



Annual Report 2008



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

In everyway we are moving forward with you!

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NOTICE OF THIRTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Sixth ("36th") Annual General Meeting ("AGM") of Yee Lee Corporation Bhd. ("the Company") will be held at Garlet 2 & 3, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Monday, June 29, 2009 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, 2008 and the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a first and final dividend of 4 sen tax-exempt and 1 sen less 25% income tax in respect of the financial year ended December 31, 2008. | Resolution 2 |
| 3. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2008. | Resolution 3 |
| 4. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-

(i) Lim Ee Young
(ii) Mohd Adhan bin Kechik | Resolution 4
Resolution 5 |
| 5. To re-appoint the following Directors who retire in accordance with Section 129(6) 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
(ii) Thang Lai Sung | Resolution 6
Resolution 7 |
| 6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 8 |

SPECIAL BUSINESS

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

- | | |
|--|---------------------|
| 7. Authority to issue shares pursuant to Section 132D of the Act | Resolution 9 |
|--|---------------------|

"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 percent (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-SIXTH ANNUAL GENERAL MEETING

8. Proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Resolution 10

"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 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, 2009 subject to the followings:-

- (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."

9. 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-SIXTH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 4 sen tax-exempt and 1 sen less 25% income tax in respect of the financial year ended December 31, 2008, subject to the approval of the shareholders at the 36th AGM will be paid on August 12, 2009 to Depositors whose names appear in the Record of Depositors at the close of business on July 29, 2009.

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 July 29, 2009 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)
YAP SIN KHEONG (MIA 22814)
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 4, 2009

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 shareholdings 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 9, 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 10, 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.

Please refer to the Circular to Shareholders dated June 4, 2009 for further information on Resolution 10.

STATEMENT ACCOMPANYING NOTICE OF 36TH AGM

pursuant to Paragraph 8.28(2) of the Listing Requirements

A. Further details of Directors who are standing for re-election or re-appointment as per Agenda 4 and Agenda 5 of the Notice of 36th AGM respectively:-

1. Lim Ee Young (Executive Director)

Resolution 4

Lim Ee Young, aged 37, 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.

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

Resolution 5

Mohd Adhan bin Kechik, aged 53, 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. 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. He is an elected State Assemblyman of Kelantan for Kemahang from 1995 to 1999 and Bukit Bunga since 2004.

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..

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

Resolution 6

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, aged 73, 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.

STATEMENT ACCOMPANYING NOTICE OF 36TH AGM

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..

4. Thang Lai Sung (Executive Director)

Resolution 7

Thang Lai Sung, aged 71, 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 36 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 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, none of the Directors have any conflict of interest with the Company.

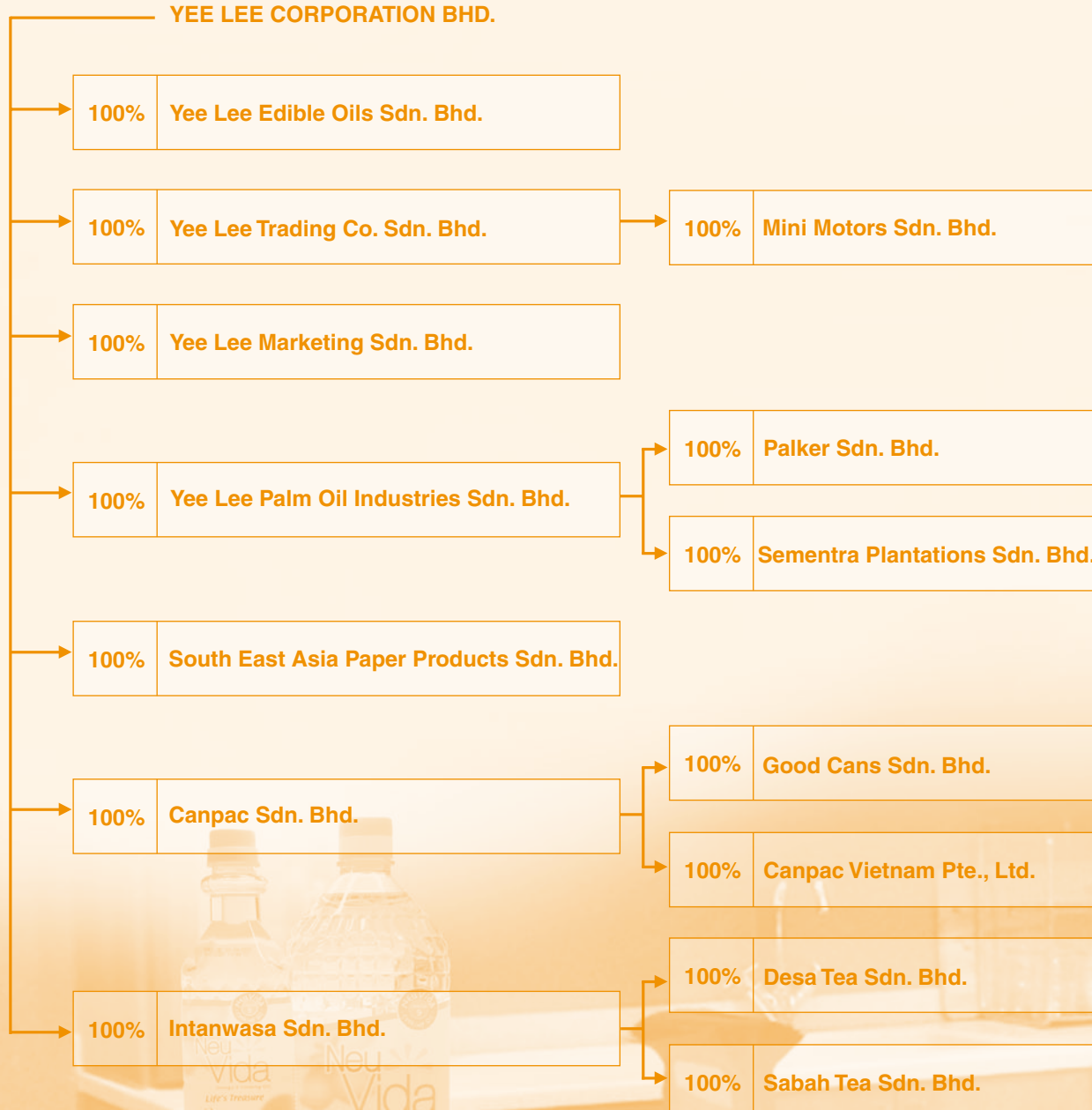
B. The above Directors' direct and deemed interests in the securities of the Company as at May 8, 2009:-

Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
Lim Ee Young	38,333	0.06	3,333	0.00
Mohd Adhan bin Kechik	16,666	0.03	-	-
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	50,000	0.08
Thang Lai Sung	8,333	0.01		-

CORPORATE STRUCTURE



YEE LEE CORPORATION BHD.



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

NOMINATION COMMITTEE

Chairman

Lee Kee Hong

Members

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

REMUNERATION COMMITTEE

Chairman

Chok Hooa @ Chok Yin Fatt

Members

Mohd Adhan bin Kechik
Lee Kee Hong

COMPANY SECRETARIES

Ooi Guat Ee (MIA 8042)

Yap Sin Kheong (MIA 22814)

STOCK EXCHANGE LISTING

Listed on Main Board of Bursa Malaysia Securities
Berhad

Stock Code : 5584

Stock Name : YEELEE

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

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

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

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 73, 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 64, 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 42 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.



DIRECTORS' PROFILE

Thang Lai Sung

Executive Director

Thang Lai Sung, aged 71, 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 36 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 Han Kang Kong Hoey and a director of Yee Lee Organization Bhd..

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Yin Fatt, aged 62, 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 an 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 37, 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.

DIRECTORS' PROFILE

Mohd Adhan bin Kechik, SMK

Independent Non-Executive Director

Mohd Adhan bin Kechik, aged 53, 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. 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. He is an elected State Assemblyman of Kelantan for Kemahang from 1995 to 1999 and Bukit Bunga since 2004.

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..

Lee Kee Hong

Independent Non-Executive Director

Lee Kee Hong, aged 61, 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 52, 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 Accountant of Far East Marble & Handicraft Sdn. Bhd. and as an Audit Assistant with Payne Davies & Co.. He was employed by Yee Lee Corporation Bhd. Group from 1985 to 1997 in various capacities and his last position being Group Financial Controller. 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, 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 and its revision dated October 1, 2007, all 3 members of the Audit Committee are Non-Executive Directors, all of whom are Independent Directors. They are as follows:-

Chairman

Mohd Adhan bin Kechik
Independent Non-Executive Director

Members

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

Sow Yeng Chong
Independent Non-Executive Director

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors ("the Board") 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) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

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 support the Board for ensuring Corporate Governance of the Group which include the followings:-

(i) Financial Reporting

Review and recommend the quarterly results and annual financial statements focusing particularly on:-

- changes in or implementation of major accounting policies and practices;
- significant and unusual events;
- compliance with accounting standards and other legal requirements; and
- the going concern assumption.

(ii) Internal Auditor

- review the adequacy of the scope, functions, competency and resources of the internal audit functions; and
- review the internal audit plan, audit reports and follow up on the recommendations 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; and
- review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.

(iv) Related Party Transactions

- review any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity 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; and
- 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:-

- obtain the necessary resources required to perform its duties.
- 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.
- convene meetings with the external auditors, the internal auditors or both without the presence of Executive Director, Management or other employees of the Group, unless specifically invited by the Audit Committee and such meetings with the external auditors shall be held at least twice a year.
- seek independent professional advice as it considers necessary.

AUDIT COMMITTEE REPORT

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.

The Audit Committee held four meetings during the financial year ended December 31, 2008. 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
Sow Yeng Chong	4/4

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 and external auditors' reports 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 audit 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 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.

AUDIT COMMITTEE REPORT

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 of Directors (“the Board”), as guided by the Malaysian Code of Corporate Governance and its revision dated October 1, 2007 (“the Code”). 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, 2008.

THE BOARD OF DIRECTORS

Composition

The Board 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 are independent of management and free from any business relationship which could materially interfere with their independent judgement. 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.

STATEMENT ON CORPORATE GOVERNANCE

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.

During the financial year ended December 31, 2008, four Board Meetings were held and the attendance 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
Sow Yeng Chong	4/4

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 to facilitate knowledge building for Directors. The Directors may also 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 programmes in year 2008, the details of which are set out on page 22 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 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 ("the Act"). 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 details of the remuneration for the Directors of the Company paid or payable by the Company and its subsidiary companies for the financial year under review are as follows:-

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive Directors	1,110	73	251	49	1,483
Non-Executive Directors	-	42	-	25	67

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	-
RM300,001 to RM350,000	1	-
RM350,001 to RM400,000	1	-
RM550,001 to RM600,000	1	-

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

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 15 of this 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 the financial year 2008.

(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 the financial year 2008.

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.

STATEMENT ON CORPORATE GOVERNANCE

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.

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 99 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 24 and 25 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, 2008 and implemented the enterprise risk management system at various subsidiary companies. For the financial year under review, the Board is satisfied that any risks arising from its business operations have been adequately addressed with its existing system of internal control in place. The Board will continuously assess the adequacy of the Group's system of internal control and make improvement and enhancement to the system as and when necessary.

STATEMENT ON CORPORATE GOVERNANCE

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, 2008, the Company and the Group have adopted the applicable Malaysian Accounting Standards Board 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 Act. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.



TRAINING PROGRAMMES ATTENDED BY DIRECTORS

Directors	Training / Seminars Attended
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	<ul style="list-style-type: none"> • Directors Should Take Long View • Real Signs of A Strong Board • Corporate Social Responsibility • Basel II in the Asia Pacific Banking Sector Survey 2008 • Considering the Audit Committee's Role and Responsibilities • Islamic Alternative Strategy Funds and Venture Capital
Dato' Lim A Heng @ Lim Kok Cheong	<ul style="list-style-type: none"> • Statement on Corporate Social Responsibility • Blue Ocean Leadership Program
Thang Lai Sung	<ul style="list-style-type: none"> • Understanding Financial Reporting for Directors and Senior Management • Blue Ocean Leadership Program
Chok Hooa @ Chok Yin Fatt, PMP	<ul style="list-style-type: none"> • Malaysia and Vietnam Riding on the Wave of Growth • Corporate & Regulatory Updates 2008 • Blue Ocean Leadership Program • "Meet the Banker" Session with Malayan Banking Berhad
Lim Ee Young	<ul style="list-style-type: none"> • Alternative Investment that Almost Always Appreciates • Statement on Corporate Social Responsibility • Malaysia and Vietnam Riding on the Wave of Growth • FutureRadar 2009 – 2019 • Out-Think & Out-Serve Your Competition
Mohd Adhan bin Kechik	<ul style="list-style-type: none"> • Blue Ocean Leadership Program • Code of Corporate Compliance and Ethical Conduct
Lee Kee Hong	<ul style="list-style-type: none"> • Blue Ocean Leadership Program • Code of Corporate Compliance and Ethical Conduct
Sow Yeng Chong	<ul style="list-style-type: none"> • Analysis of Prospectus and Profit Forecasts • Risk Management for Stock Market Professionals • Analysing Company Performance • Blue Ocean Leadership Program

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

The Company did not issue any options, 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 2008 to the external auditors are disclosed in Note 7 to the Financial Statements on page 64.

7. Variation in Results

There was no variance between the financial results in the Annual Audited Financial Statements 2008 and the unaudited financial results for the year ended December 31, 2008.

8. Profit Guarantee

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

9. Material Contracts

There were no material contracts outside the ordinary course of business which have been entered into by the Group, involving the Directors’ and major shareholders’ interests, either still subsisting at the end of the financial year 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 has carried out a revaluation on its investment properties to determine the fair value of these assets as required by FRS 117. Apart from the said properties, the Company did not carry out any revaluation on its landed properties during the year.

STATEMENT ON INTERNAL CONTROL

Introduction

This statement is in line with the Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”) on the Group’s compliance with the Principles and Best Practices provision relating to internal controls as stipulated in the Malaysia Code on Corporate Governance. The Board 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, 2008.

Board Responsibilities

The Board of Directors acknowledges the importance in 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 on 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 loss or failure. The internal control system is thus designed to manage and minimise rather than to eliminate the risk of failure in achieving the Group’s business objectives.

Enterprise Risk Management Framework

The Group adopts the Enterprise Risk Management (ERM) Framework throughout its business operations. The effectiveness of the risk management is monitored and evaluated by all levels of management on an ongoing basis. 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 compiled by the Risk Assessor.

The Risk Management Advisory Committee will provide direction and counsel to the risk management process as well as involved in evaluation of 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 advising the Board on risk related issues.

A summary of significant risks is submitted to the Audit Committee for its attention. The Audit Committee will review and monitor the effectiveness of the Group’s risk management system and advise the Board accordingly.

The risk management program has served the Group well in responding to the uncertainties which was caused by the global credit crunch and economic turmoil. This may warrant strategic and rapid response by the respective management to reduce its impact in order to achieve the Group’s business objectives.

Internal Audit Function

The Group’s Internal Audit Department (IAD) 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 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 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 effective and in line with the best practices. 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, 2008 in line with Paragraph 15.24 of the Listing Requirements.



ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2009

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	131	6.07	6,792	0.01
100 to 1,000 shares	202	9.36	160,336	0.26
1,001 to 10,000 shares	1,595	73.88	5,483,144	8.74
10,001 to 100,000 shares	203	9.40	5,567,527	8.88
100,001 to less than 5% of issued shares	27	1.25	18,701,968	29.83
5% and above of issued shares	1	0.04	32,784,233	52.28
Total	2,159	100.00	62,704,000	100.00

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd. ("YLO")	34,818,731	55.53	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	740,300	1.18	35,012,064 ^a	55.84
3. Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.25	35,597,364 ^b	56.77
4. Unikampar Credit And Leasing Sdn. Bhd. ("UCL")	-	-	34,818,731 ^c	55.53
5. Uniyelee Sdn. Bhd. ("UYL")	-	-	34,818,731 ^c	55.53
6. Yeleta Holdings Sdn. Bhd. ("YH")	-	-	34,818,731 ^d	55.53
7. Young Wei Holdings Sdn. Bhd. ("YW")	-	-	34,818,731 ^e	55.53

Notes:-

- Deemed interest by virtue of his shareholding in YW, and the shares held by his spouse, Datin Chua Shok Tim @ Chua Siok Hoon and child, Lim Ee Young in the Company pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- Deemed interest by virtue of her shareholding in YW, and the shares held by her spouse, Dato' Lim A Heng @ Lim Kok Cheong and child, Lim Ee Young in the Company pursuant to Section 6A of the Act.
- Deemed interest held through YLO pursuant to Section 6A of the Act.
- Deemed interest held through UCL and UYL pursuant to Section 6A of the Act.
- Deemed interest held through YH pursuant to Section 6A of the Act.

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2009

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	50,000 ^a	0.08
2. Dato' Lim A Heng @ Lim Kok Cheong	740,300	1.18	35,012,064 ^b	55.84
3. Thang Lai Sung	8,333	0.01	-	-
4. Chok Hooa @ Chok Yin Fatt	33,333	0.05	-	-
5. Lim Ee Young	38,333	0.06	3,333 ^c	0.00
6. Mohd Adhan bin Kechik	16,666	0.03	-	-
7. Lee Kee Hong	8,333	0.01	-	-
8. Sow Yeng Chong	20,000	0.03	-	-
Total	2,071,964	3.29		

Notes:-

- ^a Deemed interest by virtue of the shares held by his child in the Company pursuant to Section 6A of the Act.
- ^b Deemed interest by virtue of his shareholding in YW, and the shares held by his spouse, Datin Chua Shok Tim @ Chua Siok Hoon and child, Lim Ee Young in the Company pursuant to Section 6A of the Act.
- ^c Deemed interest by virtue of the shares held by his spouse, Ooi Guat Ee in the Company pursuant to Section 6A of the Act.

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	0.03	7,937,388 ^a	72.16
2. Thang Lai Sung	1,716	0.02	-	-
3. Lim Ee Young	25,879	0.24	-	-
4. Lee Kee Hong	11,550	0.11	-	-
Total	41,896	0.40		

Notes:-

- ^a Deemed interest by virtue of his shareholding in YW, and the shares held by his spouse, Datin Chua Shok Tim @ Chua Siok Hoon and children, Lim Ee Young, Lim Ee Wai and Lim Yah Joo in YLO pursuant to Section 6A of the Act.

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, 2009

TOP THIRTY SECURITIES ACCOUNT HOLDERS

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	3.99
3. Chan Wan Moi	2,302,900	3.67
4. Yee Lee Organization Bhd.	2,034,498	3.25
5. Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Huey Peng	1,811,900	2.89
6. Low Cheng Peng	1,669,500	2.66
7. Mohamed Ishak @ Ishak bin Mohamed Ariff	1,206,666	1.92
8. HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Fong Teng	1,029,700	1.64
9. Lim A Heng @ Lim Kok Cheong	740,300	1.18
10. Nik Mohamad Pena bin Nik Mustapha	600,000	0.96
11. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Kuan Peng Ching @ Kuan Peng Soon	560,000	0.89
12. Jailani bin Abdullah	513,666	0.82
13. Lai Ka Chee	462,583	0.74
14. Sow Yeen Nam	377,724	0.60
15. Teo Kwee Hock	350,300	0.56
16. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai	319,500	0.51
17. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Kwee Hock	302,500	0.48
18. Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kin Kheong	300,000	0.48
19. Kah Hin Loong Sdn. Bhd.	231,332	0.37
20. OSK Nominees (Tempatan) Sdn. Berhad Lem Kim Kaw	210,000	0.34
21. Foo Lim Get	196,900	0.31
22. TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Liew Yam Fee	190,000	0.30
23. Chua Shok Tim @ Chua Siok Hoon	155,000	0.25
24. Sin Len Moi	141,000	0.23
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	0.21
27. Wong Wan Chong	120,000	0.19
28. Ng Boon Haw	113,000	0.18
29. Low Poh Weng	95,000	0.15
30. Kwek Soo Siong	91,666	0.15
Total	51,672,867	82.41



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of Yee Lee Corporation Bhd. for the financial year ended December 31, 2008.

FINANCIAL PERFORMANCE

I am pleased to announce that the Group has recorded commendable results for the year ended December 31, 2008. The Group recorded a turnover of RM694.15 million, an increase of 36.7% as compared to the preceding year. The Group's pre-tax profit jumped tremendously, closing at RM22.82 million, an increase of 73.8%. Profit attributable to shareholders stood at RM17.40 million (2007: RM10.31 million) whilst earnings per share improved to 27.75 sen (2007: 16.45 sen).

DIVIDENDS

The Board of Directors is pleased to recommend a first and final dividend of 4 sen per share, tax-exempt and 1 sen per share, less tax (2007: 3 sen per share, tax-exempt and 1 sen per share, less tax) for the year ended December 31, 2008. The dividend, if approved, will be paid on August 12, 2009.

REVIEW OF OPERATIONS

Yee Lee Corporation Bhd.

The Company registered higher revenue and pre-tax profit of RM4.17 million and RM3.83 million respectively in 2008 (2007: RM3.71 million and RM3.37 million). The increase in revenue and pre-tax profit was due largely to higher dividends received from its subsidiary companies.

The Subsidiary Companies

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

The palm oil industry experienced extreme price fluctuations in year 2008 with Crude Palm Oil ("CPO") price declined by 66.4% within a span of eight months from a high of RM4,179 per MT in early March 2008 to a low of RM1,402 per MT in late November 2008. However, the CPO price

managed to recover to above RM1,600 per MT level in December 2008. Despite the steep drop in the CPO price, the Government's Cooking Oil Price Stabilization Scheme is still in place as the monthly average export olein price is still above the threshold level. YLEO recorded tremendous results for the year under review. Revenue increased sharply by 113.2% from RM137.68 million in 2007 to RM293.50 million this year. This strong performance enabled profit to rise substantially by 119.0% over that of last year. The substantial sales growth was achieved through the successful penetration of bulk oil sales into new export markets. In order to remain competitive, YLEO took steps to upgrade its physical plant to improve its production efficiency, yield and quality. The existing warehouse was upgraded and a new weighbridge was installed to accommodate smooth, timely and accurate deliveries to customers.



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

The corrugated carton industry continues to operate in an oversupply environment where competitors continue to wage price wars to capture market

CHAIRMAN'S STATEMENT

share. The slowdown of demand, particularly from the electrical and electronic industries, arising from the sluggish United States economy coupled with customer's reluctance to accept price increases have resulted in intense competition among corrugated carton manufacturers. In view of the continued price hikes of paper and related consumables, the Malaysian Corrugated Carton Manufacturers' Association announced that the price of corrugated carton be increased by 15.0% from July 2008. This enabled corrugated carton manufacturers to pass on a portion of the cost increase to their customers. As a result, SEAPP was able to maintain its profitability in 2008. SEAPP will continue to focus on cost control and production efficiencies to reduce wastage whilst improving on its product quality and services to enhance its competitiveness.

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

The recovery in fresh fruit bunches ("FFB") yields from biological stress coupled with expansion in matured areas by plantations and estates have resulted in higher FFB production in year 2008. YLPOI was able to secure more FFB supply to boost its revenue by 24.4% from RM141.43 million in 2007 to RM175.99 million during the year under review. As a result of stringent grading criteria and better ramp management, YLPOI continued to achieve a higher oil extraction rate for CPO. Regular dialogs and co-operation among millers and the Federation of Palm Oil Millers Association have ensured that FFB supplies remain in good quality. Various plant and machineries have been upgraded to improve on its throughput. All measures taken by YLPOI during the year have translated into higher profits.

Canpac Sdn. Bhd. ("CP")

CP maintained its position as a strong contributor to the Group's bottom line, delivering 28.0% of the total Group's pre-tax profit for the year under review. Despite stiff competition, CP achieved an 11.9% increase in revenue from RM74.30 million in 2007 to RM83.17 million this year. However, profit margins were slightly lower due to competition amongst aerosol can manufacturers and high tinplate prices. As a result, CP managed to maintain its pre-tax

profit at RM6.39 million. Looking at the potential market abroad, CP is exploring potential expansions in its overseas operations to enhance revenue and profitability.



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

Despite Vietnam's Gross Domestic Product expanding by only 6.2% in the year under review, the packaging industry still enjoyed rapid growth. In view of the huge potential market in Vietnam, CPV expanded its production line by installing a printing line to enhance its competitiveness in order to capture more market share. This printing line has been successfully commissioned and has been running smoothly since the third quarter of 2008. As a result, CPV achieved a remarkable sales growth of 76.5% from RM9.77 million in 2007 to RM17.24 million this year. Correspondingly, its pre-tax profit increased by 54.9% over last year. With such growth rate, CPV has invested in another aerosol line to increase its capacity to accommodate for future market expansions. This aerosol line has been commissioned and has been running smoothly since the second quarter of year 2009.

CHAIRMAN'S STATEMENT

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

During the year under review, YLT created another historical high by achieving a 20.8% growth in revenue from RM234.48 million in 2007 to RM283.19 million this year. This remarkable sales growth was a result of sales from Spritzer and Campbell's products coupled with the newly secured distributorship for Johnson and Johnson products. The Helang brand of cooking oil once again won the Reader's Digest Trusted Brand Gold Award whilst Spritzer continued to receive overwhelming support from consumers by winning the Reader's Digest Trusted Brand Platinum Award consecutively. Both awards are testament to the consumers' confidence towards our products. Consequently, YLT's pre-tax profit increased by 834.9% as compared to the previous year. With aggressive marketing strategies, YLT successfully secured the distributorship of another well known brand, "Dutch Lady", on December 26, 2008 to distribute their ambient products in West Malaysia. Moving forward, YLT will continue to expand its distribution network to secure more profitable product distributorships in order to improve its profitability.

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

Despite a decrease in revenue of 12.4%, YLM recorded a 28.6% increase in pre-tax profit from RM0.98 million in 2007 to RM1.26 million this year. The discontinuance of Pringles and Vicks sales during the year contributed significantly to the drop in revenue. However, sales of laundry products increased by 11.8% despite an anomaly in the supply of Dynamo products at the beginning of the year. The price increase in laundry products and trade offers by Procter and Gamble enabled YLM to capitalise on the situation and improve on its profitability. In view of the global economic slow down, which will affect consumer sentiment, YLM implemented various promotional activities to boost sales. Aside from this, YLM will continue improving its delivery efficiency and coverage to garner higher margins.

Sementra Plantations Sdn. Bhd. ("SP")

SP owns two oil palm plantations located in Tapah and Gopeng. Their FFB production during the year under review increased by 6.3% over last year due

to better FFB yields. This resulted in increased sales of 20.3% from RM1.53 million in 2007 to RM1.84 million this year. However the cost of production of FFB rose by 30.7% due to the high cost associated with fertiliser, diesel and harvesting. The increase in production cost coupled with a drastic drop in CPO prices in the second half of year 2008 have affected SP's bottom line. Hence, despite the increase in revenue, SP was only able to maintain its profit during the year under review. SP will continue to reduce its costs and enhance its yield to increase its revenue and ensure profitability.

Desa Tea Sdn. Bhd. ("DT")

The year under review marked a new era for DT as it rebounded from previous years results to record marginal pre-tax profits of RM0.10 million as compared to a pre-tax loss of RM0.24 million in year 2007. The pre-tax profit came on the back of a 54.4% increase in revenue. Aggressive sales and promotional campaigns carried throughout the year have resulted in capturing further market share. The quality of the tea leaf, along with its pesticide free labeling ensures a confidence in garnering further market share. Going forward, DT will continue to focus on marketing and distribution of its Sabah Tea, whilst at the same time upgrading and expanding its tea plantation to improve on production efficiency and quality.



CHAIRMAN'S STATEMENT

Sabah Tea Sdn. Bhd. ("ST")

Tourism in Sabah during the year under review dropped by 7.2% as compared to the previous year. However, this did not stop ST from achieving a sales growth of 40.4% from RM0.52 million in 2007 to RM0.73 million, resulting in a negligible pre-tax loss of RM0.04 million. Whilst tourism numbers dropped for Sabah, our Sabah Tea Garden increased its visitor numbers by 35.0%. This was achieved through aggressive marketing strategies coupled with innovative holiday packages launched during the year. Articles published by the Sabah Malaysia Borneo magazine and New Sabah Times help boost the popularity of ST. Like other businesses, ST is also facing competition from other tourism players especially resort operators. In order to be more competitive, ST will continue to upgrade its facilities and introduce more tourism spots and attractive holiday packages.



Mini Motors Sdn. Bhd. ("MM")

MM continued to earn rental income on its premises in Kedah. It maintained its profitability during the year under review.

Palker Sdn. Bhd. ("PK")

PK recorded a lower pre-tax loss of RM0.72 million as compared to RM1.31 million in the preceding year mainly due to impairment in the value of its factory building, which amounted to RM0.82 million.

Future Prospects

2009 is likely to be challenging in view of global recession concerns. Consumer confidence will be affected and there will be a tendency to become cost conscious resulting in more frugal spending habits. The Government has implemented various stimulus packages to mitigate the economic fallout. In order to stabilise CPO prices, the Government also undertook various measures such as offering incentive schemes for oil palm replanting and implementation of biofuel policies to increase demand. With these measures, the CPO price is expected to recover. As at the date of this report, the CPO price has already breached the RM2,800 per MT level. However, with the Government's subsidy scheme for palm based cooking oil still in place, any increase in CPO price will have no major impact to the Group's bottom line. The Group will continue to focus on its core business with emphasis on securing more distributorships through expanding its distribution division, cost control, productivity and ensuring efficiency to enhance its profitability.

In view of the foregoing, the Directors anticipate that barring any unforeseen and adverse circumstances, the Group expects to perform satisfactorily in year 2009.

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. In addition, I would like to thank our shareholders, financiers, suppliers, business associates, customers, consumers and other parties involved for their continued support.

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff

Chairman

May 8, 2009



CORPORATE SOCIAL RESPONSIBILITY

The Group firmly believes in striking a balance between profitability and our contributions to the community, staff and the surrounding environment. Even as we stride ahead, we are mindful that we are in the business of creating value and opportunity for all. We are also aware of the need for the sustainability of the environment and its requirement for replenishment, nourishment and preservation. It is this strong belief that underlies our every move, forms our strategies and motivates us for the future. It is when the people, the environment and the community are in harmony that we can truly embrace the world with an easy conscience and positive step forward.

During the year under review, the Group embarked on numerous charitable activities. Contributions and donations in the form of cash and in kind were provided to the underprivileged, orphanages and centres for mentally challenging children. In addition, the Yee Lee Recreation and Sports Club arranged several blood drives in association with the General Hospital and donated the blood to the National Blood Bank.

The Group nurtures the view that the continued success of the business firmly lays on the youth of today. The Group supports internship programmes, which allow students to have practical experience on their chosen field of study. The year under review witnessed two such programmes: Quality Assurance/Research & Development (Food Technology/Chemistry) and Chemical Engineering (Palm Oil Refinery/Dry Fractionation). These Internships were arranged for undergraduate students as partial fulfilment of their degree courses. Furthermore, through fund raising efforts, the Group was able to extend financial aid to Poi Lam High School (SUWA) to assist the poor students and the school expansion project.

To ensure the environment is sustained, replenished and preserved, the Group undertakes concerted efforts in waste management through our Waste Management Committee. The Committee is tasked with delivering programmes that assist in recycling and managing waste. The Committee also oversees a central waste disposal site where all refuse is deposited and recycled. Concurrently, the Group delivers numerous seminars on ways to educate staff to save energy and sustain the environment.

In promoting a healthy lifestyle and balanced wellbeing, the Group sponsors various sporting activities. The Group continued its sponsorship of the Perak State Basketball Association. The team participates in the Agong Cup National Basketball Championships each year. In addition, the Group contributed both manpower and funds to the annual road run in Ipoh. This event attracts both local and overseas participants.



February 15, 2008
Visit to Daybreak Centre



April 26 & November 22, 2008
Waste Recycling Day



June 21, 2008
Blood Donation Day



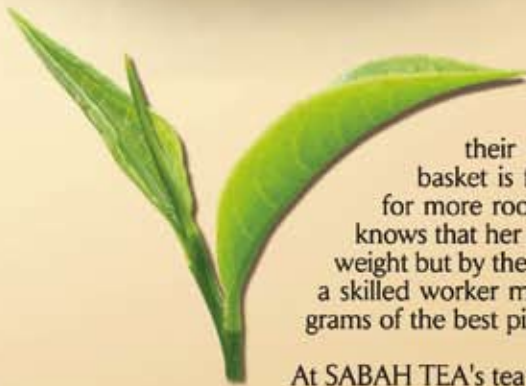
November 30, 2008
Kelab Roadrunner Ipoh Annual Road Race

SABAH TEA. From the rainforests of Borneo.



Borneo, land of rainforests and canopies, is one of Earth's last ecological wonders. It is among these rolling hills that you will find one of the world's best Black Tea plantations surrounded by a 130 million year old rainforest. Making up part of the majestic landscape of Mount Kinabalu, SABAH TEA is by definition 'mid-grown tea' for taste and aroma.

SABAH TEA's ingenious seclusion from the world has made its tea both exotic and sought after by tea lovers and enthusiasts. The rainforest has cast its mythical spell on its Black Tea, a taste special enough to be recognised as authentic rainforest tea.



The most important part in making that great cup of tea, is picking the finest quality tea leaves. The rules for the best pick of tea leaves are fast and simple. Pick the top three leaves. The first leaf should be as young as a bud. Start picking at the bottom and end at the top.

Make sure older leaves do not find their way into the basket. When the basket is full, do not put pressure on leaves for more room. An experienced tea leaf picker knows that her pick for the day is paid not only by weight but by the quality of her pick. On a good day, a skilled worker may only bag up to a precious 600 grams of the best pick.



At SABAH TEA's tea plantation, we are careful with our harvest. Nature has blessed us with her best. Located 2,272 feet above sea level, the harvest here is 100% pesticide free as insects are drawn towards the 130 million year old rainforest surrounding the plantation, leaving the harvest for SABAH TEA untouched and pure. Unlike most brands of tea, SABAH TEA's tea leaves are picked from within its own 2,480 hectare plantation. This is the best way to protect the original quality and to ensure the leaves are free from unknown substances or chemicals.

Every tea grower knows the best time to harvest is in Spring or early Winter. Summer's pick is usually lesser in quality. The advantage of its location in the cool foothills of Mount Kinabalu makes every harvest at the SABAH TEA plantation a spring-like harvest.

A tea plantation of SABAH TEA's scale not only ensures consistent quality but selective and exclusive tea cultivation. The tea is naturally rich in flavour without any added colouring. You can see the glow of golden richness on the surface of every cup of SABAH TEA. That's supreme quality you can actually see!



Watch for the golden ring around your cup. Taste the rich flavour of SABAH TEA. Grown in the rainforest of Borneo, Sabah Tea is 100% pesticide free, with no artificial colouring.



www.sabahtea.com.my

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, 2008.

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	22,821	3,830
Tax expense	(5,422)	(3)
Profit for the year	<u>17,399</u>	<u>3,827</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.

DIVIDENDS

A first and final dividend of 3 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 4 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.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

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 34 to the Financial Statements.

DIRECTORS' REPORT

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
 Mr. Sow Yeng Chong

In accordance with Article 85 of the Company's Articles of Association, Mr. Lim Ee Young and Y.B. Mohd Adhan bin Kechik, SMK retire by rotation and, being eligible, offer themselves 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' 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 1.1.2008	Bought	Sold	Balance as of 31.12.2008
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	640,300	100,000	-	740,300
Mr. Thang Lai Sung	8,333	-	-	8,333
Mr. Chok Hooa @ Chok Yin Fatt	12,333	16,000	-	28,333
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	34,600,231	218,500	-	34,818,731
Deemed interest by virtue of shares held by immediate family members of the directors				
Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	50,000	-	-	50,000
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	193,333	-	-	193,333
Mr. Lim Ee Young	3,333	-	-	3,333

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	Number of ordinary shares of RM1 each			
	Balance as of 1.1.2008	Bought	Sold	Balance as of 31.12.2008
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	110,443	27,125	-	137,568

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.

HOLDING COMPANY

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

DIRECTORS' REPORT

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 13, 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEE LEE CORPORATION BHD.

Report on the Financial Statements

We have audited the financial statements of Yee Lee Corporation Bhd., which comprise the balance sheets of the Group and of the Company as of December 31, 2008 and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 98.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility towards any other person for the contents of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's and the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2008 and of their financial performance and cash flows for the year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YEE LEE CORPORATION BHD.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that:

- (a) in our opinion, 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;
- (b) we have considered the financial statements and auditors' report of the subsidiary companies, of which we have not acted as auditors, as mentioned in Note 14 to the Financial Statements, being financial statements that have been included in the financial statements of the Group;
- (c) 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 financial statements of the Group, and we have received satisfactory information and explanations as required by us for these purposes; and
- (d) the auditors' report 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
Partner - 2421/05/09(J/PH)
Chartered Accountant

April 13, 2009

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	The Group		The Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	4	694,147	507,902	4,168	3,713
Investment revenue	6	1,068	1,153	-	-
Other gains and losses	7	5,791	4,916	-	-
Share of profit of an associated company		2,174	1,643	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		(4,575)	5,156	-	-
Raw materials and consumables used		(337,433)	(204,676)	-	-
Purchase of finished goods and trading merchandise		(219,476)	(203,012)	-	-
Employee benefits expense	7	(35,175)	(32,757)	-	-
Depreciation of property, plant and equipment	11	(7,648)	(7,428)	-	-
Amortisation of prepaid lease payments	12	(693)	(635)	-	-
Impairment of goodwill	17	-	(1,376)	-	-
Impairment loss of property, plant and equipment	11	(821)	(1,324)	-	-
Finance costs	8	(8,776)	(8,735)	(65)	(73)
Other expenses	7	(65,762)	(47,695)	(273)	(268)
Profit before tax		22,821	13,132	3,830	3,372
Tax (expense)/credit	9	(5,422)	(2,819)	(3)	8
Profit for the year		17,399	10,313	3,827	3,380
Attributable to: Equity holders of the Company		17,399	10,313	3,827	3,380
Earnings per share					
Basic (sen)	10	27.75	16.45		
Diluted (sen)	10	27.75	16.45		

BALANCE SHEETS

AS OF DECEMBER 31, 2008

	Note	The Group		The Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	131,707	126,012	-	-
Prepaid lease payments	12	43,109	42,219	-	-
Investment properties	13	5,479	3,632	-	-
Investments in subsidiary companies	14	-	-	57,982	57,982
Investment in an associated company	15	32,868	30,721	23,721	23,326
Other investments	16	267	267	-	-
Goodwill on consolidation	17	3,635	3,635	-	-
Total non-current assets		217,065	206,486	81,703	81,308
Current assets					
Inventories	18	67,668	70,429	-	-
Trade and other receivables	19&20	113,383	118,868	13,499	13,486
Current tax assets	9	2,897	1,716	175	113
Other assets	21	3,030	3,562	6	6
Fixed deposits, cash and bank balances	22	14,485	13,439	7	9
Total current assets		201,463	208,014	13,687	13,614
Total assets		418,528	414,500	95,390	94,922
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	62,704	62,704	62,704	62,704
Reserves	24	21,276	20,837	2,314	2,314
Retained earnings	24	97,577	82,523	21,872	20,390
Total equity		181,557	166,064	86,890	85,408
Non-current liabilities					
Borrowings	25	9,081	9,608	-	-
Deferred tax liabilities	27	14,162	13,784	-	-
Total non-current liabilities		23,243	23,392	-	-
Current Liabilities					
Trade and other payables	28	70,989	54,852	7,392	8,408
Borrowings	25	127,629	158,764	1,002	1,000
Current tax liabilities	9	560	145	-	-
Other liabilities	29	14,550	11,283	106	106
Total current liabilities		213,728	225,044	8,500	9,514
Total liabilities		236,971	248,436	8,500	9,514
Total equity and liabilities		418,528	414,500	95,390	94,922

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

The Group	Note	Attributable to Equity Holders of the Company						
		Share Capital RM'000	Non-distributable Reserves			Distributable		Total Equity RM'000
			Share Premium RM'000	Revaluation Reserve RM'000	Translation Reserve RM'000	Capital Reserves RM'000	Reserve Retained Earnings RM'000	
Balance as of January 1, 2007		62,704	52	20,516	(81)	-	73,561	156,752
Reversal of deferred tax on revaluation surplus arising from:	27							
Change in income tax rate		-	-	933	-	-	-	933
Exemption of Real Property Gains Tax		-	-	179	-	-	-	179
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	30	-	-	751	(401)	-	10,674	11,024
Dividends		-	-	-	-	-	(1,712)	(1,712)
Balance as of December 31, 2007		62,704	52	21,267	(482)	-	82,523	166,064
Currency translation differences		-	-	-	313	-	-	313
Share of changes in reserves of an associated company		-	-	-	-	126	-	126
Net income/(expense) recognised directly in equity		-	-	-	313	126	-	439
Profit for the year		-	-	-	-	-	17,399	17,399
Total recognised income and expense	30	-	-	-	313	126	17,399	17,838
Dividends		-	-	-	-	-	(2,345)	(2,345)
Balance as of December 31, 2008		62,704	52	21,267	(169)	126	97,577	181,557

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2008

The Company	Note	Non-distributable Reserves			Distributable Reserve	Total Equity
		Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	
Balance as of January 1, 2007		62,704	52	2,262	18,722	83,740
Total recognised income and expense:						
Profit for the year		-	-	-	3,380	3,380
Dividends	30	-	-	-	(1,712)	(1,712)
Balance as of December 31, 2007		62,704	52	2,262	20,390	85,408
Total recognised income and expense:						
Profit for the year		-	-	-	3,827	3,827
Dividends	30	-	-	-	(2,345)	(2,345)
Balance as of December 31, 2008		62,704	52	2,262	21,872	86,890

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	The Group	
	2008	2007
Note	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit for the year	17,399	10,313
Adjustments for:		
Finance costs	8,776	8,735
Depreciation and amortisation of non-current assets	8,341	8,063
Tax expense recognised in profit or loss	5,422	2,819
Allowance for doubtful debts	2,121	1,030
Bad debts written off	1,435	567
Property, plant and equipment written off	1,252	153
Allowance for slow moving inventories	1,205	143
Impairment loss of property, plant and equipment	821	1,324
Unrealised loss/(gain) on foreign exchange	194	(28)
Inventories written off	5	-
Share of profit of an associated company	(2,174)	(1,643)
Investment revenue recognised in profit or loss	(1,068)	(1,153)
Allowance for doubtful debts no longer required	(413)	(158)
Gain on disposal of property, plant and equipment - net	(87)	(42)
Impairment of goodwill	-	1,376
Gain on disposal of non-current assets held for sale	-	(107)
	43,229	31,392
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	1,604	(8,705)
Trade and other receivables	2,259	(14,513)
Other assets	209	(547)
Increase/(Decrease) in:		
Trade and other payables	16,039	1,667
Other liabilities	3,214	1,702
Cash Generated From Operations	66,554	10,996
Tax refunded	46	688
Tax paid	(5,856)	(3,276)
Net Cash Generated From Operating Activities	60,744	8,408

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

		The Group	
	Note	2008 RM'000	2007 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Interest received		957	1,020
Dividends received from an associated company		548	403
Proceeds from disposal of property, plant and equipment		263	360
Rental from investment properties received		110	132
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	32(a)	(11,331)	(6,431)
Additions to prepaid lease payments		(1,150)	(2,530)
Purchase of investment property		(465)	-
Acquisition of additional shares in associated company		(395)	(190)
Proceeds from disposal of non-current assets held for sale		-	800
Net Cash Used In Investing Activities		(11,462)	(6,435)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from revolving credits		10,000	1,000
Proceeds from bankers' acceptances		7,988	29,334
Repayment of bankers' acceptances		(45,331)	(1,811)
Finance costs paid		(8,390)	(8,959)
Repayment of hire-purchase payables		(4,307)	(3,822)
Repayment of term loans		(3,117)	(2,634)
Dividends paid		(2,345)	(1,712)
Proceeds from term loans		-	2,100
Repayment of revolving credits		-	(10,000)
Net Cash (Used In)/Generated From Financing Activities		(45,502)	3,496
NET INCREASE IN CASH AND CASH EQUIVALENTS			
		3,780	5,469
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
Effect of changes in exchange rate on foreign currency translation		(281)	(5,620)
		162	(130)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	32(b)	3,661	(281)

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008

	Note	The Company 2008 RM'000	2007 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for year		3,827	3,380
Adjustments for:			
Finance costs		65	73
Tax expense/(credit) recognised in profit or loss		3	(8)
Dividend income		(4,168)	(3,713)
Movements in working capital:		(273)	(268)
Increase in other assets		-	(3)
Increase/(Decrease) in:			
Trade and other payables		3	1
Other liabilities		(1)	12
Cash Used In Operations		(271)	(258)
Tax refunded		-	19
Dividends received		4,103	3,656
Net Cash Generated From Operating Activities		3,832	3,417
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of additional shares in associated company		(395)	(190)
Advances granted to subsidiary company - net		(13)	(3)
Net Cash Used In Investing Activities		(408)	(193)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividends paid		(2,345)	(1,712)
Repayment of advances to subsidiary company - net		(1,018)	(942)
Finance costs paid		(65)	(73)
Net Cash Used In Financing Activities		(3,428)	(2,727)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(4)	497
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		9	(488)
CASH AND CASH EQUIVALENTS AT END OF YEAR	32(b)	5	9

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 13, 2009.

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 their operations and effective for accounting periods beginning on or after July 1, 2007. The adoption of these new and revised Standards and Interpretations have not resulted in changes to the Group's and the Company's accounting policies.

(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 and the Company:

FRS and Interpretations ("Int.")	Effective for annual periods beginning on or after
FRS 4: Insurance Contracts	January 1, 2010
FRS 7: Financial Instruments: Disclosures	January 1, 2010
FRS 8: Operating Segment	July 1, 2009
FRS 139: Financial Instruments: Recognition and Measurement	January 1, 2010
Int. 9: Reassessment of Embedded Derivatives	January 1, 2010
Int. 10: Interim Financial Reporting and Impairment	January 1, 2010

Consequential amendments were also made to various FRSs as a result of these new FRSs.

The Group and the Company are exempted in the respective FRSs from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

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)

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

The other new FRSs and interpretations are either not relevant to the Group's and the Company's operations or the application is not expected to have any material impact on the Group's and the Company's financial statements.

The adoption of FRS 7 and the consequential amendment to FRS 101: Presentation of Financial Statements introduce new disclosure requirements in relation to the Group's and the Company's financial instruments and the objectives, policies and processes for managing capital.

FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of segments based on internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents primarily segment information in respect of its business segments (see Note 5). The adoption of FRS 8 is not expected to have significant impact on the financial statements of the Group other than expanded disclosure requirements.

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, 2008.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

(ii) Associated Companies

An associated company is a non-subsidiary 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 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, 2008. 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.

Sale of goods

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

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group 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 Group; 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

Short-term employee benefits

Wages, salaries, paid annual leave, 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 plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

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.

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 cost 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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

Land and buildings are stated in the balance sheet at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on the revaluation of such land and buildings are credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged to profit or loss. A decrease in carrying amount arising on the revaluation of such land and buildings are charged to profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

Depreciation on revalued buildings are charged to profit or loss. On subsequent sale or retirement of a revalued properties, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when the asset is derecognised.

Electricity and water supply system, plant and machinery, motor vehicles, furniture, fixtures and equipment and renovations are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land, plantation development expenditure and capital work-in-progress are 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 of property, plant and equipment is computed on the reducing balance method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

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%

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

Assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum hire-purchase payments of the assets at the inception of the respective arrangements.

Finance costs, which represent the differences between the total hire-purchase commitments and the fair values of the assets acquired, are charged to profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Prepaid Lease Payments

Leases of land where title is not expected to pass to the lessee at the end of the lease term is classified as operating leases as land normally has an indefinite useful life. The upfront payments made on entering into or acquiring a leasehold land that is an operating lease represents prepaid lease payments which are amortised on a straight-line basis over the lease term.

Leasehold land is amortised over the lease period ranging from 24 to 98 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (Cont'd)

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 immediate to profit or loss.

Impairment of Assets excluding Goodwill

At each balance sheet date, the Group and the Company review the carrying amounts of their assets (other than inventories, financial assets, investment properties and goodwill 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 and the Company estimate 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 profit or loss, 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 profit or loss, 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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

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.

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.

Key sources of estimation uncertainty

The 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 and liabilities within the next financial year, are discussed below:

(a) Impairment of Goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

For the purpose of assessing impairment, goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Key sources of estimation uncertainty (Cont'd)

(a) Impairment of Goodwill (Cont'd)

Significant judgement is required in the estimation of the present value of future cash flows generated by the cash-generating units, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Group's tests for impairment of goodwill.

(b) Estimated Useful Lives of Property, Plant and Equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment.

(c) Allowance for Receivables

The Group makes allowance for doubtful receivables based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful receivables expenses in the period in which such estimate has been changed.

(d) Allowance for Slow Moving Inventories

The Group makes allowance for obsolete inventories based on an assessment of the recoverability of the inventories through sales and recycling for alternatives uses. Allowance is applied to inventories where events or changes in circumstances indicate that the costs may not be recoverable.

The identification of obsolete inventories requires use of judgement and estimates.

Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and obsolete inventories expenses in the period in which such estimate has been changed.

4. REVENUE

	Note	The Group		The Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods		693,419	507,381	-	-
Tourism related services		728	521	-	-
Dividend income:					
Subsidiary companies		-	-	3,620	3,310
Associated company		-	-	548	403
		-	-	4,168	3,713
		694,147	507,902	4,168	3,713

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING

Business segments

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

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

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

The Group 2008	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	323,037	370,106	276	728	-	694,147
Inter-segment sales	273,109	61,169	5,411	4,186	(343,875)	-
Total revenue	596,146	431,275	5,687	4,914	(343,875)	694,147
Results						
Segment results	23,097	3,063	872	5,491	(4,168)	28,355
Finance costs						(8,776)
Share of profit of an associated company						2,174
Investment revenue						1,068
Profit before tax						22,821
Tax expense						(5,422)
Profit for the year						17,399
Other information						
Capital additions	7,351	8,940	1,013	131	-	17,435
Depreciation and amortisation charges	5,798	1,979	400	164	-	8,341
Impairment loss of property, plant and equipment	-	821	-	-	-	821
Allowance for doubtful debts	2,053	68	-	-	-	2,121
Consolidated Balance Sheet						
Assets						
Segment assets	265,426	156,870	37,747	98,757	(181,075)	377,725
Investment in an associated company						32,868
Unallocated corporate assets						7,935
Consolidated total assets						418,528
Liabilities						
Segment liabilities	53,266	98,580	16,904	22,608	(105,819)	85,539
Unallocated corporate liabilities						151,432
Consolidated total liabilities						236,971

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)

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 operations outside Malaysia is less than 10% of the Group's total segment assets and capital additions.

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	
	2008	2007
	RM'000	RM'000
Interest received on:		
Advances granted to ultimate holding company	393	451
Advances granted to other related companies	371	429
Rental income from investment properties	110	132
Interest income from fixed and short-term deposits	193	140
Dividend income from quoted shares	1	1
	1,068	1,153

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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Allowance for doubtful debts no longer required	413	158	-	-
Gain on disposal of property, plant and equipment - net	87	42	-	-
Bad debts recovered	24	36	-	-
Rental income:				
Premises	79	61	-	-
Machinery and equipment	2	1	-	-
Hot and cold water dispensers	2	2	-	-
Gain on disposal of non-current assets held for sale	-	107	-	-
Allowance for doubtful debts	(2,121)	(1,030)	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(115)	(95)	(82)	(72)
Other emoluments	(986)	(839)	(35)	(38)
Directors of the subsidiary companies:				
Fees	(39)	(30)	-	-
Other emoluments	(1,230)	(919)	-	-
Bad debts written off	(1,435)	(567)	-	-
Rental expense:				
Premises	(1,413)	(1,644)	-	-
Motor vehicles	(17)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER GAINS AND LOSSES, OTHER EXPENSES AND EMPLOYEE BENEFITS EXPENSE (CONT'D)

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment written off	(1,252)	(153)	-	-
Allowance for slow moving inventories	(1,205)	(143)	-	-
Realised (loss)/gain on foreign exchange	(1,036)	267	-	-
Unrealised (loss)/gain on foreign exchange	(194)	28	-	-
Hire of machinery	(181)	(112)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(244)	(227)	(31)	(31)
Prior year	1	(3)	-	-
Non-audit services	-	(2)	-	-
Lease rental	(3)	(1)	-	-
Inventories written off	(5)	-	-	-
Research and development expenses	(2)	(2)	-	-

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Contributions to EPF:				
Staff costs	2,843	2,806	-	-
Directors' remuneration	185	148	-	-

8. FINANCE COSTS

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	4,882	4,515	-	-
Bank overdrafts	891	888	7	17
Revolving credits	941	915	48	47
Term loans	801	537	-	-
Hire-purchase	521	638	-	-
Others	-	561	-	-
Bank charges and commitment fees	740	681	10	9
	8,776	8,735	65	73

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Malaysian tax expense:				
Current year	5,223	3,153	8	5
Prior year	(179)	(69)	(5)	(13)
	5,044	3,084	3	(8)
Deferred tax (Note 27):				
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(174)	(318)	-	-
Relating to origination and reversal of temporary differences	558	(132)	-	-
Prior year	(6)	144	-	-
	378	(306)	-	-
Real Property Gains Tax	-	41	-	-
	5,422	2,819	3	(8)

With effect from the beginning of the basis period for the year of assessment 2008, the statutory income tax rate for companies with a paid-up capital of above RM2,500,000 is reduced from 27% to 26%. 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 26% is applicable. As a result, the Group's and the Company's income tax rates have also been revised accordingly.

The total charge for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Profit before tax	22,821	13,132	3,830	3,372
Tax at the applicable statutory income tax rate of 26% (2007: 27%)	5,933	3,546	996	910
Tax effects of:				
Expenses that are not deductible in determining taxable profit	700	1,118	31	40
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	521	-	-	-
Unutilised tax losses and unabsorbed agricultural and tax capital allowances carried forward	138	445	-	-
Utilisation of reinvestment allowances	(507)	(708)	-	-
Share of profit of an associated company	(443)	(444)	-	-
Utilisation of unabsorbed tax capital allowances and unutilised tax losses	(52)	-	-	-
Income that are not taxable in determining taxable profit	-	-	(1,019)	(945)
Effect of difference in tax rate of a subsidiary operating in other jurisdictions	(401)	(282)	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE/(CREDIT) (CONT'D)

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Tax waived in foreign country	(273)	(353)	-	-
Effect of difference in tax rate applicable to small and medium scale companies	(9)	-	-	-
Effect on deferred tax balances due to change in income tax rate	-	(619)	-	-
Real Property Gains Tax	-	41	-	-
Prior year:				
Income tax	(179)	(69)	(5)	(13)
Deferred tax	(6)	144	-	-
Tax expense/(credit) recognised in profit or loss	5,422	2,819	3	(8)

As of December 31, 2008, the Company has tax credit and tax-exempt accounts balances of approximately RM7,158,080 and RM15,849,022 (2007: RM7,151,811 and RM19,365,286) 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.

As of December 31, 2008, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM24,303,907 and RM21,909,424 (2007: RM21,815,624 and RM19,833,148) 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	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
<u>Current tax assets</u>				
Tax refund receivable	2,897	1,716	175	113
<u>Current tax liabilities</u>				
Income tax payable	560	145	-	-

NOTES TO THE FINANCIAL STATEMENTS

10. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2008	2007
	RM'000	RM'000
Basic/Fully Diluted		
Profit for the year attributable to equity holders of the Company	17,399	10,313
	2008	2007
	Units	Units
Weighted average number of ordinary shares in issue	62,704	62,704
	2008	2007
Basic/Fully diluted earnings per ordinary share (sen)	27.75	16.45

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

The Group 2008	At beginning of year RM'000	Cost except as otherwise stated						At end of year RM'000
		Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Transfer to investment properties RM'000	Reclassifi- cation RM'000	
Freehold land: At valuation	22,270	-	-	-	-	(260)	-	22,010
Buildings: At valuation	43,182	-	-	-	-	(440)	-	42,742
At cost	3,255	2,254	-	-	-	-	6,073	11,582
Electricity and water supply system	275	9	-	(26)	-	-	-	258
Plant and machinery	87,404	5,019	(2)	(5,303)	88	-	285	87,491
Plant and machinery under hire-purchase	15,550	-	-	-	-	-	(262)	15,288
Motor vehicles	10,992	336	(1,363)	(161)	11	-	1,379	11,194
Motor vehicles under hire-purchase	4,855	2,118	(60)	-	-	-	(1,379)	5,534
Furniture, fixtures and equipment	11,294	1,801	(59)	(988)	1	-	496	12,545
Plantation development expenditure	4,625	730	-	(9)	-	-	-	5,346
Renovations	573	271	-	(78)	-	-	-	766
Capital work-in-progress	3,311	3,747	-	-	-	-	(6,592)	466
Total	207,586	16,285	(1,484)	(6,565)	100	(700)	-	215,222

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2008	Accumulated depreciation and impairment loss								
	At beginning of year RM'000	Charge for the year RM'000	Impairment loss for the year RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Transfer to investment properties RM'000	Reclassifi- cation RM'000	At end of year RM'000
Freehold land:									
At valuation	-	-	-	-	-	-	-	-	-
Buildings:									
At valuation	3,085	960	821	-	-	-	(26)	-	4,840
At cost	114	157	-	-	-	-	-	-	271
Electricity and water supply system	132	20	-	-	(18)	-	-	-	134
Plant and machinery	58,567	3,149	-	-	(4,344)	22	-	137	57,531
Plant and machinery under hire-purchase	3,894	1,153	-	-	-	-	-	(137)	4,910
Motor vehicles	8,515	659	-	(1,232)	(157)	2	-	560	8,347
Motor vehicles under hire-purchase	1,194	877	-	(21)	-	-	-	(560)	1,490
Furniture, fixtures and equipment	5,871	716	-	(55)	(765)	1	-	-	5,768
Plantation development expenditure	-	-	-	-	-	-	-	-	-
Renovations	202	51	-	-	(29)	-	-	-	224
Capital work-in-progress	-	-	-	-	-	-	-	-	-
Total	81,574	7,742	821	(1,308)	(5,313)	25	(26)	-	83,515

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2007	Cost except as otherwise stated					At beginning of year RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassifi- cation RM'000	At end of year RM'000
Freehold land:						22,270	-	-	-	-	-	22,270
At valuation												
Buildings:						43,182	-	-	-	-	-	43,182
At valuation						2,606	159	-	-	-	490	3,255
At cost						263	12	-	-	-	-	275
Electricity and water supply system						85,495	2,488	(82)	(377)	(127)	7	87,404
Plant and machinery						14,115	1,435	-	-	-	-	15,550
Plant and machinery under hire-purchase						10,790	568	(1,681)	(38)	(10)	1,363	10,992
Motor vehicles						3,270	2,923	-	-	-	(1,338)	4,855
Motor vehicles under hire-purchase						10,700	758	(27)	(198)	(2)	63	11,294
Furniture, fixtures and equipment												
Furniture, fixtures and equipment under hire-purchase						89	-	-	-	-	(89)	-
Plantation development expenditure						4,175	451	-	(1)	-	-	4,625
Renovations						527	46	-	-	-	-	573
Capital work-in-progress						1,213	2,612	(18)	-	-	(496)	3,311
Total						198,695	11,452	(1,808)	(614)	(139)	-	207,586

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2007	At beginning of year RM'000	Charge for the year RM'000	Accumulated depreciation and impairment loss				Reclassifi- cation RM'000	At end of year RM'000
			Impairment loss for the year RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000		
Freehold land:	-	-	-	-	-	-	-	-
At valuation	-	-	-	-	-	-	-	-
Buildings:								
At valuation	2,087	998	-	-	-	-	-	3,085
At cost	42	72	-	-	-	-	-	114
Electricity and water supply system	117	15	-	-	-	-	-	132
Plant and machinery	54,403	3,256	1,316	(73)	(316)	(19)	-	58,567
Plant and machinery under hire-purchase	2,644	1,250	-	-	-	-	-	3,894
Motor vehicles	8,676	450	-	(1,360)	(29)	(2)	780	8,515
Motor vehicles under hire-purchase	1,189	785	-	-	-	-	(780)	1,194
Furniture, fixtures and equipment	5,377	638	8	(14)	(139)	-	1	5,871
Furniture, fixtures and equipment under hire-purchase	1	-	-	-	-	-	(1)	-
Plantation development expenditure	-	-	-	-	-	-	-	-
Renovations	162	42	-	-	(2)	-	-	202
Capital work-in-progress	-	-	-	-	-	-	-	-
Total	74,698	7,506	1,324	(1,447)	(486)	(21)	-	81,574

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Net book value	
	2008 RM'000	2007 RM'000
Freehold land:		
At valuation	22,010	22,270
Buildings:		
At valuation	37,902	40,097
At cost	11,311	3,141
Electricity and water supply system	124	143
Plant and machinery	29,960	28,837
Plant and machinery under hire-purchase	10,378	11,656
Motor vehicles	2,847	2,477
Motor vehicles under hire-purchase	4,044	3,661
Furniture, fixtures and equipment	6,777	5,423
Plantation development expenditure	5,346	4,625
Renovations	542	371
Capital work-in-progress	466	3,311
Total	131,707	126,012

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

	The Group	
	2008 RM'000	2007 RM'000
Depreciation of property, plant and equipment	94	78
Amortisation of prepaid lease rentals (Note 12)	59	55
Auditors' remuneration:		
Current year	4	4
Prior year	-	1
Interest on hire-purchase	3	-

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

	The Group	
	2008 RM'000	2007 RM'000
Profit or loss	7,648	7,428
Plantation development expenditure	94	78
	7,742	7,506

During the financial year, the carrying amount of a subsidiary's factory building as of December 31, 2008 of RM821,065 has been fully impaired as the said building is no longer in use and management of the subsidiary has no intention to dispose of the building.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In 2007, an impairment review has been carried out by a subsidiary on its plant and machinery and lab equipment which have 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 when compare the carrying amount of the assets against their recoverable amount. 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 RMNil (2007: RM837,821) are charged to a licensed bank for banking facilities granted to the subsidiary as mentioned in Note 25.

12. PREPAID LEASE PAYMENTS

The Group 2008	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	31,434	12,855	44,289
Additions	-	1,150	1,150
Transfer from investment properties	492	-	492
Reclassification	208	(208)	-
Disposals	-	-	-
At end of year	32,134	13,797	45,931
Accumulated amortisation			
At beginning of year	1,107	963	2,070
Amortisation for the year	423	329	752
Reclassification	11	(11)	-
Disposals	-	-	-
At end of year	1,541	1,281	2,822
Carrying amount	30,593	12,516	43,109

NOTES TO THE FINANCIAL STATEMENTS

12. PREPAID LEASE PAYMENTS (CONT'D)

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	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	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

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

	The Group	
	2008 RM'000	2007 RM'000
Profit or loss	693	635
Plantation development expenditure (Note 11)	59	55
	752	690

The leasehold land of a subsidiary company with carrying amount of RM1,765,424 (2007: RM1,819,082) is charged to a licensed bank for banking facilities granted to the subsidiary as mentioned in Note 25.

Current charges to prepaid lease payments of the Group include interest expense of RMNil (2007: RM12,359).

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

The Group 2008

At fair value:

Freehold land
Long-term leasehold land
Short-term leasehold land
Buildings

As of December 31, 2008

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	Transfer to prepaid lease payments RM'000	At end of year RM'000
690	-	-	260	-	-	950
1,273	1,066	-	-	-	(492)	1,847
824	-	-	-	-	-	824
845	599	-	414	-	-	1,858
3,632	1,665	-	674	-	(492)	5,479

The Group 2007

At fair value:

Freehold land
Long-term leasehold land
Short-term leasehold land
Buildings

As of December 31, 2007

690	-	-	-	-	-	690
1,273	-	-	-	-	-	1,273
824	-	-	-	-	-	824
845	-	-	-	-	-	845
3,632	-	-	-	-	-	3,632

As of December 31, 2008, there were no contractual obligations for future repairs and maintenance (2007: RMNil).

NOTES TO THE FINANCIAL STATEMENTS

14. INVESTMENTS IN SUBSIDIARY COMPANIES

Unquoted shares:

At directors' valuation

At cost

The Company
2008 **2007**
RM'000 **RM'000**

19,850	19,850
38,132	38,132
57,982	57,982

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2008 %	2007 %	
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
		2008 %	2007 %	
Held through Canpac Sdn. Bhd.				
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.
Held through Intanwasa Sdn. Bhd.				
Desa Tea Sdn. Bhd.	Malaysia	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.

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

15. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Quoted shares, at cost	23,721	23,326	23,721	23,326
Share of post-acquisition results, net of dividends received	7,144	5,518	-	-
Share of post-acquisition reserves	2,003	1,877	-	-
	9,147	7,395	-	-
	32,868	30,721	23,721	23,326
Market value of quoted shares	18,501	15,567	18,501	15,567

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

	The Group	
	2008 RM'000	2007 RM'000
Share of net assets	34,571	32,104
Reserve on acquisition	(1,703)	(1,383)
	32,868	30,721

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities	Financial Year End
		2008 %	2007 %		
Spritzer Bhd.	Malaysia	27.97	27.39	Investment holding.	May 31

Summarised financial information in respect of the Group's associated company is set out below:

	The Group	
	2008 RM'000	2007 RM'000
Total assets	174,513	173,295
Total liabilities	(50,907)	(56,083)
Net assets	123,606	117,212
Group's share of associate's net assets	34,571	32,104
Total revenue	104,383	90,242
Total profit for the year	7,871	6,001
Group's share of associate's profit for the year	2,174	1,643

16. OTHER INVESTMENTS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
At cost:				
Quoted shares in Malaysia	20	20	-	-
Unquoted shares in Malaysia	247	247	-	-
Unquoted shares outside Malaysia	-	3,454	-	3,454
Less: Allowance for diminution in value	-	(3,454)	-	(3,454)
	-	-	-	-
	267	267	-	-
Market value of quoted shares	18	18	-	-

NOTES TO THE FINANCIAL STATEMENTS

17. GOODWILL ON CONSOLIDATION

	The Group	
	2008	2007
	RM'000	RM'000
At beginning of year	3,635	5,011
Impairment loss recognised in profit or loss	-	(1,376)
At end of year	3,635	3,635

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

Carrying amount of goodwill is allocated to the following CGU:

	RM'000
(i) Sabah Tea Sdn. Bhd. (tourism related services operations)	1,993
(ii) Canpac Sdn. Bhd. (manufacturing operations)	1,612
(iii) Yee Lee Marketing Sdn. Bhd. (marketing and distribution of consumer products operations)	15
(iv) Mini Motors Sdn. Bhd. (investment holding)	13
(v) Sementra Plantations Sdn. Bhd. (planting of oil palm operations)	2
	3,635

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 2009 to 2013. The following key assumptions are used to generate the financial forecast:

Sales volume growth rate	3.50% per annum
Discount rate	3.02%

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.

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

	The Group	
	2008	2007
	RM'000	RM'000
Finished goods and trading merchandise	36,854	41,344
Raw materials	19,662	17,642
Work-in-progress	5,019	5,813
Factory supplies	2,685	2,086
Goods-in-transit	3,117	1,780
Consumables	1,356	1,234
Promotional stocks	323	673
	69,016	70,572
Less: Allowance for slow moving inventories	(1,348)	(143)
	67,668	70,429

The cost of inventories recognised as an expense during the year for the Group was RM598,505,661 (2007: RM429,761,216).

The carrying values of finished goods of RM375,080 (2007: RM1,411,836) are stated at net realisable values.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade receivables	90,208	84,938	-	-
Less: Allowance for doubtful debts	(5,091)	(3,393)	-	-
	85,117	81,545	-	-
Amount owing by holding company (Note 20)	5,087	5,538	-	-
Amount owing by subsidiary companies (Note 20)	-	-	13,499	13,486
Amount owing by other related companies (Note 20)	5,705	6,122	-	-
Amount owing by other related parties (Note 20)	10,662	11,731	-	-
Other receivables	6,812	13,932	-	-
Net	113,383	118,868	13,499	13,486

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	107,405	113,507	13,499	13,486
United States Dollar	6,553	4,713	-	-
Vietnamese Dong	3,694	2,413	-	-
Singapore Dollar	477	513	-	-
Australian Dollar	345	1,115	-	-
	118,474	122,261	13,499	13,486

NOTES TO THE FINANCIAL STATEMENTS

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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 (2007: 14 to 120 days) whilst tourism related services rendered ranged from 30 to 60 days (2007: 30 to 60 days).

An allowance has been made for estimated irrecoverable amounts from the sale of goods of the Group amounting to RM5,091,564 (2007: RM3,393,437) and has been determined by reference to past default experience.

Transactions with related parties are disclosed in Note 20.

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.) Subsidiaries of Yee Lee Organization Bhd.
Kolej Teknologi Praktikal Sdn. Bhd.	
Practical Advanced Technology Sdn. Bhd.	
Cranberry (M) Sdn. Bhd.	
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	
Unikamper 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.

NOTES TO THE FINANCIAL STATEMENTS

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties	Relationships
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.
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.

NOTES TO THE FINANCIAL STATEMENTS

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Names of related parties

Relationships

Multisafe Sdn. Bhd.

- 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.

Transport Master Sdn. Bhd.
Intan Serantau Sdn. Bhd.

- 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.

- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interests.
- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.
- 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.

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ultimate holding company				
Interest on advances received	393	451	-	-
Subsidiary companies				
Dividends received (gross)	-	-	3,620	3,310
Associated company				
Dividends received (gross)	-	-	548	403

NOTES TO THE FINANCIAL STATEMENTS

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, significant related party transactions are as follows: (Cont'd)

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	796	744	-	-
Transportation fees received	113	185	-	-
Interest on advances received	29	27	-	-
Professional fees received	7	8	-	-
Sale of goods	6	21	-	-
Kolej Teknologi Praktikal Sdn. Bhd.				
Purchase of property, plant and equipment	-	1	-	-
Practical Advanced Technology Sdn. Bhd.				
Maintenance of networking, system, training and management services rendered	1,096	1,083	-	-
Rental on premises received	12	12	-	-
Cranberry (M) Sdn. Bhd.				
Interest on advances received	342	402	-	-
Rental on premises received	12	12	-	-
Transportation fees received	1	-	-	-
Sale of goods	-	129	-	-
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	89	82	-	-
Purchase of goods	-	76	-	-
Other related parties				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	1,565	3,450	-	-
Interest on hire-purchase loans paid	516	633	-	-
Professional fee received	2	-	-	-
Multibase Systems Sdn. Bhd.				
Secretarial fees paid/payable	28	28	4	4
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,470	1,317	4	4
Professional fee received	1	-	-	-
Unipon Enterprise Sdn. Bhd.				
Transportation fees received/receivable	5	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

During the financial year, significant related party transactions are as follows: (Cont'd)

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Manimore Resources Sdn. Bhd.				
Sale of goods	12	7	-	-
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	4,205	9,299	-	-
Chuan Sin Sdn. Bhd.				
Purchase of goods	49,470	37,149	-	-
Sale of goods	6,158	4,336	-	-
Rental of premises received/receivable	17	5	-	-
Transportation fees received/receivable	12	46	-	-
Professional fees received/receivable	7	8	-	-
Transportation fees paid/payable	-	7	-	-
Golden PET Industries Sdn. Bhd.				
Purchase of goods	10,265	7,959	-	-
Sale of goods	118	173	-	-
Transportation fees received	115	184	-	-
Rental on premises paid/payable	66	64	-	-
Professional fees received/receivable	5	9	-	-
Angenet Sdn. Bhd.				
Purchase of goods	3,979	1,389	-	-
Sale of goods	691	652	-	-
Transportation fees paid/payable	-	-	-	-
PET Master Sdn. Bhd.				
Sale of goods	-	3	-	-
Multisafe Sdn. Bhd.				
Sale of steam	1,776	1,414	-	-
Discount allowed for sale of steam in prior years	1,624	-	-	-
Sale of goods	305	217	-	-
Transportation fees received/receivable	-	1	-	-
Transport Master Sdn. Bhd.				
Contract wages paid/payable	820	821	-	-
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	403	291	-	-
Uniyeelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	347	315	-	-
Professional fee received	1	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

20. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

The outstanding balances arising from related party transactions are disclosed in Notes 19, 26 and 28.

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% (2007: 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	
	2008 RM'000	2007 RM'000
Short-term employee benefits	1,176	1,232
Post-employment benefits - Defined contribution plan	148	148
	1,324	1,380

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 RM61,373 (2007: RM85,100).

21. OTHER ASSETS

Other assets consist of:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Refundable deposits	1,845	2,170	5	5
Prepaid expenses	1,185	1,392	1	1
	3,030	3,562	6	6

22. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Fixed deposits with licensed banks	12	1,243	-	-
Cash on hand and at banks	14,473	12,196	7	9
	14,485	13,439	7	9

NOTES TO THE FINANCIAL STATEMENTS

22. FIXED DEPOSITS, CASH AND BANK BALANCES (CONT'D)

Fixed deposits amounting to RM10,000 (2007: 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 2.50% to 7.90% (2007: 2.60% to 7.90%) per annum. The fixed and short-term deposits have maturity period ranging from 8 days to 365 days (2007: 11 days to 365 days).

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	11,214	9,876	7	9
Vietnamese Dong	3,224	3,379	-	-
United States Dollar	47	184	-	-
	14,485	13,439	7	9

23. SHARE CAPITAL

	The Group and The Company	
	2008	2007
	RM'000	RM'000
Authorised:		
100,000,000 ordinary shares of RM1 each	100,000	100,000
Issued and fully paid:		
62,704,000 ordinary shares of RM1 each	62,704	62,704

24. RESERVES

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Share premium	52	52	52	52
Revaluation reserve	21,267	21,267	2,262	2,262
Translation reserve	(169)	(482)	-	-
Capital reserves	126	-	-	-
	21,276	20,837	2,314	2,314
Distributable reserve:				
Retained earnings	97,577	82,523	21,872	20,390

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES (CONT'D)

Share premium

Share premium arose from the following:

	The Group and The Company	
	2008	2007
	RM'000	RM'000
Exercise of share options of 154,000 ordinary shares issued at a premium of RM5.95 per ordinary share in 1997	916	916
Private placement of 3,415,000 ordinary shares issued at a premium of RM1.26 per ordinary share in 1998, net of share issue expense of RM240,043	4,063	4,063
Exercise of share options of 89,000 ordinary shares issued at a premium of RM0.58 per ordinary share in 2002	52	52
	5,031	5,031
Less: Capitalisation by way of bonus issue in 2002	(4,979)	(4,979)
	52	52

Revaluation reserve

The revaluation reserve arises on the revaluation of leasehold land and buildings. Where revalued land and buildings are sold, the portion of the revaluation reserve that relates to the asset, and is effectively realised, is transferred directly to retained earnings.

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.

Capital reserves

Capital reserves relating to share of associated company's reserves.

Retained earnings

In accordance with the Finance Act, 2007, the single tier income tax system became effective from the year of assessment 2008. Under this system, tax on a company's profit is a final tax, and dividends paid are exempted from tax in the hands of the shareholders. Unlike the previous imputation system, the recipient of the dividend would no longer be able to claim any tax credit.

Companies without Section 108 tax credit balance will automatically move to the single tier tax system on January 1, 2008. However, companies with such tax credits are given an irrevocable option to elect for the single tier tax system and disregard the tax credit or continue to use the tax credits under Section 108 account to frank the payment of cash dividends on ordinary shares for a period of 6 years ending December 31, 2013 or until the tax credits are fully utilised, whichever comes first. During the transitional period, any tax paid will not be added to the Section 108 account and any tax credits utilised will reduce the tax credit balance. All companies will be in the new system on January 1, 2014.

NOTES TO THE FINANCIAL STATEMENTS

24. RESERVES (CONT'D)

Retained earnings (Cont'd)

As of the balance sheet date, the Company has not elected for the irrevocable option to disregard the Section 108 tax credits. Accordingly, subject to the agreement of the Inland Revenue Board and based on the prevailing tax rate applicable to dividend, the Company has sufficient Section 108 tax credit and tax exempt income to frank dividends out of its entire retained earnings as of December 31, 2008.

25. BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers' acceptances	83,790	121,133	-	-
Revolving credits	28,000	18,000	1,000	1,000
Bank overdrafts	10,814	13,482	2	-
Term loans	8,118	6,799	-	-
Secured:				
Hire-purchase payables (Note 26)	5,988	8,730	-	-
Bank overdrafts	-	228	-	-
	136,710	168,372	1,002	1,000
Less: Amount due within 12 months (shown under current liabilities)	(127,629)	(158,764)	(1,002)	(1,000)
Non-current portion	9,081	9,608	-	-

The non-current portion is repayable as follows:

	The Group	
	2008	2007
	RM'000	RM'000
Financial years ending December 31:		
2009	-	5,057
2010	2,979	2,714
2011	1,630	800
2012	1,330	349
2013	1,268	688
2014 and above	1,874	-
	9,081	9,608

NOTES TO THE FINANCIAL STATEMENTS

25. BORROWINGS (CONT'D)

The Group has six (6) term loans:

- (a) A seven (7) year term loan of RM7,000,000 (2007: RM7,000,000) which is repayable by 84 equal monthly instalments commencing February, 2002;
- (b) A ten (10) year term loan of RM4,674,179 (2007: RM1,438,201) which is repayable by 120 equal monthly instalments commencing March, 2009;
- (c) A ten (10) year term loan of RM2,100,000 (2007: RM2,100,000) which is repayable by 120 equal monthly instalments commencing December, 2007;
- (d) A five (5) year term loan of RM1,200,000 (2007: RMNil) which is repayable by 60 equal monthly instalments commencing September, 2008;
- (e) A seven (7) year term loan of RM5,000,000 (2007: RM5,000,000) which is repayable by 84 equal monthly instalments commencing December, 2001. This term loan has been fully settled during the financial year; and
- (f) A five (5) year term loan of RM900,000 (2007: RM900,000) which is repayable by 60 equal monthly instalments commencing January, 2006.

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2008 %	2007 %	2008 %	2007 %
Bank overdrafts	7.66	7.73	7.73	7.75
Bankers' acceptances	3.82	3.92	-	-
Revolving credits	4.87	4.89	4.80	4.80
Term loans	6.75	6.77	-	-

The credit facilities of the Group of RM326,424,000 (2007: RM324,559,000) are guaranteed by the Company. Certain credit facilities of the Group amounting to RM1,500,000 (2007: RM1,500,000) are secured by legal charges over a subsidiary company's leasehold land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

26. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	4,212	4,508	3,854	4,006
In the second to fifth year inclusive	2,396	5,162	2,134	4,724
	6,608	9,670	5,988	8,730
Less: Future finance charges	(620)	(940)	-	-
Present value of hire-purchase payables	5,988	8,730	5,988	8,730
Less: Amount due within 12 months (shown under current liabilities)			(3,854)	(4,006)
Non-current portion			2,134	4,724

The non-current portion is repayable as follows:

	The Group	
	2008 RM'000	2007 RM'000
Financial years ending December 31:		
2009	-	3,225
2010	1,666	1,222
2011	412	247
2012	56	30
	2,134	4,724

As of December 31, 2008, hire-purchase obligations of the Group payable to a related party amounted to RM5,973,049 (2007: RM8,694,074).

The terms for hire-purchase ranged from 2 to 5 years. For the financial year ended December 31, 2008, the effective borrowing rates ranged from 6.21% to 8.47% (2007: 6.21% to 11.80%) 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.

NOTES TO THE FINANCIAL STATEMENTS

27. 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	
	2008	2007
	RM'000	RM'000
Deferred tax assets	-	107
Deferred tax liabilities	(14,162)	(13,891)
	(14,162)	(13,784)

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

	The Group	
	2008	2007
	RM'000	RM'000
At beginning of year	(13,784)	(15,202)
Transfer to income statements (Note 9)	(378)	306
Transfer to revaluation reserve	-	1,112
At end of year	(14,162)	(13,784)

Represented by:

	The Group	
	2008	2007
	RM'000	RM'000
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(7,850)	(6,733)
Revaluation surplus on property, plant and equipment and investment properties	(6,984)	(7,158)
Receivables	610	90
Others	62	17
	(14,162)	(13,784)

As of December 31, 2008, the estimated deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2008	2007
	RM'000	RM'000
Tax effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances	10,576	10,414

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 (2007: RM12,695,698), which have been agreed by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

28. 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 (2007: 30 to 120 days). The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and repayable on demand.

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Trade payables	37,986	28,854	-	-
Amount owing to subsidiary companies (Note 20)	-	-	7,388	8,406
Amount owing to other related companies (Note 20)	144	179	-	-
Amount owing to other related parties (Note 20)	24,403	19,524	-	1
Other payables	8,456	6,295	4	1
	70,989	54,852	7,392	8,408

Transactions with related parties are disclosed in Note 20.

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

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	65,677	50,700	7,392	8,408
United States Dollar	4,747	3,958	-	-
Vietnamese Dong	463	142	-	-
Singapore Dollar	81	46	-	-
Sterling Pound	15	-	-	-
Euro Dollar	6	6	-	-
	70,989	54,852	7,392	8,408

29. OTHER LIABILITIES

Other liabilities consist of:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Deposits received	39	120	-	-
Accrued expenses	14,511	11,163	106	106
	14,550	11,283	106	106

NOTES TO THE FINANCIAL STATEMENTS

30. DIVIDENDS

	The Group and The Company	
	2008 RM'000	2007 RM'000
First and final dividend paid:		
- 1 sen per share, less tax for 2007 (2007: 1 sen per share, less tax for 2006)	464	458
- 3 sen per share, tax-exempt for 2007 (2007: 2 sen per share, tax-exempt for 2006)	1,881	1,254
	2,345	1,712

The directors have proposed a first and final dividend of 4 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 paid per share for the financial year is 3.74 sen (2007: 2.73 sen).

31. 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 enters into foreign currency forward contracts in the normal course of business to manage its exposure against foreign currency fluctuations on settlement of debts arising from trade sales and trade purchases transactions denominated in foreign currencies.

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.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

Cash flow risk

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

Financial Assets

The Group's principal financial assets are 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.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

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	
	2008	2007	2008 '000	2007 '000	2008 '000	2007 '000	2008 '000	2007 '000
United States Dollar	0.2882	0.2989	193	150	671	502	670	496

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

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, 2008 are as follows:

	Note	2008		2007	
		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	18
Investments in unquoted shares:					
In Malaysia	16	247	-	247	-
Financial Liabilities					
Term loans	25	8,118	7,933	6,799	7,496

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.

NOTES TO THE FINANCIAL STATEMENTS

31. FINANCIAL INSTRUMENTS (CONT'D)

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.

32. CASH FLOW STATEMENTS

(a) Purchase of property, plant and equipment

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

	The Group	
	2008	2007
	RM'000	RM'000
Cash purchase	11,331	6,431
Hire-purchase financing	1,565	3,450
Term loans financing	3,236	1,438
Depreciation of property, plant and equipment capitalised	94	78
Amortisation of prepaid lease payments capitalised	59	55
	16,285	11,452

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	12	1,243	-	-
Cash and bank balances	14,473	12,196	7	9
Bank overdrafts	(10,814)	(13,710)	(2)	-
	3,671	(271)	5	9
Less: Fixed deposits pledged to a licensed bank	(10)	(10)	-	-
	3,661	(281)	5	9

NOTES TO THE FINANCIAL STATEMENTS

33. COMMITMENTS

As of December 31, 2008, the Group has the following capital expenditure in respect of property, plant and equipment:

	2008 RM'000	2007 RM'000
Capital expenditure:		
Approved but not contracted for	1,050	-
Contracted but not provided for	416	4,649
	1,466	4,649

34. SUBSEQUENT EVENTS

- (i) On January 5, 2009, approval has been obtained from the directors of a subsidiary, Canpac Sdn. Bhd. ("Canpac") to dispose of certain plant and machinery to Canpac's wholly-owned subsidiary company, Canpac Vietnam Pte. Ltd. for a total consideration of RM890,445; and
- (ii) On April 3, 2009, a subsidiary, Yee Lee Trading Co. Sdn. Bhd. ("YLT") has entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of vacant industrial land located at Kulai, Johor for a total consideration of RM3,871,395. The acquisition is for business expansion of YLT, Johor Bharu branch.

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, 2008 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 13, 2009

DECLARATION BY THE DIRECTORS

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 13th day of April, 2009.

Before me,

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

LIST OF PROPERTIES

AS AT DECEMBER 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 01.09.2075, 30.07.2088 and 28.03.2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	33	34,368/ 18,967	23.09.2004	14,941
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	27	1,608/ 839	18.08.2004	1,788
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	29	922/ 460	06.08.2004	309
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	23	3,103/ 2,003	20.08.2004	2,037
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	28	585/ 809	24.08.2004	442
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	26	2,086/ 1,532	23.08.2004	728
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	24	334/ 662	31.12.2007	1,083
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	30	184	31.12.2007	269

LIST OF PROPERTIES

AS AT DECEMBER 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
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	12	1,138/3,185	20.08.2004	2,701
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	12	276/555	20.08.2004	733
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	8	14,729/5,184	26.08.2004	12,569
PT 3843, HS(M) 1602 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	One storey warehouse and office	3	3,338/1,510	06.08.2004	1,775
PT 3842, HS(M) 1601 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	One storey warehouse and office	1	3267/1,858	31.12.2007	2,587
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau, Sabah	Leasehold expiring on 04.05.2904	2 adjoining unit of 2-storey shophouse	8	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
PT 44787 & HSM 37316 Mukim Kuala Kuantan Daerah Kuantan, Pahang	Leasehold expiring on 05.03.2062	One storey warehouse and office	1	2,957/929	26.08.2008 #	1,665
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	33	16,291/10,701	22.09.2004	4,620

LIST OF PROPERTIES

AS AT DECEMBER 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
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	24	150,625/ 11,637	23.09.2004	14,287
Lot No. 3262, (PT2989) Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	-	27,449	23.09.2004	904
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	1,554
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	729
Lot No. 10648 Mukim of Bidor, District of Batang Padang Perak Darul Ridzuan	Leasehold expiring on 06.03.2050	Vacant land	-	32,404	18.01.2008 #	1,136
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	27	8,314,820/ 13,492	17.08.2004	16,660
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,027,600	2004	4,737

LIST OF PROPERTIES

AS AT DECEMBER 31, 2008

Location	Tenure	Current Use	Approximate Age of Building (Year)	Gross Floor Area (sq.metres)	Date of Acquisition/ Last Revaluation	Net Book Value RM'000
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	25	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	12	10,866/ 7,762	24.08.2004	8,132
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	25	40,468/ 1,593	18.11.2004	1,765
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
Plot 151a, Jalan Perindustrian Bukit Minyak, Kawasan Perindustrian Bukit Minyak, Mukim 13, 14100 S.P.T. Pulau Pinang	Leasehold 60 years	Single storey warehouse and 2-storey office	1	13,520/ 5,504	07.11.2007 #	8,508

Date of acquisition

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FORM OF PROXY

Number of shares held

I/We, _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

being a Member of YEE LEE CORPORATION BHD., hereby appoint _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

or failing whom, _____
(Full name in block letters, Identity Card number/Company number)

of _____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Sixth Annual General Meeting of the Company to be held on Monday, June 29, 2009 at 11.00 a.m. at Garlet 2 & 3, Impiana Casuarina Hotel, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan and at any adjournment thereof for/against* the resolutions to be proposed thereat.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended December 31, 2008 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 Lim Ee Young as Director		
5.	To re-elect Mohd Adhan bin Kechik as Director		
6.	To re-appoint Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff as Director		
7.	To re-appoint Thang Lai Sung as Director		
8.	To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
9.	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10.	To authorise the Company and its subsidiary companies to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this _____ day of June 2009

Signatures/Common Seal of Members

* Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Notes:-

- A proxy may but need not be a member of the Company and 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 appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
- A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy and such appointment shall be invalid unless he specifies the proportion of his shareholding 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 (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- This instrument duly completed must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan or such other place as is specified for that purpose not less than forty-eight (48) hours before the time appointed for holding the meeting.

Fold here to seal

STAMP

**THE COMPANY SECRETARY
YEE LEE CORPORATION BHD.**

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

Fold here to seal

YEE LEE CORPORATION BHD. (13585-A)

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

Tel : 605 2911 055
Fax : 605 2919 962

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