

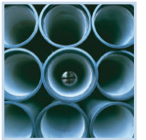
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BOARD OF DIRECTORS

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*
 Datin Khairah binti Tahir**
 Chan Kok Soo*
 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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

OPTIONS COMMITTEE

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

AUDITORS

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

SHARE REGISTRAR

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

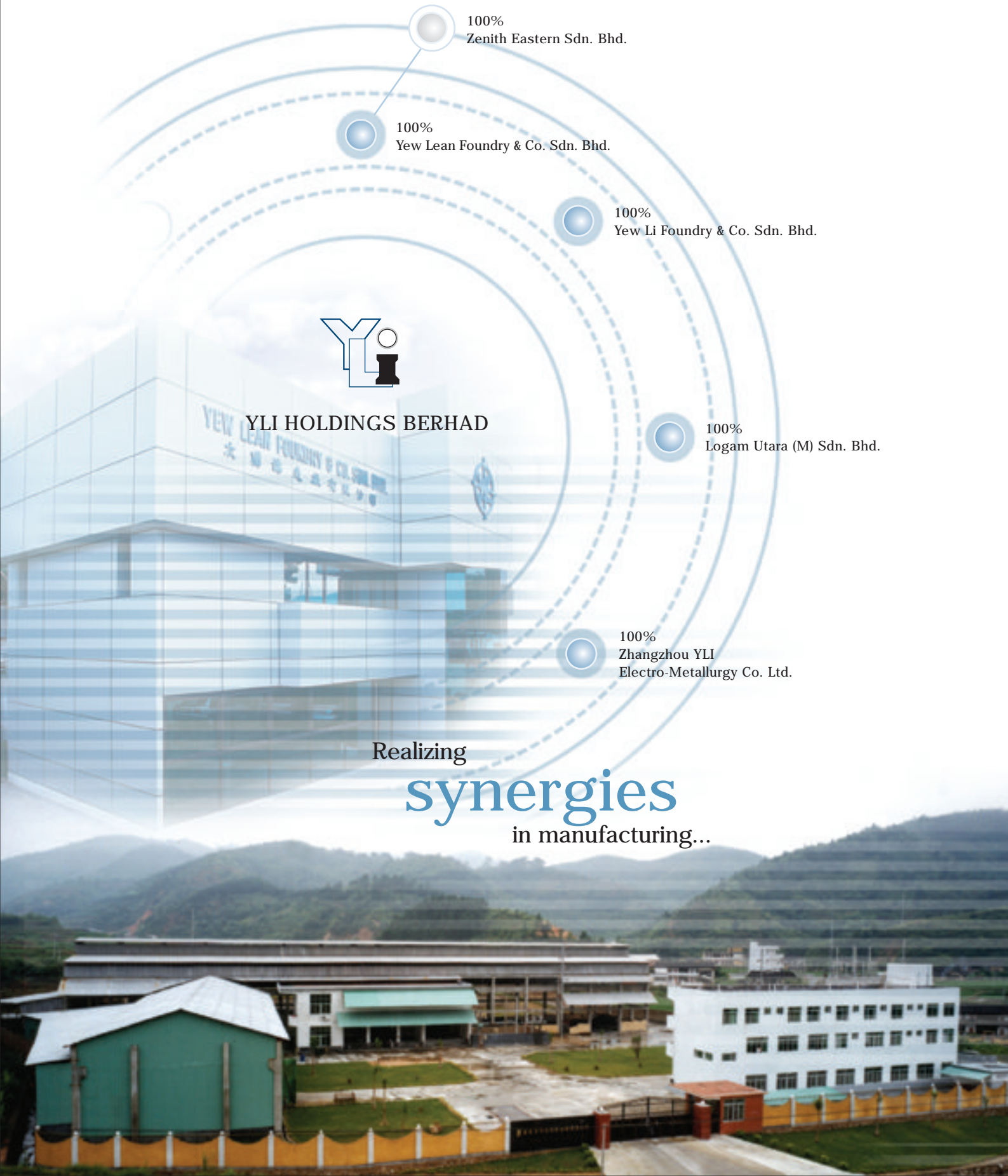
PRINCIPAL BANKERS

Malayan Banking Berhad
 Southern Bank Berhad
 United Overseas Bank (Malaysia) Berhad
 EON Bank Berhad

STOCK EXCHANGE LISTING

The Main Board
 Kuala Lumpur Stock Exchange

Sector : Industrial Products
 Stock Name : YLI
 Stock Code : 7014



YLI HOLDINGS BERHAD

100%
Zenith Eastern Sdn. Bhd.

100%
Yew Lean Foundry & Co. Sdn. Bhd.

100%
Yew Li Foundry & Co. Sdn. Bhd.

100%
Logam Utara (M) Sdn. Bhd.

100%
Zhangzhou YLI
Electro-Metallurgy Co. Ltd.

Realizing

synergies

in manufacturing...

”YOU can live
 without love,
 but you can't live
 without water.“


”declared Works Minister
 Datuk Seri S. Samy Vellu,
 at the opening of Water 2002 conference”



May 2002
 Water 2002 exhibition

Financial Calendar

FINANCIAL YEAR END	31 March 2002
ANNUAL GENERAL MEETING	19 September 2002
ANNOUNCEMENT OF RESULTS	
First Quarter	23 August 2001
Second Quarter	27 November 2001
Third Quarter	27 February 2002
Fourth Quarter	30 May 2002
ANNUAL REPORT	
Date of issuance	28 August 2002
DIVIDENDS	
First and final Recommendation	30 May 2002
Payment Date (if approved)	3 December 2002



On behalf of the Board of Directors of YLI Holdings Berhad, it is my pleasure to present the Annual Report and Audited Accounts of the Group for the financial year ended 31 March 2002. The Group has turned in another year of impressive improvement in its financial performance.

Financial Performance

Group turnover increased by 20.27% to RM92.1 million as compared to RM76.6 million in the preceding year. The higher turnover was achieved due to higher demand for the Group's Ductile Iron pipes and fittings.

The Group achieved a pre-tax profit of RM27.4 million, a significant gain of 38.26% over the previous year while Group after-tax profit increased by 19.48% to RM19.6 million. This was attributed mainly to higher turnover and significant production efficiency gains. Basic earnings per share for the financial year stood at 31.90 sen. Shareholders' funds increased by RM18.2 million to RM108.7 million as at 31 March 2002.

Dividends

The Group has always been prudent to maintain its current healthy and strong financial position. Consequently, its net cash position at the end of the financial year was RM12.7 million. The Company will continue its policy of retaining a significant portion of earnings for future investment opportunities.

The Board is recommending a first and final dividend of 5% per share less tax of 28% for the financial year ended 31 March 2002.

The Group has registered compounded annual earnings growth rates in excess of 31.50% over the last 5 years. Our balance sheet strength is a real advantage in these challenging and uncertain times. It is reassuring for our customers and suppliers who are increasingly seeking stability and reliability in their business relationships. This in turn allows us to deal with high quality partners and invest selectively for future growth.



Operations Highlights

During the year under review, the Group's strategy to enhance its core business of manufacturing Ductile Iron pipes and fittings contributed substantially to its good performance. The Group's expansion programme has been completed during the year. The higher production capacity of 50,000 MT per annum coupled with greater efficiency has strengthened the Group's competitive edge. The focused strategy and on-going cost control measures have shown positive results as demonstrated by its higher pre-tax profit.

The Group's carburizer plant in China has commenced production and its present production capacity stands at 8,000 MT per annum. Besides catering for the factory's own consumption, the carburizer is also sold to the local Chinese market and exported to Taiwan, Korea and Germany.

The Group will continue to maximize its strength in its core business of manufacturing of Ductile Iron pipes, fittings and related products for the waterworks industry. The Group's primary focus will be the Malaysian market while it continues to increase its presence in the export markets. With added capacity and other operational cost-cutting measures, it will be able to further enhance its competitiveness when trade liberalization occurs.

Our strategic focus remained unchanged for the past 10 years - to be the leader in the manufacturing and marketing of premium quality Ductile Iron pipes and fittings for the water and sewerage sectors. We continue to enhance our production efficiencies, reduce our cost base as we position the Company for sustained long-term growth.

We have refined our channels to market to reflect our customers' needs and have brought a sharper focus to our product range. I am glad to say that our management focus and passion in this business has given us a unique competitive advantage and allowed us to be an increasingly versatile and powerful market leader.



Corporate Governance

The Board of Directors has reviewed and considered the principles and best practices of the Code on Corporate Governance and recognized the importance of adopting good corporate governance. In addition, the Board will also ensure the requirements of the KLSE listing requirements are applied and adhered to by the Company.

Our Industry

Under the Eighth Malaysia Plan, the demand for water for domestic, commercial and industrial use is expected to increase by 5.4 percent per annum. The water supply coverage is expected to increase to 95 percent, with close to 100 percent coverage of urban areas and 91 percent of rural areas in 2005.

Non-revenue water (NRW) remains a top priority for concern and the focus will be on measures to minimize wastage and losses as water losses through leakages become more rampant due to the aging distribution network. Pipe bursts and leakages (mainly due to old asbestos cement pipes) account for 16 to 30% of NRW. The government has drawn out a long term master plan to ensure efficient water management which includes increasing investment to replace old pipelines.*

Our prospects

In order to meet the increased demand for water and in line with the Government's efforts to reduce the percentage of non-revenue water (NRW) from 39% in 2002 to 20% by year 2015, the Group is poised to be a beneficiary of these measures. It is estimated that the Eighth Malaysia Plan will see a total of 6,700 km of pipelines being installed*. The Group is therefore, optimistic of its future prospects given its excellent track record, established brand name and established distribution network.

Our priority is to continue to maintain our competitive edge with emphasis on consistent product quality, reliability and service. We will continue to look for opportunities for expansion in water related businesses to further enhance shareholders' value.

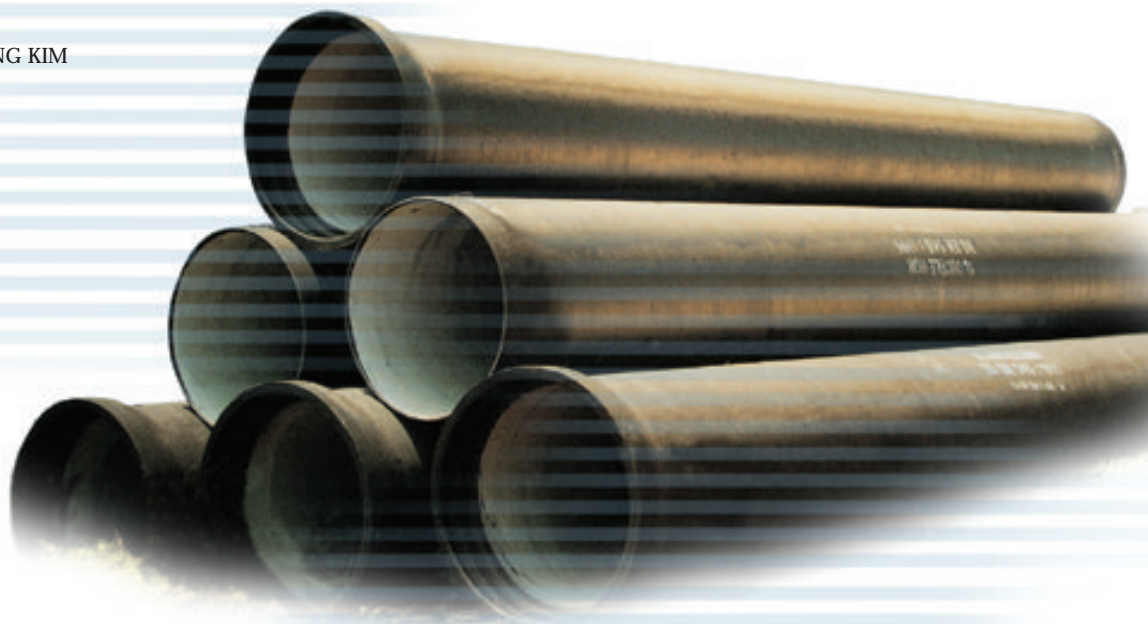
* Source : Malaysia Water Industry Guide 2002.

Appreciation

On behalf of the Board, I would like to thank all our employees for their commitment and contribution to the success of the Group for the past year. I would also like to express my appreciation to the management team, valued clients and associates for their loyalty. To valued shareholders, I would like to thank them for their continuous support and confidence in the Group.

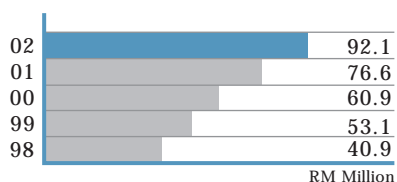
LOH TOA THAU @ LOH ENG KIM
Executive Chairman

Through our astute investments, the Company has been able to capitalize on our expanded and more integrated production capacity to better meet the needs of our customers and solidify our position in the market place.

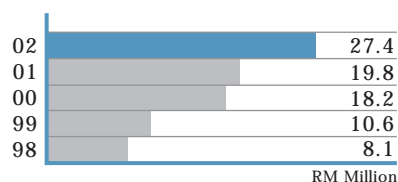


Group Financial Highlights

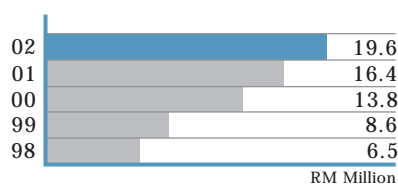
Leading Through Technology and Quality



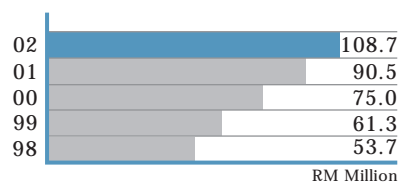
Turnover



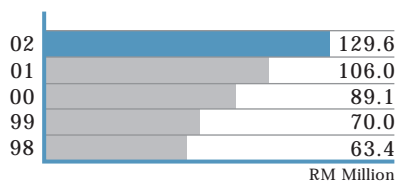
Profit Before Taxation



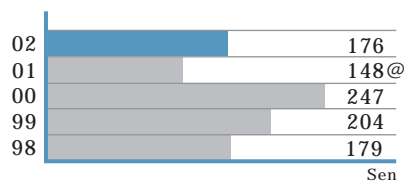
Profit After Taxation
Attributable To Shareholders



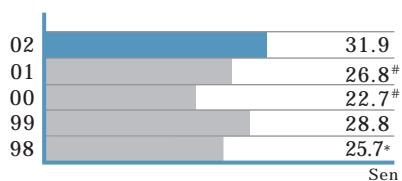
Shareholders' Funds



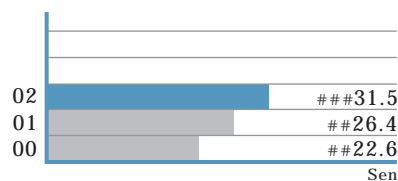
Total Assets Employed



Net Tangible Assets Per Share



Basic Earnings Per Share



Diluted Earnings Per Share

* 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 weighted average number of shares in issue of 62,078,487 (2001 : 62,064,637) after adjustment for all dilutive potential ordinary shares.

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

	FINANCIAL YEAR ENDED 31 MARCH				
	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000	1998 RM'000
Turnover	92,125	76,600	60,892	53,130	40,869
Profit Before Taxation	27,357	19,786	18,176	10,594	8,058
Profit After Taxation Attributable to Shareholders	19,574	16,383	13,761	8,648	6,539
Shareholders' Funds	108,729	90,522	75,041	61,318	53,750
Total Assets Employed	129,604	105,963	89,108	70,048	63,394
Profit After Taxation as a Percentage of Shareholders' Funds	18.0	18.1	18.4	14.0	12.1
Basic Earnings Per Share (sen)	31.90	#26.77	#22.69	28.83	*25.70
Diluted Earnings Per Share (sen)	###31.53	##26.40	##22.60	N/A	N/A
Net Tangible Assets Per Share (RM)	1.76	@1.48	2.47	2.04	1.79
No. of Shares in Issue	61,786	61,250	30,346	30,000	30,000

* 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 weighted average number of shares in issue of 62,078,487 (2001 : 62,064,637) after adjustment for all dilutive potential ordinary shares.

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

Our gains in terms of profitability and financial strength, over the past 5 years have been consistent year on year. While the underlying economic conditions over the period have been challenging, we manage to deliver consistent annual growth - all without the aid of any significant leverage. This will serve us well in the coming years and will certainly give us tremendous flexibility to tap into our increasing funding capacity when unique market opportunities arise.

Our Performance

		2002 RM '000	2001 RM '000	% Change
INCOME STATEMENT				
Turnover		92,125	76,600	20.27
Profit Before Taxation		27,357	19,786	38.26
Profit After Taxation		19,574	16,383	19.48
BALANCE SHEET				
Total assets employed		129,604	105,963	22.31
Shareholders' funds		108,729	90,522	20.11
RATIOS				
Current ratio	times	4.33	4.40	-1.59
Interest coverage	times	73.24	60.17	21.72
Return on equity	%	19.65	19.79	-0.71
Return on total assets	%	16.62	16.80	-1.07
Financial leverage ratio	times	0.05	0.05	0
Earnings per share	sen	31.53	26.40	19.43
Net tangible assets per share	RM	1.76	1.48	18.92
31st March closing price	RM	4.28	2.42	76.86

Mr Loh Toa Thau @ Loh Eng Kim

Mr Loh Toa Thau @ Loh Eng Kim, Malaysian aged 65, was first appointed as the Non-Independent Executive Chairman on 21 May 1997. He is the Chairman 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 has attended all four Board meetings held during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Mr Loh Yok Yeong

Mr Loh Yok Yeong, Malaysian aged 38, 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 has attended all four Board meetings held during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Mr Lee Then Wah

Mr Lee Then Wah, Malaysian aged 62, was appointed as Group Executive Director on 16 October 1997. He is a Non-Independent and 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 has attended all four Board Meetings during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Dato' Ir Syed Muhammad Shahabudin

Dato' Ir Syed Muhammad Shahabudin, a Malaysian aged 66 was appointed to the Board on 10 December 1998. He is an Independent and a Non-Executive Director. He is a Professional Engineer, Malaysia and a Chartered Engineer in the UK and a Fellow of the Chartered Institution of Water and Environmental Management, UK.

He has devoted the earlier part of his career in the public sector serving the Public Works Department, Malaysia between 1963 – 1974, 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 specializing 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 when he became a shareholder, 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 in the past 27 years, he has been involved in several water and water-related projects from conceptual to implementation stages.

He is President of the Malaysian Water Association (MWA) for the past 7 years and sits on the board of the International Water Association (IWA). He is a board member of the Selangor Water Management Board (LUAS).

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 has attended three Board Meetings during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Datin Khairah Binti Tahir

Datin Khairah Binti Tahir, Malaysian aged 48, was appointed as Director on 21 May 1997 bringing with her more than 20 years experience in water industry. She is Non-Independent and a 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 has attended two Board Meetings held during the financial year. She has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Dato' Haji Yahaya bin Ahmad

Dato' Haji Yahaya bin Ahmad, Malaysian aged 73, was appointed to the Board on 15 October 1998. He is Independent and a Non-Executive Director. He is a member of the Audit, Remuneration and Nomination 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 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 has attended all the four Board Meetings held during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Mr Chan Kok Soo

Mr Chan Kok Soo, Malaysian aged 67, 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. He is the Chairman of Audit and Nomination Committees as well as member of the Remuneration Committee. At present, he is the Non-Executive Vice-Chairman of George Kent (M) Berhad ("GKM"). He joined GKM in 1960 and was appointed 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 also a Non-Executive Director of Jacks International Limited.

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 four Board meetings and other committee meetings held during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Mr Foong Kai Choong

Mr Foong Kai Choong, Malaysian aged 40, was appointed to the Board on 16 October 1997. He is Non-Independent and a Non-Executive Director. He is the Chairman of Remuneration Committee as well as a member of the Options and Nomination 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 has attended all the four Board Meetings held during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

Mr Ng Chong Wee

Mr Ng Chong Wee, Malaysian aged 33, was appointed to the Board on 30 May 2001. He is Independent and a 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 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 on 30 May 2001, he has attended all three Board meetings held subsequent to his appointment during the financial year. He has had no convictions for any offences within the past 10 years other than traffic offences, if any.

The Board of Directors of YLI Holdings Berhad has always recognized the importance of adopting good corporate governance to protect and enhance shareholders' value. As such, the Board fully supports the recommendations of the principles and best practices contained in Part 1 and Part 2 of the Malaysian Code on Corporate Governance respectively. In accordance with the revamped Listing Requirements of the KLSE, the manner in which principles of the Code have been applied and the extent of compliance with the best practices during the year is disclosed below.

The Board is satisfied that the Group has substantially applied the principles on Part 1 and its compliance with the best practices as set out in Part 2 of the Code throughout the year save where otherwise identified.

A. The Board

The Board of Directors is responsible for the control and proper management of the Company. The Board meets at least four times a year, with additional matters resolved by way of circular resolutions as and when necessary. Amongst others, key matters such as approval of annual and quarterly results, financial statements, dividend recommendations, major acquisitions and disposals, major capital expenditures, risk management policies, appointment of Directors are discussed and decided by the Board.

For the year ended 31 March 2002, four Board meetings were held. The record of attendance of each Director is set out below:

Board of Directors' Meeting			31 March 2002					
			May '01	Aug '01	Nov '01	Feb '02		
Directors	Position	Attendance				Total	%	
1 Loh Toa Thau @ Loh Eng Kim	Executive Chairman	●	●	●	●	4	100	
2 Loh Yok Yeong	Group Managing Director	●	●	●	●	4	100	
3 Lee Then Wah	Group Executive Director	●	●	●	●	4	100	
4 Dato' Ir Syed Muhammad Shahabudin	Director	●	●	●		3	75	
5 Dato' Haji Yahaya bin Ahmad	Director	●	●	●	●	4	100	
6 Datin Khairah binti Tahir	Director		●	●		2	50	
7 Chan Kok Soo	Director	●	●	●	●	4	100	
8 Foong Kai Choong	Director	●	●	●	●	4	100	
9 Ng Chong Wee (Appointed w.e.f. 30/05/01)	Director	N/A	●	●	●	3	100	
Total number of meetings held:						4		

Relationship of the Board to Management

There is a clear division of responsibility between the Executive Chairman and the Group Managing Director. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The non-Executive members provide unbiased and independent views to safeguard the interests of shareholders.

Board balance

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. The Board presently has nine Directors comprising three Executive Directors and six non-Executive Directors, of whom four are independent. The composition of the Board also fairly reflects the investment of the minority shareholders of the company as only two out of the total of nine members represent the interests of Fuji Fusion Sdn Bhd, the largest shareholder of the Company.

On 30 May 2002, Mr Chan Kok Soo was appointed as the Senior Independent Non-Executive Director to whom concerns may be conveyed. Telephone number : 04-2821942; Facsimile number : 04-282 0821; E-mail address : corporate@ylihq.po.my

Size of Board

Given the nature and scope of the Group's operations, the Board considers that the current size of the Board adequate and facilitates effective decision-making. The Board is satisfied that the Directors collectively bring to the Board diversity in business experience, in-depth financial and technical expertise and perspective for it to operate effectively.

Supply of Information

All Directors are provided with the agenda and board papers in sufficient time prior to meetings. The Directors have access to the advice and services of the Company Secretary who is responsible to ensure that Board procedures are followed and that the Company complies with relevant laws and regulations. If necessary, the Directors can seek professional advice and opinion from independent external consultants.

At meetings, the Management updates the Board on the business and market factors relevant to the Group.

Board Committees

The Board has also delegated specific responsibilities to four main committees namely the Audit, Remuneration, Nomination and Options Committees, which operate within approved terms of reference. These committees put forward recommendations and report to the Board. Final decision on all matters lies with the Board.

Appointments to the Board

A Nomination Committee was set up on 24 May 2001 comprising three non-Executive Directors, two of whom are independent. The members are Mr Chan Kok Soo (Independent Non-Executive Director) who is the Chairman, Dato' Haji Yahaya bin Ahmad (Independent Non-Executive Director) and Mr Foong Kai Choong (Non-Executive Director). There is a formal procedure for appointments of new Directors and a formal set of terms of reference had been approved.

The Nomination Committee assists the Board on the following functions:

- 1) Recommends to the Board candidates for Directorships
- 2) Consider candidates proposed by the Managing Director or any director
- 3) Recommends to the Board Directors to fill the seats on Board committees
- 4) Review the Board structure, size and composition

The final decision on appointments rests on the Board. The Nomination Committee had one meeting during the financial year ended 31 March 2002 and another on 30 May 2002.

There have been no resignations from the Board. At the last meeting on 30 May 2002, the Board through the Nomination Committee has reviewed and found the current mix of skills and experience adequate and effective. As such, the Board through the Nomination Committee feels that the annual assessment and review of the Board's and Committee's competency and assessment on the contribution from each individual Director are unnecessary until there is any change to the Board.

Re-election of Directors

In accordance with the Company's Articles of Association ("Articles"), all Directors except for the Group Managing Director who is on contract with the Company, shall retire from office at least once every three (3) years but shall be eligible for re-election.

The names of Directors who are standing for re-election at the Seventh Annual General Meeting of the Company to be held on 19 September 2002 are contained in the Statement Accompanying the Notice of AGM.

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme (MAP) organised by the Research Institute of Investment Analysts. The Company Secretary ensures that every new Director is provided with essential information pertaining to his responsibilities under the rules and regulations and all Directors are kept informed of any changes in relevant laws and regulations.

B. Directors' Remuneration

Remuneration Policy and Procedure

The Remuneration Committee was formed on 24 May 2001 and has met once since its formation. It comprises mainly non-executive Directors. The members are Mr Foong Kai Choong (Chairman) who is a non-Executive Director, Dato' Haji Yahaya bin Ahmad (Independent non-Executive Director), Mr Chan Kok Soo (Independent non-Executive Director) and Mr Loh Yok Yeong (Group Managing Director)

Remuneration Policy and Procedure (cont'd)

The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders approval at the Annual General Meeting.

The aggregate remuneration of the Directors during the financial year is set out below:

A. Aggregate Remuneration

	Executive Directors RM	Non-Executive Directors RM
Fees	86,000	75,000
Salaries	694,000	-
Bonus	113,000	-
Benefits in kind	47,850	-
Other benefits	316,880	-
	<u>1,257,730</u>	<u>75,000</u>

B. Band (RM)

Band (RM)	Executive Director	Non-Executive Director	Total
0 - 50,000	-	6	6
150,001 - 200,000	1	-	1
500,001 - 550,000	1	-	1
600,001 - 650,000	1	-	1

The Board of Directors feels that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

C. Shareholders

Relationship with shareholders and investors

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through the KLSE Link, press releases, annual report and circulars to shareholders. The Company also responds to ad-hoc requests from institutional investors and analysts for a better understanding on the Group's strategy and financial performance.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors. Notice of the AGM and annual reports are sent at least 21 days before each meeting.

D. Accountability and Audit

Financial Reporting

In presenting the annual financial statements and quarterly financial results to shareholders, the Directors aim to present a fair and balanced assessment of the Group's financial position and prospects. The Board is assisted by the Audit Committee to review the information disclosed to ensure accuracy and adequacy. A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 17 of this Annual Report.

Statement on Internal Control

The Board of Directors acknowledges its responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. Due to limitations that are inherent in any system of internal control, it should be noted that such system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Further, such system can only provide reasonable but not absolute assurance against material risks or loss.

There is an on-going process for identifying, evaluating and managing significant risks that may be faced by the Group. The system of internal control covers operational, financial, compliance with applicable laws and risk management. The internal control system helps to safeguard shareholders' investment and the Group's assets.

Internal Audit facilitates the overall internal control system and an internal control working committee comprising the Group Managing Director and heads of major departments oversees a risk management framework, which has already been in place during the year.

In reviewing the adequacy and the integrity of the system of internal control, the management from each key area identifies the risks, likelihood, consequences and actions taken to manage the risks relating to their area. The risk profile and control measures are raised to senior management and Audit Committee of the Board. The effectiveness of the system is monitored and reviewed quarterly by the Audit Committee, which receives report from the internal auditor. Control measures are in place to resolve any weaknesses (if any) identified in the reports.

There were no material losses incurred during the financial year as a result of weaknesses in internal control that would require disclosure in the annual report. The Management continues to review and take measures to strengthen the internal control environment.

Relationship with the Auditors

The Board has established a close and transparent relationship with the external auditors of the Company. As disclosed on pages 18 to 20, the Audit Committee is the independent channel of communication for the external and internal auditors. It also reviews the activities of the internal audit function as well as the effectiveness of the system of internal control.

Additional Compliance Information

Non-audit fees

The amount of non-audit fees paid to external auditors for the financial year was RM17,800.

Exercise of Options

During the financial year, a total of 536,000 options were exercised in respect of the YLI Group Employees' Share Option Scheme.

During the financial year:

- a) No proceeds were raised by the Company from any corporate proposal.
- b) There were no share buybacks by the Company during the financial year.
- c) None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.
- d) The Company did not sponsor any American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR") programmes.

- e) There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.
- f) 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.
- g) There is no profit guarantee given by the Company.
- h) There were no material contracts of the Company and its subsidiaries involving Directors' and major shareholders' interests.
- i) There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

A Shareholder's Mandate was granted at the Extraordinary Meeting held on 13 September 2001 for the following RRPT:-

Nature of Transactions	Transacting Party (Company)	FY 2002 Actual (RM'000)	Interested related party
Sale of finished goods comprising mainly Ductile Iron pipes and fittings by the YLI Group (as the Vendor)	Pakar Sains Sdn Bhd (as the Purchaser)	12,245.76	Datin Khairah Binti Tahir

Datin Khairah Binti Tahir has no interest (direct or indirect) in YLI apart from her position as non-Executive Director. She is the Managing Director and major shareholder of Pakar Sains Sdn Bhd.

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 has taken reasonable steps to deter and minimize fraud and other irregularities

Members

Chan Kok Soo*	Chairman	* Independent Non-Executive Director
Dato' Haji Yahaya bin Ahmad*		** Executive Director (Group Managing Director)
Ng Chong Wee*		
Loh Yok Yeong**		

* Mr Ng Chong Wee is a member of 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.

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 statements, 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 requirements.
- (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.
- (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;
 - (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:
- to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;
 - to consider the nomination of a person or persons as external auditors and the audit fee;
 - to consider any questions of resignation or dismissal of external auditors.
- 4.4 In respect of the internal audit function:
- 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;
 - 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;
 - to review any appraisal or assessment of the performance of members of the internal audit function;
 - to approve any appointment or termination of senior staff members of the internal audit function; and
 - to inform itself of any resignation of internal audit staff member 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.

For the financial year ended 31 March 2002, four (4) Audit Committee meetings were held. The attendance of each member is as set out below:

Audit Committee Meeting		31 March 2002					
		May '01	Aug '01	Nov '01	Feb '02		
Committee Members	Position	Attendance				Total	%
1 Chan Kok Soo	Chairman	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	4	100
2 Loh Yok Yeong	Member	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	4	100
3 Dato' Haji Yahaya bin Ahmad (Appointed w.e.f. 27/06/01)	Member	N/A	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	3	100
4 Ng Chong Wee (Appointed w.e.f. 27/06/01)	Member	N/A	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	3	100
5 Datin Khairah binti Tahir (Resigned w.e.f. 27/06/01)	Member	N/A	N/A	N/A	N/A	N/A	N/A
Total number of meetings held:						4	

Activities of the Audit Committee

During the financial year ended 31 March 2002, the Audit Committee has performed its duties as set out in the terms of reference. The committee has also reviewed with the internal auditor the audit plan, audit reports, the scope of audit and assessed the adequacy of the internal control system.

Activities of the Internal Audit Department

The Group has its own internal audit department in addition to the appointment of PricewaterhouseCoopers for its initial audit plan. Internal Audit is independent of the activities it audits. The scope of the internal audit is based on the audit plan approved by the Audit Committee. The internal auditor reports to the Audit Committee on a quarterly basis and provides the committee with independent views on the effectiveness of the system of internal control after its reviews. The Management has taken steps to strengthen the control on any weaknesses identified in the reports. The audit on all subsidiaries was undertaken using the risk-based approach.

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Leading Through Technology and Quality



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Directors' Report

for the financial year ended 31 March 2002

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 2002.

Principal activities

The principal activity of the Company during the financial year is that of investment holding. The principal activities of the Group consist of manufacturing and marketing of ductile iron pipes and fittings, cast iron fittings and related products as well as manufacturing of raw materials for foundry use. 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	<u>19,574,227</u>	<u>2,152,043</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 2001 are as follows:

In respect of the financial year ended 31 March 2001:

As declared in the Directors' Report for that financial year, a first and final dividend of 3.5% less tax at 28%, paid on 5 December 2001	1,543,500
Underprovision - paid on 5 December 2001	<u>1,411</u>
	<u>1,544,911</u>

The Directors now recommend the payment of a final dividend of 5% per ordinary share less tax at 28% amounting to RM2,224,296 subject to the approval of members at forthcoming Annual General Meeting.

Share capital

During the financial year, the issued and fully paid up share capital of the Company was increased from RM61,250,000 to RM61,786,000 by way of issuance of 536,000 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. 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 who have held office during the period since the date of the last report are as follows:

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

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			
	1 April	Bought	Sold	31 March
YLI Holdings Berhad				
Loh Toa Thau @ Loh Eng Kim				
Direct	76,000	303,000	0	379,000
Indirect	27,863,004	184,000	0	28,047,004
Loh Yok Yeong				
Direct	264,000	0	0	264,000
Indirect	27,863,004	184,000	0	28,047,004
Lee Then Wah				
Direct	48,000	20,000	(41,000)	27,000
Chan Kok Soo				
Direct	16,000	0	0	16,000

	Number of options over ordinary shares of RM1			
	1 April	Granted	Exercised	31 March
YLI Holdings Berhad				
Loh Toa Thau @ Loh Eng Kim				
	540,000	0	(240,000)	300,000
Loh Yok Yeong				
	492,000	0	0	492,000
Lee Then Wah				
	310,000	0	(20,000)	290,000

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 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 except as disclosed in note 5 and note 7 to the financial statements.

Directors' benefits (cont'd)

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 of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance 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 of 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 allowance for doubtful debts in the financial statements of the Group's and of the Company's operations inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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's operations for the financial year in which this report is made; 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.

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 subsidiary companies 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 Holdings Berhad's shares comprised in the option that may be executed in a particular financial 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.

The outstanding options at the end of the financial year are disclosed as follows:

Date of expiry	Balance at 1 April 2001	Granted and accepted	Exercised	Lapsed	Balance at 31 March 2002
29 November 2004	3,126,000	0	(536,000)	(46,000)	2,544,000

Employees' Share Option Scheme (cont'd)

The lapsed amounts are attributed to employees' resignations.

As at 31 March 2002, options to subscribe for 556,000, 8,000, 1,954,000, 24,000 and 2,000 ordinary shares of RM1 each can be exercised at the respective option prices of RM1.36, RM1.37, RM2.65, RM2.38 and RM2.60 per share. These options remain unexercised as at 31 March 2002. The consideration is payable in full on application.

Auditors

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

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 June 2002.

Loh Toa Thau @ Loh Eng Kim
Director

Lee Then Wah
Director

We have audited the financial statements set out on pages 28 to 50. 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 statement 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 of the Company as at 31 March 2002 and of the results and cash flows of the Group and of 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' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

PricewaterhouseCoopers
[AF-1146]
Chartered Accountants

Cho Choo Meng
[2082/09/02 (J)]
Partner of the firm

Penang
28 June 2002

Income Statements

for the financial year ended 31 March 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	4	92,125,416	76,599,519	3,355,554	2,617,334
Cost of sales		(56,162,148)	(49,425,817)	0	0
Gross profit		35,963,268	27,173,702	3,355,554	2,617,334
Other operating income		119,970	108,550	0	90
Selling and distribution costs		(3,557,904)	(3,271,897)	0	0
Administrative expenses		(4,747,692)	(3,867,198)	(286,511)	(374,437)
Other operating expenses		(42,281)	(23,239)	0	0
Profit from operations	6	27,735,361	20,119,918	3,069,043	2,242,987
Finance costs	8	(378,680)	(334,410)	0	0
Profit from ordinary activities before taxation		27,356,681	19,785,508	3,069,043	2,242,987
Taxation	9	(7,782,454)	(3,402,662)	(917,000)	(695,864)
Net profit after taxation		19,574,227	16,382,846	2,152,043	1,547,123
Earnings per share (sen)					
- basic	10	31.9	26.8		
- diluted	10	31.5	26.4		
Dividend per share (sen)	11	5.0	3.5	5.0	3.5

Balance Sheets

as at 31 March 2002

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	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Non current assets					
Property, plant and equipment	12	69,604,609	70,439,883	0	0
Subsidiary companies	13	0	0	18,306,448	18,306,448
		<u>69,604,609</u>	<u>70,439,883</u>	<u>18,306,448</u>	<u>18,306,448</u>
Current assets					
Inventories	14	13,376,526	11,059,543	0	0
Trade and other receivables	15	28,616,871	16,797,034	11,857	6,475
Amounts due from subsidiary companies	16	0	0	35,214,960	41,086,371
Tax recoverable		179,076	0	128,108	0
Deposits, bank and cash balances	17	17,827,334	7,666,523	11,893,236	4,679,885
		<u>59,999,807</u>	<u>35,523,100</u>	<u>47,248,161</u>	<u>45,772,731</u>
Less: Current liabilities					
Trade and other payables	18	4,678,602	3,953,698	152,607	128,508
Provision for taxation		4,482,135	1,672,581	0	15,261
Borrowings	19	2,211,527	836,828	0	0
Hire-purchase liabilities	20	245,030	60,006	0	0
Proposed ordinary dividend		2,224,296	1,543,500	2,224,296	1,543,500
		<u>13,841,590</u>	<u>8,066,613</u>	<u>2,376,903</u>	<u>1,687,269</u>
Net current assets		<u>46,158,217</u>	<u>27,456,487</u>	<u>44,871,258</u>	<u>44,085,462</u>
Less: Non current liabilities					
Deferred taxation	21	3,855,432	3,552,096	0	0
Borrowings	19	2,960,000	3,732,767	0	0
Hire-purchase liabilities	20	218,140	89,991	0	0
		<u>7,033,572</u>	<u>7,374,854</u>	<u>0</u>	<u>0</u>
		<u>108,729,254</u>	<u>90,521,516</u>	<u>63,177,706</u>	<u>62,391,910</u>
Capital and reserves					
Share capital	22	61,786,000	61,250,000	61,786,000	61,250,000
Share premium	23	334,971	11,511	334,971	11,511
Revaluation and other reserves	24	1,853,514	1,853,756	0	0
Share application monies	25	0	0	0	0
Retained earnings	26	44,754,769	27,406,249	1,056,735	1,130,399
Shareholders' equity		<u>108,729,254</u>	<u>90,521,516</u>	<u>63,177,706</u>	<u>62,391,910</u>

Consolidated statement of changes in equity

for the financial year ended 31 March 2002

Note	Issued and fully paid ordinary shares of RM1 each		Share application monies RM	Share premium RM	Non-distributable		Distributable		Total RM
	Number of shares	Nominal value RM			Revaluation reserves RM	and other reserves RM	Retained earnings RM		
At 1 April 2000	30,346,000	30,346,000	160,210	7,606,572	1,856,911		35,071,275	75,040,968	
Net profit for the financial year	0	0	0	0	0	0	16,382,846	16,382,846	
Dividend for the financial year ended:									
- 31 March 2000	11	0	0	0	0	0	(9,468)	(9,468)	
- 31 March 2001	11	0	0	0	0	0	(1,543,500)	(1,543,500)	
Issue of shares									
- bonus issue		30,609,000	30,609,000	0	(8,114,096)	0	(22,494,904)	0	
- transfer from share application monies	25	57,000	57,000	(160,210)	103,210	0	0	0	
- exercise of share options		238,000	238,000	0	417,450	0	0	655,450	
ESOS expenses			0	0	(1,625)	0	0	(1,625)	
Exchange fluctuation differences arising in the financial year		0	0	0	0	(3,155)	0	(3,155)	
Net loss not recognised in income statement		0	0	0	(1,625)	(3,155)	0	(4,780)	
At 31 March 2001		61,250,000	61,250,000	0	11,511	1,853,756	27,406,249	90,521,516	
At 1 April 2001		61,250,000	61,250,000	0	11,511	1,853,756	27,406,249	90,521,516	
Net profit for the financial year		0	0	0	0	0	19,574,227	19,574,227	
Dividend for the financial year ended:									
- 31 March 2001	11	0	0	0	0	0	(1,411)	(1,411)	
- 31 March 2002	11	0	0	0	0	0	(2,224,296)	(2,224,296)	
Issue of shares									
- exercise of share options		536,000	536,000	0	323,460	0	0	859,460	
Exchange fluctuation differences arising in the financial year		0	0	0	0	(242)	0	(242)	
Net loss not recognised in income statement		0	0	0	0	(242)	0	(242)	
At 31 March 2002		61,786,000	61,786,000	0	334,971	1,853,514	44,754,769	108,729,254	

Company statement of changes in equity

for the financial year ended 31 March 2002

	Note	Issued and fully paid ordinary shares of RM1 each		Non-distributable		Distributable	Total RM
		Number of shares	Nominal value RM	Share application monies RM	Share premium RM	Retained earnings RM	
At 31 March 2000		30,346,000	30,346,000	160,210	7,606,572	23,631,148	61,743,930
Net profit for the financial year		0	0	0	0	1,547,123	1,547,123
Dividend for the financial year ended:							
- 31 March 2000	11	0	0	0	0	(9,468)	(9,468)
- 31 March 2001	11	0	0	0	0	(1,543,500)	(1,543,500)
Issue of shares							
- bonus issue		30,609,000	30,609,000	0	(8,114,096)	(22,494,904)	0
- transfer from share application monies	25	57,000	57,000	(160,210)	103,210	0	0
- exercise of share options		238,000	238,000	0	417,450	0	655,450
ESOS expenses			0	0	(1,625)	0	(1,625)
Net loss not recognised in income statement		0	0	0	(1,625)	0	(1,625)
At 31 March 2001		61,250,000	61,250,000	0	11,511	1,130,399	62,391,910
At 1 April 2001		61,250,000	61,250,000	0	11,511	1,130,399	62,391,910
Net profit for the financial year		0	0	0	0	2,152,043	2,152,043
Dividend for the financial year ended:							
- 31 March 2001	11	0	0	0	0	(1,411)	(1,411)
- 31 March 2002	11	0	0	0	0	(2,224,296)	(2,224,296)
Issue of shares							
- exercise of share options		536,000	536,000	0	323,460	0	859,460
At 31 March 2002		61,786,000	61,786,000	0	334,971	1,056,735	63,177,706

Cash Flow Statements

for the financial year ended 31 March 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Operating cash flows					
Cash flows from/(used in) operations	27	22,578,759	24,483,782	8,836,401	(131,503)
Taxation paid		(4,848,640)	(4,734,167)	(1,060,369)	(846,747)
Interest paid		(46,079)	(334,410)	0	0
Interest received		184,769	173,497	122,770	142,916
		(4,709,950)	(4,895,080)	(937,599)	(703,831)
Net operating cash flows		17,868,809	19,588,702	7,898,802	(835,334)
Investing cash flows					
Acquisition of a subsidiary company		0	0	0	(1,900,450)
Proceeds from disposal of property, plant and equipment		96,000	44,000	0	0
Purchase of property, plant and equipment	12	(7,180,809)	(23,076,304)	0	0
Net investing cash flows		(7,084,809)	(23,032,304)	0	(1,900,450)
Financing cash flows					
Proceeds from short term borrowings		1,339,476	0	0	0
Payment of hire-purchase liabilities		(237,156)	(56,270)	0	0
Proceeds from term loans		0	2,000,000	0	0
Repayment of term loans		(1,144,684)	(729,380)	0	0
Dividend paid		(1,544,911)	(1,101,924)	(1,544,911)	(1,101,924)
Net proceeds from issuance of share capital		859,460	653,825	859,460	653,825
Net financing cash flows		(727,815)	766,251	(685,451)	(448,099)
Effect of exchange rate changes					
on cash and cash equivalents		(242)	(3,155)	0	0
Net changes in cash and cash					
equivalents during the financial year		10,055,943	(2,680,506)	7,213,351	(3,183,883)
Cash and cash equivalents at the beginning of the financial year		7,666,523	10,347,029	4,679,885	7,863,768
Cash and cash equivalents at the end of the financial year	28	17,722,466	7,666,523	11,893,236	4,679,885

1 General information

The principal activity of the Company during the financial year is that of investment holding. The principal activities of the Group consist of manufacturing and marketing of ductile iron pipes and fittings, cast iron fittings and related products as well as manufacturing of raw materials for foundry use.

The number of employees of the Group at the end of the financial year was 318 (2001: 262). 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 as follows:

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 under historical cost convention unless otherwise indicated in the accounting policies below and comply 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to 31 March 2002. Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Subsidiary companies are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

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 company 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.

3 Significant accounting policies (cont'd)

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	31.3.2002 RM	31.3.2001 RM
1 US Dollar	3.8000	3.8000
1 Singapore Dollar	2.0410	2.1560
1 Chinese Renminbi	0.4591	0.4598
1 Euro	3.3430	Nil

Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently stated at valuation in the years indicated in note 12 to the financial statements and subsequent additions are stated at cost less subsequent amortisation/depreciation/impairment. The cost of other property, plant and equipment comprises their purchase costs and any incidental costs of acquisition. All other property, plant and equipment are stated at cost less accumulated depreciation.

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 is not depreciated.

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

3 Significant accounting policies (cont'd)

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
Plant, machinery and equipment	10 - 33.3
Motor vehicles	20
Furniture and fittings	5 - 10
Office equipment	10 - 25

Investments in subsidiary companies

Investments in subsidiary companies are stated at cost. Allowance for diminution in the value of an investment is made where in the opinion of the Directors, there has been 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 allowance is made for any considered to be doubtful of collection based on a review of all outstanding amounts at financial year end. Doubtful debts which have subsequently become bad and for which allowance has been made are written off against the allowance.

Hire-purchase liabilities

Property, plant and equipment acquired under hire-purchase agreements 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 allowance has been made for all deteriorated, obsolete or slow-moving inventories. Cost is determined using the first in, first out method. The cost of raw materials includes all costs in bringing the inventory to their present location and condition. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads. Net realisable value is the price at which the inventories 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 overdrafts 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.

... Notes to the financial statements for the financial year ended 31 March 2002

3 Significant accounting policies (cont'd)

Deferred taxation

Deferred taxation is provided for all timing differences, using the liability method for the different treatment in accounting and tax bases of assets and liabilities. In accounting for timing differences, deferred tax debits are not accounted for unless their realisation is beyond reasonable doubt.

Revenue recognition

Sales are recognised upon shipment 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.

4 Revenue

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of goods	92,002,646	76,456,603	0	0
Interest income	122,770	142,916	264,294	460,434
Dividend income	0	0	3,091,260	2,156,900
	<u>92,125,416</u>	<u>76,599,519</u>	<u>3,355,554</u>	<u>2,617,334</u>

5 Significant party balances and transactions

In relation to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

(i) Significant related party balances

	Company	
	2002 RM	2001 RM
Amounts due from subsidiary companies (non-trade):		
- Yew Lean Foundry & Co. Sdn. Bhd.	30,909,623	37,878,827
- Yew Li Foundry & Co. Sdn. Bhd.	2,206,000	2,206,000
- Logam Utara Sdn. Bhd.	50,000	50,000
- Zhangzhou YLI Electro-Metallurgy Co. Ltd.	2,049,337	951,544
	<u>35,214,960</u>	<u>41,086,371</u>

(ii) Significant transactions with related parties:

	Group	
	2002 RM	2001 RM
Sales of goods to Pakar Sains Sdn. Bhd.	<u>12,245,762</u>	<u>3,492,023</u>

Pakar Sains Sdn. Bhd., a company incorporated in Malaysia, is a company in which Datin Khairah binti Tahir is the Managing Director and the major shareholder with direct shareholding of 33.33%. She has no interest (direct or indirect) in the Company apart from her position as a non-executive Director.

5 Significant party balances and transactions (cond't)

	Company	
	2002	2001
	RM	RM
Gross dividend income from a subsidiary company:		
- Yew Lean Foundry & Co Sdn. Bhd.	3,091,260	2,156,900
Interest income from subsidiary companies:		
- Yew Lean Foundry & Co Sdn. Bhd.	0	314,200
- Zhangzhou YLI Electro-Metallurgy Co. Ltd.	141,524	3,318
	141,524	3,318

The above transactions were based on terms and agreements made in the normal course of business between the Company and the related party/companies.

6 Profit from operations

Profit from operations is stated after charging:

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Auditors' remuneration:				
- statutory audit	48,950	47,293	25,000	25,000
- audit related work	0	24,500	0	24,500
- other services	17,800	7,743	10,700	1,000
Depreciation of property, plant and equipment	5,934,176	6,097,361	0	0
Rental of land and building	53,443	23,663	0	0
Property, plant and equipment written off	2,540,431	996,325	0	0
Loss on disposal of property, plant and equipment	0	1,220	0	0
Bad debts written off	56,852	50,757	0	0
Staff costs*	8,017,119	7,425,651	0	0
	8,017,119	7,425,651	0	0
and crediting:				
Interest income from licensed banks and finance companies	184,769	173,497	122,770	142,916
Rental income	18,840	61,215	0	0
Profit on disposal of property, plant and equipment	34,524	0	0	0
Net unrealised foreign exchange gain	0	13,559	0	0
	0	13,559	0	0

* Staff costs include other emoluments paid and payable to Executive Directors amounting to RM1,096,227 (2001: RM729,863).

7 Directors' remuneration

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Fees	181,000	146,000	111,000	96,000
Other emoluments	1,096,227	729,863	0	0
Estimated money value of benefit-in-kinds	51,521	23,400	0	0
	1,328,748	899,263	111,000	96,000

... Notes to the financial statements

for the financial year ended 31 March 2002

7 Directors' remuneration (cont'd)

The options over ordinary shares of the Company granted to Executive Directors of the Company during the financial year are as follows:

	Granted during the financial year		Unexercised options	
	2002	*2001	2002	2001
Loh Toa Thau @ Loh Eng Kim	0	270,000	300,000	540,000
Loh Yok Yeong	0	246,000	492,000	492,000
Lee Then Wah	0	155,000	290,000	310,000

*Granted by way of bonus issue of shares.

The share options were given to these Directors on the same terms and conditions as those offered to other employees of the Company in accordance with the By-Laws of the ESOS.

8 Finance costs

	Group	
	2002 RM	2001 RM
Hire-purchase interest	30,329	9,577
Term loan interest	302,272	300,492
Bank interest	46,079	24,341
	<u>378,680</u>	<u>334,410</u>

9 Taxation

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Malaysian income taxation:				
Taxation based on the profit for the financial year	7,479,118	1,916,629	917,000	695,864
Deferred taxation (note 21)	303,336	1,479,196	0	0
	<u>7,782,454</u>	<u>3,395,825</u>	<u>917,000</u>	<u>695,864</u>
Underprovision in respect of prior financial years	0	6,837	0	0
	<u>7,782,454</u>	<u>3,402,662</u>	<u>917,000</u>	<u>695,864</u>

The effective rate of taxation of the Company for the current financial year is higher than the statutory rate because certain expenses were not allowable for taxation purposes.

The effective rate of taxation of the Group for the current financial year is higher than the statutory rate because certain expenses were not allowable for taxation purposes.

10 Earnings per share

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit after taxation 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 issuance of ordinary shares pursuant to the ESOS.

	2002 RM	2001 RM
Net profit after taxation (RM)	19,574,227	16,382,846
Weighted average number of ordinary shares in issue	61,354,953	61,196,616
Basic earnings per share (sen)	31.9	26.8

(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 after taxation for the share options calculated.

	2002 RM	2001 RM
Net profit after taxation (RM)	19,574,227	16,382,846
Weighted average number of ordinary shares in issue	61,354,953	61,196,616
Adjustment for share options	723,534	868,021
Weighted average number of ordinary shares for diluted earnings per share	62,078,487	62,064,637
Diluted earnings per share (sen)	31.5	26.4

... Notes to the financial statements for the financial year ended 31 March 2002

11 Dividend

	Group and Company	
	2002	2001
	RM	RM
Proposed ordinary first and final dividend of 5% (2001: 3.5%) less tax 28%	2,224,296	1,543,500
Underprovision of ordinary first and final dividend in respect of the financial year ended 31 March 2001	1,411	9,468
	<u>2,225,707</u>	<u>1,552,968</u>

12 Property, plant and equipment

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

Group only

2002	Land and buildings RM	Plant, machinery and equipment RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Total RM
Cost or valuation						
At 1 April	35,047,428	47,922,611	2,889,339	269,135	532,493	86,661,006
Additions	740,803	5,080,980	1,635,093	25,982	217,951	7,700,809
Disposals	0	0	(359,474)	0	0	(359,474)
Write offs	0	(4,325,756)	0	(3,103)	0	(4,328,859)
At 31 March	<u>35,788,231</u>	<u>48,677,835</u>	<u>4,164,958</u>	<u>292,014</u>	<u>750,444</u>	<u>89,673,482</u>
Accumulated depreciation						
At 1 April	2,215,343	12,301,319	1,481,084	46,664	176,713	16,221,123
Charge for the financial year	636,610	4,608,225	596,192	13,175	79,974	5,934,176
Disposals	0	0	(297,998)	0	0	(297,998)
Write offs	0	(1,787,593)	0	(835)	0	(1,788,428)
At 31 March	<u>2,851,953</u>	<u>15,121,951</u>	<u>1,779,278</u>	<u>59,004</u>	<u>256,687</u>	<u>20,068,873</u>
Net book value						
31 March 2002	<u>32,936,278</u>	<u>33,555,884</u>	<u>2,385,680</u>	<u>233,010</u>	<u>493,757</u>	<u>69,604,609</u>
31 March 2001	<u>32,832,085</u>	<u>35,621,292</u>	<u>1,408,255</u>	<u>222,471</u>	<u>355,780</u>	<u>70,439,883</u>

12 Property, plant and equipment (cont'd)

The Group's land and buildings comprise of:

2002	At 1 April RM	Reclassification RM	Additions RM	At 31 March RM
Cost or valuation				
Freehold land, at valuation	1,841,166	0	0	1,841,166
Long term leasehold land, at valuation	2,550,000	0	0	2,550,000
Building, at valuation	141,155	0	0	141,155
Short term leasehold land and building, at valuation	6,324,260	0	0	6,324,260
Freehold land and building, at cost	2,300,864	0	4,000	2,304,864
Long term leasehold building, at cost	1,973,160	0	0	1,973,160
Long term leasehold flats, at cost	188,200	0	0	188,200
Short term leasehold land and building, at cost	18,413,383	0	200,038	18,613,421
Factory building in progress, at cost	1,068,912	(1,068,912)	0	0
Renovation, at cost	246,328	0	48,027	294,355
Factory building at cost	0	1,068,912	488,738	1,557,650
Total	35,047,428	0	740,803	35,788,231

2002	At 1 April RM	Additions RM	At 31 March RM
Accumulated depreciation			
Long term leasehold land, at valuation	253,923	45,921	299,844
Building, at valuation	20,519	2,413	22,932
Short term leasehold land and building, at valuation	876,538	100,853	977,391
Freehold land and building, at cost	81,429	24,683	106,112
Long term leasehold building, at cost	165,961	36,144	202,105
Long term leasehold flats, at cost	18,083	3,402	21,485
Short term leasehold land and building, at cost	749,016	383,563	1,132,579
Renovation, at cost	49,874	24,449	74,323
Factory building, at cost	0	15,182	15,182
Total	2,215,343	636,610	2,851,953

2002	Depreciation charge for the financial year RM	Net book value RM
Freehold land, at valuation	0	1,841,166
Long term leasehold land, at valuation	45,921	2,250,156
Building, at valuation	2,413	118,223
Short term leasehold land and building, at valuation	100,853	5,346,869
Freehold land and building, at cost	24,683	2,198,752
Long term leasehold building, at cost	36,144	1,771,055
Long term leasehold flats, at cost	3,402	166,715
Short term leasehold land and building, at cost	383,563	17,480,842
Renovation, at cost	15,182	220,032
Factory building, at cost	24,449	1,542,468
	636,610	32,936,278

... Notes to the financial statements for the financial year ended 31 March 2002

12 Property, plant and equipment (cont'd)

The Company's long term leasehold land and short term leasehold land and buildings were revalued by a firm of independent professional valuers in 1994 and 1998 using the open market value basis. Subsequent additions are stated at cost.

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

	2002 RM	2001 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	2,550,000	2,550,000
	<u>10,856,581</u>	<u>10,856,581</u>
Net book value	9,556,414	9,705,601
Net book value – had the above been carried at historical cost	<u>1,644,112</u>	<u>1,676,076</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
2002			
Motor vehicles	700,000	(168,800)	531,200
			<u>531,200</u>
2001			
Machinery and motor vehicles	299,177	(59,835)	239,342
			<u>239,342</u>

(c) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM7,700,809 (2001: RM23,256,304) of which RM520,000 (2001: RM180,000) was acquired by means of hire-purchase agreements. Cash payments of RM7,180,809 (2001: RM23,076,304) were made to purchase property, plant and equipment.

13 Subsidiary companies

	Company	
	2002 RM	2001 RM
Unquoted shares, at cost	18,306,448	18,306,448
		<u>18,306,448</u>

13 Subsidiary companies (cont'd)

Details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Company		Interest in equity held by a subsidiary company		Principal activities
		2002 %	2001 %	2002 %	2001 %	
Yew Lean Foundry & Co. Sdn. Bhd.*	Malaysia	100	100	0	0	Manufacturing and marketing of ductile iron pipes and fittings and other related products.
Yew Li Foundry & Co. Sdn. Bhd.*	Malaysia	100	100	0	0	Manufacturing and marketing of cast iron fittings, saddles and manhole covers and fabrication of pipes.
Logam Utara (M) Sdn. Bhd.*	Malaysia	100	100	0	0	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	100	0	0	Manufacture of raw materials for foundry use.
Zenith Eastern (M) Sdn. Bhd.*	Malaysia	0	0	100	100	Property investment holding.

*These subsidiary companies are audited by a firm of auditors other than PricewaterhouseCoopers, Malaysia.

14 Inventories

	Group	
	2002 RM	2001 RM
At cost:		
Raw materials	3,369,155	2,694,751
Work in progress	410,668	787,559
Finished goods	9,596,703	7,577,233
	<u>13,376,526</u>	<u>11,059,543</u>

... Notes to the financial statements

for the financial year ended 31 March 2002

15 Trade and other receivables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade receivables	26,388,371	16,584,421	0	0
Other receivables	303,777	108,770	0	2,625
Deposits	583,667	82,586	4,350	1,350
Prepayments	1,341,056	21,257	7,507	2,500
	<u>28,616,871</u>	<u>16,797,034</u>	<u>11,857</u>	<u>6,475</u>

16 Amounts due from subsidiary companies

Amounts due from subsidiary companies mainly consist of advances given to subsidiary companies amounting to RM32,990,664 (2001: RM39,542,871) of which only RM1,904,495 (2001: RM948,451) given to a subsidiary company carries interest of 7.5% (2001: 5.3%) per annum. The remaining subsidiary companies' balances are interest free. There are no fixed repayment terms on all advances given to subsidiary companies. Also included in the amounts due from subsidiary companies are dividends receivable from subsidiary companies amounting to RM2,224,296 (2001: RM1,543,500).

17 Deposits, bank and cash balances

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Fixed deposits with:				
Licensed banks	11,188,598	4,329,680	9,302,997	3,607,120
Licensed finance companies	2,851,081	1,316,456	2,452,206	1,008,143
	<u>14,039,679</u>	<u>5,646,136</u>	<u>11,755,203</u>	<u>4,615,263</u>
Cash and bank balances	3,787,655	2,020,387	138,033	64,622
	<u>17,827,334</u>	<u>7,666,523</u>	<u>11,893,236</u>	<u>4,679,885</u>

18 Trade and other payables

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade payables	1,990,947	2,272,115	0	0
Bills payable	107,000	132,394	0	0
Other payables	442,562	614,688	12,727	5,508
Other accruals	2,138,093	934,501	139,880	123,000
	<u>4,678,602</u>	<u>3,953,698</u>	<u>152,607</u>	<u>128,508</u>

19 Borrowings

	Group	
	2002 RM	2001 RM
Current		
Bank overdrafts (unsecured)	104,868	0
Revolving credits (unsecured)	1,339,476	0
Term loans (unsecured)	767,183	836,828
	2,211,527	836,828
Non-current		
Term loans (unsecured)	2,960,000	3,732,767
	5,171,527	4,569,595
Maturity of term loans:		
- not later than 1 year	767,183	836,828
- later than 1 year and not later than 2 years	720,000	772,767
- later than 2 years and not later than 5 years	2,240,000	2,960,000
	3,727,183	4,569,595
Term loans	47,183	169,595
Loan I	3,680,000	4,400,000
Loan II	3,727,183	4,569,595

The repayment terms of the above loans are as follows:

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

Loan II - repayable by eighty-three equal monthly instalments and a final payment commencing 1 September 2000 through to 1 August 2007.

The interest rates applicable for the financial year ranged between 5.45% and 7.80% (2001: 5.20% and 8.30%) per annum.

20 Hire-purchase liabilities

	Group	
	2002 RM	2001 RM
Minimum hire-purchase payments:		
- not later than 1 year	280,272	69,456
- later than 1 year but not later than 2 years	223,047	69,456
- later than 2 years but not later than 5 years	27,047	34,710
	530,366	173,622
Future finance charges on hire-purchase liabilities	(67,196)	(23,625)
Present value of hire-purchase liabilities	463,170	149,997
Representing hire-purchase liabilities		
- current	245,030	60,006
- non-current	218,140	89,991
	463,170	149,997

... Notes to the financial statements for the financial year ended 31 March 2002

20 Hire-purchase liabilities (cont'd)

	Group	
	2002	2001
	RM	RM
Present value of hire-purchase liabilities		
- not later than 1 year	245,030	60,006
- later than 1 year but not later than 2 years	194,551	60,006
- later than 2 years but not later than 5 years	23,589	29,985
	<u>463,170</u>	<u>149,997</u>

21 Deferred taxation

Deferred tax liability provided for in the financial statements:

	Group	
	2002	2001
	RM	RM
At 1 April	3,552,096	2,072,900
Transfer from income statement (note 9)	303,336	1,479,196
At 31 March	<u>3,855,432</u>	<u>3,552,096</u>

22 Share capital

	Company	
	2002	2001
	RM	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	61,250,000	30,346,000
Bonus issue (one for one)	0	30,609,000
Options exercised	536,000	295,000
At 31 March	<u>61,786,000</u>	<u>61,250,000</u>

During the financial year, the issued and fully paid up share capital of the Company was increased from 61,250,000 ordinary shares of RM1 each to 61,786,000 ordinary shares of RM1 each by way of an issue of 536,000 ordinary shares of RM1 each for cash at the respective option prices by virtue of the exercise of the options granted under the ESOS.

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

As at 31 March 2002, options to subscribe for 556,000, 8,000, 1,954,000, 24,000 and 2,000 ordinary shares of RM1 each can be exercised at the respective option prices of RM1.36, RM1.37, RM2.65, RM2.38 and RM2.60 per share. These options remain unexercised as at 31 March 2002. The consideration is payable in full on application.

22 Share capital (cont'd)

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 Holdings Berhad's shares comprised in the option that may be executed in a particular financial 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.

The outstanding options at the end of the financial year are disclosed as below:

Date of expiry	Balance at 1 April 2001	Granted and accepted	Exercised	Lapsed	Balance at 31 March 2002
29 November 2004	3,126,000	0	(536,000)	(46,000)	2,544,000

The lapsed amounts are attributed to employees' resignations.

... Notes to the financial statements

for the financial year ended 31 March 2002

23 Share premium

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At 1 April	11,511	7,606,572	11,511	7,606,572
Premium arising from ESOS exercised in respect of 536,000 (2001: 238,000) ordinary shares	323,460	417,450	323,460	417,450
Transfer from share application monies	0	103,210	0	103,210
ESOS expenses	0	(1,625)	0	(1,625)
Utilised for bonus issue	0	(8,114,096)	0	(8,114,096)
At 31 March	<u>334,971</u>	<u>11,511</u>	<u>334,971</u>	<u>11,511</u>

24 Revaluation and other reserves

	Group	
	2002 RM	2001 RM
Revaluation reserve	1,856,911	1,856,911
Exchange fluctuation reserve	(3,397)	(3,155)
	<u>1,853,514</u>	<u>1,853,756</u>

The movements in each category of reserves are as follows:

	Group	
	2002 RM	2001 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	(3,155)	0
Arising in the financial year	(242)	(3,155)
At end of the financial year	<u>(3,397)</u>	<u>(3,155)</u>

25 Share application monies

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
At beginning of the financial year	0	160,210	0	160,210
Transfer to share capital/share premium	0	(160,210)	0	(160,210)
At end of the financial year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

26 Retained earnings

The Company has, subject to confirmation with Inland Revenue Board, sufficient tax credits to frank the payment of net dividends out of all its retained earnings as at 31 March 2002 without incurring additional taxation.

27 Cash flows from/(used in) operations

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Net profit after taxation	19,574,227	16,382,846	2,152,043	1,547,123
Adjustments for:				
Taxation	7,782,454	3,402,662	917,000	695,864
Depreciation of property, plant and equipment	5,934,176	6,097,361	0	0
(Profit)/loss on disposal of property, plant and equipment	(34,524)	1,220	0	0
Property, plant and equipment written off	2,540,431	996,325	0	0
Interest expense	378,680	334,410	0	0
Interest income	(184,769)	(173,497)	(264,294)	(460,434)
	<u>16,416,448</u>	<u>10,658,481</u>	<u>652,706</u>	<u>235,430</u>
	35,990,675	27,041,327	2,804,749	1,782,553
Changes in working capital:				
Inventories	(2,316,983)	856,627	0	0
Trade and other receivables	(11,819,837)	(4,274,398)	(5,382)	(5,125)
Intercompany balances	0	0	6,012,934	(1,918,462)
Trade and other payables	724,904	860,226	24,100	9,531
	<u>(13,411,916)</u>	<u>(2,557,545)</u>	<u>6,031,652</u>	<u>(1,914,056)</u>
	<u>22,578,759</u>	<u>24,483,782</u>	<u>8,836,401</u>	<u>(131,503)</u>

28 Cash and cash equivalents

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Fixed deposits	14,039,679	5,646,136	11,755,203	4,615,263
Cash and bank balances	3,787,655	2,020,387	138,033	64,622
	<u>17,827,334</u>	<u>7,666,523</u>	<u>11,893,236</u>	<u>4,679,885</u>
Bank overdrafts (note 19)	(104,868)	0	0	0
	<u>17,722,466</u>	<u>7,666,523</u>	<u>11,893,236</u>	<u>4,679,885</u>

... Notes to the financial statements

for the financial year ended 31 March 2002

29 Contingent liabilities (unsecured)

Company

The Company has given guarantees to banks on behalf of certain subsidiary companies for facilities approximating RM55,812,000 (2001: RM54,448,000) of which RM8,838,400 (2001: RM7,917,483) was utilised as at 31 March 2002.

30 Capital commitments

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

	2002 RM	Group 2001 RM
Authorised and contracted	3,882,269	950,000
Analysed as follows:		
- Property, plant and equipment	3,882,269	950,000

31 Segmental reporting

Group	Revenue		Profit from ordinary activities before taxation		Total assets employed	
	2002 RM	2001 RM	2002 RM	2001 RM	2002 RM	2001 RM
By industry						
Manufacturing	90,984,929	74,483,629	27,389,623	19,850,953	111,899,718	95,694,447
Trading	1,017,717	1,972,974	207,691	455,254	1,203,184	1,131,193
Investment holding	122,770	142,916	(240,633)	(520,699)	16,501,514	9,137,343
	<u>92,125,416</u>	<u>76,599,519</u>	<u>27,356,681</u>	<u>19,785,508</u>	<u>129,604,416</u>	<u>105,962,983</u>
By geographical segment						
Malaysia	89,786,711	76,599,519	27,604,815	19,879,417	124,344,967	103,207,871
The People's Republic of China	2,338,705	0	(248,134)	(93,909)	5,259,449	2,755,112
	<u>92,125,416</u>	<u>76,599,519</u>	<u>27,356,681</u>	<u>19,785,508</u>	<u>129,604,416</u>	<u>105,962,983</u>

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

51

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 28 to 50 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2002 and of the results and cash flows of the Group and of 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 on behalf of the Board of Directors in accordance with their resolution dated 28 June 2002.

Loh Toa Thau @ Loh Eng Kim
Director

Lee Then Wah
Director

Statutory Declaration

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 28 to 50 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Loh Bee Hoon

Subscribed and solemnly declared by the abovenamed Loh Bee Hoon at Penang on 28 June 2002.

Before me

Commissioner for Oaths

Analysis of Shareholdings

As At 31 July 2002

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	: RM62,158,000
Number of Holders	: 2,040

Distribution Schedule

No. of Holders	Holdings	Total Holdings	%
10	less than 1,000	242	0.00
1,718	1,000 to 10,000	5,075,966	8.17
263	10,001 to 100,000	8,580,788	13.80
48	100,001 to less than 5% of issued shares	20,823,000	33.50
1	5% and above of issued shares	27,678,004	44.53
2,040		62,158,000	100.00

THIRTY LARGEST SHAREHOLDERS

RANK	NAME OF SHAREHOLDERS	SHAREHOLDINGS	PERCENTAGE
1	Fuji Fusion Sdn Bhd	27,678,004	44.53
2	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	2,450,000	3.94
3	AMMB Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for HLG Penny Stock Fund (5/4-3)	1,611,000	2.59
4	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Liew Kee Sin (CEB)	1,230,000	1.98
5	Ooi Geok Lim @ Loh Geok Lim	1,158,000	1.86
6	Pui Cheng Wui	1,147,000	1.85
7	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Kong Sum Mooi (KLM)	780,000	1.25
8	Tham Jooi Loon	774,000	1.25
9	H'ng Bak Tee	770,000	1.24
10	Lee Cheoh Lai	716,000	1.15
11	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Abrar Investment Fund (N14011960240)	633,000	1.02
12	Tan Chee Ooi	565,000	0.91
13	Tan Chee Chia	455,000	0.73
14	Tan Ah Bay	452,000	0.73
15	Smith Zain Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Teak Siang	400,000	0.64
16	Kong Sum Mooi	390,000	0.63
17	Smith Zain Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fu Yeng Shing	369,000	0.59
18	Malaysia Nominees (Tempatan) Sendirian Berhad Malaysian Trustees Berhad for Alliance Vision Fund (00-10033-000)	360,000	0.58
19	Fuji Fusion Sdn Bhd	352,000	0.57
20	Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)	341,000	0.55
21	Tham Jooi Loon	341,000	0.55
22	Wong Yoon Chyuan	339,000	0.55
23	Goh Thong Beng	310,000	0.50
24	Tasec Nominees (Asing) Sdn Bhd Meespierson Asia Limited for Savern Finance Limited	300,000	0.48
25	SST Nominees (Tempatan) Sdn Bhd Goo Bak Hoo @ Goh Bak Hoe	286,000	0.46
26	Loh Yok Yeong	256,000	0.41
27	Tan Chong Long @ Tan Chong Liang	255,000	0.41
28	Tham Jooi Loon	255,000	0.41
29	Wong Yoon Tet	251,000	0.40
30	Loh Toa Thau @ Loh Eng Kim	239,000	0.38
		<u>45,463,004</u>	<u>73.14</u>

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 31 July 2002 are as follows:-

Name of Shareholders	No of shares			
	Direct	%	Indirect	%
Fuji Fusion Sdn Bhd	28,030,004	45.09	-	-
Loh Eng Kim Co Sdn Bhd	70,000	0.11	@28,030,004	45.09
Loh Toa Thau @ Loh Eng Kim	379,000	0.61	#28,100,004	45.21
Loh Yok Yeong	264,000	0.42	#28,100,004	45.21
Loh Yeok Chuan	-	-	#28,100,004	45.21
Loh Yeok Cheong+	-	-	#28,100,004	45.21

@ 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 31 July 2002 are as follows:-

Name of Shareholders	No of shares			
	Direct	%	Indirect	%
Loh Toa Thau @ Loh Eng Kim	379,000	0.61	#28,100,004	45.21
Loh Yok Yeong	264,000	0.42	#28,100,004	45.21
Lee Then Wah	35,000	0.06	-	-
Chan Kok Soo	16,000	0.03	-	-
Dato' Ir Syed Muhammad Shahabudin	-	-	-	-
Dato' Haji Yahaya bin Ahmad	-	-	-	-
Datin 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 @ 31.03.2002	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	1,812	N/A	1 Nov 1994
	Main factory	76,100 sq. ft.		19	
	Machine workshop	3,200 sq. ft.	4,207	11	
	Canteen	2,050 sq. ft.		6	
	Office building	7,949 sq. ft.		6	
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.	770	30	
	Land (Freehold) Single Storey office Building	3,044sq. ft.	83 53	N/A 3	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.	85	N/A	
39, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebu Bakau factory)	6,993 sq. ft.		N/A	25 Oct 1994
40, East Jelutong, 11600 Pulau Pinang	Land (Freehold) (part of Lebu Bakau factory)	4,085 sq. ft.	672	N/A	
2462, Lorong Perusahaan 10, Prai Industrial Estate, 13600 Prai Pulau Pinang	Land (Leasehold 60 years expiring 13.04.2044)	3.01 acres	5,478	N/A	10 Sept 1999
	Factory Building	60,702 sq. ft.	5,279	2	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	2,872	N/A	19 July 1999
	Single Storey factory cum workshop	40,050 sq. ft.	2,329	11	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	Factory building (on leased land)	33,368 sq. ft.	1,542	1	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 @ 31.03.2002	APPROX. AGE OF BUILDING YEARS	DATE OF REVALUATION/ ACQUISITION
OFFICE CUM WORKSHOP					
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.	750 417	N/A 5	26 May 1997
WAREHOUSE					
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.	3,103 1,771	N/A 6	22 Jun 1996
GENERAL PROPERTIES					
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	167	6	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.	263	6	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.	114	4	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 Seventh Annual General Meeting of YLI Holdings Berhad will be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 19 September 2002 at 10.00 a.m.

BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 March 2002 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 financial year ended 31 March 2002. Resolution 2
3. To approve the Directors' fees for the financial year ended 31 March 2002. 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 84 of the Company's Articles of Association:-
 - Mr Lee Then Wah Resolution 5
 - Mr Foong Kai Choong Resolution 6
5. To re-appoint Messrs PricewaterhouseCoopers as Auditors and to authorise the Directors to determine their remuneration. Resolution 7
6. SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications the following Ordinary Resolutions:-

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 8

Proposed Renewal of Shareholders' Mandate for YLI Holdings Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

- (i) "THAT approval be and is hereby given to the Company and its subsidiaries to renew the Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature to be entered into and to give effect to the specified Recurrent Related Party Transactions, details of which are set out in the Section 2.3 of the Circular to Shareholders dated 28 August 2002, provided that such transactions are:- Resolution 9
 - (a) recurrent transactions of a revenue or trading nature;
 - (b) necessary for the day-to-day operations; and
 - (c) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party than those generally available to the public and are not detrimental to the minority stockholders ("the Mandate").
- (ii) THAT the Mandate is subject to annual renewal and such approval shall only continue to be in force until:-
 - (a) the conclusion of the next annual general meeting of the Company following this annual general meeting, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("CA") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of CA); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,
whichever is the earlier;

(iii) THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the renewal of the Mandate."

7. To transact any other business of which due notice shall have been received.

CLOSURE OF BOOKS

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders, the first and final dividend will be paid on 3 December 2002 to depositors registered in the Register of Depositors at the close of business on 11 November 2002. The Register of Members of the Company will be closed from 12 November 2002 to 14 November 2002 (both dates inclusive) for the determination of dividend entitlements.

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 11 November 2002 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: 28 August 2002

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.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 8 - Authority 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 8 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.

2. Resolution 9 - Renewal of Shareholders' Mandate for YLI Holdings Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature

Please refer to the enclosed Circular to Shareholders.

Statement Accompanying Notice of Annual General Meeting

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

1. Directors standing for re-election are :-

- (a) Dato' Haji Yahaya bin Ahmad
- (b) Mr Lee Then Wah
- (c) Mr Foong Kai Choong

2. Details of attendance of Directors at Board Meetings

The details are set out on page 13 of the annual report.

3. The place, date and time of the Annual General Meeting:-

Bayan Room, Hotel Equatorial,
No 1, Jalan Bukit Jambul,
11900 Bayan Lepas, Penang
On Thursday, 19 September 2002 at 10.00 a.m.

4. Further details of Directors who are standing for re-election

The profile of the Directors who are standing for re-election is set out on pages 10 to 12 of the annual report.

5. Other information on the Directors

Securities holdings in the listed issuer and its subsidiaries

None of the above Directors holds any shares in the Company or any of its subsidiaries save for Mr Lee Then Wah as disclosed on page 23 under Directors' interests.

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 SEVENTH ANNUAL GENERAL MEETING of the Company to be held at the Bayan Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Bayan Lepas, Penang on Thursday, 19 September 2002 at 10.00 a.m. and at any adjournment thereof in the manner indicated:-

		FOR	AGAINST
Resolution 1	- Adoption of financial statements and reports of Directors and Auditors		
Resolution 2	- Declaration and payment of a first and final dividend		
Resolution 3	- Approval of Directors' fees		
	Re-election of Directors:		
Resolution 4	- Dato' Haji Yahaya bin Ahmad		
Resolution 5	- Mr Lee Then Wah		
Resolution 6	- Mr Foong Kai Choong		
Resolution 7	- Re-appointment of Messrs PricewaterhouseCoopers as Auditors and authorising the Directors to determine their remuneration		
Resolution 8	- Authority to allot shares		
Resolution 9	- Proposed Renewal of Shareholders' Mandate for YLI Holdings Berhad and its subsidiaries to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature		

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 _____ 2002.

CDS Account Number	<input type="text"/>
Number of shares held	<input type="text"/>

Signature/Common Seal of Appointer

Notes:

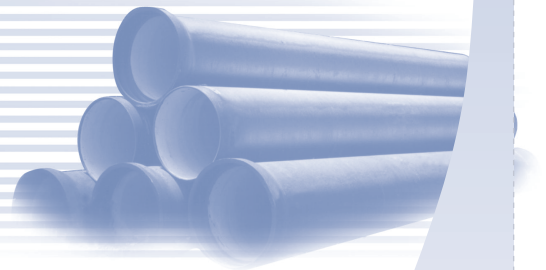
- i) A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (who need not be members of the Company) to attend and vote on his behalf.
- ii) The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 71-A Jalan Jelutong 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.

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stamp

The Company Secretary
YLI Holdings Berhad (367249-A)

71-A, Jalan Jelutong, 11600 Penang, Malaysia



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