



YEE LEE CORPORATION BHD

義利有限公司

(13585-A)

(INCORPORATED IN MALAYSIA)

Annual Report



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The Eagle

The grandest and most noble bird in its kingdom has perpetually been the symbol and flagship of Yee Lee Corporation Bhd. Set amidst a sky blue background, it represents the Group's strong ambition and drive and its constant pursuit of excellence in all its endeavours to achieve a healthy and robust growth.



Notice of Annual General Meeting



NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of the Company will be held at Garlet 3, Casuarina Parkroyal Hotel, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan on Thursday, 29th June, 2000 at 11.00 a.m. for the transaction of the following business:

1. To receive and adopt the Audited Statement of Accounts for the year ended 31st December, 1999 together with the Directors' and Auditors' Reports thereon. - Resolution 1
2. To sanction the declaration of a first and final dividend of 7% less tax. - Resolution 2
3. To approve the payment of Directors' Fees of RM50,000. - Resolution 3
4. To re-elect the following directors who retire pursuant to Article 80 of the Company's Articles of Association:
 - a) Encik Mohd Adhan bin Kechik, SMK - Resolution 4
 - b) Mr. Lee Kee Hong - Resolution 5
5. To re-appoint Messrs. Kassim Chan & Co. as Auditors and to authorise the Directors to fix their remuneration. - Resolution 6
6. To transact any other ordinary business of the Company for which due notice has been given.

By Order of the Board

Ooi Guat Ee
Tuen Mee Cheng
Company Secretaries

Ipoh, Perak
13th June, 2000

Notes:

1. A member entitled to attend and vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote in his stead. If two proxies are appointed, the number of shares each proxy is entitled to vote must be stated in the proxy form. A proxy may but need not be a member of the Company.
2. Duly completed proxy forms must be deposited at the Registered Office of the Company, Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. The dividend, if approved, will be paid on 20th September, 2000. The entitlement date for the dividend is 6th September, 2000.

A depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the depositor's securities account before 12.30 p.m. on 6th September, 2000 in respect of ordinary transfers.
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the rules of the Kuala Lumpur Stock Exchange.

Corporate Information

Board of Directors

Chairman

*Y.Bhg. Dato (Dr) Haji Mohd. Ishak
bin Hj. Mohd. Ariff,
DSPN, JSM, DJN, SMS, KMN, PPT, PJK

Deputy Chairman and

Group Managing Director

Lim A Heng @ Lim Kok Cheong, JP

Executive Directors

Chok Hooa @ Chok Yin Fatt, PMP
Thang Lai Sung

Directors

#Chua Chee Seng, KMN, PPN
*Mohd Adhan bin Kechik, SMK
#Lee Kee Hong
*Y.Bhg. Dato' Ang Phaik Chin @
Ang Peck Chin, DPTS, KMN, AMN, PIS

*Independent Non-Executive Director

#Non-Executive Director

Company Secretaries

Ooi Guat Ee
Tuen Mee Cheng

Audit Committee

Chairman

Mohd Adhan bin Kechik, SMK

Members

Y.Bhg. Dato' Ang Phaik Chin @
Ang Peck Chin, DPTS, KMN, AMN, PIS
Chok Hooa @ Chok Yin Fatt, PMP

Auditors

Kassim Chan & Co.
Public Accountants

Share Registrars

Sectrars Services Sdn. Bhd.
28-2, Jalan Tun Sambanthan 3, Brickfields,
50470 Kuala Lumpur
Tel: 603-22746133
Fax: 603-22741016

Registered Office

Lot 85, Jalan Portland,
Tasek Industrial Estate,
31400 Ipoh,
Perak Darul Ridzuan
Tel: 605-5451055, 605-5461055
Fax: 605-5473962, 605-5479862
Telex: YLO MA 44031 YLOIL MA 44556

Subsidiary Companies

Yee Lee Trading Co. Sdn. Bhd.
Yee Lee Palm Oil Industries Sdn. Bhd.
Yee Lee Edible Oils Sdn. Bhd.
Golden PET Industries Sdn. Bhd.
South East Asia Paper Products Sdn. Bhd.
Intanwasa Sdn. Bhd.
Desa Tea Sdn. Bhd.
Sabah Tea Sdn. Bhd.
Genlin Investment Limited

Principal Bankers

Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad

Stock Exchange Listing

Kuala Lumpur Stock Exchange



Audit Committee Charter



Composition of Audit Committee

The Committee shall be appointed by the Directors from among their number and shall be composed of no fewer than three members of whom the non-executive members of the Board shall form the majority.

The members of the Audit Committee shall elect a Chairman from among their number who is a non-executive member of the Board.

If a member of the Audit Committee ceases to be a member with the result that the number is reduced to fewer than three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number.

Terms of Reference of the Audit Committee

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

The functions of the Audit Committee shall be to :

1. review with the external auditor, the audit plan;
2. review with the external auditor, his evaluation of the system of internal accounting controls;
3. review with the external auditor, the financial statements and his report;
4. nominate a person or persons as external auditors;
5. approve the appointment of the internal auditor;
6. approve the internal audit plan;
7. review the effectiveness of the internal audit function;
8. review the reports by the internal auditor;
9. review the accounting standards; and
10. perform any other work that is required or empowered to do so by statutory legislation or guidelines as issued by relevant Government authorities which shall include, but are not limited to, the Securities Commission and the Kuala Lumpur Stock Exchange.

Chairman's Statement

On behalf of the Board of Directors, I have great pleasure in presenting to you the Annual Report of Yee Lee Corporation Bhd. for the year ended 31st December, 1999.

Financial Performance

The Group recorded a turnover of RM293 million for the year ended 31st December, 1999, representing a decrease of 13.3% over the previous year. The decrease in Group turnover has resulted in a corresponding decrease in Group pre-tax profit by 5.1% from RM13.2 million to RM12.5 million. However the net profit attributable to shareholders of the Company increased by 35.8% from RM9.0 million to RM12.2 million. This significant increase has resulted in a 32.7% improvement to earnings per share from 24.5 sen in 1998 to 32.5 sen in 1999.

Dividend

The directors are pleased to recommend a first and final dividend of 7%, less tax (1998: 6%, less tax) for the year ended 31st December, 1999. The dividend, if approved, will be paid on 20th September, 2000.

Review of Operations

The Company

The Company turnover recorded a marginal increase of 0.3% to RM5.3 million and pre-tax profit was RM5.0 million, an increase of 2.8% over fiscal year 1998.

The Subsidiary Companies

Yee Lee Edible Oils Sdn. Bhd. (YLEO)

YLEO recorded a lower turnover and pre-tax profit of RM160.2 million and RM3.05 million respectively (1998: RM163.5 million and RM3.11 million). The lower turnover is due to the decrease in crude palm oil price which directly affected the selling price of cooking oil during the year. As a result of the drastic drop in crude palm oil price, the regulatory authorities have withdrawn the price stabilizing scheme and lifted the ceiling price imposition on palm oil based cooking oil. With the stability of crude palm oil prices within the range of RM1,000 to RM1,200 per tonne, YLEO is comfortable of expanding its production and securing a reasonable profit margin.

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

Despite the decrease in turnover from RM127.5 million to RM104.3 million, YLPOI managed to achieve better results due to the continuous efforts by the management to increase its oil extraction rate through enhanced plant efficiency and stricter quality control on receipt of fresh fruit bunches.

Golden PET Industries Sdn. Bhd. (GPI)

Despite a 6.9% decrease in turnover from RM21.6 million to RM20.1 million, GPI recorded a 95.6% increase in pre-tax profit from RM1.6 million to RM3.1 million. This impressive result is due to sound and acute management decision and strategy to maintain a higher stock level in anticipation of a substantial increase in the price of PET resin during the year. The price of PET resin, the main raw material used by GPI in its production, increased substantially by approximately 58% during the second half of the year.



Chairman's Statement (Cont'd)



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

SEAPP recorded an increase in turnover from RM16.6 million to RM18.1 million this year. Despite the improvement in turnover, SEAPP only managed to maintain its pre-tax profit due to substantial increase in the price of paper rolls and fierce price competition among other corrugated carton producers. To maintain its competitive advantage over other competitors, SEAPP has taken various cost-cutting measures, initiated improvements on its production efficiency and products quality and enhanced its customer service and support.

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

YLT recorded a turnover and pre-tax profit of RM177.7 million and RM3.83 million respectively (1998: RM173.9 million and RM3.75 million). During the year, YLT has managed to enlarge its products base by securing sole distribution rights of Indo-Mie for Sabah, Snappy Tom - a 'halal' certified brand of cat food and Cocos instant coconut. As the marketing and distribution arm of the Yee Lee Group, YLT has successfully promoted the Spritzer brand of natural mineral water, which was rated Malaysia's Number One Superbrand in the mineral water category by the Reader's Digest in Asia during the year.

Desa Tea Sdn. Bhd. (DT)

Despite the increase in turnover, DT recorded a loss during the year due mainly to the increasing cost of field maintenance. Various cost-cutting measures are currently being taken by management to ensure future profitability.

Sabah Tea Sdn. Bhd. (ST)

ST is presently inactive but owns a piece of agriculture land in the District of Ranau, Sabah measuring approximately 3,219 acres. There are currently no immediate plans to develop the land.

Future Prospects

The Group will continue to focus on its core activities to build up its strength in order to remain competitive. With constant improvements to its product quality, customer service and support and the advantage of a strong distribution network, the Group is confident of performing satisfactorily in 2000.

Acknowledgement

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

Dato (Dr) Haji Mohd. Ishak bin Hj. Mohd. Ariff
DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Chairman

20th March 2000

Directors' Report

The directors of YEE LEE CORPORATION BHD. have pleasure in submitting their report and the audited accounts of the Company and of the Group for the financial year ended 31st December, 1999.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated company are disclosed under Note 3 to the Accounts.

There were no significant changes in the nature of the activities of the Company and of the Group during the financial year.

RESULTS OF OPERATIONS

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

	The Company RM'000	The Group RM'000
Profit before minority interest	3,670	12,581
Profit attributable to minority interest	—	(370)
Profit attributable to shareholders of the Company	3,670	12,211
Unappropriated profit at beginning of year	18,483	52,629
Profit available for appropriation	22,153	64,840
Dividend	(1,894)	(1,894)
Unappropriated profit at end of year	20,259	62,946

In the opinion of the directors, the results of operations of the Company and of the Group 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 6%, less tax, amounting to RM1,622,981 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

The directors have proposed a first and final dividend of 7%, less tax, amounting to RM1,893,478 in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

Directors' Report (Cont'd)



EXECUTIVE SHARE OPTION SCHEME

On 21st November, 1994, the shareholders of the Company approved an Executive Share Option Scheme (ESOS) for the benefit of executive employees including full-time Executive Directors of the Company and its subsidiary companies. Messrs. Lim A Heng @ Lim Kok Cheong, JP, Chok Hooa @ Chok Yin Fatt, PMP and Thang Lai Sung are eligible to subscribe for a maximum allowable allotment of 30,000 ordinary shares each under this scheme. The salient features of the ESOS are as follows:

- (a) Not more than the aggregate of five (5) per centum of the issued ordinary share capital of the Company at any point of time during the existence of the ESOS less 959,000 ordinary shares already allotted to employees and directors of the Group in connection with the listing of the Company's shares on the Main Board of the Kuala Lumpur Stock Exchange (KLSE) in 1993, shall be made available under the ESOS;
- (b) Eligible executives are those with the grade of officer and above (including full-time Executive Directors of the Company and its subsidiary companies) who have been confirmed and have served the Group for at least three (3) years on or prior to the date of option;
- (c) No option shall be granted for less than 1,000 ordinary shares nor more than 30,000 ordinary shares to any individual executive employee or full-time Executive Director;
- (d) The price payable for each ordinary share under the ESOS upon exercise of the option shall be the average of the mean market quotation (calculated as the average of the highest and lowest price transacted) of the ordinary shares as quoted and shown in the daily official list issued by the KLSE for the five (5) preceding market days prior to the date of the offer, or the par value of such share of the Company, whichever is the higher; and
- (e) The ESOS shall be in force for a period of five (5) years from 21st November, 1994. The ESOS had lapsed on 20th November, 1999.

The movements in the options to take up unissued ordinary shares of RM1 each are as follows:

	Number
As at 1st January, 1999	484,000
Lapsed on 20th November, 1999	(484,000)
	<hr/>
As at 31st December, 1999	-
	<hr/> <hr/>

OTHER FINANCIAL INFORMATION

Before the profit and loss accounts and balance sheets of the Company and of the Group 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 provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision 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 for bad debts or the amount of the provision for doubtful debts in the accounts of the Company and of the Group inadequate to any substantial extent; or

Directors' Report (Cont'd)

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

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

- (a) any charge on the assets of the Company and of the Group which has arisen since the end of the financial year which secures the liability of any other person; and
- (b) any contingent liability of the Company and of the Group 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 Company and of the Group 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 Company and of the Group for the financial year in which this report is made.

DIRECTORS

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

Y. Bhg. Dato (Dr) Haji Mohd. Ishak bin Hj. Mohd. Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK
Lim A Heng @ Lim Kok Cheong, JP
Chok Hooa @ Chok Yin Fatt, PMP
Thang Lai Sung
Chua Chee Seng, KMN, PPN
Mohd Adhan bin Kechik, SMK
Lee Kee Hong
Y. Bhg. Dato' Ang Phaik Chin @ Ang Peck Chin, DPTS, KMN, AMN, PIS

In accordance with Article 80 of the Company's Articles of Association, Encik Mohd Adhan bin Kechik, SMK and Mr. Lee Kee Hong retire by rotation and, being eligible, offer themselves for re-election.

Directors' Report (Cont'd)



DIRECTORS' INTERESTS

The shareholdings in the Company, holding company and a related 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 Shares of RM1.00 each			Balance at 31.12.1999
	Balance at 1.1.1999	Bought	Sold	
Shares in the Company				
<i>Registered in name of director</i>				
Y. Bhg. Dato (Dr) Haji Mohd. Ishak bin Hj. Mohd. Ariff, DSPN, JSM, DJN, SMS, KMN, PPT, PJK	562,000	–	–	562,000
Lim A Heng @ Lim Kok Cheong, JP	55,000	–	–	55,000
Chok Hooa @ Chok Yin Fatt, PMP	5,000	–	–	5,000
Thang Lai Sung	5,000	–	–	5,000
Mohd Adhan bin Kechik, SMK	100,000	–	–	100,000
Lee Kee Hong	5,000	–	–	5,000
<i>Deemed interest</i>				
Lim A Heng @ Lim Kok Cheong, JP	18,472,000	750,000	–	19,222,000

	Number of Shares under Options at a price of RM6.95 each			Balance at 31.12.1999
	Balance at 1.1.1999	Granted	Lapsed	
Lim A Heng @ Lim Kok Cheong, JP	25,000	–	25,000	–
Chok Hooa @ Chok Yin Fatt, PMP	24,000	–	24,000	–
Thang Lai Sung	24,000	–	24,000	–

	Number of Shares of RM1.00 each			Balance at 31.12.1999
	Balance at 1.1.1999	Bought	Sold	
Shares in holding company				
Yee Lee Organization Bhd.				
<i>Registered in name of director</i>				
Lim A Heng @ Lim Kok Cheong, JP	2,751	–	–	2,751
Thang Lai Sung	1,716	–	–	1,716
Chua Chee Seng, KMN, PPN	8,088	–	–	8,088
Lee Kee Hong	11,550	–	–	11,550
<i>Deemed interest</i>				
Lim A Heng @ Lim Kok Cheong, JP	5,951,253	–	–	5,951,253
Shares in related company				
Chuan Sin Sdn. Bhd.				
<i>Registered in name of director</i>				
Lim A Heng @ Lim Kok Cheong, JP	1,479,932	–	–	1,479,932
Chok Hooa @ Chok Yin Fatt, PMP	78,915	–	–	78,915
Thang Lai Sung	78,915	–	–	78,915
<i>Deemed interest</i>				
Lim A Heng @ Lim Kok Cheong, JP	5,129,037	–	–	5,129,037

Directors' Report (Cont'd)

By virtue of his interest in the Company, Mr. Lim A Heng @ Lim Kok Cheong, JP is also deemed to have an interest in the shares of all the subsidiary companies.

Mr. Chua Chee Seng, KMN, PPN and Y. Bhg. Dato' Ang Phaik Chin @ Ang Peck Chin, DPTS, KMN, AMN, PIS do not hold shares or have beneficial interest in the shares of the Company during the financial year. Under the Company's Articles of Association, the directors are not required to hold shares in the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company have received or become entitled to receive any benefit (other than those disclosed as directors' remuneration in the Accounts) 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 its related companies and certain companies in which certain directors of the Company and/or its subsidiary companies are directors and/or substantial shareholders as disclosed in Notes 22 and 23 to the Accounts.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the Executive Share Option Scheme as disclosed.

HOLDING COMPANY

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

AUDITORS

The auditors, Messrs. Kassim Chan & Co. have indicated their willingness to continue in office.

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

LIM A HENG @ LIM KOK CHEONG, JP
Group Managing Director

CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
20th March, 2000

Report of the Auditors

to the members of Yee Lee Corporation Bhd.



We have audited the accompanying balance sheets as of 31st December, 1999, the related profit and loss accounts and consolidated cash flow statement, together with the notes thereto for the year then ended. These accounts are the responsibility of the Company's directors. Our responsibility is to express an opinion on these accounts based on our audit.

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

In our opinion:

- (a) the accounts are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of 31st December, 1999 and of the results of the Group and of the Company and the cash flows of the Group for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Act to be dealt with in the accounts and consolidated accounts; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the accounts and the auditors' reports of the subsidiary companies as shown in Note 3 to the Accounts of which we have not acted as auditors, being accounts that have been included in the consolidated accounts.

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

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

KASSIM CHAN & CO.
AF 0080
Public Accountants

GREGORY WONG GUANG SENG
787/3/01(J/PH)
Partner

20th March, 2000

Balance Sheets

at 31st December, 1999

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
FIXED ASSETS	4	138,196	139,457	–	–
SUBSIDIARY COMPANIES	5	–	–	48,179	48,179
ASSOCIATED COMPANY	6	5,229	5,229	5,229	5,229
OTHER INVESTMENTS Unquoted shares, at cost		247	–	–	–
GOODWILL ON CONSOLIDATION	7	2,667	2,780	–	–
CURRENT ASSETS	8	132,854	142,935	15,371	14,983
CURRENT LIABILITIES	9	(135,189)	(154,162)	(2,752)	(4,140)
NET CURRENT ASSETS/(LIABILITIES)		(2,335)	(11,227)	12,619	10,843
		144,004	136,239	66,027	64,251
LONG-TERM AND DEFERRED LIABILITIES	10	(9,736)	(13,682)	–	–
NET ASSETS EMPLOYED		134,268	122,557	66,027	64,251
Represented by:					
SHARE CAPITAL	11	37,569	37,569	37,569	37,569
RESERVES	12	93,785	82,557	28,458	26,682
Total Shareholders' Equity		131,354	120,126	66,027	64,251
MINORITY INTEREST		2,914	2,431	–	–
TOTAL CAPITAL EMPLOYED		134,268	122,557	66,027	64,251

The accompanying Notes form an integral part of the Accounts.

Profit and Loss Accounts

for the year ended 31st December, 1999



	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
TURNOVER	13	293,047	337,956	5,251	5,234
PROFIT BEFORE EXCEPTIONAL ITEM		12,532	10,321	5,005	4,869
EXCEPTIONAL ITEM	14	–	2,885	–	–
PROFIT BEFORE TAXATION	15	12,532	13,206	5,005	4,869
PROVISION FOR TAXATION	16	49	(3,977)	(1,335)	(1,204)
PROFIT BEFORE MINORITY INTEREST		12,581	9,229	3,670	3,665
Profit attributable to minority interest		(370)	(240)	–	–
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		12,211	8,989	3,670	3,665
Unappropriated profit at beginning of year		52,629	45,498	18,483	16,676
PROFIT AVAILABLE FOR APPROPRIATION		64,840	54,487	22,153	20,341
DIVIDENDS	17	(1,894)	(1,858)	(1,894)	(1,858)
UNAPPROPRIATED PROFIT AT END OF YEAR		62,946	52,629	20,259	18,483
Retained by:					
Company		20,259	18,483	20,259	18,483
Subsidiary companies		42,687	34,146	–	–
		62,946	52,629	20,259	18,483
EARNINGS PER SHARE	18	32.5sen	24.5sen		

The accompanying Notes form an integral part of the Accounts.

Consolidated Cash Flow Statement

for the year ended 31st December, 1999

	1999 RM'000	1998 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	12,532	13,206
Adjustments for:		
Interest expense	8,554	15,648
Depreciation of fixed assets	7,708	7,658
Provision for doubtful debts	1,588	641
Bad debts written off	114	163
Amortisation of goodwill on consolidation	113	71
Fixed assets written off	57	33
Stocks written off	13	2
Interest income	(1,447)	(1,150)
Gain on disposal of fixed assets	(88)	(3)
Operating Profit Before Working Capital Changes	29,144	36,269
Decrease/(Increase) in stocks	2,333	(1,621)
Decrease/(Increase) in trade and other receivables	1,704	(17,169)
Increase in trade and other payables	186	149
Cash Generated From Operations	33,367	17,628
Interest received	1,447	1,150
Interest paid	(6,121)	(12,163)
Income tax paid	(3,193)	(1,921)
Net Cash From Operating Activities	25,500	4,694
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	226	426
Purchase of fixed assets	(5,614)	(8,554)
Purchase of other investments	(247)	–
Minority interest in a subsidiary company acquired	–	(5,334)
Acquisition of a subsidiary company, net of cash and cash equivalents acquired*	–	(4,104)
Net Cash Used In Investing Activities	(5,635)	(17,566)

Consolidated Cash Flow Statement (Cont'd)

for the year ended 31st December, 1999



	Note	1999 RM'000	1998 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from revolving credits		7,000	2,000
Proceeds from hire-purchase loans		304	6,420
Proceeds from issuance of share capital		–	7,478
Proceeds from term loan		–	1,200
Repayment of hire-purchase loans		(4,624)	(4,978)
Repayment of revolving credits		(3,023)	(11,003)
Repayment of term loans		(1,745)	(1,754)
Dividends paid		(1,627)	(2,587)
Net Cash Used In Financing Activities		(3,715)	(3,224)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		16,150	(16,096)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		(95,644)	(79,548)
CASH AND CASH EQUIVALENTS AT END OF YEAR			
	30	(79,494)	(95,644)
* ANALYSIS OF ACQUISITION OF A SUBSIDIARY COMPANY			
Fixed assets		–	3,270
Trade and other receivables		–	21
Trade and other payables		–	(1,995)
Goodwill		–	2,808
Net of cash and cash equivalents acquired		–	4,104

The accompanying Notes form an integral part of the Accounts.

Notes to the Accounts

1. PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The principal activities of the subsidiary companies and associated company are disclosed under Note 3 to the Accounts.

There were no significant changes in the nature of the activities of the Company and of the Group during the financial year.

2. BASIS OF PREPARATION OF ACCOUNTS

The accounts of the Company and of the Group have been prepared in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards of the Malaysian Accounting Standards Board except as disclosed in Note 3 to the Accounts.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Company and of the Group have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets. The accounts of the Company have also been modified to include the revaluation of investments in subsidiary companies.

Basis of Consolidation

The consolidated accounts include the accounts of the Company and all its subsidiary companies made up to the end of the financial year.

The subsidiary companies, all of which were incorporated in Malaysia, except for Genlin Investment Limited, which was incorporated in Hong Kong, are as follows:

Name of Company	Effective Percentage of Ownership		Principal Activities
	1999	1998	
Yee Lee Trading Co. Sdn. Bhd.	100.00%	100.00%	Marketing and distribution of edible oils and other consumer products.
* Yee Lee Palm Oil Industries Sdn. Bhd.	100.00%	100.00%	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn. Bhd.	100.00%	100.00%	Manufacturing of cooking oil, margarine and shortening.
* South East Asia Paper Products Sdn. Bhd.	98.67%	98.67%	Manufacturing and selling of corrugated paper cartons.
* Golden PET Industries Sdn. Bhd.	88.61%	88.61%	Manufacturing and selling of PET bottles, pre-forms, toothbrushes and plastic household goods.
Intanwasa Sdn. Bhd.	100.00%	100.00%	Investment holding.
**Genlin Investment Limited	100.00%	100.00%	Pre-operating.

Notes to the Accounts (Cont'd)



Name of Company	Effective Percentage of Ownership		Principal Activities
	1999	1998	
Desa Tea Sdn. Bhd.	100.00%	100.00%	Planting, manufacturing and distribution of tea.
Sabah Tea Sdn. Bhd.	100.00%	100.00%	Dormant.

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

** Audited by member firm of Deloitte Touche Tohmatsu.

All significant intercompany balances and transactions are eliminated on consolidation.

Reserve on consolidation represents the excess of the fair value of the net assets of the subsidiary companies over the purchase price at the date of acquisition.

Goodwill

Goodwill arising on consolidation represents the excess of the purchase price over the net assets of subsidiary companies at the date of acquisition. It is capitalised and amortised through the profit and loss account on a straight line basis over a period of twenty five years.

Depreciation of Fixed Assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

Freehold land, plantation development expenditure and capital work-in-progress are not depreciated. Leasehold land is amortized evenly over the lease period ranging from 35 to 90 years.

Depreciation of other fixed assets is computed principally on the reducing balance method at the following annual rates based on the estimated useful lives of the various assets:

Land improvements	20%
Buildings	2% - 10%
Plant and machinery	10%
Motor vehicles	20%
Furniture, fixtures and equipment	5% - 20%

All direct expenses and attributable overheads, including depreciation of fixed assets which are principally used for newly planted areas and interest charges on funds borrowed to finance newly planted areas are capitalised in plantation development expenditure up to the maturity period. Subsequent replanting costs are charged to the profit and loss account as and when incurred.

Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated in the Company's accounts at cost or valuation. The unquoted shares of certain subsidiary companies were revalued by the directors based on the value of underlying net assets as at 31st December, 1991 modified to include the revaluation of certain fixed assets.

Associated Company

An associated company is a company in which the Company has a long-term equity investment of 20% to 50% and where the Company is in a position to exercise significant influence through management participation.

The Company has an equity interest of 30.07% (30.07% in 1998) in an associated company, BestBuild Development Pte. Ltd. (incorporated in Singapore), whose principal activity is building construction and property development.

Notes to the Accounts (Cont'd)

Investment in associated company is stated at cost unless, in the opinion of the directors, there is a permanent diminution in the value of investment in which case provision is made for the diminution in value.

Investment in associated company is not equity accounted in the consolidated accounts and this represents a departure from International Accounting Standard No.28 on Accounting for Investments in Associates. Had the equity method of accounting been presented, the Group's share of current year profit and post-acquisition retained profits would have been RM331,929 (RM101,341 in 1998) and RM435,970 (RM104,041 in 1998) respectively. The directors are of the opinion that this non-compliance does not materially affect the accounts.

Other Investments

Other investment is stated at cost. Provision for diminution in value is made only when, in the opinion of the directors, there is a permanent diminution in value of investment.

Stocks

Stocks of finished goods, trade merchandise and work-in-progress are valued at the lower of cost and net realisable value. Raw materials, consumables, factory supplies, promotional stocks and goods-in-transit are valued at cost. Cost is determined principally on the "First-in, First-out" and "Weighted Average" methods.

Cost of finished goods and work-in-progress comprise the cost of raw materials, direct labour and an appropriate proportion of manufacturing overheads. Cost of trade merchandise, raw materials, consumables, factory supplies, promotional stocks and goods-in-transit comprise the original purchase price plus cost of bringing these stocks to location.

Debtors

Known bad debts are written off whilst provision for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain debtor accounts.

Assets Acquired Under Hire-Purchase Arrangements

Fixed assets acquired under hire-purchase arrangements are capitalised in the accounts and the corresponding obligations treated as liabilities. Finance charges are allocated to the profit and loss account to give a constant periodic rate of interest on the remaining hire-purchase liabilities.

Deferred Taxation

Provision is made using the liability method for taxation deferred by capital allowances and other timing differences except to the extent that it can be demonstrated with reasonable probability that the timing differences will continue in the foreseeable future. Timing differences giving rise to deferred tax benefits are not recognised.

Foreign Currency Conversion

Transactions in foreign currencies are converted into Ringgit Malaysia at the approximate exchange rates prevailing on the transaction dates or, where settlement has not taken place at the end of the financial year, at the approximate exchange rates prevailing on that date. All foreign exchange gain or losses are taken up currently in the profit and loss account.

Financial statements of a foreign subsidiary company is translated into Ringgit Malaysia at rates approximately those ruling at 31st December and any exchange differences are dealt with through profit and loss account.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Accounts (Cont'd)



4. FIXED ASSETS

Group 1999	Beginning of year RM'000	Additions RM'000	Disposals RM'000	Revaluation RM'000	Reclassification RM'000	End of year RM'000
Cost (Unless otherwise stated)						
Freehold land:						
At 1998 valuation	1,401	–	–	–	–	1,401
Long-term leasehold land and improvements:						
At 1995 valuation	3,270	–	–	–	–	3,270
At 1998 valuation	35,152	–	–	(3,295)	–	31,857
At 1999 valuation	–	–	–	3,710	–	3,710
At cost	1,662	398	–	–	–	2,060
Short-term leasehold land:						
At 1998 valuation	2,135	–	–	–	–	2,135
Buildings:						
At 1995 valuation	95	–	–	–	–	95
At 1998 valuation	37,114	–	–	(7,225)	–	29,889
At 1999 valuation	–	–	–	7,760	–	7,760
At cost	2,059	708	–	–	5	2,772
Plant and machinery:						
At 1995 valuation	1,002	–	–	–	–	1,002
At cost	76,281	527	(687)	–	1,126	77,247
Motor vehicles:						
At 1995 valuation	255	–	–	–	–	255
At cost	11,075	569	(131)	–	–	11,513
Furniture, fixtures and equipment	7,309	814	(272)	–	–	7,851
Plantation development expenditure	990	496	–	–	–	1,486
Capital work-in-progress	1,811	2,209	–	–	(1,132)	2,888
Total	181,611	5,721	(1,090)	950	(1)	187,191

Notes to the Accounts (Cont'd)

Group 1999	Beginning of year RM'000	Charge for the year RM'000	Disposals RM'000	Revaluation RM'000	Reclassification RM'000	End of year RM'000	Net book value RM'000
Accumulated depreciation							
Freehold land:							
At 1998 valuation	–	–	–	–	–	–	1,401
Long-term leasehold land and improvements:							
At 1995 valuation	–	40	–	–	–	40	3,230
At 1998 valuation	177	453	–	(18)	–	612	31,245
At 1999 valuation	–	29	–	–	–	29	3,681
At cost	35	42	–	–	–	77	1,983
Short-term leasehold land:							
At 1998 valuation	–	62	–	–	–	62	2,073
Buildings:							
At 1995 valuation	18	8	–	–	–	26	69
At 1998 valuation	510	816	–	(60)	–	1,266	28,623
At 1999 valuation	–	90	–	–	–	90	7,670
At cost	31	58	–	–	5	94	2,678
Plant and machinery:							
At 1995 valuation	301	74	–	–	–	375	627
At cost	31,403	4,586	(604)	–	(12)	35,373	41,874
Motor vehicles:							
At 1995 valuation	133	24	–	–	–	157	98
At cost	6,641	964	(123)	–	–	7,482	4,031
Furniture, fixtures and equipment	2,905	570	(168)	–	5	3,312	4,539
Plantation development expenditure	–	–	–	–	–	–	1,486
Capital work-in- progress	–	–	–	–	–	–	2,888
Total	42,154	7,816	(895)	(78)	(2)	48,995	138,196

Notes to the Accounts (Cont'd)



Group 1998	Beginning of year RM'000	Acquisition through business combination RM'000	Additions RM'000	Disposals RM'000	Revaluation RM'000	End of year RM'000
Cost (Unless otherwise stated)						
Freehold land:						
At 1992 valuation	342	–	–	–	(342)	–
At 1998 valuation	–	–	–	–	1,401	1,401
At cost	382	–	–	–	(382)	–
Long-term leasehold land and improvements:						
At 1992 valuation	9,322	–	–	–	(9,322)	–
At 1995 valuation	14,500	3,270	–	–	(14,500)	3,270
At 1998 valuation	–	–	–	–	35,152	35,152
At cost	3,055	–	122	–	(1,515)	1,662
Short-term leasehold land:						
At 1992 valuation	837	–	–	–	(837)	–
At 1998 valuation	–	–	–	–	2,135	2,135
At cost	255	–	–	–	(255)	–
Buildings:						
At 1992 valuation	17,569	–	–	(16)	(17,553)	–
At 1995 valuation	3,595	–	–	–	(3,500)	95
At 1998 valuation	–	–	–	–	37,114	37,114
At cost	10,940	–	2,998	–	(11,879)	2,059
Plant and machinery:						
At 1995 valuation	1,002	–	–	–	–	1,002
At cost	73,859	–	3,145	(723)	–	76,281
Motor vehicles:						
At 1995 valuation	255	–	–	–	–	255
At cost	10,731	–	666	(322)	–	11,075
Furniture, fixtures and equipment						
	6,717	–	832	(240)	–	7,309
Plantation development expenditure						
	563	–	427	–	–	990
Capital work-in-progress						
	1,339	–	1,605	(1,133)	–	1,811
Total	155,263	3,270	9,795	(2,434)	15,717	181,611

Notes to the Accounts (Cont'd)

Group 1998	Beginning of year RM'000	Acquisition through business combination RM'000	Charge for the year RM'000	Disposals RM'000	Revaluation RM'000	End of year RM'000	Net book value RM'000
Accumulated depreciation							
Freehold land:							
At 1992 valuation	-	-	-	-	-	-	-
At 1998 valuation	-	-	-	-	-	-	1,401
At cost	-	-	-	-	-	-	-
Long-term leasehold land and improvements:							
At 1992 valuation	793	-	130	-	(923)	-	-
At 1995 valuation	-	-	-	-	-	-	3,270
At 1998 valuation	-	-	177	-	-	177	34,975
At cost	67	-	52	-	(84)	35	1,627
Short-term leasehold land:							
At 1992 valuation	64	-	19	-	(83)	-	-
At 1998 valuation	-	-	-	-	-	-	2,135
At cost	11	-	6	-	(17)	-	-
Buildings:							
At 1992 valuation	2,469	-	390	(4)	(2,855)	-	-
At 1995 valuation	362	-	166	-	(510)	18	77
At 1998 valuation	-	-	-	-	510	510	36,604
At cost	485	-	189	-	(643)	31	2,028
Plant and machinery:							
At 1995 valuation	217	-	84	-	-	301	701
At cost	26,989	-	4,855	(441)	-	31,403	44,878
Motor vehicles:							
At 1995 valuation	102	-	31	-	-	133	122
At cost	5,791	-	1,102	(252)	-	6,641	4,434
Furniture, fixtures and equipment							
	2,489	-	564	(148)	-	2,905	4,404
Plantation development expenditure							
	-	-	-	-	-	-	990
Capital work-in-progress							
	-	-	-	-	-	-	1,811
Total	39,839	-	7,765	(845)	(4,605)	42,154	139,457

Notes to the Accounts (Cont'd)



The freehold land, certain leasehold land and improvements, certain buildings, plant and machinery and motor vehicles of the subsidiary companies were revalued by the directors in 1995, 1998 and 1999 based on opinion of values expressed by external professional valuers using the "Open Market Value" basis. The leasehold land and certain buildings of the subsidiary companies were also revalued by the directors in 1995 and 1998 based on the "Open Market Value" basis.

The Group intends to hold the revalued assets for long term purposes and has no intention of disposing them in the foreseeable future. Accordingly, any related tax effects on the revaluations are not expected to materialise.

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

	1999 RM'000	1998 RM'000
Depreciation of fixed assets	107	108
Interest on:		
Bank overdrafts	36	6
Hire-purchase	1	1
Audit fee:		
Current	2	2
Overprovision in prior year	(1)	-

The cost and net book value of fixed assets purchased under hire-purchase plans as at 31st December, are as follows:

	Group			
	Cost		Net Book Value	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Plant and machinery	14,556	17,349	11,730	14,865
Motor vehicles	1,830	2,563	1,138	1,750

5. SUBSIDIARY COMPANIES

	Company	
	1999 RM'000	1998 RM'000
Unquoted shares:		
At directors' valuation	21,223	21,223
At cost	26,956	26,956
Total	48,179	48,179

6. ASSOCIATED COMPANY

	Group and Company	
	1999 RM'000	1998 RM'000
Unquoted shares, at cost	5,229	5,229

Notes to the Accounts (Cont'd)

7. GOODWILL ON CONSOLIDATION

	Group	
	1999 RM'000	1998 RM'000
Goodwill, at cost	2,808	2,808
Less: Cumulative amortisation (141) (28)		
Net	2,667	2,780
Current amortisation	113	28

8. CURRENT ASSETS

	Note/s	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Stocks	19	30,379	32,725	–	–
Trade debtors	20&22	40,315	34,547	–	–
Other debtors, deposits and prepayments	21&22	10,555	17,413	65	120
Amount owing by ultimate holding company	23	15,988	19,531	–	–
Amount owing by subsidiary companies	23	–	–	13,435	13,149
Amount owing by related companies	23	31,804	30,297	–	–
Amount owing by an associated company	24	1,864	1,709	1,864	1,709
Cash on hand and at banks		1,949	6,713	7	5
Total		132,854	142,935	15,371	14,983

9. CURRENT LIABILITIES

	Note	Group		Company	
		1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Trade creditors		13,694	15,471	–	–
Other creditors and accrued expenses	22	13,247	12,339	64	72
Hire-purchase creditors	25	3,309	3,672	–	–
Amount owing to subsidiary companies	23	–	–	794	445
Amount owing to related companies	23	1,115	59	–	–
Bank borrowings	26	101,929	117,935	–	2,000
Provision for taxation		1	3,063	–	–
Proposed dividend		1,894	1,623	1,894	1,623
Total		135,189	154,162	2,752	4,140

Notes to the Accounts (Cont'd)



10. LONG-TERM AND DEFERRED LIABILITIES

	Group	
	1999 RM'000	1998 RM'000
Term loans - Principal outstanding	2,537	3,988
Less: Portion due within one year included in bank borrowings under current liabilities (Note 26)	(1,486)	(1,578)
Long-term portion	1,051	2,410
Hire-purchase creditors (Note 25)	1,920	4,761
Deferred taxation	6,765	6,511
Total	9,736	13,682

The term loan of a subsidiary company with an outstanding balance of RM608,333 as at 31st December, 1999 obtained from a local bank is repayable by 60 monthly principal instalments of RM58,333 each commencing from August, 1996.

The four term loans of another subsidiary company with total outstanding balance of RM1,929,030 as at 31st December, 1999 obtained from two local banks are secured by debentures incorporating legal charges over certain properties. Three of the term loans are repayable by 72 equal monthly instalments of RM11,525, RM14,382 and RM27,300 each commencing from April, 1995, September, 1995 and January, 1996 respectively. The remaining term loan is repayable by 60 monthly principal instalments of RM20,000 each commencing from August, 1998.

The above term loans are guaranteed by the Company and bear interest rates ranging from 7.80% to 9.40% (9.05% to 15.25% in 1998) per annum.

The long-term portion of the term loans is repayable as follows:

	Group	
	1999 RM'000	1998 RM'000
Within 1 to 2 years	701	1,487
Within 2 to 5 years	350	923
Total	1,051	2,410

11. SHARE CAPITAL

	Group and Company	
	1999 RM'000	1998 RM'000
Shares of RM1 each:		
Authorised	100,000	100,000
Issued and fully paid:		
At beginning of year	37,569	34,154
Issued in respect of private placement	–	3,415
At end of year	37,569	37,569

Notes to the Accounts (Cont'd)

12. RESERVES

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Non-distributable:				
Revaluation reserve:				
At beginning of year	24,440	4,600	3,220	3,220
Add: Surplus arising from revaluation of land and buildings	911	19,840	-	-
At end of year	25,351	24,440	3,220	3,220
Share premium reserve:				
At beginning of year	4,979	916	4,979	916
Add: Additions arising from private placement	-	4,063	-	4,063
At end of year	4,979	4,979	4,979	4,979
Reserve on consolidation:				
At beginning of year	509	114	-	-
Add: Reserve on acquisition of a subsidiary company	-	395	-	-
At end of year	509	509	-	-
	30,839	29,928	8,199	8,199
Distributable:				
Unappropriated profit	62,946	52,629	20,259	18,483
Total	93,785	82,557	28,458	26,682

As at 31st December, 1999, subject to agreement with the Inland Revenue Board, the Company has a Section 108 tax credit and tax-exempt accounts arising from its claim for export incentives, reinvestment allowances and tax-exempt dividends received from subsidiary companies of approximately RM6,740,000 (RM6,078,000 in 1998) and RM7,173,000 (RM6,584,000 in 1998) respectively. Accordingly, the Company may distribute all of its unappropriated profit as at 31st December, 1999 by way of dividends without incurring any additional tax liability. Any dividends declared and proposed out of the aforesaid tax-exempt accounts will be tax exempted in the hands of the shareholders.

13. TURNOVER

Turnover of the Group represents interest received and gross invoiced value of sales less discounts and returns.

Turnover of the Company represents gross dividends and interest received.

The cost of inventories recognised as an expense, applicable to turnover, are as follows:

	Group	
	1999 RM'000	1998 RM'000
Raw materials and consumables	166,415	169,520
Net change in inventories of finished goods and work-in-progress	49,286	91,128
Labour costs	4,167	4,047
Depreciation and other manufacturing overheads	16,891	13,581
Total	236,759	278,276

Notes to the Accounts (Cont'd)



14. EXCEPTIONAL ITEM

This represents the waiver of advances by the former immediate holding company of a subsidiary company in 1998.

15. PROFIT BEFORE TAXATION

Profit before taxation is arrived at:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
After charging:				
Depreciation of fixed assets	7,708	7,658	—	—
Interest on:				
Other short-term bank borrowings	4,195	9,750	—	—
Revolving credits	1,023	2,003	82	212
Bank overdrafts	1,926	2,413	—	—
Hire-purchase	1,116	970	—	—
Long-term loans	294	512	—	—
Provision for doubtful debts	1,588	641	—	—
Directors' remuneration:				
Directors of the Company:				
Fees	69	55	50	42
Other emoluments	648	648	—	—
Directors of the subsidiary companies:				
Fees	42	32	—	—
Other emoluments	430	433	—	—
Rental of premises	175	151	—	—
Rental of bulking facilities and equipment	125	135	—	—
Audit fee:				
Current	109	106	5	5
Under/(Over) provision in prior year	(2)	2	—	—
Bad debts written off	114	163	—	—
Hire of machinery	118	77	—	—
Amortisation of goodwill on consolidation	113	71	—	—
Lease rentals	96	103	—	—
Fixed assets written off	57	33	—	—
Professional fees paid to a company in which certain directors are members	40	42	4	4
Stocks written off	13	2	—	—
Rental of motor vehicles	7	1	—	—
And crediting:				
Interest received on:				
Advances to related companies	1,292	1,012	—	—
Advances to an associated company	155	138	155	138
Rental income	505	484	—	—
Gain on disposal of fixed assets	88	3	—	—
Bad debts recovered	72	70	—	—
Provision for doubtful debts no longer required	5	165	—	—
Dividends received (gross) from subsidiary companies	—	—	5,096	5,096

Notes to the Accounts (Cont'd)

16. PROVISION FOR TAXATION

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Current estimated tax payable	-	2,288	1,335	1,204
Transfer to deferred taxation account	254	816	-	-
	<u>254</u>	<u>3,104</u>	<u>1,335</u>	<u>1,204</u>
Under/(Over) provision in prior year	(303)	873	-	-
Net	<u>(49)</u>	<u>3,977</u>	<u>1,335</u>	<u>1,204</u>

Although the Group made a profit during the current financial year, no provision for taxation is made in the Accounts because tax on chargeable income earned in the Year of Assessment 2000 will be waived in accordance with the 1999 Budget.

The provision for taxation of the Group for the preceding year reflects an effective tax rate which is lower than the statutory income tax rate mainly due to the availability of double deductions claimed, unabsorbed agriculture allowances and reinvestment allowances to set-off against the business income that would otherwise have been subjected to tax.

The provision for taxation of the Company for the current and preceding years relate solely to dividend income.

As at 31st December, 1999, certain subsidiary companies have not accounted for the following tax effects of the timing differences and potential tax savings which would result in a debit to the deferred tax balance:

	Group	
	1999 RM'000	1998 RM'000
Timing differences in respect of unutilised tax losses and unabsorbed capital allowances	<u>9,419</u>	<u>9,346</u>

17. DIVIDENDS

	Group and Company	
	1999 RM'000	1998 RM'000
Proposed first and final: 7.0% (6.0% in 1998), less tax	1,894	1,623
Private placement	-	235
Total	<u>1,894</u>	<u>1,858</u>

Notes to the Accounts (Cont'd)



18. EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing the Group's profit after taxation and minority interest of RM12,211,215 (RM8,988,777 in 1998) by 37,569,000 (36,715,250 in 1998) ordinary shares in issue during the year.

19. STOCKS

	Group	
	1999 RM'000	1998 RM'000
Finished goods and trade merchandise	17,514	20,436
Work-in-progress	765	683
Raw materials	7,951	8,322
Consumables	371	213
Factory supplies	1,530	1,236
Promotional stocks	523	430
Goods-in-transit	1,725	1,405
Total	<u>30,379</u>	<u>32,725</u>

20. TRADE DEBTORS

	Group	
	1999 RM'000	1998 RM'000
Gross	44,422	37,645
Less: Provision for doubtful debts	(4,107)	(3,098)
Net	<u>40,315</u>	<u>34,547</u>

21. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Gross	10,600	17,458	65	120
Less: Provision for doubtful debts	(45)	(45)	-	-
Net	<u>10,555</u>	<u>17,413</u>	<u>65</u>	<u>120</u>

Notes to the Accounts (Cont'd)

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Significant related party transactions excluding those disclosed in Note 23 to the Accounts during the year are as follows:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Insurance	1,943	1,111	2	2
Contract wages	850	821	–	–
Hire-purchase loans	304	428	–	–
Interest on hire-purchase loans	181	143	–	–
Secretarial and accounting fees	40	42	4	4
Advances given	–	2,027	–	–
Trade sales	–	916	–	–
Advances received	–	11	–	–

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

The outstanding balances arising from the above transactions are as follows:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Receivables:				
Included in trade debtors	–	11	–	–
Included in other debtors, deposits and prepayments	–	281	–	–
Payables:				
Included in other creditors and accrued expenses	146	85	3	2

Notes to the Accounts (Cont'd)



23. HOLDING COMPANY AND INTERCOMPANY TRANSACTIONS

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

The amount owing by or to ultimate holding company, subsidiary companies and related companies arose mainly out of normal trade transactions, interest received on advances, rental received and paid on premises, transport income and unsecured advances which have no fixed repayment terms. Certain advances to related companies bear interest rate at 10% (10% in 1998) per annum.

Significant intercompany transactions which were dealt with at arm's length during the year are as follows:

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Ultimate holding company:				
Trade purchases	13,472	13,688	–	–
Trade sales	13,412	13,659	–	–
Rental received on premises	24	24	–	–
Subsidiary companies:				
Dividends received (gross)	–	–	5,096	5,096
Related companies:				
Trade purchases	28,671	75,397	–	–
Trade sales	16,720	56,718	–	–
Interest received on advances	1,292	1,012	–	–
Rental received on premises	150	150	–	–
Transport income	58	97	–	–
Rental paid on premises	18	18	–	–

24. AMOUNT OWING BY AN ASSOCIATED COMPANY

The amount owing by an associated company arose mainly out of unsecured advances which bear interest rate at 10.20% (10.20% in 1998) per annum during the year and have no fixed repayment terms. Total interest charged for the financial year amounts to RM154,999 (RM137,990 in 1998).

25. HIRE-PURCHASE CREDITORS

	Group	
	1999 RM'000	1998 RM'000
Principal outstanding	5,229	8,433
Less: Portion due within one year included under current liabilities (Note 9)	(3,309)	(3,672)
Long-term portion (Note 10)	1,920	4,761

The interest rates implicit in these hire-purchase obligations range from 6.50% to 14.00% (6.50% to 14.00% in 1998) per annum.

Notes to the Accounts (Cont'd)

The long-term portion of the hire-purchase obligations is repayable as follows:

	Group	
	1999 RM'000	1998 RM'000
Within 1 to 2 years	1,872	3,156
Within 2 to 5 years	48	1,605
Total	1,920	4,761

26. BANK BORROWINGS

	Group		Company	
	1999 RM'000	1998 RM'000	1999 RM'000	1998 RM'000
Bank overdrafts	17,142	21,048	–	–
Other short-term bank borrowings	64,301	81,309	–	–
Revolving credits	19,000	14,000	–	2,000
Current portion of term loans (Note 10)	1,486	1,578	–	–
Total	101,929	117,935	–	2,000

The Company has unsecured credit facility with a local bank to the extent of RM5,000,000 (RM5,000,000 in 1998) which is granted on a negative pledge over all the present and future assets of the Company.

The subsidiary companies have bank overdrafts and other banking facilities with certain local banks to the extent of RM339,430,000 (RM312,897,000 in 1998) of which RM323,930,000 (RM276,397,000 in 1998) are guaranteed by the Company.

The above facilities bear interest rates ranging from 3.10% to 11.20% (6.90% to 15.70% in 1998) per annum during the year.

27. COMMITMENTS

	Group	
	1999 RM'000	1998 RM'000
Capital expenditure:		
Approved and not contracted for	667	–
Approved and contracted for	563	412
Total	1,230	412

28. CONTINGENT LIABILITIES

	Company	
	1999 RM'000	1998 RM'000
Guarantees for borrowings of subsidiary companies	329,121	284,645

Notes to the Accounts (Cont'd)



29. SEGMENT INFORMATION - GROUP

Major segment by activity:

	Turnover RM'000	Profit Before Taxation RM'000	Tangible Assets Employed RM'000
1999			
Manufacturing	90,787	7,080	176,551
Trading	202,105	3,984	74,429
Non-segment items	155	1,468	25,546
Total	293,047	12,532	276,526
1998			
Manufacturing	133,078	8,814	198,605
Trading	204,740	3,492	64,879
Non-segment items	138	900	24,137
Total	337,956	13,206	287,621

Non-segment items consist of turnover, profit before taxation and tangible assets employed in activities which are not attributable to any of the major industry segment.

Information on the Group's operations by geographical segment has not been provided as the Group operates principally in Malaysia.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated cash flow statement comprise the following balance sheet amounts:

	1999 RM'000	1998 RM'000
Cash on hand and at banks	1,949	6,713
Bank overdrafts	(17,142)	(21,048)
Other short-term bank borrowings	(64,301)	(81,309)
Cash and Cash Equivalents	(79,494)	(95,644)

31. COMPARATIVE FIGURES

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

Statement by Directors

The directors of YEE LEE CORPORATION BHD. state that, in their opinion, the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes thereto, are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Company and of the Group at 31st December, 1999 and of the results of their businesses and the cash flows of the Group for the year ended on that date.

Signed in accordance with a resolution of the Directors,

LIM A HENG @ LIM KOK CHEONG, JP
Group Managing Director

CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
20th March, 2000

Declaration by the Director Primarily Responsible for the Financial Management of the Company

I, LIM A HENG @ LIM KOK CHEONG, JP, the director primarily responsible for the financial management of YEE LEE CORPORATION BHD., do solemnly and sincerely declare that the accompanying balance sheets, profit and loss accounts and consolidated cash flow statement, together with the notes thereto, 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.

Subscribed and solemnly declared by the abovenamed LIM A HENG @ LIM KOK CHEONG, JP at IPOH in the State of PERAK DARUL RIDZUAN this 20th day of March, 2000

Before me,

ABDUL RAHIM B. HJ. MAT TAIB, AMN, AMP
COMMISSIONER FOR OATHS
Ipoh

Shareholding Statistics

as at 26st April, 2000



Share Capital

Authorised Share Capital	: RM100,000,000
Issued and fully paid-up share capital	: RM37,569,000
Class of Shares	: Ordinary shares of RM1.00 each
Voting Rights	: 1 vote per ordinary share

Analysis of Shareholdings

By Size of Holdings

Size of Holdings	Number of Shareholders	%	Number of Shares	%
Less than 500	0	0.00	0	0.00
500 - 5,000	1,916	90.03	3,405,000	9.06
5,001 - 10,000	110	5.17	903,000	2.40
10,001 - 100,000	82	3.85	2,227,000	5.93
100,001 - 1,000,000	18	0.85	7,282,000	19.39
Above 1,000,000	2	0.10	23,752,000	63.22
	2,128	100.00	37,569,000	100.00

Twenty Largest Shareholders

Name	Number of Shares	%
1. Yee Lee Organization Bhd.	18,679,000	49.72
2. Lembaga Tabung Haji	5,073,000	13.50
3. Cartaban Nominees (Asing) Sdn. Bhd. - Bank of Tokyo Mitsubishi Luxembourg S.A. for Osterreichische Volksbanken AG	838,000	2.23
4. Yap Ah Fatt	760,000	2.02
5. OSK Nominees (Tempatan) Sdn. Berhad - Lee Chin Kok	678,000	1.80
6. OSK Nominees (Tempatan) Sdn. Berhad - Lem Kim Kaw	678,000	1.80
7. Dato (Dr) Haji Mohd. Ishak bin Hj. Mohd. Ariff	562,000	1.50
8. Yee Lee Organization Bhd.	525,000	1.40
9. OSK Nominees (Tempatan) Sdn. Berhad - Kuan Peng Ching @ Kuan Peng Soon	472,000	1.26
10. OSK Nominees (Tempatan) Sdn. Berhad - Nik Mohamad Pena bin Nik Mustapha	407,250	1.09
11. Universal Trustee (Malaysia) Berhad - Pacific Premier Fund	370,000	0.99
12. Lembaga Tabung Haji	279,000	0.74
13. Nik Mohamad Pena bin Nik Mustapha	275,000	0.73
14. Kuan Peng Ching @ Kuan Peng Soon	241,000	0.64
15. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Amanah Saham Selangor	231,000	0.62
16. Jailani bin Abdullah	229,000	0.61
17. Arab-Malaysian Nominees (Tempatan) Sdn. Bhd. - Arab Malaysian Trustee Bhd. for Pacific Pearl Fund	229,000	0.61
18. Lai Ka Chee	203,750	0.54
19. Citicorp Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon	200,000	0.53
20. RHB Nominees (Tempatan) Sdn. Bhd. - ING Barings South East Asia Ltd for Lim Beng Keat	104,000	0.28
	31,034,000	82.61

Shareholding Statistics (Cont'd)

Substantial Shareholders

Name	Direct		Shares in which there is deemed interest	
	shareholdings	%		%
1. Yee Lee Organization Bhd.	19,204,000	51.12	–	–
2. Lembaga Tabung Haji	5,352,000	14.25	–	–
3. Kuan Peng Ching @ Kuan Peng Soon	913,000	2.43	–	–
4. Osterreichische Volksbanken AG	838,000	2.23	–	–
5. Yap Ah Fatt	760,000	2.02	–	–
6. Lim A Heng @ Lim Kok Cheong, JP	55,000	0.15	19,222,000	51.16
7. Chua Shok Tim @ Chua Siok Hoon	18,000	0.05	19,259,000	51.26
8. Unikampar Credit & Leasing Sdn. Bhd.	–	–	19,204,000	51.12
9. Yeleta Holdings Sdn. Bhd.	–	–	19,204,000	51.12
10. Young Wei Holdings Sdn. Bhd.	–	–	19,204,000	51.12

List of Properties

as at 31st December, 1999



Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Net Book Value as at 31-12-99 RM'000
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 1-9-2075, 30-7-2088 and 28-3-2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	24	34,368/ 18,847	15,476
P.T. No. 311, Town of Melaka, District of Melaka Tengah, Melaka	Leasehold expiring on 19-12-2075	Double storey shophouse	28	276/ 310	285
L.O. No. 26/73 Mukim of Bukit Katil, District of Melaka Tengah, Melaka	Leasehold expiring on 30-5-2072	Single storey semi-detached factory	29	2,013/ 677	699
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	18	1,609/ 706	1,289
Lot No. 15624, Mukim of Kuala Kuantan, Kuantan, Pahang	Freehold	Double storey shophouse	21	149/ 285	217
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18-7-2044	Single storey semi-detached factory	20	922/ 466	333
Lot No. PT 8438, Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Leasehold expiring on 9-7-2078	Double storey factory building	13	2,553/ 3,291	3,319
Lot No. 16505, Mukim of Batu, Wilayah Persekutuan, Kuala Lumpur	Leasehold expiring on 16-6-2067	Single storey detached factory	27	1,799/ 449	1,477

List of Properties (Cont'd)

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Net Book Value as at 31-12-99 RM'000
Lot No. 656, Block 233, Kuching North Land District 5th Mile, Penrissen Road, Kuching, Sarawak	Leasehold expiring on 31-12-2038	Vacant land	–	2,185	161
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17-3-2042	Single storey factory cum double storey office	14	3,103/ 1,690	2,670
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31-12-2029	1 1/2 storey semi-detached warehouse	19	585/ 414	487
Lease No. 104530000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31-12-2042	Single storey detached factory	17	2,086/ 476	743
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining unit of 3-storey shophouse	15	307/ 594	1,090
Unit Nos. 1902, 1903, 19th floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	21	199	289
Country Lease No. 015424521, District of Kota Kinabalu, Sabah	Leasehold expiring on 31-12-2073	9 double storey industrial buildings	3	1,420/ 2,842	4,318
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 4-6-2074	Single storey office, factory and store	24	16,291/ 10,420	4,316

List of Properties (Cont'd)



Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Net Book Value as at 31-12-99 RM'000
P.T. 59999 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 14-2-2046	Vacant land	–	5,054	746
P.T. 77, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 5-4-2066	Single storey office and factory warehouse	32	4,047/ 2,549	1,356
P.T. 1489, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 6-3-2050	Vacant industrial land	–	16,190	603
P.T. Nos. 101879 and 101880, Mukim of Hulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 17-10-2089	2-storey office, factory and adjoining land	6	17,052/ 10,635	9,499
Lot Nos. 9399, and 10169, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 30-6-2046 and 5-7-2048 respectively	2-storey palm oil mill, office and factory warehouse	15	145,729/ 7,450	11,843
Lot No. 3262, Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 8-7-2056	Vacant land	–	27,446	1,016
Provisional Lease No. 066290168, Kg. Nalapak, District of Ranau, Sabah	Leasehold expiring on 31-12-2080	Plantation, office, factory, warehouse and labour housing	18	8,314,820/ 12,790	17,191
Provisional Lease No. 066290168, Kg. Nalapak, District of Ranau, Sabah	Leasehold expiring on 31-12-2080	Vacant agriculture land	–	16,148,424	3,230

Proxy Form

Twenty-Seventh Annual General Meeting

I/We _____

(Block Letters)

of _____

(Full Address)

being a member/members of YEE LEE CORPORATION BHD., hereby appoint _____

of _____

or failing him, _____

of _____

as my/our proxy, to attend and vote for me/us on my/our behalf at the Twenty-Seventh Annual General Meeting of the Shareholders of the Company, to be held at Garlet 3, Casuarina Parkroyal Hotel, 18 Jalan Gopeng, 30250 Ipoh, Perak Darul Ridzuan, on Thursday, 29th June, 2000 at 11.00 a.m. and at any adjournment thereof.

With reference to the Agenda set out in the Notice of Meeting, please indicate with an 'X' in the spaces provided below how you wish your votes to be casted. In the absence of specific directions, your proxy will vote or abstain as he thinks fit.

		FOR	AGAINST
Resolution 1	Audited Accounts & Reports		
Resolution 2	First and final dividend		
Resolution 3	Directors' Fees		
Resolution 4	Re-elect Encik Mohd Adhan bin Kechik, SMK		
Resolution 5	Re-elect Mr. Lee Kee Hong		
Resolution 6	Re-appoint Messrs. Kassim Chan & Co.		

Dated this _____ day of June, 2000

Signature or Common Seal of Shareholder (s)

Number of Shares _____

Notes:

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

S T A M P

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