

ANNUAL REPORT
2005

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

C O N T E N T S

Notice of Annual General Meeting	2 - 4
Statement Accompanying Notice of Annual General Meeting	5
Corporate Information	6
Corporate Structure	7
Directors' Profile	8 - 10
Audit Committee Report	11 - 13
Statement on Corporate Governance	14 - 18
Additional Information	19
Statement on Internal Control	20
Analysis of Shareholdings	21 - 23
Chairman's Statement	24 - 27
Directors' Report	28 - 32
Report of the Auditors	33
Income Statements	34
Balance Sheets	35 - 36
Statements of Changes in Equity	37 - 38
Cash Flow Statements	39 - 41
Notes to the Financial Statements	42 - 78
Statement by Directors	79
Declaration by the Director Primarily Responsible for the Financial Management of the Company	79
List of Properties	80 - 83
Form of Proxy	

NOTICE OF

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of Yee Lee Corporation Bhd. will be held at Garlet 3, Casuarina Ipoh, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan on Thursday, June 29, 2006 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, 2005 and the Reports of the Directors and Auditors thereon. Resolution 1
2. To declare a first and final dividend of 2 sen tax-exempt and 1 sen less 28% income tax in respect of the financial year ended December 31, 2005. Resolution 2
3. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2005. Resolution 3
4. To re-elect the following Directors who retire by rotation in accordance with Article 80 of the Company's Articles of Association:
 - (i) Lim Ee Young Resolution 4
 - (ii) Mohd Adhan bin Kechik Resolution 5
5. To re-appoint Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff as Director of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company in accordance with Section 129(6) of the Companies Act, 1965. Resolution 6
6. To re-appoint Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration. Resolution 7

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 Companies Act, 1965 Resolution 8

“THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting of the Company and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company for the time being, subject always to the approvals of the relevant regulatory authorities.”
8. Authority to issue shares pursuant to the Executive Share Option Scheme Resolution 9

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

NOTICE OF ANNUAL GENERAL MEETING

9. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature 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 (“Proposed Shareholders' Mandate”) which are necessary for the day-to-day operations as set out in Section 2.4 of the Circular to Shareholders dated June 2, 2006 subject to the following:

- (i) the transactions are carried out in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:
 - (a) the type of the recurrent transactions made; and
 - (b) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company.

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

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (“the Act”) (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 2 sen tax-exempt and 1 sen less 28% income tax in respect of the financial year ended December 31, 2005, subject to the approval of the shareholders at the Thirty-Third Annual General Meeting will be paid on August 16, 2006 to Depositors whose names appear in the Record of Depositors at the close of business on August 2, 2006.

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

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on August 2, 2006 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

OOIGUATEE
CHIANG SUE MAI
Company Secretaries

Ipoh, Perak Darul Ridzuan
June 2, 2006

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 Companies Act, 1965 shall not apply to the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- (iv) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than forty-eight (48) hours before the time appointed for holding the meeting.

2. Explanatory Notes on Special Business

- (i) The proposed Ordinary Resolution 8 if passed, will give the Directors authority to issue and allot shares in the Company 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 in general meeting, will expire at the next Annual General Meeting of the Company.
- (ii) The proposed Ordinary Resolution 9 if passed, will give the Directors authority to issue and allot shares in the Company pursuant to the exercise of options under the Executive Share Option Scheme and in accordance with its terms and conditions.
- (iii) The proposed Ordinary Resolution 10 if passed, will empower 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.

STATEMENT ACCOMPANYING NOTICE

OF 33RD ANNUAL GENERAL MEETING

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

1. DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 33RD ANNUAL GENERAL MEETING

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

- (i) Lim Ee Young
- (ii) Mohd Adhan bin Kechik

The Director retiring in accordance with Section 129 of the Companies Act, 1965 and seeking re-appointment is as follows:

- (i) Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff

The details of the above Directors standing for re-election are set out in their respective Directors' Profile which appear on pages 8 to 9 of this Annual Report. Their securities holdings in the Company are set out in the Analysis of Shareholdings on page 22 of this Annual Report.

2. BOARD MEETINGS HELD IN THE FINANCIAL YEAR ENDED DECEMBER 31, 2005

There were four Board Meetings held during the financial year ended December 31, 2005. The details of attendance of the Directors at the Board Meetings are as follows:

Directors	Attendance	Percentage
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4	100%
Dato' Lim A Heng @ Lim Kok Cheong	4/4	100%
Thang Lai Sung	4/4	100%
Chok Hooa @ Chok Yin Fatt	4/4	100%
Lim Ee Young	4/4	100%
Mohd Adhan bin Kechik	2/4	50%
Lee Kee Hong	4/4	100%
Major (R) Mohd Ramli bin Othman	4/4	100%

3. THIRTY-THIRD ANNUAL GENERAL MEETING OF THE COMPANY

Date	Time	Venue
June 29, 2006	11.00 a.m.	Garlet 3, Casuarina Ipoh, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan.

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
Major (R) Mohd Ramli bin Othman

AUDIT COMMITTEE

Chairman

Mohd Adhan bin Kechik

Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff
Major (R) Mohd Ramli bin Othman
Chok Hooa @ Chok Yin Fatt

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

EXECUTIVE SHARE OPTION SCHEME COMMITTEE

Chairman

Lim Ee Young

Members

Chok Hooa @ Chok Yin Fatt
Lee Kee Hong

COMPANY SECRETARIES

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

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.

28-1, Jalan Tun Sambanthan 3, Brickfields,
50470 Kuala Lumpur.
Telephone number : 03-22746133
Facsimile number : 03-22741016

AUDITORS

Deloitte Kassim Chan

Chartered Accountants

87, Jalan Sultan Abdul Jalil,
30450 Ipoh, Perak Darul Ridzuan.
Telephone number : 05-2531358
Facsimile number : 05-2530090

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad
Stock Code : 5584
Stock Name : YEELEE

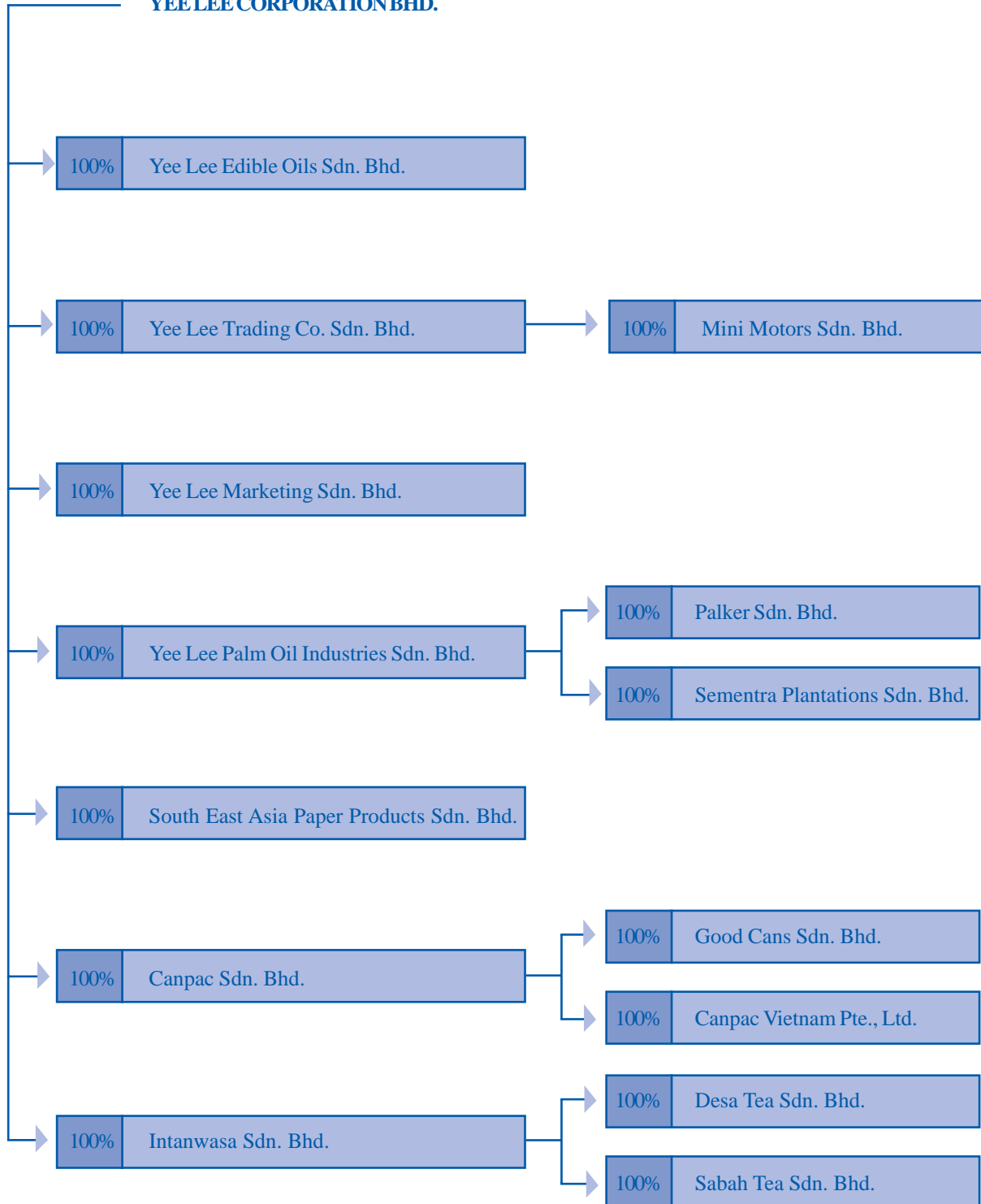
PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
RHB Bank Berhad
Bumiputra-Commerce Bank Berhad
Malayan Banking Berhad
Hong Leong Bank Berhad

CORPORATE STRUCTURE



YEELEE CORPORATION BHD.



DIRECTORS'

PROFILE

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

Independent Non-Executive Chairman

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff, aged 70, a Malaysian, was appointed to the Board on March 2, 1993. He qualified as a professional Chartered Town Planner in 1964 and as a professional Landscape Architect in 1973 from University of Newcastle-upon-Tyne, England. He was honoured by the University of Newcastle-upon-Tyne, England with the Honorary Degree of Doctor in Civil Law in May 1993.

He served in various State Governments and was the Director-General of the Department of Town and Country Planning from 1986 to 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 currently sits on the boards of other public companies within Public Bank Berhad Group, namely Public Bank Berhad, Public Merchant Bank Berhad and Public Mutual Berhad. He is also a director of Faber Group Berhad, 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 61, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies. On June 4, 2005, he was conferred Johan Setia Mahkota (J.S.M.) by His Majesty The Yang Di-Pertuan Agong XII in conjunction with His Majesty's 62nd birthday.

He has more than 38 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Presidents of Perak Chinese Chamber of Commerce and Industry, Malaysian-China Chamber of Commerce, Perak Branch, Perak Hock Kean Association and Perak Basketball Association. He is also the 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), a director of Hoklian Holdings Bhd. and the Chairman of Spritzer Bhd. and Yee Lee Organization Bhd.

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

Thang Lai Sung

Executive Director

Thang Lai Sung, aged 68, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 35 years of experience in the edible oils industry, having managed his own business in edible oil retailing for ten years from 1965 to 1974. He is actively involved in social and community services. Presently, he is in charge of the general affairs of Yee Lee Group.

He is the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years, Vice President of Perak Basketball Association, Secretary-General of Perak Chinese Chamber of Commerce and Industry, Treasurer of Perak Chinese Badminton Association, Welfare Officer of Perak Han Kang Kong Hoey and a director of Yee Lee Organization Bhd.

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Hooa @ Chok Yin Fatt, aged 59, a Malaysian, was appointed to the Board on April 30, 1990, graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and a Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow member of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of 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., the Chairman of the Remuneration Committee and a member of the Audit Committee and the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

Lim Ee Young

Executive Director

Lim Ee Young, aged 34, a Malaysian, was appointed to the Board on December 3, 2002. He graduated with a Bachelor of Business (Accounting) from University of Ballarat, Australia and a 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 Chairman of the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

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.

Mohd Adhan bin Kechik, SMK

Independent Non-Executive Director

Mohd Adhan bin Kechik, aged 50, a Malaysian, was appointed to the Board on March 2, 1993, graduated with a Bachelor of Laws (Honours) Degree and a Master of Laws Degree from University of Malaya. He is a lawyer by profession. Currently, he is practising as a partner at Messrs. Adhan & Yap in Kuala Lumpur. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as Menteri Besar's political secretary from 1986 to 1990 and was elected the State Assemblyman of Kelantan for Kemahang from 1995 to 1999. Presently, he is the State Assemblyman of Kelantan for Bukit Bunga.

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

DIRECTORS' PROFILE

Lee Kee Hong

Independent Non-Executive Director

Lee Kee Hong, aged 58, a Malaysian, 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 and the Executive Share Option Scheme Committee of Yee Lee Corporation Bhd.

Major (R) Mohd Ramli bin Othman

Independent Non-Executive Director

Major (R) Mohd Ramli bin Othman, aged 50, a Malaysian, was appointed to the Board on November 20, 2003, graduated with a Bachelor of Arts Degree in Political Science from Pakistan Military Academy and obtained his LLB Hons from MARA University of Technology in 1990 and a Master in Business Administration from University of Wales, Cardiff in 1998.

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

He is 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 of any offences 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

The Audit Committee comprises four Directors, out of whom three Directors including the Chairman, are Independent Non-Executive Directors. They are as follows:

Chairman

Mohd Adhan bin Kechik

Independent Non-Executive Director

Members

Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff

Major (R) Mohd Ramli bin Othman

Independent Non-Executive Directors

Chok Hooa @ Chok Yin Fatt

Executive Director

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst their members and shall consist of no less than three members, comprising a majority of independent non-executive directors. At least one member of the Audit Committee:

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three years' working experience; and
 - (a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
- (iii) must have a degree/masters/doctorate in accounting or finance and at least three years' post qualification experience in accounting or finance; or
- (iv) must have at least seven years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

Chok Hooa @ Chok Yin Fatt is a Chartered Accountant of the Malaysian Institute of Accountants and a member of CPA Australia and the Malaysian Institute of Certified Public Accountants. The Company is therefore in compliance with Paragraph 15.10(1)(c)(i) of Bursa Malaysia Securities Berhad Listing Requirements.

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

Authority

The Audit Committee shall have the authority to:

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

Duties and Responsibilities

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

- (i) **Financial Reporting**
Review and recommend the quarterly results and year end financial statements of the Company and of the Group prior to the approval by the Board of Directors, focusing particularly on the following issues:
 - changes in or implementation of major accounting policies and practices;
 - significant adjustments and unusual events; and
 - compliance with accounting standards and other legal requirements.
- (ii) **Internal Audit**
 - review the adequacy of the scope, functions and resources of the internal audit functions.
 - review the internal audit plan and their audit report.
- (iii) **External Audit**
 - review with the external auditors, the audit plans, scope of audit and to evaluate the audit reports before recommending for Board of Directors' approval.
 - review with the external auditors, their evaluation of the system of internal controls.
 - review the performance of the external auditors and make recommendation to the Board on their appointment and remuneration.
- (iv) **Related Party Transactions**
 - review any related party transactions and conflict of interest situation that may arise within the Group.
- (v) **Other Matters**
 - perform any other functions as the Audit Committee considers appropriate or as authorised by the Board.

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 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 quorum for any meeting shall consist of two members and a majority of members present must be independent directors. The Company Secretary shall record, prepare and circulate the minutes of the meetings and ensure that the minutes are properly kept.

AUDIT COMMITTEE REPORT

The Audit Committee has held four meetings during the financial year ended December 31, 2005. Their attendance are as follows:

Audit Committee	Attendance
Mohd Adhan bin Kechik	2/4
Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	4/4
Major (R) Mohd Ramli bin Othman	4/4
Chok Hooa @ Chok Yin Fatt	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 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.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT DEPARTMENT

In line with the developments made in the Enterprise Risk Management, the Internal Audit Department ("IAD") adopts 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 "ad hoc" audit assignments as requested by the Senior Management from time to time. 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 and internal quality pertaining to ISO 9001:2000 compliance. 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

The Board of Directors supports high standards of corporate governance and is committed in ensuring that the Best Practices set out in the Malaysian Code on Corporate Governance (the “Code”) is being fully applied as a fundamental part of discharging its 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, 2005.

BOARD OF DIRECTORS

Composition

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

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

The profile of each Director is presented on pages 8 to 10 of this 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 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 that the current Board composition fairly reflects the investment of minority shareholders in the Company.

Board Meetings

The Board has committed to meet at least four times a year, usually before the announcement of quarterly results to Bursa Malaysia Securities Berhad, with additional meetings convened when necessary. During the financial year ended December 31, 2005, four Board Meetings were held and the record of attendance is shown in the table below:

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	2/4
Lee Kee Hong	4/4
Major (R) Mohd Ramli bin Othman	4/4

STATEMENT ON CORPORATE GOVERNANCE

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

All the Directors have completed the Mandatory Accreditation Programme ("MAP") and attended various training programmes under the Continuing Education Programme ("CEP") for Directors pursuant to Bursa Malaysia Securities Berhad Listing Requirements.

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.

The training programmes and seminars attended by the Directors in year 2005 are on areas relating to corporate governance practices, auditing and accounting, risk management and rules and regulations.

Re-election and Appointments of Directors

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

Directors who are of or over the age of seventy years shall retire annually at the conclusion of the next Annual General Meeting unless they are re-appointed as Directors in accordance with Section 129(6) of the Companies Act, 1965. Presently, there is one Director of the Company, Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff who is 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 them with the Group's business, which includes visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

DIRECTORS' REMUNERATION

The remuneration received by the Directors from the Group and the Company for the financial year under review are as follows:

	Salaries RM'000	Fees RM'000	Bonus RM'000	Others RM'000	Total RM'000
Executive Directors	928	52	145	62	1,187
Non-Executive Directors	-	34	-	13	47

STATEMENT ON CORPORATE GOVERNANCE

Directors' remunerations are broadly categorised into the following bands:

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

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

BOARD COMMITTEES

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

(i) Audit Committee

The Audit Committee consists of four members with a majority of Independent Non-Executive Directors. Its composition and terms of reference are set out on pages 11 to 13 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.

(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.

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

The ESOS Committee has three members comprising one Independent Non-Executive Director and two Executive Directors. The ESOS Committee administers the scheme in accordance with the objectives and regulations thereof and to determine participation eligibility, option offers and share allocations and to attend to such other matters as may be required.

STATEMENT ON CORPORATE GOVERNANCE

SHAREHOLDERS

Dialogue between the Company and Investors

Shareholders are kept well informed of the development and performance of the Group through annual reports, press releases, 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, an Independent Non-Executive Director, to whom any concern may be conveyed. Shareholders may also contact the Company Secretaries for information at all times.

General Meetings

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

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

Internal Control

The Statement on Internal Control provides an overview of the state of internal controls within the Group and is set out on page 20 of this Annual Report.

Relationship with Auditors

The Board has delegated the function of reviewing its relationship with the external auditors to the Audit Committee. The role of the Audit Committee in connection with its relationship with the external auditors is stated on pages 12 to 13 in the Report of the Audit Committee.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

Through the Audit Committee, the Company has established a transparent and appropriate relationship with the auditors, both internal and external. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention.

STATEMENT ON CORPORATE GOVERNANCE

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 ("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, 2005, the Group has adopted applicable approved accounting standards in Malaysia, 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.

The following information is provided in accordance with Paragraph 9.25 of Bursa Malaysia Securities Berhad Listing Requirements 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 ended December 31, 2005.

2. Share Buy-Back

No share buy-back scheme was in place during the financial year ended December 31, 2005.

3. Options, Warrants or Convertible Securities

Yee Lee Corporation Bhd. Executive Share Option Scheme was launched on March 18, 2002. The details of options exercised/lapsed during the financial year 2005 are disclosed in the Directors' Report on page 29 of the Financial Statements.

The Company did not issue any warrants or convertible securities for the financial year under review.

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

During the financial year ended December 31, 2005, the Company did not sponsor any ADR or GDR Programme.

5. Sanctions and/or Penalties

There were no material sanctions or penalties imposed on the Company and its subsidiary companies, directors or management by the regulatory bodies during the financial year ended December 31, 2005.

6. Variation in Results

There was no variance between the financial results in the Annual Audited Financial Statements 2005 and the unaudited financial results for the year ended December 31, 2005.

7. Profit Guarantee

There was no profit guarantee given by the Company during the financial year ended December 31, 2005.

8. Material Contracts

There were no material contracts outside the ordinary course of business which have been entered into by the Group involving the interest of directors and major shareholders, either still subsisting at the end of the financial year ended December 31, 2005 or entered into since the end of the previous financial year.

9. Contracts relating to Loans

There were no contracts relating to loans made by the Company during the financial year ended December 31, 2005.

10. Revaluation Policy

There was no revaluation of landed properties during the financial year ended December 31, 2005.

STATEMENT ON

INTERNAL CONTROL

Introduction

The Malaysia Code on Corporate Governance required listed companies to maintain a sound system of internal control to safeguard shareholders' investments and Group's assets. Pursuant to Paragraph 15.27 (b) of the Bursa Malaysia Securities Berhad Listing Requirements ("Listing Requirements"), the Board of Directors of Yee Lee Corporation Bhd. is pleased to make the following statement on the scope and nature of internal control of the Group for the financial year ended December 31, 2005.

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 of internal control and risk management, and for reviewing the adequacy and integrity of those systems. In view of the limitations that are inherent in any systems of internal control, it should be noted that such systems can only provide reasonable but not absolute assurance against material errors, fraud or losses. The internal control system is thus designed to manage rather than to eliminate the risk of failure in achieving the Group's business objectives.

Enterprise Risk Management Framework

The directors and management recognise risk management as an integral process to the Group's objective of not only creating, maintaining and enhancing shareholders' value, but also for the successful execution of its strategies. During the year, the Risk Management Advisory Committee had been set up to assist member companies in understanding and managing risks. Apart from looking into the execution of risk management processes, the Committee would monitor the subsidiary companies' actions and proposals that relate to risk management issues, and to evaluate their impact. The Board has a fundamental role in risk management within the Group. This includes the annual review of the Group's approach towards risk management, and approval on changes or improvements to the key elements of its processes and procedures. The Management Committee assists the Board in ensuring that a risk management system is established, implemented and maintained in accordance with this policy. The management is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Hence, the risk management processes were integrated with other planning processes and management activities. The Audit Committee will oversee the processes for the identification and assessment of the general risk spectrum, reviewing the outcomes of risk management processes and for advising the Board as necessary.

Internal Audit Function

The Group has an Internal Audit Department ("IAD") which conducts regular internal audit visits to business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. 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.

Review of Effectiveness

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

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

Review of the Statement by External Auditors

The External Auditors have reviewed and affirmed this Internal Control Statement for the inclusion in the Annual Report of the Group for the financial year ended December 31, 2005 in line with Paragraph 15.24 of the Listing Requirements.

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 8, 2006

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	%
Less than 100 shares	74	3,743	0.00
100 to 1,000 shares	187	155,257	0.24
1,001 to 10,000 shares	1,826	6,220,651	9.92
10,001 to 100,000 shares	168	4,509,060	7.19
100,001 to less than 5% of issued shares	23	10,576,056	16.86
5% and above of issued shares	2	41,239,233	65.76
Total	2,280	62,704,000	100.00

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Names of Shareholders	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Yee Lee Organization Bhd.	34,188,931	54.52	-	-
2. Lembaga Tabung Haji	8,455,000	13.48	-	-
3. Dato' Lim A Heng @ Lim Kok Cheong	330,300	0.52	34,343,931 ^a	54.77
4. Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.24	34,519,231 ^b	55.05
5. Unikampar Credit And Leasing Sdn. Bhd.	-	-	34,188,931 ^c	54.52
6. Uniyelee Sdn. Bhd.	-	-	34,188,931 ^d	54.52
7. Yeleta Holdings Sdn. Bhd.	-	-	34,188,931 ^e	54.52
8. Young Wei Holdings Sdn. Bhd.	-	-	34,188,931 ^f	54.52

Notes:

- ^a Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Datin Chua Shok Tim @ Chua Siok Hoon.
- ^b Deemed interest by virtue of substantial shareholding in Young Wei Holdings Sdn. Bhd. and by virtue of being the spouse of Dato' Lim A Heng @ Lim Kok Cheong.
- ^c Deemed interest by virtue of substantial shareholding in Yee Lee Organization Bhd.
- ^d Deemed interest by virtue of substantial shareholding in Yee Lee Organization Bhd.
- ^e Deemed interest by virtue of substantial shareholdings in Unikampar Credit And Leasing Sdn. Bhd. and Uniyelee Sdn. Bhd.
- ^f Deemed interest by virtue of substantial shareholding in Yeleta Holdings Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS **AS AT MAY 8, 2006**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND ITS RELATED CORPORATION

The details of interests of the Directors in the shares of the Company and its related corporation kept by the Company in the Register of Directors' Shareholdings are as follows:

Shares held in the Company

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92	-	-
2. Dato' Lim A Heng @ Lim Kok Cheong	330,300	0.52	34,343,931 ^a	54.77
3. Thang Lai Sung	8,333	0.01	-	-
4. Chok Hooa @ Chok Yin Fatt	12,333	0.01	-	-
5. Lim Ee Young	38,333	0.06	3,333 ^b	0.00
6. Mohd Adhan bin Kechik	16,666	0.02	-	-
7. Lee Kee Hong	8,333	0.01	-	-

Other than as disclosed above, no other Director of the Company has interest in the shares of the Company and its related corporation.

Notes:

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

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

Shares held in the holding company - Yee Lee Organization Bhd.

Name of Directors	Direct Interest		Deemed Interest	
	Number of Issued Shares	% of Issued Shares	Number of Issued Shares	% of Issued Shares
1. Dato' Lim A Heng @ Lim Kok Cheong	2,751	0.02	7,843,344 ^a	71.30
2. Thang Lai Sung	1,716	0.01	-	-
3. Lim Ee Young	25,879	0.23	-	-
4. Lee Kee Hong	11,550	0.10	-	-

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.

Share Option held under Yee Lee Corporation Bhd. Executive Share Option Scheme

	Number of Share Option Held
1. Dato' Lim A Heng @ Lim Kok Cheong	340,000
2. Thang Lai Sung	260,000
3. Chok Hooa @ Chok Yin Fatt	360,000
4. Lim Ee Young	150,000

ANALYSIS OF SHAREHOLDINGS
AS AT MAY 8, 2006

TOPTHIRTY SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	Number of Issued Shares	% of Issued Shares
1.	Yee Lee Organization Bhd.	32,784,233	52.28
2.	Lembaga Tabung Haji	8,455,000	13.48
3.	Yee Lee Organization Bhd.	1,404,698	2.24
4.	Cartaban Nominees (Asing) Sdn. Bhd. BOTM UFJ (LUX) S.A. for Osterreichische Volksbanken AG	1,396,666	2.22
5.	Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	1.92
6.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Fong Teng	1,029,700	1.64
7.	Chan Wan Moi	759,000	1.21
8.	Nik Mohamad Pena bin Nik Mustapha	600,000	0.95
9.	Leong Lim Kuan	535,716	0.85
10.	Jailani bin Abdullah	513,666	0.81
11.	Lai Ka Chee	452,583	0.72
12.	Dato' Lim A Heng @ Lim Kok Cheong	330,300	0.52
13.	Yap Ah Fatt	327,400	0.52
14.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Huey Peng	309,000	0.49
15.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Amanah Saham Johor	246,700	0.39
16.	OSK Nominees (Tempatan) Sdn. Berhad Lem Kim Kaw	210,000	0.33
17.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuan Peng Ching @ Kuan Peng Soon	208,100	0.33
18.	Datin Chua Shok Tim @ Chua Siok Hoon	155,000	0.24
19.	Wong Chee Choon	154,400	0.24
20.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Kuan Peng Ching @ Kuan Peng Soon	152,400	0.24
21.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB for Law Cheing Kiat @ Low Cheng Kiat	124,999	0.19
22.	Sow Yeen Nam	124,962	0.19
23.	Wong Wan Chong	120,000	0.19
24.	Choo Peng Hwa	113,800	0.18
25.	Lim Bee Hoe	100,300	0.15
26.	Wong Yoke Lian	100,000	0.15
27.	Low Poh Weng	95,000	0.15
28.	Kwek Soo Siong	91,666	0.14
29.	Mohd Bakri @ Mohamed bin Ramly	85,000	0.13
30.	Lim Fong Teng	81,700	0.13
	Total	52,268,655	83.22

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of Yee Lee Corporation Bhd. for the financial year ended December 31, 2005.

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM371.62 million for the year ended December 31, 2005, representing an increase of 2.7% over the previous year. However the Group's pre-tax profit was lower by 18.8% from

RM6.75 million in the preceding year to RM5.48 million this year. Although pre-tax profit was lower, the Group's profit attributable to shareholders increased by 8.0% from RM4.05 million to RM4.37 million. Hence earnings per share increased from 6.45 sen in 2004 to 6.97 sen this year.

DIVIDENDS

The directors are pleased to recommend a first and final dividend of 2 sen per share, tax-exempt and 1

sen per share, less tax (2004: 2 sen per share, tax-exempt and 1 sen per share, less tax) for the year ended December 31, 2005. The dividend, if approved, will be paid on August 16, 2006.

REVIEW OF OPERATIONS

The Company

The Company registered a higher revenue and pre-tax profit of RM2.53 million and RM1.13 million respectively in year 2005 (2004: RM1.88 million and RM1.06 million). The increase in revenue and pre-tax profit was due to higher dividend income received from its subsidiary companies.

The Subsidiary Companies

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

In year 2005, the average crude palm oil (CPO) price fell by 13.4% to RM1,394 per MT against RM1,610 per MT in the previous year. This has directly reduced the selling price of oil palm products. As a result, YLEO recorded an 18.0% decrease in revenue from 132.36 million in 2004 to RM112.10 million this year. Export sales was also affected by the increase in freight cost arising from the increase in fuel oil price coupled with the de-pegging of the Ringgit Malaysia ("RM") in July 2005. These factors have made the export market more competitive in terms of pricing.

Corresponding to the decrease in revenue, YLEO's pre-tax profit also decreased by 14.1%. As such, YLEO will continue to tighten its cost control and reinforce its operational efficiencies in order to remain competitive.



Reader's Digest
Malaysia
TRUSTED BRAND
2006
Voted by consumers
Gold

True Gold Fears No Fire

Red Eagle is 'Good as Gold' ~ It Doesn't Succumb to Heat!

Pure gold withstands the test of fire. It does not react adversely to heat. Likewise, Red Eagle is the better oil that doesn't succumb to high heat. While most oils oxidise, breakdown and polymerise under intense heat, Red Eagle remains stable and is most suited to Asian-style of cooking!

An oil that's 'good as gold', Red Eagle has won Reader's Digest Trusted Brand Gold Award 2006!

Red Eagle ~ The better oil. The hotter choice.

*www.mpopc.org.my (Malaysian Palm Oil Promotion Council)

Helang advertisement in conjunction with Reader's Digest Trusted Brand Gold Award 2006

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

Despite the decrease in revenue by 18.7% caused by the decrease in CPO price, YLPOI had performed better this year by substantially reducing its pre-tax loss by 65.70% to RM0.37 million. This is a good sign for YLPOI as it has successfully reduced its pre-tax losses substantially for 2 consecutive years. With stringent grading criteria imposed coupled with regular dialogues with fresh fruit bunches ("FFB") suppliers and Malaysian Palm Oil Board officers, YLPOI was able to improve on its oil extraction rate with better quality of FFB received from its suppliers. Besides focusing on the quality of FFB supplies, YLPOI has also continuously upgraded its machineries to improve on its operational efficiencies. With the right approach and strategies, YLPOI is confident of turning around in year 2006.

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

The corrugated carton industry continued to face aggressive competition with oversupply dominating the industry. Despite the increase in raw materials cost, competitors continued to compete in price to gain market share. This has prevented SEAPP from passing on all cost increase to its customers. As a result, SEAPP's pre-tax profit decreased by 36.8% to RM0.31 million despite achieving a 6.4% sales growth.

SEAPP has taken steps to strengthen its customer service and sales force to provide better services to customers and to widen its sales area coverage. In addition, SEAPP has invested in a new 4-colour flexo printing machine capable of providing better quality print and faster delivery time. This

pan-fried deep-fried

煎 炸

quick-fried stir-fried

爆 炒

THE BETTER OIL THAT DOESN'T SUCCUMB TO HEAT!

High flame, high temperature and high heat are necessary for a well-fried dish. Most oils are unstable under intense heat and would undergo hazardous chemical changes. So fry with Red Eagle! It is more stable and able to withstand high heat* ! And more suitable for Asian-style of cooking!

Red Eagle ~ The better oil. The hotter choice.

www.yelee.com.my *www.mppoc.org.my (Malaysian Palm Oil Promotion Council)

Helang advertisement in conjunction with Reader's Digest Trusted Brand Gold Award 2006

machine is expected to be fully commissioned in the second quarter of 2006. By then, SEAPP will be able to capture new market share and hence increase its revenue.

Canpac Sdn. Bhd. ("CP")

CP recorded another year of remarkable sales growth of 32.0% from RM49.05 million in 2004 to RM64.73 million this year. However pre-tax profit lowered by 12.6% to RM5.49 million mainly due to fierce competition among aerosol can manufacturers. CP faces difficulties in passing on the increased cost to its customers. This has adversely affected CP's profit margin. CP has constantly upgraded its machineries to improve capacity and efficiency while tightening its cost control. With these measures, CP will be able to achieve cost effectiveness and hence maintain its competitiveness.

CP's newly set up foreign subsidiary, Canpac Vietnam Pte., Ltd. (CPV) had started its business operations in the third quarter of this year. CPV was able to achieve a pre-tax profit of RM0.22 million on the back of RM2.15 million in revenue. With huge potential markets in Vietnam, CPV will aggressively expand its sales force to capture more market share to increase its profitability.

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

YLT recorded a lower revenue of RM165.72 million for the year ended December 2005, representing a decrease of 2.9% over the previous year. The decrease in revenue was mainly attributable to lower selling price for palm based cooking oil arising from the decrease in CPO price.

CHAIRMAN'S **STATEMENT**

In year 2005, YLT had adopted a long term strategy by investing substantially on brand building through promotional campaigns and advertisement to promote and create awareness of its existing products among consumers. As a result of the aggressive promotions, YLT's pre-tax profit was lower than previous year. The promotion campaign "The 7 Wonders" travel contest which aimed at promoting Spritzer brand of bottled water received good response from consumers. YLT's flagship brand of cooking oil – Helang, recently won Reader's Digest Trusted Brand Gold Award 2006. This award is based on consumer survey of Asia's top performing brands and is considered as the ultimate seal of consumer approval. YLT will soon embark on some advertising campaigns to capture more market share. Apart from promotion, YLT will continue to seek avenues to improve its profitability by increasing its product range and strengthening its distribution channel.

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

YLM had been progressing well since it started its business operation in 2004. Revenue grew by 26.2% in 2005 while pre-tax profit

Helang cooking oil ***block display***



increased by 129.0% from RM0.31 million in 2004 to RM0.71 million this year. Throughout the year, YLM had strengthened its sales force and with the implementation of handheld devices for the sales representatives, improved efficiency levels and wider sales area coverage were achieved. The launching of a new fabric softener "Downy" during the year has also contributed positively to both its revenue and profitability. With further new acquisitions by Procter & Gamble, YLM will be expecting additional new products and market segments to enhance its revenue and profitability.

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

SP recorded a lower pre-tax profit of RM0.21 million on the back of lower revenue of RM0.87 million for the financial year ended December 31, 2005. Despite an increase in sales volume of 4.6%, SP recorded a lower revenue of RM0.87 million this year as a result of lower CPO price which directly affected the selling price of FFB. The lower pre-tax profit was mainly attributable to higher fertilizer prices. SMP will continue to improve on its yield per hectare in order to increase its revenue and profitability.

Desa Tea Sdn. Bhd. ("DT")

DT recorded a revenue and pre-tax loss of RM1.89 million and RM0.95 million respectively in year 2005 (2004: RM2.23 million and RM0.80 million). DT continued to suffer losses due to insufficient sales arising from fierce competition among tea manufacturers. The increase in diesel price has also affected DT's bottom line. DT has been actively promoting its Rainforest Organic Tea and Sabah Tea by participating in various overseas trade exhibitions and sponsoring international events. In order to further boost its sales, DT has appointed several distributors to promote its Borneo Rainforest Organic Tea in the local and overseas markets. DT's



Spritzer 7 Wonders block display

organic tea has recently been certified as organic by Skal International Netherlands. With the aggressive marketing strategies, DT is expected to perform better in year 2006.

Sabah Tea Sdn. Bhd. (“ST”)

ST which is involved in tourism services recorded marginal pre-tax loss of RM0.11 million in year 2005. During the year, ST won the Malaysian Tourism Awards for the Best Tour Program for Educational Tourism and successfully organized the Sabah Tea Adventure Race 2005. ST will continue to organise more events in 2006 to attract more visitors and create awareness of the Sabah Tea Garden.

Mini Motors Sdn. Bhd. (“MM”)

MM continued to earn rental income on its Kedah premises. It maintained its profitability in year 2005.

Palker Sdn. Bhd. (“PK”)

PK recorded a marginal pre-tax loss of RM0.06 million in 2005 due to higher operating cost. PK will continue to implement cost control measures to reduce its operating cost in order to turnaround in year 2006.



Spritzer water tasting bar at the 6th Malaysia International Food and Beverage Trade Fair

Future Prospects

Moving forward, the Directors foresee that the Group’s operating environment will remain challenging and competitive in view of the hike in fuel prices and interest rates. This has led to price increase in goods and services that are expected to impact on consumers’ disposable income as well as hamper consumer confidence. The de-pegging of the RM in year 2005 coupled with the hike in freight charges has caused the export markets to become more competitive. As at the date of this report, the RM has breached the 3.60 level against the US dollar. On a positive note, demand for palm oil products looks promising with

the labeling requirement for trans-fatty acids in food products in the US and the recent promotion of biofuel production in Malaysia.

The Group will continue to focus on its core businesses and place greater emphasis on cost controls, productivity and efficiency to cushion the impact of increasing costs in order to remain competitive.

Barring any unforeseen and adverse circumstances, the Directors expect the Group to perform satisfactorily in year 2006.

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 Mohamed Ishak bin Mohamed Ariff
Chairman

May 8, 2006

Cooking demonstration using Helang cooking oil



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, 2005.

PRINCIPALACTIVITIES

The Company is principally involved in investment holding.

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

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year except for two subsidiary companies, Genlin Investment Limited, which has been deregistered from the Companies Registry of Hong Kong and Canpac Vietnam Pte., Ltd., which commenced operations in manufacturing and selling of general line tin cans.

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	5,480	1,130
Tax expense	(1,107)	(52)
Profit after tax	4,373	1,078
Minority interest	(1)	-
Net profit for the year	4,372	1,078

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

The directors have proposed a first and final dividend of 2 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.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

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

The salient features of the ESOS are as follows:

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

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

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each			
		Balance as of 1.1.2005	Exercised	Lapsed due to resignation/retirement	Balance as of 31.12.2005
18.3.2002	1.58	4,685,000	-	(285,000)	4,400,000

OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance 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.

DIRECTORS' REPORT

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

- (a) which would render the amount written off as bad debts or the 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 succeeding financial year.

DIRECTORS

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

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

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

Mr. Thang Lai Sung

Mr. Chok Hooa @ Chok Yin Fatt, PMP

Mr. Lim Ee Young

Y.B. Mohd Adhan bin Kechik, SMK

Mr. Lee Kee Hong

Major (R) Mohd Ramli bin Othman

In accordance with Article 80 of the Company's Articles of Association, Mr. Lim Ee Young and Y.B. Mohd Adhan bin Kechik 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 retires and, being eligible, offers himself 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 31.12.2005
	Balance as of 1.1.2005	Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Y. Bhg. Dato' Dr. Haji Mohamed Ishak bin Mohamed Ariff	1,206,666	-	-	1,206,666
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	330,300	-	-	330,300
Mr. Thang Lai Sung	8,333	-	-	8,333
Mr. Chok Hooa @ Chok Yin Fatt	12,333	-	-	12,333
Mr. Lim Ee Young	38,333	-	-	38,333
Y.B. Mohd Adhan bin Kechik	16,666	-	-	16,666
Mr. Lee Kee Hong	8,333	-	-	8,333
Indirect interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	33,988,632	228,299	-	34,216,931
Mr. Lim Ee Young	3,333	-	-	3,333
Shares in the holding company, Yee Lee Organization Bhd.				
Registered in the name of directors				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	2,751	-	-	2,751
Mr. Thang Lai Sung	1,716	-	-	1,716
Mr. Lim Ee Young	25,879	-	-	25,879
Mr. Lee Kee Hong	11,550	-	-	11,550
Indirect interest				
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	7,702,454	140,890	-	7,843,344

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

	Number of options over ordinary shares of RM1 each			Balance as of 31.12.2005
	Balance as of 1.1.2005	Granted	Exercised	
Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong	340,000	-	-	340,000
Mr. Thang Lai Sung	260,000	-	-	260,000
Mr. Chok Hooa @ Chok Yin Fatt	360,000	-	-	360,000
Mr. Lim Ee Young	150,000	-	-	150,000

DIRECTORS' REPORT

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.

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

DIRECTORS' BENEFITS

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

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for options granted to certain directors pursuant to the Company's ESOS as disclosed above and in Note 24 to the Financial Statements.

HOLDING COMPANY

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

AUDITORS

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

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

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

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

Ipoh,
April 3, 2006

REPORT OF THE AUDITORS

TO THE MEMBERS OF YEE LEE CORPORATION BHD.

We have audited the accompanying balance sheets as of December 31, 2005 and the related statements of income, changes in equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

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

In our opinion:

- (a) the abovementioned financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company as of December 31, 2005 and of the results and the cash flows of the Group and of the Company for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Companies Act, 1965.

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

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

DELOITTE KASSIMCHAN
AF 0080
Chartered Accountants

WONG GUANG SENG
787/03/07(J/PH)
Partner

April 3, 2006

INCOME STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Note	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Revenue	4	371,617	361,854	2,531	1,876
Other operating income	6	4,199	2,919	-	-
Purchase of finished goods and trading merchandise		(123,405)	(120,054)	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress		1,739	6,307	-	-
Raw materials and consumables used		(168,321)	(172,337)	-	-
Staff costs	6	(24,767)	(23,582)	-	-
Depreciation of property, plant and equipment	11	(7,710)	(7,174)	-	-
Amortisation of goodwill	15	(282)	(282)	-	-
Other operating expenses	6	(41,017)	(35,518)	(217)	(228)
Profit from operations		12,053	12,133	2,314	1,648
Finance costs	7	(7,498)	(7,007)	(84)	(93)
Share of profit of an associated company		1,079	1,144	-	-
Income from other investments	8	946	979	-	-
Allowance for diminution in value of unquoted investment		(1,100)	(500)	(1,100)	(500)
Profit before tax		5,480	6,749	1,130	1,055
Tax expense:	9				
The Company and its subsidiary companies		(920)	(2,399)	(52)	(30)
Share of tax of an associated company		(187)	(300)	-	-
		(1,107)	(2,699)	(52)	(30)
Profit after tax		4,373	4,050	1,078	1,025
Minority interest		(1)	(3)	-	-
Net profit for the year		4,372	4,047	1,078	1,025
Earnings per ordinary share					
Basic (sen)	10	6.97	6.45		
Diluted (sen)	10	6.97	6.45		

The accompanying Notes form an integral part of the Financial Statements

BALANCE SHEETS

AS OF DECEMBER 31, 2005

	Note(s)	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
ASSETS					
Property, plant and equipment	11	171,986	169,754	-	-
Investments in subsidiary companies	12	-	-	57,982	57,870
Investment in associated company	13	28,757	26,319	23,136	23,136
Other investments	14	2,121	3,221	1,854	2,954
Goodwill on consolidation	15	5,609	5,891	-	-
Current Assets					
Inventories	16	60,856	57,167	-	-
Trade receivables	17&18	73,450	66,903	-	-
Amount owing by holding company	18	5,389	6,224	-	-
Amount owing by subsidiary company	18	-	-	13,479	13,472
Amount owing by other related companies	18	10,518	12,009	-	-
Other receivables, deposits and prepaid expenses	17&18	12,665	14,328	3	1,174
Tax recoverable		2,859	1,129	47	75
Fixed deposits, cash and bank balances	19	6,012	5,156	10	4
Total Current Assets		171,749	162,916	13,539	14,725

BALANCE SHEETS
AS OF DECEMBER 31, 2005

	Note(s)	The Group		The Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current Liabilities					
Trade payables	18&20	37,439	37,910	-	-
Other payables and accrued expenses	18&20	17,658	15,613	90	90
Amount owing to subsidiary company	18	-	-	10,326	11,924
Amount owing to other related companies	18	23	30	-	-
Hire-purchase payables	18&21	3,285	2,785	-	-
Borrowings	22	140,272	134,406	1,056	1,005
Tax liabilities		-	35	-	-
Total Current Liabilities		198,677	190,779	11,472	13,019
Net Current (Liabilities)/Assets		(26,928)	(27,863)	2,067	1,706
		181,545	177,322	85,039	85,666
Long-term and Deferred Liabilities					
Hire-purchase payables - non-current portion	18&21	6,950	5,176	-	-
Borrowings - non-current portion	22	3,428	5,510	-	-
Deferred tax liabilities	23	15,947	15,835	-	-
Total Long-term and Deferred Liabilities		(26,325)	(26,521)	-	-
Minority interests		-	(214)	-	-
Net Assets		155,220	150,587	85,039	85,666
Represented by:					
Issued capital	24	62,704	62,704	62,704	62,704
Reserves	25	92,516	87,883	22,335	22,962
Shareholders' Equity		155,220	150,587	85,039	85,666

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2005

The Group	Note	← Non-distributable Reserves →					Distributable	Total Shareholders' Equity RM'000
		Issued Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Reserve on Consolidation RM'000	Translation Reserve RM'000	Reserve Unappropriated Profit RM'000	
Balance as of January 1, 2004		62,704	52	13,087	509	-	61,549	137,901
Surplus on revaluation of land and buildings		-	-	9,543	-	-	-	9,543
Currency translation differences		-	-	-	-	(1)	-	(1)
Net gain and loss not recognised in the income statements		-	-	9,543	-	(1)	-	9,542
Net profit for the year		-	-	-	-	-	4,047	4,047
Dividends	26	-	-	-	-	-	(903)	(903)
Balance as of December 31, 2004		62,704	52	22,630	509	(1)	64,693	150,587
Share of revaluation reserve of an associated company		-	-	1,877	-	-	-	1,877
Reserve arising from acquisition of shares in a subsidiary company		-	-	-	103	-	-	103
Currency translation differences		-	-	-	-	(14)	-	(14)
Net gain and loss not recognised in the income statements		-	-	1,877	103	(14)	-	1,966
Net profit for the year		-	-	-	-	-	4,372	4,372
Dividends	26	-	-	-	-	-	(1,705)	(1,705)
Balance as of December 31, 2005		62,704	52	24,507	612	(15)	67,360	155,220

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2005**

The Company	Note	Issued Capital RM'000	Non-distributable Reserves		Distributable Reserve Unappropriated Profit RM'000	Total Shareholders' Equity RM'000
			Share Premium RM'000	Revaluation Reserve RM'000		
Balance as of January 1, 2004		62,704	52	2,262	20,526	85,544
Net profit for the year		-	-	-	1,025	1,025
Dividends	26	-	-	-	(903)	(903)
Balance as of December 31, 2004		62,704	52	2,262	20,648	85,666
Net profit for the year		-	-	-	1,078	1,078
Dividends	26	-	-	-	(1,705)	(1,705)
Balance as of December 31, 2005		62,704	52	2,262	20,021	85,039

The accompanying Notes form an integral part of the Financial Statements

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2005

	The Group	
Note	2005	2004
	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	5,480	6,749
Adjustments for:		
Depreciation of property, plant and equipment	7,710	7,174
Finance costs	7,498	7,007
Allowance for diminution in value of unquoted investment	1,100	500
Bad debts written off	491	722
Allowance for doubtful debts	434	559
Amortisation of goodwill on consolidation	282	282
Property, plant and equipment written off	112	149
Inventories written off	16	9
Share of profit of an associated company	(1,079)	(1,144)
Interest income	(945)	(978)
Allowance for doubtful debts no longer required	(567)	(188)
(Gain)/Loss on disposal of property, plant and equipment - net	(158)	7
Loss on foreign currency translation	(14)	(1)
Dividend income	(1)	(1)
Deficit arising from revaluation of property, plant and equipment	-	17
	<hr/>	<hr/>
Operating Profit Before Working Capital Changes	20,359	20,863
(Increase)/Decrease in:		
Inventories	(3,705)	(11,632)
Trade receivables	(6,905)	(17,332)
Other receivables, deposits and prepaid expenses	1,647	(3,676)
Amount owing by holding company	835	1,683
Amount owing by other related companies	1,491	1,613
Increase/(Decrease) in:		
Trade payables	(471)	2,777
Other payables and accrued expenses	1,972	2,242
Amount owing to other related companies	(7)	(8)
	<hr/>	<hr/>
Cash From/(Used In) Operations	15,216	(3,470)
Interest received	945	978
Tax refunded	235	-
Tax paid	(2,808)	(1,319)
	<hr/>	<hr/>
Net Cash From/(Used In) Operating Activities	13,588	(3,811)

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	Note	The Group	
		2005 RM'000	2004 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		423	221
Dividends received from associated company		331	396
Dividends received from quoted shares		1	1
Purchase of property, plant and equipment	28(a)	(4,398)	(4,385)
Acquisition of additional shares in subsidiary company		(112)	-
Placement of fixed deposits		-	(12)
Net Cash Used In Investing Activities		(3,755)	(3,779)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from bankers' acceptances		14,086	17,496
Proceeds from revolving credits		4,500	8,500
Repayment of bankers' acceptances		(11,667)	(2,242)
Finance costs paid		(7,409)	(6,998)
Repayment of hire-purchase payables		(3,647)	(2,548)
Repayment of term loans		(2,289)	(2,288)
Dividends paid		(1,705)	(903)
Repayment of revolving credits		(500)	-
Dividends paid to minority shareholders		-	(2)
Net Cash (Used In)/From Financing Activities		(8,631)	11,015
NET INCREASE IN CASH AND CASHEQUIVALENTS		1,202	3,425
CASH AND CASHEQUIVALENTS AT BEGINNING OF YEAR		(12,174)	(15,599)
CASH AND CASHEQUIVALENTS AT END OF YEAR		(10,972)	(12,174)
	28(b)		

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

CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2005

	Note	The Company	
		2005 RM'000	2004 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit before tax		1,130	1,055
Adjustments for:			
Allowance for diminution in value of unquoted investment		1,100	500
Finance costs		84	93
Investment in subsidiary company written off	*	-	-
Dividend income		(2,531)	(1,876)
Waiver of debt		-	8
		<hr/>	<hr/>
Operating Loss Before Working Capital Changes		(217)	(220)
Decrease in other receivables, deposits and prepaid expenses		1,171	3
Increase in other payables and accrued expenses		-	5
		<hr/>	<hr/>
Cash From/(Used In) Operations		954	(212)
Tax refunded		46	-
Dividends received		2,461	1,806
		<hr/>	<hr/>
Net Cash From Operating Activities		3,461	1,594
CASH FLOWS USED IN INVESTING ACTIVITIES			
Acquisition of additional shares in subsidiary company		(112)	(2,000)
Advances granted to subsidiary company - Net		(7)	(1)
		<hr/>	<hr/>
Net Cash Used In Investing Activities		(119)	(2,001)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Dividends paid		(1,705)	(903)
(Repayment of advances to)/Advances received from subsidiary company - Net		(1,598)	2,107
Finance costs paid		(84)	(93)
		<hr/>	<hr/>
Net Cash (Used In)/From Financing Activities		(3,387)	1,111
NET (DECREASE)/INCREASE IN CASH AND CASHEQUIVALENTS			
		(45)	704
CASH AND CASHEQUIVALENTS AT BEGINNING OF YEAR			
		(1)	(705)
CASH AND CASHEQUIVALENTS AT END OF YEAR			
	28(b)	(46)	(1)

* Investment in subsidiary company amounted to RM1 was written off during the financial year following the deregistration of a subsidiary company as disclosed in Note 12 to the Financial Statements.

The accompanying Notes form an integral part of the Financial Statements

NOTES TO

THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a company with limited liability and 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 12.

There have been no significant changes in the nature of the activities of the Company and its subsidiary companies during the financial year except for two subsidiary companies, Genlin Investment Limited, which has been deregistered from the Companies Registry of Hong Kong and Canpac Vietnam Pte., Ltd., which commenced operations in manufacturing and selling of general line tin cans.

The total number of employees of the Group and of the Company as of December 31, 2005 were 1,398 (2004: 1,302) and Nil (2004: Nil) respectively.

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

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 3, 2006.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the accounting policies stated below.

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, 2005.

A subsidiary company is a company where the Group has control through the power to govern the financial and operating policies of the subsidiary 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 subsidiary.

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

(ii) Associated Companies

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

The Group's investment in associated company is accounted for under the equity method of accounting based on the latest management financial statements of the associated company made up to December 31, 2005. 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

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

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

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

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

Foreign Currency

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Currency	2005	2004
Hong Kong Dollar	-	2.050
Vietnamese Dong	4,204.750	4,163.730

All translation gains or losses are taken up and reflected in the translation reserve account under shareholders' equity. Such translation gains or losses are recognised as income or expenses in the income statements, in the period in which the subsidiary is disposed of.

Deferred Taxation

Deferred tax is accounted for in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilised.

Property, Plant and Equipment

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

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

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

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

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

The annual depreciation rates are as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

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/Reserve

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

Goodwill is recognised as an asset and is amortised on a systematic basis following an assessment of the economic useful life of the assets, subject to a maximum of 25 years.

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

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

Impairment of Assets

At each balance sheet date, the Group and the Company review the carrying amounts of assets (other than inventories and financial assets, 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, which is the higher of net selling price and value in use, is estimated.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statements unless the asset is carried at revalued amount, in which case, the impairment loss is treated as a revaluation decrease.

An impairment loss in respect of goodwill is not reversed unless the loss is caused by a specific external event of an exceptional nature that it is not expected to recur and subsequent external events have occurred that reverse the effect of that event. In respect of other assets, an impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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, if no impairment loss had been recognised. A reversal is recognised in the income statements, unless it reverses an impairment loss on revalued assets, in which case, the reversal is treated as revaluation increase.

Inventories

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

Research and Development Costs

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

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 the income statements in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.

Receivables

Receivables are reduced by the appropriate allowances for estimated irrecoverable amounts. Allowance for doubtful debts is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

Employee Benefits

Short-term employee benefits

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

Defined contribution plan

As required by law, companies in Malaysia make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all its eligible employees based on certain prescribed rates of the employees' salaries. The Group's contributions to the EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages. Foreign subsidiary company makes contributions to its own country's statutory defined contribution plan. Such contributions are recognised as an expense in the income statements as incurred.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee equity compensation benefits

The Company has an Executive Share Option Scheme (“ESOS”) whereby options to subscribe for ordinary shares in the Company were granted to eligible executive employees and executive directors of the Company and certain subsidiary companies. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

Cash Flow Statements

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

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

4. REVENUE

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sale of goods	371,316	361,484	-	-
Tourism related services	301	370	-	-
Dividend income:				
Subsidiary companies	-	-	2,200	1,478
Associated company	-	-	331	398
	-	-	2,531	1,876
	371,617	361,854	2,531	1,876

5. SEGMENT REPORTING

Business segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2005	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	141,624	229,144	548	301	-	371,617
Inter-segment sales	148,048	31,568	2,211	2,549	(184,376)	-
Total revenue	289,672	260,712	2,759	2,850	(184,376)	371,617
Results						
Profit/(Loss) from operations	10,213	2,474	(724)	2,989	(2,899)	12,053
Finance costs						(7,498)
Share of profit of an associated company						1,079
Income from other investments						946
Allowance for diminution in value of unquoted investment						(1,100)
Profit before tax						5,480
Tax expense						(1,107)
Profit after tax						4,373
Other information						
Capital additions	9,448	2,135	596	4	(1,720)	10,463
Depreciation	5,489	1,524	561	280	-	7,854
Amortisation of goodwill	76	90	-	116	-	282
Consolidated Balance Sheet						
Assets						
Segment assets	265,066	125,475	36,415	102,477	(190,166)	339,267
Investment in an associated company						28,757
Unallocated corporate assets						12,198
Consolidated total assets						380,222
Liabilities						
Segment liabilities	43,972	86,184	16,229	25,314	(116,579)	55,120
Unallocated corporate liabilities						169,882
Consolidated total liabilities						225,002

NOTES TO THE FINANCIAL STATEMENTS

5. SEGMENT REPORTING (cont'd)

The Group 2004	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue						
External sales	133,244	227,566	674	370	-	361,854
Inter-segment sales	173,704	36,661	2,531	1,894	(214,790)	-
Total revenue	306,948	264,227	3,205	2,264	(214,790)	361,854
Results						
Profit/(Loss) from operations	9,834	2,585	(361)	2,280	(2,205)	12,133
Finance costs						(7,007)
Share of profit of an associated company						1,144
Income from other investments						979
Allowance for diminution in value of unquoted investment						(500)
Profit before tax						6,749
Tax expense						(2,699)
Profit after tax						4,050
Other information						
Capital additions	8,417	2,374	512	1	(40)	11,264
Depreciation	4,914	1,578	581	200	-	7,273
Amortisation of goodwill	76	90	-	116	-	282
Consolidated Balance Sheet						
Assets						
Segment assets	244,861	125,522	36,339	102,944	(180,690)	328,976
Investment in an associated company						26,319
Unallocated corporate assets						12,806
Consolidated total assets						368,101
Liabilities						
Segment liabilities	37,949	84,238	15,230	26,885	(110,749)	53,553
Unallocated corporate liabilities						163,747
Consolidated total liabilities						217,300
Geographical segments						

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

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

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER OPERATING INCOME/(EXPENSES) AND STAFF COSTS

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Allowance for doubtful debts no longer required	567	188	-	-
Rental income:				
Premises	335	299	-	-
Hot and cold water dispensers	22	39	-	-
Motor vehicles	-	4	-	-
Gain/(Loss) on disposal of property, plant and equipment - net	158	(7)	-	-
Bad debts recovered	49	-	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(86)	(81)	(66)	(66)
Other emoluments	(774)	(746)	(23)	(21)
Directors of the subsidiary companies:				
Fees	(34)	(31)	-	-
Other emoluments	(907)	(745)	-	-
Rental expense:				
Premises	(1,005)	(499)	-	-
Motor vehicles	(23)	-	-	-
Bulking facilities	-	(4)	-	-
Factory equipment	-	(1)	-	-
Bad debts written off	(491)	(722)	-	-
Allowance for doubtful debts	(434)	(559)	-	-
Auditors remuneration:				
Statutory audit				
Current year	(181)	(174)	(18)	(18)
Prior year	3	-	-	-
Non-audit services	(2)	(3)	(2)	(2)
Property, plant and equipment written off	(112)	(149)	-	-
Realised loss on foreign exchange	(30)	(17)	-	(3)
Inventories written off	(16)	(9)	-	-
Research and development expenses	(1)	(1)	-	-
Hire of machinery	(131)	(175)	-	-
Deficit arising from revaluation of property, plant and equipment	-	(17)	-	-
Investment in subsidiary company written off	-	-	-	*

* Investment in subsidiary company amounted to RM1 was written off during the financial year following the deregistration of a subsidiary company as disclosed in Note 12.

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Contributions to defined contribution funds:				
Staff costs	2,161	2,144	-	-
Directors' remuneration	153	142	-	-

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCE COSTS

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Interest on:				
Bankers' acceptances	2,722	2,729	-	-
Bank overdrafts	1,494	1,352	37	49
Revolving credits	1,323	1,083	40	40
Hire-purchase	803	615	-	-
Term loans	665	706	-	-
Trust receipts	-	43	-	-
Bank charges and commitment fees	491	479	7	4
	7,498	7,007	84	93

8. INCOME FROM OTHER INVESTMENTS

	The Group	
	2005 RM'000	2004 RM'000
Interest received on:		
Advances granted to ultimate holding company	486	554
Advances granted to other related companies	458	423
Interest income from fixed and short-term deposits	1	1
Dividend income from quoted shares	1	1
	946	979

9. TAX EXPENSE

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Income tax:				
Current year	1,638	1,594	51	47
Prior year	(830)	398	1	(17)
	808	1,992	52	30
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	317	561	-	-
Relating to crystallisation of deferred tax liability on revaluation surplus of property, plant and equipment	(205)	(154)	-	-
	112	407	-	-
Share of tax of an associated company	187	300	-	-
	1,107	2,699	52	30

NOTES TO THE FINANCIAL STATEMENTS

9. TAX EXPENSE (cont'd)

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Profit before tax	5,480	6,749	1,131	1,055
Tax at the applicable statutory income tax rate of 28%	1,534	1,890	317	295
Tax effects of:				
Different tax rate in foreign country	29	-	-	-
Expenses that are not deductible in determining taxable profit	1,486	2,725	373	207
Unutilised tax losses and unabsorbed agricultural and tax capital allowances carried forward	314	189	-	-
Temporary differences between tax capital allowances and book depreciation of property, plant and equipment	150	3,668	-	-
Income that are not taxable in determining taxable profit	(96)	(477)	(639)	(455)
Utilisation of unabsorbed tax capital allowances and unutilised tax losses	(620)	(3,358)	-	-
Utilisation of reinvestment allowances	(597)	(2,176)	-	-
Effect of difference in tax rate applicable to small and medium scale companies	(200)	(160)	-	-
Tax waived in foreign country	(62)	-	-	-
Income tax - prior year	(831)	398	1	(17)
Tax expense for the year	1,107	2,699	52	30

As of December 31, 2005, the Company has tax credit and tax-exempt accounts balances of approximately RM7,736,000 and RM20,882,000 (2004: RM7,730,000 and RM19,263,000) respectively. The tax-exempt accounts arose from claims for abatement of statutory income for exports under Section 37 of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts, which are subject to approval by the tax authorities, are available for distribution as tax-exempt dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

9. TAXEXPENSE (cont'd)

As of December 31, 2005, certain subsidiary companies have tax credits and tax-exempt accounts balances of approximately RM14,435,000 and RM19,156,000 (2004: RM13,687,000 and RM20,257,000) respectively. The tax-exempt accounts arose from abatement of statutory income for exports under Section 37 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.

10. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2005	2004
	RM'000	RM'000
Basic/Fully Diluted		
Net profit attributable to ordinary shareholders	4,372	4,047
	<hr/>	<hr/>
	2005	2004
	Units	Units
Weighted average number of ordinary shares in issue	62,704	62,704
	<hr/>	<hr/>
	2005	2004
Basic/Fully diluted earnings per ordinary share (sen)	6.97	6.45
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

The Group	← Cost except as otherwise stated →				At end of year RM'000
	At beginning of year RM'000	Additions RM'000	Disposals/ Written off RM'000	Reclassification RM'000	
Freehold land:					
At valuation	23,140	-	-	-	23,140
Long-term leasehold land and improvements:					
At valuation	32,285	-	-	-	32,285
Short-term leasehold land and improvements:					
At valuation	13,517	-	-	443	13,960
Buildings:					
At valuation	46,873	-	(13)	(443)	46,417
At cost	-	144	-	-	144
Electricity and water supply system	146	6	-	-	152
Electricity and water supply system under hire-purchase	79	-	-	-	79
Plant and machinery	75,735	1,244	(32)	2,669	79,616
Plant and machinery under hire-purchase	13,002	5,597	-	(3,014)	15,585
Motor vehicles	10,962	550	(1,117)	615	11,010
Motor vehicles under hire-purchase	2,511	956	(25)	(615)	2,827
Furniture, fixtures and equipment	9,428	1,080	(548)	345	10,305
Plantation development expenditure	3,274	476	(16)	-	3,734
Renovations	34	8	-	-	42
Capital work-in-progress	1,765	402	-	-	2,167
Total	232,751	10,463	(1,751)	-	241,463

NOTES TO THE FINANCIAL STATEMENTS

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

The Group	← Accumulated Depreciation →				At end of year RM'000
	At beginning of year RM'000	Charge for the year RM'000	Disposals/ Written off RM'000	Reclassification RM'000	
Freehold land:					
At valuation	-	-	-	-	-
Long-term leasehold land and improvements:					
At valuation	-	419	-	-	419
Short-term leasehold land and improvements:					
At valuation	-	342	-	-	342
Buildings:					
At valuation	-	1,130	(3)	-	1,127
At cost	-	1	-	-	1
Electricity and water supply system	78	8	-	-	86
Electricity and water supply system under hire-purchase	29	5	-	-	34
Plant and machinery	46,339	3,060	(30)	842	50,211
Plant and machinery under hire-purchase	2,199	1,431	-	(1,083)	2,547
Motor vehicles	8,990	427	(945)	243	8,715
Motor vehicles under hire-purchase	656	531	(8)	(243)	936
Furniture, fixtures and equipment	4,704	496	(388)	241	5,053
Plantation development expenditure	-	-	-	-	-
Renovations	2	4	-	-	6
Capital work-in-progress	-	-	-	-	-
Total	62,997	7,854	(1,374)	-	69,477

NOTES TO THE FINANCIAL STATEMENTS

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

The Group	Net Book Value	
	2005 RM'000	2004 RM'000
Freehold land:		
At valuation	23,140	23,140
Long-term leasehold land and improvements:		
At valuation	31,866	32,285
Short-term leasehold land and improvements:		
At valuation	13,618	13,517
Buildings:		
At valuation	45,290	46,873
At cost	143	-
Electricity and water supply system	66	68
Electricity and water supply system under hire-purchase	45	50
Plant and machinery	29,405	29,396
Plant and machinery under hire-purchase	13,038	10,803
Motor vehicles	2,295	1,972
Motor vehicles under hire-purchase	1,891	1,855
Furniture, fixtures and equipment	5,252	4,724
Plantation development expenditure	3,734	3,274
Renovations	36	32
Capital work-in-progress	2,167	1,765
Total	171,986	169,754

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

	The Group	
	2005 RM'000	2004 RM'000
Depreciation of property, plant and equipment	144	99
Audit fee	3	2
Interest on hire-purchase	4	4

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

	The Group	
	2005 RM'000	2004 RM'000
Income statements	7,710	7,174
Plantation development expenditure	144	99
	7,854	7,273

NOTES TO THE FINANCIAL STATEMENTS

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

The freehold land, leasehold land and improvements 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 resulting revaluation surplus amounting to RM9,543,131 (net of related deferred tax of RM3,456,227) has been credited to revaluation reserve account.

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

Land and buildings of a subsidiary company with total carrying amount of RM2,799,000 (2004: RM2,880,000) are pledged to a licensed bank for banking facilities granted to the Group as mentioned in Note 22.

12. INVESTMENTS IN SUBSIDIARY COMPANIES

	The Company	
	2005	2004
	RM'000	RM'000
Unquoted shares:		
At directors' valuation	19,850	19,850
At cost	38,132	38,020
	57,982	57,870

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2005 %	2004 %	
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.* ⁽¹⁾	Malaysia	100.00	98.67	Manufacturing and selling of corrugated paper cartons.

NOTES TO THE FINANCIAL STATEMENTS

12. INVESTMENTS IN SUBSIDIARY COMPANIES (cont'd)

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activities
		2005 %	2004 %	
Canpac Sdn. Bhd.	Malaysia	100.00	100.00	Manufacturing and selling of general line tin cans.
Intanwasa Sdn. Bhd.	Malaysia	100.00	100.00	Investment holding.
Genlin Investment Limited ⁽²⁾	Hong Kong	-	100.00	Pre-operating.
Yee Lee Marketing Sdn. Bhd. *	Malaysia	100.00	100.00	Marketing and distribution of consumer products.
Indirect Subsidiary Companies				
<i>Held through Yee Lee Trading Co. Sdn. Bhd.</i>				
Mini Motors Sdn. Bhd. *	Malaysia	100.00	100.00	Investment holding.
<i>Held through Yee Lee Palm Oil Industries Sdn. Bhd.</i>				
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.
<i>Held through Canpac Sdn. Bhd.</i>				
Good Cans Sdn. Bhd.	Malaysia	100.00	100.00	Dormant.
Canpac Vietnam Pte., Ltd. *	Vietnam	100.00	100.00	Manufacturing and selling of general line tin cans.
<i>Held through Intanwasa Sdn. Bhd.</i>				
Desa Tea Sdn. Bhd.	Malaysia	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn. Bhd.	Malaysia	100.00	100.00	Tourism related services.

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

(1) On March 18, 2005, the Company acquired the remaining 40,000 ordinary shares of RM1.00 each at par, representing 1.33% of the issued and paid-up capital in South East Asia Paper Products Sdn. Bhd. ("SEAPP") for a total cash consideration of RM112,000. Consequent to the acquisition, SEAPP became a wholly-owned subsidiary of the Company.

(2) On April 15, 2005, Genlin Investment Limited was deregistered from the Companies Registry of Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT IN ASSOCIATED COMPANY

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Quoted shares, at cost	23,136	23,136	23,136	23,136
Share of post-acquisition results, net of dividends received	3,744	3,183	-	-
Share of post-acquisition revaluation reserve	1,877	-	-	-
	<u>5,621</u>	<u>3,183</u>	<u>-</u>	<u>-</u>
	<u>28,757</u>	<u>26,319</u>	<u>23,136</u>	<u>23,136</u>
Market value of quoted shares	<u>13,660</u>	<u>17,639</u>	<u>13,660</u>	<u>17,639</u>

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

	The Group	
	2005 RM'000	2004 RM'000
Share of net assets	29,967	27,529
Reserve on acquisition	(1,210)	(1,210)
	<u>28,757</u>	<u>26,319</u>

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Effective Equity Interest		Principal Activity	Financial Year End
		2005 %	2004 %		
Spritzer Bhd.	Malaysia	27.07	27.07	Investment holding.	May 31

NOTES TO THE FINANCIAL STATEMENTS

14. OTHER INVESTMENTS

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At cost:				
Quoted shares in Malaysia	20	20	-	-
Unquoted shares in Malaysia	247	247	-	-
Unquoted shares outside Malaysia	3,454	3,454	3,454	3,454
Less: Allowance for diminution in value	(1,600)	(500)	(1,600)	(500)
	1,854	2,954	1,854	2,954
	2,121	3,221	1,854	2,954
Market value of quoted shares	19	23	-	-

15. GOODWILL ON CONSOLIDATION

	The Group	
	2005 RM'000	2004 RM'000
Goodwill:		
At beginning of year	7,059	7,059
Cumulative amortisation:		
At beginning of year	1,168	886
Current amortisation	282	282
At end of year	(1,450)	(1,168)
Net	5,609	5,891

16. INVENTORIES

	The Group	
	2005 RM'000	2004 RM'000
At cost:		
Finished goods and trading merchandise	31,919	31,832
Raw materials	15,512	13,871
Work-in-progress	6,969	3,997
Goods-in-transit	1,901	3,185
Factory supplies	1,457	1,245
Consumables	1,320	1,323
Promotional stocks	1,171	1,089
At net realisable value:		
Finished goods	607	625
	60,856	57,167

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group	
	2005	2004
	RM'000	RM'000
Trade receivables	76,831	70,897
Less: Allowance for doubtful debts	(3,381)	(3,994)
Net	<u>73,450</u>	<u>66,903</u>

The currency profile of trade receivables is as follows:

	The Group	
	2005	2004
	RM'000	RM'000
Ringgit Malaysia	70,983	67,192
Australian Dollar	3,318	752
Vietnamese Dong	1,177	-
United States Dollar	781	2,583
Singapore Dollar	572	370
	<u>76,831</u>	<u>70,897</u>

Other receivables, deposits and prepaid expenses consist of:

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Other receivables	10,428	11,947	-	1,171
Less: Allowance for doubtful debts	-	(45)	-	-
	<u>10,428</u>	<u>11,902</u>	<u>-</u>	<u>1,171</u>
Refundable deposits	973	1,354	2	2
Prepaid expenses	1,264	1,072	1	1
Net	<u>12,665</u>	<u>14,328</u>	<u>3</u>	<u>1,174</u>

The currency profile of other receivables is as follows:

	The Group		The Company	
	2005	2004	2005	2004
	RM	RM	RM	RM
Ringgit Malaysia	10,383	11,947	-	1,171
Vietnamese Dong	45	-	-	-
	<u>10,428</u>	<u>11,947</u>	<u>-</u>	<u>1,171</u>

NOTES TO THE FINANCIAL STATEMENTS

17. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (cont'd)

Trade receivables comprise amounts receivable for the sales of goods and for tourism related services rendered. Other receivables comprise mainly advances, payments on behalf and insurance claim receivable which are unsecured and interest-free. Transactions with related parties are disclosed in Note 18.

The credit period granted on sales of goods ranged from 14 to 120 days (2004: 14 to 120 days) whilst tourism related services rendered ranged from 30 to 60 days (2004: 30 to 60 days).

18. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

The amount owing by holding company arose mainly from trade transactions and advances which are unsecured and have no fixed terms of repayment. Certain advances granted to holding company bear interest rate of 8% (2004: 8%) per annum.

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

The amount owing by/(to) other related companies arose mainly from trade transactions, advances and expenses paid on behalf which are unsecured and have no fixed terms of repayment. Certain advances granted to other related companies bear interest rate of 8% (2004: 8%) per annum.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Names of related parties	Relationships
Cranberry (M) Sdn. Bhd.	<ul style="list-style-type: none">- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, has substantial financial interest.- A company in which Mr. Chok Hooa @ Chok Yin Fatt and Mr. Lim Ee Young, directors of the Company, are directors.- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, is a director and has substantial financial interest.
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.	<ul style="list-style-type: none">- A company in which Y. Bhg. Dato' Lim A Heng @ Lim Kok Cheong, a director of the Company, is a director and has substantial financial interest.- A company in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interest.- A company in which Mr. Lim Kim Kow, a director of a subsidiary company, is a director.
Sri Puteh Development Sdn. Bhd. Unikampar Credit And Leasing 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 Mr. Thang Lai Sung, a director of the Company, is a director.- Companies in which Y. Bhg. Datin Chua Shok Tim @ Chua Siok Hoon, a director of certain subsidiary companies, has substantial financial interests.
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.
Uniyee 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ultimate holding company				
Interest on advances received	486	554	-	-
Subsidiary companies				
Dividends received (gross)	-	-	2,200	1,478
Waiver of debt	-	-	-	8
Associated company				
Dividends received (gross)	-	-	331	398
Other related companies				
Yew Lee Chiong Tin Factory Sdn. Bhd.				
Purchase of goods	520	554	-	-
Transportation fees received	234	109	-	-
Interest on advances received	94	78	-	-
Sale of goods	35	66	-	-
Professional fees received	6	5	-	-
Kolej Teknologi Praktikal Sdn. Bhd.				
Sale of goods	1	2	-	-
Purchase of property, plant and equipment	-	13	-	-
Rental paid	-	5	-	-
Training services rendered	-	1	-	-
Practical Advanced Technology Sdn. Bhd.				
Purchase of property, plant and equipment and training services rendered	150	602	-	-
Sale of goods	1	2	-	-
Rental paid	-	1	-	-
Cranberry (M) Sdn. Bhd.				
Sale of goods	548	538	-	-
Sale of steam	445	1,345	-	-
Interest on advances received	364	345	-	-
Rental on premises received	48	60	-	-
Transportation fees received	11	32	-	-
Yee Lee Oils & Foodstuffs (S) Pte. Ltd.				
Sale of goods	62	102	-	-
Professional fees received	2	-	-	-
Sri Puteh Development Sdn. Bhd.				
Sale of goods	1	2	-	-

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other related parties				
Unikampar Credit And Leasing Sdn. Bhd.				
Hire-purchase loans obtained	5,921	6,741	-	-
Interest on hire-purchase loans paid	797	615	-	-
Professional fees received	3	2	-	-
Sale of goods	2	3	-	-
<hr/>				
Multibase Systems Sdn. Bhd.				
Secretarial and accounting fees paid/payable	47	50	4	4
<hr/>				
Uniyelee Insurance Agencies Sdn. Bhd.				
Insurance premium paid/payable	1,208	1,127	1	9
Professional fees received	1	1	-	-
<hr/>				
Unipon Enterprise Sdn. Bhd.				
Transportation fees received/receivable	1	-	-	-
<hr/>				
Manimore Resources Sdn. Bhd.				
Sale of goods	5	6	-	-
<hr/>				
Chuan Sin Cactus Sdn. Bhd.				
Purchase of goods	7,421	7,398	-	-
Sale of property, plant and equipment	65	-	-	-
<hr/>				
Chuan Sin Sdn. Bhd.				
Purchase of goods	24,139	24,917	-	-
Sale of goods	2,882	3,057	-	-
Professional fees received/receivable	12	4	-	-
Transportation fees received/receivable	4	52	-	-
Transportation fees paid/payable	1	-	-	-
<hr/>				
Golden PET Industries Sdn. Bhd.				
Purchase of goods	7,693	8,928	-	-
Transportation fees received	224	208	-	-
Sale of goods	177	160	-	-
Rental on premises paid/payable	54	48	-	-
Professional fees received	10	3	-	-
<hr/>				
Angenet Sdn. Bhd.				
Sale of goods	602	575	-	-
Purchase of goods	497	1,898	-	-
Transportation fees received/receivable	63	86	-	-
<hr/>				

NOTES TO THE FINANCIAL STATEMENTS

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Multisafe Sdn. Bhd.				
Sale of steam	494	-	-	-
Transportation fees received/receivable	6	1	-	-
Sale of goods	2	1	-	-
<hr/>				
Transport Master Sdn. Bhd.				
Contract wages paid/payable	896	863	-	-
Sale of goods	3	4	-	-
<hr/>				
Intan Serantau Sdn. Bhd.				
Contract wages paid/payable	261	271	-	-
<hr/>				
Cactus Marketing Sdn. Bhd.				
Professional fees received/receivable	3	-	-	-
Rental on lorry received	-	4	-	-
<hr/>				
Uniyelee Service Agencies Sdn. Bhd.				
Insurance premium paid/payable	186	180	-	-

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

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Receivables:				
Included in trade receivables	867	862	-	-
Included in other receivables, deposits and prepaid expenses	5,973	4,723	-	-
<hr/>				
Payables:				
Included in trade payables	17,775	11,802	-	-
Included in hire-purchase payables	10,160	7,962	-	-
Included in other payables and accrued expenses	414	380	5	3

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

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

NOTES TO THE FINANCIAL STATEMENTS

19. FIXED DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed deposits with licensed bank	13	13	-	-
Cash on hand and at banks	5,999	5,143	10	4
	6,012	5,156	10	4

Fixed deposits amounting to RM12,500 (2004: RM12,500) have been pledged to a licensed bank as security for bank guarantees granted to a subsidiary company.

The effective interest rate for fixed deposits is 3.75% (2004: 3.75%) per annum. The fixed deposits have a maturity period of 365 days (2004: 365 days).

The currency profile of cash on hand and at banks is as follows:

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	5,318	5,137	10	4
Vietnamese Dong	390	-	-	-
United States Dollar	291	6	-	-
	5,999	5,143	10	4

20. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs respectively. The credit period granted to the Group for trade purchases ranged from 30 to 120 days (2004: 30 to 120 days).

The currency profile of trade payables is as follows:

	The Group	
	2005 RM'000	2004 RM'000
Ringgit Malaysia	35,236	36,203
United States Dollar	2,197	1,707
Vietnamese Dong	6	-
	37,439	37,910

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES (cont'd)

Other payables and accrued expenses consist of:

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables	6,823	7,100	4	4
Deposits received	649	290	-	-
Accrued expenses	10,186	8,223	86	86
	17,658	15,613	90	90

The currency profile of other payables is as follows:

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Ringgit Malaysia	6,796	7,022	5	4
Vietnamese Dong	27	-	-	-
Great Britain Pound	-	71	-	-
Euro	-	7	-	-
	6,823	7,100	5	4

Transactions with related parties are disclosed in Note 18.

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

21. HIRE-PURCHASE PAYABLES

	The Group	
	2005 RM'000	2004 RM'000
Principal outstanding	10,235	7,961
Less: Amount due within 12 months (shown under current liabilities)	(3,285)	(2,785)
Non-current portion	6,950	5,176

NOTES TO THE FINANCIAL STATEMENTS

21. HIRE-PURCHASE PAYABLES (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2005 RM'000	2004 RM'000
Financial years ending December 31:		
2006	-	2,009
2007	2,544	1,263
2008	2,352	1,275
2009	1,724	629
2010	330	-
	6,950	5,176

The terms for hire-purchase ranged from 2 to 5 years. For the financial year ended December 31, 2005, the average effective borrowing rate was 12.33% (2004: 12.88%) 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.

22. BORROWINGS

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unsecured:				
Bankers' acceptances	89,749	86,684	-	-
Bank overdrafts	16,544	17,161	56	5
Revolving credits	31,000	27,500	1,000	1,000
Trust receipts	500	-	-	-
Term loans	5,479	7,768	-	-
Secured:				
Bank overdrafts	428	157	-	-
Bankers' acceptances	-	646	-	-
	143,700	139,916	1,056	1,005
Less: Amount due within 12 months (shown under current liabilities)	(140,272)	(134,406)	(1,056)	(1,005)
Non-current portion	3,428	5,510	-	-

NOTES TO THE FINANCIAL STATEMENTS

22. BORROWINGS (cont'd)

The non-current portion is repayable as follows:

	The Group	
	2005 RM'000	2004 RM'000
Financial years ending December 31:		
2006	-	2,451
2007	1,905	2,427
2008	1,356	632
2009 and above	167	-
	3,428	5,510

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2005 %	2004 %	2005 %	2004 %
Bank overdrafts	7.23	7.22	7.00	7.00
Bankers' acceptances	3.29	3.22	-	-
Revolving credits	4.30	4.29	4.12	4.00
Trust receipts	-	4.65	-	-
Term loans	7.30	7.30	-	-

The credit facilities of the Group of RM312,029,000 (2004: RM298,810,000) are guaranteed by the Company. Certain credit facilities of the Group amounting to RM2,500,000 (2004: RM2,500,000) are secured by legal charges over a subsidiary company's property, plant and equipment.

23. 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	
	2005 RM'000	2004 RM'000
Deferred tax assets	754	750
Deferred tax liabilities	(16,701)	(16,585)
	(15,947)	(15,835)

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED TAX LIABILITIES (cont'd)

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

	The Group	
	2005	2004
	RM'000	RM'000
At beginning of year	(15,835)	(11,971)
Amount charged to equity	-	(3,457)
	<hr/>	<hr/>
Transfer from income statements (Note 9)	(15,835)	(15,428)
	(112)	(407)
	<hr/>	<hr/>
At end of year	(15,947)	(15,835)

Represented by:

	The Group	
	2005	2004
	RM'000	RM'000
Tax effects of:		
Temporary differences arising from:		
Property, plant and equipment	(7,797)	(7,449)
Revaluation surplus on property, plant and equipment	(9,056)	(9,261)
Receivables	152	125
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	754	750
	<hr/>	<hr/>
	(15,947)	(15,835)

As of December 31, 2005, deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2005	2004
	RM'000	RM'000
Tax effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances	10,916	10,659
	<hr/>	<hr/>

The unutilised tax losses and unabsorbed agricultural and tax capital allowances of the Group are subject to agreement by the tax authorities except for tax effects of unutilised tax losses of approximately RM3,432,000 (2004: RM3,432,000), unabsorbed agricultural and tax capital allowances of approximately RM440,014 (2004: RM440,014), which have been agreed by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL

	The Group and The Company	
	2005	2004
	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

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

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

Exercisable from	Subscription price per ordinary share RM	Number of options over ordinary shares of RM1 each			
		Balance as of 1.1.2005	Exercised	Lapsed due to resignation/ retirement	Balance as of 31.12.2005
18.3.2002	1.58	4,685,000	-	(285,000)	4,400,000

The salient features of the ESOS are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

25. RESERVES

	The Group		The Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Non-distributable reserves:				
Share premium	52	52	52	52
Revaluation reserve	24,507	22,630	2,262	2,262
Reserve on consolidation	612	509	-	-
Translation reserve	(15)	(1)	-	-
	25,156	23,190	2,314	2,314
Distributable reserve:				
Unappropriated profit	67,360	64,693	20,021	20,648
	92,516	87,883	22,335	22,962

Distributable reserves are those available for distribution by way of dividends. Based on the prevailing tax rate applicable to dividends and the estimated tax credits and the tax-exempt accounts balances as mentioned in Note 9, the unappropriated profit of the Company as of December 31, 2005 is available for distribution by way of cash dividends without additional tax liabilities being incurred.

26. DIVIDENDS

	The Group and The Company	
	2005 RM'000	2004 RM'000
First and final dividend paid:		
- 1 sen per share, less tax	451	-
- 2 sen per share, tax-exempt	1,254	-
- 2 sen per share, less tax	-	903
	1,705	903

The directors have proposed a first and final dividend of 2 sen per share, tax-exempt and 1 sen per share, less tax, in respect of the current financial year. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements.

Net dividend per share for the financial year is 2.72 sen (2004: 2.72 sen).

27. 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.

27. FINANCIAL INSTRUMENTS (cont'd)

Foreign currency exchange risk

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

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

Interest rate risk

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

Credit risk

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

Liquidity risk

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

Cash flow risk

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

Financial Assets

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

The Company's principal financial assets are cash and bank balances, other receivables, amount owing by subsidiary company and equity investments.

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

Financial Liabilities

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

The Company's principal financial liabilities are other payables, bank borrowings and amount owing to subsidiary company.

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

Off Balance Sheet Derivative Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

Foreign Currency Forward Contracts

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

At the balance sheet date, the Group had contracted to sell the following amounts under forward contracts:

	2005 RM'000	2004 RM'000	Average Exchange Rate per unit of Ringgit Malaysia	
			2005	2004
United States Dollar	-	956	-	0.263

All of these contracts mature within six months of the balance sheet date.

Fair Values

The carrying amounts and the estimated fair values of the Group's financial instruments as of December 31, 2005 are as follows:

	Note	2005		2004	
		Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Financial Assets					
Investment in quoted shares	14	20	19	20	23
Investments in unquoted shares:					
In Malaysia	14	247	-	247	-
Outside Malaysia	14	1,854	-	2,954	-
Financial Liabilities					
Term loans	22	5,479	4,693	7,768	6,661
Off Balance Sheet Item					
Foreign currency forward contracts		-	-	955	955

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

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

Amount owing by/(to) related companies

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

Investment in quoted shares

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

NOTES TO THE FINANCIAL STATEMENTS

27. FINANCIAL INSTRUMENTS (cont'd)

Investments in unquoted shares

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

Term loans

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

Foreign currency forward contracts

The fair values of foreign currency forward contracts are calculated by reference to the current rates for contracts with similar maturity profiles in the prior year.

28. CASHFLOW STATEMENTS

(a) Purchase of property, plant and equipment

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

	The Group	
	2005	2004
	RM'000	RM'000
Cash purchase	4,398	4,385
Hire-purchase	5,921	6,780
Depreciation capitalised	144	99
	<hr/> 10,463	<hr/> 11,264

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

(b) Cash and cash equivalents

Cash and cash equivalents comprise the following:

	The Group		The Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Fixed deposits	13	13	-	-
Cash and bank balances	5,999	5,143	10	4
Bank overdrafts	(16,972)	(17,318)	(56)	(5)
	<hr/> (10,960)	<hr/> (12,162)	<hr/> (46)	<hr/> (1)
Less: Fixed deposits pledged to a bank	(12)	(12)	-	-
	<hr/> (10,972)	<hr/> (12,174)	<hr/> (46)	<hr/> (1)

NOTES TO THE FINANCIAL STATEMENTS

29. COMMITMENTS

As of December 31, 2005, the Group has the following capital expenditure in respect of property, plant and equipment:

	The Group	
	2005 RM'000	2004 RM'000
Capital expenditure:		
Approved and contracted for	1,689	-
Contracted but not provided for	-	2,056
Approved and not contracted for	-	50
	1,689	2,106

30. COMPARATIVE FIGURES

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

	The Group		The Company	
	As previously reported RM'000	As restated RM'000	As previously reported RM'000	As restated RM'000
Income Statements:				
Other operating expenses	35,997	35,518	231	228
Finance costs	6,528	7,007	89	93
Cash Flow Statements:				
Cash Flow From/(Used In)				
Opening Activities				
Finance costs	6,528	7,007	89	93
Cash Flow From/(Used/In)				
Financing Activities				
Finance costs paid	(6,519)	(6,998)	(89)	(93)
Notes to the Financial Statements:				
<i>Finance costs</i>				
Bank charges and commitment fees	-	479	-	4
Segment reporting				
Profit/(Loss) from operations:				
Manufacturing division	9,476	9,834	-	-
Trading division	2,472	2,585	-	-
Plantation division	(364)	(361)	-	-
Others	2,275	2,280	-	-
Finance costs	(6,528)	(7,007)	-	-
Segment assets:				
Manufacturing division	245,101	244,861	-	-
Plantation division	36,352	36,339	-	-
Others	114,368	102,944	-	-
Unallocated corporate assets	1,129	12,806	-	-

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, 2005 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' LIMA HENG @ LIMKOK CHEONG, JSM, DPMP, JP
Group Managing Director

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

Ipoh,
April 3, 2006

DECLARATION BY THE DIRECTOR

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR. CHOK HOOA @ CHOK YIN FATT, PMP**, the director primarily responsible for the financial management of **YEE LEE CORPORATION BHD.**, do solemnly and sincerely declare that the accompanying balance sheets and the related statements of income, changes in equity and cash flows are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

MR. CHOK HOOA @ CHOK YIN FATT, PMP

Subscribed and solemnly declared by the abovenamed
MR. CHOK HOOA @ CHOK YIN FATT, PMP
at **IPOH** this 3rd day of April, 2006.

Before me,

ENCIK MOHD YUSOF BIN HARON, PJK, PNPBB, KPP
COMMISSIONER FOR OATHS

LIST OF PROPERTIES

AS AT DECEMBER 31, 2005

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 01.09.2075, 30.07.2088 and 28.03.2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	30	34,368/ 18,967	23.09.2004	15,465
Lot No. 324, Town of Melaka, District of Melaka Tengah, Melaka	Leasehold expiring on 19.12.2075	Double storey shophouse	34	277/ 274	05.08.2004	285
Plot No. 26 Mukim of Bukit Katil, District of Melaka Tengah, Melaka	Leasehold expiring on 30.05.2072	Single storey semi-detached factory	35	2,013/ 720	06.08.2004	703
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	24	1,608/ 839	18.08.2004	1,819
Lot No. 15624, Mukim of Kuala Kuantan, Kuantan, Pahang	Freehold	Double storey shophouse	27	149/ 263	05.08.2004	278
P.T. No. 10010, Mukim of Kuala Kuantan, Kuantan, Pahang	Leasehold expiring on 18.07.2044	Single storey semi-detached factory	26	922/ 460	06.08.2004	332
Lot No. PT 8438, Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Leasehold expiring on 09.07.2078	Double storey factory building	18	2,553/ 2,888	20.08.2004	3,046
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	20.08.2004	202
Lot 2240, Section 66 Kuching Town Land District, Kuching, Sarawak	Leasehold expiring on 17.03.2042	Single storey factory cum double storey office	20	3,103/ 2,003	20.08.2004	2,196

LIST OF PROPERTIES
AS AT DECEMBER 31, 2005

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Town Lease No. 077532828, District of Sandakan, Sandakan, Sabah	Leasehold expiring on 31.12.2029	1 1/2 storey semi-detached warehouse	25	585/809	24.08.2004	485
Lease No. 105430000, District of Tawau, Tawau, Sabah	Leasehold expiring on 31.12.2042	Single storey detached factory	23	2,086/1532	23.08.2004	782
Lot Nos. 4337 and 4338, Mukim 13, Daerah Timur Laut, Penang	Freehold	2 adjoining units of 3-storey shophouse	21	334/662	20.08.2004	1,092
Unit Nos. 1902, 1903, 19th Floor, Sun Complex, Kuala Lumpur	Freehold	2 adjoining Apartment units	27	184	24.08.2004	274
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	9	1,138/3,185	20.08.2004	2,849
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	9	276/555	20.08.2004	776
PT No 31095, HS(D) 24203 Mukim of Batu, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	5	14,729/5,184	26.08.2004	12,890
PT 3843, HS(M) 1602 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	-	3,338	06.08.2004	508
PT 3842, HS(M) 1601 Mukim Bukit Baru, Daerah Melaka Tengah Melaka	Leasehold expiring on 29.03.2097	Vacant land	-	3,267	06.08.2004	498

**LIST OF PROPERTIES
AS AT DECEMBER 31, 2005**

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lot 10 & 11, CL105479552 & CL105479553 Off Jalan Sin On, Tawau	Leasehold expiring on 04.05.2904	2 adjoining unit of 2-storey shophouse	5	446/ 669	23.08.2004	691
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	06.09.2004	415
Lot 70428, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 04.06.2074	Double storey office, factory and warehouse	30	16,291/ 10,643	22.09.2004	4,873
P.T. 59999 Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 14.02.2046	Vacant land	-	5,054	22.09.2004	800
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	21	150,625/ 11,637	23.09.2004	13,896
Lot No. 3262, (PT2989) Bidor Industrial Estate, Perak Darul Ridzuan	Leasehold expiring on 08.07.2056	Vacant land	-	27,449	23.09.2004	961
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	1,694
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	782
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	24	8,314,820/ 13,492	17.08.2004	17,709

**LIST OF PROPERTIES
AS AT DECEMBER 31, 2005**

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Vacant agriculture land	-	13,027,600	2004	4,934
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	22	992/219	20.08.2004	610
Lot No. 119 Rawang Integrated Industrial Park Mukim of Rawang District of Gombak Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	9	10,866/7,762	24.08.2004	8,479
Lot No. 3877 Mukim of Chembong District of Rembau Negeri Sembilan Darul Khusus	Leasehold expiring on 15.07.2048	Vacant land	-	3,905	10.08.2004	244
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	22	40,468/1,593	18.11.2004	2,799
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

FORM OF

PROXY

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

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

of _____
(ADDRESS)

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

_____ Identity Card number : _____

of _____
(ADDRESS)

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

of _____
(ADDRESS)

as my/our proxy to vote for me/us on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held on Thursday, June 29, 2006 at 11.00 a.m. at Garlet 3, Casuarina Ipoh, 18 Jalan Raja Dr. Nazrin Shah, 30250 Ipoh, Perak Darul Ridzuan and at any adjournment thereof in the manner as indicated with an "X" in the space provided hereunder. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Financial Statements for the financial year ended December 31, 2005 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 Messrs. Deloitte KassimChan as Auditors of the Company and to authorise the Directors to fix their remuneration		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
9.	Authority to issue shares pursuant to the Executive Share Option Scheme		
10.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Dated this _____ day of June 2006

Signature of Shareholder/Common Seal

Number of shares held

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. 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.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than 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