

## PROFILE

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

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, a Malaysian, aged 68, was appointed to the Board on March 2, 1993 and is presently the Chairman of Yee Lee Corporation Bhd.. Dato' Dr. Haji Mohamed Ishak qualified as a professional Chartered Town Planner in 1964 and as a professional Landscape Architect in 1973 from 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.

Presently, Dato' Dr. Haji Mohamed Ishak sits on the Boards of Public Bank Berhad, Public Finance Berhad, Public Merchant Bank Berhad, Public Mutual Berhad and Faber Group Berhad. He also sits on the Audit Committee and Nomination Committee of Yee Lee Corporation Bhd..

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

Lim A Heng @ Lim Kok Cheong, JP, a Malaysian, aged 59, was appointed to the Board on January 10, 1973 and is presently the Deputy Chairman and Group Managing Director of Yee Lee Corporation Bhd.. He is one of the founders of Yee Lee Group.

Mr. Lim has more than 37 years of experience in the trading and manufacturing of edible oils and consumer products industry. He is the President of Perak Chinese Chamber of Commerce and Industry, Malaysian-China Chamber of Commerce, Perak Hock Kean Association, Perak Basketball Association, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa), Perak. He was formerly the President of Malaysian Eng Choon Association.

Presently, Mr. Lim is the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.. He also serves on the Board of Hoklian Holdings Bhd..

Lim A Heng @ Lim Kok Cheong, JP is the father of Lim Ee Young, an Executive Director of Yee Lee Corporation Bhd.. He is also the spouse of Chua Shok Tim @ Chua Siok Hoon and a director and major shareholder in Yee Lee Organization Bhd.. Both Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

## DIRECTORS' PROFILE

### **Chok Hooa @ Chok Yin Fatt, PMP**

Executive Director

Chok Hooa @ Chok Yin Fatt, PMP, a Malaysian, aged 57, was appointed to the Board on April 30, 1990. Chok Yin Fatt, PMP graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and obtained his Master in 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 Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

Chok Yin Fatt, PMP 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.

Presently, he also sits on the Boards of OKA Corporation Bhd., Spritzer Bhd. and Yee Lee Organization Bhd.. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Executive Share Option Scheme Committee of Yee Lee Corporation Bhd..

### **Thang Lai Sung**

Executive Director

Thang Lai Sung, a Malaysian, aged 66, was appointed to the Board on January 10, 1973 and is one of the founders of Yee Lee Group.

Mr. Thang 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. He 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, Secretary-General of Perak Chinese Chamber of Commerce and Industry, Treasurer of Perak Chinese Badminton Association, Welfare Officer of Perak Han Kang Kong Hoey. He also sits on the Board of Yee Lee Organization Bhd..

### **Lim Ee Young**

Executive Director

Lim Ee Young, a Malaysian, aged 32, was appointed to the Board on December 3, 2002. He 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 joined Yee Lee Corporation Bhd. as a Management Trainee in 1993 and was subsequently promoted as Accounts and Administration Executive. He was involved in the accounting, administration and marketing functions of Yee Lee Group from 1993 to 1996. He was promoted as 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 related companies.

Mr. Lim is currently the Chairman of the Yee Lee Corporation Bhd. Executive Share Option Scheme Committee. He also sits on the Board of Yee Lee Organization Bhd..

Lim Ee Young is the son of Lim A Heng @ Lim Kok Cheong, JP and Chua Shok Tim @ Chua Siok Hoon, both major shareholders of the Company. He is also a director and shareholder in Yee Lee Organization Bhd., which is a major shareholder of the Company.

## DIRECTORS' PROFILE

### **Mohd Adhan bin Kechik, SMK**

Independent Non-Executive Director

Mohd Adhan bin Kechik, SMK, a Malaysian, aged 49, was appointed to the Board on March 2, 1993. He 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 and in recent general election, he was elected as the State Assemblyman of Kelantan for Bukit Bunga.

Y.B. Mohd Adhan also sits on the Boards of Spritzer Bhd. and Lembaga Kemajuan Kelantan Selatan (KESEDAR). He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of Yee Lee Corporation Bhd..

### **Lee Kee Hong**

Independent Non-Executive Director

Lee Kee Hong, a Malaysian, aged 56, was appointed to the Board on March 2, 1993. 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.

Presently, Mr. Lee sits on the Board of Crimson Land Berhad. He is the Chairman of the Nomination Committee and a member of the Remuneration Committee and Executive Share Option Scheme Committee of Yee Lee Corporation Bhd..

### **Major (R) Mohd Ramli bin Othman**

Independent Non-Executive Director

Major (R) Mohd Ramli bin Othman, a Malaysian, aged 48, was appointed to the Board on November 20, 2003. Major (R) Mohd Ramli graduated from Pakistan Military Academy with a Bachelor of Arts Degree in Political Science and obtained his LLB Hons from MARA University of Technology in 1990 and Master in Business Administration from University of Wales, Cardiff in 1998.

Major (R) Mohd Ramli served the Malaysian Armed Forces in the Infantry Corps from 1974 to 1984 and joined the Military Legal Service, served as Prosecutor, Defending Officer and Judge Advocate from 1987 to 1991. He then joined the Malaysian Legal and Judicial Service in 1991 and served as Federal Counsel, Deputy Public Prosecutor and Legal Adviser from 1991 to 1999. Currently, he is employed as the Head of Human Resources and Legal Adviser of Lembaga Tabung Haji and Group of Companies, since January 1, 1999.

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#### **Note:**

Save as disclosed above, all the Directors have no family relationship with any other Director or Major Shareholder of the Company and have not been convicted for any offences (other than traffic offences) within the past ten years. Save for what is disclosed in Section 2.4 of the Circular to Shareholders dated June 4, 2004 on the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, all the Directors have no conflict of interest with the Company.

# AUDIT COMMITTEE

## REPORT

### MEMBERSHIP

The Committee shall be appointed by the Board of Directors 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 Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
  - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
  - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) must have a degree/masters/doctorate in accounting or finance and at least 3 years' post qualification experience in accounting or finance; or
- (iv) must have 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.

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

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.

The Board shall review the term of office and performance of the Audit Committee and each of its members at least once every three years, to determine whether such Audit Committee and members have carried out their duties in accordance with their terms of reference.

### COMPOSITION

#### Chairman

Y.B. Mohd Adhan bin Kechik  
(Independent Non-Executive Director)

#### Members

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

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

## AUDIT COMMITTEE REPORT

### AUTHORITY

The Committee shall have the authority to:

- (i) investigate into any activities within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate as required by members of the Committee.
- (ii) obtain the necessary resources required to perform its duties.
- (iii) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity. They shall be empowered to convene meetings with external auditors, without the presence of the executive members of the Committee, whenever deemed necessary.
- (iv) obtain independent professional advice as it considers necessary.

### DUTIES AND RESPONSIBILITIES

The Committee shall review and, where applicable, report to the Board of Directors on the following matters:

- (i) Financial Reporting

The quarterly and annual financial statements of the Company and of the Group for recommendation to the Board of Directors for approval, focusing particularly on the following issues:

  - changes in or implementation of new accounting policies and practices.
  - significant and unusual events.
  - compliance with the applicable approved accounting standards and other legal and regulatory requirements.
- (ii) Internal Audit
  - review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work.
  - review the internal audit programme and their audit report.
- (iii) External Audit
  - review with the external auditors, the audit plans, scope of their audit and audit reports.
  - review with the external auditors, their evaluation of the system of internal accounting controls.
  - review the performance of the external auditors and make recommendations to the Board of Directors on their appointment and remuneration.
- (iv) Related Party Transactions
  - review any related party transactions that may arise within the Company and the Group.
- (v) Other Matters
  - perform such other functions as the Committee considers appropriate or as authorised by the Board of Directors.

## AUDIT COMMITTEE REPORT

### MEETINGS

The Audit Committee shall meet at least four times annually.

A quorum shall consist of two members and a majority of the members in attendance must be independent director.

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

There were five meetings held during the financial year ended December 31, 2003 and the details of attendance are as follows:

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

### SUMMARY OF ACTIVITIES

During the year, the Committee carried out the following activities:

- (i) reviewed and approved the annual audit plan prepared by internal and external auditors.
- (ii) reviewed the internal and external auditors' reports and considered the major findings by the auditors and management's responses thereto.
- (iii) reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group, prior to submission to the Board of Directors for approval and release to the public.
- (iv) reviewed the recurrent related party transactions entered into by the Company and the Group to ascertain that the transactions are conducted 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.

### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD) has conducted activities based on its yearly audit plan and also undertaken special "ad hoc" audit assignments at certain point in time. The Department's primary role include regular independent assessments and systematic reviews of the adequacy, efficiency and effectiveness of the Group's internal control systems, and the quality of performances by the members of the organisation in discharging their assigned responsibilities. During the year, the internal audit team had actively performed various audit assignments on subsidiary and associate companies.

The IAD has developed and adopted a risk based approach for its audit functions. This ensures that the higher risk activities in each auditable area are covered more extensively, and enable control procedures to be in place to mitigate any adverse impact from the identified risk. The scope of audit encompassed cash, assets and inventory management, credit policy, accounting, purchasing, sales and production operations, and internal quality control pertaining to ISO 9001:2000 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. This would provide the Audit Committee with objective feedback and reasonable assurance that the system of internal controls continues to operate effectively and efficiently.

# 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 are the Corporate Governance Principles that were applied during the financial year ended December 31, 2003 which complied with the 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 presently has eight members, comprising four Executive Directors and four 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. The profile of each Director is presented on pages 8 to 10 of this Annual Report.

##### 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 implementing the policies and decisions of the Board, overseeing the operations as well as managing the development and implementation of business and corporate strategies. The Board is also aware of the important role played by Non-Executive Directors and who are independent of management. Their presence ensure that issues of strategies, performance and resources proposed by the Management are objectively evaluated with their independent judgment.

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 Bursa Malaysia Securities Berhad, with additional meetings convened whenever the needs arise. During the financial year ended December 31, 2003, four Board Meetings were held and the record of attendance were as follows:

Name	Attendance
Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4 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
Mr. Lim Ee Young	4 out of 4
Y.B. Mohd Adhan bin Kechik	4 out of 4
Mr. Lee Kee Hong	3 out of 4
Major (R) Mohd Ramli bin Othman (appointed on November, 20 2003)	-

##### Supply of Information

The Board is provided with an agenda, reports and other relevant information prior to Board Meetings, covering various aspects of the Group's operations. This is issued on a timely manner 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 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 13.

#### (ii) *Nomination Committee*

The Nomination Committee, comprising of 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 one meeting during the financial year ended December 31, 2003 to review and recommend the appointment of representative from Lembaga Tabung Haji, Major (R) Mohd Ramli bin Othman to the Board as Independent Director pursuant to Practice Note No. 6/2001 of the Bursa Malaysia Securities Berhad Listing Requirements.

The members of the Nomination Committee are as follows:

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

#### (iii) *Remuneration Committee*

The Remuneration Committee, which was formed on January 22, 2002 consists of an Executive Director and two Independent Non-Executive Directors. 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)  
Y.B. 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 Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, to enhance the composition of the Board.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that Directors 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. In compliance with the Bursa Malaysia Securities Berhad Listing Requirements on Continuing Education Programme, all Directors will continue to participate in the programmes to enhance their knowledge and enable them to discharge their duties more effectively.



## 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. The Articles also provide that 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 received by the 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	884	47	115	51	1,097
Non-Executive Directors	-	29	-	11	40

Directors' remunerations are broadly categorised into the following bands:

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	4
RM50,001 to RM100,000	-	-
RM100,001 to RM150,000	-	-
RM150,001 to RM200,000	2	-
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	1	-
RM450,001 to RM500,000	-	-

The Directors' fees are subject to the approval of 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 annual reports, press releases, quarterly results and other announcement to the Bursa Malaysia Securities Berhad. The Annual Report contains all the necessary disclosures in addition to facts and figures about the Group.

The Company 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 announcements made to the Bursa Malaysia Securities Berhad. The Board has identified Y.B. Mohd Adhan bin Kechik, an Independent Non-Executive Director, to whom any concerns may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

## STATEMENT ON CORPORATE GOVERNANCE

### 3. SHAREHOLDERS *(cont'd)*

#### General Meetings

Notices of Annual and Extraordinary General Meetings of the Company 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.

### 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 12 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, 2003 with the exception of the full implementation of the Group's enterprise risk management system. 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 of 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, 2003 as set out on pages 30 to 73, 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 of 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

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## INTERNAL CONTROL

### Introduction

The Malaysia Code on Corporate Governance required listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. Pursuant to Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors of Yee Lee Corporation Bhd. is pleased to make the following statement.

### Responsibility of the Board

The Board of Directors recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of those system. In view of the limitations that are inherent in any systems of internal control, it should be noted that such systems can only provide reasonable but not absolute assurance against material errors, fraud or losses from occurring. The internal control system is thus designed to manage rather than to eliminate the risk of failure in achieving the Group's business objectives.

### Risk Management Framework

The Board has a fundamental role in risk management. It sets the tone and influence the culture of risk management within the Yee Lee Corporation Bhd. Group of Companies. This includes formulating a risk management policy, annually review the Group's approach to risk management, and approve changes or improvements to the key elements of its processes and procedures. The Management Committee is accountable in ensuring that a risk management system is established, implemented and maintained in accordance with this policy. The management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Hence, the risk management processes were integrated with other planning processes and management activities.

The Audit Committee will oversee the processes for the identification and assessment of the general risk spectrum, reviewing the outcomes of risk management processes and for advising the Board as necessary. In general, every employee of the Group is responsible for the effective management of risk including the identification of potential risks.

During the year, the Group has developed the process in identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. This is a continuous process subject to regular review by the Board via the Management Committee, and accords with the "Statement on Internal Control : Guidance for Directors of Public Listed Companies".

### Internal Audit Function

The Group has an Internal Audit Department (IAD) which independently carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. In addition, it also provides assurance and assistance to the Group members to discharge their assigned responsibilities accordingly. The Group's IAD reports to the Audit Committee on risk and control matters of significance that could adversely affect the Group's financial position or reputation. The audit findings will provide the Board with an assessment as to whether the internal controls are effective and functioning appropriately.

### Review of Effectiveness

The Board is committed towards improving the system of internal controls within the Group to meet its corporate objectives. It has taken the necessary steps to ensure that the Group's internal control system remains adequate and intact for assets to be adequately safeguarded through the prevention and detection of fraud, other irregularities and material misstatements.

The Board is of the opinion that the Group's present system of internal controls is sufficient for its business operations and able to safeguard the Group's interest. It is also satisfied that the risks taken are at an acceptable level within the context of the business environment of the Group.

# ADDITIONAL COMPLIANCE

## INFORMATION

The information set out below is disclosed in compliance with the Bursa Malaysia Securities Berhad Listing Requirements:

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not raise any funds from any corporate proposals during the financial year ended December 31, 2003.

### 2. SHARE BUY-BACK

During the financial year 2003, there were no share buy-back by the Company.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Yee Lee Corporation Bhd. Executive Share Option Scheme was launched on March 18, 2002. The details of options exercised/lapsed during the financial year 2003 are disclosed in page 25 of the Financial Statements.

The Company did not issue any warrants or convertible securities during the financial year.

### 4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year 2003.

### 5. SANCTIONS AND/OR PENALTIES IMPOSED

There were no sanctions or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year 2003.

### 6. NON-AUDIT FEES

The amount of non-audit fees paid to external auditors by the Company and its subsidiary companies for the financial year ended December 31, 2003 amounted to RM3,800.

### 7. VARIATION IN RESULTS

There was no variance of 10% or more between the results for the financial year 2003 and the unaudited results previously announced.

### 8. PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year 2003.

### 9. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies involving directors and major 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 2003.

### 10. CONTRACTS RELATING TO LOANS

There were no contracts relating to loans made by the Company in respect of the abovementioned contracts.

### 11. REVALUATION OF LANDED PROPERTIES

There was no revaluation of landed properties during the financial year 2003.

### 12. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the Recurrent Related Party Transactions of a revenue or trading nature conducted pursuant to the Shareholders' Mandate during the financial year ended December 31, 2003 are disclosed in pages 58 to 64 of the financial statements.

# 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, 2003.

### CORPORATE DEVELOPMENTS

On November 21, 2003, the Company announced that it had acquired the entire issued and paid-up share capital of Yee Lee Marketing Sdn. Bhd. (YLM) (formerly known as Cranberry Resources Sdn. Bhd.) comprising two (2) ordinary shares of RM1.00 each for a cash consideration of RM2.00, thus making it a wholly-owned subsidiary of the Company.

Subsequent to the financial year, the issued and paid-up share capital of YLM was increased to RM3 million to finance its operation and the shares were fully subscribed by the Company.

### FINANCIAL PERFORMANCE

For the financial year under review, the Group recorded a revenue of RM280.34 million representing an increase of 5.8% over the previous year. Notwithstanding the improvement in revenue, the Group's pre-tax profit decreased from RM6.74 million in the year 2002 to RM5.82 million this year. Correspondingly, the Group's net profit attributable to shareholders decreased by 45.6% from RM4.01 million in year 2002 to RM2.18 million this year. This has resulted in a drop in earnings per share from 6.40 sen to 3.47 sen this year.

### DIVIDEND

The Directors are pleased to recommend a first and final dividend of 2.0 sen per share, less tax (2002: 4.0 sen per share, less tax) for the year ended December 31, 2003. The dividend, if approved, will be paid on August 25, 2004.

### REVIEW OF OPERATIONS

#### *The Company*

The Company registered a lower revenue and pre-tax profit of RM1.37 million and RM1.02 million respectively in year 2003 (2002: RM3.22 million and RM2.75 million). The decrease in revenue and pre-tax profit was due to lower dividend income received from its subsidiary and associated companies.



### *The Subsidiary Companies*

#### *Yee Lee Edible Oils Sdn. Bhd. (YLEO)*

YLEO recorded an increase in revenue from RM108.30 million to RM112.16 million this year. The higher revenue was primarily due to higher prices of palm oil based products as a result of the substantial increase in crude palm oil (CPO) price. Despite the continuous increase in the CPO price in the fourth quarter of year 2003, YLEO was not able to increase its selling price of palm oil based products due to the existing ceiling price imposed by the Government. As a result, YLEO pre-tax profit was drastically reduced by 79.1%.

The government subsidy scheme for domestic consumption of palm oil based cooking oil was finally approved and took effect in year 2004. With this scheme, coupled with its established strategies, YLEO is expected to perform better in year 2004.



*Cooking demonstration using the Vesawit pure palm olein cooking oil. This event, attended by the Perak Menteri Besar Dato' Seri Diraja Mohamad Tajol Rosli bin Ghazali, was held in conjunction with the Perak National Unity Carnival on June 28, 2003.*

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

The average CPO price continued to increase by 13.2% from RM1,363 per metric ton (MT) in 2002 to RM1,544 per MT this year. The price increase was mainly driven by the continued tightness in the global oils and fats supplies, sharp rise in soyabean oil price and the increase in export demand of palm oil products.

As a result, YLPOI's revenue increased by 12.0% to RM91.78 million. However, YLPOI incurred a higher pre-tax loss of RM2.05 million during the year as compared to RM1.50 million in the preceding year. The average oil and kernel extraction rates in year 2003 fell below expectation. The lower extraction rates and the higher operation cost such as maintenance of plant and machineries were the main factors affecting its bottom line. Various stringent quality controls over its raw materials have been implemented and the outcome seems encouraging. YLPOI will continue to reduce its operation cost by way of implementing cost reduction programmes and improve on its extraction rates to achieve better results in year 2004.



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

SEAPP recorded a marginal decrease in revenue from RM20.93 million to RM20.78 million this year, representing a decrease of 0.7%. The decrease in revenue was mainly due to the decrease in selling price as a result of price competition among corrugated carton manufacturers.

Despite the worldwide increase in paper cost, the corrugated carton manufacturers continued to reduce selling price in order to capture more market share. Inevitably, SEAPP has to lower its profit margin to compete with others in order to maintain its market share. As a result, SEAPP's pre-tax profit decreased by 55.4% to RM0.87 million. Being in the excess supply industry, fierce price competition is unavoidable. However, SEAPP will adopt product differentiation strategy by providing better product quality and services to its customers in order to gain competitive advantage over its competitors.

***Canpac Sdn. Bhd. (CP)***

CP turned in yet another sterling financial performance for the year ended December 31, 2003 as it registered a pre-tax profit of RM5.94 million on the back of a revenue of RM39.25 million. This represents an increase in pre-tax profit and revenue by 42.4% and 15.8% respectively over its previous year. The timely expansion of plant capacity has enabled CP to capture more market share for both export and domestic markets which in turn increased its bottom line.

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

YLT recorded an increase in revenue from RM152.92 million in the previous year to RM160.39 million this year, representing an increase of 4.9%. However, pre-tax profit was lowered by 34.4% arising from lower profit margin earned from palm based cooking oil and bottled water products.

During the year, YLT further expanded its product portfolio by successfully obtaining the sole distribution rights to certain "A1" brand herbal soup products. By having a variety of products distribution rights in hand coupled with its strong distribution networks and continuous promotional campaigns, YLT is confident of increasing its revenue and profitability.

***Mini Motors Sdn. Bhd. (MM)***

MM's income is derived from renting its premises in Kedah to YLT. MM managed to maintain its profitability in year 2003.

***Palker Sdn. Bhd. (PK)***

Despite the increase in revenue by 16.8%, PK recorded a marginal pre-tax loss of RM0.04 million due to higher operating cost. PK is currently undertaking a cost reduction programme to reduce its cost in order to turnaround in year 2004.

***Sementra Plantations Sdn. Bhd. (SP)***

SP's revenue in year 2003 was boosted by the increase in average price of fresh fruit bunches (FFB) from RM248 per MT in previous year to RM300 per MT this year. With the higher revenue of RM1.01 million, SP was able to achieve a higher pre-tax profit of RM0.53 million this year.

Continuous efforts have been undertaken to increase its production yield per hectare to increase its production and revenue.

***Desa Tea Sdn. Bhd. (DT)***

Despite the increase in revenue by 15.4%, DT recorded a higher pre-tax loss of RM1.07 million as compared to RM0.93 million in previous year. The higher pre-tax loss was mainly due to increase in operation expenses arising from higher utilities cost and the one time write off of certain inefficient plant and equipment. DT will continue to be aggressive in expanding its market share in both domestic and export market to enhance its revenue and profitability.

***Sabah Tea Sdn. Bhd. (ST)***

Year 2003 was a challenging year for the tourism industry. The outbreak of Severe Acute Respiratory Syndrome (SARS), the IRAQ war coupled with the bombing in Bali have all affected the tourism industry. The containment of the SARS outbreak and the Government stimulus package have added a boost to the tourism industry in the second half of the year.

ST, being in the tourism industry, recorded a lower pre-tax loss of RM0.20 million in year 2003 despite the increase in revenue of RM0.25 million. ST will continue to organise more activities and programmes to attract local and foreign tourists to improve its bottom line.



*An exhibition of the Company's products held in conjunction with the 7th World Chinese Entrepreneur Convention on July 29, 2003. This event attracted approximately 3,500 Chinese visitors from around the world.*



**Yee Lee  
Marketing Sdn.  
Bhd. (YLM)**  
(formerly known as  
*Cranberry Resources Sdn. Bhd.*)

YLM is a newly acquired wholly-owned subsidiary of the Company, which is involved in the marketing and distribution of consumer products. It only commenced business operation in late December 2003 after securing the distribution rights for resale and distribution of various Procter & Gamble brand of consumer products in North Malaysia states, which cover the areas and districts of Perak (including Cameron Highlands), Penang, Kedah and Perlis.

#### ***Future Prospects***

Year 2003 was a tough year for palm oil refinery. Profit margin was squeezed due to substantial increase in CPO prices coupled with the restriction to increase the selling price of palm based cooking oil beyond the imposed ceiling price. However, with the introduction of the Government's new subsidy scheme for palm based cooking oil which took effect in January 2004, the Directors expect the cooking oil division's profit margin to improve. The newly acquired subsidiary company, YLM, will also be expected to generate more revenue to the Group and hence improve its bottom line in year 2004.

#### ***Appreciation***

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.

I am pleased to welcome Major (R) Mohd Ramli bin Othman who has joined the Board on November 20, 2003 as an Independent Non-Executive Director. Major Ramli is the Head of Human Resources and Legal Advisor of Lembaga Tabung Haji and I am confident that through his wealth of knowledge and expertise, his appointment will strengthen the Board further.

**Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff**  
Chairman

May 20, 2004



*Winners of the Spritzer  
POP - Count & Win  
Contest 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, 2003.

### 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, Yee Lee Marketing Sdn. Bhd. (formerly known as Cranberry Resources Sdn. Bhd.), which commenced operations in marketing and distribution of consumer products 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:

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
<b>Profit before tax</b>	5,820	1,017
<b>Tax expense</b>	(3,635)	(67)
<b>Profit after tax</b>	2,185	950
<b>Minority interest</b>	(9)	-
<b>Net profit for the year</b>	2,176	950

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 4.0 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 2.0 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.

## ISSUE OF SHARES AND DEBENTURES

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

## EXECUTIVE SHARE OPTION SCHEME (ESOS)

Under the Company's ESOS which was launched 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%) per annum of the options granted.

The share options exercised and lapsed 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 1.1.2003	Exercised	Lapsed due to resignation/ retirement	Balance as of 31.12.2003
18.3.2002	1.58	5,561,000	-	(535,000)	5,026,000

## 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:

- (a) 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
- (b) 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.

## DIRECTORS' REPORT

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

- (a) 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
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year 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. Haji Mohamed Ishak bin Mohamed Ariff  
 Mr. Lim A Heng @ Lim Kok Cheong  
 Mr. Chok Hooa @ Chok Yin Fatt  
 Mr. Thang Lai Sung  
 Mr. Lim Ee Young  
 Y.B. Mohd Adhan bin Kechik  
 Mr. Lee Kee Hong  
 Major (R) Mohd Ramli bin Othman (appointed on November 20, 2003)

In accordance with Article 80 of the Company's Articles of Association, Mr. Chok Hooa @ Chok Yin Fatt and Mr. Thang Lai Sung retire by rotation and, being eligible, offer themselves for re-election.

Major (R) Mohd Ramli bin Othman 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 31.12.2003
	Balance as of 1.1.2003	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato’ Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	-	-	1,206,666
Mr. Lim A Heng @ Lim Kok Cheong	280,000	-	-	280,000
Mr. Chok Hooa @ Chok Yin Fatt	8,333	2,000	-	10,333
Mr. Thang Lai Sung	8,333	-	-	8,333
Mr. Lim Ee Young	38,333	-	-	38,333
Y.B. Mohd Adhan bin Kechik	16,666	-	-	16,666
Mr. Lee Kee Hong	8,333	-	-	8,333
Indirect interest				
Mr. Lim A Heng @ Lim Kok Cheong	33,700,732	160,000	-	33,860,732
Mr. Lim Ee Young	3,333	-	-	3,333
Shares in the 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. Lim Ee Young	25,879	-	-	25,879
Mr. Lee Kee Hong	11,550	-	-	11,550
Indirect interest				
Mr. Lim A Heng @ Lim Kok Cheong	7,494,954	-	-	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 31.12.2003
	Balance as of 1.1.2003	Granted	Exercised	
Mr. Lim A Heng @ Lim Kok Cheong	340,000	-	-	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 holding company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the holding company has interests.

Major (R) Mohd Ramli bin Othman did not hold shares or have beneficial interest in the shares of the Company during the financial year. Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

## **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, 2004

# REPORT OF THE AUDITORS TO

## THE MEMBERS OF YEE LEE CORPORATION BHD.

We have audited the accompanying balance sheets as of December 31, 2003 and the related statements of income, changes in equity and cash flows 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, 2003 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, 2004

# INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2003

		The Group		The Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	4	280,337	265,009	1,368	3,221
Other operating income	6	2,268	1,510	-	3
Purchase of finished and trading goods		(73,555)	(69,497)	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		5,687	1,890	-	-
Raw materials and consumables used		(143,666)	(133,627)	-	-
Staff costs		(20,799)	(19,320)	-	-
Depreciation of property, plant and equipment	11	(6,952)	(6,786)	-	-
Amortisation of goodwill	15	(282)	(239)	-	-
Other operating expenses	6	(33,184)	(28,767)	(275)	(198)
Profit from operations		9,854	10,173	1,093	3,026
Finance costs	7	(6,493)	(6,300)	(76)	(74)
Share of profits of an associated company		1,420	1,760	-	-
Income from other investments	8	1,039	1,309	-	-
Expenses relating to corporate exercise		-	(205)	-	(205)
<b>Profit before tax</b>		<b>5,820</b>	<b>6,737</b>	<b>1,017</b>	<b>2,747</b>
Tax expense:	9				
The Company and its subsidiary companies		(3,060)	(2,301)	(67)	(417)
Share of tax of an associated company		(575)	(408)	-	-
		(3,635)	(2,709)	(67)	(417)
<b>Profit after tax</b>		<b>2,185</b>	<b>4,028</b>	<b>950</b>	<b>2,330</b>
Minority interest		(9)	(21)	-	-
<b>Net profit for the year</b>		<b>2,176</b>	<b>4,007</b>	<b>950</b>	<b>2,330</b>
<b>Earnings per ordinary share</b>					
Basic (sen)	10	3.47	6.40		
Diluted (sen)	10	3.47	6.40		

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

# BALANCE SHEETS

AS OF DECEMBER 31, 2003

	Note(s)	The Group		The Company	
		2003	2002	2003	2002
		RM'000	RM'000	RM'000	RM'000
<b>ASSETS</b>					
<b>Property, plant and equipment</b>	11	<b>153,157</b>	157,618	-	-
<b>Investments in subsidiary companies</b>	12	-	-	<b>55,870</b>	54,870
<b>Investment in associated company</b>	13	<b>26,276</b>	25,429	<b>23,136</b>	22,803
<b>Other investments</b>	14	<b>3,721</b>	3,721	<b>3,454</b>	3,454
<b>Goodwill on consolidation</b>	15	<b>6,173</b>	6,438	-	-
<b>Current Assets</b>					
Inventories	16	<b>45,544</b>	39,349	-	-
Trade receivables	17&18	<b>50,665</b>	55,219	-	-
Amount owing by ultimate holding company	18	<b>7,907</b>	8,643	-	-
Amount owing by subsidiary companies	18	-	-	<b>13,478</b>	13,534
Amount owing by other related companies	18	<b>13,621</b>	12,235	-	-
Other receivables, deposits and prepaid expenses	17&18	<b>10,650</b>	7,781	<b>1,177</b>	1,176
Tax recoverable		<b>1,809</b>	1,423	<b>35</b>	32
Cash and bank balances		<b>4,095</b>	3,680	<b>1</b>	33
		<b>134,291</b>	128,330	<b>14,691</b>	14,775



# **BALANCE SHEETS** **AS OF DECEMBER 31, 2003**

		The Group		The Company	
		2003	2002	2003	2002
	Note(s)	RM'000	RM'000	RM'000	RM'000
<b>Current Liabilities</b>					
Trade payables	18&19	35,133	34,624	-	-
Other payables and accrued expenses	18&19	13,359	11,923	84	85
Amount owing to subsidiary companies	18	-	-	9,817	7,417
Amount owing to other related companies	18	38	123	-	-
Hire-purchase payables	18&20	1,840	2,490	-	-
Borrowings	21	113,076	108,694	1,706	2,000
Tax liabilities		42	347	-	-
		<b>163,488</b>	<b>158,201</b>	<b>11,607</b>	<b>9,502</b>
<b>Net Current (Liabilities)/Assets</b>					
		<b>(29,197)</b>	<b>(29,871)</b>	<b>3,084</b>	<b>5,273</b>
		<b>160,130</b>	<b>163,335</b>	<b>85,544</b>	<b>86,400</b>
<b>Long-term and Deferred Liabilities</b>					
Hire-purchase payables - non-current portion	18&20	1,890	3,682	-	-
Borrowings - non-current portion	21	7,751	9,983	-	-
Deferred tax liabilities	22	11,971	11,526	-	-
		<b>(21,612)</b>	<b>(25,191)</b>	<b>-</b>	<b>-</b>
<b>Minority interests</b>					
		<b>(213)</b>	<b>(209)</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>					
		<b>138,305</b>	<b>137,935</b>	<b>85,544</b>	<b>86,400</b>
<b>Represented by:</b>					
Issued capital	23	62,704	62,704	62,704	62,704
Reserves	24	75,601	75,231	22,840	23,696
<b>Shareholders' Equity</b>					
		<b>138,305</b>	<b>137,935</b>	<b>85,544</b>	<b>86,400</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2003

The Group	Note(s)	Non-distributable Reserves			Distributable Reserves		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
<b>Balance as of January 1, 2002</b>							
As previously stated		37,569	4,979	20,934	509	78,371	142,362
Prior year adjustments	29	-	-	(6,704)	-	160	(6,544)
Restated balance		37,569	4,979	14,230	509	78,531	135,818
Net profit for the year							
As previously stated		-	-	-	-	4,002	4,002
Prior year adjustments	29	-	-	-	-	5	5
Restated balance		-	-	-	-	4,007	4,007
Dividends	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
<b>Balance as of December 31, 2002</b>							
As previously stated		62,704	52	20,934	509	60,275	144,474
Prior year adjustments	29	-	-	(6,704)	-	165	(6,539)
Restated balance		62,704	52	14,230	509	60,440	137,935
Revaluation reserve realised		-	-	(1,143)	-	1,143	-
Net profit for the year		-	-	-	-	2,176	2,176
Dividends	25	-	-	-	-	(1,806)	(1,806)
<b>Balance as of December 31, 2003</b>							
		62,704	52	13,087	509	61,953	138,305

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

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

The Company	Note(s)	Non-distributable Reserves			Distributable Reserves	Total
		Issued Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Unappropriated Profit RM'000	Shareholders' Equity RM'000
Balance as of						
January 1, 2002		37,569	4,979	2,262	41,150	85,960
Net profit for the year		-	-	-	2,330	2,330
Dividends	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
Net profit for the year		-	-	-	950	950
Dividends	25	-	-	-	(1,806)	(1,806)
Balance as of						
December 31, 2003		62,704	52	2,262	20,526	85,544

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2003

	The Group	
	2003	2002
Note	RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	5,820	6,737
Adjustments for:		
Depreciation of property, plant and equipment	6,952	6,786
Finance costs	6,493	6,300
Bad debts written off	374	401
Allowance for doubtful debts	317	180
Amortisation of goodwill on consolidation	282	239
Property, plant and equipment written off	254	46
Allowance for obsolete inventories	41	-
Share of profits of an associated company	(1,420)	(1,760)
Interest income	(1,038)	(1,308)
Gain on disposal of property, plant and equipment	(634)	(98)
Allowance for doubtful debts no longer required	(9)	(46)
Dividend income	(1)	(1)
Operating Profit Before Working Capital Changes	17,431	17,476
(Increase)/Decrease in:		
Inventories	(6,236)	(4,848)
Trade receivables	3,885	(5,909)
Other receivables, deposits and prepaid expenses	(2,866)	2,609
Amount owing by ultimate holding company	736	10,656
Amount owing by other related companies	(1,386)	23,317
Increase/(Decrease) in:		
Trade payables	509	4,415
Other payables and accrued expenses	1,418	(644)
Amount owing to other related companies	(85)	(19,671)
Cash From Operations	13,406	27,401
Interest income received	1,038	1,308
Tax paid	(3,306)	(3,962)
Net Cash From Operating Activities	11,138	24,747

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

		The Group	
	Note	2003 RM'000	2002 RM'000
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds from disposal of property, plant and equipment		2,116	334
Dividends received from associated company		331	783
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	27(a)	(3,940)	(15,650)
Acquisition of additional shares in an associated Company		(333)	(2,541)
Acquisition of subsidiary companies		-	(13,983)
Net Cash Used In Investing Activities		(1,825)	(31,056)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>			
Proceeds from bankers' acceptances		9,400	17,423
Proceeds from revolving credits		3,500	1,000
Repayment of term loans		(6,961)	(2,481)
(Repayment of)/Proceeds from trust receipts		(3,374)	314
Repayment of hire-purchase payables		(2,729)	(2,316)
Interest on bankers' acceptances paid		(2,369)	(1,745)
Dividends paid		(1,806)	(2,031)
Interest on bank overdrafts paid		(1,561)	(1,732)
Repayment of revolving credits		(1,500)	(5,500)
Interest on term loans paid		(854)	(919)
Interest on revolving credits paid		(846)	(1,072)
Interest on hire-purchase paid		(709)	(547)
Interest on trust receipts paid		(169)	(348)
Dividends paid to minority shareholders		(5)	(12)
Proceeds from term loans		-	12,000
Proceeds from issuance of shares		-	141
Interest on export credit refinancing paid		-	(2)
Net Cash (Used In)/From Financing Activities		(9,983)	12,173
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		(670)	5,864
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
		(14,929)	(20,793)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>			
	27(b)	(15,599)	(14,929)

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

**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2003**

	The Company	
	2003	2002
Note	RM'000	RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	1,017	2,747
Adjustments for:		
Finance costs	76	74
Waiver of debt	72	-
Dividend income	(1,368)	(3,221)
	<hr/>	<hr/>
Operating Loss Before Working Capital Changes	(203)	(400)
(Increase)/Decrease in other receivables, deposits and prepaid expenses	(1)	1,386
(Decrease)/Increase in other payables and accrued expenses	(1)	8
	<hr/>	<hr/>
Cash (Used In)/From Operations	(205)	994
Dividends received	1,298	2,787
Refund of income tax	-	50
	<hr/>	<hr/>
Net Cash From Operating Activities	1,093	3,831
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Acquisition of shares in subsidiary companies	(1,000)	(11,520)
Acquisition of additional shares in an associated company	(333)	(2,541)
(Advances granted to)/Repayment from subsidiary companies	(16)	5,419
	<hr/>	<hr/>
Net Cash Used In Investing Activities	(1,349)	(8,642)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Advances received from a subsidiary company	2,400	7,417
Dividends paid	(1,806)	(2,031)
Repayment of revolving credits	(1,000)	-
Interest on revolving credits paid	(44)	(74)
Interest on bank overdraft paid	(32)	-
Proceeds from revolving credits	-	500
Proceeds from issuance of shares	-	141
	<hr/>	<hr/>
Net Cash (Used In)/From Financing Activities	(482)	5,953
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<hr/>	<hr/>
	(738)	1,142
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<hr/>	<hr/>
	33	(1,109)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<hr/>	<hr/>
27(b)	(705)	33

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 Malaysia Securities Exchange Berhad.

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, Yee Lee Marketing Sdn. Bhd. (formerly known as Cranberry Resources Sdn. Bhd.), which commenced operations in marketing and distribution of consumer products.

The total number of employees of the Group and of the Company as of December 31, 2003 were 1,219 (2002: 1,152) and Nil (2002: Nil) respectively.

The registered office and principal place of business of the Company is 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, 2004.

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 (MASB).

### 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

Sale 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 have 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	2003	2002
Hong Kong Dollar	2.063	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

In the previous financial year, provision for deferred taxation was made using the "liability" method and the focus was on the income statement. In principle, provision is made in respect of timing differences between depreciation and tax capital allowances except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Timing differences giving rise to deferred tax assets are not recognised unless there is reasonable expectation of realisation.

During the financial year, the Group and the Company adopted MASB 25, Income Taxes where provision is made using the "liability" method and the focus is on the balance sheet. This change in accounting policy has been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustment in the financial statements, as disclosed in Note 29.

Upon adoption of MASB 25, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or negative goodwill, or from the initial recognition of other assets and liabilities in a transaction, other than in a business combination, that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority, and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

#### 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.

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, 2003.

A subsidiary is a company in which the Company has the power to govern its financial and operating policies 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

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.

#### **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-subsiary 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, 2003. 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/Reserve**

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. 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.

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/Reserve arising on the acquisition of associated company is included within the carrying amount of the associated company and represents the difference between 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.

#### **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 trading 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*)

#### Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the financial year in which it is incurred.

Expenditure on development is recognised as an expense in the financial year in which it is incurred except where a clearly-defined project is undertaken and it is probable that development costs will be recovered through future commercial activity. Such development costs are recognised as an intangible asset and amortised on the straight-line basis over five years.

#### 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.

#### Employee Benefits

##### *Short-term employee benefits*

All short-term employee benefits, including accumulated compensated absences, are recognised in the income statements in the period in which the employees render their services to the Group and to the Company.

##### *Employee equity compensation benefits*

The Company has an Executive Share Option Scheme (ESOS) whereby options to subscribe for ordinary shares in the Company were granted to eligible employees and executive directors of the Company and its subsidiary companies. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium account accordingly.

#### 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	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Sale of goods	280,086	264,866	-	-
Tourism related services	251	143	-	-
Dividend income:				
Subsidiary companies	-	-	1,037	2,438
Associated company	-	-	331	783
	-	-	1,368	3,221
	<b>280,337</b>	<b>265,009</b>	<b>1,368</b>	<b>3,221</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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.

#### The Group

2003	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Revenue</b>						
External sales	112,852	166,985	249	251	-	280,337
Inter-segment sales	149,685	33,498	2,444	1,386	(187,013)	-
Total revenue	262,537	200,483	2,693	1,637	(187,013)	280,337
<b>Results</b>						
Profit from operations	8,208	2,144	(520)	1,627	(1,605)	9,854
Finance costs						(6,493)
Share of profits of an associated company	1,420	-	-	-	-	1,420
Income from other investments						1,039
Profit before tax						5,820
Tax expense						(3,635)
Profit after tax						2,185
<b>Other information</b>						
Capital additions	3,117	659	614	4	(64)	4,330
Depreciation and amortisation	4,841	1,413	599	202	-	7,055
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	219,257	106,942	31,907	109,458	(172,031)	295,533
Investment in an associated company	26,276	-	-	-	-	26,276
Unallocated corporate assets	-	-	-	-	-	1,809
Consolidated total assets						323,618
<b>Liabilities</b>						
Segment liabilities	43,193	70,849	14,467	24,688	(104,667)	48,530
Unallocated corporate liabilities	-	-	-	-	-	136,570
Consolidated total liabilities						185,100

## 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
<b>Revenue</b>						
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
<b>Results</b>						
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
Tax expense						(2,709)
Profit after tax						4,028
<b>Other information</b>						
Capital additions	8,420	760	9,833	509	-	19,522
Depreciation and amortisation	4,827	1,293	525	247	-	6,892
<b>Consolidated Balance Sheet</b>						
<b>Assets</b>						
Segment assets	221,494	107,490	31,810	103,519	(169,629)	294,684
Investment in an associated company	25,429	-	-	-	-	25,429
Unallocated corporate assets	-	-	-	-	-	1,423
Consolidated total assets						321,536
<b>Liabilities</b>						
Segment liabilities	43,084	71,267	15,634	22,170	(105,485)	46,670
Unallocated corporate liabilities	-	-	-	-	-	136,722
Consolidated total liabilities						183,392

#### 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.

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	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	634	98	-	-
Rental income:				
Premises	338	266	-	-
Hot and cold water dispensers	48	65	-	-
Motor vehicles	6	6	-	-
Allowance for doubtful debts no longer required	9	46	-	-
Bad debts recovered	-	9	-	-
Realised (loss)/gain on foreign exchange	(1)	3	-	3
Directors' remuneration:				
Directors of the Company:				
Fees	(76)	(72)	(61)	(60)
Other emoluments	(734)	(722)	(22)	-
Directors of the subsidiary companies:				
Fees				
Current year	(26)	(24)	-	-
Prior year	-	(3)	-	-
Other emoluments	(947)	(606)	-	-
Bad debts written off	(374)	(401)	-	-
Rental expense:				
Premises	(355)	(269)	-	-
Bulking facilities	(17)	-	-	-
Allowance for doubtful debts	(317)	(180)	-	-
Property, plant and equipment written off	(254)	(46)	-	-
Auditors remuneration:				
Statutory				
Current year	(157)	(141)	(16)	(16)
Prior year	-	(1)	-	(2)
Others	(4)	(1)	(3)	-
Hire of machinery	(141)	(161)	-	-
Allowance for obsolete inventories	(41)	-	-	-
Research and development expenses	(2)	-	-	-
Waiver of debt	-	-	(72)	-

## NOTES TO THE FINANCIAL STATEMENTS

### 7. FINANCE COSTS

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	2,353	1,691	-	-
Bank overdrafts	1,561	1,732	32	-
Term loans	854	919	-	-
Revolving credits	847	1,061	44	74
Hire-purchase	709	547	-	-
Trust receipts	169	348	-	-
Export credit refinancing	-	2	-	-
	<b>6,493</b>	<b>6,300</b>	<b>76</b>	<b>74</b>

### 8. INCOME FROM OTHER INVESTMENTS

	The Group	
	2003	2002
	RM'000	RM'000
Interest received on advances granted to related companies	1,038	1,308
Dividend income from quoted shares	1	1
	<b>1,039</b>	<b>1,309</b>

### 9. TAX EXPENSE

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year	1,453	1,869	67	423
Prior year	1,076	140	-	(6)
	<b>2,529</b>	<b>2,009</b>	<b>67</b>	<b>417</b>
Deferred tax (Note 22):				
Originating and reversal of temporary differences	933	400	-	-
Crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(488)	(108)	-	-
	<b>445</b>	<b>292</b>	<b>-</b>	<b>-</b>
Real property gain tax	86	-	-	-
Share of tax of an associated company	575	408	-	-
	<b>3,635</b>	<b>2,709</b>	<b>67</b>	<b>417</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 9. TAX EXPENSE (cont'd)

A numerical reconciliation between the income tax expense and the accounting profit multiplied by the applicable statutory tax rates in 2003 and 2002 are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Accounting profit	5,820	6,737	1,017	2,747
Tax at the applicable statutory income tax rate of:				
20%	17	-	-	-
28%	2,165	1,907	285	769
Tax effects of:				
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	4,429	2,997	-	-
Expenses that are not deductible in determining taxable profit	1,058	963	95	122
Share of tax of an associated company	575	408	-	-
Real property gain tax	86	-	-	-
Utilisation of reinvestment allowances	(2,885)	(1,280)	-	-
Utilisation of unabsorbed tax capital allowances and unutilised tax losses	(2,070)	(1,850)	-	-
Crystallisation of deferred tax liability on revaluation surplus of leasehold land and buildings	(488)	(108)	-	-
Income not subjected to tax	(328)	(468)	(313)	(468)
Income tax - prior year	1,076	140	-	(6)
	3,635	2,709	67	417



## NOTES TO THE FINANCIAL STATEMENTS

### 10. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2003 RM'000	2002 RM'000
<b>Basic</b>		
Net profit attributable to ordinary shareholders	2,176	4,007
	<b>2003 Units</b>	<b>2002 Units</b>
Number of ordinary shares in issue as of January 1	62,704	37,569
Effect of bonus issue	-	25,046
Effect of exercise of ESOS	-	44
Weighted average number of ordinary shares in issue	62,704	62,659
	<b>2003</b>	<b>2002</b>
Basic earnings per ordinary share (sen)	3.47	6.40
	<b>2003 RM'000</b>	<b>2002 RM'000</b>
<b>Fully Diluted</b>		
Net profit attributable to ordinary shareholders	2,176	4,007
	<b>2003 Units</b>	<b>2002 Units</b>
Weighted average number of ordinary shares in issue	62,704	62,659
	<b>2003</b>	<b>2002</b>
Fully diluted earnings per ordinary share (sen)	3.47	6.40

The Group has no dilution in its earnings per share arising from 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 for the basic and fully diluted earnings per ordinary share have been restated to reflect the effects of the adoption of MASB 25, Income Taxes which have been applied retrospectively as disclosed in Note 29 during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

### 11. PROPERTY, PLANT AND EQUIPMENT

The Group	Cost except as otherwise stated			
	At beginning of year RM'000	Additions RM'000	Disposals RM'000	At end of year RM'000
Freehold land:				
At 1998 valuation	1,401	-	-	1,401
At cost	19,832	11	-	19,843
Long-term leasehold land and improvements:				
At 1995 valuation	3,270	-	-	3,270
At 1998 valuation	26,196	-	(1,250)	24,946
At cost	3,706	153	-	3,859
Short-term leasehold land:				
At 1998 valuation	7,797	-	-	7,797
At cost	2,718	-	-	2,718
Buildings:				
At 1998 valuation	29,881	-	(250)	29,631
At cost	18,797	107	-	19,067
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	999	-	(40)	959
At cost	66,196	2,608	(205)	73,681
Plant and machinery under hire-purchase	10,111	-	-	6,854
Motor vehicles:				
At 1995 valuation	255	-	-	255
At cost	11,118	93	(364)	11,306
Motor vehicles under hire-purchase	1,210	406	-	1,157
Furniture, fixtures and equipment	10,152	576	(396)	10,332
Plantation development expenditure	2,655	306	-	2,961
Capital work-in-progress	3,249	70	-	1,331
<b>Total</b>	<b>219,780</b>	<b>4,330</b>	<b>(2,505)</b>	<b>221,605</b>

## 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	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	157	39	-	-	196
At 1998 valuation	1,487	319	(72)	-	1,734
At cost	249	127	-	-	376
Short-term leasehold land:					
At 1998 valuation	610	155	-	-	765
At cost	162	18	-	-	180
Buildings:					
At 1998 valuation	3,387	713	(19)	-	4,081
At cost	1,434	341	-	-	1,775
Electricity and water supply system:					
At 1995 valuation	45	5	-	-	50
At cost	25	3	-	-	28
Electricity and water supply system under hire-purchase	17	7	-	-	24
Plant and machinery:					
At 1995 valuation	555	48	(23)	-	580
At cost	38,429	3,124	(114)	2,061	43,500
Plant and machinery under hire-purchase	1,919	798	-	(2,061)	656
Motor vehicles:					
At 1995 valuation	205	10	-	-	215
At cost	8,497	568	(315)	234	8,984
Motor vehicles under hire-purchase	362	174	-	(234)	302
Furniture, fixtures and equipment	4,622	606	(226)	-	5,002
Plantation development expenditure	-	-	-	-	-
Capital work-in-progress	-	-	-	-	-
Total	62,162	7,055	(769)	-	68,448

## NOTES TO THE FINANCIAL STATEMENTS

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

The Group	Net book value	
	2003 RM'000	2002 RM'000
Freehold land:		
At 1998 valuation	1,401	1,401
At cost	19,843	19,832
Long-term leasehold land and improvements:		
At 1995 valuation	3,074	3,113
At 1998 valuation	23,212	24,709
At cost	3,483	3,457
Short-term leasehold land:		
At 1998 valuation	7,032	7,187
At cost	2,538	2,556
Buildings:		
At 1998 valuation	25,550	26,494
At cost	17,292	17,363
Electricity and water supply system:		
At 1995 valuation	45	50
At cost	35	38
Electricity and water supply system under hire-purchase	55	62
Plant and machinery:		
At 1995 valuation	379	444
At cost	30,181	27,767
Plant and machinery under hire-purchase	6,198	8,192
Motor vehicles:		
At 1995 valuation	40	50
At cost	2,322	2,621
Motor vehicles under hire-purchase	855	848
Furniture, fixtures and equipment	5,330	5,530
Plantation development expenditure	2,961	2,655
Capital work-in-progress	1,331	3,249
Total	153,157	157,618

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

	The Group	
	2003 RM'000	2002 RM'000
Depreciation of property, plant and equipment	103	106
Audit fee	2	2
Interest on hire-purchase	6	2

## NOTES TO THE FINANCIAL STATEMENTS

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

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

	The Group	
	2003 RM'000	2002 RM'000
Income statements	6,952	6,786
Plantation development expenditure	103	106
	<b>7,055</b>	<b>6,892</b>

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 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 RM1,154,287 (2002: RM9,969,268) are pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 21.

### 12. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2003 RM'000	2002 RM'000
Unquoted shares:		
At directors' valuation	19,850	19,850
At cost	36,020	35,020
	<b>55,870</b>	<b>54,870</b>

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2003 %	2002 %	
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.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2003 %	2002 %	
Direct Subsidiary Companies				
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	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.
Yee Lee Marketing Sdn. Bhd. (formerly known as Cranberry Resources Sdn. Bhd.) *	Malaysia	100.00	-	Marketing and distribution of consumer products.
Indirect Subsidiary Companies				
Held through Yee Lee Trading Co. Sdn. Bhd.				
Mini Motors Sdn. Bhd. *	Malaysia	100.00	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	100.00	Trading of crude palm oil and palm kernel.
Held through Canpac Sdn. Bhd.				
Good Cans Sdn. Bhd.	Malaysia	100.00	100.00	Dormant.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2003 %	2002 %	
Indirect Subsidiary Companies				
<i>Held through Intanwasa Sdn. Bhd.</i>				
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 Yee Lee Marketing Sdn. Bhd. (formerly known as Cranberry Resources Sdn. Bhd.). The acquisition was completed on November 21, 2003.

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

Post-acquisition results of subsidiary company acquired:

	2003 RM'000
Revenue	-
Operating expenses	(35)
	<hr/>
Loss before tax	(35)
Tax expense	-
	<hr/>
Decrease in Group profit attributable to shareholders	(35)
	<hr/>

The effect of the acquisition on the financial position of the Group is as follows:

	Note	Unaudited November 30, 2003 RM'000
Net assets acquired as of date of acquisition:		
Cash balance		-
Other payables and accrued expenses		(17)
Goodwill on consolidation	15	17
		<hr/>
Net assets acquired		-
Less: Cash balance		-
		<hr/>
Cash flow on acquisition, net of cash acquired		-
		<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

### 13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	23,136	22,803	23,136	22,803
Share of post-acquisition results, net of dividends received	3,140	2,626	-	-
	<b>26,276</b>	<b>25,429</b>	<b>23,136</b>	<b>22,803</b>
Market value of quoted shares	<b>20,556</b>	<b>18,907</b>	<b>20,556</b>	<b>18,907</b>

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

	The Group	
	2003	2002
	RM'000	RM'000
Share of net assets	27,996	27,011
Reserve on acquisition	(1,720)	(1,582)
	<b>26,276</b>	<b>25,429</b>

The Group and the Company has an equity interest of 27.07% (2002: 26.61%) in an associated company, Spritzer Bhd., a company incorporated in Malaysia, whose principal activity is investment holding.

### 14. OTHER INVESTMENTS

	The Group		The Company	
	2003	2002	2003	2002
	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
	<b>3,701</b>	<b>3,701</b>	<b>3,454</b>	<b>3,454</b>
	<b>3,721</b>	<b>3,721</b>	<b>3,454</b>	<b>3,454</b>
Market value of quoted shares	<b>21</b>	<b>22</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 15. GOODWILL ON CONSOLIDATION

	The Group	
	2003	2002
	RM'000	RM'000
Goodwill:		
At beginning of year	7,042	2,809
Goodwill arising from acquisition of subsidiary companies (Note 12)	17	4,233
At end of year	7,059	7,042
Cumulative amortisation:		
At beginning of year	604	365
Current amortisation	282	239
At end of year	(886)	(604)
Net	6,173	6,438

### 16. INVENTORIES

	The Group	
	2003	2002
	RM'000	RM'000
At cost:		
Finished goods and trading merchandise	29,230	23,554
Raw materials	8,832	8,661
Work-in-progress	2,416	759
Goods-in-transit	1,904	1,997
Factory supplies	1,224	1,245
Consumables	1,001	865
Promotional stocks	674	763
At net realisable value:		
Finished goods	304	1,505
	45,585	39,349
Less: Allowance for obsolete inventories	(41)	-
	45,544	39,349

## NOTES TO THE FINANCIAL STATEMENTS

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

	The Group	
	2003 RM'000	2002 RM'000
Trade receivables	54,622	59,175
Less: Allowance for doubtful debts	(3,957)	(3,956)
Net	50,665	55,219

The currency exposure profile of trade receivables is as follows:

	The Group	
	2003 RM'000	2002 RM'000
Ringgit Malaysia	51,970	54,897
United States Dollar	2,023	2,978
Singapore Dollar	398	459
Australian Dollar	231	841
	54,622	59,175

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Other receivables	8,668	6,155	1,174	1,174
Less: Allowance for doubtful debts	(45)	(45)	-	-
	8,623	6,110	1,174	1,174
Refundable deposits	902	508	2	1
Prepaid expenses	1,125	1,163	1	1
Net	10,650	7,781	1,177	1,176

Transactions with related parties are disclosed in Note 18.

The credit period granted on sale of goods ranges from 14 to 120 days (2002: 14 to 120 days). An allowance has been made for estimated irrecoverable amounts from the sale of goods of RM3,957,112 (2002: RM3,956,221). This allowance has been determined by reference to management anticipation on the collectibility of certain receivable accounts.

The amount owing by other receivables are unsecured and interest-free.

## NOTES TO THE FINANCIAL STATEMENTS

### 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% (2002: 8%) 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	Relationships
Yew Lee Chiong Tin Factory Sdn. Bhd. Palker Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li> <li>- Companies in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> </ul>
Yee Lee Trading Co. (Kelantan) Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Chua Tiong Lee and Mr. Chua Ah Bah @ Chua Siew Seng, directors of subsidiary companies, are directors.</li> </ul>
Kolej Teknologi Praktikal Sdn. Bhd. Practical Advanced Technology Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li> <li>- Companies in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> <li>- Companies in which Mr. Goh Mung Chwee, a director of subsidiary companies, is a director.</li> </ul>
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interest.</li> </ul>
Mini Motors Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Chok Hooa @ Chok Yin Fatt, a director of the Company, is a director.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Chua Tiong Lee, a director of a subsidiary company, is a director.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Batang Padang Oil Palm Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of subsidiary companies, is a director.</li> </ul>
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Lim Kim Kow, a director of a subsidiary company, is a director.</li> </ul>
Kim Huat Engineering (1962) Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of subsidiary companies, is a director and has substantial financial interest.</li> </ul>
Palker Oil Industries Sdn. Bhd. Yee Lee Plantations Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li> <li>- Companies in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> <li>- Companies in which Mr. Lee Kon Cheng, a director of subsidiary companies, is a director.</li> </ul>
Multibase Systems Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Lee Kon Cheng and Mr. Chua Ah Bah @ Chua Siew Seng, directors of subsidiary companies, are directors.</li> </ul>
Manimore Resources Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Goh Mung Chwee, a director of subsidiary companies, is a director.</li> </ul>

## NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Uniyelee Insurance Agencies Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Lim Ee Young, a director of the Company, is a director.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interest.</li> </ul>
Unipon Enterprise Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Lim Ee Young, a director of the Company, is a director.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> </ul>
Angenet Sdn. Bhd. Golden PET Industries Sdn. Bhd. Hidro Dinamik Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> </ul>
Chuan Sin Cactus Sdn. Bhd. Chuan Sin Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, is a director and has substantial financial interests.</li> </ul>
Unikampar Credit And Leasing Sdn. Bhd. Sri Puteh Development Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests.</li> <li>- Companies in which Mr. Thang Lai Sung, a director of the Company, is a director.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> </ul>
Multisafe Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.</li> <li>- A company in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interest.</li> <li>- A company in which Mr. Lee Kon Cheng, a director of subsidiary companies, is a director.</li> </ul>
Intan Serantau Sdn. Bhd. Transport Master Sdn. Bhd. Cactus Marketing Sdn. Bhd. Canpac Sdn. Bhd.	<ul style="list-style-type: none"> <li>- Companies in which Mr. Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.</li> <li>- Companies in which Madam Chua Shok Tim @ Chua Siok Hoon, a director of subsidiary companies, has substantial financial interests.</li> </ul>
Uniyelee Service Agencies Sdn. Bhd.	<ul style="list-style-type: none"> <li>- A company in which Mr. Lim Ee Young, a director of the Company, has substantial financial interest.</li> <li>- A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of subsidiary companies, is a director.</li> </ul>

## 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	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
<b>Ultimate holding company</b>				
Interest on advances received	583	525	-	-
Purchase of goods	-	1,837	-	-
Sale of goods	-	1,829	-	-
Rental on premises received	-	24	-	-
<b>Subsidiary company</b>				
Dividends received (gross)	-	-	1,037	2,438
<b>Associated company</b>				
Dividends received (gross)	-	-	331	783
<b>Other related companies</b>				
<b>Yew Lee Chiong Tin</b>				
Factory Sdn. Bhd.				
Purchase of goods	479	494	-	-
Sale of goods	397	118	-	-
Interest on advances received	63	144	-	-
Transportation fees received	128	86	-	-
Professional fees received	3	6	-	-
Transportation fees paid	1	1	-	-
<b>Canpac Sdn. Bhd.</b>				
Interest on advances received	-	145	-	-
Sale of goods	-	90	-	-
<b>Yee Lee Trading Co. (Kelantan) Sdn. Bhd.</b>				
Purchase of property, plant and equipment	-	430	-	-
<b>Kolej Teknologi Praktikal Sdn. Bhd.</b>				
Training services rendered	9	68	-	-
Sale of goods	3	-	-	-
<b>Cranberry (M) Sdn. Bhd.</b>				
Sale of steam	1,816	1,641	-	-
Interest on advances received	392	494	-	-
Sale of goods	469	412	-	-
Rental on premises received	60	60	-	-
Transportation fees received	33	15	-	-
Professional fees received	-	9	-	-
<b>Mini Motors Sdn. Bhd.</b>				
Rental on premises paid	-	5	-	-
<b>Practical Advanced Technology Sdn. Bhd.</b>				
Purchase of computer software and hardware and services rendered	306	268	-	-
Sale of goods	4	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2003	2002	2003	2002
	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	-	-
Palker Sdn. Bhd.				
Sale of goods	-	6,775	-	-
Purchase of goods	-	5,674	-	-
Contract wages paid	-	42	-	-
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	94	224	-	-
Purchase of goods	-	148	-	-
Professional fees received	-	1	-	-
Kim Huat Engineering (1962) Sdn. Bhd.				
Sale of goods	97	-	-	-
Sri Puteh Development Sdn. Bhd.				
Sale of goods	2	-	-	-
Professional fees received	2	-	-	-
<b>Other related parties</b>				
Multibase Systems Sdn. Bhd.				
Secretarial and accounting fees payable	48	46	4	4
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium payable	1,054	987	8	7
Professional fees received	-	1	-	-
Unipon Enterprise Sdn. Bhd.				
Purchase of goods	-	19	-	-
Manimore Resources Sdn. Bhd.				
Sale of goods	9	3	-	-
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	6,753	5,832	-	-
Unikampar Credit & Leasing Sdn. Bhd.				
Hire-purchase loans obtained	313	3,661	-	-
Interest on hire-purchase loans paid	709	531	-	-
Sale of goods	3	2	-	-
Professional fees received	-	1	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	7,034	7,818	-	-
Transportation fees received	247	282	-	-
Sale of goods	47	16	-	-
Professional fees received	6	5	-	-
Rental on premises paid	1	-	-	-



## NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Chuan Sin Sdn. Bhd.				
Purchase of goods	24,857	19,706	-	-
Sale of goods	3,042	2,768	-	-
Transportation fees received/receivable	219	302	-	-
Professional fees received	6	7	-	-
Multisafe Sdn. Bhd.				
Sale of steam	810	221	-	-
Professional fees received	3	-	-	-
Security fee received	-	34	-	-
Angenet Sdn. Bhd.				
Purchase of goods	2,307	1,244	-	-
Sale of goods	693	558	-	-
Transportation fees received/receivable	107	100	-	-
Transport Master Sdn. Bhd.				
Contract wages payable	931	1,003	-	-
Sale of goods	5	-	-	-
Intan Serantau Sdn. Bhd.				
Contract wages payable	398	692	-	-
Unieelee Service Agencies Sdn. Bhd.				
Insurance premium payable	54	5	-	-
Hidro Dinamik Sdn. Bhd.				
Purchase of goods	323	-	-	-
Cactus Marketing Sdn. Bhd.				
Rental on lorry received	6	-	-	-

Other than as disclosed elsewhere in the financial statements, the outstanding balances from related party transactions are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Receivables:				
Included in trade receivables	1,163	670	-	-
Included in other receivables, deposits and prepaid expenses	3,189	1,149	-	-
Payables:				
Included in trade payables	9,410	12,042	-	-
Included in other payables and accrued expenses	396	294	5	2
Included in hire-purchase payables	3,730	6,172	-	-

## NOTES TO THE FINANCIAL STATEMENTS

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

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 respectively. The credit period granted to the Group for trade purchases ranges from 30 to 120 days (2002: 30 to 120 days).

The currency exposure profile of trade payables is as follow:

	The Group	
	2003	2002
	RM'000	RM'000
Ringgit Malaysia	33,977	33,727
United States Dollar	1,156	897
	<b>35,133</b>	<b>34,624</b>

Other payables and accrued expenses consist of:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Other payables	6,135	6,008	5	3
Deposits received	335	177	-	-
Accrued expenses	6,889	5,738	79	82
	<b>13,359</b>	<b>11,923</b>	<b>84</b>	<b>85</b>

The currency exposure profile of other payables is as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	5,878	6,008	5	3
United States Dollar	138	-	-	-
Great Britain Pound	119	-	-	-
	<b>6,135</b>	<b>6,008</b>	<b>5</b>	<b>3</b>

Transactions with related parties are disclosed in Note 18.

The amount owing to other payables of the Group and of the Company are unsecured and interest free.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. HIRE-PURCHASE PAYABLES

	The Group	
	2003	2002
	RM'000	RM'000
Principal outstanding	3,730	6,172
Less: Amount due within 12 months (shown under current liabilities)	(1,840)	(2,490)
Non-current portion	1,890	3,682

The non-current portion is repayable as follows:

	The Group	
	2003	2002
	RM'000	RM'000
Financial years ending December 31:		
2004	-	1,723
2005	1,353	1,336
2006	537	623
	1,890	3,682

The terms for hire-purchase range from 2 to 4 years. For the financial year ended December 31, 2003, the average effective borrowing rates was 12.69% (2002: 11.52% to 15.00%) 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	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers' acceptances	72,076	60,736	-	-
Bank overdrafts	19,239	16,768	706	-
Revolving credits	19,000	17,000	1,000	2,000
Term loans	10,057	16,876	-	-
Trust receipts	-	3,374	-	-
Secured:				
Bank overdrafts	455	1,841	-	-
Bankers' acceptances	-	1,940	-	-
Term loans	-	142	-	-
	120,827	118,677	1,706	2,000
Less: Amount due within 12 months (shown under current liabilities)	(113,076)	(108,694)	(1,706)	(2,000)
Non-current portion	7,751	9,983	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 21. BORROWINGS (cont'd)

The non-current portion is repayable as follows:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Financial years ending December 31:				
2004	-	2,146	-	-
2005	2,451	2,146	-	-
2006	2,451	2,146	-	-
2007	2,409	2,146	-	-
2008 and above	440	1,399	-	-
	<b>7,751</b>	<b>9,983</b>	<b>-</b>	<b>-</b>

The average effective interest rates are as follows:

	The Group		The Company	
	2003	2002	2003	2002
	%	%	%	%
Bank overdrafts	7.36	7.69	7.35	-
Bankers' acceptances	3.34	3.24	-	-
Revolving credits	4.27	4.40	4.05	4.05
Trust receipts	6.70	7.53	-	-
Term loans	7.23	6.90	-	-

The credit facilities of the Group of RM267,167,000 (2002: RM257,720,000) are guaranteed by the Company. Certain credit facilities of the Group amounting to approximately RM455,108 (2002: RM3,923,093) are secured by legal charges over certain subsidiary companies' property, plant and equipment.

### 22. DEFERRED TAX (LIABILITIES)/ASSETS

As mentioned in Note 3, deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority. The following amount determined after appropriate offsetting, is shown in the balance sheet:

	The Group	
	2003	2002
	RM'000	RM'000
Deferred tax assets	892	-
Deferred tax liabilities	(12,863)	(11,526)
	<b>(11,971)</b>	<b>(11,526)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 22. DEFERRED TAX (LIABILITIES)/ASSETS *(cont'd)*

The movement of net deferred tax liabilities during the financial year (after offsetting) is as follows:

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year		
As previously reported	(4,975)	(4,678)
Effect of adopting MASB 25	(6,551)	(6,556)
	<b>(11,526)</b>	<b>(11,234)</b>
Transfer from income statements (Note 9)	(445)	(292)
At end of year	<b>(11,971)</b>	<b>(11,526)</b>

Represented by tax effect of:

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	892	-
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	(6,903)	(5,078)
Revaluation surplus on property, plant and equipment	(5,960)	(6,448)
	<b>(11,971)</b>	<b>(11,526)</b>

As of December 31, 2003, 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:

	<b>Deferred Tax Assets/ (Liabilities)</b>	
	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Tax effects of:		
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	-	(1,091)
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	10,470	11,246
	<b>10,470</b>	<b>10,155</b>

The unutilised tax losses and unabsorbed agricultural and tax capital allowances of the Group are subject to agreement by the tax authorities except for tax effects of unutilised tax losses of approximately RM3,432,000 (2002: RM3,414,000), unabsorbed tax capital allowances of approximately RM38,000 (2002: RMNil) and unabsorbed agricultural allowances of approximately RM85,000 (2002: RM51,000), which have been agreed by the Inland Revenue Board.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. SHARE CAPITAL

	The Group and The Company	
	2003 RM'000	2002 RM'000
<b>Authorised:</b>		
100,000,000 ordinary shares of RM1 each	<b>100,000</b>	100,000
<b>Issued and fully paid:</b>		
Ordinary shares of RM1 each:		
At beginning of year	<b>62,704</b>	37,569
Issued during the year:		
Exercise of share options	-	89
Bonus issue	-	25,046
At end of year	<b>62,704</b>	62,704

Under the Company's ESOS which was launched 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 exercised and lapsed 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 1.1.2003	Exercised	Lapsed due to resignation/ retirement	Balance as of 31.12.2003
18.3.2002	1.58	5,561,000	-	(535,000)	5,026,000

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%) per annum of the options granted.

## NOTES TO THE FINANCIAL STATEMENTS

### 24. RESERVES

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	52	52	52	52
Revaluation reserve	13,087	14,230	2,262	2,262
Reserve on consolidation	509	509	-	-
	<b>13,648</b>	14,791	<b>2,314</b>	2,314
Distributable reserve:				
Unappropriated profit	<b>61,953</b>	60,440	<b>20,526</b>	21,382
	<b>75,601</b>	75,231	<b>22,840</b>	23,696

#### Share premium

Share premium arose from the following:

	The Group and The Company	
	2003	2002
	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	52
	<b>5,031</b>	5,031
Less: Capitalisation by way of bonus issue in 2002	<b>(4,979)</b>	(4,979)
	<b>52</b>	52

#### 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 property, plant and equipment 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.

#### 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, 2003 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.



## NOTES TO THE FINANCIAL STATEMENTS

### 25. DIVIDENDS

	<b>The Group and The Company</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
First and final dividend paid		
- 4.0 sen per share, less tax	<b>1,806</b>	-
- 4.5 sen per share, less tax	-	2,031
	<b>1,806</b>	<b>2,031</b>

A first and final dividend of 4.0 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 2.0 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 1.4 sen (2002: 2.9 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 to currency risk on foreign currency receivables and payables.

#### Interest rate risk

The Group is exposed to interest rate risk from its borrowings. 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 26. FINANCIAL INSTRUMENTS (*cont'd*)

#### 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 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, 2003. 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.

#### Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2003 are as follows:

	Note	Carrying Amount RM'000	Fair Value RM'000
<b>Financial Assets</b>			
Investment in quoted shares	14	20	21
Investments in unquoted shares:			
In Malaysia	14	247	-
Outside Malaysia	14	3,454	-
<b>Financial Liabilities</b>			
Term loans	21	10,057	8,117
<b>Off Balance Sheet Items</b>			
Forward foreign currency exchange contracts		783	782

## NOTES TO THE FINANCIAL STATEMENTS

### 26. FINANCIAL INSTRUMENTS *(cont'd)*

#### 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.

#### Investment in quoted shares in Malaysia

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

#### Investments in unquoted shares

No disclosure is made as it is impractical to estimate the fair value of unquoted investment, due to the lack of quoted market prices and the inability to establish their fair values without incurring excessive cost.

#### Term loans

The fair values of term loans are estimated using discounted 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.

### 27. CASH FLOW STATEMENT

#### (a) Purchase of property, plant and equipment

Property, plant and equipment were acquired by the following means:

	The Group	
	2003	2002
	RM'000	RM'000
Cash purchase	3,940	15,650
Hire-purchase	287	3,682
Depreciation capitalised	103	106
Reclassification from deposit	-	84
	<b>4,330</b>	<b>19,522</b>

#### (b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	4,095	3,680	1	33
Bank overdrafts	(19,694)	(18,609)	(706)	-
	<b>(15,599)</b>	<b>(14,929)</b>	<b>(705)</b>	<b>33</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 28. COMMITMENTS

	<b>The Group</b>	
	<b>2003</b>	<b>2002</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure:		
Approved and not contracted for	<b>91</b>	<b>-</b>

### 29. PRIOR YEAR ADJUSTMENTS

During the financial year, the Group and the associated company changed its accounting policy to comply with MASB 25, Income Taxes. The effects of the adoption of MASB 25 have been applied retrospectively, and the effects on prior financial years have been taken up as prior year adjustments in the financial statements. Accordingly, the following accounts in prior years have been restated to reflect the effects of the accounting changes:

<b>The Group</b>	<b>As previously reported RM'000</b>	<b>Adjustments RM'000</b>	<b>As restated RM'000</b>
<b>Financial year ended December 31, 2002</b>			
Net profit for the year	4,002	5	4,007
Income tax expense	2,714	(5)	2,709
Minority interests	21	-	21
<b>As of December 31, 2002</b>			
Deferred tax liability	4,975	6,551	11,526
Revaluation reserve	20,934	(6,704)	14,230
Unappropriated profit	60,275	165	60,440
Minority interests	221	(12)	209
<b>As of December 31, 2001</b>			
Deferred tax liability	4,678	6,556	11,234
Revaluation reserve	20,934	(6,704)	14,230
Unappropriated profit	78,371	160	78,531

### 30. SUBSEQUENT EVENT

Subsequent to the financial year end, the Company subscribed for an additional 2,000,000 ordinary shares of RM1 each at par of Yee Lee Marketing Sdn. Bhd. (formerly known as Cranberry Resources Sdn. Bhd.), a wholly-owned subsidiary of the Company.

### 31. COMPARATIVE FIGURES

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

<b>The Group</b>	<b>As previously reported RM'000</b>	<b>As restated RM'000</b>
<b>Cash Flow Statement</b>		
Cash Flows From/(Used In) Operating Activities		
Interest on bank overdraft paid	(1,732)	-
Cash Flows From/(Used In) Financing Activities		
Interest on bank overdraft paid	-	(1,732)

## STATEMENT BY DIRECTORS

The directors of **YEE LEE CORPORATION BHD.** state that, in their opinion, the accompanying balance sheets and statements of income, changes in equity and cash flows 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, 2003 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, 2004

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

I, **MR. CHOK HOOA @ CHOK YIN FATT**, 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, changes in equity and cash flows 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. CHOK HOOA @ CHOK YIN FATT**

Subscribed and solemnly declared by the abovenamed **MR. CHOK HOOA @ CHOK YIN FATT** at **IPOH** this 8th day of April, 2004.

Before me,

**MR. R. SARJEET LAL, PJK**  
COMMISSIONER FOR OATHS

# ANALYSIS OF SHAREHOLDINGS

AS AT MAY 5, 2004

## SHARE CAPITAL

Authorised Share Capital	:	RM100,000,000.00
Issued and Paid-Up Share Capital	:	RM62,704,000.00
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	Number of Shares	Percentage of Issued Share (%)
Less than 100	44	2,242	0.00
100 to 1,000	193	165,916	0.27
1,001 to 10,000	1,902	6,448,953	10.28
10,001 to 100,000	170	4,613,055	7.36
100,001 to less than 5% of issued shares	20	10,234,601	16.32
5% and above of issued shares	2	41,239,233	65.77
Total	2,331	62,704,000	100.00

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	Number of Shares	Percentage of Issued Share (%)	Number of Shares	Percentage of Issued Share (%)
1. Yee Lee Organization Bhd.	33,705,732	53.75	-	-
2. Lembaga Tabung Haji	8,455,000	13.48	-	-
3. Lim A Heng @ Lim Kok Cheong	280,000	0.45	33,860,732 <i>a</i>	54.00
4. Chua Shok Tim @ Chua Siok Hoon	155,000	0.25	33,985,732 <i>b</i>	54.20
5. Unikampar Credit And Leasing Sdn. Bhd.	-	-	33,705,732 <i>c</i>	53.75
6. Uniyelee Sdn. Bhd.	-	-	33,705,732 <i>d</i>	53.75
7. Yeleta Holdings Sdn. Bhd.	-	-	33,705,732 <i>e</i>	53.75
8. Young Wei Holdings Sdn. Bhd.	-	-	33,705,732 <i>f</i>	53.75

### Notes:

- 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

### TOP THIRTY SECURITIES ACCOUNT HOLDERS

Name of Shareholders	Number of Shares	Percentage of Issued Share (%)
1. Yee Lee Organization Bhd.	32,784,233	52.28
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. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92
5. HLB Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Lim Fong Teng (SIN 7144-9)	1,029,700	1.64
6. Yee Lee Organization Bhd.	921,499	1.47
7. Chan Wan Moi	759,000	1.21
8. Yap Ah Fatt	723,500	1.15
9. Nik Mohamad Pena bin Nik Mustapha	600,000	0.96
10. Leong Lim Kuan	547,821	0.87
11. Jailani bin Abdullah	513,666	0.82
12. Lai Ka Chee	452,583	0.72
13. Mayban Securities Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Ong Huey Peng (REM 650)	309,000	0.49
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. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Amanah Saham Johor	234,000	0.37
17. OSK Nominees (Tempatan) Sdn. Berhad - Lem Kim Kaw	210,000	0.33
18. Citicorp Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon (471895)	208,100	0.33
19. Chua Shok Tim @ Chua Siok Hoon	155,000	0.25
20. Wong Chee Choon	154,400	0.25
21. Choo Peng Hwa	130,000	0.21
22. Wong Wan Chong	120,000	0.19
23. Wong Yoke Lian	100,000	0.16
24. Low Poh Weng	95,000	0.15
25. Lim Fong Teng	91,700	0.15
26. Botly Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Chiew Ban Aik	91,666	0.15
27. Kwek Soo Siong	91,666	0.15
28. Mohd Bakri @ Mohamed bin Ramly	85,000	0.14
29. Goh Han Chuan	83,333	0.13
30. Lim Ka Kian	80,000	0.13
Total	52,192,199	83.23



## ANALYSIS OF SHAREHOLDINGS

### DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

Other than as disclosed below, no other Director of the Company has interest, in the Company and its related corporations:

#### Shares in the Company

Name of Directors	Direct Interest		Deemed Interest	
	Number of Shares	Percentage of Issued Share (%)	Number of Shares	Percentage of Issued Share (%)
1. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	-	-
2. Lim A Heng @ Lim Kok Cheong	280,000	0.45	33,860,732 <sup>a</sup>	54.00
3. Chok Hooa @ Chok Yin Fatt	12,333	0.02	-	-
4. Thang Lai Sung	8,333	0.01	-	-
5. Lim Ee Young	38,333	0.06	3,333 <sup>b</sup>	0.01
6. Mohd Adhan bin Kechik	16,666	0.03	-	-
7. Lee Kee Hong	8,333	0.01	-	-

#### Notes:

<sup>a</sup> 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.

<sup>b</sup> Deemed interest by virtue of being the spouse of Ooi Guat Ee.

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

The following Directors are also deemed to have interest in the shares of the Company to the extent of options granted to them pursuant to the Executive Share Option Scheme of the Company at a subscription price of RM1.58 per ordinary share:

Yee Lee Corporation Bhd. Executive Share Option Scheme	Number of share options
1. Lim A Heng @ Lim Kok Cheong	340,000
2. Chok Hooa @ Chok Yin Fatt	360,000
3. Thang Lai Sung	260,000
4. Lim Ee Young	150,000

# LIST OF PROPERTIES

AS AT DECEMBER 31, 2003

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	28	34,368/ 18,914	04.03.1998	14,525
P.T. No. 311, Town of Melaka, District of Melaka Tengah, Melaka	Leasehold expiring on 19.12.2075	Double storey shophouse	32	276/ 310	08.01.1998	265
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	33	2,013/ 677	08.01.1998	654
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	22	1,609/ 706	08.01.1998	1,245
Lot No. 15624, Mukim of Kuala Kuantan, Kuantan, Pahang	Freehold	Double storey shophouse	25	149/ 285	08.01.1998	208
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	24	922/ 466	08.01.1998	305
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	3,104
Lot No. 656, Block 233, Kuching North Land District 5th Mile, Penrissen Road, Kuching, Sarawak	Leasehold expiring on 31.12.2038	Vacant land	-	2,185	08.01.1998	144
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	18	3,103/ 1,690	08.01.1998	2,439

**LIST OF PROPERTIES**  
**AS AT DECEMBER 31, 2003**

<b>Location</b>	<b>Tenure</b>	<b>Current Use</b>	<b>Approximate Age of Building (Year)</b>	<b>Land/ Gross Floor Area (sq.metres)</b>	<b>Date of Acquisition/ Last Revaluation</b>	<b>Net Book Value RM'000</b>
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	23	585/414	08.01.1998	435
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	21	2,086/476	08.01.1998	681
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	19	307/594	08.01.1998	1,050
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	25	199	08.01.1998	267
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	7	5,625/11,659	31.12.1997 #	3,228
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	7	1,420/2,842	30.09.1999 #	800
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	3	14,729/5,642	01.06.2000 #	13,015
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 #	518
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 #	507

**LIST OF PROPERTIES**  
**AS AT DECEMBER 31, 2003**

<b>Location</b>	<b>Tenure</b>	<b>Current Use</b>	<b>Approximate Age of Building (Year)</b>	<b>Land/ Gross Floor Area (sq.metres)</b>	<b>Date of Acquisition/ Last Revaluation</b>	<b>Net Book Value RM'000</b>
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau	Leasehold expiring on 04.05.2904	2 adjoining units of 2-storey shophouse	3	446/ 669	01.01.2001 #	838
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 #	428
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	28	16,291/ 10,643	07.02.1998	4,340
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	690
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	19	145,729/ 7,450	10.04.1998	12,792
Lot No. 3262, Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	-	27,450	10.04.1998	976
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	920
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 #	692
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	22	8,314,820/ 13,492	30.07.1998	16,471

**LIST OF PROPERTIES**  
**AS AT DECEMBER 31, 2003**

<b>Location</b>	<b>Tenure</b>	<b>Current Use</b>	<b>Approximate Age of Building (Year)</b>	<b>Land/ Gross Floor Area (sq.metres)</b>	<b>Date of Acquisition/ Last Revaluation</b>	<b>Net Book Value RM'000</b>
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,027,600	1995	3,073
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	20	992/ 219	15.05.1977 #	342
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	7	10,866/ 6,623	1999	8,690
Lot No. 3877 Mukim of Chembong District of Rembau Negeri Sembilan Darul Khusus	Leasehold expiring on 15.07.2048	Vacant land	-	3,905	1985	101
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	20	40,468	1989 #	1,154
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 #	3,243
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 #	5,285

# Date of acquisition

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## FORM OF PROXY

Number of shares held	
-----------------------	--

I/We \_\_\_\_\_ Identity Card number/Company number: \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

being a member of **YEE LEE CORPORATION BHD.**, hereby appoint \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

\_\_\_\_\_ Identity Card number: \_\_\_\_\_  
of \_\_\_\_\_  
(ADDRESS)

or failing him/her, \_\_\_\_\_ Identity Card number: \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)

of \_\_\_\_\_  
(ADDRESS)

as my/our proxy, to vote for me/us on my/our behalf at the Thirty-First Annual General Meeting of the Company to be held at Garlet 3, Casuarina Ipoh, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Tuesday, June 29, 2004 at 11.00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast on the resolutions specified in the notice of meeting. Unless voting instructions are specified therein, the proxy will vote, or abstain from voting on the resolutions as he/she thinks fit.

Resolutions	For	Against
Resolution 1 Receive the Audited Financial Statements for the financial year ended December 31, 2003 and the Reports of the Directors and Auditors thereon.		
Resolution 2 Declaration of a first and final dividend.		
Resolution 3 Approval of payment of Directors' fees.		
Resolution 4 Re-election of Mr. Chok Hooa @ Chok Yin Fatt as Director.		
Resolution 5 Re-election of Mr. Thang Lai Sung as Director.		
Resolution 6 Re-election of Major (R) Mohd Ramli bin Othman as Director.		
Resolution 7 Re-appointment of Messrs. Deloitte KassimChan as Auditors and to authorise the Directors to fix their remuneration.		
Resolution 8 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 9 Authority to issue shares pursuant to the Executive Share Option Scheme.		
Resolution 10 Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2004

\_\_\_\_\_  
Signature of Shareholder/Common Seal

### Notes:

- A member entitled to attend and vote at this Meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
- Where a member appoints more than one proxy, the appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time for holding the meeting.

Please fold here to seal



**The Company Secretary**  
**YEE LEE CORPORATION BHD.**  
Lot 85, Jalan Portland  
Tasek Industrial Estate  
31400 Ipoh  
Perak Darul Ridzuan  
Malaysia

Please fold here to seal



