

# FINANCIAL STATEMENTS



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# DIRECTORS' REPORT

The directors of **YEO HIAP SENG (MALAYSIA) BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31st December, 2002.

## PRINCIPAL ACTIVITIES

The Company is principally involved in the production, marketing and sale of beverage and food products.

The subsidiary companies are principally involved in the production, marketing and distribution of beverage and food products.

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

## RESULTS OF OPERATIONS

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

	<b>The Group RM'000</b>	<b>The Company RM'000</b>
Profit before tax	16,485	6,747
Income tax expense	(2,349)	(1,100)
Profit after tax	14,136	5,647
Minority interest	(28)	-
Net profit for the year	14,108	5,647

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 final dividend of 6.5%, tax exempt, amounting to RM8,326,210 proposed in the previous financial year and dealt with in the previous directors' report were paid by the Company during the current financial year.

An interim dividend of 2% less tax, amounting to RM1,844,576 was paid in respect of the current financial year.

The directors proposed a final dividend of 6.5%, tax exempt, amounting to RM8,326,210 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 liability in the financial statements.

The proposed final dividend for 2002 is payable in respect of all ordinary shares in issue as of the date of the financial statements.

## RESERVES AND PROVISIONS

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

# DIRECTORS' REPORT (Cont'd)

## ISSUE OF SHARES AND DEBENTURES

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

## SHARE OPTIONS

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

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

## OTHER FINANCIAL INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad receivables and the making of allowance for doubtful receivables, and had satisfied themselves that all known bad receivables had been written off and that adequate allowance had been made for doubtful receivables; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

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

- (a) which would render the amount written off for bad receivables or the amount of allowance for doubtful receivables in the financial statements of the Group and of the Company inadequate to any substantial extent;
- (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 which 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' REPORT (Cont'd)

### DIRECTORS

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

**Brigadier Gen (R) Dato' Yahya bin Yusof**  
**Raja Dato' Hj. Redzwa bin Raja Tun Uda**  
**Tan Teow Choon**  
**Philip Ng Chee Tat (appointed on 1.6.2002)**  
**Tjong Yik Min (appointed on 22.7.2002)**  
**Chan Wai Ming (appointed on 22.7.2002)**  
**Mohamed Nizam bin Abdul Razak (appointed on 5.11.2002)**  
**Dato' Borhan bin Kuntom (resigned on 23.5.2002)**  
**Lim Keng Teck (resigned on 1.6.2002)**  
**Donald Reginald Gadsden (resigned on 30.6.2002)**  
**Chew Eng Chai (resigned on 15.7.2002)**  
**Leong Horn Kee (resigned on 22.7.2002)**  
**Gan Nga Kok @ Jacob Gan (resigned on 5.11.2002)**  
**Robert Ng Chee Siong (appointed on 1.6.2002; resigned on 1.12.2002)**

In accordance with Article 75 of the Company's Articles of Association, Mr. Tan Teow Choon retires by rotation and being eligible, offers himself for re-election.

Messrs. Philip Ng Chee Tat, Tjong Yik Min, Chan Wai Ming and Mohamed Nizam bin Abdul Razak, who were appointed to the Board since the last Annual General Meeting, retire under Article 80 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

In accordance with Section 129 of the Companies Act, 1965, Raja Dato' Hj. Redzwa bin Raja Tun Uda retires and, being eligible, offers himself for re-election.

### DIRECTORS' INTERESTS

The shareholdings in the 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, are as follows:

Shares in the Company	Number of ordinary shares of RM1 each			Balance at 31.12.2002
	Balance at 1.1.2002	Bought	Sold	
<b>Registered in name of director</b>				
Tan Teow Choon	102,000	-	-	102,000

Shares in the Company	Number of ordinary shares of RM1 each			Balance at 31.12.2002
	Balance at 1.1.2002	Bought	Sold	
<b>Deemed interest</b>				
Tan Teow Choon	5,000	-	-	5,000

None of the other directors hold shares or have any beneficial interest in the shares of the Company or its related companies during the financial year.

# DIRECTORS' REPORT (Cont'd)

## 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 of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full time employee of the Company) 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.

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

## HOLDING COMPANIES

The Company is a subsidiary company of YHS (Singapore) Pte. Ltd. (YHSPL), a company incorporated in Singapore. The directors regard Yeo Hiap Seng Limited (YHSL), a company incorporated in Singapore, as the ultimate holding company.

## AUDIT COMMITTEE

In compliance with the listing requirement set up by Kuala Lumpur Stock Exchange (KLSE), the audit committee was established on 24th March, 1994 comprising the following directors:

**Raja Dato' Hj. Redzwa bin Raja Tun Uda (Chairman)**

**Brigadier Gen (R) Dato' Yahya bin Yusof**

**Tan Teow Choon**

**Chan Wai Ming (appointed on 5.11.2002)**

**Mohamed Nizam bin Abdul Razak (appointed on 5.11.2002)**

The functions of the audit committee as stipulated in the KLSE listing requirements include discussion and review with management, internal auditors and the auditors of the Company, the scope and results of the internal and statutory audits, financial and operating results, internal controls, accounting policies and other significant matters, including the annual financial statements which accompany this report.

## AUDITORS

The auditors, Messrs. Deloitte KassimChan, have offered themselves for re-appointment.

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

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**RAJA DATO' HJ. REDZWA BIN RAJA TUN UDA**

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**TAN TEOW CHOON**

Petaling Jaya  
27th February, 2003

# REPORT OF THE AUDITORS TO THE MEMBERS OF YEO HIAP SENG (MALAYSIA) BERHAD

We have audited the accompanying balance sheets as of 31st December, 2002 and the related statements of income, cash flows and changes in equity for the year then ended. These financial statements are the responsibility of the Directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and the Company as of 31st December, 2002 and of the results and the cash flows of the Group and the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Act to be dealt with in the financial statements and consolidated financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we have acted as auditors, have been properly kept in accordance with the provisions of the Act.

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

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

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

**DELOITTE KASSIMCHAN**  
**AF 0080**  
Chartered Accountants

**ROSITA TAN**  
**1874/9/04 (J)**  
Partner

27th February, 2003

# INCOME STATEMENTS

For the year ended 31st December, 2002

	Note	The Group		The Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue		449,342	466,188	268,714	298,830
Changes in inventories of finished goods and work-in-progress		(20,997)	(18,538)	(2,555)	3,002
Raw materials and consumables used		(231,778)	(245,268)	(175,047)	(201,913)
Directors' remuneration	5	(2,621)	(1,170)	(2,621)	(1,170)
Staff costs		(57,659)	(60,416)	(29,637)	(25,132)
Depreciation of property, plant and equipment	11	(16,555)	(16,341)	(10,150)	(9,900)
Amortisation of goodwill		(1,308)	(436)	-	-
Other operating expenses		(106,733)	(108,900)	(47,777)	(56,725)
Other operating income		5,509	8,131	764	2,348
Profit from operations	6	17,200	23,250	1,691	9,340
Finance costs	7	(163)	(518)	(128)	(459)
Share of loss of associated companies		(977)	(1,405)	-	-
Income from other investments	8	425	77	5,184	5,806
<b>Profit before tax</b>		<b>16,485</b>	<b>21,404</b>	<b>6,747</b>	<b>14,687</b>
Income tax expense	9	(2,349)	(5,128)	(1,100)	(1,740)
<b>Profit after tax</b>		<b>14,136</b>	<b>16,276</b>	<b>5,647</b>	<b>12,947</b>
Minority interest		(28)	(19)	-	-
<b>Net profit for the year</b>		<b>14,108</b>	<b>16,257</b>	<b>5,647</b>	<b>12,947</b>
<b>Earnings per share</b>	10	<b>11.0 sen</b>	16.5 sen		

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

# BALANCE SHEETS

As of 31st December, 2002

	Note	The Group		The Company	
		2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Assets</b>					
Property, plant and equipment	11	151,049	160,813	76,975	82,549
Investment in unquoted subsidiary companies	12	-	-	94,844	94,844
Investments in unquoted associated companies	13	4,559	6,094	1,787	8,647
Other investments	14	10	130	9	129
Goodwill on consolidation	15	24,423	25,731	-	-
<b>Current Assets</b>					
Inventories	16	51,345	84,415	25,541	38,559
Trade receivables	17	66,706	65,583	6,122	2,981
Amount owing by associated companies	13	922	2,783	922	2,747
Amount owing by ultimate holding company	18	696	2,721	696	397
Amount owing by immediate holding company	18	24,387	28,723	18,747	28,527
Amount owing by subsidiary companies	18	-	-	126,951	71,545
Amount owing by other related companies	18	4,774	4,022	4,774	4,014
Other receivables and prepaid expenses	17	20,291	12,489	11,980	6,214
Cash and bank balances	19	38,935	15,268	32,793	7,629
		208,056	216,004	228,526	162,613
<b>Current Liabilities</b>					
Trade payables	20	40,030	50,656	31,161	38,885
Other payables, accrued expenses and provisions	20	22,571	26,250	10,299	15,030
Amount owing to ultimate holding company	18	3,696	4,214	3,673	4,211
Amount owing to immediate holding company	18	-	273	-	-
Amount owing to subsidiary companies	18	-	-	100,723	18,481
Provision	21	-	13,000	-	13,000
		66,297	94,393	145,856	89,607
<b>Net Current Assets</b>		141,759	121,611	82,670	73,006
<b>Long-Term And Deferred Liabilities</b>					
Provision for retirement benefits	22	9,369	8,745	5,698	4,001
Hire-purchase payables - non-current portion	23	24	297	12	75
Deferred tax liabilities	24	121	-	-	-
		(9,514)	(9,042)	(5,710)	(4,076)
<b>Minority Interests</b>		(215)	(190)	-	-
<b>Net Assets</b>		312,071	305,147	250,575	255,099
<b>Represented by:</b>					
Issued capital	25	128,096	128,096	128,096	128,096
Reserves	26	183,975	177,051	122,479	127,003
<b>Shareholders' Equity</b>		312,071	305,147	250,575	255,099

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

# STATEMENTS OF CHANGES IN EQUITY

For the year ended 31st December, 2002

## The Group

	Note	Non-distributable Reserves			Distributable Reserves			
		Issued capital RM'000	Share Premium RM'000	Capital Reserves RM'000	Foreign Exchange Reserves RM'000	General Reserves RM'000	Unappropriated Profit RM'000	Total RM'000
Balance as of 1.1.2001		83,800	31,482	-	(40)	10,000	96,532	221,774
Issue of shares	25 & 26	44,296	28,415	-	-	-	-	72,711
Currency translation differences		-	-	-	(2,828)	-	-	(2,828)
Net profit for the year		-	-	-	-	-	16,257	16,257
Dividends	27	-	-	-	-	-	(2,767)	(2,767)
<b>Balance as of 31.12.2001</b>		<b>128,096</b>	<b>59,897</b>	<b>-</b>	<b>(2,868)</b>	<b>10,000</b>	<b>110,022</b>	<b>305,147</b>
Currency translation differences		-	-	-	2,987	-	-	2,987
Net profit for the year		-	-	-	-	-	14,108	14,108
Dividends	27	-	-	-	-	-	(10,171)	(10,171)
Transfer to capital reserve		-	-	1	-	-	(1)	-
<b>Balance as of 31.12.2002</b>		<b>128,096</b>	<b>59,897</b>	<b>1</b>	<b>119</b>	<b>10,000</b>	<b>113,958</b>	<b>312,071</b>

## The Company

	Note	Distributable Reserves				
		Issued capital RM'000	Share Premium RM'000	General Reserves RM'000	Unappropriated Profit RM'000	Total RM'000
Balance as of 1.1.2001		83,800	31,482	10,000	46,926	172,208
Issue of shares	25 & 26	44,296	28,415	-	-	72,711
Net profit for the year		-	-	-	12,947	12,947
Dividends	27	-	-	-	(2,767)	(2,767)
<b>Balance as of 31.12.2001</b>		<b>128,096</b>	<b>59,897</b>	<b>10,000</b>	<b>57,106</b>	<b>255,099</b>
Net profit for the year		-	-	-	5,647	5,647
Dividends	27	-	-	-	(10,171)	(10,171)
<b>Balance as of 31.12.2002</b>		<b>128,096</b>	<b>59,897</b>	<b>10,000</b>	<b>52,582</b>	<b>250,575</b>

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

# CASH FLOW STATEMENTS

For the year ended 31st December, 2002

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>CASH FLOWS FROM/(USED IN)</b>				
<b>OPERATING ACTIVITIES</b>				
Profit before tax	16,485	21,404	6,747	14,687
Adjustments for:				
Depreciation of property, plant and equipment	16,555	16,341	10,150	9,900
Property, plant and equipment written off	1,607	240	1,171	219
(Gain)/Loss on disposal of property, plant and equipment	(1,797)	(3,863)	474	(2,101)
Allowance for doubtful receivables:				
Trade	5,252	-	-	-
Others	464	15	464	-
Bad receivables written off	73	310	29	25
Allowance for doubtful receivables no longer required	(94)	(1,875)	-	-
Bad receivables recovered	(7)	(64)	-	(6)
Inventories written off	4,271	5,098	1,127	1,181
Allowance for inventories obsolescence	1,249	779	1,153	475
Allowance for inventories obsolescence no longer required	(24)	-	-	-
Provision for retirement benefits	2,146	1,737	2,444	666
Share of loss of associated companies	977	1,405	-	-
(Gain)/Loss on disposal of investment in an associated company	(686)	-	6,174	-
Finance costs	163	518	128	459
Allowance for diminution in value of investment	120	-	120	-
Dividend income	-	-	(558)	(558)
Amortisation of goodwill	1,308	436	-	-
Provision for relocation expenses no longer required	(13,000)	-	(13,000)	-
Interest income	(425)	(77)	(421)	(73)
Unrealised (gain)/loss on foreign exchange	(340)	647	(340)	392
Currency translation differences	-	(28)	-	-
Operating Profit Before Working Capital Changes	34,297	43,023	15,862	25,266
(Increase)/Decrease in:				
Inventories	27,574	(8,546)	10,738	(7,775)
Trade receivables	(6,275)	3,802	(3,170)	485
Amount owing by ultimate holding company	2,025	(2,721)	(299)	(397)
Amount owing by immediate holding company	6,273	(28,895)	10,120	(28,919)
Amount owing by subsidiary companies	-	-	-	18,516
Amount owing by other related companies	(752)	(4,022)	(760)	(4,014)
Amount owing by affiliated companies	-	33,211	-	30,530
Other receivables and prepaid expenses	570	6,192	592	1,673

(Forward)

# CASH FLOW STATEMENTS (Cont'd)

For the year ended 31st December, 2002

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Increase/(Decrease) in:				
Trade payables	(10,626)	(1,594)	(7,724)	6,172
Amount owing to ultimate holding company	(373)	4,214	(538)	4,211
Amount owing to immediate holding company	(273)	273	-	-
Amount owing to subsidiary companies	-	-	26,836	-
Amount owing to affiliated companies	-	(4,991)	-	(4,933)
Other payables, accrued expenses	(1,153)	3,219	(2,255)	(287)
Cash Generated From Operations	51,287	43,165	49,402	40,528
Income tax paid	(10,600)	(4,962)	(7,458)	(1,740)
Retirement benefits paid to Yeo Hiap Seng (M) Bhd Retirement Benefit Fund and retired staff	(1,522)	(1,504)	(747)	(729)
Interest paid	(163)	(518)	(128)	(459)
Net Cash From Operating Activities	39,002	36,181	41,069	37,600
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	3,822	5,917	920	4,015
(Increase)/Decrease in amount owing by associated companies	1,325	(641)	1,362	(605)
Proceeds from disposal of investment in an associated company	686	-	686	-
Dividends received from an associated company	558	558	558	558
Interest received	425	77	421	73
Additions to property, plant and equipment	(9,180)	(17,739)	(7,142)	(14,833)
Payment of acquisition costs	-	(1,263)	-	(1,263)
Net cash outflow on acquisition of subsidiary companies	-	-	-	(203)
Net Cash Used In Investing Activities	(2,364)	(13,091)	(3,195)	(12,258)
CASH FLOWS USED IN FINANCING ACTIVITIES				
Repayment of hire-purchase payables	(2,797)	(2,646)	(2,539)	(2,436)
Repayment of borrowings	-	(8,000)	-	(8,000)
Dividends paid	(10,171)	(6,957)	(10,171)	(6,957)
Dividends paid to minority shareholders	(3)	(3)	-	-
Net Cash Used In Financing Activities	(12,971)	(17,606)	(12,710)	(17,393)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,667	5,484	25,164	7,949
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	15,268	9,784	7,629	(320)
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 30)	38,935	15,268	32,793	7,629

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

# NOTES TO THE FINANCIAL STATEMENTS

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is principally involved in the production, marketing and sale of beverage and food products.

The subsidiary companies are principally involved in the production, marketing and distribution of beverage and food products.

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

The total number of employees of the Group and of the Company at year end were 1,692 and 878 (2,455 and 1,102 in 2001) respectively.

The registered office and the principal place of business is located at 7, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan.

## 2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been approved by the Board of Directors for issuance on 27th February, 2003.

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

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Accounting Basis

The financial statements of the Group and of the Company have been prepared under the historical cost convention modified to include the revaluation of certain property, plant and equipment. The directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised), Property, Plant and Equipment by virtue of which a reporting enterprise which does not adopt a policy of revaluation is allowed to retain revalued amounts on the basis of their previous revaluation (subject to continuity in depreciation policy and the requirement to write an asset down to its recoverable amount.)

### Revenue

Sales of goods are recognised upon delivery of products and when the risks and rewards of ownership has passed. Revenue of the Group and of the Company represents gross invoiced value of sales less discounts and returns. All significant intercompany sales are eliminated on consolidation. Group sales do not include the applicable share of associated companies' sales.

Rental and interest income earned by the Group and the Company are recognised on accruals basis and dividend income earned by the Company is recognised when the shareholder's right to receive payment is established.

### Foreign Currency Conversion

Foreign currency transactions are converted into Malaysian Ringgit at exchange rates prevailing at the transaction dates or, where settlement has not yet been made at the end of the financial year, at the approximate exchange rates prevailing on that date. All foreign exchange gains or losses are taken up in the income statement.

For the purposes of consolidation, the financial statements of the foreign subsidiary and associated companies, have been translated into Ringgit Malaysia as follows:

Assets and liabilities	- at closing rate
Share capital and reserves	- at historical rate
Revenue and expenses	- at average rate for the financial year

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Foreign Currency Conversion (Cont'd)

The closing rate per unit of Ringgit Malaysia used in the translation of foreign subsidiary and associated companies' financial statements are as follows:

	2002	2001
Singapore Dollar	0.456	0.487
Thai Baht	11.669	11.862
Bahrain Dinar	0.0990	0.0870

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 those companies are disposed of.

Differences in exchange arising from the translation of the results of those companies at the average exchange rate, are taken to translation reserve account.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the Company and are translated at the exchange rate ruling at the date of the transaction.

### Income Tax

The tax effects of transactions are generally recognised, using the 'liability' method, when such transactions enter into the determination of net income regardless of when they are recognised for tax purposes. Deferred tax is provided on timing differences arising from differences between book depreciation and tax capital allowances of property, plant and equipment. However, when timing differences would result in net future tax benefits, such benefits are recognised only on actual realisation.

### Property, Plant and Equipment and Depreciation

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

Gain or loss arising from the disposal of an asset is determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset, and is recognised in the income statements.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. The impairment loss is charged to the income statements unless it reverses a previous revaluation in which case it is treated as a revaluation decrease.

Freehold land and property, plant and equipment under construction are not depreciated. Land under long and short leases are amortised evenly over the term of the lease. Depreciation of all other property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual depreciation rates are as follows:

	%
Land under long and short leases	1.0 – 2.0
Buildings and improvements	2.0 – 10.0
Machinery and equipment	6 <sup>2</sup> / <sub>3</sub> – 33 <sup>1</sup> / <sub>3</sub>
Furniture, fixtures and fittings, and office equipment	10.0 – 33 <sup>1</sup> / <sub>3</sub>
Vehicles and vehicles under hire-purchase	10.0 – 20.0

### Property, Plant and Equipment Acquired 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.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to the end of the financial year. Financial statements of subsidiary companies are consolidated using the acquisition method of accounting. On acquisition, the assets and liabilities of the relevant subsidiary companies are measured at their fair values at the date of acquisition.

The results of subsidiary companies acquired are included in the consolidated financial statements from the effective date of acquisition. All significant inter-company balances and transactions are eliminated on consolidation.

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

Goodwill is recognised as an asset and amortised on a straight-line basis over a period of 20 years commencing in 2001.

Where an indication of impairment exists, the carrying amount of goodwill is assessed and written down immediately to its recoverable amount.

#### **Investments**

Investments in unquoted subsidiary companies, which are eliminated on consolidation, investment in unquoted associated companies and other investments are stated at cost in the Company's financial statements. Allowance for diminution in value is made when, in the opinion of the directors, there is a permanent impairment in the value of the investments.

#### **Associated Companies**

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

The Company's investments in associated companies are accounted for by the equity method of accounting based on management or audited financial statements made up to 31st December, 2002. Under this method of accounting, the Company's interests in the post acquisition profit and reserve of the associated companies are included in the consolidated results while dividends received from associated companies are reflected as a reduction of the investment in the consolidated balance sheet. The carrying values of these investments approximate the underlying equities in net assets of the associated companies.

#### **Inventories**

Inventories, other than bottles and cases, are valued at the lower of cost (determined principally on the first-in, first-out basis) and net realisable value. The cost of raw materials and other inventories comprises the original cost of purchase plus cost of bringing the inventories to location. The cost of finished goods and work-in-process includes the cost of raw materials, direct labour and a proportion of the manufacturing 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.

Bottles and cases are stated at cost less amounts written off in respect of losses arising from obsolescence, breakages and non-return. The cost of bottles and cases is written off on a straight-line basis over a period of five years.

#### **Receivables**

Trade and other receivables are stated at nominal value as reduced by the appropriate allowance for estimated irrecoverable amounts. Allowance for doubtful receivables is made based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

#### **Provisions**

Provisions are made when the Group and the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be recognised to settle the obligation, and when a reliable estimate of the amount can be made.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Financial Assets

The Group's and the Company's principal financial assets are short term deposits, cash and bank balances, trade and other receivables, amount owing by related companies and equity investment.

Trade and other receivables and amount owing by related companies are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts.

### Financial Liabilities

Significant financial liabilities include trade and other payables, amount owing to related companies and hire-purchase payables are stated at nominal value.

### Cash Flow Statement

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

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 in value with insignificant risk of changes in value.

## 4. SEGMENTAL REPORTING

### Geographical Segments

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
<b>2002</b>				
<b>Revenue</b>	<b>348,856</b>	<b>66,140</b>	<b>34,346</b>	<b>449,342</b>
<b>Results</b>				
Segment results	<b>10,340</b>	<b>3,927</b>	<b>4,233</b>	<b>18,500</b>
Unallocated expenses				<b>(1,300)</b>
Profit from operations				<b>17,200</b>
Finance costs				<b>(163)</b>
Share of loss from associated companies				<b>(977)</b>
Interest from other investment				<b>425</b>
Profit before tax				<b>16,485</b>
Income tax expense				<b>(2,349)</b>
Profit after tax				<b>14,136</b>

(Forward)

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 4. SEGMENTAL REPORTING (Cont'd)

#### Geographical Segments (Cont'd)

	Malaysia RM'000	Singapore RM'000	Others RM'000	Total RM'000
<b>2001</b>				
<b>Revenue</b>	367,528	75,330	23,330	466,188
<b>Results</b>				
Segment results	20,040	1,611	2,090	23,741
Unallocated expenses				(491)
Profit from operations				23,250
Finance costs				(518)
Share of loss from associated companies				(1,405)
Interest from other investment				77
Profit before tax				21,404
Income tax expense				(5,128)
Profit after tax				16,276

The segments share significant common distribution network and resources and the directors are of the opinion that it is not meaningful and practical to allocate operating assets and liabilities to the individual segment. Accordingly, segment assets and liabilities have not been disclosed as required under Malaysian Accounting Standard Board No. 22.

Information on the Group's operations by business segments has not been provided as the Group principally involved in manufacturing and distribution of beverage and food products.

### 5. DIRECTORS' REMUNERATION

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Executive directors:				
Fees	-	36	-	36
Other emoluments:				
Salaries and others	2,526	957	2,526	957
Benefits in-kind	30	34	30	34
	2,556	1,027	2,556	1,027
Non-executive directors:				
Fees	53	143	53	143
Other emoluments	12	-	12	-
	2,621	1,170	2,621	1,170

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 6. PROFIT FROM OPERATIONS

Include in profit from operations are the following:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
After charging:				
Allowance for doubtful receivables:				
Trade	5,252	-	-	-
Others	464	15	464	-
Bad receivables written off	73	310	29	25
Inventories written off	4,271	5,098	1,127	1,181
Allowance for inventories obsolescence	1,249	779	1,153	475
Royalty, technical and management fees payable to:				
Ultimate holding company (Note 18)	3,736	4,211	3,736	4,211
Third party	300	230	300	230
Rental of machinery, equipment and motor vehicles payable to:				
Third party	2,636	1,025	1,556	706
Subsidiary company (Note 18)	-	-	2,625	844
Provision for retirement benefits	2,146	1,737	2,444	666
Rental of premises	2,088	2,097	1,756	721
Property, plant and equipment written off	1,607	240	1,171	219
Loss on disposal of property, plant and equipment	-	-	474	-
Audit fee:				
Auditors of the Company	202	200	90	84
Other auditors	16	13	-	-
Allowance for diminution in value of investment	120	-	120	-
Loss on disposal of investment in an associated company	-	-	6,174	-
Foreign exchange loss:				
Realised	-	1,628	-	1,908
Unrealised	-	647	-	392
And crediting:				
Provision for relocation expenses no longer required:				
Total provision	13,000	-	13,000	-
Less: Termination benefits due to restructuring exercise	(4,956)	-	-	-
Net	8,044	-	13,000	-
Gain on disposal of property, plant and equipment	1,797	3,863	-	2,101
Gain on disposal of investment in an associated company	686	-	-	-
Rental income of machinery and equipment receivable from:				
Third party	47	540	-	-
Immediate holding company (Note 18)	607	195	-	-
Foreign exchange gain:				
Realised	187	-	56	-
Unrealised	340	-	340	-
Rental of premises	307	157	270	153
Allowance for doubtful receivables no longer required	94	1,875	-	-
Allowance for inventories obsolescence no longer required	24	-	-	-
Bad receivables recovered	7	64	-	6

Staff costs include salaries, bonuses, contributions to employees' provident fund, retirement benefit and all other payroll costs.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 7. FINANCE COSTS

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interests on:				
Short-term borrowings and others	12	121	4	109
Hire-purchase	151	397	124	350
	<b>163</b>	<b>518</b>	<b>128</b>	<b>459</b>

### 8. INCOME FROM OTHER INVESTMENTS

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest income:				
Associated companies (Note 13)	136	16	136	16
Short-term deposits	284	53	283	52
Others	5	8	2	5
Income received from subsidiary companies (Note 18)	-	-	4,205	5,175
Gross dividend from associated company	-	-	558	558
	<b>425</b>	<b>77</b>	<b>5,184</b>	<b>5,806</b>

### 9. INCOME TAX EXPENSE

Income tax expense of the Group and of the Company are as follows:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current estimated tax payable	2,810	4,397	1,100	1,740
Deferred tax (Note 24)	121	-	-	-
(Over)/underprovision in prior years	(582)	565	-	-
Share of associated Company's income tax expense	-	166	-	-
Tax charge	<b>2,349</b>	<b>5,128</b>	<b>1,100</b>	<b>1,740</b>

The tax charge for the Group in 2002 and 2001 and the Company in 2002 and 2001 reflects an effective rate which is lower than the statutory tax rate due mainly to investment incentives which are available for set off against part of the income that would otherwise be taxable.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 10. EARNINGS PER SHARE

	The Group	
	2002 RM'000	2001 RM'000
<b>Basic</b>		
Net profit attributable to ordinary shareholders	<u>14,108</u>	<u>16,257</u>
	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares in issue	<u>128,095,541</u>	<u>98,565,181</u>
Basic earnings per share (sen)	<u>11.0</u>	<u>16.5</u>

## 11. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

### The Group

	Freehold land and buildings RM'000	Land, buildings and improve- ments under long lease RM'000	Land, buildings and improve- ments under short lease RM'000	Machi- nery and equipment RM'000	Furniture, fixtures and fittings, and office equipment RM'000	Vehicles RM'000	Construc- tion-in- progress RM'000	Total RM'000
<b>COST/ VALUATION</b>								
Balance at 1.1.2002								
At valuation	4,238	13,936	3,825	-	-	-	-	21,999
At cost	31,770	37,174	20,941	180,527	21,496	15,915	3,542	311,365
	36,008	51,110	24,766	180,527	21,496	15,915	3,542	333,364
Additions	240	337	47	3,327	1,062	345	3,822	9,180
Disposals/ write off	(125)	(1,331)	(786)	(4,209)	(803)	(4,826)	-	(12,080)
Reclassification	-	1,570	-	205	-	-	(1,775)	-
Translation differences	-	-	-	3,002	(6)	-	-	2,996
Balance at 31.12.2002								
At valuation	4,113	13,936	3,275	-	-	-	-	21,324
At cost	32,010	37,750	20,752	182,852	21,749	11,434	5,589	312,136
	<b>36,123</b>	<b>51,686</b>	<b>24,027</b>	<b>182,852</b>	<b>21,749</b>	<b>11,434</b>	<b>5,589</b>	<b>333,460</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

#### The Group

	Freehold land and buildings RM'000	Land, buildings and improve- ments under long lease RM'000	Land, buildings and improve- ments under short lease RM'000	Machi- nery and equipment RM'000	Furniture, fixtures and fittings, and office equipment RM'000	Vehicles RM'000	Construc- tion-in- progress RM'000	Total RM'000
<b>ACCUMULATED DEPRECIATION</b>								
Balance at 1.1.2002	11,493	21,988	10,262	97,441	17,371	13,996	-	172,551
Charge for the year	1,012	1,711	786	10,647	1,518	881	-	16,555
Disposals/ write off	-	(221)	(229)	(1,227)	(656)	(4,517)	-	(6,850)
Translation differences	-	-	-	156	(1)	-	-	155
Balance at 31.12.2002	<b>12,505</b>	<b>23,478</b>	<b>10,819</b>	<b>107,017</b>	<b>18,232</b>	<b>10,360</b>	<b>-</b>	<b>182,411</b>
<b>NET BOOK VALUE</b>								
At 31.12.2002	<b>23,618</b>	<b>28,208</b>	<b>13,208</b>	<b>75,835</b>	<b>3,517</b>	<b>1,074</b>	<b>5,589</b>	<b>151,049</b>
<b>NET BOOK VALUE</b>								
At 31.12.2001	24,515	29,122	14,504	83,086	4,125	1,919	3,542	160,813
Depreciation charge for 2001	1,000	1,643	838	8,813	2,083	1,964	-	16,341

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

### The Company

	Freehold land and buildings RM'000	Land, buildings and improve- ments under long lease RM'000	Machi- nery and equipment RM'000	Furniture, fixtures and fittings, and office equipment RM'000	Vehicles RM'000	Construc- tion-in- progress RM'000	Total RM'000
<b>COST/VALUATION</b>							
Balance at 1.1.2002							
At valuation	2,223	11,327	-	-	-	-	13,550
At cost	24,590	36,613	102,994	11,720	2,278	1,946	180,141
	26,813	47,940	102,994	11,720	2,278	1,946	193,691
Additions	240	337	2,008	901	171	3,485	7,142
Disposals/write off	-	(1,321)	(2,450)	(165)	(484)	-	(4,420)
Reclassification	-	1,570	205	-	-	(1,775)	-
Balance at 31.12.2002							
At valuation	2,223	11,327	-	-	-	-	13,550
At cost	24,830	37,199	102,757	12,456	1,965	3,656	182,863
	<b>27,053</b>	<b>48,526</b>	<b>102,757</b>	<b>12,456</b>	<b>1,965</b>	<b>3,656</b>	<b>196,413</b>
<b>ACCUMULATED DEPRECIATION</b>							
Balance at 1.1.2002	11,387	20,035	68,180	9,699	1,841	-	111,142
Charge for the year	1,012	1,636	6,267	989	246	-	10,150
Disposals/write off	-	(210)	(1,069)	(111)	(464)	-	(1,854)
Balance at 31.12.2002	<b>12,399</b>	<b>21,461</b>	<b>73,378</b>	<b>10,577</b>	<b>1,623</b>	<b>-</b>	<b>119,438</b>
<b>NET BOOK VALUE</b>							
At 31.12.2002	<b>14,654</b>	<b>27,065</b>	<b>29,379</b>	<b>1,879</b>	<b>342</b>	<b>3,656</b>	<b>76,975</b>
<b>NET BOOK VALUE</b>							
At 31.12.2001	15,426	27,905	34,814	2,021	437	1,946	82,549
Depreciation charge for 2001	993	1,556	6,254	844	253	-	9,900

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

As of 31st December, 2002, included in property, plant and equipment of the Group, are landed properties with net carrying values totalling about RM9,731,000 (RM9,890,000 in 2001) which are currently not in active use.

The land and buildings were revalued in the respective years based on the valuation reports of independent firms of professional valuers. The valuations of these properties were based on fair market values as follows:-

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Freehold land and buildings:				
At 1980 Valuation	3,873	3,873	2,223	2,223
At 1974 and 1977 Valuation	240	365	-	-
Land, buildings and improvements under long lease:				
At 1980 Valuation	11,327	11,327	11,327	11,327
At 1977 Valuation	2,609	2,609	-	-
Land, buildings and improvements under short lease:				
At 1981 Valuation	1,210	1,760	-	-
At 1980 Valuation	2,065	2,065	-	-
	<b>21,324</b>	<b>21,999</b>	<b>13,550</b>	<b>13,550</b>

The historical costs and carrying values of the revalued land and buildings are as follows:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cost:				
Freehold land and buildings:				
At 1980 Valuation	857	857	837	837
At 1974 and 1977 Valuation	240	365	-	-
Land and buildings improvements under long lease:				
At 1980 Valuation	7,482	7,482	7,482	7,482
At 1977 Valuation	1,387	1,387	-	-
Land, buildings and improvements under short lease:				
At 1981 Valuation	433	481	-	-
At 1980 Valuation	1,160	1,160	-	-
	<b>11,559</b>	<b>11,732</b>	<b>8,319</b>	<b>8,319</b>
Accumulated Depreciation:				
Freehold land and buildings:				
At 1980 Valuation	104	104	104	104
Land and buildings improvements under long lease:				
At 1980 Valuation	5,633	5,633	5,633	5,633
At 1977 Valuation	1,090	1,090	-	-
Land, buildings and improvements under short lease:				
At 1981 Valuation	300	305	-	-
At 1980 Valuation	910	910	-	-
	<b>8,037</b>	<b>8,042</b>	<b>5,737</b>	<b>5,737</b>
Net Book Values	<b>3,522</b>	<b>3,690</b>	<b>2,582</b>	<b>2,582</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

The net book values of property, plant and equipment under hire-purchase arrangements are as follows:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Vehicles	462	746	217	237
Machinery and equipment	-	5,621	-	5,621
	<b>462</b>	<b>6,367</b>	<b>217</b>	<b>5,858</b>

Included in property, plant and equipment of the Group and of the Company are fully depreciated plant and machinery which are still in use, with cost amounting to approximately RM83,271,000 (RM79,068,000 in 2001).

### 12. INVESTMENTS IN UNQUOTED SUBSIDIARY COMPANIES

These consist of unquoted shares in subsidiary companies at cost.

The subsidiary companies, which are all incorporated in Malaysia (except where indicated), are as follows:

Direct Subsidiary Companies	Effective Equity Interest		Principal Activities
	2002 %	2001 %	
Bestcan Food Technological Industry Sendirian Berhad	99.42	99.42	Production of instant noodles
Esin Canning Industry Sendirian Berhad	100	100	Ceased operations
YHS Manufacturing Berhad	100	100	Orchard and fish farming
Yeo Hiap Seng (Sarawak) Sendirian Berhad	100	100	Production of sauces and non-alcoholic beverages
Yeo Hiap Seng Trading Sendirian Berhad	100	100	Distribution of food and beverages and other non-food products
Yeo Hiap Seng (Malacca) Sendirian Berhad	100	100	In members' voluntary liquidation
Yeo Hiap Seng (Perak) Sendirian Berhad	100	100	Dormant
Yeo Hiap Seng (Sabah) Sendirian Berhad	100	100	In members' voluntary liquidation
Yeo Hiap Seng (Middle East) Co. Ltd. E.C. * (Incorporated in Bahrain)	100	100	Marketing of Yeo's products
YHS Beverage (International) Pte. Ltd. (YHSBI)* (Incorporated in Singapore)	100	100	Contract manufacturer of beverage and food products
<b>Indirect Subsidiary Company</b>			
Wahtai Realty Sendirian Berhad	100	100	Dormant

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

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 12. INVESTMENTS IN UNQUOTED SUBSIDIARY COMPANIES (Cont'd)

On 27th April, 2001, the Company entered into a supplementary conditional agreement with YHS (Singapore) Pte. Ltd. (YHSPL) to acquire the entire issued and paid-up share capital of YHSBI, consisting of 128,000 ordinary shares of SGD1.00 each, for a purchase consideration of SGD33,917,264 (equivalent to RM73,973,553) to be satisfied by an issue of 44,295,541 new ordinary shares of the Company at an issue price of RM1.67 per share. At an Extraordinary General Meeting held on 11th July, 2001, the proposed acquisition of YHSBI was duly approved by the shareholders of the Company and on 21st August, 2001, the Company allotted the new ordinary shares to YHSPL (Note 25).

On 13th May, 2001, the Company set up a new subsidiary company, Yeo Hiap Seng (Middle East) Co. Ltd. E. C., at Bahrain with cost amounting to RM202,600.

### 13. INVESTMENTS IN UNQUOTED ASSOCIATED COMPANIES

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Unquoted shares, at cost	-	-	1,787	8,647
Share of net tangible assets	4,559	6,094	-	-
Total	4,559	6,094	1,787	8,647

The associated companies, which are all incorporated in Malaysia (except where indicated), are as follows:

	Effective Equity Interest		Principal Activities
	2002 %	2001 %	
Senawang Edible Oil (Sendirian) Berhad	23.85	23.85	Processing and trading of palm oil products
Yakin Aneka Sdn. Bhd.	35	35	Ceased operations
W.Y. Company Limited (Incorporated in Thailand)	49	49	Manufacture of non-carbonated drinks
Sarawak Coconut Enterprise Sdn. Bhd.	-	49	Manufacture and distribution of coconut related products

One of the associated companies, Senawang Edible Oil (Sendirian) Berhad, was granted income tax relief under the Investment Incentive Act and, accordingly, was not liable for tax on substantially all its business income earned. The income tax relief period expired in June 1980. As of 31st December, 2002, the Company's attributable share in the unappropriated tax-exempt profits of this associated company amounted to RM78,000 (RM636,000 in 2001).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 13. INVESTMENTS IN UNQUOTED ASSOCIATED COMPANIES (Cont'd)

The amount owing by associated companies mainly represents unsecured loans and expenses paid on behalf. The loans bear interest at rates ranging from 2% to 7.75% (2% to 7.25% in 2001) per annum and have no fixed term of repayment.

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Amount owing by associated companies	1,386	5,355	1,386	4,973
Allowance for doubtful receivables	(464)	(2,572)	(464)	(2,226)
Net	922	2,783	922	2,747

During the financial year, interest income received from the associated companies for the Group and the Company amounted to RM136,102 (RM16,466 in 2001).

The Group's share of losses in two associated companies has been recognised to the extent of the carrying amount of the investment. The cumulative and current year's unrecognised share of losses in excess of carrying amount is about RM2,233,000 (RM2,189,000 in 2001) and RM29,000 (RM212,000 in 2001) respectively.

### 14. OTHER INVESTMENTS

Other investments of the Group and the Company consist of the following:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Shares quoted in Malaysia:				
At cost	129	129	129	129
Allowance for diminution in value (Note 6)	(120)	-	(120)	-
Net	9	129	9	129
Unquoted shares:				
At cost	1	1	-	-
Total	10	130	9	129
Market value on quoted shares	9	22	9	22

### 15. GOODWILL ON CONSOLIDATION

	The Group	
	2002 RM'000	2001 RM'000
Arising from acquisition of subsidiary companies	26,167	26,167
Less: Accumulated amortisation	(1,744)	(436)
Net	24,423	25,731

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 16. INVENTORIES

Inventories consist of the following:

<b>The Group</b>	<b>2002</b>	<b>2001</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Finished goods and trading merchandise	28,009	50,023
Raw materials	12,437	16,119
Packing materials	8,091	13,281
Goods-in-transit	1,783	2,527
Bottles and cases	844	892
Work-in-process	900	1,070
Others	1,426	1,619
	<b>53,490</b>	<b>85,531</b>
Allowance for inventories obsolescence	<b>(2,145)</b>	<b>(1,116)</b>
Net	<b>51,345</b>	<b>84,415</b>
<b>The Company</b>	<b>2002</b>	<b>2001</b>
	<b>RM'000</b>	<b>RM'000</b>
At cost:		
Finished goods	7,837	10,428
Raw materials	9,825	12,447
Packing materials	7,225	11,821
Goods-in-transit	86	2,043
Bottles and cases	844	844
Work-in-process	979	927
Others	667	832
	<b>27,463</b>	<b>39,342</b>
Allowance for inventories obsolescence	<b>(1,922)</b>	<b>(783)</b>
Net	<b>25,541</b>	<b>38,559</b>

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

	<b>The Group</b>		<b>The Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) TRADE RECEIVABLES</b>				
Trade receivables	74,846	68,565	6,122	2,981
Allowance for doubtful receivables	(8,140)	(2,982)	-	-
Net	<b>66,706</b>	<b>65,583</b>	<b>6,122</b>	<b>2,981</b>

The credit period granted on sales of goods ranges from 14 to 90 days (14 to 90 days in 2001). An allowance has been made for estimated doubtful amounts of RM8,140,636 (RM2,981,961 in 2001).

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 17. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAID EXPENSES (Cont'd)

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>(b) OTHER RECEIVABLES AND PREPAID EXPENSES</b>				
Other receivables	5,054	6,713	2,146	2,512
Deposits	4,007	2,670	447	424
Prepaid expenses	772	1,075	220	525
Tax recoverable	10,500	2,128	9,167	2,808
	<b>20,333</b>	12,586	<b>11,980</b>	6,269
Allowance for doubtful receivables	(42)	(97)	-	(55)
Net	<b>20,291</b>	12,489	<b>11,980</b>	6,214

### 18. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS

The Company is a subsidiary company of YHS (Singapore) Pte. Ltd. (YHSPL), a company incorporated in Singapore. The directors regard Yeo Hiap Seng Limited (YHSL), a company also incorporated in Singapore as the ultimate holding company.

Amount owing by/to holding companies mainly arose from purchases, sales and other trade transactions.

Amount owing by/to subsidiary companies mainly represents sales and other trade transactions, advances and payments on behalf with the subsidiary companies.

Amount owing by other related companies mainly represents purchases and sales with YHS Trading (USA), Inc. and YHS Hong Kong (2000) Pte. Ltd., subsidiary companies of YHSL.

The amount owing is interest free and has no fixed repayment schedule.

The financial statements of the Group and of the Company reflect the following related party transactions:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Ultimate holding company:				
Royalty, technical and management fees payable (Note 6)	3,736	4,211	3,736	4,211
Immediate holding company:				
Sales of goods	66,140	75,643	61,608	71,400
Disposal of property, plant and equipment	1,597	-	-	-
Rental of machinery and equipment (Note 6)	607	195	-	-
Purchases of goods	528	90	415	52

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 18. HOLDING COMPANIES AND RELATED PARTY TRANSACTIONS (Cont'd)

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Subsidiary companies:				
Sales of goods	-	-	177,936	196,196
Advertising and promotional expenses recovered	-	-	14,893	20,049
Income receivable:				
Gross dividends	-	-	3,474	3,474
Rental of premises	-	-	731	1,701
Total (Note 8)	-	-	4,205	5,175
Rental of machinery, equipment and motor vehicles (Note 6)	-	-	2,625	844
Service fees payable	-	-	85	42
Operating expenses reimbursed	-	-	517	401
Other related companies:				
Sales of goods	21,447	15,788	21,447	15,788

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

### 19. CASH AND BANK BALANCES

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	10,975	10,604	4,833	2,965
Short term deposits with licensed banks	27,960	4,664	27,960	4,664
	38,935	15,268	32,793	7,629

### 20. TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period granted to the Group and the Company for trade purchases is 60 days (60 days in 2001).

Other payables and accrued expenses consist of the following:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Other payables	5,610	8,384	3,199	5,290
Accrued expenses	16,725	15,106	7,000	7,164
Hire-purchase payables (Note 23)	236	2,760	100	2,576
	22,571	26,250	10,299	15,030

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 21. PROVISION FOR RELOCATION OF MANUFACTURING FACILITIES

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
At beginning of year	<b>13,000</b>	13,000	<b>13,000</b>	13,000
Amount no longer required	<b>(13,000)</b>	-	<b>(13,000)</b>	-
At end of year	<b>-</b>	13,000	<b>-</b>	13,000

The provision for relocation of manufacturing facilities represents the cost for relocating certain plant facilities and related staff cost involved in a detailed rationalisation plan to relocate and reduce the number of its current manufacturing plants in order to decrease logistics costs and increase production efficiency. During the financial year, the rationalisation plan has been abandoned and accordingly, the full provision has been reversed to the income statement.

### 22. PROVISION FOR RETIREMENT BENEFITS

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Balance at beginning of year	<b>8,745</b>	8,512	<b>4,001</b>	4,064
Allowance during the year (Note 6)	<b>2,146</b>	1,737	<b>2,444</b>	666
Payment for the year	<b>(1,115)</b>	(1,137)	<b>(520)</b>	(536)
Transfer to Yeo Hiap Seng (M) Bhd Retirement Benefit Fund	<b>(407)</b>	(367)	<b>(227)</b>	(193)
Balance at end of year	<b>9,369</b>	8,745	<b>5,698</b>	4,001

The Group and the Company have a non-contributory unfunded retirement benefits scheme for those employees who are eligible under a collective bargaining agreement and a contributory funded retirement benefits scheme (known as Yeo Hiap Seng (M) Bhd Retirement Benefit Fund) for those management staff not covered by collective bargaining agreement but who fulfil certain conditions. As of 31st December, 2002, the provision for retirement benefits consists of the following:

- Retirement benefits for employees under a collective bargaining agreement, which are estimated and provided for in the financial statements taking into consideration the length of service and basic salary earnings of the eligible employees; and
- Retirement benefits for management staff, which are actuarially determined and the charge to operations includes current service costs plus amortisation of past service costs over a period of 5 years. Based on the actuary's valuation report in December 2000, past service costs not yet recognised in the financial statements as of 31st December, 2002, amounted to about RM879,000 (RM1,319,000 in 2001).

The Company has proposed to dissolve the scheme for management staff, as at 1st May, 2003, crystallising the liability of the Group and the Company. The accrued benefits for each staff shall be paid into the respective individual Employment Provident Fund Account.

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 23. HIRE-PURCHASE PAYABLES

The Group's obligations under hire-purchase are as follows:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Total outstanding	272	3,222	116	2,772
Less: Interest-in-suspense	(12)	(165)	(4)	(121)
Principal outstanding	260	3,057	112	2,651
Less: Amount due within 12 months included under other payables and accrued expenses (Note 20)	(236)	(2,760)	(100)	(2,576)
Non-current portion	24	297	12	75
The non-current portion is payable as follows:				
Financial year ended 31 December:				
2003	-	279	-	75
2004	24	18	12	-
	24	297	12	75

The average term of hire purchase is about 3 to 5 years. For the financial year ended 31st December, 2002, the effective borrowing rate was about 4.8% to 5.5% (4.8% to 5.5% in 2001) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

### 24. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Balance at beginning of year	-	-	-	-
Transfer from income statement ( Note 9)	121	-	-	-
Balance at end of year	121	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 24. DEFERRED TAX LIABILITIES (Cont'd)

As of 31st December, 2002, the deferred tax liability of the Group arose mainly from timing differences between book depreciation and tax capital allowances of the property, plant and equipment.

As of 31st December, 2002, the amount of estimated net deferred tax assets of the Group and of the Company calculated at applicable tax rate which is not recognised in the financial statements, are as follows:

	Deferred tax liabilities/(assets)			
	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Tax effects of :				
Timing differences between book depreciation and tax capital allowances of property, plant and equipment	2,097	2,713	2,038	2,958
Unabsorbed capital allowances and unutilised tax losses	(4,222)	(2,841)	(686)	-
Others	(2,887)	(3,325)	(1,551)	(2,960)
Net	<b>(5,012)</b>	<b>(3,453)</b>	<b>(199)</b>	<b>(2)</b>

### 25. SHARE CAPITAL

	The Group and The Company	
	2002 RM'000	2001 RM'000
Authorised:		
Ordinary shares of RM1 each:		
Balance at beginning of year	300,000	100,000
Created during the year	-	200,000
Balance at end of year	<b>300,000</b>	<b>300,000</b>
Issued and paid-up:		
Ordinary shares of RM1 each:		
Balance at beginning of year	128,096	83,800
Issued during the year (Note 12)	-	44,296
Balance at end of year	<b>128,096</b>	<b>128,096</b>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 26. RESERVES

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Distributable reserves:				
General reserve	10,000	10,000	10,000	10,000
Unappropriated profit	113,958	110,022	52,582	57,106
	<b>123,958</b>	<b>120,022</b>	<b>62,582</b>	<b>67,106</b>
Non-distributable reserves:				
Share premium	59,897	59,897	59,897	59,897
Capital reserve	1	-	-	-
Foreign exchange reserve	119	(2,868)	-	-
	<b>60,017</b>	<b>57,029</b>	<b>59,897</b>	<b>59,897</b>
Total	<b>183,975</b>	<b>177,051</b>	<b>122,479</b>	<b>127,003</b>

#### Share premium

Share premium arose from the following:

	The Group and The Company	
	2002 RM'000	2001 RM'000
Special issue of 44,295,541 ordinary shares issued at a premium of RM0.67 per ordinary share in 2001, net of acquisition cost of RM1,262,737	28,415	28,415
Right issue of 10,925,000 ordinary shares issued at a premium of RM1.00 per ordinary share in 1990	10,925	10,925
Special issue of 8,940,000 ordinary shares issued at a premium of RM1.00 per ordinary share in 1990	8,940	8,940
Special issue of 9,310,000 ordinary shares issued at a premium of RM1.30 per ordinary share in 1990	12,103	12,103
Share issue expenses	(486)	(486)
Total	<b>59,897</b>	<b>59,897</b>

#### Capital reserve

During the financial year, an amount of BD60 equivalent to RM606 of a subsidiary company, Yeo Hiap Seng (Middle East) Co. Ltd. E.C. has been transferred to the capital reserve. The capital reserve arose from the provisions of the Bahrain Commercial Companies Law 1975 (Amended), which represents an amount equivalent to 10% of the company's net profit before appropriation to be transferred to a non-distributable reserve account until such time as a minimum of 25% of the issued share capital is set aside.

#### Foreign exchange reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign exchange reserve.

#### Unappropriated profit

Distributable reserves are those available for distribution by way of cash dividends. Based on estimated tax credits available and prevailing tax rates applicable to dividends, the unappropriated profit of the Company is available for distribution by way of cash dividends without additional tax liability being incurred.

As of 31st December, 2002, the Group and the Company have unutilised reinvestment allowances and investment tax credits amounting to about RM31,210,000 (RM36,872,000 in 2001) and RM22,304,000 (RM27,967,000 in 2001) respectively, under the Investment Incentive Act, 1968 (revised 1978) and Promotion of Investment Act, 1986. These reinvestment allowances and investment tax credits, if confirmed by the Inland Revenue Board, will enable the Company and its subsidiary companies to distribute tax exempt dividends up to the same amount. As of 31st December, 2002, the Group and the Company have reinvestment allowances and investment tax credits approved by the tax authorities amounting to about RM22,473,000 and RM19,640,000 (RM27,292,000 and RM24,459,000 in 2001) respectively.

# NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

## 27. DIVIDENDS

Dividends consist of the following:

	The Group and The Company	
	2002 RM'000	2001 RM'000
Interim dividend paid - 2%, less tax, for 2002; 3%, less tax, for 2001	1,845	2,767
Final dividend paid - 6.5%, tax exempt, for 2001	8,326	-
Total	<u>10,171</u>	<u>2,767</u>

A final dividend of 6.5%, tax exempt, amounting to RM8,326,210 proposed in the previous financial year and dealt with in the previous directors' report was paid by the Company during the current financial year.

An interim dividend of 2%, less tax, amounting to RM1,844,576 was paid in respect of the current financial year.

The directors proposed a final dividend of 6.5%, tax exempt, amounting to RM8,326,210 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 liability in the financial statements.

The proposed final dividend for 2002 is payable in respect of all ordinary shares in issue as at the date of the financial statements.

## 28. CONTINGENT LIABILITIES

- (a) A legal action for damages of approximately RM6.7 million and interest thereon for an alleged breach of a lease agreement of the land where the Chenderiang mineral water plant was situated, was brought by the lessor against the Company in 2003. The Company is disputing the claim and based on advice received from its legal advisors, the directors are of the opinion that this claim is unsustainable. Accordingly, no provisions for loss has been made in the financial statements. The outcome of the case is not presently known.
- (b) In 2002, the subsidiary companies have credit and loan facilities amounting to RM200,000 obtained from local financial institutions, which are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the amount of the credit and loan facilities utilised by its subsidiary companies. None of the credit and loan facilities is secured against the assets of the Company or of the Group.

## 29. COMMITMENTS

As of the end of the financial year, the Group and the Company have commitments in respect of the following:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Purchase and construction of property, plant and equipment:				
Approved and contracted for	-	2,522	-	2,457
Approved but not contracted for	-	43,701	-	43,701
	<u>-</u>	<u>46,223</u>	<u>-</u>	<u>46,158</u>

## NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

### 30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet items:

	The Group		The Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	<u>38,935</u>	<u>15,268</u>	<u>32,793</u>	<u>7,629</u>

### 31. FINANCIAL INSTRUMENTS

#### Financial Risk Management Objectives and Policies

The operations of the Group is subject to a variety of financial risks, including market risk, credit risk, liquidity risk and cash flow risk. The Group has formulated a financial risk management framework whose principal objective is to minimise the Group's exposure to risk and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are made and approved by the Board for observation in the day-to-day operations for the controlling and management of the risks associated with financial instruments.

#### Market Risk

The Group has in place policies to manage the Group's exposure to fluctuation in the prices of the key raw materials and commodities used in the operations. The Group enters into fixed price contracts to establish determinable prices for raw materials and commodities used.

#### Credit Risk

The Group has no major concentration of credit risk and manage these risks by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The Group extends credit to its customers based upon careful evaluation of the customer's financial condition and credit history.

#### 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 and the Company's principal financial assets are short term deposits, cash and bank balances, trade and other receivables, amount owing by related companies and equity investment.

Trade and other receivables and amount owing by related companies are stated at their nominal value as reduced by appropriate allowance for estimated irrecoverable amounts.

#### Financial Liabilities

Significant financial liabilities include trade and other payables, amount owing to related companies and hire-purchase payables are stated at nominal value.

#### Fair Values

The carrying amount and the estimated fair value of the Group's and the Company's investment in quoted shares as of 31st December, 2002 is RM9,181.

#### Cash and cash equivalents, trade and other receivables, inter-company indebtedness and trade and other payables

The carrying amount approximate fair value because of the short maturity of these financial assets and liabilities.

# STATEMENT BY DIRECTORS

The directors of **YEO HIAP SENG (MALAYSIA) BERHAD** state that, in the opinion of the directors, the accompanying balance sheets and statements of income, cash flows and changes in equity are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as of 31st December, 2002 and of the results of their businesses and 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

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**RAJA DATO' HJ. REDZWA BIN RAJA TUN UDA**

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**TAN TEOW CHOON**

Petaling Jaya  
27th February, 2003

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

I, **CHAN WAI MING**, the Director primarily responsible for the financial management of **YEO HIAP SENG (MALAYSIA) BERHAD**, do solemnly and sincerely declare that the accompanying balance sheets, statements of income, cash flows and changes in equity are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed **CHAN WAI MING** at this  
27th day of February, 2003.

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Before me,

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**KOK THIAM TET**  
**COMMISSIONER FOR OATHS**

## GROUP PROPERTY PARTICULARS

Listed below are the particulars of the properties referred to in Note 11 to the Financial Statements.

Location of Property	Brief Description	Approximate Land Area (sq. ft.)	Tenure	Approximate Age of Building (years)*	Net Book Value as at 31.12.2002 (RM'000)
1. Lot 58, Mukim Mergong Alor Setar, Kedah	Trading depot	43,596	99 years lease expiring in year 2076	9	944
2. Lot No. 43; 29-31 MIEL Industrial Estate Prai	Factory and trading depot	85,895	99 years lease expiring in year 2071	25	594
3. Lot 1163 Mukim 12 SWD Penang	Industrial site for future development	153,927	Freehold land	-	1,670
4. Mukim of Ulu Kinta and Sungei Raja, Perak	Farming lands	11,310,000	17 lots freehold. 3 lots with 60 years lease expiring in year 2045	28	750
5. Lot No. 66134 Mukim of Ulu Kinta	Factory and trading depot	274,865	60 years lease expiring in year 2033	31	1,432
6. Lot 154475 District of Kinta, Perak	Factory and trading depot	52,554	60 years lease expiring in year 2048	31	
7. Lot 65644 Jalan Jelapang, Ipoh	Factory and trading depot	218,876	60 years lease expiring in year 2033	31	1,807
8. Lot 154474 District of Kinta, Perak	Factory and trading depot	65,659	60 years lease expiring in year 2048	31	
9. Lot 6843 (PT 2987) Bidor Daerah Batang Padang, Perak	Industrial land	2,178,000	99 years lease expiring in year 2094	-	7,646
10. PT 2988 Bidor Daerah Batang Padang, Perak	Industrial land	2,093,930	99 years lease expiring in year 2094	-	
11. 7 Jalan Tandang Petaling Jaya	Corporate office factory and trading depot	125,235	99 years lease expiring in year 2058	43	7,198
12. Lots 1884 & 2450 Shah Alam Industrial Estate Shah Alam	Factory and trading depot	428, 140	99 years lease expiring in year 2074 and 2073 respectively	21	6,819
13. Lot PT 645-650 Mukim Panchor Daerah Kemumin Kota Bharu, Kelantan	Trading depot	52,830	66 years lease expiring in year 2048	7	1,300
14. Lot 147A Semambu Industrial Estate Kuantan Pahang	Factory and trading depot	217,800	66 years lease expiring in year 2046	20	1,280

## GROUP PROPERTY PARTICULARS (Cont'd)

Listed below are the particulars of the properties referred to in Note 11 to the Financial Statements.

Location of Property	Brief Description	Approximate Land Area (sq. ft.)	Tenure	Approximate Age of Building (years)*	Net Book Value as at 31.12.2002 (RM'000)
15. Lots K-70 & 71 Temerloh Industrial Park (Phase One) Mentakab	Trading depot	43,560	Freehold land	6	1,146
16. Lot 2814 Mukim of Mentakab, Pahang	Trading depot	1,600	Freehold land	24	45
17. Lot 62, Kawasan Industrial Air Keroh, Malacca	Factory and trading depot	102,236	99 years lease expiring in year 2080	18	773
18. H.S. (M) 2458 (formerly known as Lot 1151-1154) Mukim of Plentong, Johor	Factory and trading depot	298,769	Interest in perpetuity subject to payment of annual rent	32	13,473
19. District of Kluang Mukim Sungai Benut Johor	Industrial land	4,523,096	Interest in perpetuity	-	7,054
20. Lot 2050 (formerly known as Lots 1340-1346) S66 Kuching	Factory and trading depot	144,550	Leasehold land expiring in year 2027	17	2,290
21. Lot 1347, Sec. 66 Kuching, Sarawak	Industrial land	213,836	Leasehold expiring in year 2027	5	4,395
22. Lot 1348, Sec. 66 Kuching, Sarawak	Industrial land	102,279	Leasehold expiring in year 2027	6	
23. Lot 30 Block 19 Sibu, Sarawak	Trading depot	65,732	Leasehold with a term of title expiring in year 2039	22	432
24. Lot 4183 (formerly known 1732-1750) Block 5 Lambir Land District, Miri	Trading depot	95,347	Leasehold with a term expiring in year 2054	7	2,417
25. Lot 71, Sedco Industrial Estate, Kota Kinabalu	Trading depot	56,350	Leasehold with a term expiring in year 2034	11	1,154
26. Lot 1632, Kemena Land District, Bintulu	Land for industrial purpose	60,084	Leasehold 60 years expiring in year 2058	-	415
<b>Total</b>					<b>65,034</b>

\* The approximate age of building denotes the age of the oldest building

# STATEMENT OF SHAREHOLDINGS

As At April 3, 2003

## List of Directors' Shareholdings as at 21 January, 2003

Name	Total Shareholdings	%
1. Philip Ng Chee Tat	Nil	Nil
2. Raja Dato' Hj. Redzwa bin Raja Tun Uda	Nil	Nil
3. Brig. Gen (R) Dato' Yahya bin Yusof	Nil	Nil
4. Tan Teow Choon	102,000	0.08
5. Tjong Yik Min	Nil	Nil
6. Mohamed Nizam bin Abdul Razak	Nil	Nil
7. Chan Wai Ming	Nil	Nil
<b>Other Shareholders</b>		
1. YHS (Singapore) Pte Ltd	77,811,041	60.74

## List of Top 30 Shareholders

No.	Name	No. of Share Held	% of Shareholdings
1.	YHS (Singapore) Pte Ltd	77,811,041	60.74
2.	Lembaga Tabung Angkatan Tentera	5,487,000	4.28
3.	F.I.T. Nominees (Asing) Sdn Bhd Qualifier: Platinum Broking Co Ltd - Clients A/C Bendic Associates Ltd	1,818,000	1.42
4.	Mayban Nominees (Tempatan) Sdn Bhd Qualifier: Mayban Trustees Berhad For RHB Dynamic Fund (N14011200188)	1,530,000	1.19
5.	Mayban Securities Nominees (Asing) Sdn Bhd Qualifier: Platinum Broking Company Limited For Vansbridge Ltd	1,427,000	1.11
6.	F.I.T. Nominees (Asing) Sdn Bhd Qualifier: Platinum Broking Co Ltd For Culford Holdings Intl Ltd	1,268,000	0.99
7.	RHB Nominees (Tempatan) Sdn Bhd Qualifier: RHB Asset Management Sdn Bhd For Kumpulan Wang Simpanan Pekerja	1,000,000	0.78
8.	Alliance Group Nominees (Tempatan) Sdn Bhd Qualifier: Pheim Asset Management Sdn Bhd For Employees Provident Fund	939,000	0.73
9.	Employees Provident Fund Board	906,000	0.71
10.	Kenanga Nominees (Asing) Sdn Bhd Qualifier: UOB Kay Hian Pte Ltd For Gelas Products Pte Ltd	881,000	0.69

# STATEMENT OF SHAREHOLDINGS (Cont'd)

As At April 3, 2003

## List of Top 30 Shareholders (Cont'd)

No.	Name	No. of Share Held	% of Shareholdings
11.	Asia Life (M) Berhad Qualifier: As Beneficial Owner (Malaysia Life Fund)	754,000	0.59
12.	AMMB Nominees (Tempatan) Sdn Bhd Qualifier: AMTrustee Berhad For BHLB Pacific Dana Al-Ihsan (5/2-7)	483,000	0.38
13.	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Ah Moi @ Teo Hui Bee	469,000	0.37
14.	Universal Trustee (Malaysia) Berhad Qualifier: BHLB Pacific Emerging Companies Growth Fund	431,000	0.34
15.	Affin-UOB Nominees (Asing) Sdn Bhd Qualifier: UOB Kay Hian Pte Ltd For Goi Seng Hui	421,000	0.33
16.	HDM Nominees (Asing) Sdn Bhd Qualifier: DBS Vickers Secs (S) Pte Ltd For Lee Kim Chong	405,000	0.32
17.	F.I.T. Nominees (Asing) Sdn Bhd Qualifier: Platinum Broking Co Ltd For Vansbridge Ltd	372,000	0.29
18.	JF Apex Nominees (Tempatan) Sdn Bhd Qualifier: Pledged Securities Account For Teo Siew Lai	368,000	0.29
19.	Eng Nominees (Asing) Sdn Bhd Qualifier: Kim Eng Ong Asia Securities Pte Ltd For Ho Kok Yin	329,000	0.26
20.	Triple Boutique Sdn Bhd	314,000	0.25
21.	Chong Cheong Leong	295,000	0.23
22.	HSBC Nominees (Asing) Sdn Bhd Qualifier: Nassau For Hartlane Enterprises Inc	256,000	0.20
23.	Tan Jin Tuan	247,000	0.19
24.	HDM Nominees (Asing) Sdn Bhd Qualifier: UOB Kay Hian Pte Ltd For Khoo Beng Hock Michael	238,000	0.19
25.	Eng Nominees (Tempatan) Sdn Bhd Qualifier: Kim Eng Ong Asia Securities Pte Ltd For Lem Kim Wan	236,000	0.18
26.	Amsec Nominees (Asing) Sdn Bhd Qualifier: Fraser Securities Pte Ltd For Tan Eng Chin Holdings (Pte) Limited (1433)	225,000	0.18
27.	Onn Ping Lan	220,000	0.17
28.	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: AUTB Progress Fund	220,000	0.17
29.	Lembaga Tabung Haji	219,000	0.17
30.	Amanah Raya Nominees (Tempatan) Sdn Bhd Qualifier: Dana Johor	214,000	0.17
		99,783,041	77.90

## STATEMENT OF SHAREHOLDINGS (Cont'd)

As At April 3, 2003

### Shareholders holdings with 5.0% and above

Name	Share Held	%
YHS (Singapore) Pte Ltd	77,811,041	60.74
	77,811,041	60.74

### Analysis of Shareholdings

	No. of Holders	Holdings	Total Holdings	%
	321	1-999	117,123	0.09
	5,097	1,000-10,000	13,919,583	10.87
	418	10,001-100,000	11,272,895	8.80
	50	100,001- 6,404,776	24,974,899	19.50
	1	6,404,777 and above	77,811,041	60.74
Total	5,887		128,095,541	100.00

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# Proxy Form

I/we \_\_\_\_\_  
of \_\_\_\_\_  
being member/members of the abovementioned Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_  
or failing him, \_\_\_\_\_  
of \_\_\_\_\_

as my/our proxy to vote for me/us on my/our behalf at the Twenty-Ninth Annual General Meeting of the Company, to be held on Thursday, 22 May, 2003 at 2.00p.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indications is given, the proxy will vote as he thinks fit or abstain from voting):

(Complete if applicable)

		For	Against
Ordinary Resolution 1	To receive the Directors' Report and Financial Statements for the year ended 31 December 2002 and the Auditors' report thereon		
Ordinary Resolution 2	To approve the payment of a Final Dividend of 6.5% tax exempt for the financial year ended 31 December 2002.		
Ordinary Resolution 3	To approve the Directors' remuneration of RM53,583 for the financial year ended 31 December 2002		
Ordinary Resolution 4 4a 4b(i) 4b(ii) 4b(iii) 4b(iv)	To re-elect the following Directors who retire in accordance with the Articles of Association of the Company : a) Mr Tan Teow Choon pursuant to Article 75 b) (i) Mr Philip Ng Chee Tat (ii) Mr Tjong Yik Min (iii) Mr Chan Wai Ming (iv) En. Mohamed Nizam bin Abdul Razak pursuant to Article 80;		
Ordinary Resolution 5	To propose a resolution that pursuant to Section 129(6) of the Companies Act, 1965, Raja Dato' Hj. Redzwa bin Raja Tun Uda be reappointed a Director of the Company to hold office until the next Annual General Meeting of the Company.		
Ordinary Resolution 6	To appoint Auditors and to authorise the Directors to fix their remuneration.		
Special Resolution 7	As special business to consider and, if thought fit, to pass the following resolution as a special resolution:- <b>AMENDMENT TO ARTICLE 86 OF THE ARTICLES OF ASSOCIATION OF THE COMPANY</b> THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in Appendix 1 of the Circular to Shareholders dated 30 April 2003 be and are hereby approved.		

No. of shares held

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2003

Signature :

**Notes:**

1. A member of the Company entitled to attend and vote at the abovementioned meeting is entitled to appoint one proxy to attend and vote in his stead. Such proxy need not be a member of the Company.
2. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
3. The instrument appointing the proxy must be deposited at the Registered office of the Company at No. 7, Jalan Tandang, 46050 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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Affix  
stamp

THE GROUP COMPANY SECRETARY  
YEO HIAP SENG (MALAYSIA) BERHAD (3405-X)  
No.7, Jalan Tandang,  
46050 Petaling Jaya,  
Selangor Darul Ehsan.

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