



YEE LEE CORPORATION BHD (13585-A)
(INCORPORATED IN MALAYSIA)

ANNUAL REPORT 2007





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NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Fifth Annual General Meeting (“AGM”) of Yee Lee Corporation Bhd. (“the Company”) will be held at Crystal 2, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, June 26, 2008 at 11.00 a.m. for the transaction of the following business:

ORDINARY BUSINESS

- | | |
|---|--------------|
| 1. To receive the Audited Financial Statements for the financial year ended December 31, 2007 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 3 sen tax-exempt and 1 sen less 26% income tax in respect of the financial year ended December 31, 2007. | Resolution 2 |
| 3. To approve the payment of Directors’ fees in respect of the financial year ended December 31, 2007. | Resolution 3 |
| 4. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company’s Articles of Association and, being eligible, offer themselves for re-election: | |
| (i) Dato’ Lim A Heng @ Lim Kok Cheong | Resolution 4 |
| (ii) Lee Kee Hong | Resolution 5 |
| 5. To re-elect Sow Yeng Chong who retires in accordance with Article 92 of the Company’s Articles of Association and, being eligible, offers himself for re-election. | Resolution 6 |
| 6. To re-appoint the following Directors who retire in accordance with Section 129 of the Companies Act, 1965 (“the Act”) and, to hold office until the conclusion of the next annual general meeting of the Company: | |
| (i) Dato’ Dr. Haji Mohamed Ishak bin Mohamed Ariff | Resolution 7 |
| (ii) Thang Lai Sung | Resolution 8 |
| 7. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 9 |

SPECIAL BUSINESS

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

- | | |
|--|---------------|
| 8. Authority to issue shares pursuant to Section 132D of the Act | Resolution 10 |
|--|---------------|
- “THAT pursuant to Section 132D of the Act, the Articles of Association of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten per cent (10%) of the total issued share capital of the Company for the time being, and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.”

NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Resolution 11

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature ("Proposed Shareholders' Mandate") which are necessary for the Group's day-to-day operations as set out in Section 2.4 of the Circular to Shareholders dated June 4, 2008 subject to the following:

- (i) the transactions are carried out 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; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:
 - (a) the type of the recurrent transactions made; and
 - (b) the names of the related parties involved in each type of the recurrent transactions and their relationships with the Company.

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

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 143(1) of 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 a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

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

10. To consider and if thought fit, to pass the following Special Resolution:

Proposed Amendments to the Memorandum and Articles of Association

Resolution 12

"THAT the proposed amendments to the Memorandum and Articles of Association of the Company contained in Appendix I ("Proposed Amendments") of the Circular to Shareholders dated June 4, 2008 be approved and adopted;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Act and the Company's Articles of Association.



NOTICE OF THIRTY-FIFTH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 3 sen tax-exempt and 1 sen less 26% income tax in respect of the financial year ended December 31, 2007, subject to the approval of the shareholders at the Thirty-Fifth Annual General Meeting will be paid on August 15, 2008 to Depositors whose names appear in the Record of Depositors at the close of business on August 1, 2008.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on August 1, 2008 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

OOI GUAT EE (MIA 8042)
CHIANG SUE MAI (MAICSA 7031742)
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 4, 2008

Notes:

1. Appointment of Proxy

- (i) A member of the Company 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 and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iv) Where a member of the Company 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.
- (v) 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 forty-eight (48) hours before the time appointed for holding the meeting.

2. Explanatory Notes on Special Business

- (i) The proposed Resolution 10, if passed, will give the Directors of the Company, the authority to allot and issue ordinary shares of the Company up to an amount not exceeding 10% of the Company's total issued share capital for such purposes as the Directors 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 at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.
- (ii) The proposed Resolution 11, if passed, will authorise the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business.
- (iii) The proposed Resolution 12, if approved, will update the Memorandum and Articles of Association of the Company to incorporate the appropriate amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and the Companies (Amendment) Act 2007.

Please refer to the Circular to Shareholders dated June 4, 2008 for further information on Resolutions 11 and 12.

STATEMENT ACCOMPANYING NOTICE

OF 35TH ANNUAL GENERAL MEETING

pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad

A. Further details of Directors who are standing for re-election or re-appointment as per Agenda 4 to Agenda 6 of the Notice of 35th AGM respectively:-

1. Dato' Lim A Heng @ Lim Kok Cheong (Deputy Chairman and Group Managing Director) Resolution 4

Dato' Lim Kok Cheong, aged 63, a Malaysian and was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 38 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, Perak Hock Kean Association and Perak Basketball Association, Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of Malaysian-China Chamber of Commerce, Perak Branch. He is also a director of Hoklian Holdings Bhd. and the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.

He is the father of Lim Ee Young, a director of the Company and the spouse of Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and major shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

2. Lee Kee Hong (Independent Non-Executive Director) Resolution 5

Lee Kee Hong, aged 60, a Malaysian and was appointed to the Board on March 2, 1993. He was involved in the senior management of several public listed companies between 1970 and 1990. Currently, he runs his own private business.

He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of Yee Lee Corporation Bhd.

3. Sow Yeng Chong (Independent Non-Executive Director) Resolution 6

Sow Yeng Chong, aged 51, a Malaysian and was appointed to the Board on December 3, 2007. He has a wide working experience in the field of accounting and corporate finance. He worked as an Audit Assistant with Payne Davies & Co. from July 1981 to May 1983 and as an Accountant with Far East Marble & Handicraft Sdn. Bhd. from May 1983 to December 1984. He was an Accountant with Yee Lee Trading Co. Sdn. Bhd. and later as Group Financial Controller of Yee Lee Corporation Bhd. from January 1985 to October 1997. Since October 1997, he has been a remisier with TA Securities Holdings Bhd.

He is a member of the Malaysian Institute of Accountants, a certified member of the Financial Planning Association of Malaysia, a director of Spritzer Bhd. and Kumpulan Belton Berhad and a member of the Audit Committee of Yee Lee Corporation Bhd.

STATEMENT ACCOMPANYING NOTICE OF 35TH ANNUAL GENERAL MEETING

4. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
(Independent Non-Executive Chairman)

Resolution 7

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, aged 72, a Malaysian and was appointed to the Board on March 2, 1993. He is a qualified Professional Chartered Town Planner and a Professional Landscape Architect from University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993. 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 had served in various State and Federal Governments before retiring in 1993. He was a member of the Advisory Board of the City of Kuala Lumpur (Dewan Bandaraya Kuala Lumpur) until December 2004. Over the years and through his involvement as a director of several public listed companies, he has accumulated vast experiences in various sectors namely, property and housing development, hotel management, banking and finance and expressway management.

He is a director of Public Bank Berhad and his directorships in other public companies in the Public Bank Group are in Public Investment Bank Bhd., Public Mutual Bhd. and Public Islamic Bank Bhd. He is also a member of the Audit Committee and the Nomination Committee of Yee Lee Corporation Bhd.

5. Thang Lai Sung (Executive Director)

Resolution 8

Thang Lai Sung, aged 70, a Malaysian and was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He 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 actively involved in social and community services. Presently, he is in charge of the general affairs of Yee Lee Group.

He is the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years, 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 and a director of Yee Lee Organization Bhd.

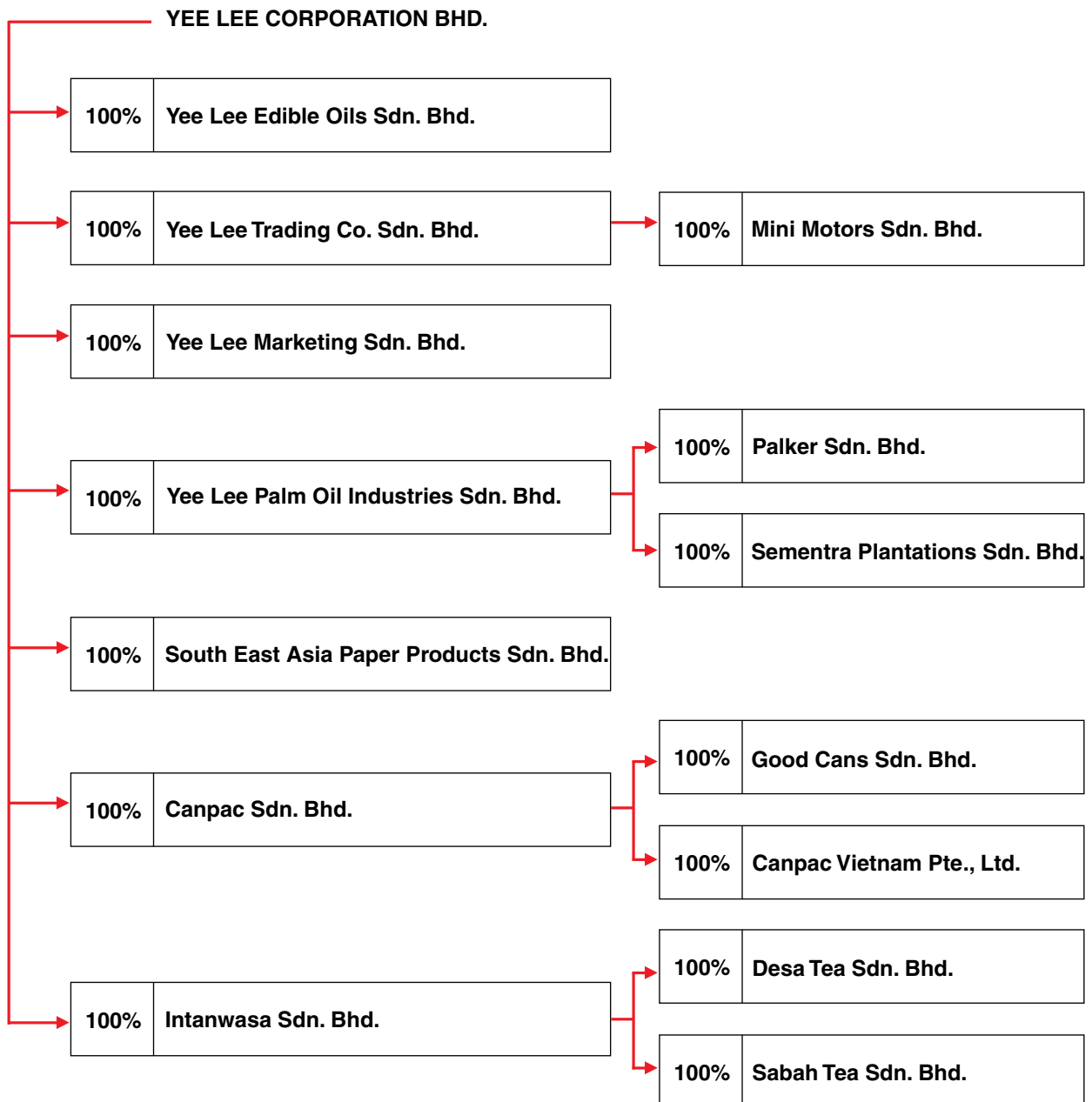
Note:

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted for any offence within the past ten years. Other than the permitted recurrent related party transactions as disclosed in the Circular to Shareholders on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, none of the Directors have any conflict of interest with the Company.

B. The above Directors' direct and deemed interests in the securities of the Company as at May 8, 2008:-

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
Dato' Lim A Heng @ Lim Kok Cheong	640,300	1.92	34,793,564	55.48
Lee Kee Hong	8,333	0.01	-	-
Sow Yeng Chong	20,000	0.03	-	-
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	-	-
Thang Lai Sung	8,333	0.01	-	-

CORPORATE STRUCTURE





CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman

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

Deputy Chairman and Group Managing Director

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP

Executive Directors

Thang Lai Sung
Chok Hooa @ Chok Yin Fatt, PMP
Lim Ee Young

Independent Non-Executive Directors

Mohd Adhan bin Kechik, SMK
Lee Kee Hong
Sow Yeng Chong

AUDIT COMMITTEE

Chairman

Mohd Adhan bin Kechik

Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
Sow Yeng Chong

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

Website : www.yeelee.com.my

NOMINATION COMMITTEE

Chairman

Lee Kee Hong

Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
Mohd Adhan bin Kechik

SHARE REGISTRARS

Sectrars Services Sdn. Bhd. (92781-X)

28-1, Jalan Tun Sambanthan 3, Brickfields,
50470 Kuala Lumpur.

Telephone number : 03-22746133

Facsimile number : 03-22741016

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt

Members

Mohd Adhan bin Kechik
Lee Kee Hong

AUDITORS

Deloitte KassimChan (AF 0080)

Chartered Accountants

87, Jalan Sultan Abdul Jalil,

30450 Ipoh, Perak Darul Ridzuan.

Telephone number : 05-2531358

Facsimile number : 05-2530090

COMPANY SECRETARIES

Ooi Guat Ee (MIA 8042)

Chiang Sue Mai (MAICSA 7031742)

STOCK EXCHANGE LISTING

Listed on Main Board of Bursa Malaysia Securities
Berhad

Stock Code : 5584

Stock Name : YEELEE

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

RHB Bank Berhad

CIMB Bank Berhad

Malayan Banking Berhad

Hong Leong Bank Berhad



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, aged 72, a Malaysian and was appointed to the Board on March 2, 1993. He is a qualified Professional Chartered Town Planner and a Professional Landscape Architect from University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993. 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 had served in various State and Federal Governments before retiring in 1993. He was a member of the Advisory Board of the City of Kuala Lumpur (Dewan Bandaraya Kuala Lumpur) until December 2004. Over the years and through his involvement as a director of several public listed companies, he has accumulated vast experiences in various sectors namely, property and housing development, hotel management, banking and finance and expressway management.

He is a director of Public Bank Berhad and his directorships in other public companies in the Public Bank Group are in Public Investment Bank Bhd., Public Mutual Bhd. and Public Islamic Bank Bhd. He is also a member of the Audit Committee and the Nomination Committee of Yee Lee Corporation Bhd.

Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Deputy Chairman and Group Managing Director

Dato' Lim Kok Cheong, aged 63, a Malaysian and was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 38 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, Perak Hock Kean Association and Perak Basketball Association, Deputy President of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Vice-President of Malaysian Basketball Association and Chairman of Poi Lam High School (Suwa). He is also the Honorary President of Malaysian-China Chamber of Commerce, Perak Branch. He is also a director of Hoklian Holdings Bhd. and the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.

He is the father of Lim Ee Young, a director of the Company and the spouse of Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and major shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

Thang Lai Sung
Executive Director

Thang Lai Sung, aged 70, a Malaysian and was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He 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 actively involved in social and community services. Presently, he is in charge of the general affairs of Yee Lee Group.

He is the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years, 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 and a director of Yee Lee Organization Bhd.



DIRECTORS' PROFILE

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Yin Fatt, aged 61, a Malaysian and was appointed to the Board on April 30, 1990. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

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

He is a director of OKA Corporation Bhd., Spritzer Bhd. and Yee Lee Organization Bhd. He is also the Chairman of the Remuneration Committee of Yee Lee Corporation Bhd.

Lim Ee Young

Executive Director

Lim Ee Young, aged 36, a Malaysian and was appointed to the Board on December 3, 2002. He graduated with 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.

He joined Yee Lee Corporation Bhd. as a Management Trainee in 1993. Since 1993 until to date, he has been involved in the accounts, marketing and administration functions of Yee Lee Group. He is presently involved in the management of several related companies and business expansion projects.

He is the son of Dato' Lim A Heng @ Lim Kok Cheong, a member of the Board and Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

Mohd Adhan bin Kechik, SMK

Independent Non-Executive Director

Mohd Adhan bin Kechik, aged 52, a Malaysian and was appointed to the Board on March 2, 1993. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He is a lawyer by profession. 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 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 Menteri Besar's political secretary from 1986 to 1990 and was elected the State Assemblyman of Kelantan for Kemahang from 1995 to 1999. Presently, he is the State Assemblyman of Kelantan for Bukit Bunga.

He is a director of Spritzer Bhd., the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees of Yee Lee Corporation Bhd.



DIRECTORS' PROFILE

Lee Kee Hong

Independent Non-Executive Director

Lee Kee Hong, aged 60, a Malaysian and was appointed to the Board on March 2, 1993. He was involved in the senior management of several public listed companies between 1970 and 1990. Currently, he runs his own private business.

He is the Chairman of the Nomination Committee and a member of the Remuneration Committee of Yee Lee Corporation Bhd.

Sow Yeng Chong

Independent Non-Executive Director

Sow Yeng Chong, aged 51, a Malaysian and was appointed to the Board on December 3, 2007. He has a wide working experience in the field of accounting and corporate finance. He worked as an Audit Assistant with Payne Davies & Co. from July 1981 to May 1983 and as an Accountant with Far East Marble & Handicraft Sdn. Bhd. from May 1983 to December 1984. He was an Accountant with Yee Lee Trading Co. Sdn. Bhd. and later as Group Financial Controller of Yee Lee Corporation Bhd. from January 1985 to October 1997. Since October 1997, he has been a remisier with TA Securities Holdings Bhd.

He is a member of the Malaysian Institute of Accountants, a certified member of the Financial Planning Association of Malaysia, a director of Spritzer Bhd. and Kumpulan Belton Berhad. and a member of the Audit Committee of Yee Lee Corporation Bhd.

Note:

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company and have not been convicted for any offence within the past ten years. Other than the permitted recurrent related party transactions as disclosed in the Circular to Shareholders on Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, none of the Directors have any conflict of interest with the Company.



AUDIT COMMITTEE REPORT

COMPOSITION

In line with the Malaysian Code of Corporate Governance, which was revised on October 1, 2007, all three members of the Audit Committee comprising exclusively Non-Executive Directors, all of whom are Independent Directors. They are as follows:

Chairman

Mohd Adhan bin Kechik

Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff

Sow Yeng Chong

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall compose of no fewer than three members. At least one member of the Audit 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 three 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 three years' post qualification experience in accounting or finance; or
- (iv) must have at least seven 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.

Mr. Sow Yeng Chong is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.10(1)(c)(i) of the Listing Requirements of Bursa Malaysia Securities Berhad.

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

All members of the Audit Committee including the Chairman will hold office only as long as they serve as directors of the Company. Should any member of the Audit Committee cease to be a director of the Company, his membership in the Audit Committee would cease forthwith.

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

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.

If a member of the Audit Committee ceases to be a member resulting 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.



AUDIT COMMITTEE REPORT

Duties and Responsibilities

All the Audit Committee members are able to effectively discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee and to report to the Board of Directors on the following matters:

- (i) **Financial Reporting**
Review and recommend the quarterly results and annual financial statements of the Company and of the Group prior to the approval by the Board of Directors, focusing particularly on the following issues:
 - changes in or implementation of major accounting policies and practices;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- (ii) **Internal Auditor**
 - review the adequacy of the scope, functions and resources of the internal audit functions.
 - review the internal audit plan, audit reports and follow up on the recommendation contained in such reports.
- (iii) **External Auditor**
 - review the external auditor's audit plan, scope of their audits and audit reports.
 - review with the external auditors, their evaluation of the system of internal controls.
 - review the performance of the external auditors and make recommendation to the Board of Directors on their appointment and remuneration.
- (iv) **Related Party Transactions**
 - review any related party transactions and conflict of interest situations that may arise within the Group.
- (v) **Other Matters**
 - assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies.
 - perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.

Authority

The Audit Committee shall have the authority to:

- (i) obtain the necessary resources required to perform its duties.
- (ii) have full and unrestricted access to any information and documents relevant to its activities. All employees of the Group are required to comply and co-operate with any request made by the Audit Committee.
- (iii) convene meetings with the external auditors without the presence of Executive Director, Management or other employees of the Group unless specifically invited by the Audit Committee.
- (iv) seek independent professional advice as it considers necessary.

Meetings

The Audit Committee shall meet at least four times annually and additional meetings may be called at any time at the Chairman's discretion. An agenda shall be sent to all members of the Audit Committee and any persons that may be invited to attend. The External and Internal Auditors and other members of senior management will be invited to attend these meetings upon invitation by the Chairman of the Audit Committee. The Company Secretary shall record, prepare and circulate the minutes of meetings and ensure that the minutes are properly kept.



AUDIT COMMITTEE REPORT

The Audit Committee held four meetings during the financial year ended December 31, 2007. The attendance of the Audit Committee members is as follows:

Audit Committee Members	Attendance
Mohd Adhan bin Kechik	3/4
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4
Major (R) Mohd Ramli bin Othman (resigned on June 4, 2007)	2/2
Chok Hooa @ Chok Yin Fatt (resigned on December 3, 2007)	4/4
Sow Yeng Chong (appointed on December 3, 2007)	-

SUMMARY OF ACTIVITIES

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

- (i) reviewed and deliberated on the Annual Audit Plan prepared by the internal and external auditors.
- (ii) reviewed the internal auditors' report and external auditors' financial statements and considered the major findings by the auditors and management responses thereto.
- (iii) reviewed the Audit Planning Memorandum of the external auditors prior to the commencement of their engagement.
- (iv) reviewed the unaudited quarterly financial results and audited financial statements of the Company and of the Group prior to the submission to the Board of Directors for approval.
- (v) 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) continues to adopt a risk-based approach, and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The IAD would conduct activities in accordance with its annual internal audit plan and also undertakes special reviews and investigations at the request of the senior management. Its audit functions include:

- providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control systems;
- independent assessment and systematic review of the operational efficiency of the Group members;
- identifying and evaluating potential risk areas;
- assessing the reliability of systems and the reported information; and
- ensuring compliance with the Group's policies/guidelines and with legislation.

During the year, the IAD had performed its roles with impartiality, proficiency and due professional care. The scope of audit encompassed assets management, cash collections and disbursements, credit policy, inventory, purchasing and sales, operations, internal quality pertaining to ISO 9001:2000 compliance and HACCP audit. The Management is responsible for ensuring that corrective actions are taken to overcome the reported weaknesses within an appropriate time frame. Audit reports incorporating the audit findings and recommendations for corrective actions on systems and control weaknesses are presented to the management concerned, and thereafter to the Audit Committee for appraisal and review.

STATEMENT ON CORPORATE GOVERNANCE



Yee Lee Corporation Bhd. adheres to high standards of corporate governance practices under the leadership of the Board, as guided by the Malaysian Code of Corporate Governance (“Code”) which was revised on October 1, 2007. It is being fully applied as a fundamental part of discharging the directors’ responsibilities to protect and enhance shareholders’ value.

Set out below are the corporate governance principles and practices that were applied during the financial year ended December 31, 2007.

THE BOARD OF DIRECTORS

Composition

The Board of Directors presently has eight members comprising of the following:

- Chairman
- Deputy Chairman and Group Managing Director
- Three Executive Directors
- Three Independent Non-Executive Directors

The profile of each Director is presented on pages 9 to 11 of the Annual Report.

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 range of knowledge and experience vital towards the effective leadership and continued success of the Group.

Board Balance

The Board meetings are presided by the Chairman. There is a clear division of responsibilities between the Chairman and the Group Managing Director to ensure a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct whilst the Group Managing Director has the overall responsibilities over organisational effectiveness and the implementation of Board policies and decisions.

The Executive Directors are generally responsible for making and implementing policies and decisions of the Board, overseeing operations as well as managing development and implementation of business and corporate strategies. The Independent Non-Executive Directors do not participate in the day-to-day management of the Company and capable of exercising independent judgement and act in the best interests of the Company and its shareholders. Their presence ensure that issues of strategies, performance and resources proposed by the management are objectively evaluated with their judgement.

The Board is satisfied with the existing number and composition of the Directors which fairly reflects the investment of minority shareholders in the Company.

Board Meetings

The Board has committed to meet at least four times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad, with additional meetings convened when necessary.



STATEMENT ON CORPORATE GOVERNANCE

During the financial year ended December 31, 2007, four Board Meetings were held and the attendance of Directors is as follows:

Name of Directors	Attendance
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Thang Lai Sung	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Lim Ee Young	4/4
Mohd Adhan bin Kechik	3/4
Lee Kee Hong	4/4
Major (R) Mohd Ramli bin Othman (resigned on June 4, 2007)	2/2
Sow Yeng Chong (appointed on December 3, 2007)	-

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 Board 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 to assist them in carrying out their duties.

Directors' Training

The Board acknowledges that continuous education is vital in keeping them abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

Relevant training programmes were arranged by the Company Secretary to facilitate knowledge building for Directors. The Directors may also request to attend additional training courses according to their individual needs, to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees on which they serve.

All the Directors have attended development and training programme in year 2007, the details of which are set out on page 20 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Re-election and Appointments of Directors

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by shareholders at the first annual general meeting after their appointments. The Articles also provide that one third of the remaining Directors be subject to re-election by rotation at each annual general meeting provided always that all Directors including Managing Director shall retire from office once at least in each three years but shall be eligible for re-election.

Directors who are of or over the age of seventy years shall retire at the conclusion of the next annual general meeting unless they are re-appointed as Directors in accordance with Section 129(6) of the Companies Act, 1965. Presently, there are two Directors of the Company, namely Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff and Thang Lai Sung who are subject to such retirement and re-appointment.

The Board has empowered the Nomination Committee to consider and make recommendations to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required 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 undergo an orientation programme to familiarise themselves with the Group's business, which include visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

DIRECTORS' REMUNERATION

The remuneration received by the Directors from the Group and the Company 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	1,039	63	203	43	1,348
Non-Executive Directors	-	32	-	27	59

Directors' remuneration are broadly categorised into the following bands:

Range of remuneration	Number of Directors	
	Executive Directors	Non-Executive Directors
RM1 to RM50,000	-	4
RM150,001 to RM200,000	1	-
RM250,001 to RM300,000	1	-
RM350,001 to RM400,000	1	-
RM500,001 to RM550,000	1	-

The fees payable to Directors are subject to the approval of shareholders.



STATEMENT ON CORPORATE GOVERNANCE

BOARD COMMITTEES

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

(i) Audit Committee

The Audit Committee consists of three members, comprising all Independent Non-Executive Directors. Its composition and terms of reference are set out in the Audit Committee Report on pages 12 to 14 of the Annual Report.

(ii) Nomination Committee

The Nomination Committee has three members comprising exclusively Non-Executive Directors, all of whom are independent directors.

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. It assists the Board in reviewing the required mix of skills and experience of the Directors.

Meetings of the Nomination Committee are held as and when required, and at least once a year. The Members met once in year 2007 with full attendance.

(iii) Remuneration Committee

The Remuneration Committee has three members comprising two Independent Non-Executive Directors and one Executive Director.

The Remuneration Committee is responsible for setting the policy framework and makes recommendation 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.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once in year 2007 with full attendance.

SHAREHOLDERS

Dialogue between the Company and Investors

Shareholders are kept well informed of the development and performance of the Group through annual reports, press release, quarterly results and other announcements to 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 clarify any information disclosed in its Annual Report or announcements released to Bursa Malaysia Securities Berhad. The Board has identified Y.B. Mohd Adhan bin Kechik, SMK, an Independent Non-Executive Director, to whom any concern may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

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 general meetings to allow shareholders to seek clarifications or ask questions on pertinent and relevant matters.

STATEMENT ON CORPORATE GOVERNANCE



ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's and the Group's financial performance and position and its future prospects through the issuance of Annual Audited Financial Statements, quarterly results and corporate announcements on significant development.

This assessment is primarily provided in the Annual Report through the Chairman's Statement disclosed in the Annual Report. The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and the Group is set out on page 101 of the Annual Report. The quarterly results announcements also reflect the Board's commitment to give regular updated assessments on the Company's and the Group's performance.

Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. Details of the Company's internal control system are set out in the Statement on Internal Control on pages 22 and 23 of the Annual Report.

Relationship with Auditors

The Company maintains a professional and transparent relationship with the internal auditors in seeking their professional advice on the Group's system of internal controls and with the external auditors in ensuring compliance with the accounting standards. The Audit Committee has explicit authority to communicate directly with internal and external auditors.

Further details on the Audit Committee in relation to the external auditors are set out in the Audit Committee Report on pages 13 to 14 of the Annual Report.

COMPLIANCE STATEMENT

The Company has complied with the best practices of the Code throughout the financial year ended December 31, 2007 and has implemented the enterprise risk management system at various subsidiary companies. The Board is satisfied that any risks arising from its business operations during the financial year were adequately addressed with its system of internal control in place.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Act to prepare the 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 the results of their businesses and cash flows for that year. The Directors consider that in preparing the financial statements for the financial year ended December 31, 2007, the Group has adopted applicable approved accounting standards in Malaysia, which are 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 are drawn up in accordance with the provisions of the Companies Act, 1965. 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.



TRAINING PROGRAMMES ATTENDED BY DIRECTORS

Directors	Training / Seminars Attended
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	<ul style="list-style-type: none"> • Related Party Transactions • Crucial Update on New Corporate Governance Requirements in Malaysia
Dato' Lim A Heng @ Lim Kok Cheong	<ul style="list-style-type: none"> • Related Party Transactions • Understanding Sales Tax Act and Customs Facilities
Thang Lai Sung	<ul style="list-style-type: none"> • Related Party Transactions • Understanding Sales Tax Act and Customs Facilities
Chok Hooa @ Chok Yin Fatt	<ul style="list-style-type: none"> • Related Party Transactions • 2007 Economic Seminar by HSBC Bank Malaysia Berhad • Bursa Malaysia – MAICSA Roadshow 2007 Updates on Listing Requirements : Issues and Challenges • Understanding Sales Tax Act and Customs Facilities • Bursa Malaysia – Your Preferred Listing Destination
Lim Ee Young	<ul style="list-style-type: none"> • Related Party Transactions • Understanding Sales Tax Act and Customs Facilities
Mohd Adhan bin Kechik	<ul style="list-style-type: none"> • Related Party Transactions • Crucial Update on New Corporate Governance Requirements in Malaysia
Lee Kee Hong	<ul style="list-style-type: none"> • Related Party Transactions • Crucial Update on New Corporate Governance Requirements in Malaysia
Sow Yeng Chong	<ul style="list-style-type: none"> • Appointed on December 3, 2007 Has attended Mandatory Accreditation Programme previously



ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Listing Requirements of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not raise any funds from any corporate proposals during the financial year.

2. Share Buy-Back

No share buy-back scheme was in place during the financial year.

3. Options, Warrants or Convertible Securities

Yee Lee Corporation Bhd. Executive Share Option Scheme was launched on March 18, 2002. The details of options exercised/lapsed during the financial year 2007 are disclosed in the Directors' Report on page 34 of the Financial Statements. The Executive Share Option Scheme has lapsed on March 17, 2007.

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

4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

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

5. Sanctions and/or Penalties

There were no material sanctions and/or or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year.

6. Non-Audit Fees

The details of the statutory audit and non-audit fees paid/payable in year 2007 to the external auditors are disclosed in Note 7 on page 62 to the Financial Statements.

7. Variation in Results

There was no variance between the financial results in the Annual Audited Financial Statements 2007 and the unaudited financial results for the year ended December 31, 2007.

8. Profit Guarantee

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

9. Material Contracts

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended December 31, 2007 or entered into since the end of the previous financial year.

10. Contracts Relating to Loans

There were no contracts relating to loans made by the Company during the financial year.

11. Revaluation Policy on Landed Properties

During the financial year, the Group conducted a revaluation on its investment properties to determine the fair value of those assets as required by FRS 117. Other than disclosed above, the Company did not carry out any revaluation on other landed properties.



STATEMENT ON 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 Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors of Yee Lee Corporation Bhd. is pleased to make the following statement on the scope and nature of internal control of the Group for the financial year ended December 31, 2007.

Board Responsibilities

The Board of Directors acknowledges the importance of maintaining sound internal controls and effective risk management practices to ensure good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. 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. The internal control system is thus designed to manage rather than to eliminate the risk of failure in achieving the Group's business objectives.

Enterprise Risk Management Framework

The risk management framework has been embedded in the Company's management systems to be an integral part of the business operations. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. In establishing its business objectives, the management is required to identify and document all possible risks with the associated controls that are capable of mitigating such risks. Those key risks are reviewed and discussed during the management meetings of the business units. All employees are encouraged to identify weaknesses as to improve efficiency and effectiveness within the Group.

The Group's risk management framework provides for regular review and reporting. The reports include an assessment of the degree of risk, and an evaluation of the effectiveness of the risk mitigating and treatment measures. Such reports are subject to review by the Risk Assessor. A summary of significant risks is presented to the Risk Management Advisory Committee for its attention.

The Risk Management Advisory Committee will provide direction and counsel to the risk management process as well as evaluate the structure for the Group's risk management, risk management processes and support system. In addition, it will review and approve actions developed to mitigate key risks and advise the Board on risk related issues.

Internal Audit Function

The Group has an Internal Audit Department (IAD) which conducts regular internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. There is also an audit charter in place that defines the organization status, functions and responsibilities of the IAD. 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 internal audit function will provide the Board with an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system in anticipating potential risk exposures over key business processes and in controlling the proper conduct of business within the Group.



STATEMENT ON INTERNAL CONTROL

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 remain adequate and intact for the assets to be adequately safeguarded through the prevention and detection of fraud, other irregularities and material misstatements.

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

Review of the Statement by External Auditors

The External Auditors have reviewed and affirmed this Internal Control Statement for its inclusion in the Annual Report of the Group for the financial year ended December 31, 2007 in line with Paragraph 15.24 of the Listing Requirements.

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2008

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 Issued Shares	
	Number	%	Number	%
Less than 100 shares	124	5.51	6,671	0.01
100 to 1,000 shares	208	9.25	167,453	0.27
1,001 to 10,000 shares	1,681	74.74	5,852,277	9.33
10,001 to 100,000 shares	208	9.25	5,509,834	8.79
100,001 to less than 5% of issued shares	27	1.20	18,383,532	29.32
5% and above of issued shares	1	0.05	32,784,233	52.28
Total	2,249	100.00	62,704,000	100.00

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd.	34,600,231	55.18	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	640,300	1.02	34,793,564	55.48
3. Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.24	35,278,864	56.26
4. Unikampar Credit And Leasing Sdn. Bhd.	-	-	34,600,231	55.18
5. Uniyelee Sdn. Bhd.	-	-	34,600,231	55.18
6. Yeleta Holdings Sdn. Bhd.	-	-	34,600,231	55.18
7. Young Wei Holdings Sdn. Bhd.	-	-	34,600,231	55.18

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2008

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND ITS RELATED CORPORATION

The interests of the Directors in the shares of the Company and its related corporation maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 134 of the Companies Act, 1965 are as follows:

Shares in the Company

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	640,300	1.02	34,793,564	55.48
3. Thang Lai Sung	8,333	0.01	-	-
4. Chok Hooa @ Chok Yin Fatt	22,333	0.03	-	-
5. Lim Ee Young	38,333	0.06	3,333	0.00
6. Mohd Adhan bin Kechik	16,666	0.02	-	-
7. Lee Kee Hong	8,333	0.01	-	-
8. Sow Yeng Chong	20,000	0.03	-	-
Total	1,960,964	3.10		

Shares in the holding company, Yee Lee Organization Bhd.

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Lim A Heng @ Lim Kok Cheong	2,751	0.02	7,910,263	71.91
2. Thang Lai Sung	1,716	0.01	-	-
3. Lim Ee Young	25,879	0.23	-	-
4. Lee Kee Hong	11,550	0.10	-	-
Total	41,896	0.36		

By virtue of Dato' 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.

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2008

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Name of Shareholders	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd.	32,784,233	52.28
2. Ong Poh Geok	2,500,000	3.98
3. Chan Wan Moi	2,302,900	3.67
4. Yee Lee Organization Bhd.	1,815,998	2.89
5. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Huey Peng	1,811,900	2.88
6. Low Cheng Peng	1,669,500	2.66
7. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92
8. Wong Chee Choon	1,093,400	1.74
9. HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Fong Teng	1,029,700	1.64
10. Lim A Heng @ Lim Kok Cheong	640,300	1.02
11. Nik Mohamad Pena bin Nik Mustapha	600,000	0.95
12. Jailani bin Abdullah	513,666	0.81
13. Lai Ka Chee	452,583	0.72
14. Sow Yeen Nam	395,124	0.63
15. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kin Kheong	255,000	0.40
16. OSK Nominees (Tempatan) Sdn. Berhad for Lem Kim Kaw	210,000	0.33
17. HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon	208,100	0.33
18. Kah Hin Loong Sdn. Bhd.	197,332	0.31
19. Liew Yam Fee	190,000	0.30
20. Foo Lim Get	186,900	0.29
21. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Kuan Peng Ching @ Kuan Peng Soon	182,500	0.29
22. Chua Shok Tim @ Chua Siok Hoon	155,000	0.24
23. Sin Len Moi	141,000	0.22
24. Wong Lok Jee @ Ong Lok Jee	137,000	0.21
25. Chee Mei Lin	133,000	0.21
26. HDM Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Law Cheing Kiat @ Low Cheng Kiat	129,999	0.20
27. Wong Wan Chong	120,000	0.19
28. Kwan Chee Tong	105,964	0.16
29. Leong Lim Kuan	96,179	0.15
30. Low Poh Weng	95,000	0.15
Total	51,358,944	81.77

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, 2007.

FINANCIAL PERFORMANCE

The Group turned in a set of sterling financial performance for the year ended December 31, 2007 as it registered a pre-tax profit of RM13.13 million on the back of revenue of RM507.90 million. This represents an increase in pre-tax profit and revenue by 140.3% and 20.0% respectively over its previous year. Profit attributable to shareholders was RM10.31 million (2006: RM3.30 million) while the earnings per share ended at 16.45 sen (2006: 5.27 sen).

DIVIDENDS

The directors are pleased to recommend a first and final dividend of 3 sen per share, tax-exempt and 1 sen per share, less tax (2006: 2 sen per share, tax-exempt and 1 sen per share, less tax) for the year ended December 31, 2007. The dividend, if approved, will be paid on August 15, 2008.

REVIEW OF OPERATIONS

The Company

The Company registered higher revenue and pre-tax profit of RM3.71 million and RM3.37 million respectively in 2007 (2006: RM2.60 million and RM0.43 million). The increase in revenue and pre-tax profit was due to higher dividend received from its subsidiary companies.



*Perak Chinese Chamber Centennial Trade Exposition
Booths' display during the Perak Chinese Chamber Centennial Trade Exposition in conjunction with its 100th Anniversary.*

The Subsidiary Companies

Yee Lee Edible Oils Sdn. Bhd. ("YLEO")

In year 2007, the average crude palm oil ("CPO") price increased by 67.5% to RM2,530 per MT against RM1,510 per MT in the previous year. In view of the high CPO price and the ceiling price imposed on the palm based cooking oil, the Government had reintroduced the Cooking Oil Price Stabilization Scheme in 2007 to compensate palm based cooking oil manufacturers for the increased cost when the CPO price rose above the threshold level. With this scheme, YLEO was able to recover its cost. As a



*Malaysia Food Festival 2007
Emcee Jeff conducted the game for Sunlico Cooking Spray.
The game received overwhelming response from audiences.*

CHAIRMAN'S STATEMENT

result, YLEO recorded a higher pre-tax profit of RM3.12 million in this year as compared to RM0.66 million in 2006. The increase in pre-tax profit came on the back of 19.2% increase in revenue. The sales of palm based cooking oil are limited to the subsidy quota allocated. Hence YLEO will continue to explore opportunities to secure bulk oil sales and expand its export market. In order to be competitive, YLEO has taken steps to tighten its cost through cost control and improve on its production efficiency.

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

The year 2007 saw YLPOI effectively sustaining the momentum built up by their aggressive initiative measures over 2006. It had

turnaround this year with pre-tax profit of RM0.95 million as compared to a pre-tax loss of RM2.38 million in 2006. The oil extraction rate ("OER") for CPO was above their target as a result of implementation of stringent grading criteria and selection of Fresh Fruit Bunches ("FFB") suppliers. The increase in CPO and Palm Kernel price has lifted up its revenue from RM94.63 million in 2006 to RM141.43 million this year. YLPOI has taken steps to improve its production processes and upgrade its machineries to increase its FFB throughput in order to achieve higher OER. Besides improving on the OER, YLPOI will continue to secure more FFB supply in order to increase its revenue and profitability.

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

The corrugated carton industry continues to operate in an oversupply environment where competitors continue to compete in price to capture market share. Despite the stiff competition, SEAPP registered a marginal increase in revenue by 2.10% from RM23.77 million in 2006 to RM24.27 million this year. In view of the continued hikes of prices of paper and related consumables, the Malaysian Corrugated Carton Manufacturers' Association had announced in January and November 2007 that the price of corrugated carton to be increased by 15.0%. This has enabled corrugated carton manufacturers to pass on a portion of the cost increase to their customers.



Red Eagle & Eu Yan Sang Joint Promo - Cooking Road Show

Cooking Demonstration by chefs during the RECO Cooking Road Show at Leisure Mall, KL, Selayang Mall, KL and Tow Boo Keong, Ipoh.

Hence SEAPP was able to maintain its profitability in 2007. Besides competing in pricing, SEAPP has taken steps to strengthen its customer services and sales forces to provide better services and product quality to customers. This has eventually built up customer confidence and satisfaction and hence increased its revenue.

Canpac Sdn. Bhd. ("CP")

CP continued to be the star performer contributing the dominant share of 54.0% of the Group's pre-tax profit. Revenue increased by 3.5% from RM71.81 million in 2006 to RM74.30 million this year. By setting up a warehouse to provide better services to customers in Johore Bahru ("JB") has enabled CP to capture more market share. Correspondingly, CP's pre-tax profit increased from RM5.45 million in 2006 to RM6.04 million this year. Looking at the demand for aerosol can and potential sales growth in southern region, CP is in the process of setting up an aerosol can line in JB to become more competitive in order to capture more market share. CP will also remain focused on expanding its overseas market and enforcing more stringent cost control to increase its profitability.

Canpac Vietnam Pte., Ltd. ("CPV")

Year 2007 was another record year for CPV with pre-tax profit increased to RM2.35 million, representing an increase of 53.3% over the previous year. Revenue

CHAIRMAN'S STATEMENT

increased by 37.9% from RM7.08 million in 2006 to RM9.76 million this year. In order to remain competitive and to cope with the local demand, CPV has invested in a printing machine which is expected to be commission in the second quarter of 2008. This will enable CPV to be more cost effective and hence able to penetrate into new market segments. Looking at CPV sales growth rate, it will continue to contribute favourably to the Group's profitability.

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

During the year, YLT had successfully secured a new distributorship for Kimberly - Clark's products. Together with other agency products such as Campbell, 3M and Sara Lee range of products, YLT achieved a 31.8% sales growth from RM177.87 million in 2006 to RM234.48 million this year.

Spritzer mineral water continued to receive overwhelming support from consumers by winning the Reader's Digest Trusted Brand Platinum Award 2008 for 10 consecutive years. This is also proven by the consumers' response to their newly launched flavoured drink "Tinge".

Despite the substantial increase in revenue & support, YLT recorded lower pre-tax profit from RM1.14 million in 2006 to RM0.12 million this year. The increase in distribution cost and the ongoing promotional and advertisement has affected its bottom line. Nevertheless, the Management believes that those sales promotional and advertising campaigns will build up brand

awareness and recognition and eventually increase its sales and profitability in the long run. Apart from promotion, YLT will continue to seek avenues to improve its profitability by increasing its product range and strengthening its distribution channel.

Yee Lee Marketing Sdn. Bhd. ("YLM")

YLM achieved a sales growth of 8.3% from RM81.28 million in 2006 to RM88.04 million this year. The sales growth was contributed from laundry and Gillette business and was driven by massive promotions and incentive schemes offered to retailers. The strengthening of the sales force has enabled YLM to substantially increase its trade coverage and hence increase its sales. Despite the increase in revenue, YLM recorded a lower pre-tax profit of 10.9% from RM1.10 million in 2006 to RM0.98 million this year. This was due to promotional activities organized during the year to promote their products and brand awareness. The construction of a new warehouse in Bukit Minyak, Penang, has been completed in the second quarter of 2008. With the availability of this warehouse and aggressive sales force, YLM is confident to achieve double digit sales growth in year 2008.

Sementra Plantations Sdn. Bhd. ("SP")

SP which is involved in oil palm plantation has benefited from the substantial increase in CPO price. Sales grow tremendously by 66.7% in 2007 while pre-tax profit increased by 138.2% from RM0.34 million in 2006 to RM0.81 million this year. SP will continue to improve on its yield per hectare to further increase its revenue and profitability.

Desa Tea Sdn. Bhd. ("DT")

DT continued to suffer losses due to insufficient sales arising from fierce competition among tea manufacturers. However, for the financial year ended December 31, 2007, DT recorded a lower pre-tax loss of RM0.24 million as compared to RM0.69 million in 2006. The lower pre-tax loss was mainly due to increase in revenue and better control of operating cost coupled with production of higher value tea. During the year, DT had launched some new products such as Sabah Tea Pot Bags 40's and Rainforest Tea Pot Bags 20's and 40's to provide customers with wider range of products. Going forward, DT will continue to focus on marketing and distribution of its Sabah Tea and at the same time upgrade and expand its tea plantation and machineries to improve production efficiency.



CHAIRMAN'S STATEMENT



Sabah Tea Sales Convention

Dato' Lim Kok Cheong, Group Managing Director of Yee Lee Group of Companies (3rd left) beating the gong to signify the start of the convention while Lim Ee Young, Executive Director, Yee Lee Group of Companies (2nd left) and other General Managers look on.



Sabah Tea
100% pesticide free.

Sabah Tea Sdn. Bhd. ("ST")

ST recorded a marginal pre-tax loss of RM0.10 million as compared to a pre-tax profit of RM0.02 million in the previous year. The losses were mainly due to lower sales revenue. Sabah has projected the growth rate for tourist arrival to be above 20% per annum in the next five years. In view of this, ST will aggressively introduce new attractive tour packages and souvenir gift pack to attract more tourists to increase its revenue.

Mini Motors Sdn. Bhd. ("MM")

MM continued to earn rental income on its premises in Kedah. It maintained its profitability in year 2007.

Palker Sdn. Bhd. ("PK")

PK recorded a pre-tax loss of RM1.31 million as compared to RM0.13 million in the preceding year mainly due to impairment loss of plant and machinery amounted to RM1.32 million.

Future Prospects

In view of the global oils and fats tightness and the volatility of crude oil prices, the CPO sentiments are expected to remain bullish. However with the Government's subsidy scheme in place, any increase in CPO price will have no major impact to the Group's bottom line. The cost of deliveries, prices of other raw

materials and consumables are expected to increase in year 2008 as a result of high crude oil price. This will burden manufacturers if they cannot pass on the cost increase to their customers especially in consumer sector. The Group will remain focus on its core businesses with emphasis on cost control, productivity and efficiency to improve on its profitability.

In view of the foregoing, the Directors anticipate that barring any unforeseen and adverse circumstances, the Group will perform satisfactorily in year 2008.

Acknowledgement

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

I wish to thank Major (R) Mohd Ramli bin Othman for his invaluable guidance and contribution as director and wish him every success in his new endeavours. I bid a hearty welcome to our new director, Mr. Sow Yeng Chong who brings on board many years of his experience and I look forward to his contribution.

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
Chairman
May 8, 2008

CORPORATE SOCIAL RESPONSIBILITY

Besides creating value for our stakeholders, the Group has committed to contribute towards a better society in a field of social welfare, environment and community development.

The Group has been giving its support to the people in need such as those underprivileged and needy children in terms of monies and in-kind. The Group participated in fund raising for private school to promote education and to upgrade their school and facilities. The Group also offered industrial training to undergraduates as part of human capital development program.

As for our employees, we had organised regularly get-together events and activities, with the objective to bridge communication, while campaigning for unity and to boost bonding between the management and the staff. In addition, the Group has emphasised on the health and safety aspects at the workplace and maintained a high standard of Occupational Health and Safety management practices to ensure that safety is a priority at all times. Our palm oil refinery received certification of the highly recognised Hazard Analysis Critical Control Points (HACCP) which is recognition of the Company's commitment towards product quality and process controls.

HIGHLIGHTS OF THE YEAR



May 26, 2007 & August 4, 2007

Waste Recycling Day organised to promote awareness and to educate our employees on the importance of preserving the environment by saving on reusable resources.

June 23-24, 2007
Company trip to Pulau Langkawi for employees to get-together.



CORPORATE SOCIAL RESPONSIBILITY



July 21, 2007

Charity car wash organised in our factory to raise funds for the needy people.



August 25, 2007

Blood donation day. Encouraged employees to donate blood to the blood bank to save lives and be part of the caring society.



July 28, 2007

Recyclable seminar organised in our factory to further raise awareness and importance of preserving the environment.



August 31, 2007

Employee's participation in the 50th anniversary National Day parade.



August 18, 2007

Free distribution of Malaysia flag to employees to uphold the spirit of National Day.



September 9, 2007

Carnival day organised for employees and family to get-together.



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, 2007.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 14 to the Financial Statements.

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

RESULTS OF OPERATIONS

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

	The Group RM'000	The Company RM'000
Profit before tax	13,132	3,372
Tax (expense)/credit	<u>(2,819)</u>	<u>8</u>
Profit for the year	<u>10,313</u>	<u>3,380</u>

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 other than the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by the Malaysian Accounting Standards Board ("MASB") as disclosed in Note 2 to the Financial Statements.

DIVIDENDS

A first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

The directors have proposed a first and final dividend of 3 sen per share, tax-exempt and 1 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.

RESERVES AND PROVISIONS

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



DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

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 executive employees and executive directors of the Company and certain subsidiary companies. The ESOS has lapsed on March 17, 2007.

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 1.1.2007	Exercised	Lapsed	Balance as of 31.12.2007
18.3.2002	1.58	<u>4,291,000</u>	<u>-</u>	<u>(4,291,000)</u>	<u>-</u>

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 had 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.

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 amount of 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 financial year in which this report is made other than those disclosed in Note 35 to the Financial Statements and the changes in accounting policies arising from the adoption of all the new and revised Standards and Interpretations issued by the MASB as disclosed in Note 2 to the Financial Statements.

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, DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP
Mr. Thang Lai Sung
Mr. Chok Hooa @ Chok Yin Fatt, PMP
Mr. Lim Ee Young
Y.B. Mohd Adhan bin Kechik, SMK
Mr. Lee Kee Hong
Major (R) Mohd Ramli bin Othman (resigned on June 4, 2007)
Mr. Sow Yeng Chong (appointed on December 3, 2007)

In accordance with Article 80 of the Company's Articles of Association, Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, JSM, DPMP, JP and Mr. Lee Kee Hong retire by rotation and, being eligible, offer themselves for re-election.

Mr. Sow Yeng Chong who was appointed to the Board since the last Annual General Meeting, retires under Article 92 of the Company's Articles of Association and, being eligible, offers himself for re-election.

In accordance with Section 129 of the Companies Act, 1965, Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK and Mr. Thang Lai Sung retire and, being eligible, offer themselves for re-appointment.

DIRECTORS' REPORT

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2007/ date of appointment	Bought	Sold	Balance as of 31.12.2007
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
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	430,300	210,000	-	640,300
Mr. Thang Lai Sung	8,333	-	-	8,333
Mr. Chok Hooa @ Chok Yin Fatt	12,333	-	-	12,333
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
Mr. Sow Yeng Chong	20,000	-	-	20,000
Deemed interest by virtue of shares held by a company in which a director has interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	34,295,231	305,000	-	34,600,231
Deemed interest by virtue of shares held by immediate family members of the directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	193,333#	-	-	193,333#
Mr. Lim Ee Young	3,333	-	-	3,333
Shares in the holding company, Yee Lee Organization Bhd.				
Registered in the name of directors				
Y. Bhg. Dato' 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
Deemed interest by virtue of shares held by companies in which a director has interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	7,799,820	-	-	7,799,820
Deemed interest by virtue of shares held by immediate family members of a director				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	69,403#	41,040#	-	110,443#

Deemed interest through their spouses' and children's interests pursuant to Section 134(12)(c) of the Companies Act, 1965 as amended by the Companies (Amendment) Act, 2007 which took effect on August 15, 2007.

DIRECTORS' REPORT

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

	Number of options over ordinary shares of RM1 each			
	Balance as of 1.1.2007	Exercised	Lapsed	Balance as of 31.12.2007
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	340,000	-	(340,000)	-
Mr. Thang Lai Sung	260,000	-	(260,000)	-
Mr. Chok Hooa @ Chok Yin Fatt	360,000	-	(360,000)	-
Mr. Lim Ee Young	150,000	-	(150,000)	-

By virtue of Y. Bhg. Dato' 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 interest.

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 20 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. The ESOS has lapsed on March 17, 2007.

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,

**Y. BHG. DATO' LIM A HENG @
LIM KOK CHEONG, JSM, DPMP, JP**
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
April 7, 2008



REPORT OF THE AUDITORS

TO THE MEMBERS OF YEE LEE CORPORATION BHD.

We have audited the accompanying balance sheets as of December 31, 2007 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. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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 Malaysian Accounting Standards Board 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, 2007 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 Companies Act, 1965 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 Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965.

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 14 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 Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

YEOH SIEW MING
2421/05/09(J/PH)
Partner

April 7, 2008

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue	4	507,902	423,346	3,713	2,598
Investment revenue	6	1,153	991	-	-
Other gains and losses	7	4,916	8,286	-	-
Share of profit of an associated company		1,643	932	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		5,156	1,961	-	-
Raw materials and consumables used		(204,676)	(172,870)	-	-
Purchase of finished goods and trading merchandise		(203,012)	(164,100)	-	-
Employee benefits expense	7	(32,757)	(29,007)	-	-
Depreciation of property, plant and equipment	11	(7,428)	(7,214)	-	-
Amortisation of prepaid lease payments	12	(635)	(636)	-	-
Fair values adjustment of investment properties	13	-	(70)	-	-
Impairment of goodwill	17	(1,376)	(598)	-	-
Impairment of property, plant and equipment	11	(1,324)	-	-	-
Allowance for diminution in value of unquoted investment		-	(1,854)	-	(1,854)
Finance costs	8	(8,735)	(8,111)	(73)	(75)
Other expenses	7	(47,695)	(45,592)	(268)	(235)
Profit before tax		13,132	5,464	3,372	434
Tax (expense)/credit	9	(2,819)	(2,161)	8	(28)
Profit for the year		10,313	3,303	3,380	406
Attributable to: Equity holders of the Company		<u>10,313</u>	<u>3,303</u>	<u>3,380</u>	<u>406</u>
Earnings per share					
Basic (sen)	10	<u>16.45</u>	<u>5.27</u>		
Diluted (sen)	10	<u>16.45</u>	<u>5.27</u>		

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

BALANCE SHEETS

AS OF DECEMBER 31, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	126,012	123,997	-	-
Prepaid lease payments - non-current	12	42,219	40,379	-	-
Investment properties	13	3,632	3,632	-	-
Investments in subsidiary companies	14	-	-	57,982	57,982
Investment in an associated company	15	30,721	29,291	23,326	23,136
Other investments	16	267	267	-	-
Goodwill on consolidation	17	3,635	5,011	-	-
Total non-current assets		206,486	202,577	81,308	81,118
Current assets					
Inventories	18	70,429	61,935	-	-
Trade and other receivables	19	118,868	105,978	13,486	13,482
Current tax assets	9	1,716	2,257	113	67
Other assets	21	3,562	2,710	6	3
Fixed deposits, cash and bank balances	22	13,439	9,885	9	12
		208,014	182,765	13,614	13,564
Non-current assets classified as held for sale	23	-	693	-	-
Total current assets		208,014	183,458	13,614	13,564
Total assets		414,500	386,035	94,922	94,682

BALANCE SHEETS

AS OF DECEMBER 31, 2007

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	62,704	62,704	62,704	62,704
Reserves	25	20,837	20,487	2,314	2,314
Retained earnings	25	82,523	73,561	20,390	18,722
Total equity		<u>166,064</u>	<u>156,752</u>	<u>85,408</u>	<u>83,740</u>
Non-current liabilities					
Borrowings	26	9,608	9,777	-	-
Deferred tax liabilities	28	13,784	15,202	-	-
Total non-current liabilities		<u>23,392</u>	<u>24,979</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade and other payables	29	54,852	53,346	8,408	9,348
Borrowings	26	158,764	141,325	1,000	1,500
Current tax liabilities	9	145	149	-	-
Other liabilities	30	11,283	9,484	106	94
Total current liabilities		<u>225,044</u>	<u>204,304</u>	<u>9,514</u>	<u>10,942</u>
Total liabilities		<u>248,436</u>	<u>229,283</u>	<u>9,514</u>	<u>10,942</u>
Total equity and liabilities		<u>414,500</u>	<u>386,035</u>	<u>94,922</u>	<u>94,682</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2007

The Group	Note	Attributable to Equity Holders of the Company					Total Equity RM'000
		Share Capital RM'000	Share Premium RM'000	Non-distributable Reserves Revaluation Reserve RM'000	Reserves Translation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	
As of January 1, 2006		62,704	52	21,011	(15)	71,468	155,220
Currency translation differences		-	-	-	(66)	-	(66)
Total expense recognised directly in equity		-	-	-	(66)	-	(66)
Transfer to retained earnings		-	-	(495)	-	495	-
Profit for the year		-	-	-	-	3,303	3,303
Total recognised income and expense		-	-	(495)	(66)	3,798	3,237
Dividends	31	-	-	-	-	(1,705)	(1,705)
Balance as of December 31, 2006		62,704	52	20,516	(81)	73,561	156,752
Reversal of deferred tax on revaluation surplus arising from:	28	-	-	933	-	-	933
Change in income tax rate		-	-	179	-	-	179
Exemption of Real Property Gains Tax		-	-	-	(401)	-	(401)
Currency translation differences		-	-	-	(401)	-	(401)
Net income/(expense) recognised directly in equity		-	-	1,112	(401)	-	711
Transfer to retained earnings		-	-	(361)	-	361	-
Profit for the year		-	-	-	-	10,313	10,313
Total recognised income and expense		-	-	751	(401)	10,674	11,024
Dividends	31	-	-	-	-	(1,712)	(1,712)
Balance as of December 31, 2007		62,704	52	21,267	(482)	82,523	166,064

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2007

The Company	Note	Share Capital RM'000	Share Premium RM'000	Non-distributable Reserves Revaluation Reserve RM'000	Distributable Reserve Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2006		62,704	52	2,262	20,021	85,039
Total recognised income and expense						
Profit for the year		-	-	-	406	406
Dividends	31	-	-	-	(1,705)	(1,705)
Balance as of December 31, 2006		62,704	52	2,262	18,722	83,740
Total recognised income and expense						
Profit for the year		-	-	-	3,380	3,380
Dividends	31	-	-	-	(1,712)	(1,712)
Balance as of December 31, 2007		<u>62,704</u>	<u>52</u>	<u>2,262</u>	<u>20,390</u>	<u>85,408</u>

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

	The Group	
	2007	2006
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	10,313	3,303
Adjustments for:		
Finance costs	8,735	8,111
Depreciation and amortisation of non-current assets	8,063	7,850
Tax expense recognised in profit or loss	2,819	2,161
Impairment of goodwill	1,376	598
Impairment loss of property, plant and equipment	1,324	-
Allowance for doubtful debts	1,030	264
Bad debts written off	567	356
Property, plant and equipment written off	153	67
Allowance for slow moving inventories	143	-
Share of profit of an associated company	(1,643)	(932)
Interest and dividend income recognised in profit or loss	(1,021)	(811)
Allowance for doubtful debts no longer required	(158)	(758)
Gain on disposal of non-current assets held for sale	(107)	-
Gain on disposal of property, plant and equipment - net	(42)	(79)
Unrealised gain on foreign exchange	(28)	-
Allowance for diminution in value of unquoted investment	-	1,854
Fair values adjustment of investment properties	-	70
Inventories written off	-	64
Write down of inventories	-	24
Gain on disposal of investment properties	-	(930)
	31,524	21,212
Movements in working capital:		
Increase in:		
Inventories	(8,705)	(1,167)
Trade and other receivables	(14,513)	(5,914)
Other assets	(547)	(418)
Increase/(Decrease) in:		
Trade and other payables	1,667	9,061
Other liabilities	1,702	(1,353)
Cash Generated From Operations	11,128	21,421

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

	The Group	
Note	2007 RM'000	2006 RM'000
Interest received	1,020	810
Tax refunded	688	1,016
Tax paid	(3,276)	(3,171)
Net Cash Generated From Operating Activities	9,560	20,076
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Proceeds from disposal of non-current assets held for sale	800	-
Dividends received from an associated company	403	398
Proceeds from disposal of property, plant and equipment	360	378
Dividends received from quoted shares	1	1
Purchase of property, plant and equipment	33(a) (6,431)	(6,513)
Additions to prepaid lease payments	(2,530)	-
Acquisition of additional shares in associated company	(190)	-
Proceeds from disposal of investment properties	-	4,822
Withdrawal of fixed deposits	-	2
Net Cash Used In Investing Activities	(7,587)	(912)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from bankers' acceptances	29,334	10,616
Proceeds from term loans	2,100	2,713
Proceeds from revolving credits	1,000	1,500
Repayment of revolving credits	(10,000)	(6,000)
Finance costs paid	(8,959)	(8,164)
Repayment of hire-purchase payables	(3,822)	(3,655)
Repayment of term loans	(2,634)	(2,297)
Repayment of bankers' acceptances	(1,811)	(6,755)
Dividends paid	(1,712)	(1,705)
Net Cash Generated From/(Used In) Financing Activities	3,496	(13,747)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,469	5,417
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(5,620)	(10,972)
Effect of changes in exchange rate on foreign currency translation	(130)	(65)
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b) (281)	(5,620)

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2007

	The Company	
	2007	2006
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for year	3,380	406
Adjustments for:		
Finance costs	73	75
Dividend income	(3,713)	(2,598)
Tax (credit)/expense recognised in profit or loss	(8)	28
Allowance for diminution in value of unquoted investment	-	1,854
	(268)	(235)
Movements in working capital:		
Increase in other assets	(3)	-
Increase/(Decrease) in:		
Trade and other payables	1	(4)
Other liabilities	12	8
Cash Used In Operations	(258)	(231)
Tax refunded	19	22
Dividends received	3,656	2,528
Net Cash Generated From Operating Activities	3,417	2,319
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of additional shares in associated company	(190)	-
Advances granted to subsidiary company - net	(3)	(3)
Net Cash Used In Investing Activities	(193)	(3)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(1,712)	(1,705)
Repayment of advances to subsidiary company - net	(942)	(978)
Finance costs paid	(73)	(75)
Net Cash Used In Financing Activities	(2,727)	(2,758)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	497	(442)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	(488)	(46)
CASH AND CASH EQUIVALENTS AT END OF YEAR	33(b) 9	(488)

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a company with limited liability, domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies are disclosed in Note 14.

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

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on April 7, 2008.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs")

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

(a) New and revised Standards and Interpretations

During the financial year, the Group and the Company adopted all of the new and revised Standards and Interpretations issued by the MASB that are relevant to its operations and effective for accounting periods beginning on or after January 1, 2007. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's and the Company's accounting policies, except as follows:

(i) FRS 117: Leases

The standard requires the classification of leasehold land as prepaid lease payments. The adoption of FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The prepaid lease payments will be amortised evenly over the lease term of the land.

Prior to January 1, 2007, leasehold land was classified as property, plant and equipment and was stated at valuation less accumulated depreciation and impairment losses. The leasehold land was last revalued in 2004. Upon the adoption of FRS 117 on January 1, 2007, the unamortised revalued amounts of leasehold land of RM40,378,729 will be retained as the surrogate carrying amounts of prepaid lease payments as allowed by the transitional provisions of FRS 117.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (cont'd)

The reclassification of leasehold land as prepaid lease payments was accounted for retrospectively with certain comparative financial information of the balance sheet of the Group restated. The retrospective adjustments do not have a financial impact to profit or loss of the Group. Upon the adoption of FRS 117, the Group has changed the measurement basis of its investment properties from the previously used cost model to fair value model. The effect of the change has been adjusted retrospectively in accordance with FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors.

Fair values adjustment of investment properties of the Group amounting to RM70,321 was adjusted against opening balances of investment properties as of January 1, 2007. The Group has ceased to recognise amortisation of investment properties and has adjusted retrospectively the previously recognised amortisation expenses of RM70,321.

(ii) FRS 124: Related Party Disclosures

The adoption of FRS 124 has affected the identification of related parties of the Group and the disclosure of related party transactions and balances.

A summary of the impact of the new and revised standards on the financial statements of the Group is set out in Note 36.

(b) New and revised Standards and Interpretations issued but not yet adopted

At the date of authorisation of the financial statements for issue, the following new and revised standards and interpretations were issued but were not yet adopted by the Group:

FRS, Amendments to FRS and Interpretations ("Int.")	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates - <i>Net Investment in a Foreign Operation</i>	July 1, 2007
Int. 1: Changes in Existing Decommissioning, Restoration & Similar Liabilities	July 1, 2007
Int. 2: Members' Shares in Co-operative Entities & Similar Instruments	July 1, 2007
Int. 5: Rights to Interests arising from Decommissioning, Restoration & Environmental Rehabilitations Funds	July 1, 2007
Int. 6: Liabilities arising from Participating in a Specific Market - Waste Electrical & Electronic Equipment	July 1, 2007

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND ADOPTION OF NEW AND REVISED FINANCIAL REPORTING STANDARDS ("FRSs") (cont'd)

FRS, Amendments to FRS and Interpretations ("Int.")	Effective for financial periods beginning on or after
Int. 7: Applying the Restatement Approach under <i>FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>	July 1, 2007
Int. 8: Scope of FRS 2	July 1, 2007
FRS 107: Cash Flow Statements	July 1, 2007
FRS 111: Construction Contracts	July 1, 2007
FRS 112: Income Taxes	July 1, 2007
FRS 118: Revenue	July 1, 2007
FRS 119: Employee Benefits	*
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	July 1, 2007
FRS 126: Accounting and Reporting by Retirement Benefits Plan	*
FRS 129: Financial Reporting in Hyperinflationary Economies	*
FRS 134: Interim Financial Reporting	July 1, 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	July 1, 2007

* These revised FRSs have the same effective date as their original FRSs.

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 139. The other new and revised FRSs and interpretations are either not relevant to the Group's operations or the application is not expected to have any material impact on the Group's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The measurement basis applied in the preparation of the Financial Statements include historical cost, recoverable value, realisable value and fair value.

Basis of Consolidation

(i) Subsidiary Companies

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, 2007.

A subsidiary company is a company where the Group has control over the financial and operating policies of that company so as to obtain benefits therefrom. Control is presumed to exist when the Group owns, directly or indirectly through subsidiary companies, more than one half of the voting rights of the said company.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial statements of subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 3, Business Combinations are recognised at their fair values at the acquisition date.

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.

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies in line with those used by other members of the Group.

All significant intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

(ii) Associated Companies

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

The Group's investment in an 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, 2007. 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.

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.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Sale of goods

Revenue from sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from provision of tourism related services are recognised when the services are provided.

Dividend and interest revenue

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

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

Rental income

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

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Exchange differences are recognised in profit or loss in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign incorporated subsidiary are expressed in Ringgit Malaysia using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognised in profit or loss in the year in which the foreign incorporated subsidiary is disposed of.

Borrowing Costs

Borrowing costs directly attributable to construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable 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 asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Property, Plant and Equipment

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

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 class of 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 class of asset that was recognised as an expense, is credited to income statements to the extent that it offsets the previously recorded decrease. On disposal of revalued assets, the amounts in revaluation reserve account relating to the assets disposed are transferred to retained earnings.

Freehold land and plantation development expenditure are not depreciated.

Capital work-in-progress is stated at cost and is also not depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, other than land, plantation development expenditure and capital work-in-progress, over their estimated useful lives, using the reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Annual depreciation rates used to depreciate other property, plant and equipment over their estimated remaining useful lives 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%
Renovations	5% to 10%

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 profit or loss.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 profit or loss to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Leases

Leasehold land that normally has an indefinite economic life and where title is not expected to pass to the lessee by the end of the lease period is treated as an operating lease. The payment made on entering into or acquiring a leasehold interest is accounted for as prepaid lease payments at the balance sheet date. In the case of a lease of land and buildings, the prepaid lease payments are allocated whenever necessary, between the land element and building element of the lease at the inception of the lease in proportion to their relative fair value.

Prepaid lease payments on leasehold land are stated at surrogate cost less accumulated amortisation and accumulated impairment losses, if any.

Leasehold land is amortised over the lease period ranging from 24 to 93 years.

Investment Properties

Investment properties, which are properties held to earn rentals and/ or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss in the year in which the retirement or disposal arise.

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 less accumulated impairment losses, if any. 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.

Investments in quoted shares are stated at the lower of cost and market value.

Investments in 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.

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the Group's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated income statement and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of an entity or operation, the goodwill associated with the entity or operation disposed of is included in the carrying amount of the entity or operation when determining the gain or loss on disposal.

Any excess of the Group's interest in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously known as negative goodwill) is reassess and is recognise immediately to profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Assets excluding Goodwill

At each balance sheet date, the Group and the Company review the carrying amounts of its assets (other than inventories, financial assets, investment properties, goodwill and non-current assets classified as held for sale which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the asset's recoverable amount is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss had been recognised for the asset in prior years. A reversal is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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 and condition. 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.

Research and Development Costs

Research costs relating to the original and planned investigation undertaken with the prospect of gaining new technical knowledge and understanding, are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.

Receivables

Receivables are 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

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to the EPF are disclosed separately. The employees' contributions to the EPF are included in salaries and wages.

Equity-settled employee benefits

The Company has an Executive Share Option Scheme ("ESOS") whereby options to subscribe for ordinary shares in the Company were granted to eligible executive employees and executive directors of the Company and certain subsidiary companies. When the options are exercised, equity is increased by the amount of the proceeds received.

In accordance with the Transitional Provisions of FRS 2 : Share-based Payment, no compensation cost or obligation is recognised in the profit or loss as the existing ESOS was granted on March 18, 2002.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets in the next financial year include the estimation of useful life of property, plant and equipment and the recoverability of receivables. Note 17 contains information about the assumptions relating to goodwill impairment testing

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. REVENUE

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sale of goods	507,381	422,728	-	-
Tourism related services	521	618	-	-
Dividend income:				
Subsidiary companies	-	-	3,310	2,200
Associated company	-	-	403	398
	-	-	3,713	2,598
	<u>507,902</u>	<u>423,346</u>	<u>3,713</u>	<u>2,598</u>

5. SEGMENT REPORTING

Business segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2007

	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	177,875	329,180	326	521	-	507,902
Inter-segment sales	209,089	54,919	3,698	3,731	(271,437)	-
Total revenue	386,964	384,099	4,024	4,252	(271,437)	507,902
Results						
Segment results	17,526	981	575	4,899	(4,910)	19,071
Finance costs						(8,735)
Share of profit of an associated company						1,643
Investment revenue						1,153
Profit before tax						13,132
Tax expense						(2,819)
Profit for the year						10,313
Other information						
Capital additions	5,576	7,592	727	87	-	13,982
Depreciation and amortisation charges	5,911	1,618	526	141	-	8,196
Impairment of goodwill	-	1,300	-	76	-	1,376
Impairment of property, plant and equipment	-	1,324	-	-	-	1,324
Allowance for doubtful debts	800	114	116	-	-	1,030
Consolidated Balance Sheet						
Assets						
Segment assets	288,099	140,523	36,882	96,856	(185,681)	376,679
Investment in an associated company						30,721
Unallocated corporate assets						7,100
Consolidated total assets						414,500
Liabilities						
Segment liabilities	51,690	84,880	16,669	23,489	(110,593)	66,135
Unallocated corporate liabilities						182,301
Consolidated total liabilities						248,436

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2006

	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	159,222	263,187	318	619	-	423,346
Inter-segment sales	152,849	34,832	2,565	2,616	(192,862)	-
Total revenue	312,071	298,019	2,883	3,235	(192,862)	423,346
Results						
Segment results	9,727	3,364	(338)	3,797	(3,044)	13,506
Finance costs						(8,111)
Share of profit of an associated company						932
Investment revenue						991
Allowance for diminution in value of unquoted investment						(1,854)
Profit before tax						5,464
Tax expense						(2,161)
Profit for the year						3,303
Other information						
Capital additions	5,432	3,171	587	7	-	9,197
Depreciation and amortisation charges	5,896	1,388	403	163	-	7,850
Impairment of goodwill	-	598	-	-	-	598
Gain on disposal of investment properties	-	-	-	930	-	930
Consolidated Balance Sheet						
Assets						
Segment assets	261,626	137,445	36,279	97,638	(184,998)	347,990
Investment in an associated company						29,291
Unallocated corporate assets						8,754
Consolidated total assets						386,035
Liabilities						
Segment liabilities	49,271	82,199	16,631	26,053	(111,175)	62,979
Unallocated corporate liabilities						166,304
Consolidated total liabilities						229,283

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

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.

6. INVESTMENT REVENUE

	The Group	
	2007 RM'000	2006 RM'000
Interest received on:		
Advances granted to ultimate holding company	451	399
Advances granted to other related companies	429	386
Rental income from investment properties	132	180
Interest income from fixed and short-term deposits	140	25
Dividend income from quoted shares	1	1
	<u>1,153</u>	<u>991</u>

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE

Included in other gains and losses and other expenses are the following:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Realised gain/(loss) on foreign exchange	267	(132)	-	-
Allowance for doubtful debts no longer required	158	758	-	-
Gain on disposal of non-current assets held for sale	107	-	-	-
Rental income:				
Premises	61	68	-	-
Hot and cold water dispensers	2	3	-	-
Machinery and equipment	1	-	-	-
Gain on disposal of property, plant and equipment - net	42	79	-	-
Bad debts recovered	36	-	-	-
Unrealised gain on foreign exchange	28	-	-	-
Gain on disposal of investment properties	-	930	-	-
Rental expense - premises	(1,644)	(1,005)	-	-
Allowance for doubtful debts	(1,030)	(264)	-	-
Bad debts written off	(567)	(356)	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE (cont'd)

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
Statutory audit				
Current year	(227)	(204)	(31)	(25)
Prior year	(3)	-	-	-
Non-audit services	(2)	(3)	-	(3)
Property, plant and equipment written off	(153)	(67)	-	-
Allowance for slow moving inventories	(143)	-	-	-
Hire of machinery	(112)	(136)	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(95)	(83)	(72)	(66)
Other emoluments	(839)	(816)	(38)	(42)
Directors of the subsidiary companies:				
Fees	(30)	(30)	-	-
Other emoluments	(919)	(858)	-	-
Research and development expenses	(2)	(3)	-	-
Inventories written off	-	(64)	-	-
Write down of inventories	-	(24)	-	-

Included in staff costs and directors' remuneration are the following:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Contributions to EPF:				
Staff costs	2,806	2,342	-	-
Directors' remuneration	148	155	-	-

8. FINANCE COSTS

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	4,515	3,523	-	-
Revolving credits	915	1,537	47	48
Bank overdrafts	888	1,244	17	19
Hire-purchase	638	690	-	-
Term loans	537	512	-	-
Others	561	-	-	-
Bank charges and commitment fees	681	605	9	8
	8,735	8,111	73	75

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Malaysian tax expense:				
Current year	3,153	2,148	5	22
Prior year	(69)	642	(13)	6
	3,084	2,790	(8)	28
Deferred tax (Note 28):				
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(318)	(414)	-	-
Relating to origination and reversal of temporary differences	(132)	(110)	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of investment properties	-	(47)	-	-
Prior year	144	(174)	-	-
	(306)	(745)	-	-
Real Property Gains Tax	41	116	-	-
	<u>2,819</u>	<u>2,161</u>	<u>(8)</u>	<u>28</u>

With effect from the beginning of the basis period for the year of assessment 2007, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 28% to 27%. However, for companies with a paid-up capital of RM2,500,000 and below, an income tax rate of 20% is still applicable for chargeable income of up to RM500,000. For chargeable income in excess of RM500,000, the revised income tax rate of 27% is applicable. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

A numerical reconciliation of income tax expense at the applicable income tax rate to tax expense/(credit) at the effective income tax rate is as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before tax	13,132	5,464	3,372	434
Tax at the applicable statutory income tax rate of 27% (2006: 28%)	3,546	1,530	910	121
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,118	738	40	558

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE/(CREDIT)(cont'd)

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses and unabsorbed agricultural and tax capital allowances carried forward	445	474	-	-
Utilisation of reinvestment allowances	(708)	(496)	-	-
Share of profit of an associated company	(444)	-	-	-
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment not recognised	-	20	-	-
Income that are not taxable in determining taxable profit	-	(189)	(945)	(657)
Utilisation of unabsorbed tax capital allowances and unutilised tax losses	-	(69)	-	-
Effect on deferred tax balances due to change in income tax rate	(619)	-	-	-
Tax waived in foreign country	(353)	(430)	-	-
Effect of different tax rate of a subsidiary operating in other jurisdictions	(282)	199	-	-
Effect of difference in tax rate applicable to small and medium scale companies	-	(200)	-	-
Real Property Gains Tax	41	116	-	-
Prior year:				
Income tax	(69)	642	(13)	6
Deferred tax	144	(174)	-	-
Tax expense/(credit) recognised in profit or loss	<u>2,819</u>	<u>2,161</u>	<u>(8)</u>	<u>28</u>

As of December 31, 2007, the Company has tax credit and tax-exempt accounts balances of approximately RM7,151,811 and RM19,365,286 (2006: RM7,504,000 and RM19,296,000) respectively. The tax-exempt accounts arose from claims for abatement of statutory income for exports under Section 37(1) of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE/(CREDIT)(cont'd)

As of December 31, 2007, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM21,815,624 and RM19,833,148 (2006: RM18,165,000 and RM18,763,000) respectively. The tax-exempt accounts arose from abatement of statutory income for exports under Section 37(1) of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the subsidiary companies.

Current tax assets and liabilities

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
<u>Current tax assets</u>				
Tax refund receivable	1,716	2,257	113	67
<u>Current tax liabilities</u>				
Income tax payable	145	149	-	-

10. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2007	2006
	RM'000	RM'000
Basic/Fully Diluted		
Profit for the year attributable to equity holders of the Company	10,313	3,303
	2007	2006
	Units	Units
Weighted average number of ordinary shares in issue	62,704	62,704
	2007	2006
Basic/Fully diluted earnings per ordinary share (sen)	16.45	5.27

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

The Group 2007	At beginning of year		Cost except as otherwise stated					At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Additions RM'000	Disposals/ Written off RM'000	Currency Translation Reserve RM'000	Reclassification RM'000	
Freehold land:								
At valuation	22,270	-	22,270	-	-	-	-	22,270
Long-term leasehold land and improvements:								
At valuation	28,904	(28,904)	-	-	-	-	-	-
Short-term leasehold land and improvements:								
At valuation	12,855	(12,855)	-	-	-	-	-	-
Buildings:								
At valuation	43,182	-	43,182	-	-	-	-	43,182
At cost	2,606	-	2,606	159	-	-	490	3,255
Electricity and water supply system under hire-purchase	263	-	263	12	-	-	-	275
Plant and machinery	-	-	-	-	-	-	-	-
Plant and machinery under hire-purchase	85,495	-	85,495	2,488	(459)	(127)	7	87,404
Motor vehicles	14,115	-	14,115	1,435	-	-	-	15,550
Motor vehicles under hire-purchase	10,790	-	10,790	568	(1,719)	(10)	1,363	10,992
Furniture, fixtures and equipment	3,270	-	3,270	2,923	-	-	(1,338)	4,855
Furniture, fixtures and equipment under hire-purchase	10,700	-	10,700	758	(225)	(2)	63	11,294
Plantation development expenditure	89	-	89	-	-	-	(89)	-
Renovations	4,175	-	4,175	451	(1)	-	-	4,625
Capital work-in-progress	527	-	527	46	-	-	-	573
	1,213	-	1,213	2,612	(18)	-	(496)	3,311
	240,454	(41,759)	198,695	11,452	(2,422)	(139)	-	207,586

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2007	At beginning of year		Accumulated Depreciation and Impairment Loss					At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Charge for the year RM'000	Impairment loss for the year RM'000	Disposals/ Written off RM'000	Currency Translation Reserve RM'000	Reclassification RM'000
Freehold land: At valuation	-	-	-	-	-	-	-	-
Long-term leasehold land and improvements:								
At valuation	738	(738)	-	-	-	-	-	-
Short-term leasehold land and improvements:								
At valuation	642	(642)	-	-	-	-	-	-
Buildings:								
At valuation	2,087	-	2,087	998	-	-	-	3,085
At cost	42	-	42	72	-	-	-	114
Electricity and water supply system	117	-	117	15	-	-	-	132
Electricity and water supply system under hire-purchase	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2007	At beginning of year		Accumulated Depreciation and Impairment Loss					At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Charge for the year RM'000	Impairment loss for the year RM'000	Disposals/ Written off RM'000	Currency Translation Reserve RM'000	Reclassification RM'000
Plant and machinery	54,403	-	54,403	3,256	1,316	(389)	(19)	-
Plant and machinery under hire-purchase	2,644	-	2,644	1,250	-	-	-	-
Motor vehicles	8,676	-	8,676	450	-	(1,389)	(2)	780
Motor vehicles under hire-purchase	1,189	-	1,189	785	-	-	-	(780)
Furniture, fixtures and equipment	5,377	-	5,377	638	8	(153)	-	1
Furniture, fixtures and equipment under hire-purchase	1	-	1	-	-	-	-	(1)
Plantation development expenditure	-	-	-	-	-	-	-	-
Renovations	162	-	162	42	-	(2)	-	-
Capital work-in-progress	-	-	-	-	-	-	-	-
	76,078	(1,380)	74,698	7,506	1,324	(1,933)	(21)	-
								81,574

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2006	At beginning of year		Cost except as otherwise stated					At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Additions RM'000	Disposals/ Written off RM'000	Transfers to investment properties RM'000	Reclassification RM'000	
Freehold land:								
At valuation	22,270	-	22,270	-	-	-	-	22,270
Long-term leasehold land and improvements:								
At valuation	29,294	(28,904)	390	-	-	(390)	-	-
Short-term leasehold land and improvements:								
At valuation	12,855	(12,855)	-	-	-	-	-	-
Buildings:								
At valuation	43,507	-	43,507	-	-	(325)	-	43,182
At cost	144	-	144	1,113	-	-	1,349	2,606
Electricity and water supply system	152	-	152	59	(27)	-	79	263
Electricity and water supply system under hire-purchase	79	-	79	-	-	-	(79)	-
Plant and machinery	79,616	-	79,616	1,618	(570)	-	4,831	85,495
Plant and machinery under hire-purchase	15,585	-	15,585	1,997	-	-	(3,467)	14,115
Motor vehicles	11,010	-	11,010	116	(833)	-	497	10,790
Motor vehicles under hire-purchase	2,827	-	2,827	959	(35)	-	(481)	3,270
Furniture, fixtures and equipment	10,305	-	10,305	1,417	(147)	-	(875)	10,700
Furniture, fixtures and equipment under hire-purchase	-	-	-	89	-	-	-	89
Plantation development expenditure	3,734	-	3,734	444	(3)	-	-	4,175
Renovations	42	-	42	976	-	-	(491)	527
Capital work-in-progress	2,167	-	2,167	409	-	-	(1,363)	1,213
	233,587	(41,759)	191,828	9,197	(1,615)	(715)	-	198,695

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2006	At beginning of year		Accumulated Depreciation				At end of year RM'000
	As previously stated RM'000	Effects of adoption of FRS 117 RM'000	As restated RM'000	Charge for the year RM'000	Disposals/ Written off RM'000	Transfers to investment properties RM'000	Reclassification RM'000
Freehold land:							
At valuation	-	-	-	-	-	-	-
Long-term leasehold land and improvements:							
At valuation	368	(368)	-	11	-	(11)	-
Short-term leasehold land and improvements:							
At valuation	321	(321)	-	-	-	-	-
Buildings:							
At valuation	1,069	-	1,069	1,033	-	(11)	2,087
At cost	1	-	1	24	-	-	42
Electricity and water supply system	86	-	86	14	(17)	-	117
Electricity and water supply system under hire-purchase	34	-	34	-	-	-	-
Plant and machinery	50,211	-	50,211	3,382	(370)	-	54,403
Plant and machinery under hire-purchase	2,547	-	2,547	1,277	-	-	2,644
Motor vehicles	8,715	-	8,715	379	(717)	-	8,676
Motor vehicles under hire-purchase	936	-	936	549	(13)	-	1,189
Furniture, fixtures and equipment	5,053	-	5,053	568	(112)	-	5,377
Furniture, fixtures and equipment under hire-purchase	-	-	-	1	-	-	1
Plantation development expenditure	-	-	-	-	-	-	-
Renovations	6	-	6	53	-	-	162
Capital work-in-progress	-	-	-	-	-	-	-
	69,347	(689)	68,658	7,291	(1,229)	(22)	74,698

NOTES TO THE FINANCIAL STATEMENTS

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

The Group	Net Book Value	
	2007 RM'000	2006 RM'000
Freehold land:		
At valuation	22,270	22,270
Long-term leasehold land and improvements:		
At valuation	-	-
Short-term leasehold land and improvements:		
At valuation	-	-
Buildings:		
At valuation	40,097	41,095
At cost	3,141	2,564
Electricity and water supply system	143	146
Electricity and water supply system under hire-purchase	-	-
Plant and machinery	28,837	31,092
Plant and machinery under hire-purchase	11,656	11,471
Motor vehicles	2,477	2,114
Motor vehicles under hire-purchase	3,661	2,081
Furniture, fixtures and equipment	5,423	5,323
Furniture, fixtures and equipment under hire-purchase	-	88
Plantation development expenditure	4,625	4,175
Renovations	371	365
Capital work-in-progress	3,311	1,213
Total	<u>126,012</u>	<u>123,997</u>

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

	The Group	
	2007 RM'000	2006 RM'000
Depreciation of property, plant and equipment	78	77
Amortisation of prepaid lease payments (Note 12)	55	55
Auditors' remuneration:		
Current year	4	3
Prior year	1	-
Interest on hire-purchase	<u>-</u>	<u>1</u>

During the financial year, depreciation expense is charged to the following:

	The Group	
	2007 RM'000	2006 RM'000
Income statement	7,428	7,214
Plantation development expenditure	<u>78</u>	<u>77</u>
	<u>7,506</u>	<u>7,291</u>

NOTES TO THE FINANCIAL STATEMENTS

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

During the financial year, a subsidiary company carried out a review of the recoverable amount of its plant and machinery and lab equipment as the assets has become idle. The review led to the recognition of impairment loss of RM1,315,465 for plant and machinery and RM8,067 for lab equipment. The recoverable amount of the relevant assets has been determined on the basis of their estimated market value.

The freehold land and buildings of the subsidiary companies were revalued by the directors in 2004 based on valuations carried out by the 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.

Buildings of a subsidiary company with carrying amount of RM837,821 (2006: RM854,919) are pledged to a licensed bank for banking facilities granted to the subsidiary as mentioned in Note 26.

12. PREPAID LEASE PAYMENTS

The Group 2007	Long-term leasehold land and improvements RM'000	Short-term leasehold land and improvements RM'000	Total RM'000
At cost			
At beginning of year:			
As previously stated	-	-	-
Effects of adoption of FRS 117	28,904	12,855	41,759
As restated	28,904	12,855	41,759
Additions	2,530	-	2,530
Disposals	-	-	-
At end of year	31,434	12,855	44,289
Accumulated amortisation			
At beginning of year:			
As previously stated	-	-	-
Effects of adoption of FRS 117	738	642	1,380
As restated	738	642	1,380
Amortisation for the year	369	321	690
Disposals	-	-	-
At end of year	1,107	963	2,070
Carrying amount	30,327	11,892	42,219

NOTES TO THE FINANCIAL STATEMENTS

12. PREPAID LEASE PAYMENTS (cont'd)

The Group 2006	Long-term leasehold land and improvements RM'000	Short-term leasehold land and improvements RM'000	Total RM'000
At cost			
At beginning of year:			
As previously stated	-	-	-
Effects of adoption of FRS 117	28,904	12,855	41,759
As restated	28,904	12,855	41,759
Additions	-	-	-
Disposals	-	-	-
At end of year	28,904	12,855	41,759
Accumulated amortisation			
At beginning of year:			
As previously stated	-	-	-
Effects of adoption of FRS 117	368	321	689
As restated	368	321	689
Amortisation for the year	370	321	691
Disposals	-	-	-
At end of year	738	642	1,380
Carrying amount	28,166	12,213	40,379

During the financial year, amortisation expense is charged to the following:

	The Group	
	2007 RM'000	2006 RM'000
Income statement	635	636
Plantation development expenditure (Note 11)	55	55
	690	691

The leasehold land were revalued by the directors of the subsidiary companies in 2004 based on a valuation carried out by an independent firm of professional valuers, using "open market value on existing use" basis. As allowed under the transitional provisions of FRS 117, the unamortised revalued amounts of leasehold land will be retained as the surrogate carrying amounts of prepaid lease payments.

The leasehold land of a subsidiary company with carrying amount of RM1,819,082 (2006: RM1,872,732) is pledged to a licensed bank for banking facilities granted to the subsidiary as mentioned in Note 26.

Current charges to prepaid lease payments of the Group include interest expense of RM12,359 (2006: RMNil).

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

The Group 2007	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfer from property, plant and equipment RM'000	Fair values adjustment RM'000	Properties classified as held for sale RM'000	At end of year RM
At fair value:							
Freehold land	690	-	-	-	-	-	690
Long-term leasehold land	1,273	-	-	-	-	-	1,273
Short-term leasehold land	824	-	-	-	-	-	824
Buildings	845	-	-	-	-	-	845
As of December 31, 2007	3,632	-	-	-	-	-	3,632

The Group 2006

At fair value:							
Freehold land	870	-	(180)	-	-	-	690
Long-term leasehold land	2,940	-	(1,636)	379	(31)	(379)	1,273
Short-term leasehold land	1,084	-	(240)	-	(20)	-	824
Buildings	2,852	-	(1,988)	314	(19)	(314)	845
As of December 31, 2006	7,746	-	(4,044)	693	(70)	(693)	3,632

Total investment properties held by the Group as of December 31, 2006 amounted to RM4,324,472, comprising the amounts analysed above of RM3,631,906 and the assets classified as held for sale of RM692,566 as disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2007	2006
	RM'000	RM'000
Unquoted shares:		
At directors' valuation	19,850	19,850
At cost	38,132	38,132
	<u>57,982</u>	<u>57,982</u>

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2007 %	2006 %	
Direct Subsidiary Companies				
Yee Lee Trading Co. Sdn. Bhd.	Malaysia	100.00	100.00	Marketing and distribution of edible oils and other consumer products.
Yee Lee Palm Oil Industries Sdn. Bhd.*	Malaysia	100.00	100.00	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing of cooking oil, margarine and shortening and trading of consumer products.
South East Asia Paper Products Sdn. Bhd.*	Malaysia	100.00	100.00	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.
Yee Lee Marketing Sdn. Bhd. *	Malaysia	100.00	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.

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2007 %	2006 %	
<i>Held through Canpac Sdn. Bhd.</i>				
Good Cans Sdn. Bhd.	Malaysia	100.00	100.00	Dormant.
Canpac Vietnam Pte., Ltd. *	Vietnam	100.00	100.00	Manufacturing and selling of general line tin cans.
<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.

15. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Quoted shares, at cost	23,326	23,136	23,326	23,136
Share of post-acquisition results, net of dividends received	5,518	4,278	-	-
Share of post-acquisition revaluation reserve	1,877	1,877	-	-
	<u>7,395</u>	<u>6,155</u>	<u>-</u>	<u>-</u>
	<u>30,721</u>	<u>29,291</u>	<u>23,326</u>	<u>23,136</u>
Market value of quoted shares	<u>15,567</u>	<u>14,456</u>	<u>15,567</u>	<u>14,456</u>

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN AN ASSOCIATED COMPANY (cont'd)

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

	The Group	
	2007 RM'000	2006 RM'000
Share of net assets	32,104	30,501
Reserve on acquisition	(1,383)	(1,210)
	<u>30,721</u>	<u>29,291</u>

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activity	Financial Year End
		2007 %	2006 %		
Spritzer Bhd.	Malaysia	27.39	27.07	Investment holding.	May 31

16. OTHER INVESTMENTS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Quoted shares in Malaysia	20	20	-	-
Unquoted shares in Malaysia	247	247	-	-
Unquoted shares outside Malaysia	3,454	3,454	3,454	3,454
Less: Allowance for diminution in value	(3,454)	(3,454)	(3,454)	(3,454)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>267</u>	<u>267</u>	<u>-</u>	<u>-</u>
Market value of quoted shares	18	19	-	-

NOTES TO THE FINANCIAL STATEMENTS

17. GOODWILL ON CONSOLIDATION

	The Group	
	2007 RM'000	2006 RM'000
At beginning of year	5,011	5,609
Impairment loss recognised in profit or loss	(1,376)	(598)
At end of year	3,635	5,011

Impairment tests for cash-generating units ("CGU") containing goodwill

The Group considers each subsidiary company as a single CGU and the carrying amount of goodwill is allocated to the respective subsidiary company.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of five years from financial year 2008 to 2012. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	5.00% per annum
Discount rate	3.62%

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The above key assumptions were determined based on business past performance and management's expectations of market development.

18. INVENTORIES

	The Group	
	2007 RM'000	2006 RM'000
Finished goods and trading merchandise	41,344	35,935
Raw materials	17,642	14,487
Work-in-progress	5,813	5,630
Factory supplies	2,086	1,735
Goods-in-transit	1,780	2,348
Consumables	1,234	1,057
Promotional stocks	673	743
	70,572	61,935
Less: Allowance for slow moving inventories	(143)	-
	70,429	61,935

Total write down of inventories recognised as an expense in 2006 for the Group amounted to RM24,406.

The cost of inventories recognised as an expense during the year for the Group was RM429,761,216 (2006: RM359,944,826).

The carrying values of finished goods of RM1,411,836 (2006: RM716,934) are stated at net realisable values.

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade receivables	84,938	81,463	-	-
Less: Allowance for doubtful debts	(3,393)	(2,795)	-	-
	81,545	78,668	-	-
Amount owing by holding company (Note 20)	5,538	5,581	-	-
Amount owing by subsidiary companies (Note 20)	-	-	13,486	13,482
Amount owing by other related companies (Note 20)	6,122	7,600	-	-
Amount owing by other related parties (Note 20)	11,731	11,047	-	-
Other receivables	13,932	3,082	-	-
Net	118,868	105,978	13,486	13,482

The currency profile of trade and other receivables are as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	113,507	102,516	13,486	13,482
United States Dollar	4,713	2,370	-	-
Vietnamese Dong	2,413	450	-	-
Australian Dollar	1,115	2,822	-	-
Singapore Dollar	513	614	-	-
Japanese Yen	-	1	-	-
	122,261	108,773	13,486	13,482

Trade receivables of the Group comprise amounts receivable for the sale of goods and for tourism related services rendered.

Other receivables of the Group comprise mainly subsidy receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization Scheme, advances and payments on behalf. Advances granted and payments on behalf are unsecured, interest-free and repayable on demand.

The credit period granted on sale of goods ranged from 14 to 120 days (2006: 14 to 120 days) whilst tourism related services rendered ranged from 30 to 60 days (2006: 30 to 60 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM3,393,437 (2006: RM2,795,198) and has been determined by reference to past default experience.



NOTES TO THE FINANCIAL STATEMENTS

20. 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.

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.	<ul style="list-style-type: none">- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.- A company in which Mr. Thang Lai Sung, a director of the Company, is a director.- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Kolej Teknologi Praktikal Sdn. Bhd. Practical Advanced Technology Sdn. Bhd.	<ul style="list-style-type: none">- Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.- Companies in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.- Companies in which Mr. Goh Mung Chwee, a director of certain subsidiary companies, is a director.
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none">- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.- A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest. - A company in which Mr. Lim Kim Kow, a director of a subsidiary company, is a director.
Unikampar Credit And Leasing Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Mr. Thang Lai Sung, a director of the Company, is a director. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Multibase Systems Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest. - A company in which Mr. Lee Kon Cheng and Mr. Chua Ah Bah @ Chua Siew Seng, directors of certain subsidiary companies, are directors.
Uniyelee Insurance Agencies Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Lim Ee Young, a director of the Company, is a director. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Unipon Enterprise Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Mr. Lim Ee Young, a director of the Company, is a director. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.
Manimore Resources Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest. - A company in which Mr. Goh Mung Chwee, a director of certain subsidiary companies, is a director.
Chuan Sin Cactus Sdn. Bhd. Chuan Sin Sdn. Bhd.	<ul style="list-style-type: none"> - Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests. - Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interests.
Golden PET Industries Sdn. Bhd. Angenet Sdn. Bhd. PET Master Sdn. Bhd.	<ul style="list-style-type: none"> - Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interests. - Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.
Multisafe Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest. - A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest. - A company in which Mr. Lee Kon Cheng, a director of certain subsidiary companies, is a director.

NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Transport Master Sdn. Bhd. Intan Serantau Sdn. Bhd.	<ul style="list-style-type: none"> - Companies in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests. - Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.
Uniyelee Service Agencies Sdn. Bhd.	<ul style="list-style-type: none"> - A company in which Mr. Lim Ee Young, a director of the Company, has substantial financial interest. - A company in which Mr. Sow Yeng Chong, a director of the Company, is a director. - A company in which Mr. Chua Ah Bah @ Chua Siew Seng, a director of certain subsidiary companies, is a director and has substantial financial interest.

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

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Ultimate holding company				
Interest on advances received	451	399	-	-
Subsidiary companies				
Dividends received (gross)	-	-	3,310	2,200
Associated company				
Dividends received (gross)	-	-	403	398
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	744	588	-	-
Transportation fees received	185	218	-	-
Interest on advances received	27	60	-	-
Sale of goods	21	27	-	-
Professional fees received	8	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Kolej Teknologi Praktikal Sdn. Bhd.				
Purchase of property, plant and equipment	1	1	-	-
Practical Advanced Technology Sdn. Bhd.				
Purchase of property, plant and equipment, maintenance of networking, system, training and management services rendered	1,083	604	-	-
Rental on premises received	12	-	-	-
Cranberry (M) Sdn. Bhd.				
Interest on advances received	402	326	-	-
Sale of goods	129	562	-	-
Rental on premises received	12	24	-	-
Transportation fees received	-	2	-	-
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	82	47	-	-
Purchase of goods	76	-	-	-
Other related parties				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	3,450	2,522	-	-
Interest on hire-purchase loans paid	633	684	-	-
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	28	29	4	4
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,317	1,281	4	5

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unipon Enterprise Sdn. Bhd.				
Transportation fees received/receivable	1	5	-	-
Manimore Resources Sdn. Bhd.				
Sale of goods	7	6	-	-
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	9,299	8,416	-	-
Sale of goods	-	742	-	-
Chuan Sin Sdn. Bhd.				
Purchase of goods	37,149	30,014	-	-
Sale of goods	4,336	3,274	-	-
Transportation fees received/receivable	46	34	-	-
Professional fees received/receivable	8	11	-	-
Transportation fees paid/payable	7	1	-	-
Rental of premises received/receivable	5	-	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	7,959	7,149	-	-
Transportation fees received	184	142	-	-
Sale of goods	173	150	-	-
Rental on premises paid/payable	64	54	-	-
Professional fees received/receivable	9	9	-	-
Angenet Sdn. Bhd.				
Purchase of goods	1,389	1,633	-	-
Sale of goods	652	587	-	-
PET Master Sdn. Bhd.				
Sale of goods	3	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Multisafe Sdn. Bhd.				
Sale of steam	1,414	2,670	-	-
Sale of goods	217	1	-	-
Transportation fees received/receivable	1	9	-	-
Transport Master Sdn. Bhd.				
Contract wages paid/payable	821	830	-	-
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	291	246	-	-
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	315	260	-	-

The outstanding balances arising from related party transactions are disclosed in Notes 19, 27 and 29.

The amount owing by/(to) related parties are unsecured, interest-free, repayable on demand and will be settled in cash. Certain of the advances granted bear interest rate of 8.00% (2006: 8.00%) per annum. No guarantees have been given or received. No expense has been recognised in the year for bad or doubtful debts in respect of the amounts owing by related parties.

Compensation of key management personnel

The remuneration of directors are disclosed in Note 7. The remuneration of other members of key management personnel of the Group during the year are as follows:

	The Group	
	2007	2006
	RM'000	RM'000
Short-term employee benefits	1,232	1,092
Post-employment benefits - Defined contribution plan	148	130
	<u>1,380</u>	<u>1,222</u>

The estimated monetary value of benefits-in-kind received and receivable by the members of key management personnel otherwise than in cash from the Group amounted to RM85,100 (2006: RM82,625).

NOTES TO THE FINANCIAL STATEMENTS

21. OTHER ASSETS

Other assets consist of:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Refundable deposits	2,170	1,189	5	2
Prepaid expenses	1,392	1,521	1	1
	<u>3,562</u>	<u>2,710</u>	<u>6</u>	<u>3</u>

22. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Fixed deposits with licensed banks	1,243	1,327	-	-
Cash on hand and at banks	12,196	8,558	9	12
	<u>13,439</u>	<u>9,885</u>	<u>9</u>	<u>12</u>

Fixed deposits amounting to RM10,000 (2006: RM10,000) have been pledged to a licensed bank as security for bank guarantees granted to a subsidiary company.

The effective interest rate for fixed and short-term deposits ranged from 2.60% to 7.90% (2006: 3.70% to 7.70%) per annum. The fixed and short-term deposits have a maturity period ranging from 11 days to 365 days (2006: 180 days to 365 days).

The currency profile of fixed deposits, cash and bank balances are as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	9,876	7,777	9	12
Vietnamese Dong	3,379	1,924	-	-
United States Dollar	184	184	-	-
	<u>13,439</u>	<u>9,885</u>	<u>9</u>	<u>12</u>

23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	The Group	
	2007	2006
	RM'000	RM'000
Long-term leasehold land	-	379
Building	-	314
	<u>-</u>	<u>693</u>

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL

	The Group and The Company	
	2007 RM'000	2006 RM'000
Authorised:		
100,000,000 ordinary shares of RM1 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
62,704,000 ordinary shares of RM1 each	<u>62,704</u>	<u>62,704</u>

Under the Company's Executive Share Option Scheme ("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 executive employees and executive directors of the Company and certain subsidiary companies. The ESOS has lapsed on March 17, 2007.

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

		Number of options over ordinary shares of RM1 each			
Exercisable from	Subscription price per ordinary share RM	Balance as of 1.1.2007	Exercised	Lapsed	Balance as of 31.12.2007
18.3.2002	1.58	<u>4,291,000</u>	<u>-</u>	<u>(4,291,000)</u>	<u>-</u>

25. RESERVES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-distributable reserves:				
Share premium	52	52	52	52
Revaluation reserve	21,267	20,516	2,262	2,262
Translation reserve	(482)	(81)	-	-
	<u>20,837</u>	<u>20,487</u>	<u>2,314</u>	<u>2,314</u>
Distributable reserve:				
Retained earnings	<u>82,523</u>	<u>73,561</u>	<u>20,390</u>	<u>18,722</u>

NOTES TO THE FINANCIAL STATEMENTS

25. RESERVES (cont'd)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2007 RM'000	2006 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
	<u>5,031</u>	<u>5,031</u>
Less: Capitalisation by way of bonus issue in 2002	<u>(4,979)</u>	<u>(4,979)</u>
	<u>52</u>	<u>52</u>

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 freehold and leasehold land and buildings.

Translation reserve

Exchange differences relating to the translation from the functional currency of the Group's foreign subsidiary into Ringgit Malaysia are brought to account by entries made directly to the foreign currency translation reserve.

Retained earnings

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 as mentioned in Note 9, the retained earnings of the Company as of December 31, 2007 is available for distribution by way of cash dividends without additional tax liabilities being incurred.

NOTES TO THE FINANCIAL STATEMENTS

26. BORROWINGS

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers' acceptances	121,133	93,610	-	-
Revolving credits	18,000	27,000	1,000	1,000
Bank overdrafts	13,482	14,920	-	500
Term loans	6,799	5,895	-	-
Secured:				
Bank overdrafts	228	575	-	-
Hire-purchase payables (Note 27)	8,730	9,102	-	-
	168,372	151,102	1,000	1,500
Less: Amount due within 12 months (shown under current liabilities)	(158,764)	(141,325)	(1,000)	(1,500)
Non-current portion	9,608	9,777	-	-

The non-current portion is repayable as follows:

	The Group	
	2007	2006
	RM'000	RM'000
Financial years ending December 31:		
2008	-	5,055
2009	5,057	3,421
2010	2,714	1,199
2011	800	102
2012 and above	1,037	-
	9,608	9,777

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2007	2006	2007	2006
	%	%	%	%
Bank overdrafts	7.73	7.71	7.75	7.75
Bankers' acceptances	3.92	3.98	-	-
Revolving credits	4.89	4.91	4.80	4.12
Term loans	6.77	6.90	-	-

The credit facilities of the Group of RM324,559,000 (2006: RM311,029,000) are guaranteed by the Company. Certain credit facilities of the Group amounting to RM1,500,000 (2006: RM1,500,000) are secured by legal charges over a subsidiary company's leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

27. HIRE-PURCHASE PAYABLES

	The Group	
	2007 RM'000	2006 RM'000
Principal outstanding (Note 26)	8,730	9,102
Less: Amount due within 12 months (shown under current liabilities)	<u>(4,006)</u>	<u>(3,207)</u>
Non-current portion	<u>4,724</u>	<u>5,895</u>

The non-current portion is repayable as follows:

	The Group	
	2007 RM'000	2006 RM'000
Financial years ending December 31:		
2008	-	2,951
2009	3,225	2,142
2010	1,222	710
2011	247	92
2012	<u>30</u>	<u>-</u>
	<u>4,724</u>	<u>5,895</u>

As of December 31, 2007, hire-purchase obligations of the Group payable to a related party amounted to RM8,694,074 (2006: RM9,039,280).

The terms for hire-purchase ranged from 1 to 5 years. For the financial year ended December 31, 2007, the effective borrowing rates ranged from 6.21% to 11.80% (2006: 6.50% to 14.95%) 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 and guaranteed by the Company.

28. DEFERRED TAX LIABILITIES

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	
	2007 RM'000	2006 RM'000
Deferred tax assets	107	575
Deferred tax liabilities	<u>(13,891)</u>	<u>(15,777)</u>
	<u>(13,784)</u>	<u>(15,202)</u>

NOTES TO THE FINANCIAL STATEMENTS

28. DEFERRED TAX LIABILITIES (cont'd)

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

	The Group	
	2007	2006
	RM'000	RM'000
At beginning of year	(15,202)	(15,947)
Transfer to income statements (Note 9)	306	745
Transfer to revaluation reserve	1,112	-
	<u>(13,784)</u>	<u>(15,202)</u>

Represented by:

	The Group	
	2007	2006
	RM'000	RM'000
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(6,733)	(6,884)
Revaluation surplus on property, plant and equipment and investment properties	(7,158)	(8,595)
Receivables	90	64
Others	17	-
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	-	213
	<u>(13,784)</u>	<u>(15,202)</u>

Under the Real Property Gains Tax ("RPGT") Exemption (No. 2) Order 2007, the Malaysian Government exempts any person from RPGT in respect of disposal of chargeable assets with effective from April 1, 2007. The total deferred tax in respect of revaluation surplus amounting to RM179,149 has been reversed out and credited to revaluation reserve account as disclosed in the statement of changes in equity.

As of December 31, 2007, the estimated deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2007	2006
	RM'000	RM'000
Tax effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances	<u>10,414</u>	<u>10,438</u>

The unutilised tax losses and unabsorbed agricultural and tax capital allowances of the Group are subject to agreement by the tax authorities except for amounts totalling RM12,695,698 (2006: RM12,695,698), which have been agreed by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

29. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit period granted to the Group for trade purchases ranged from 30 to 120 days (2006: 30 to 120 days). The amounts owing to other payables of the Group and Company are unsecured, interest-free and repayable on demand.

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Trade payables	28,854	27,038	-	-
Amount owing to subsidiary companies (Note 20)	-	-	8,406	9,348
Amount owing to other related companies (Note 20)	179	99	-	-
Amount owing to other related parties (Note 20)	19,524	20,372	1	-
Other payables	6,295	5,837	1	-
	<u>54,852</u>	<u>53,346</u>	<u>8,408</u>	<u>9,348</u>

The currency profile of trade and other payables is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	50,700	49,142	8,408	9,348
United States Dollar	3,958	4,114	-	-
Vietnamese Dong	142	74	-	-
Singapore Dollar	46	-	-	-
Euro Dollar	6	12	-	-
Great Britain Pound	-	4	-	-
	<u>54,852</u>	<u>53,346</u>	<u>8,408</u>	<u>9,348</u>

30. OTHER LIABILITIES

Other liabilities consist of:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Deposits received	120	35	-	-
Accrued expenses	11,163	9,449	106	94
	<u>11,283</u>	<u>9,484</u>	<u>106</u>	<u>94</u>

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDENDS

	The Group and The Company	
	2007	2006
	RM'000	RM'000
First and final dividend paid:		
- 1 sen per share, less tax for 2006 (2006: 1 sen per share, less tax for 2005)	458	451
- 2 sen per share, tax-exempt for 2006 (2006: 2 sen per share, tax-exempt for 2005)	1,254	1,254
	<u>1,712</u>	<u>1,705</u>

The directors have proposed a first and final dividend of 3 sen per share, tax-exempt and 1 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 for the financial year is 3.73 sen (2006: 2.72 sen).

32. FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

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.

Management do not consider the Group's exposure to foreign currency exchange risk significant.

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.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (cont'd)

Cash flow risk

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

Financial Assets

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables and equity investments.

The Company's principal financial assets are cash and bank balances, sundry receivables and equity investments.

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

Financial Liabilities

The Group's and the Company's principal financial liabilities are trade and other payables and bank borrowings.

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 exposure to fluctuations in foreign currency exchange rates. These instruments are not recognised in the financial statements on inception.

Forward Foreign Currency Contracts

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

The following table details the forward foreign currency contracts outstanding as at balance sheet date:

	Average Exchange Rate per unit of Ringgit Malaysia		Foreign Currency		Contract Value		Fair value	
	2007	2006	2007	2006	2007	2006	2007	2006
			USD'000	USD'000	RM'000	RM'000	RM'000	RM'000
United States								
Dollar	0.2989	-	150	-	502	-	496	-

The above contracts mature within one month of the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

32. FINANCIAL INSTRUMENTS (cont'd)

Fair Values of Financial Assets and Financial Liabilities

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2007 are as follows:

	Note	2007		2006	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
Investment in quoted shares	16	20	18	20	19
Investments in unquoted shares:					
In Malaysia	16	<u>247</u>	<u>-</u>	<u>247</u>	<u>-</u>
Financial Liabilities					
Term loans	26	<u>6,799</u>	<u>7,496</u>	<u>5,895</u>	<u>5,895</u>

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 maturities of these instruments.

Investment in quoted shares

The market values of quoted shares as of balance sheet date approximate their fair values.

Investments in unquoted shares

No disclosure is made as it is impractical to estimate the fair values of unquoted investments due to 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.

NOTES TO THE FINANCIAL STATEMENTS

33. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

The details of additions to property, plant and equipment were as follows:

	The Group	
	2007 RM'000	2006 RM'000
Cash purchase	6,431	6,513
Hire-purchase financing	3,450	2,522
Term loans financing	1,438	-
Depreciation of property, plant and equipment capitalised	78	77
Amortisation of prepaid lease payments capitalised	55	55
Other receivables	-	30
	<u>11,452</u>	<u>9,197</u>

The principal amounts of instalment repayments for property, plant and equipment acquired by hire-purchase are reflected as cash outflows from financing activities.

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Fixed deposits	1,243	1,327	-	-
Cash and bank balances	12,196	8,558	9	12
Bank overdrafts	<u>(13,710)</u>	<u>(15,495)</u>	<u>-</u>	<u>(500)</u>
	(271)	(5,610)	9	(488)
Less: Fixed deposits pledged to a licensed bank	<u>(10)</u>	<u>(10)</u>	<u>-</u>	<u>-</u>
	<u>(281)</u>	<u>(5,620)</u>	<u>9</u>	<u>(488)</u>

34. COMMITMENTS

As of December 31, 2007, the Group has the following capital expenditure in respect of property, plant and equipment:

	2007 RM'000	2006 RM'000
Capital expenditure:		
Contracted but not provided for	<u>4,649</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

35. SUBSEQUENT EVENTS

Subsequent to the balance sheet date:

- (a) Yee Lee Palm Oil Industries Sdn. Bhd., a subsidiary company entered into a sale and purchase agreement with Batang Padang Oil & Fat Products Sdn. Bhd., a related party of the Group, to acquire a piece of property for a total consideration of RM1,150,000; and
- (b) Canpac Vietnam Pte., Ltd., a subsidiary company acquired plant and machinery for a total consideration of RM204,364. In addition, advance payments of RM2,015,790 were made to suppliers for the acquisition of plant and machinery with cost of RM2,313,014. The above plant and machinery were acquired for business expansion of the subsidiary.

36. CHANGES IN ACCOUNTING POLICIES

The financial effects arising from the changes in accounting policies upon adoption of all the new and revised FRSs are as follows:

	<u>Increase/(Decrease)</u> FRS 117 RM'000
The Group	
Effects on balance sheet	
As of December 31, 2007	
Property, plant and equipment	(42,219)
Prepaid lease payments	<u>42,219</u>

37. COMPARATIVE FIGURES

The following comparative figures in the financial statements have been restated arising from the effects of adopting the new and revised FRSs:

	As previously stated RM'000	FRS 117 RM'000	FRS 124 RM'000	As restated RM'000
The Group				
Income statement				
For the year ended				
December 31, 2006				
Depreciation of property, plant, and equipment	(7,850)	636	-	(7,214)
Amortisation of prepaid lease payments	-	(636)	-	(636)
Amortisation of investment properties	(70)	70	-	-
Fair values adjustment of investment properties	<u>-</u>	<u>(70)</u>	<u>-</u>	<u>(70)</u>
Balance sheet				
As of December 31, 2006				
Property, plant and equipment	164,376	(40,379)	-	123,997
Prepaid lease payments	<u>-</u>	<u>40,379</u>	<u>-</u>	<u>40,379</u>

NOTES TO THE FINANCIAL STATEMENTS

37. COMPARATIVE FIGURES (cont'd)

The Group	As previously stated RM'000	FRS 117 RM'000	FRS 124 RM'000	As restated RM'000
Cash flow statement				
For the year ended				
December 31, 2006				
Depreciation and amortisation of non-current assets	7,920	(70)	-	7,850
Fair values adjustment of investment properties	-	70	-	70

Notes to the Financial Statements For the year ended December 31, 2006

(a) Holding company and related party transactions

Compensation of key management personnel

The remuneration of other members
of key management personnel of
the Group during the year are as
follows:

Short-term employee benefits	-	-	1,092	1,092
Post-employment benefits - Defined contribution plan	-	-	130	130
	-	-	1,222	1,222

(b) Trade and other receivables

Trade receivables - net	79,733	-	(1,065)	78,668
Amount owing by other related parties	-	-	11,047	11,047
Other receivables	13,064	-	(9,982)	3,082

(c) Trade and other payables

Trade payables	46,923	-	(19,885)	27,038
Amount owing to other related parties	-	-	20,372	20,372
Other payables	6,324	-	(487)	5,837

NOTES TO THE FINANCIAL STATEMENTS

37. COMPARATIVE FIGURES (cont'd)

The Group	As previously stated RM'000	FRS 117 RM'000	FRS 124 RM'000	As restated RM'000
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Notes to the Financial Statements
For the year ended December 31, 2006 (cont'd)

(d) Segment reporting

Other information

Depreciation and
amortisation charges:

Manufacturing	5,916	(20)	-	5,896
Trading	1,425	(37)	-	1,388
Others	176	(13)	-	163
Consolidated	<u>7,920</u>	<u>(70)</u>	<u>-</u>	<u>7,850</u>



STATEMENT BY DIRECTORS

The directors of **YEE LEE CORPORATION BHD.** state that, in their opinion, the accompanying balance sheets and the related 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 Malaysian Accounting Standards Board 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, 2007 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,

**Y. BHG. DATO' LIM A HENG @
LIM KOK CHEONG, JSM, DPMP, JP**
Group Managing Director

MR. CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
April 7, 2008

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

I, **MR. CHOK HOOA @ CHOK YIN FATT, PMP**, the director primarily responsible for the financial management of **YEE LEE CORPORATION BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and the related 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, PMP

Subscribed and solemnly declared by the abovenamed
MR. CHOK HOOA @ CHOK YIN FATT, PMP at **IPOH**
this 7th day of April, 2008.

Before me,

ENCIK MOHD YUSOF BIN HARON, KPP, PNPBB, PJK
NO: A 112
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

AS AT DECEMBER 31, 2007

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of 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	32	34,368/ 18,967	23.09.2004	15,255
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	26	1,608/ 839	18.08.2004	1,798
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	28	922/ 460	06.08.2004	317
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	22	3,103/ 2,003	20.08.2004	2,089
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	27	585/ 809	24.08.2004	456
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	25	2,086/ 1,532	23.08.2004	746
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	23	334/ 662	31.12.2007	1,083
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	29	184	31.12.2007	269
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	11	1,138/ 3,185	20.08.2004	2,748
Blk 7 & 8, 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	11	276/ 555	20.08.2004	748

LIST OF PROPERTIES

AS AT DECEMBER 31, 2007

	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	7	14,729/ 5,184	26.08.2004	12,674
PT 3843, HS(M) 1602 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	One storey warehouse & office	2	3,338/ 1,510	06.08.2004	1,806
PT 3842, HS(M) 1601 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	-	3,267	31.12.2007	492
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau, Sabah	Leasehold expiring on 04.05.2904	2 adjoining unit of 2-storey shophouse	7	446/ 669	23.08.2004	674
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	31.12.2007	406
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	32	16,291/ 10,643	22.09.2004	4,708
P.T. 59999 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 14.02.2046	Vacant land	-	5,054	26.12.2007	781
Lot Nos. 9399, and 10169, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 30.06.2046 and 05.07.2046 respectively	2-storey palm oil mill, office and factory warehouse	23	150,625/ 11,637	23.09.2004	14,512
Lot No. 3262, (PT2989) Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	-	27,449	23.09.2004	923
P.T. 786 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 16.07.2042	Vacant land	-	40,469	23.09.2004	1,601

LIST OF PROPERTIES

AS AT DECEMBER 31, 2007

	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lot No. 10649 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 06.03.2050	Vacant land	-	24,101	23.09.2004	747
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	26	8,314,820/ 13,492	17.08.2004	17,000
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,027,600	2004	4,803
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	24	992/ 219	31.12.2007	601
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	11	10,866/ 7,762	24.08.2004	8,245
Lot P.T. 764 Mukim of Bidor District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 30.11.2041	2-storey refinery, office and warehouse	24	40,468/ 1,593	18.11.2004	2,657
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	-	970,590	23.09.2004	5,220
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	-	1,984,093	23.09.2004	5,470

LIST OF PROPERTIES

AS AT DECEMBER 31, 2007

	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Plot 151a, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, Mukim 13, 14100 S.P.T. Pulau Pinang	Leasehold 60 years	Vacant land under construction to warehouse cum office	-	19,024	-	2,530

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YEE LEE CORPORATION BHD. (13585-A)
(Incorporated in Malaysia)

FORM OF PROXY

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-Fifth Annual General Meeting of the Company to be held on Thursday, June 26, 2008 at 11.00 a.m. at Crystal 2, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan and at any adjournment thereof in the manner as indicated with an "X" in the space provided below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended December 31, 2007 and the Reports of the Directors and Auditors thereon		
2.	To declare a first and final dividend		
3.	To approve the payment of Directors' fees		
4.	To re-elect Dato' Lim A Heng @ Lim Kok Cheong as Director		
5.	To re-elect Lee Kee Hong as Director		
6.	To re-elect Sow Yeng Chong as Director		
7.	To re-appoint Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff as Director		
8.	To re-appoint Thang Lai Sung as Director		
9.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
10.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
11.	To authorise the Company and its subsidiary companies to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature		
12.	To approve the proposed Amendments to the Memorandum and Articles of Association		

Dated this _____ day of June 2008

Number of shares held

Signature of Shareholder/Common Seal

Notes:

- A member of the Company 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 and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company 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 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 forty-eight (48) hours before the time appointed for holding the meeting.

Fold here to seal

STAMP

COMPANY SECRETARY
YEE LEE CORPORATION BHD.
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan
Malaysia

Fold here to seal

