

# Annual Report 2001

Leading Through Technology and Quality



**YLI HOLDINGS BERHAD**

Co. No. 367249-A

# C o n t e n t s

2

Corporate Information

3

Highlights Of The Year

4

Financial Highlights

5

Financial track record and Corporate Structure

6

Chairman's Statement

9

Board Of Directors

11

Other Corporate Information

13

Audit Committee Report

17

Financial Statements

47

Analysis Of Shareholdings

49

Properties Of The Group

51

Notice Of Annual General Meeting

52

Closure Of Books

53

Statement Accompanying Notice Of Annual General Meeting

55

Proxy Form

# Corporate information

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## BOARD OF DIRECTORS

Loh Toa Thau @ Loh Eng Kim *Executive Chairman*  
Loh Yok Yeong *Group Managing Director*  
Lee Then Wah *Group Executive Director*

Dato' Ir. Syed Muhammad Shahabudin\*  
Dato' Haji Yahaya bin Ahmad\*  
Chan Kok Soo\*  
Puan Khairah binti Tahir\*\*  
Foong Kai Choong\*\*  
Ng Chong Wee\*

\* *Independent Non-Executive Directors*

\*\* *Non-Independent Non-Executive Directors*

## COMPANY SECRETARY

Molly Gunn Chit Geok  
MAICSA 0673097

## REGISTERED OFFICE

71-A Jalan Jelutong  
11600 Penang, Malaysia  
Tel : 04 282 1942  
Fax : 04 282 0821

## AUDITORS

PricewaterhouseCoopers  
Public Accountants  
4th Floor Wisma Penang Garden,  
Jalan Sultan Ahmad Shah,  
P. O. Box 856  
10810 Pulau Pinang, Malaysia.

## AUDIT COMMITTEE

Chan Kok Soo *Chairman*  
Dato' Haji Yahaya bin Ahmad  
Ng Chong Wee  
Loh Yok Yeong

## REMUNERATION COMMITTEE

Dato' Haji Yahaya bin Ahmad  
Chan Kok Soo  
Foong Kai Choong  
Loh Yok Yeong

## NOMINATING COMMITTEE

Dato' Haji Yahaya bin Ahmad  
Chan Kok Soo  
Foong Kai Choong

## OPTIONS COMMITTEE

Loh Toa Thau @ Loh Eng Kim  
Lee Then Wah  
Foong Kai Choong

## SHARE REGISTRAR

Plantation Agencies Sdn Bhd  
Standard Chartered Bank Chambers  
Lebuh Pantai  
10300 Penang  
Tel : 04 262 5333  
Fax : 04 262 2018

## PRINCIPAL BANKERS

ABN-Amro Bank Berhad  
Malayan Banking Berhad  
Southern Bank Berhad  
United Overseas Bank (Malaysia)  
Berhad

## STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange  
(Main Board)

# Highlights

of the year

## January 2001

Transfer to Main Board of the Kuala Lumpur Stock Exchange



## September 2000

Incorporation of wholly-owned subsidiary - Zhangzhou YLI Electro-Metallurgy Co.Ltd. Principal activity : Manufacturing of raw materials for foundry use.



*Carburizer*

## May 2000

Launching of new products.



*Lusan™ (Rilsan) coated couplings*



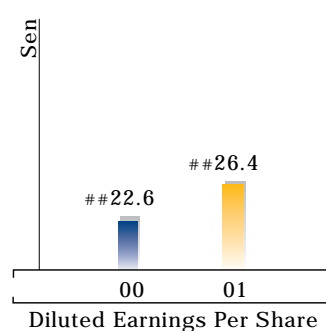
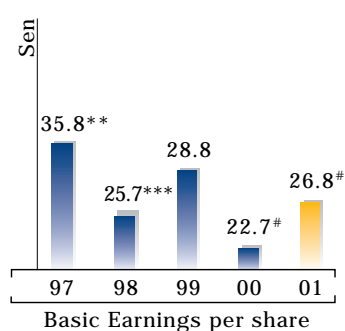
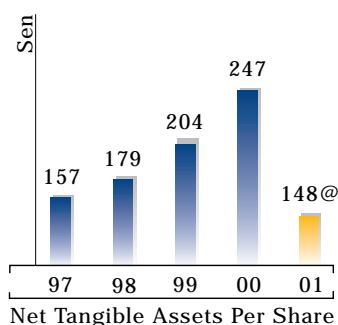
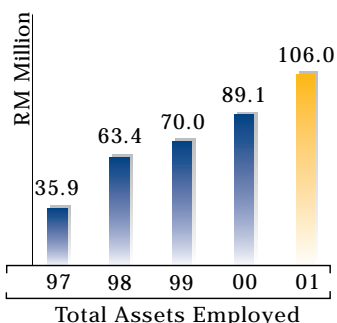
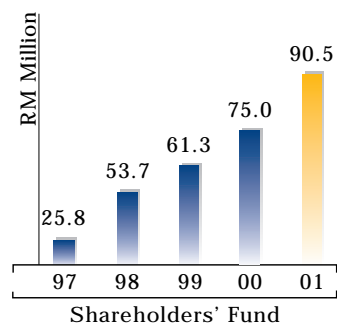
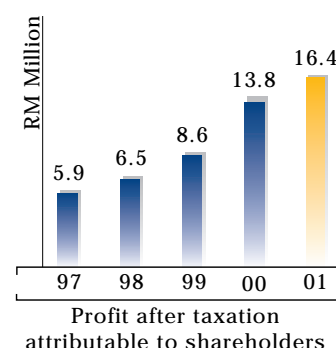
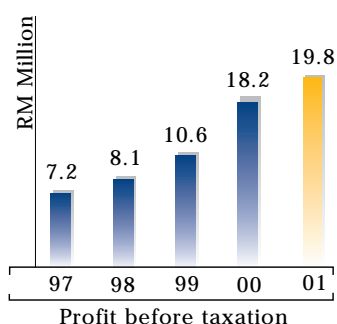
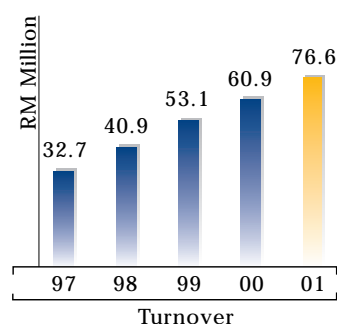
*Hydra-tapper*



*Lusan™ (Rilsan) coated water tank*

# Financial

## highlights



\*\* Calculated based on 16,406,000 shares in issue.

\*\*\* Calculated based on weighted average number of shares in issue of 25,435,781.

# Calculated based on weighted average number of shares in issue of 61,196,616 (2000 : 60,651,418).

## Calculated based on weighted average number of shares in issue of 62,064,637 (2000 : 60,888,377) after adjustment for all dilutive potential ordinary shares.

@ Calculated based on number of shares in issue of 61,250,000.

# Financial track record

FINANCIAL YEAR ENDED 31 MARCH

	2001	2000	1999	1998	1997
	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	76,600	60,892	53,130	40,869	32,655
Profit Before Tax	19,786	18,176	10,594	8,058	7,251
Profit After Tax Attributable to Shareholders	16,383	13,761	8,648	6,539	5,873
Shareholders' Fund	90,522	75,041	61,318	53,750	25,780
Total Assets Employed	105,963	89,108	70,048	63,394	35,938
Profit After Tax as a Percentage of Shareholders' Fund	18.1	18.4	14.0	12.1	12.7
Basic Earnings Per Share (sen)	#26.77	#22.69	28.83	***25.70	**35.80
Diluted Earnings Per Share (sen)	##26.40	##22.60	N/A	N/A	N/A
Net Tangible Assets Per Share (RM)	1.48	2.47	2.04	1.79	**1.55
No. of Shares in Issue	61,250	30,346	30,000	30,000	*25,436

\* Weighted average number of shares in issue during the year.

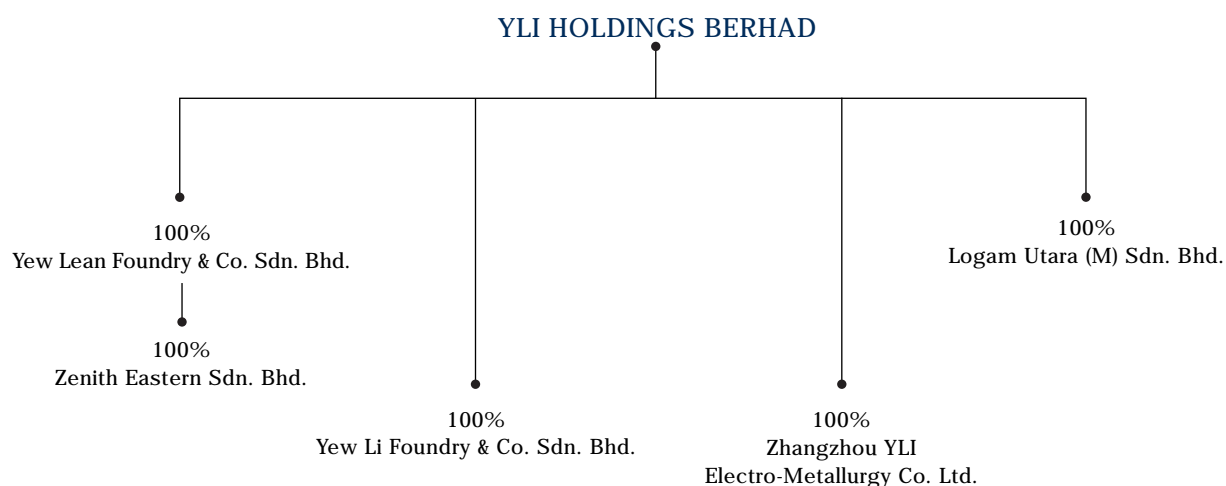
\*\* Calculated based on 16,406,000 shares in issue.

\*\*\* Calculated based on weighted average number of shares in issue of 25,435,781.

# Calculated based on weighted average number of shares in issue of 61,196,616 (2000 : 60,651,418).

## Calculated based on weighted average number of shares in issue of 62,064,637 (2000 : 60,888,377) after adjustment for all dilutive potential ordinary shares.

# Corporate structure



# Chairman's statement

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## Dear Shareholders

On behalf of the Board of Directors of YLI Holdings Berhad, I am pleased to present the Group's annual report and audited accounts for the financial year ended 31 March 2001. I am delighted to report that the Group has posted further improvements in its financial performance.

## Results

For the financial year ended March 21, 2001, turnover increased by 25.8% to RM76.6 million as compared to RM60.9 million in the previous year. Despite the slowdown in the economy in Malaysia, the higher turnover was achieved due to increased market share for Ductile Iron pipes and fittings.

With the higher turnover, the Group managed to register a pre-tax profit totalling RM19.8 million, an increase of 8.9% over the previous year. Basic earnings per share for the financial year stood at 26.77 sen. Meanwhile, shareholders' funds increased by RM15.5 million to reach RM90.5 million as at 31 March 2001.

## Dividends

Your Board of Directors is recommending a first and final dividend of 3.5% per share less tax of 28% for the financial year ended March 31, 2001.

## Bonus Issue and Transfer to Main Board

In an effort to reward shareholders for their continuous support of the Company, the Company had successfully completed a Bonus Issue of one-for-one during the year.

On 10 January 2001, the Company's Listing was transferred to the Main Board of the Kuala Lumpur Stock Exchange after 3 ½ years of hard work marking another milestone in the Group's history. The move will further strengthen the marketability of the Company's shares and is a testament of the Group's capacity and capability to excel in its field.



## Operations Highlights

For the year under review, the Group's strategy to concentrate on its core business of manufacturing of Ductile Iron pipes and fittings for waterworks continued to pay off. The Group has enjoyed yet another year of growth.

The Group has spent over RM30 million on the expansion and modernization of its plant. Once fully completed, its plant's capacity can be increased up to 50,000 MT per annum. The waterworks industry has always been the core focus of the Group and will continue to be so. The Group's expertise in manufacturing of Ductile Iron pipes, fittings and related products was built over the years and the Group will continue to introduce new products to complement its existing product line.



The Group's venture into manufacturing of carburizer for foundry use is another step taken towards enhancing its cost reduction measures. Its manufacturing plant in China is capable of producing 8,000 MT per annum. The plant is expected to commence commercial production by third quarter of the current financial year. Besides catering for its own consumption, the carburizer will be exported to the East Asian and regional markets.

The expanded capacity and higher economies of scale achieved have enabled the Group to make further inroads into the export market. Export sales are expected to increase as the Group's products become more competitive.



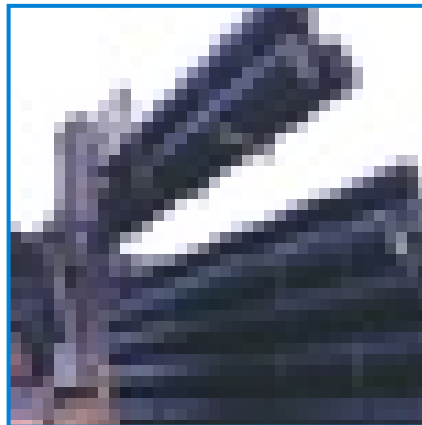


## Prospects

Under the Eighth Malaysia Plan, the authorities will be addressing the issue of water leakage and implementing measures to reduce the percentage of non-revenue water from the current national average of 37 percent to 20 percent by the year 2015.\* The programme will involve replacement of existing asbestos cement pipelines as well as leaking old pipes. The Group is optimistic that it will continue to benefit from the pipe replacement programme as well as expansion of pipe distribution network to rural areas.

In anticipation of an economic slow down in Malaysia, the Group expects the current year to be challenging. Nevertheless, the Group will continue to focus on its core business and at the same time, explore opportunities in synergistic businesses. It will continue to capitalize on its established brand name, product quality, efficient service and established network to strengthen its market position locally and to tap opportunities abroad.

*\*Source : MALAYSIA Water Industry Guide 2001*



## Appreciation

On behalf of the Board of Directors, I would like to thank the employees and management team for their hard work and dedication during the past year. Similarly, I would like to express my appreciation to our clients, business associates and most of all, our shareholders for their continuous support and confidence in the Group.



LOH TOA THAU @ LOH ENG KIM  
Executive Chairman

# Board of directors

MR LOH TOA THAU @ LOH ENG KIM, Malaysian aged 64, was first appointed as the Non-Independent Executive Chairman on 21 May 1997. He is a member of the Options Committee. He is one of the founders of the Group when the Group first began its operations in the 1960s following the setting up of Yew Lean Foundry & Co ("Yew Lean"). He received his education in China. He has vast experience and skills in all aspects of the iron trade and industry. He is credited for charting the growth of the Group, since the inception of Yew Lean which has grown from a small concern to become the leading Ductile Iron pipe manufacturer in Malaysia. He also sits on the Board of several private limited companies including subsidiaries of the YLI Group. He is the father of Mr Loh Yok Yeong and does not have any conflict of interest with YLI Holdings Berhad. He had attended all four Board meetings and one Special Board meeting held in the financial year.

MR LOH YOK YEONG, Malaysian aged 37, was appointed as the Group Managing Director on 21 May 1997. He is a Non-Independent Director. He is also a member of the Audit Committee and Remuneration Committee of YLI Holdings Berhad. He started his career with the Group in 1986 when he joined Yew Lean as an Assistant Manager. Over the years, he has held key positions in Sales, Production and Business Development within the Group. He graduated with a Bachelor of Science degree with a double major in Production and Operations Management and Marketing from the Ohio State University, United States.

As the Group Managing Director, he is mainly responsible for the Group's strategic direction as well as its business and corporate development. He also sits on the Board of various companies including subsidiaries of the YLI Group. He is the son of Mr Loh Eng Kim and does not have any conflict of interest with the Company. He had attended all four Board meetings and one Special Board meeting held in the financial year.

MR LEE THEN WAH, Malaysian aged 61, was appointed as Group Executive Director on 16 October 1997. He is a Non-Independent Executive Director. He is a member of the Options Committee. He graduated with a Bachelor of Science degree in Chemical Engineering from the National Cheng Kung University, Taiwan in 1965. He started his career in the iron and steel industry in 1966 when he joined Malayawata Steel Bhd as Production Engineer.

Prior to his appointment to the Board, he was the factory manager of Yew Lean, a position he has held since July 1984. In his present capacity, he oversees the Group's manufacturing plants and factory operations. He is not related to any director and/or major shareholder of the Group and does not have any conflict of interest with the Company. He had attended three Board Meetings and one Special Board meeting in the financial year.

DATO' IR. SYED MUHAMMAD SHAHABUDIN, Malaysian aged 65, was appointed to the Board on 10 December 1998. He is an Independent Non-Executive Director. He is a Chartered Engineer and has obtained his Diploma in Civil Engineering, United Kingdom. He has been a consulting engineer for the waterworks sector for 38 years. He has devoted the earlier part of his career in the public sector serving the Public Works Department, Malaysia; nearly all the time in the water section. His last appointment was as Chief Executive Engineer, Penang Water Authority. The latter part of his career was spent in the private sector; in the consulting engineering industry specialising mainly in water engineering.

In January 1975, he became a partner in the consulting engineering firm of Binnie dan Rakan. The firm was restructured in 1980 as Syed Muhammad, Hooi dan Binnie Sdn Bhd and he became the Chairman and Managing Director. When the firm was restructured in 1995 as SMHB Sdn Bhd, he assumed the duty as Executive Chairman. As a consulting engineer, he has been involved in several project feasibility studies in water supply, water supply distribution and upgrading studies, multi purpose water resources and river basin, drainage and irrigation, and sewerage.

He is President of the Malaysian Water Association (MWA). He is not related to any director and/or major shareholder of the Group and does not have any conflict of interest with the Company. He had attended all the four Board Meetings and one Special Board meeting held in the financial year.

DATO' HAJI YAHAYA BIN AHMAD, Malaysian aged 72, was appointed to the Board on 15 October 1998. He is an Independent Non-Executive Director. He is a member of the Audit, Remuneration and Nominating Committees. He received his Sijil Tinggi Pelajaran and had attended courses for Company Directors.

Prior to his retirement, he was serving in the public sector for 35 years as a teacher and headmaster. He was formerly a state assemblyman serving the Penang State Government for 10 years and has been actively involved in politics and social activities. He has served as a Board member of Pihak Berkuasa Air Pulau Pinang for 5 years and was a member of Majlis Perbandaran Pulau Pinang. He also sits on the board of several private limited companies in Malaysia.

He is not related to any director and/or major shareholder of YLI and does not have any conflict of interest with the Company. He had attended all the four Board Meetings and one Special Board meeting held during the financial year.

PUAN KHAIRAH TAHIR, Malaysian aged 47, was appointed as Director on 21 May 1997 bringing with her more than 20 years experience in water industry. She is a Non-Independent Non-Executive Director. She graduated from the Institute of Marketing (United Kingdom) with a Diploma in Marketing in 1974 and started her career with George Kent (M) Berhad in the same year. Since 1988, she has been the Managing Director of Pakar Sains Sdn Bhd, a private limited company principally involved in the supply of water meters, pipes and related waterworks instruments and equipment.

She is not related to any director and/or major shareholder of YLI and does not have any conflict of interest with the Company. She had attended all the four Board Meetings and one Special Board meeting held during the financial year.

MR CHAN KOK SOO, Malaysian aged 66, was appointed as Director on 21 May 1997. He is an Independent Non-Executive Director. He graduated in 1960 with a Bachelor of Science in Engineering from University of Malaya and is a registered Professional Engineer (in Malaysia). He is also the Chairman of Audit Committee and member of the Nominating and Remuneration Committees. At present, he is also the Non-Executive Vice-Chairman of George Kent (M) Berhad ("GKM"). He joined GKM in 1960 and was appointed as a Director on 24 September 1968 and subsequently as Managing Director on 1 July 1978. He held this position until his retirement on 31 July 1990 whereupon he was appointed as Vice-Chairman.

He is not related to any director and/or major shareholder of YLI and does not have any conflict of interest with the Company. He had attended all the four Board Meetings and one Special Board meeting held during the financial year.

MR FOONG KAI CHOONG, Malaysian aged 39, was appointed to the Board on 16 October 1997. He is a Non-Independent Non-Executive Director. He is a member of the Options, Remuneration and Nominating Committees. He holds a Bachelor of Law (Honours) degree from Universiti Malaya and was called to the Malaysian Bar in 1987. He started his career in the firm of Mahinder Singh Dulku & Co. In 1991, he started his own practice and he is a partner in his own legal firm of advocates and solicitors. He is also a Board member of Atlan Holdings Berhad.

He is not related to any director and/or major shareholder of YLI and does not have any conflict of interest with the Company. He had attended all the four Board Meetings and one Special Board meeting held during the financial year.

MR NG CHONG WEE, Malaysian aged 32, was appointed to the Board on 30 May 2001. He is an Independent Non-Executive Director. He is a member of the Audit Committee. He is also a member of CPA Australia and Malaysian Institute of Accountants (MIA). He holds a Bachelor of Commerce degree from University of New South Wales, Australia majoring in Accounting with disciplinary minor in Legal Studies and Taxation. He started his career in Audit in BDO Binder and subsequently, Coopers & Lybrand (now known as PricewaterhouseCoopers). Thereafter, he served as Group Accountant in Sriwani Holdings Berhad. Since April 2000, he is the Financial Controller of Malayan Electro-Chemical Industry Co Sdn Bhd, a company involved in the manufacturing of petrol chemical products. He also sits on the board of several private limited companies.

He is not related to any director and/or major shareholder of YLI and does not have any conflict of interest with the Company. As his appointment was after the financial year ended 31 March 2001, he had not attended any of the Board Meetings and one Special Board meeting held in that financial year.

# Other

## corporate information

### Board meetings

For the financial year ended 31 March 2001, the Board met a total of 5 times. At each Board meeting, the Board is provided with Board papers and relevant information to enable them to perform their duties.

The Directors have direct access to the Company Secretary for advice to ensure that procedures are in compliance with applicable rules and regulations.

### Composition of the Board

The Board comprises the Executive Chairman, two Executive Directors, four Independent Non-Executive Directors and two Non-Independent Non-Executive Directors.

### Appointment and Re-election of Directors

In accordance with the Company's Articles of Association, an election of directors shall take place every year. All directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. A retiring director shall retain office until the close of the meeting at which he retires. However, the Group Managing Director is not subject to retirement by virtue of his existing contract with the Company.

### Remuneration of Directors during the financial year

#### A. Aggregate Remuneration

	Executive Director	Non-Executive Director	Total
a) Fees (RM)	66,000	60,000	126,000
b) Salaries (RM)	468,500	-	468,500
c) Bonus (RM)	72,000	-	72,000
d) Other emoluments (RM)	153,300	-	153,300
Total	759,800	60,000	819,800

#### B. Band (RM)

	Executive Director	Non-Executive Director	Total
0 - 50,000	-	5	5
50,001 - 100,000	-	-	-
100,001 - 150,000	1	-	1
150,001 - 200,000	-	-	-
200,001 - 250,000	-	-	-
250,001 - 300,000	1	-	1
300,001 - 350,000	-	-	-
350,001 - 400,000	1	-	1

### Directors' Responsibilities Statement in respect of Annual Audited Accounts

Under the Companies Act 1965, the Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company. In preparing the financial statements, the Directors have:

- adopted and used accounting policies consistently in dealing with items which are considered material in relation thereto
- made accounting estimates where applicable that are prudent, just and reasonable
- ensured that the Company had taken reasonable steps to deter and minimize fraud and other irregularities

## Other Corporate Information (continued)

### Convictions for offences

None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

### Utilisation of proceeds

No proceeds were raised by the Company from any corporate proposal.

### Share buybacks

There were no share buybacks by the Company during the financial year.

### Exercise of Options

During the financial year, a total of 295,000 options were exercised in respect of the YLI Group Employees' Share Option Scheme.

### ADR or GDR programme

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

### Imposition of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the regulatory bodies.

### Non-audit fees

The amount of non-audit fees paid to external auditors for the financial year was RM24,500.

### Profit estimate, forecast or projection

The Company did not release any profit estimate, forecast or projection for the financial year. There is no variance between the results for the financial year and the unaudited results previously released by the Company.

### Profit guarantee

During the year, there was no profit guarantee given by the Company.

### Material contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests.

### Contracts relating to loan

There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

# Audit

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## committee report

### MEMBERS

Chan Kok Soo\* *Chairman*

Dato' Haji Yahaya bin Ahmad\*

Ng Chong Wee\*

Loh Yok Yeong\*\*

\* *Independent Non-Executive Director*

\*\* *Non-Independent Executive Director (Managing Director)*

*One of the members of the Audit Committee, Mr Ng Chong Wee is a member of the MIA.*

### TERMS OF REFERENCE

#### 1.0 MEMBERSHIP

1.1 The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfils the following requirements:-

- (a) the Committee must be composed of no fewer than 3 members;
- (b) a majority of the Committee must be independent directors; and
- (c) at least one member of the 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 3 years' working experience and:
    - (aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
    - (bb) 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.

1.2 The members of the Committee shall elect a Chairman from among themselves who shall be an independent director.

1.3 No alternate director should be appointed as a member of the Committee.

1.4 In the event of any vacancy in the Committee resulting in the non-compliance of the Listing Requirements of the Exchange pertaining to composition of audit committee, the Board of Directors shall within three months of that event fill the vacancy.

1.5 The terms of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

#### 2.0 MEETINGS

##### 2.1 Frequency

2.1.1 Meetings shall be held not less than four times a year.

2.1.2 Upon the request of the external auditor, the Chairman of the Committee shall convene a meeting of the Committee to consider any matter the external auditor believes should be brought to the attention of the Directors or shareholders.

##### 2.2 Quorum

2.2.1 A quorum shall consist of a majority of independent directors.

##### 2.3 Secretary

2.3.1 The Company Secretary shall be the Secretary of the Committee or in his absence, another person authorised by the Chairman of the Committee.

## Audit Committee Report (continued)

### 2.4 Attendance

- 2.4.1 The Head of Finance, the Internal Auditor and a representative of the external auditor shall normally attend meetings.
- 2.4.2 Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting.
- 2.4.3 At least once a year, the Committee shall meet with the external auditors without any Executive Board members present.

### 2.5 Reporting procedure

- 2.5.1 The minutes of each meeting shall be circulated to all members of the Board.

### 2.6 Meeting Procedure

The Committee shall regulate its own procedure, in particular:-

- (a) the calling of meetings;
- (b) the notice to be given of such meetings;
- (c) the voting and proceedings of such meetings;
- (d) the keeping of minutes; and
- (e) the custody, production and inspection of such minutes.

## 3.0 RIGHTS

The Committee in performing its duties shall in accordance with a procedure to be determined by the Board of Directors:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company;
- (d) have direct communication channels with the external auditor and person(s) carrying out the internal audit function or activity (if any);
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

## 4.0 FUNCTIONS

The Committee shall, amongst others, discharge the following functions:

### 4.1 To review:

- (a) the quarterly results and year end financial statement, prior to the approval by the Board of Directors, focusing particularly on:-
  - (i) the going concern assumption;
  - (ii) changes in or implementation of major accounting policy changes;
  - (iii) significant and unusual events; and
  - (iv) compliance with accounting standards and other legal requirement.
- (b) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.

## Audit Committee Report (continued)

- (c) With the external auditor:
  - (i) the audit plan;
  - (ii) his evaluation of the system of internal controls;
  - (iii) his audit report; and
  - (iv) his management letter and management's response; and
  - (v) the assistance given by the Company's employees to the external auditor.
- 4.2 To monitor the management's risk management practices and procedures.
- 4.3 In respect of the appointment of external auditors:
  - (a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
  - (b) to consider the nomination of a person or persons as external auditors and the audit fee;
  - (c) to consider any questions of resignation or dismissal of external auditors.
- 4.4 In respect of the internal audit function:
  - (a) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (c) to review any appraisal or assessment of the performance of members of the internal audit function;
  - (d) to approve any appointment or termination of senior staff members of the internal audit function; and
  - (e) to inform itself of any resignation of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- 4.5 To promptly report such matter to the Exchange if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.
- 4.6 To carry out such other functions as may be agreed to by the Committee and the Board of Directors.



## Audit Committee Report (continued)

Record of attendance for meetings held during the financial year ended 31 March 2001

Audit Committee Meeting		May 2000	Aug 2000	Nov 2000	Feb 2001		
<i>Committee Members</i>	<i>Position</i>	Attendance				Total	%
Chan Kok Soo	Chairman	●	●	●	●	4	100
Loh Yok Yeong	Member	●	●	●	●	4	100
Khairah binti Tahir	Member	●	●	●	●	4	100

Total number of meetings held :

4

## Summary of activities during the year

During the year, the audit committee discussed, reviewed and recommended quarterly reports and financial statements to be presented to the Board of Directors for approval. The audit committee also reviewed and discussed financial policies for recommendation to the Board. During the first audit committee meeting for the financial year, the audit committee also set the dates for reviewing the quarterly financial results of the Group for the respective quarters in respect of the financial year under review. The audit committee also took note of declaration of interest by a director for recurrent related party transactions.

## Internal Audit

The Audit Committee had approved the appointment of PricewaterhouseCoopers to review and develop an audit plan for the Group. The internal audit function is a department within the Group.

# Financial Report

18

Directors' Report

23

Report of the Auditors

24

Income Statements

25

Balance Sheets

26

Consolidated Statement of changes in equity

27

Company Statement of changes in equity

28

Cash Flow Statements

29

Notes To The Financial Statements

46

Statement by Directors/Statutory Declaration

47

Analysis Of Shareholdings

49

Properties Of The Group

51

Notice Of Annual General Meeting

52

Closure Of Books

53

Statement Accompanying Notice Of Annual General Meeting

55

Proxy Form

# Directors' Report

for the financial year ended 31 March 2001

Directors' report  
for the financial year ended 31 March 2001

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2001.

## Principal activities

The principal activity of the Company during the financial year is that of investment holding. The principal activities of the subsidiary companies are set out in note 13 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## Financial results

	Group RM	Company RM
Net profit after taxation attributable to shareholders	<u>16,382,846</u>	<u>1,547,123</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

Dividends proposed, declared or paid since 31 March 2000 are as follows: RM

In respect of the financial year ended 31 March 2000:	
As declared in the Directors' Report for that year, a first and final dividend of 5% less tax at 28% paid on 23 November 2000	1,092,456
Underprovision - paid on 23 November 2000	<u>9,468</u>
	<u>1,101,924</u>

The Directors propose the payment of a final dividend of 3.5% per ordinary share less tax at 28% amounting to RM1,543,500.

## Share capital

During the financial year ended 31 March 2001, the issued and fully paid up share capital of the Company was increased from RM30,346,000 to RM61,250,000 by way of:

- (a) an issue of 295,000 ordinary shares of RM1 each for cash at the respective option prices by virtue of the exercise of options granted under the Employees' Share Option Scheme ("ESOS") of YLI Holdings Berhad; and
- (b) a bonus issue of 30,609,000 ordinary shares of RM1 each on 23 November 2000 on the basis of one new ordinary share for every one existing ordinary shares held. The bonus issue was effected by the capitalisation of RM8,114,096 and RM22,494,904 from the share premium and retained earnings account respectively.

The newly issued ordinary shares rank pari passu in all respects with all the existing issued ordinary shares of the Company.

## Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

## Directors

The Directors in office since the date of the last report are:

Loh Toa Thau @ Loh Eng Kim  
Loh Yok Yeong  
Lee Then Wah  
Dato' Ir Syed Muhammad Shahabudin  
Dato' Haji Yahaya bin Ahmad  
Khairah binti Tahir  
Chan Kok Soo  
Foong Kai Choong  
Ng Chong Wee

(appointed on 30 May 2001)

## Directors' interests

According to the Register of Directors' Shareholdings, particulars of interests of Directors who held office at the end of the financial year are as follows:

	Number of ordinary shares of RM1 each			31 March
	1 April	Addition	Disposal	
YLI Holdings Berhad				
Loh Toa Thau @ Loh Eng Kim				
Direct	8,000	68,000	-	76,000
Indirect	13,923,002	13,940,002	-	27,863,004
Loh Yok Yeong				
Direct	108,000	156,000	-	264,000
Indirect	13,923,002	13,940,002	-	27,863,004
Lee Then Wah				
Direct	24,000	24,000	-	48,000
Chan Kok Soo				
Direct	8,000	8,000	-	16,000

	Number of ordinary shares under options			31 March
	1 April	*Granted	Exercised	
YLI Holdings Berhad				
Loh Toa Thau @ Loh Eng Kim	300,000	270,000	(30,000)	540,000
Loh Yok Yeong	270,000	246,000	(24,000)	492,000
Lee Then Wah	155,000	155,000	-	310,000

\*Granted by way of bonus issue of shares.

Other than as disclosed above, none of the other Directors held any interest in shares in the Company and its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the fees and other emoluments shown in note 8 to the financial statements) by reason of a contract made by the Company or 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.

Neither during nor at the end of the financial year was the Company or any of its related corporations a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the share options granted to Executive Directors pursuant to the ESOS.

## Other statutory information

Before the income statements and balance sheets of the Group and 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 provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their book values as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amounts written off for bad debts or the amount of provision 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 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.

No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company and its subsidiary companies to meet their obligations when they fall due.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the Group and of the Company for the current financial year; and
- (b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor has any contingent liability arisen in any company in the Group except as disclosed in note 30 to the financial statements.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

## Employees' Share Option Scheme

The Employees' Share Option Scheme ("ESOS") of YLI Holdings Berhad and its subsidiaries was approved by the shareholders at the Extraordinary General Meeting held on 28 September 1999. The main features of the ESOS are as follows:

- (a) Eligible persons are Malaysian citizens who are all full time employees of the Group (including Executive Chairman and Executive Directors) who have been confirmed and have attained the age of eighteen years. The eligible persons must have served at least one year of continuous service.
- (b) Eligible employees of the Group who have accepted the offer to participate in other employees' share option scheme implemented by any other company within the Group which is in force for the time being shall not be eligible to participate in the ESOS.
- (c) The total number of shares to be offered shall not exceed 10% of the issued and paid up share capital of the Company at any time during the existence of the ESOS.
- (d) No option shall be granted for less than 1,000 shares nor more than 500,000 shares and shall always be in multiples of 1,000 shares.
- (e) The option price shall be the average of the mean market quotation as shown in the daily official list issued by the Kuala Lumpur Stock Exchange ("KLSE") for the five (5) market days preceding the date of offer, provided that the option price shall not be less than the last transacted market price of the shares at the date preceding the date of offer or the par value of the shares.
- (f) The ESOS remains in force until 29 November 2004.
- (g) The number of shares comprised in the option price or the maximum number of shares and/or percentage of the total YLI shares comprised in the option that may be executed in a particular year so far as the options remain unexercised, shall be adjusted following any alterations in capital structures of the Company by ways of capitalisation of profits or reserves, rights issues, reduction, subdivision, consolidation of capital or otherwise howsoever taking place.
- (h) The new shares to be allotted upon any exercise of an option will rank *pari passu* in all respects with the then existing ordinary shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments or distributions which entitlement date precedes the relevant exercise date of the option.
- (i) Subject to the approval of the relevant authorities, the terms and conditions of the ESOS may from time to time be modified and/or amended by a resolution of the Board of Directors or Options Committee without the prior approval of the Company's shareholders in a general meeting provided that no such amendment shall be made which would either prejudice the rights then accrued to any option holder without the consent or sanction of that option holder or alter to the advantage of any option holder.

Employees' Share Option Scheme (continued)

The outstanding options are disclosed as below:

Date of expiry	Balance at 1 April 2000	Granted and accepted	Exercised	Lapsed	Bonus (one for one)	Balance at 31 March 2001
29 November 2004	1,840,000	22,000	(295,000)	(32,000)	1,591,000	3,126,000

The lapsed amounts are attributed to employees' resignations.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

In accordance with a resolution of the Board of Directors dated 26 June 2001

Loh Toa Thau @ Loh Eng Kim  
Director

Lee Then Wah  
Director

Penang  
26 June 2001

# Report Of The Auditors To The Members

*Of YLI Holdings Berhad  
(Company No: 367249 A)  
(Incorporated in Malaysia)*

We have audited the financial statements set out on pages 24 to 45. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those 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 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 have been prepared 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 matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
    - (ii) the state of affairs of the Group and the Company as at 31 March 2001 and of the results and cash flows of the Group and the Company for the financial year ended on that date;
- and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The names of the subsidiary companies of which we have not acted as auditors are indicated in note 13 to the financial statements. We have considered the financial statements of these subsidiary companies and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements 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 required by us for those purposes.

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

PricewaterhouseCoopers  
[AF-1146]  
Public Accountants

Tan Hock Hin  
[441/3/03 (J/PH)]  
Partner of the firm

Penang  
26 June 2001



# Income Statements

For The Financial Year Ended 31 March 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Revenue	4	76,599,519	60,886,089	2,617,334	31,948,372
Cost of sales		<u>(49,425,817)</u>	<u>(37,605,092)</u>	-	-
Gross profit		27,173,702	23,280,997	2,617,334	31,948,372
Other operating income		108,550	31,779	90	352
Selling and distribution costs		(3,271,897)	(1,721,912)	-	-
Administrative expenses		(3,867,198)	(3,166,260)	(374,437)	(216,001)
Other operating expenses		<u>(23,239)</u>	<u>(14,730)</u>	-	-
Profit from operations	6	20,119,918	18,409,874	2,242,987	31,732,723
Finance cost	7	<u>(334,410)</u>	<u>(233,573)</u>	-	-
Profit from ordinary activities					
before tax		19,785,508	18,176,301	2,242,987	31,732,723
Tax	9	<u>(3,402,662)</u>	<u>(4,414,791)</u>	<u>(695,864)</u>	<u>(7,619,331)</u>
Net profit after tax attributable to shareholders		<u>16,382,846</u>	<u>13,761,510</u>	<u>1,547,123</u>	<u>24,113,392</u>
Earnings per share (sen)					
- basic	11	26.8	22.7		
- diluted	11	26.4	22.6		

The accounting policies and the notes on pages 29 to 45 form an integral part of these financial statements.

# Balance Sheets

As at 31 March 2001

	Note	Group		Company	
		2001	2000	2001	2000
		RM	RM	RM	RM
Non current assets					
Property, plant and equipment	12	70,439,883	54,322,485	-	-
Subsidiary companies	13	-	-	18,306,448	16,405,998
		<u>70,439,883</u>	<u>54,322,485</u>	<u>18,306,448</u>	<u>16,405,998</u>
Current assets					
Inventories	14	11,059,543	11,916,170	-	-
Trade and other receivables	15	16,797,034	12,522,636	41,092,846	38,851,740
Deposits, bank and cash balances	16	7,666,523	10,347,029	4,679,885	7,863,768
		<u>35,523,100</u>	<u>34,785,835</u>	<u>45,772,731</u>	<u>46,715,508</u>
Less: Current liabilities					
Trade and other payables	17	3,953,698	3,093,472	128,508	118,976
Provision for taxation		1,672,581	4,483,282	15,261	166,144
Borrowings	18	896,834	145,358	-	-
Proposed ordinary dividend		1,543,500	1,092,456	1,543,500	1,092,456
		<u>8,066,613</u>	<u>8,814,568</u>	<u>1,687,269</u>	<u>1,377,576</u>
Net current assets		<u>27,456,487</u>	<u>25,971,267</u>	<u>44,085,462</u>	<u>45,337,932</u>
Less: Non current liabilities					
Deferred taxation	19	3,552,096	2,072,900	-	-
Borrowings	18	3,822,758	3,179,884	-	-
		<u>7,374,854</u>	<u>5,252,784</u>	<u>-</u>	<u>-</u>
		<u>90,521,516</u>	<u>75,040,968</u>	<u>62,391,910</u>	<u>61,743,930</u>
Capital and reserves					
Share capital	20	61,250,000	30,346,000	61,250,000	30,346,000
Share premium	21	11,511	7,606,572	11,511	7,606,572
Revaluation and other reserves	22	1,853,756	1,856,911	-	-
Share application monies	23	-	160,210	-	160,210
Retained earnings	24	27,406,249	35,071,275	1,130,399	23,631,148
Shareholders' equity		<u>90,521,516</u>	<u>75,040,968</u>	<u>62,391,910</u>	<u>61,743,930</u>

The accounting policies and the notes on pages 29 to 45 form an integral part of these financial statements.

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 March 2001

	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable		Total RM
		Number of shares	Nominal value RM	Share premium RM	Revaluation and other reserves RM	Share application monies RM	Retained earnings RM	
At 31 March 1999		30,000,000	30,000,000	7,058,882	1,856,911	-	22,402,221	61,318,014
Net profit for the financial year		-	-	-	-	-	13,761,510	13,761,510
Dividend for the financial year ended 31 March 2000	10	-	-	-	-	-	(1,092,456)	(1,092,456)
Issue of shares								
- exercise of share options		346,000	346,000	595,180	-	-	-	941,180
- advance receipts		-	-	-	-	160,210	-	160,210
ESOS expenses		-	-	(47,490)	-	-	-	(47,490)
Net loss not recognised in income statement		-	-	(47,490)	-	-	-	(47,490)
At 31 March 2000		30,346,000	30,346,000	7,606,572	1,856,911	160,210	35,071,275	75,040,968
At 1 April 2000		30,346,000	30,346,000	7,606,572	1,856,911	160,210	35,071,275	75,040,968
Net profit for the financial year		-	-	-	-	-	16,382,846	16,382,846
Dividends for the financial year ended:								
- 31 March 2000	10	-	-	-	-	-	(9,468)	(9,468)
- 31 March 2001	10	-	-	-	-	-	(1,543,500)	(1,543,500)
Issue of shares								
- bonus issue		30,609,000	30,609,000	(8,114,096)	-	-	(22,494,904)	-
- transfer from share application monies	23	57,000	57,000	103,210	-	(160,210)	-	-
- exercise of share options		238,000	238,000	417,450	-	-	-	655,450
ESOS expenses		-	-	(1,625)	-	-	-	(1,625)
Net loss not recognised in income statement		-	-	(1,625)	-	-	-	(1,625)
Exchange fluctuation differences arising in the financial year		-	-	-	(3,155)	-	-	(3,155)
At 31 March 2001		61,250,000	61,250,000	11,511	1,853,756	-	27,406,249	90,521,516

The accounting policies and the notes on pages 29 to 45 form an integral part of these financial statements.

# Company Statement Of Changes In Equity

*For The Financial Year Ended 31 March 2001*

	Note	Issued and fully paid ordinary shares of RM1 each		Non-	Distributable		Total RM
		Number of shares	Nominal value RM	distributable	Share application monies RM	Retained earnings RM	
At 31 March 1999		30,000,000	30,000,000	7,058,882	-	610,212	37,669,094
Net profit for the financial year		-	-	-	-	22,402,221	24,113,392
Dividend for the financial year ended 31 March 2000	10	-	-	-	-	(1,092,456)	(1,092,456)
Issue of shares							
- exercise of share options		346,000	346,000	595,180	-	-	941,180
- advance receipts		-	-	-	160,210	-	160,210
ESOS expenses		-	-	(47,490)	-	-	(47,490)
Net loss not recognised in income statement		-	-	(47,490)	-	-	(47,490)
At 31 March 2000		30,346,000	30,346,000	7,606,572	160,210	23,631,148	61,743,930
At 1 April 2000		30,346,000	30,346,000	7,606,572	160,210	23,631,148	61,743,930
Net profit for the financial year		-	-	-	-	1,547,123	1,547,123
Dividends for the financial year ended:							
- 31 March 2000	10	-	-	-	-	(9,468)	(9,468)
- 31 March 2001	10	-	-	-	-	(1,543,500)	(1,543,500)
Issue of shares							
- bonus issue		30,609,000	30,609,000	(8,114,096)	-	(22,494,904)	-
- transfer from share application monies	23	57,000	57,000	103,210	(160,210)	-	-
- exercise of share options		238,000	238,000	417,450	-	-	655,450
ESOS expenses		-	-	(1,625)	-	-	(1,625)
Net loss not recognised in income statement		-	-	(1,625)	-	-	(1,625)
Exchange fluctuation differences arising in the financial year		-	-	-	-	-	(3,155)
At 31 March 2001		61,250,000	61,250,000	11,511	-	1,130,399	62,391,910

The accounting policies and the notes on pages 29 to 45 form an integral part of these financial statements.

# Cash Flow Statements

For The Financial Year Ended 31 March 2001

	Note	Group		Company	
		2001 RM	2000 RM	2001 RM	2000 RM
Operating activities					
Cash flows from/(used in) operations	25	24,483,782	16,083,822	(131,502)	5,255,090
Taxation paid		(4,734,167)	(1,089,310)	(846,747)	(7,744,320)
Interest paid		(334,410)	(233,573)	-	-
Interest income		173,497	271,440	142,915	255,901
		<u>(4,895,080)</u>	<u>(1,051,443)</u>	<u>(703,832)</u>	<u>(7,488,419)</u>
Net cash flows from/(used in)					
operating activities		19,588,702	15,032,379	(835,334)	(2,233,329)
Investing activities					
Acquisition of subsidiary company		-	-	(1,900,450)	-
Proceeds from disposal of property, plant and equipment		44,000	47,477	-	-
Purchase of property, plant and equipment	12	(23,076,304)	(18,285,127)	-	-
Net cash flows used in investing activities		<u>(23,032,304)</u>	<u>(18,237,650)</u>	<u>(1,900,450)</u>	-
Financing activities					
Payment to hire-purchase creditors		(56,270)	(211,952)	-	-
Proceeds from term loans		2,000,000	3,000,000	-	-
Repayment of term loan		(729,380)	(331,978)	-	-
Dividend paid		(1,101,924)	(1,080,000)	(1,101,924)	(1,080,000)
Share application monies received		-	160,210	-	160,210
Net proceeds from issuance of share capital		<u>653,825</u>	<u>893,690</u>	<u>653,825</u>	<u>893,690</u>
Net cash flows from/(used in) financing activities		766,251	2,429,970	(448,099)	(26,100)
Effect of exchange rate changes on cash and cash equivalents		<u>(3,155)</u>	-	-	-
Net changes in cash and cash equivalents during the financial year		<u>(2,680,506)</u>	<u>(775,301)</u>	<u>(3,183,883)</u>	<u>(2,259,429)</u>
Cash and cash equivalents at beginning of the financial year		<u>10,347,029</u>	<u>11,122,330</u>	<u>7,863,768</u>	<u>10,123,197</u>
Cash and cash equivalents at end of the financial year	26	<u>7,666,523</u>	<u>10,347,029</u>	<u>4,679,885</u>	<u>7,863,768</u>

The accounting policies and the notes on pages 29 to 45 form an integral part of these financial statements.

# Notes To The Financial Statements

*For The Financial Year Ended 31 March 2001*

## 1 General information

The principal activities of the Company during the financial year is that of investment holding. The principal activities of the subsidiary companies are set out in note 13 to the financial statements.

The number of employees of the Group at the end of the financial year was 262 (2000: 256). The Company does not have any employee at the end of the current and previous financial year.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office and principal place of business of the Company is:

71-A, Jalan Jelutong  
11600 Pulau Pinang  
Malaysia

## 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 approved accounting standards in Malaysia.

## 3 Significant accounting policies

All significant accounting policies set out below are consistent with those applied in the previous financial year.

### Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of certain property, plant and equipment.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to 31 March 2001. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated and unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

The subsidiary companies are consolidated using the merger method of accounting except for a subsidiary which is consolidated using the acquisition method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisitions and Mergers".

Under the merger method of accounting, the results of subsidiary companies are presented as if the companies have been combined throughout the current and previous financial years. The difference between cost of acquisition over the nominal value of the share capital and reserves of the subsidiary companies is taken to merger reserve. Merger debit arising on consolidation is written off against the capital reserves and retained earnings of the Group.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to date of disposal. At the date of acquisition, the fair values of the subsidiary company's net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and fair values of the subsidiary company's net assets is reflected as goodwill on consolidation.

## Currency translations

The Group's foreign entities are those operations that are not an integral part of the operations of the Company. Income statements of foreign entities are translated into Ringgit Malaysia at average exchange rates for the period and the balance sheets are translated at exchange rates ruling at the balance sheet date. Exchange differences arising from the retranslation of the net investment in foreign entities and of borrowings that hedge such investments are taken to the exchange fluctuation reserve in shareholders' equity. On disposal of the foreign entity, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Foreign currency transactions are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates. At balance sheet date, monetary assets and liabilities in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

The principal closing rates used in translation of foreign currency amounts are as follows:

Foreign currency	31.3.2001 RM	31.3.2000 RM
1 US Dollar	3.8000	3.8000
1 Singapore Dollar	2.1560	-
1 Chinese Renminbi	0.4598	-

## Property, plant and equipment

Land and buildings are stated at valuation in the years indicated in note 12 to the financial statements and subsequent additions are stated at cost. The cost of other property, plant and equipment comprises their purchase costs and any incidental costs of acquisition.

The freehold and leasehold land and buildings have not been revalued since 1994 and 1998. The Directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts for International Accounting Standards ("IAS") No.16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board ("MASB") to retain the carrying amounts of these freehold and leasehold land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

Freehold land and factory building in progress are not depreciated.

Leasehold land and buildings are amortised over the periods of the leases ranging from 46 to 57 years.

Depreciation on other property, plant and equipment is calculated so as to write off the cost or valuation on a reducing balance basis over the expected useful lives of the assets concerned. The annual rates are:

	%
Buildings	2
Machinery, equipment, furniture and fittings and motor vehicles	5 - 33.3
Renovation	10

## Investment in subsidiary companies

Investments are stated at cost. Provision for diminution in the value of an investment is made where in the opinion of the Directors, there is a permanent diminution in the value of the investment. Permanent diminution in value of an investment is recognised as an expense in the period in which the diminution is identified.

## Trade receivables

Trade receivables are carried at anticipated realisable values.

Known bad debts are written off and specific provision is made for any considered to be doubtful of collection. Doubtful debts which have subsequently become bad and for which provision has been made are written off against the provision.

## Hire-purchase liabilities

Property, plant and equipment acquired under hire-purchase are capitalised and depreciated in accordance with the depreciation policy set out in the accounting policy on property, plant and equipment. Outstanding obligations due under hire-purchase are included as liabilities in the financial statements. Finance charges arising from hire-purchase are allocated to the income statements so as to give a constant periodic rate of interest on the outstanding liabilities at the end of each accounting period.

## Inventories

Inventories are stated at the lower of cost and net realisable value after adequate provision has been made for all deteriorated, obsolete or slow-moving stocks. The cost of raw materials, finished goods and work in progress are determined on the first in, first out basis and includes all costs in bringing the stock to their present location and condition. Net realisable value is the price at which the stocks can be realised in the normal course of business after allowing for the cost of realisation.

## Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, demand deposits, bank overdraft and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Deferred taxation

Provision is made by the liability method for taxation deferred in respect of all timing differences except where it is thought reasonably probable that the tax effects of such deferrals will continue in the foreseeable future. Deferred tax assets are not recognised unless there is a reasonable expectation of their realisation.

## Revenue recognition

Sales are recognised upon delivery of products, net of sales tax, trade discounts and allowances.

Dividend income is recognised on receipt basis when the right to receive payment is established.

Interest income is recognised on an accrual basis determined by the principal outstanding and the rate applicable.

Rental income is recognised on an accrual basis in accordance with the substance of the rental agreement.

## Comparatives

Comparative figures have been extended to comply with the additional disclosure requirements of the new Malaysian Accounting Standards Board ("MASB") Standards that are applicable for the financial year ended 31 March 2001.

4	Revenue	Group		Company	
		2001	2000	2001	2000
		RM	RM	RM	RM
	Sales of goods	76,456,603	60,630,188	-	-
	Interest income	142,916	255,901	460,434	452,516
	Dividend income	-	-	2,156,900	31,495,856
		<u>76,599,519</u>	<u>60,886,089</u>	<u>2,617,334</u>	<u>31,948,372</u>



5 Significant transactions with related parties

Significant transactions between the Company and its related parties are as follows:

	Company	
	2001	2000
	RM	RM
Gross dividend income from subsidiary companies	2,156,900	31,495,856
Interest income from subsidiary companies	<u>317,518</u>	<u>196,615</u>

6 Profit from operations

Profit from operations is stated after charging:

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Auditors' remuneration	47,293	35,150	25,000	15,000
Depreciation of property, plant and equipment	6,097,361	3,621,102	-	-
Rental of land and building	23,663	19,400	-	-
Interest expense	334,410	233,573	-	-
Property, plant and equipment written off	996,325	1,102,572	-	-
Loss on disposal of property, plant and equipment	1,220	-	-	-
Bad debts written off	50,757	825	-	-
Staff costs*	<u>7,425,651</u>	<u>6,780,861</u>	<u>-</u>	<u>-</u>
and crediting:				
Interest income from licensed banks and finance companies	173,497	271,440	142,915	255,901
Rental income	61,215	5,160	-	-
Profit on disposal of property, plant and equipment	-	7,999	-	-
Net unrealised foreign exchange gain	<u>13,559</u>	<u>-</u>	<u>-</u>	<u>-</u>

\* Staff costs include emoluments payable to executive directors amounting to RM729,863 (2000: RM642,000).

7 Finance cost

	Group	
	2001	2000
	RM	RM
Hire-purchase interest	9,577	31,765
Term loan interest	300,492	158,081
Bank interest	<u>24,341</u>	<u>43,727</u>
	<u>334,410</u>	<u>233,573</u>

8 Directors' remuneration

	Group		Company	
	2001	2000	2001	2000
	RM	RM	RM	RM
Fees	146,000	146,000	96,000	96,000
Other emoluments	<u>729,863</u>	<u>642,000</u>	<u>-</u>	<u>-</u>
	<u>875,863</u>	<u>788,000</u>	<u>96,000</u>	<u>96,000</u>

9 Tax

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Taxation based on the profit for the financial year:				
Malaysian income tax	1,916,629	3,925,116	695,864	7,617,727
Transfer to deferred taxation	<u>1,479,196</u>	<u>490,120</u>	<u>-</u>	<u>-</u>
	3,395,825	4,415,236	695,864	7,617,727
Taxation under/(over) provided in respect of prior years	<u>6,837</u>	<u>(445)</u>	<u>-</u>	<u>1,604</u>
	<u><u>3,402,662</u></u>	<u><u>4,414,791</u></u>	<u><u>695,864</u></u>	<u><u>7,619,331</u></u>

The effective rate of taxation of the Company for the current financial year is higher than the standard rate applicable to its profit because certain expenses were not allowable for taxation purposes.

The effective rate of taxation of the Group for the current financial year is lower due to utilisation of the current year's capital allowances and reinvestment allowances which resulted in tax savings of approximately RM5,700,000.

10 Dividend

	Group and Company	
	2001 RM	2000 RM
Proposed ordinary first and final dividend of 3.5% (2000: 5%) less tax	1,543,500	1,092,456
Underprovision of ordinary first and final dividend in respect of the financial year ended 31 March 2000	<u>9,468</u>	<u>-</u>
	<u><u>1,552,968</u></u>	<u><u>1,092,456</u></u>

11 Earnings per share

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue during the financial year have been adjusted for the bonus issue.

	2001	2000
Net profit attributable to shareholders (RM)	16,382,846	13,761,510
Weighted average number of ordinary shares in issue	61,196,616	60,651,418
Basic earnings per share (sen)	26.8	22.7

(ii) Diluted earnings per share

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options granted to employees as a category of dilutive potential ordinary shares.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average annual share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the "unpurchased" shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to net profit attributable to shareholders for the share options calculated.

	2001	2000
Net profit attributable to shareholders (RM)	16,382,846	13,761,510
Weighted average number of ordinary shares in issue	61,196,616	60,651,418
Adjustment for share options	868,021	236,959
Weighted average number of ordinary shares for diluted earnings per share	<u>62,064,637</u>	<u>60,888,377</u>
Diluted earnings per share (sen)	26.4	22.6

12 Property, plant and equipment

The details of property, plant and equipment are as follows:

Group only

2001	Land and Buildings, at cost or valuation RM	Machinery, equipment, furniture and fittings and motor vehicles at cost RM	Total RM
Cost or valuation			
At 1 April	29,327,275	36,062,828	65,390,103
Additions	5,720,153	17,536,151	23,256,304
Disposals	-	(138,000)	(138,000)
Write off	-	(1,847,401)	(1,847,401)
At 31 March	<u>35,047,428</u>	<u>51,613,578</u>	<u>86,661,006</u>
Accumulated depreciation			
At 1 April	1,386,440	9,681,178	11,067,618
Charge for the financial year	828,903	5,268,458	6,097,361
Disposals	-	(92,780)	(92,780)
Write off	-	(851,076)	(851,076)
At 31 March	<u>2,215,343</u>	<u>14,005,780</u>	<u>16,221,123</u>
Net book value			
31 March 2001	<u>32,832,085</u>	<u>37,607,798</u>	<u>70,439,883</u>

The Group's land and buildings comprise of:

2001	At 1 April RM	Additions RM	At 31 March RM
Cost or valuation			
Freehold land, at valuation	1,841,166	-	1,841,166
Long term leasehold land, at valuation	2,550,000	-	2,550,000
Building, at valuation	141,155	-	141,155
Short term leasehold land and building, at valuation	6,324,260	-	6,324,260
Freehold land and building, at cost	1,991,671	309,193	2,300,864
Long term leasehold building, at cost	1,973,160	-	1,973,160
Long term leasehold flats, at cost	188,200	-	188,200
Short term leasehold land and building, at cost	14,162,337	4,251,046	18,413,383
Factory building in progress, at cost	-	1,068,912	1,068,912
Renovation, at cost	155,326	91,002	246,328
Total	<u>29,327,275</u>	<u>5,720,153</u>	<u>35,047,428</u>

12 Property, plant and equipment (continued)

2001	At 1 April RM	Additions RM	At 31 March RM
Accumulated depreciation			
Long term leasehold land, at valuation	-	253,923	253,923
Building, at valuation	18,057	2,462	20,519
Short term leasehold land and building, at valuation	774,604	101,934	876,538
Freehold land and building, at cost	56,310	25,119	81,429
Long term leasehold building, at cost	129,079	36,882	165,961
Long term leasehold flats, at cost	14,611	3,472	18,083
Short term leasehold land and building, at cost	365,733	383,283	749,016
Renovation, at cost	28,046	21,828	49,874
<b>Total</b>	<b>1,386,440</b>	<b>828,903</b>	<b>2,215,343</b>
		Depreciation charge for the year RM	Net book value RM
Freehold land, at valuation		-	1,841,166
Long term leasehold land, at valuation		253,923	2,296,077
Building, at valuation		2,462	120,636
Short term leasehold land and building, at valuation		101,934	5,447,722
Freehold land and building, at cost		25,119	2,219,435
Long term leasehold building, at cost		36,882	1,807,199
Long term leasehold flats, at cost		3,472	170,117
Short term leasehold land and building, at cost		383,283	17,664,367
Factory building in progress, at cost		-	1,068,912
Renovation, at cost		21,828	196,454
		<b>828,903</b>	<b>32,832,085</b>
Group only		Machinery, equipment, furniture and fittings and motor vehicles at cost	Total RM
2000	Land and Buildings, at cost or valuation RM	at cost RM	
Cost or valuation			
At 1 April	16,261,942	33,131,519	49,393,461
Additions	13,065,333	5,219,794	18,285,127
Disposals	-	(199,102)	(199,102)
Write off	-	(2,089,383)	(2,089,383)
At 31 March	<b>29,327,275</b>	<b>36,062,828</b>	<b>65,390,103</b>
Accumulated depreciation			
At 1 April	908,196	7,684,755	8,592,951
Charge for the financial year	478,244	3,142,858	3,621,102
Disposals	-	(159,624)	(159,624)
Write off	-	(986,811)	(986,811)
At 31 March	<b>1,386,440</b>	<b>9,681,178</b>	<b>11,067,618</b>
Net book value			
31 March 2000	<b>27,940,835</b>	<b>26,381,650</b>	<b>54,322,485</b>

12 Property, plant and equipment (continued)

2000	At 1 April RM	Additions RM	At 31 March RM
Cost or valuation			
Freehold land, at valuation	1,841,166	-	1,841,166
Long term leasehold land, at valuation	2,550,000	-	2,550,000
Building, at valuation	141,155	-	141,155
Short term leasehold land and building, at valuation	6,324,260	-	6,324,260
Freehold land and building, at cost	1,802,752	188,919	1,991,671
Long term leasehold building, at cost	1,968,160	5,000	1,973,160
Long term leasehold flats, at cost	188,200	-	188,200
Short term leasehold land and building, at cost	1,341,084	12,821,253	14,162,337
Renovation, at cost	105,165	50,161	155,326
<b>Total</b>	<b>16,261,942</b>	<b>13,065,333</b>	<b>29,327,275</b>
Accumulated depreciation			
Freehold land and building, at cost	39,385	16,925	56,310
Building, at valuation	15,545	2,512	18,057
Short term leasehold land and building, at cost	65,409	300,324	365,733
Short term leasehold land and building, at valuation	671,440	103,164	774,604
Long term leasehold building, at cost	91,445	37,634	129,079
Long term leasehold flats, at cost	11,068	3,543	14,611
Renovation, at cost	13,904	14,142	28,046
<b>Total</b>	<b>908,196</b>	<b>478,244</b>	<b>1,386,440</b>
		Depreciation charge for the year RM	Net book value RM
Freehold land, at valuation		-	1,841,166
Long term leasehold land, at valuation		-	2,550,000
Building, at valuation		2,512	123,098
Short term leasehold land and building, at valuation		103,164	5,549,656
Freehold land and building, at cost		16,925	1,935,361
Long term leasehold building, at cost		37,634	1,844,081
Long term leasehold flats, at cost		3,543	173,589
Short term leasehold land and building, at cost		300,324	13,796,604
Renovation, at cost		14,142	127,280
<b>Total</b>		<b>478,244</b>	<b>27,940,835</b>

12 Property, plant and equipment (continued)

(a) Analysis of freehold and leasehold land and buildings that are stated at valuation:

	2001 RM	2000 RM
Valuation in 1994 on the Open Market Value basis	8,306,581	8,306,581
Valuation in 1998 on the Open Market Value basis	<u>2,550,000</u>	<u>2,550,000</u>
	<u>10,856,581</u>	<u>10,856,581</u>
Net book value	<u>9,705,601</u>	<u>10,063,920</u>
Net book value – had the above been carried at historical cost	<u>1,676,076</u>	<u>1,781,229</u>

The tax effect in connection with the surplus arising on the revaluation of certain freehold land and buildings is not disclosed as there is no foreseeable intention to dispose of these properties.

(b) The details of the property, plant and equipment of the Group acquired under hire-purchase agreements are as follows:

	Cost RM	Accumulated depreciation RM	Net book value RM
2001			
Machinery and motor vehicles	<u>299,177</u>	<u>59,835</u>	<u>239,342</u>
2000			
Machinery and motor vehicles	<u>429,110</u>	<u>209,406</u>	<u>219,704</u>

(c) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM23,256,304 (2000: RM18,285,127) of which RM180,000 (2000: RM Nil) was acquired by means of finance leases. Cash payments of RM23,076,304 (2000: RM18,285,127) were made to purchase property, plant and equipment.

13 Subsidiary companies

	Company	
	2001 RM	2000 RM
Unquoted shares, at cost	<u>18,306,448</u>	<u>16,405,998</u>

### 13 Subsidiary companies (continued)

The subsidiary companies are:

Name of company	Country of incorporation	Company		Interest in equity held by subsidiary company		Principal activities
		2001 %	2000 %	2001 %	2000 %	
Yew Lean Foundry & Co. Sdn. Bhd.*	Malaysia	100	100	-	-	Manufacturing and marketing of ductile iron pipes and fittings and other related products.
Yew Li Foundry & Co. Sdn. Bhd.*	Malaysia	100	100	-	-	Manufacturing and marketing of cast iron fittings, saddles and manhole covers and fabrication of pipes.
Logam Utara (M) Sdn. Bhd.*	Malaysia	100	100	-	-	Manufacturing and coating of LUSAN™ (Rilsan) on couplings, tapping sleeves, water tanks and other steel products as well as trading of UPVC pipes and fittings, sanitary fittings, brass fittings and related products.
Zhangzhou YLI Electro-Metallurgy Co. Ltd.*	The People's Republic of China	100**	-	-	-	Manufacture of raw materials for foundry use.
Zenith Eastern (M) Sdn. Bhd.*	Malaysia	-	-	100	100	Property investment holding.

\*These subsidiaries are audited by a firm of auditors other than PricewaterhouseCoopers, Malaysia.

\*\*During the financial year, the Company paid RM1,900,450 in cash to subscribe for 100% equity interest in Zhangzhou YLI Electro-Metallurgy Co. Ltd, a newly incorporated company.

### 14 Inventories

	Group	
	2001 RM	2000 RM
At cost:		
Raw materials	2,694,751	3,273,070
Work in progress	787,559	719,819
Finished goods	<u>7,577,233</u>	<u>7,923,281</u>
	<u>11,059,543</u>	<u>11,916,170</u>



15 Trade and other receivables

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade receivables	16,584,421	12,139,977	-	-
Amounts due from subsidiary companies	-	-	41,086,371	38,850,390
Other receivables	108,770	319,971	2,625	1,350
Deposits	82,586	62,688	1,350	-
Prepayments	21,257	-	2,500	-
	<u>16,797,034</u>	<u>12,522,636</u>	<u>41,092,846</u>	<u>38,851,740</u>

Amounts due from subsidiary companies mainly consist of advances given to subsidiary companies amounting to RM39,542,871 (2000: RM14,857,934) which carry interest at a rate of 5.3% (2000: 5.3%) per annum and do not have any fixed repayment terms. The remaining balance consists of dividends receivable from subsidiary companies amounting to RM1,543,500 (2000: RM23,992,456).

16 Deposits, bank and cash balances

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits with:				
Licensed banks	4,329,680	4,494,626	3,607,120	4,134,412
Licensed finance companies	<u>1,316,456</u>	<u>3,710,991</u>	<u>1,008,143</u>	<u>3,500,000</u>
	5,646,136	8,205,617	4,615,263	7,634,412
Cash and bank balances	<u>2,020,387</u>	<u>2,141,412</u>	<u>64,622</u>	<u>229,356</u>
	<u>7,666,523</u>	<u>10,347,029</u>	<u>4,679,885</u>	<u>7,863,768</u>

17 Trade and other payables

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Trade payables	2,272,115	1,927,042	-	-
Other payables	614,688	293,589	5,508	5,976
Bills payable	132,394	-	-	-
Accruals	<u>934,501</u>	<u>872,841</u>	<u>123,000</u>	<u>113,000</u>
	<u>3,953,698</u>	<u>3,093,472</u>	<u>128,508</u>	<u>118,976</u>

18 Borrowings

	Group	
	2001 RM	2000 RM
Current		
Term loans (unsecured)	836,828	119,091
Hire-purchase creditors	<u>60,006</u>	<u>26,267</u>
	<u>896,834</u>	<u>145,358</u>
Non current		
Term loans (unsecured)	3,732,767	3,179,884
Hire-purchase creditors	<u>89,991</u>	<u>-</u>
	<u>3,822,758</u>	<u>3,179,884</u>
	<u>4,719,592</u>	<u>3,325,242</u>
Maturity of borrowings		
- not later than 1 year	896,834	145,358
- later than 1 year and not later than 5 years	<u>3,822,758</u>	<u>3,179,884</u>
	<u>4,719,592</u>	<u>3,325,242</u>
Term loans		
Loan I	-	16,638
Loan II	169,595	282,337
Loan III	<u>4,400,000</u>	<u>3,000,000</u>
	<u>4,569,595</u>	<u>3,298,975</u>

The repayment terms of the above loans are as follows:

Loan I - repayable by sixty equal monthly instalments commencing 1 August 1996 through to 1 July 2001. The Group fully repaid the loan during the current financial year.

Loan II - repayable by sixty equal monthly instalments commencing 1 October 1997 through to 1 September 2002.

Loan III - repayable by thirty-five equal monthly instalments and a final payment commencing 1 July 2000 through to 1 May 2003.

The above term loans are secured by:

Loan I - the terrace factory of a subsidiary company.

Loan II & III - are covered by corporate guarantees from the holding company.

The interest rate for the financial year ranged between 5.20% and 8.30% (2000: 5.25% and 8.05%) per annum.

19 Deferred taxation

Deferred tax liability provided for in the financial statements:

	Group	
	2001 RM	2000 RM
At 1 April	2,072,900	1,582,780
Transfer from income statement	<u>1,479,196</u>	<u>490,120</u>
At 31 March	<u>3,552,096</u>	<u>2,072,900</u>

20 Share capital

	Company	
	2001 RM	2000 RM
Authorised:		
Ordinary shares of RM1 each	<u>100,000,000</u>	<u>100,000,000</u>
Movements on issued share capital are as follows:		
At 1 April	30,346,000	30,000,000
Bonus issue (one for one)	30,609,000	-
Options exercised	<u>295,000</u>	<u>346,000</u>
At 31 March	<u>61,250,000</u>	<u>30,346,000</u>

During the financial year, the issued and fully paid up share capital of the Company was increased from 30,346,000 ordinary shares of RM1 each to 61,250,000 ordinary shares of RM1 each by way of an issue of 295,000 ordinary shares of RM1 each for cash at the respective option prices by virtue of the exercise of the options granted under the ESOS, and a bonus issue of 30,609,000 new ordinary shares of RM1 each as fully paid up ordinary shares held, by capitalising RM8,114,096 from the share premium account and RM22,494,904 from the retained earnings account.

The newly issued ordinary shares rank pari passu in all respects with the existing issued ordinary shares of the Company.

As at 31 March 2001, options to subscribe for 990,000, 8,000, 2,096,000, 30,000 and 2,000 ordinary shares of RM1 each at the respective option prices of RM2.72, RM2.73, RM5.30, RM4.75 and RM5.20 per share were adjusted to RM1.36, RM1.37, RM2.65, RM2.38 and RM2.60 per share subsequent to the bonus issue on 23 November 2000. These options remain unexercised as at 31 March 2001. The ESOS remains in force until 29 November 2004. The consideration is payable in full on application.

The other features of ESOS are as follows:

- (a) Eligible persons are Malaysian citizens who are all full time employees of the Group (including Executive Chairman and Executive Directors) who have been confirmed and have attained the age of eighteen years. The eligible persons must have served at least one year of continuous service.
- (b) Eligible employees of the Group who have accepted the offer to participate in other employees' share option scheme implemented by any other company within the Group which is in force for the time being shall not be eligible to participate in the ESOS.
- (c) The total number of shares to be offered shall not exceed 10% of the issued and paid up share capital of the Company at any time during the existence of the ESOS.
- (d) No option shall be granted for less than 1,000 shares nor more than 500,000 shares and shall always be in multiples of 1,000 shares.
- (e) The option price shall be the average of the mean market quotation as shown in the daily official list issued by the Kuala Lumpur Stock Exchange ("KLSE") for the five (5) market days preceding the date of offer, provided that the option price shall not be less than the last transacted market price of the shares at the date preceding the date of offer or the par value of the shares.
- (f) The ESOS remains in force until 29 November 2004.
- (g) The number of shares comprised in the option price or the maximum number of shares and/or percentage of the total YLI shares comprised in the option that may be executed in a particular year so far as the options remain unexercised, shall be adjusted following any alterations in capital structures of the Company by ways of capitalisation of profits or reserves, rights issues, reduction, subdivision, consolidation of capital or otherwise howsoever taking place.

20 Share capital (continued)

- (h) The new shares to be allotted upon any exercise of an option will rank *pari passu* in all respects with the then existing ordinary shares of the Company save and except that the new shares will not be entitled to any dividends, rights, allotments or distributions which entitlement date precedes the relevant exercise date of the option.
- (i) Subject to the approval of the relevant authorities, the terms and conditions of the ESOS may from time to time be modified and/or amended by a resolution of the Board of Directors or Options Committee without the prior approval of the Company's shareholders in a general meeting provided that no such amendment shall be made which would either prejudice the rights then accrued to any option holder without the consent or sanction of that option holder or alter to the advantage of any option holder.

The outstanding options are disclosed as below:

Date of expiry	Balance at 1 April 2000	Granted and accepted	Exercised	Lapsed	Bonus (one for one)	Balance at 31 March 2001
29 November 2004	1,840,000	22,000	(295,000)	(32,000)	1,591,000	3,126,000

The lapsed amounts are attributed to employees' resignations.

21 Share premium

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At 1 April	7,606,572	7,058,882	7,606,572	7,058,882
Premium arising from ESOS exercised in respect of 238,000 (2000: 346,000) ordinary shares	417,450	595,180	417,450	595,180
Transfer from share application monies	103,210	-	103,210	-
ESOS expenses	(1,625)	(47,490)	(1,625)	(47,490)
Utilised for bonus issue	<u>(8,114,096)</u>	<u>-</u>	<u>(8,114,096)</u>	<u>-</u>
At 31 March	<u>11,511</u>	<u>7,606,572</u>	<u>11,511</u>	<u>7,606,572</u>

22 Revaluation and other reserves

	Group	
	2001 RM	2000 RM
Revaluation reserve	1,856,911	1,856,911
Exchange fluctuation reserve	<u>(3,155)</u>	<u>-</u>
	<u>1,853,756</u>	<u>1,856,911</u>

The movements in each category of reserves are as follows:

	Group	
	2001 RM	2000 RM
Revaluation reserve		
At beginning/end of the financial year	<u>1,856,911</u>	<u>1,856,911</u>
Exchange fluctuation reserve		
At beginning of the financial year	-	-
Arising in the financial year	<u>(3,155)</u>	<u>-</u>
At end of the financial year	<u>(3,155)</u>	<u>-</u>

23 Share application monies

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
At beginning of the financial year	160,210	-	160,210	-
Received during the financial year	-	160,210	-	160,210
Transfer to share capital/share premium	(160,210)	-	(160,210)	-
At end of the financial year	<u>-</u>	<u>160,210</u>	<u>-</u>	<u>160,210</u>

24 Retained earnings

The Company has, subject to confirmation by the Director General of Inland Revenue, sufficient tax exempt income and tax credits to frank the payment of net dividends out of all its retained earnings as at 31 March 2001 without incurring additional taxation.

25 Cash flows from/(used in) operations

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Net profit after tax attributable to shareholders	16,382,846	13,761,510	1,547,123	24,113,392
Adjustments for:				
Tax	3,402,662	4,414,791	695,864	7,619,331
Depreciation of property, plant and equipment	6,097,361	3,621,102	-	-
Loss/(profit) on disposal of property, plant and equipment	1,220	(7,999)	-	-
Property, plant and equipment written off	996,325	1,102,572	-	-
Interest expenses	334,410	233,573	-	-
Interest income	(173,497)	(271,440)	(460,434)	(452,516)
	<u>10,658,481</u>	<u>9,092,599</u>	<u>235,430</u>	<u>7,166,815</u>
	27,041,327	22,854,109	1,782,553	31,280,207
Changes in working capital:				
Inventories	856,627	(4,289,465)	-	-
Trade and other receivables	(4,274,398)	(2,024,814)	(1,923,587)	(26,031,422)
Trade and other payables	860,226	(456,008)	9,532	6,305
	<u>(2,557,545)</u>	<u>(6,770,287)</u>	<u>(1,914,055)</u>	<u>(26,025,117)</u>
	<u>24,483,782</u>	<u>16,083,822</u>	<u>(131,502)</u>	<u>5,255,090</u>

26 Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

	Group		Company	
	2001 RM	2000 RM	2001 RM	2000 RM
Fixed deposits	5,646,136	8,205,617	4,615,263	7,634,412
Cash and bank balances	2,020,387	2,141,412	64,622	229,356
	<u>7,666,523</u>	<u>10,347,029</u>	<u>4,679,885</u>	<u>7,863,768</u>

27 Contingent liabilities (unsecured)

Company

The Company has given guarantees to banks on behalf of certain subsidiary companies for facilities approximating RM54,448,000 (2000: RM45,605,000) of which RM7,917,483 (2000: RM13,137,388) was utilised as at 31 March 2001.

28 Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2001	2000
	RM	RM
Authorised and contracted	<u>950,000</u>	<u>-</u>
Analysed as follows:		
- Property, plant and equipment	<u>950,000</u>	<u>-</u>

29 Segmental reporting

Group

	Revenue		Profit from ordinary activities before tax		Total assets employed	
	2001	2000	2001	2000	2001	2000
	RM	RM	RM	RM	RM	RM
By industry						
Manufacturing	74,483,629	59,318,822	19,850,953	17,935,082	95,694,447	75,572,861
Trading	1,972,974	1,311,366	455,254	237,033	1,131,193	1,005,796
Investment holding	142,916	255,901	(520,699)	4,186	9,137,343	12,529,663
	<u>76,599,519</u>	<u>60,886,089</u>	<u>19,785,508</u>	<u>18,176,301</u>	<u>105,962,983</u>	<u>89,108,320</u>
By geographical segment						
Malaysia	76,599,519	60,886,089	19,879,417	18,176,301	103,207,871	89,108,320
The People's Republic of China	-	-	(93,909)	-	2,755,112	-
	<u>76,599,519</u>	<u>60,886,089</u>	<u>19,785,508</u>	<u>18,176,301</u>	<u>105,962,983</u>	<u>89,108,320</u>

30 Events subsequent to year end

Company

Subsequent to 31 March 2001, the Company entered into a contract with United Overseas Bank Limited and provided a corporate guarantee of USD200,000 (RM760,000) to the bank for banking facilities rendered to a subsidiary company.

## Statements By Directors

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*Pursuant To Section 169 (15) Of The Companies Act, 1965*

We, Loh Toa Thau @ Loh Eng Kim and Lee Then Wah, two of the Directors of YLI Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 24 to 45 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2001 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

Signed at Penang on 26 June 2001

In accordance with a resolution of the Board of Directors dated 26 June 2001

Loh Toa Thau @ Loh Eng Kim  
Director

Lee Then Wah  
Director

## Statutory Declaration

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*Pursuant To Section 169 (16) Of The Companies Act, 1965*

I, Loh Bee Hoon, being the officer primarily responsible for the financial management of YLI Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 24 to 45 are, to the best of my knowledge and belief 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.

Loh Bee Hoon

Subscribed and solemnly declared by the abovenamed Loh Bee Hoon at Penang on 26 June 2001

Before me

Commissioner for Oaths

# Analysis Of Shareholdings

As At 13 July 2001

Class of Shares	: Ordinary Shares of RM1.00 each
Voting Right	: One vote per ordinary share
Authorised Share Capital	: RM100,000,000
Issued and Paid-up Capital	: RM61,297,000
Number of Holders	: 2,106

## Distribution Schedule

No. of Holders	Holdings	Total Holdings	%
4	less than 1,000	25	0.00
1,808	1,000 to 10,000	5,693,000	9.29
244	10,001 to 100,000	7,472,763	12.19
49	100,001 to less than 5% of issued shares	20,658,208	33.70
1	5% and above of issued shares	<u>27,473,004</u>	<u>44.82</u>
<u>2,106</u>		<u>61,297,000</u>	<u>100.00</u>

## THIRTY LARGEST SHAREHOLDERS

RANK	NAME OF SHAREHOLDERS	SHAREHOLDINGS	PERCENTAGE
1	Fuji Fusion Sdn Bhd	27,473,004	44.82
2	Arab Malaysian Nominees (Tempatan) Sdn Bhd Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund	1,611,000	2.63
3	Kong Sum Mooi	1,220,000	1.99
4	Leong Lai Shen	1,180,000	1.93
5	Ooi Geok Lim @ Loh Geok Lim	1,168,000	1.91
6	Pui Cheng Wui	1,137,000	1.85
7	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Abrar Investment Fund	1,100,000	1.79
8	Permodalan Nasional Berhad	963,000	1.57
9	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust	798,000	1.30
10	Smith Zain Nominees (Tempatan) Sdn Bhd Pledged securities account for Fu Yeng Shing	796,000	1.30
11	Lee Cheoh Lai	716,000	1.17
12	Tham Jooi Loon	710,000	1.16
13	Tan Chee Ooi	490,000	0.80
14	H'ng Bak Tee	482,000	0.79
15	Tan Chee Chia	479,000	0.78
16	Tan Ah Bay	454,000	0.74
17	Chua Meo Kiong	426,208	0.70
18	Smith Zain Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Teak Siang	400,000	0.65
19	Citicorp Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Geok Lian	396,000	0.65
20	Fuji Fusion Sdn Bhd	320,000	0.52
21	Ng Teng Teng	316,000	0.51
22	Goh Thong Beng	310,000	0.50
23	Malaysia Nominees (Tempatan) Sendirian Berhad Malaysian Trustees Berhad for Multi-Purpose Vision Fund	300,000	0.49
24	Tasec Nominees (Asing) Sdn Bhd Meespierson Asia Limited for Savern Finance Limited	300,000	0.49
25	Tan Chong Long @ Tan Chong Liang	258,000	0.42
26	Loh Yok Yeong	256,000	0.42
27	SST Nominees (Tempatan) Sdn Bhd Goo Bak Hoo @ Goh Bak Hoe	236,000	0.38
28	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Ah Tu	234,000	0.38
29	Teh Lai Boon	232,000	0.38
30	Teh Seiw Kian	220,000	0.36
		<u>44,981,212</u>	<u>73.38</u>



## SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 13 July 2001 are as follows:-

Name of Shareholders	No of shares			
	Direct	%	Indirect	%
Fuji Fusion Sdn Bhd	27,793,004	45.34	-	-
Arab-Malaysian Nominees (Tempatan) Sdn Bhd - Arab-Malaysian Trustee Bhd for HLB Penny Stock Fund	1,611,000	2.63	-	-
Loh Eng Kim Co Sdn Bhd	70,000	0.11	@27,793,004	45.34
Loh Toa Thau @ Loh Eng Kim	139,000	0.23	#27,863,004	45.45
Loh Yok Yeong	264,000	0.43	#27,863,004	45.45
Loh Yeok Chuan	-	-	#27,863,004	45.45
Loh Yeok Cheong+	-	-	#27,863,004	45.45

@ Deemed interest by virtue of its substantial shareholding in Fuji Fusion Sdn Bhd

# Deemed interest by virtue of their substantial shareholdings in Fuji Fusion Sdn Bhd and Loh Eng Kim Co Sdn Bhd

+ Held in trust by Yeoh Phaik See

## DIRECTORS AND THEIR SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 13 July 2001 are as follows:-

Name of Shareholders	No of shares			
	Direct	%	Indirect	%
Loh Toa Thau @ Loh Eng Kim	139,000	0.23	*27,863,004	45.45
Loh Yok Yeong	264,000	0.43	*27,863,004	45.45
Lee Then Wah	43,000	0.07	-	-
Chan Kok Soo	16,000	0.03	-	-
Dato' Ir Syed Muhammad Shahabudin	-	-	-	-
Dato' Haji Yahaya bin Ahmad	-	-	-	-
Khairah binti Tahir	-	-	-	-
Foong Kai Choong	-	-	-	-
Ng Chong Wee	-	-	-	-

\* Deemed interest by virtue of their substantial interests in Fuji Fusion Sdn Bhd and Loh Eng Kim Co Sdn Bhd

## Properties Of The Group

FACTORIES	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2001	APPROX. AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
2432, Tingkat Perusahaan 6, Prai Industrial Estate 13600 Prai, Pulau Pinang	Land (Leasehold 60 years expiring 03.10.2042)	3.30 acres	1,858	N/A	} 1 Nov 1994
	Main factory	76,100 sq. ft.	} 4,295	18	
	Machine workshop	3,200 sq. ft.		10	
	Canteen	2,050 sq. ft.		5	
	Office building	7,949 sq. ft.		5	
71-A Jalan Jelutong, 11600 Pulau Pinang	Land (Freehold)	12,988 sq. ft.	1,169	N/A	} 25 Oct 1994
	Two-storey office block and one single storey workshop	*5,170 sq. ft.	756	29	
	Land (Freehold) Single Storey office Building	3,044sq. ft.	83 54	N/A 2	5 Aug 1998 1 Mar 2000
Lot No. 499 9W, Georgetown North East District Pulau Pinang	Land (Leasehold expiring 23.03.2041) (front yard of Lebu Bakau factory)	1,679 sq. ft.	87	N/A	} 25 Oct 1994
39, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebu Bakau factory)	6,993 sq. ft.	} 672	N/A	
40, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebu Bakau factory)	4,085 sq. ft.		N/A	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	5,608	N/A	10 Sept 1999
	Factory Building	60,702 sq. ft.	5,192	1	14 July 2000
2579, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai Pulau Pinang	Land (Leasehold 60 years expiring 23.01.2045)	3.02 acres	2,939	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	} 2,371	} 10	} 19 July 1999
	Double-storey office building	4,450 sq. ft.			
Min Nam Coastal Free Trade Zone, Nanjing, Zhangzhou, Fujian, People's Republic Of China (In Progress)	Factory	33,368 sq. ft.	} 1,069	} N/A	} 24 Oct 2000
	Three-storey building cum workers hostel	9,095 sq. ft.			

\* Approximate figures

FACTORIES	DESCRIPTION	LAND AREA/ BUILT-UP AREA	NET BOOK VALUE @ 31.03.2001	APPROX. AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
<b>OFFICE CUM WORKSHOP</b>					
51, Jalan Layang-layang 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan	Land (Freehold)  1½ storey semi-detached factory erected on it	7,201 sq. ft.	750  422	N/A  4	26 May 1997
<b>WAREHOUSE</b>					
No. 2739, Mukim 6 Lorong Nagasari 5 Taman Nagasari 13600 Prai Pulau Pinang	Land (Leasehold expiring 09.05.2051)  Single storey building used as a warehouse with a small section as office	3.25 acres  10,744 sq. ft.	3,149  1,807	N/A  5	22 Jun 1996
<b>GENERAL PROPERTIES</b>					
No. 11,12,13,14 Tingkat 3, Block C Taman Pelangi 13600 Prai Pulau Pinang	4 units of flats (leasehold expiring 07.11.2093 used as production workers accommodation)	700 sq. ft. each	170	5	8 Nov 1994
No. 7, Lorong Nagasari 22 Taman Nagasari 13600 Prai Pulau Pinang	Land (Freehold) 1½ storey terrace factory erected on it (used as production workers accommodation)	2,034 sq. ft.	265	5	10 Nov 1993
1-09-03, Block A, Hilir Paya Terubong 2, Relau, 11900 Pulau Pinang	1 unit Freehold apartment (used as outstation employees' accommodation)	700 sq. ft.	116	3	27 Nov 1998

#### Statement on revaluation policy on landed properties

The directors have adopted the transitional provisions in respect of assets carried at previously revalued amounts for International Accounting Standards ('IAS') No. 16 (Revised): Property, Plant and Equipment as allowed for by the Malaysian Accounting Standards Board ("MASB") to retain the carrying amounts of these freehold and leasehold land and buildings on the basis of their previous revaluation subject to the continuing application of current depreciation policy.

# Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of YLI Holdings Berhad will be held at the Bayan I & II, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 13 September 2001 at 10.00 a.m.

## BUSINESS

1. To receive and adopt the Audited Accounts for the year ended 31 March 2001 together with the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To sanction the declaration and payment of a first and final dividend for the year ended 31 March 2001. (Resolution 2)
3. To approve the Directors' fees for the year ended 31 March 2001. (Resolution 3)
4. (i) To re-elect Dato' Haji Yahaya bin Ahmad who retires in accordance with Section 129(6) of the Companies Act, 1965. (Resolution 4)
- (ii) To re-elect the following Directors who retire in accordance with Article 88 of the Company's Articles of Association:  
  
Mr Loh Toa Thau @ Loh Eng Kim (Resolution 5)  
Dato' Ir Syed Muhammad Shahabudin (Resolution 6)
- (iii) To re-elect Mr Ng Chong Wee who retires in accordance with Article 90 of the Company's Articles of Association. (Resolution 7)
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration. (Resolution 8)
6. SPECIAL BUSINESS  
To consider and, if thought fit, to pass the following as an Ordinary Resolution:-  
Authority to allot shares  
  
"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 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 in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being, subject always to the approval of the relevant regulatory bodies being obtained for such allotment and issue. (Resolution 9)
7. To transact any other business of which due notice shall have been received.

# Closure Of Books

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NOTICE IS ALSO HEREBY GIVEN that the Register of Members of the Company will be closed from 9 November 2001 to 12 November 2001 (both dates inclusive) for the determination of dividend entitlements. The Final Dividend, if approved, will be paid on 5 December 2001 to depositors registered in the Register of Depositors at the close of business on 8 November 2001.

FURTHER NOTICE IS HEREBY GIVEN that a Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 12.30 p.m. on 8 November 2001 in respect of ordinary transfers.
- (b) Shares bought on the Kuala Lumpur Stock Exchange on a cum dividend entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

By Order of the Board

MOLLY GUNN CHIT GEOK (MAICSA 0673097)

Company Secretary

Penang

Date: 22 August 2001

*NOTES:*

1. *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.*
2. *The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 71-A Jalan Jelutong 11600 Penang not less than 48 hours before the time set for the meeting.*
3. *Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.*
4. *The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*
5. *A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.*
6. *Resolution pursuant to Section 132D of the Companies Act 1965*

*The Company is pursuing business opportunities in prospective areas so as to increase the earnings potential of the Company. Such expansion plans may require the issue of new shares not exceeding 10 per cent (10%) of the Company's issued share capital. With the passing of Resolution 9 by the shareholders of the Company at the forthcoming Annual General Meeting, the Directors would avoid delay and cost of convening further general meetings to approve the issue of shares for such purposes.*

# Statement Accompanying Notice Of Annual General Meeting

*pursuant to paragraph 8.28(2) of the Listing Requirements of Kuala Lumpur Stock Exchange*

Directors standing for re-election

Details of attendance at board meetings  
for financial year ended 31 March 2001

Mr Loh Toa Thau @ Loh Eng Kim	5/5
Dato' Ir Syed Muhammad Shahabudin	5/5
Dato' Haji Yahaya bin Ahmad	5/5
Mr Ng Chong Wee*	Nil

*\*Appointed on 30 May 2001.*

## Details of Directors standing for re-election

Mr Loh Toa Thau @ Loh Eng Kim, Malaysian aged 64, was first appointed as the Non-Independent Executive Chairman on 21 May 1997. He is one of the founders of the Group when the Group first began its operations in the 1960s following the setting up of Yew Lean Foundry & Co ("Yew Lean"). He received his education in China. He has vast experience and skills in all aspects of the iron trade and industry. He is credited for charting the growth of the Group, since the inception of Yew Lean which has grown from a small concern to become the leading Ductile Iron pipe manufacturer in Malaysia. He also sits on the Board of several private limited companies including subsidiaries of the YLI Group.

Dato' Ir. Syed Muhammad Shahabudin, Malaysian aged 65, was appointed to the Board on 10 December 1998. He is an Independent Non-Executive Director. He is a Chartered Engineer and has obtained his Diploma in Civil Engineering, United Kingdom. He has been a consulting engineer for the waterworks sector for 38 years. He has devoted the earlier part of his career in the public sector serving the Public Works Department, Malaysia; nearly all the time in the water section. His last appointment was as Chief Executive Engineer, Penang Water Authority. The latter part of his career was spent in the private sector; in the consulting engineering industry specialising mainly in water engineering.

In January 1975, he became a partner in the consulting engineering firm of Binnie dan Rakan. The firm was restructured in 1980 as Syed Muhammad, Hooi dan Binnie Sdn Bhd and he became the Chairman and Managing Director. When the firm was restructured in 1995 as SMHB Sdn Bhd, he assumed the duty as Executive Chairman. As a consulting engineer, he has been involved in several project feasibility studies in water supply, water supply distribution and upgrading studies, multi purpose water resources and river basin, drainage and irrigation, and sewerage.

He is President of the Malaysian Water Association (MWA).

Dato' Haji Yahaya bin Ahmad, Malaysian aged 72, was appointed to the Board on 15 October 1998. He is an Independent Non-Executive Director. He received his Sijil Tinggi Pelajaran and had attended courses for Company Directors.

Prior to his retirement, he was serving in the public sector for 35 years as a teacher and headmaster. He was formerly a state assemblyman serving the Penang State Government for 10 years and has been actively involved in politics and social activities. He has served as a Board member of Pihak Berkuasa Air Pulau Pinang for 5 years and was a member of Majlis Perbandaran Pulau Pinang. He also sits on the board of several private limited companies in Malaysia.

Mr Ng Chong Wee, Malaysian aged 32, was appointed to the Board on 30 May 2001. He is an Independent Non-Executive Director. He is a member of CPA Australia and Malaysian Institute of Accountants (MIA). He holds a Bachelor of Commerce degree from University of New South Wales, Australia majoring in Accounting with disciplinary minor in Legal Studies and Taxation. He started his career in Audit in BDO Binder and subsequently, Coopers & Lybrand (now known as PricewaterhouseCoopers). Thereafter, he served as Group Accountant in Sriwani Holdings Berhad. Since April 2000, he is the Financial Controller of Malayan Electro-Chemical Industry Co Sdn Bhd, a company involved in the manufacturing of petrol chemical products. He also sits on the board of several private limited companies.

*Other information*

1) Directorship of public companies

None of the directors standing for re-election holds any directorship in other public companies.

2) Securities holdings in the listed issuer and its subsidiaries

None of the above directors hold any shares in the Company or any of its subsidiary companies save for Mr Loh Toa Thau @ Loh Eng Kim as disclosed on page 19 under Directors' interests.

3) Family relationship

None of the above directors are related to any director and/or major shareholder of the Company save for Mr Loh Toa Thau @ Loh Eng Kim who is the father of Mr Loh Yok Yeong, the Group Managing Director.

4) Conflict of interest

None of the above directors has any conflict of interest with the Company.

5) Convictions for offences

None of the above directors has been convicted of any offences within the past 10 years other than traffic offences, if any.

Shareholding represented by Proxy

I/We \_\_\_\_\_  
*(Full Name In Capital Letters)*

of \_\_\_\_\_  
*(Address)*

being a member/members of YLI Holdings Berhad ("the Company"), hereby appoint \_\_\_\_\_

\_\_\_\_\_  
*(Full Name)*

of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_  
 or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at the Bayan I & II, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 13 September 2001 at 10.00 a.m. and at any adjournment thereof in the manner indicated:-

		FOR	AGAINST
Resolution 1	Adoption of accounts and reports of Directors and Auditors		
Resolution 2	Declaration and payment of a first and final dividend		
Resolution 3	Approval of Directors' fees		
Resolution 4	Re-election of Directors:		
Resolution 5	Dato' Haji Yahaya bin Ahmad		
Resolution 6	Mr Loh Toa Thau @ Loh Eng Kim		
Resolution 7	Dato' Ir Syed Muhammad Shahabudin		
Resolution 8	Mr Ng Chong Wee		
Resolution 9	Re-appointment of Messrs PricewaterhouseCoopers as Auditors and authorising the Directors to determine their remuneration		
Resolution 9	Authority to allot shares		

Please indicate with "X" how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2001.

Number of shares held

\_\_\_\_\_  
 Signature/Common Seal of Appointer

*Notes:*

- i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.*
- ii) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 71-A Jalan Jelutong 11600 Penang not less than 48 hours before the time set for the meeting.*
- iii) Where a member appoints two or more proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.*
- iv) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of any officer or attorney duly authorised.*
- v) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act 1965.*



*Please fold across the lines and close*

The Company Secretary  
**YLI Holdings Berhad**

71-A, Jalan Jelutong,  
11600 Penang, Malaysia

stamp



**YLI HOLDINGS BERHAD** Co.No.367249-A

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