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## Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting of the Company will be held at Merbah Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Monday, 28 April 2003 at 10:30 a.m.

### AGENDA

1. To receive and adopt the Audited Financial Statements for the year ended 31 October 2002 and Reports of the Directors and Auditors thereon. Ordinary Resolution 1
- 2a. To re-elect the following Directors, who retire pursuant to Article 133 of the Company's Articles of Association:-
  - i) Dato' Noor Ahmad Mokhtar Bin Haniff Ordinary Resolution 2
  - ii) Mr Chin Kok On Ordinary Resolution 3
- 2b. To re-elect Mr Lai Kwang Hooi @ Lai Bah Eng, who retires pursuant to Section 129 of the Companies Act, 1965. Ordinary Resolution 4
3. To declare a first and final tax exempt dividend of 8% for the year ended 31 October 2002. Ordinary Resolution 5
4. To approve Directors' fees for the year ended 31 October 2002. Ordinary Resolution 6
5. To re-appoint Messrs. KPMG and to authorise the Directors to fix their remuneration. Ordinary Resolution 7
6. As Special Business

To consider, and if thought fit, to pass the following Ordinary Resolution:-

### SECTION 132D OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorized to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Kuala Lumpur Stock Exchange AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier."

Ordinary Resolution 8

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

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO 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 4:00 p.m. on 8 May 2003 in respect of ordinary transfers; and
- b. Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

The dividend, if approved will be paid on 30 May 2003 to depositors registered in the Record of Depositors at the close of business on 8 May 2003.

By Order of the Board

Lam Voon Kean  
(MIA 4793)  
Company Secretary

Penang, 3 April 2003

### Notes :

1. A Member may appoint two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.
5. The details of the Directors standing for re-election as in Agenda 2 are as more particularly disclosed in Pages 5 and 6 of the Annual Report of the Company.

### Explanatory Notes on Special Business:

6. The proposed Resolution 8, if passed, will give authority to the Board of Directors to issue and allot ordinary shares from the unissued capital of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

# Corporate Information

## BOARD OF DIRECTORS

**Dato' Noor Ahmad Mokhtar Bin Haniff**  
*(Chairman / Independent Non-Executive Director)*  
**Chin Kok On**  
*(Managing Director)*  
**Chin Poh On**  
*(Executive Director)*  
**Lai Kwang Hooi @ Lai Bah Eng**  
*(Independent Non-Executive Director)*

## AUDIT COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman  
Chin Kok On - Member  
Lai Kwang Hooi @ Lai Bah Eng - Member

## NOMINATING COMMITTEE

Lai Kwang Hooi @ Lai Bah Eng - Chairman  
Dato' Noor Ahmad Mokhtar Bin Haniff - Member

## REMUNERATION COMMITTEE

Dato' Noor Ahmad Mokhtar Bin Haniff - Chairman  
Lai Kwang Hooi @ Lai Bah Eng - Member  
Chin Kok On - Member

## REGISTERED OFFICE

Suite 2-1, 2nd Floor, Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang  
Telephone No.: 04-229 4390  
Facsimile No.: 04-226 5860  
E-mail: mcsvpg@tm.net.my

## PRINCIPAL BANKERS

**Alliance Bank Malaysia Berhad** (88103-W)  
*(formerly known as Multi-Purpose Bank Berhad)*  
**EON Bank Berhad** (92351-V)  
**RHB Bank Berhad** (6171-M)  
**Southern Bank Berhad** (5303-W)  
**United Overseas Bank (Malaysia) Bhd** (271809-K)

## COMPANY SECRETARY

Lam Voon Kean (MIA 4793)

## AUDITORS

KPMG  
Chartered Accountants  
1st Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang

## SHARE REGISTRAR

Agriteum Share Registration Services Sdn. Bhd.  
(578473-T)  
2nd Floor, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang  
Telephone No.: 04-228 2321  
Facsimile No.: 04-227 2391

## STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange Second Board  
Stock Code: 7139  
Stock Name: YIKON

### DATO' NOOR AHMAD MOKHTAR BIN HANIFF

Dato' Noor Ahmad Mokhtar Bin Haniff, aged 63, was appointed to the Board as the Chairman/Independent Non-Executive Director on 2 March 2002. He was the General Manager of the Penang Development Corporation ("PDC") until 1997 when he retired from the service. He started working in PDC in 1972 as the Director of the first Free Industrial Zone in the country that he helped to plan, develop and manage.

He received a Bachelor of Arts Degree (Hons) in Economics from University Malaya in 1964 and a year later a post-graduate Diploma in Education, from the same university. He also obtained a certificate in Top Management from the Asian Institute of Management in Manila in 1977 and he pursued a course in Development Economics from the World Bank in Tokyo in 1980.

While in the service, he was extensively involved in and sat on numerous councils dealing with economic planning, investment, tourism, education and environment conservation matters in the state of Penang.

His current directorships in public companies, other than Yikon Corporation Bhd are with Globetronics Technologies Bhd, Amtek Holdings Bhd and Eurospan Holdings Berhad. He also sits on the Board of a number of private limited companies.

### CHIN KOK ON

Chin Kok On, aged 40, is the Managing Director of the Company and was appointed to the Board on 2 March 2002. He has more than 20 years of experience in the gold jewellery business. Coupled with his entrepreneur skills, he has steered the Group from a small scale goldsmith to become one of the leading gold jewellery manufacturers and exporters in Malaysia. He is responsible for the overall sales and marketing as well as strategic planning of the Group. He also sits on the Board of several private limited companies.



### CHIN POH ON

Chin Poh On, aged 38, is the Executive Director of the Company and was appointed to the Board on 2 March 2002. He has more than 15 years of valuable experience and knowledge in the gold jewellery business. He participates in trade exhibitions to broaden his knowledge and to keep himself abreast with the latest development in the manufacturing technology in relation to the gold jewellery industry.

His responsibilities include overseeing the production sections and manufacturing technique as well as quality functions of the Group. He also heads the Group's research and development team and provides support to new product development and enhancing the manufacturing capabilities of the Group. He also sits on the Board of several private limited companies.



### LAI KWANG HOOI @ LAI BAH ENG

Lai Kwang Hooi @ Lai Bah Eng, aged 71, was appointed to the Board as an Independent Non-Executive Director on 2 March 2002. He was with the Tax Division of the Inland Revenue Department as an Assistant Examiner and served in Kedah, Perak, Kuala Lumpur and Penang for 22 years. During the course of his work, he took a corresponding course to study Accountancy conducted by Australia Society of Accountants [now known as Certified Public Accountants, Australia ("CPA, Australia")] and obtained his accountancy qualification in 1972. Subsequently, he became an Associate Member of CPA, Australia in 1973, a Member of the Malaysian Institute of Accountants in 1973 and Member of the Malaysian Institute of Certified Public Accountants in 1975.

He set up his own audit firm under the name of Lai Kwang Hooi & Co. and started practicing since 1988. He also sits on the Board of a private limited company.



#### Notes:

1. All the Directors are Malaysian.
2. All the Directors do not have any conflict of interest with the Group other than as disclosed in the Notes to the Financial Statements under Note 18.
3. All the Directors have not been convicted for any offences within the past ten years other than for traffic offences, if any.
4. All the Directors have no family relationship with any other director or major shareholder of the Group with the exception of Mr Chin Kok On and Mr Chin Poh On. Mr Chin Kok On and Mr Chin Poh On are brothers.
5. The Directors' shareholding are as disclosed in page 19 of this Annual Report.

On behalf of the Board of Directors of Yikon Corporation Bhd, it is my pleasure to present the first Annual Report and Financial Statements of the Group for the financial year ended 31 October 2002 since its listing on the Second Board of the Kuala Lumpur Stock Exchange ("KLSE") on 4 June 2002.

### FINANCIAL PERFORMANCE

The Group achieved a turnover of RM55.01 million for the financial year ended 31 October 2002.

The Group achieved a net profit of RM5.28 million, which was approximately 9% lower than what we had forecasted in our Prospectus of RM5.81 million. This was mainly due to the rescheduling of the factory construction and as a result, certain reinvestment allowance, which is entitled to be claimed during the financial year, will only be claimed in the subsequent financial year.

### OPERATIONS REVIEW

Yikon Corporation Bhd and its subsidiary companies is an export-oriented group and its gold jewellery products are exported worldwide.

The global gold jewellery markets is competitive. During the year under review, the Group has been moving towards producing high quality products which can command higher profit margin. The Group has also taken effort to improve its competitiveness in order to compete in the world market. The Board believes that the Group's competitive edges lie in its flexibility to meet demand with the multiplicity product designs, research & development and high quality of its gold jewellery products as well as years of experience in the industry.

### DIVIDENDS

The Board is grateful to all the loyal shareholders for their continual support and has recommended a first and final tax exempt dividend of 8% for the financial year ended 31 October 2002.

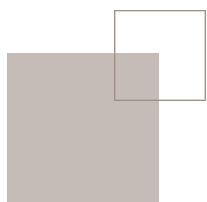
The recommended dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

### CORPORATE DEVELOPMENT

Year 2002 marked a significant milestone in the history of the Company, with the listing of its 40 million ordinary shares of RM1.00 each on the Second Board of the KLSE on 4 June 2002.

Achieving listing status will reinforce our confidence and inspire us to achieve greater heights in the global gold jewellery industry.

### **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 adhered to by the Company.

### **PROSPECTS**

The business environment of the gold jewellery industry is competitive. The Group shall focus to improve its competitiveness by emphasizing on research and development, international networking and market information, innovative and multiplicity product designs, production efficiency as well as product quality.


The Group will continue to strengthen its presence in the Middle East market while exploring new potential markets.



Towards this end, the Group has set up its first retail outlet in China in December 2002. This market expansion strategy will enable the Group to venture into retailing business and also to sell its products directly to end consumers including expanding its customer base. The Group plans to further penetrate into the China's gold jewellery market by establishing more retail outlets in various strategic locations in the year 2003.

The Group remains cautiously optimistic of the long-term prospects of the industry and anticipates that, barring unforeseen circumstances, the Group's performance for the financial year ending 31 October 2003 will be satisfactory.

### **APPRECIATION**



We especially thank the great team of management and staff who have worked with dedication and commitment. With their continued contribution, we look forward to achieving sustained success together in future.

We would also like to take this opportunity to express our sincere appreciation for the confidence and support given by our shareholders, customers, bankers, business associates and various government authorities.

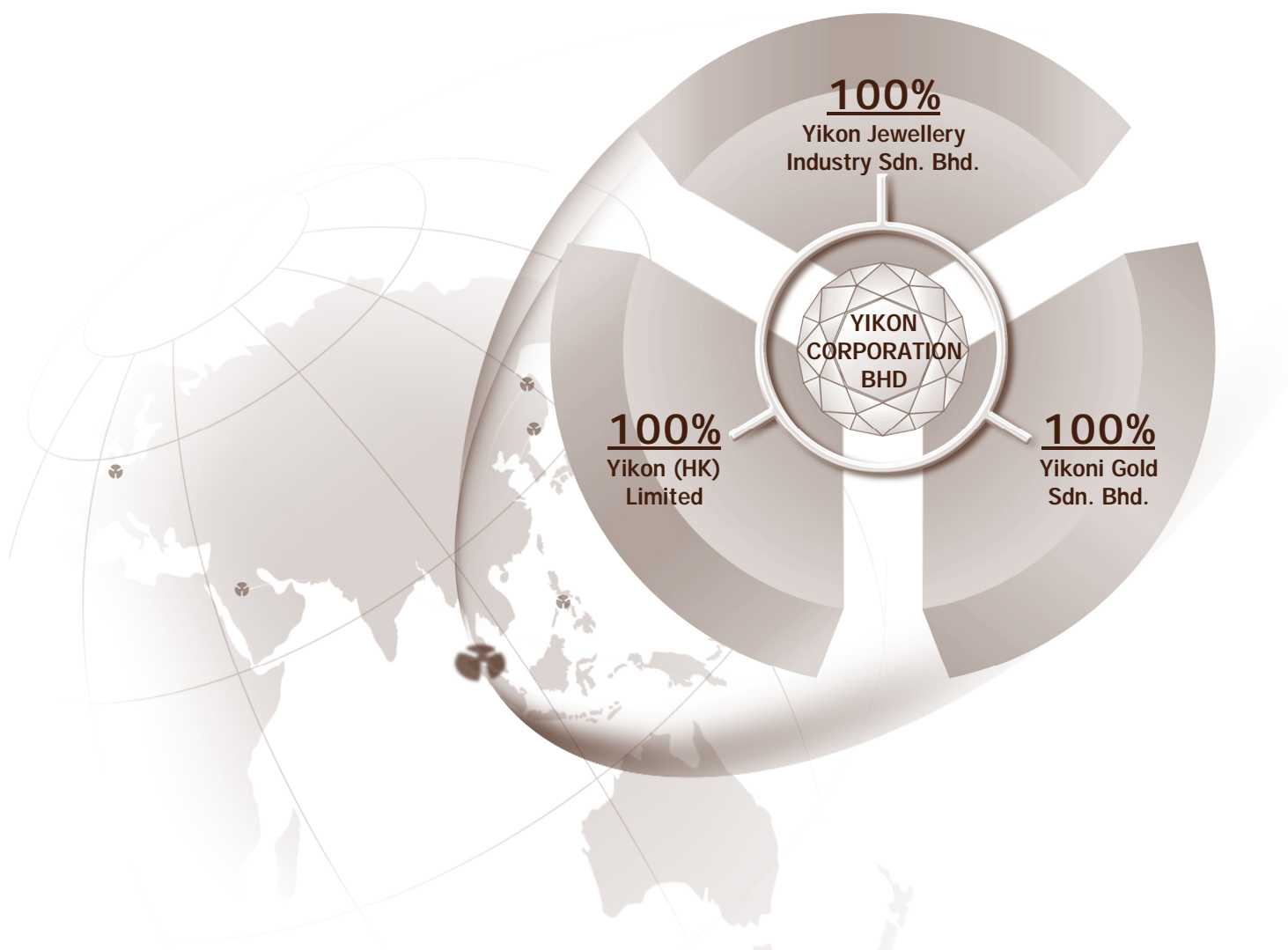
**DATO' NOOR AHMAD MOKHTAR BIN HANIFF**

*Chairman*

## PRINCIPAL ACTIVITIES

Yikon Corporation Bhd (527272-V) is an investment holding company whilst the principal activities of its subsidiary companies are as follows:-

Subsidiary Companies	Date and Place of Incorporation	Effective Equity Interest	Principal Activities
Yikon Jewellery Industry Sdn. Bhd. (225618-T)	28.09.1991 Malaysia	100%	Manufacturer and exporter of gold jewellery and ornaments
Yikoni Gold Sdn. Bhd. (428018-P)	17.04.1997 Malaysia	100%	Trading of gold jewellery and ornaments
Yikon (HK) Limited (540270)	28.02.1996 Hong Kong	100%	Jewellery distributor





# Corporate Governance Statement

The Board of Directors of Yikon Corporation Bhd has always recognized the importance of adopting good corporate governance to protect and enhance shareholders' value.

Set out below are the details on how the Group has applied the Principles of Corporate Governance and the extent of compliance with the Best Practices during the year ended 31 October 2002.

## THE BOARD AND BOARD BALANCE

The Board of Directors is responsible for the overall control and proper management of the Company as well as the strategic direction, establishing goals for the management and monitoring the achievement of these goals. Since the listing of the shares of the Company on the Second Board of the KLSE on 4 June 2002 the Board met once with full attendance for the financial year ended 31 October 2002. Other matters requiring Directors' consent were resolved by way of circular resolutions as and when necessary. All major decisions were made at formal Board Meeting.

There is a clear division of responsibility between the Chairman, who is an Independent Non-Executive Director, and Managing Director. The management of the Group's business and implementation of policies and day to day running of business is delegated to Executive Directors. The Non-Executive Directors provide unbiased and independent views to safeguard the interest of shareholders.

The Board is led and controlled by an experienced Board, the Directors collectively bring to the Board diversity in business experience, in-depth financial and technical expertise which are sufficient to deal with all the business matters of the Group effectively.

The Board presently has four Directors comprising two Executive Directors and two Independent Non-Executive Directors. Given the nature and scope of the Group's operations, the Board considers that the current size of the Board adequate.

## SUPPLY OF INFORMATION

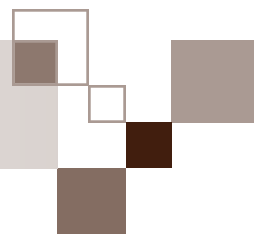
Agenda and board papers are distributed to all Directors prior to meetings. Sufficient notice is always given to all Board and Committee meetings.

The Directors have unrestricted access to advice and services of the Company Secretary as well as other professional advisors to facilitate Directors in discharging their duties.

At meetings, the Management of the Group provides updates to the Board on the business matters relevant to the Group.

## BOARD COMMITTEES

The Board has also set up three main committees namely the Nominating, Remuneration and Audit Committees, which operate within approved terms of reference. These committees put forward recommendations and report to the Board and it is the Board's responsibility to make final decision.



## APPOINTMENTS TO THE BOARD

A Nominating Committee was set up on 16 September 2002 and has met once since its formation. The Nominating Committee comprises of two Independent Non-Executive Directors. The members are Lai Kwang Hooi @ Lai Bah Eng who is the Chairman and Dato' Noor Ahmad Mokhtar Bin Haniff. A formal set of terms of reference has been adopted by the Committee to carry out its functions.

The Nominating Committee assists the Board on the following functions:

1. Considers candidates and recommends to the Board candidates for Directorships.
2. Recommends candidates for Board committees to the Board.
3. Reviews the Board structure, size and composition and to assess the effectiveness of the Board.

The final decisions on appointments rest with the Board. The Nominating Committee shall meet whenever there is a need for the Committee to perform its functions, and at least once every year in carrying out an annual review of the Board.

## RE-ELECTION OF DIRECTORS

In accordance with the Articles of Association ("Articles"), all Directors shall retire from office at least once every three years at the Annual General Meeting but shall be eligible for re-election.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

The Company Secretary shall ensure that the Company meets all the legal and regulatory requirements before the appointments of Directors are made.

## DIRECTORS' REMUNERATION

The Remuneration Committee was formed on 16 September 2002 and has met once since its formation. The members are Dato' Noor Ahmad Mokhtar Bin Haniff who is the Chairman, Lai Kwang Hooi @ Lai Bah Eng and Chin Kok On. The Committee comprises mainly Non-Executive Directors.

The Remuneration Committee recommends to the Board for approval the remuneration package of Directors. The remuneration system takes into account individual performance, Company's performance, responsibilities of the Directors as well as the prevailing rates in the market.

Details of the Directors' remuneration during the year are as follows:-

Category	Fees RM	Allowance RM	Salaries RM	Bonuses RM	EPF RM	Total RM
<b>Executive Directors</b>	29,867	54,000	408,000	68,000	56,304	616,171
<b>Non-Executive Directors</b>	36,666	-	-	-	-	36,666
<b>Total</b>	<b>66,533</b>	<b>54,000</b>	<b>408,000</b>	<b>68,000</b>	<b>56,304</b>	<b>652,837</b>

The number of Directors whose remuneration falls into the following bands comprises:-

Range of Remuneration RM	Number of Directors	
	Executive	Non-Executive
50,000 and below	-	2
50,001 - 100,000	-	-
100,001 - 150,000	-	-
150,001 - 200,000	-	-
200,001 - 250,000	-	-
250,001 - 300,000	1	-
300,001 - 350,000	1	-

## DIRECTORS' TRAINING

All the Directors have attended the Mandatory Accreditation Programme ("MAP") organized by the Research Institute of Investment Analysts. The Directors will continue to attend other relevant training programs to enhance their knowledge, from time to time.

The Company will maintain an orientation programme with the aim of providing an overview of the Group's business operations and its direction for new Board members.

## RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Company keeps shareholders informed on all material business matters affecting the Group by announcements and timely release of quarterly financial results through the KLSE link, press releases, annual report or other channel of communications. The Company also responds to requests from institutional investors and analysts for information on the Group's business strategy and financial performance.

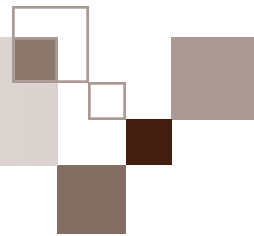
## ANNUAL GENERAL MEETING ("AGM")

The Board will provide opportunities for shareholders to enquire issues and discuss matters with regards to the Group at the AGM. The AGM is the main forum for dialogue and interaction with shareholders and investors. Notice of AGM and annual reports are sent at least 21 days before the meeting.

## ACCOUNTABILITY AND AUDIT

### FINANCIAL REPORTING

In presenting the annual financial statements and quarterly financial results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board to review the information disclosed to ensure its accuracy and adequacy.



## **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board has the responsibility to ensure that the financial statements give true and fair view of the state of affairs of the Company and the Group at the end of the financial year and the results and cash flows of the Company and the Group for the financial year. In preparing the financial statements, the Directors have ensured that accounting standard in Malaysia and the provisions of the Companies Act, 1965 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## **STATE OF INTERNAL CONTROLS**

The Internal Control Statement furnish on page 18 of this Annual Report provides an overview of the state of the internal controls within the Group.

## **RELATIONSHIP WITH THE AUDITORS**

The Board through the Audit Committee has established an appropriate and transparent relationship with the external auditors of the Company.

The Audit Committee serves as an independent channel of communication with the external auditors. The Audit Committee seeks professional advice of the external auditors and ensures compliance with the approved accounting standards in preparing the Company's financial statements.

## **COMPLIANCE STATEMENT**

The Group has complied throughout the year ended 31 October 2002 with all the Best Practices of corporate governance set out in Part 2 of the Code except for the following:-

- Appointment of a senior independent non-executive Director, to whom concerns may be conveyed, has not been made as the Board is of the opinion it is sufficient that the Chairman normally encourages full discussion and deliberation by all Directors during Board meetings.
- The Board does not have a formal schedule of matters specifically reserved to it for decision. However, it has been the practice for the Board to deliberate on significant matters that concern the overall strategy of the Group such as major investment and divestment decisions, financial and operating performance, acquisition and disposal of fixed assets.
- The Board does not have an agreed procedure for Directors, whether as a full Board or in their individual capacity to seek independent professional advice in furtherance of their duties at the Group's expense. Nevertheless, the Board has, subsequent to the year end, proceeded to formalise an agreed procedure in this regard, whereby a formal request has to be submitted to the Board for approval prior to the engagement, whenever such a need arises.
- The Company did not have a separate internal audit unit during the year under review. However, review of internal control features were being regularly carried out to identify any weaknesses in the system. Subsequent to the financial year end, an Internal Audit Unit was established to carry out the scope of work as approved under the Terms of Reference for the Audit Committee of the Company.

This statement is issued in accordance with a resolution of the Directors dated 18 March 2003.



# Audit Committee Report

## AUDIT COMMITTEE

### MEMBERS

#### **DATO' NOOR AHMAD MOKHTAR BIN HANIFF**

*Chairman / Independent Non-Executive Director*

#### **CHIN KOK ON**

*Managing Director*

#### **LAI KWANG HOOI @ LAI BAH ENG**

*Independent Non-Executive Director*

### TERMS OF REFERENCE

1. To consider the appointment of external auditors, the audit fee and any question of resignation or dismissal including recommending the Nominating of person or persons as external auditors;
2. To discuss with the external auditors when necessary on the nature and scope of audit and to ensure coordination of audit where more than one audit firm is involved;
3. To review the quarterly results and year-end financial statements prior to the approval by the Board, focusing on:-
  - going concern assumption
  - compliance with accounting standards and regulatory requirements
  - any changes in accounting policies and practices
  - significant issues arising from the audit
  - major judgmental areas
4. To prepare the Audit Committee Report at the end of each financial year;
5. To discuss problems and reservations arising from the interim and final external audits, and any matters the external auditors may wish to discuss (in the absence of management, where necessary);
6. To review the external auditors' management letter and management's response;
7. To review 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;
8. To do the following when the Internal Audit Unit is established:-
  - review the adequacy of scope, functions and resources of the Internal Audit Unit and that it has the necessary authority to carry out its work;
  - review the internal control programme;
  - ensure coordination of external audit with Internal Audit Unit;
  - consider the major findings of internal control investigations and management's response, and ensure that appropriate actions are taken on the recommendations of the Internal Audit Unit;

- review any appraisal or assessment of the performance of the staff of the Internal Audit Unit;
  - approve any appointment or termination of senior staff members of the Internal Audit Unit;
  - keep itself informed of resignations of Internal Audit Unit members and provide the resigning staff member an opportunity to submit his/her reason for resignation;
  - to monitor related party transactions entered into by the Company and its subsidiaries, and to ensure that the Directors report such transactions annually to shareholders via the annual report;
  - to review and monitor the effectiveness of internal control systems and to evaluate the systems with the external auditors;
9. To carry out such other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board from time to time;
10. In compliance with Paragraph 15.17 of the KLSE Listing Requirements, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements, the Committee must promptly report such matter to the KLSE.

### MEMBERSHIP

- a. The Committee shall be appointed by the Board of Directors amongst the Directors of the Company which fulfills the following requirements:-
- (i) the committee must compose of no fewer than three (3) members;
  - (ii) a majority of the Committee must be independent directors; and
  - (iii) at least one member of the Committee :
    - must be a member of the Malaysian Institute of Accountants; or
    - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and
      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
      - 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.
- b. The members of the Committee shall elect a Chairman from among themselves who shall be independent director.
- c. No alternative director should be appointed as a member of the Committee.
- d. 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 appoint such number of new members as may be required to fill the vacancy.
- e. The Board of Directors shall review the terms of office and performance of the committee and each of its members at least once every three years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

### MEETINGS

The Audit Committee met once with full attendance during the financial year ended 31 October 2002 since the listing of the shares of the Company on the Second Board of the KLSE on 4 June 2002.

A quorum shall consist of a majority of independent directors.

The Company Secretary shall be the Secretary of the Committee or in her absence, another person authorized by the Chairman of the Committee.

The Committee may, as and when deemed necessary, invite other Board members and senior management members to attend the meetings.

The external auditors may be required to attend the meetings when it is necessary. At least once a year, the Committee shall meet with the external auditors.

### AUTHORITY

The Committee in performing its duties, is granted the authority to:

- (i) investigate any issues within its terms of reference;
- (ii) have the necessary resources which are required to perform its duties;
- (iii) have unrestricted access to any information pertaining to the Company;
- (iv) directly communicate with the external auditors and the employees of the Group;
- (v) be able to obtain independent professional or other advice; and
- (vi) have meetings with external auditors, without the attendance of the executive members of the committee, whenever it is deemed necessary.

### ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee carried out its duties in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows :

- Reviewed the external auditors' scope of work and audit plans;
- Reviewed with the external auditors the results of the audit, the audit report and the management letter;
- Reviewed the annual financial statements of the Group and Company with the external auditors, prior to submission to the Board for their consideration and approval;
- Reviewed the Company's compliance, in particular, the quarterly and year-end financial statements with the Listing Requirements of the KLSE, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements; and
- Review on the quarterly unaudited financial results announcements before recommending them for the Board's approval. The review and discussions were conducted with the Senior Manager of Finance and Administration.

### OTHER CORPORATE DISCLOSURE

#### 1. Utilisation of Proceeds

A total gross proceeds of RM23.794 million arising from the rights issue and public issue pertaining to the Public Listing of Yikon Corporation Bhd on the Second Board of the Kuala Lumpur Stock Exchange has been utilized according to the schedule as stated in the Prospectus of Yikon Corporation Bhd dated 24 April 2002.

#### 2. Share Buybacks

During the financial year, there were no share buybacks by the Company.

#### 3. Options, Warrants or Convertible Securities

No Options, Warrants or Convertible Securities were exercised by the Company during the financial year.

#### 4. American Depository Receipt (ADR) Global Depository Receipt (GDR) Programme

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

#### 5. Sanctions and/or Penalties

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

#### 6. Non-Audit Fees

During the year, a total of RM101,200 was payable to KPMG for non-audit services rendered.

#### 7. Profit Estimate, Forecast, Projection or Unaudited Results

The net profit for the financial year was less than 10% negative variance compared with the forecasted net profit as disclosed in the Company's prospectus dated 24 April 2002.

There was no significant variance between the results for the financial year and the unaudited results previously announced.

#### 8. Profit Guarantee

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

#### 9. Material Contracts

There were no material contracts with the Company and its subsidiaries involving Directors' and major shareholders' interest.

#### 10. Revaluation Policy on Landed Properties

The Company does not have a policy of regular revaluation on landed properties.



## Internal Control Statement

### STATEMENT ON INTERNAL CONTROL

The Board of Directors recognise that the Board has the responsibility to maintain a sound system of internal control and the need to review its adequacy and integrity in order to safeguard shareholders' investments and the Group's assets. It should be noted that the system, by its nature, is designed to manage rather than eliminate the risk of failure to achieve business objectives. Such system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Group has a clear organisation structure with well-defined scope of responsibilities and levels of authority. The active involvement of the Executive Directors in the day to day operations of the Group and the contribution by the Audit Committee, as well as the nature of the Group's centrally controlled operations, has enabled the Board to be aware of the state of control system within the Group.

Internal control is an on-going process to identify, evaluate and manage significant risks that the Group may face. The internal control system has been designed to safeguard shareholders' investment and the Group's assets. The internal control covers the areas of operational, financial, investment and other aspects which are deemed necessary.

The Group has the following processes to ensure a sound system of control:-

- An organisation structure with clearly defined lines of responsibility, authority and accountability.
- Management accounts and reports are prepared for effective monitoring and decision making.
- Defined the process of hierarchical reporting in order to establish an auditable trail of accountability.
- The Managing Director reports to the Board of Directors on the performance of the Group and highlights issues which the attention and collective decisions of the Board are needed.
- Operational management has clear responsibility for identifying and evaluating risks that the Group may face.

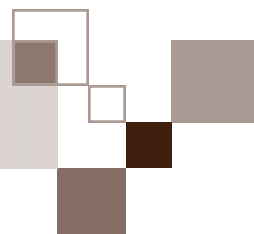
The Board is in the process of setting up an Internal Audit Unit to facilitate the overall internal control system and in future, on a quarterly basis, the Internal Audit Unit will report to the Audit Committee. The Audit Committee, assisted by the Internal Audit Unit, will monitor and review the effectiveness as well as the adequacy and the integrity of the system of internal control of the Group.

During the period under review, there was 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 implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with the resolution of the Directors dated 18 March 2003.

## Analysis Of Shareholdings

as at 26 February 2003



<b>AUTHORISED SHARE CAPITAL</b>	:	RM40,000,000
<b>ISSUED AND FULLY PAID-UP CAPITAL</b>	:	RM40,000,000
<b>CLASS OF SHARE</b>	:	Ordinary shares of RM1 each fully paid
<b>VOTING RIGHT</b>	:	On a show of hands one vote for every shareholder On a poll one vote for every ordinary share held

### ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 999	-	-	-	-
1,000 - 10,000	2701	97.86	3,395,000	8.49
10,001 - 100,000	39	1.41	1,071,000	2.68
100,001 - 1,999,999	16	0.58	13,554,000	33.88
2,000,000 - 40,000,000	4	0.15	21,980,000	54.95
<b>TOTAL</b>	<b>2760</b>	<b>100.00</b>	<b>40,000,000</b>	<b>100.00</b>

### DIRECTORS SHAREHOLDINGS

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Dato' Noor Ahmad Mokhtar Bin Haniff	10,000	0.03	-	-
2	Chin Kok On	3,160,000	7.90	15,660,000	39.15
3	Chin Poh On	3,160,000	7.90	15,660,000	39.15
4	Lai Kwang Hooi @Lai Bah Eng	10,000	0.03	-	-

By virtue of their interests of more than 15% in the shares of the Company, Messrs Chin Kok On and Chin Poh On are also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.

### SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1	Profound Era Sdn. Bhd.	15,660,000	39.15	-	-
2	Chin Kok On	3,160,000	7.90	15,660,000	39.15
3	Chin Poh On	3,160,000	7.90	15,660,000	39.15

## Analysis Of Shareholdings cont'd

as at 26 February 2003

### THIRTY LARGEST SHAREHOLDERS AS AT 26 FEBRUARY 2003

No.	Name	No. of Shares	% of Issued Share Capital
1	Profound Era Sdn. Bhd.	13,160,000	32.90
2	Chin Kok On	3,160,000	7.90
3	Chin Poh On	3,160,000	7.90
4	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Profound Era Sdn. Bhd. (Pen)	2,500,000	6.25
5	Lim Lay Ming	1,930,000	4.82
6	Ng Geok Hua	1,700,000	4.25
7	Mohd Haniff Bin Abd. Aziz	1,486,000	3.72
8	OSK Nominees (Tempatan) Sendirian Berhad EON Finance Berhad For Hamzah Bin Mohd Salleh	1,376,000	3.44
9	Ng Cheong Wah	1,020,000	2.55
10	Lembaga Tabung Angkatan Tentera	1,000,000	2.50
11	Maju Nominees (Tempatan) Sdn. Bhd. Pledged Securities Accounts For Wan Mohd Ismail Bin Wan Hussain	1,000,000	2.50
12	Ng Sai Hwa	862,000	2.16
13	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ong yeow Fooi (100437)	840,000	2.10
14	HDM Nominees (Tempatan) Sdn. Bhd. EON Finance Berhad For Lew Woo Sang @ Liew Woo Sang	480,000	1.20
15	Ong Yeow Fooi	453,000	1.13
16	HDM Nominees (Tempatan) Sdn. Bhd. EON Finance Berhad For Lim Chun Thang	420,000	1.05
17	Affin-ACF Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Ong Yeow Fooi	400,000	1.00
18	HDM Nominees (Tempatan) Sdn. Bhd. EON Finance Berhad For Loo Chee Hin	275,000	0.69
19	Noor Muzammil Bin Noor Ahmad Mokhtar	198,000	0.50
20	Affin-ACF Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Wong Lai Kuen	114,000	0.28
21	Tan Hock Liong	85,000	0.21
22	Liew Yoon Yee	75,000	0.19
23	Lee Wee Thiam	72,000	0.18
24	Amanah Raya Berhad Kumpulan Modal Bumiputra Pahang	70,000	0.17
25	Ong Poo Tin	65,000	0.16
26	Lee Tong Weng	65,000	0.16
27	Leow Kim Guan	60,000	0.15
28	Manura Binti Mohamed Idris	48,000	0.12
29	So Sun Boon	38,000	0.10
30	Othman Bin Desa	29,000	0.07
<b>TOTAL</b>		<b>36,141,000</b>	<b>90.35</b>



# FINANCIAL STATEMENTS

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## Directors' Report

for the year ended 31 October 2002

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 October 2002.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the subsidiaries are set out in Note 3 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Net profit for the year	<u>5,279,120</u>	<u>3,221,695</u>

### RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the year except as disclosed in the financial statements.

### DIVIDEND

No dividend was paid since the end of the previous financial year.

Subject to the shareholders' approval, the directors recommend a first and final tax exempt dividend of 8%, amounting to RM3,200,000 in respect of the financial year ended 31 October 2002.

### DIRECTORS OF THE COMPANY

Directors who served since the date of last report are :

Dato' Noor Ahmad Mokhtar Bin Haniff - <i>Chairman</i>	(Appointed on 2.3.2002)
Chin Kok On	(Appointed on 2.3.2002)
Chin Poh On	(Appointed on 2.3.2002)
Lai Kwang Hooi @ Lai Bah Eng	(Appointed on 2.3.2002)
Lam Voon Kean	(Resigned on 3.3.2002)
Diong Chin Teck	(Resigned on 3.3.2002)

## DIRECTORS' INTEREST IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and of its related companies of those who were directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Name of Directors	<u>Ordinary shares of RM1 each</u>					
	<u>Direct Interest</u>			<u>Deemed Interest</u>		
	Balance at 1.11.2001/*	Allotment	Bought/ (Sold)	Balance at 31.10.2002	Balance at 1.11.2001/*	Balance at 31.10.2002
Chin Kok On	*4,479,724	20,275	(1,339,999)	<b>3,160,000</b>	*11,199,309	<b>15,660,000</b>
Chin Poh On	*4,479,724	20,275	(1,339,999)	<b>3,160,000</b>	*11,199,309	<b>15,660,000</b>
Dato' Noor Ahmad Mokhtar Bin Haniff	-	10,000	-	<b>10,000</b>	-	-
Lai Kwang Hooi @ Lai Bah Eng	-	10,000	-	<b>10,000</b>	-	-

\* At date of appointment

By virtue of their interests of more than 15% in the shares of the Company, Messrs Chin Kok On and Chin Poh On are also deemed to be interested in the shares of all its subsidiaries to the extent the Company has an interest.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than:

- (i) certain directors who may be deemed to derive a benefit from a restructuring scheme approved by the Securities Commission in which the Company issued 22,398,620 new ordinary shares of RM1 each at par, to acquire its subsidiaries from certain directors and a company in which certain directors of the Company have substantial financial interests; and
- (ii) the rental income amounting to RM30,000 paid by a director to a subsidiary.

There were no arrangements during and at the end of the financial year which had the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the restructuring scheme as mentioned above where certain directors of the Company may be deemed to have acquired shares in the Company and pursuant to the listing and quotation of the Company's entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange, 2,000,000 ordinary shares were reserved for directors and eligible employees of the Group.

## ISSUE OF SHARES AND DEBENTURES

During the year, the authorised share capital of the Company was increased from RM100,000 to RM50,000,000 divided into 50,000,000 ordinary shares of RM1 each.

The issued and fully paid-up share capital of the Company was also increased from RM2 to RM40,000,000 as follows:

Date of allotment	No. of ordinary shares	Par value	Consideration
1.3.2002	22,398,620	1.00	Issued pursuant to the acquisition of Yikon Jewellery Industry Sdn. Bhd. at RM1.00 per share
27.3.2002	11,601,378	1.00	Rights issue of approximately 51.80 shares for every 100 shares held at RM1.12 per share
21.5.2002	6,000,000	1.00	Public issue at RM1.80 per share
	<b>39,999,998</b>		

The purpose of the rights issue and public issue is to finance capital expenditure, repayment of bank borrowings, listing expenses and working capital.

## OPTIONS GRANTED OVER UNISSUED SHARES

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

## SIGNIFICANT EVENTS DURING THE YEAR

During the year, the Company obtained approval from the Securities Commission for the following proposals pertaining to its restructuring scheme:

- (i) acquisition of the entire issued and fully paid-up share capital in Yikon Jewellery Industry Sdn. Bhd. ("YJI") by the Company comprising 1,000,000 ordinary shares of RM1.00 each for a total consideration of RM22,398,620 satisfied by the issue of 22,398,620 new ordinary shares of RM1.00 each, at RM1.00 per share in the Company;
- (ii) acquisition of the entire issued and fully paid-up share capital in Yikoni Gold Sdn. Bhd. ("YG") by the Company comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00 satisfied by cash;
- (iii) acquisition of the entire issued and fully paid-up share capital in Yikon (HK) Ltd. ("YHK") by the Company comprising 2 ordinary shares of HK\$1.00 each for a total consideration of RM1.00 satisfied by cash;

The above acquisitions were completed on 1 March 2002.

- (iv) Renounceable Rights Issue of 11,601,378 new ordinary shares of RM1.00 each at an issue price of RM1.12 per share, for cash on the basis of 51.80 new ordinary shares of every 100 existing ordinary shares held, based on the enlarged share capital of 22,398,622 ordinary shares of RM1.00 each in the Company (after the acquisition of YJI). The rights issue was completed on 27 March 2002;

- (v) Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share;
- (vi) Offer for sale of 4,020,000 ordinary shares, representing 10% of the enlarged share capital of the Company at an indicative offer price of RM1.80 per ordinary share; and
- (vii) On 4 June 2002, the entire issued and paid up ordinary shares of the Company was listed and quoted on the Second Board of the Kuala Lumpur Stock Exchange.

#### **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

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

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; and
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability 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 Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended 31 October 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



**Directors' Report** cont'd  
for the year ended 31 October 2002

**AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors:

**CHIN KOK ON**

*Director*

**CHIN POH ON**

*Director*

Penang,

Date: 24 February 2003

**Statement By Directors**  
pursuant to section 169(15) of the companies act, 1965

In the opinion of the directors, the financial statements set out on pages 29 to 52, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 October 2002 and their results and cash flows for the year ended on that date.

Signed in accordance with a resolution of the directors:

**CHIN KOK ON**

*Director*

**CHIN POH ON**

*Director*

Penang,

Date: 24 February 2003

**Statutory Declaration**  
pursuant to section 169(16) of the companies act, 1965

I, CHIN KOK ON (I.C. No. 620317-07-5463), being the director primarily responsible for the financial management of YIKON CORPORATION BHD, do solemnly and sincerely declare that the financial statements set out on pages 29 to 52, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed CHIN KOK ON at )  
Georgetown in the State of Penang )  
on 24 February 2003. )

BEFORE ME:

Chai Choon Kiat, PJM (No: P. 073)  
Commissioner for Oaths



## Report Of The Auditors To The Member of YIKON Corporation Bhd

We have audited the financial statements set out on pages 29 to 52. The preparation of the financial statements is the responsibility of the Company's directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

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

The subsidiary in respect of which we have not acted as auditors is identified in Note 3 to the financial statements and we have considered its financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries 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 audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

**KPMG**  
Firm No.: AF : 0758  
Chartered Accountants

Penang,  
Date: 24 February 2003

**NG SWEE WENG**  
*Partner*  
Approval No.: 1414/03/04 (J/PH)

# Consolidated Balance Sheet

as at 31 October 2002

	NOTE	2002 RM
<b>PROPERTY, PLANT AND EQUIPMENT</b>	2	12,652,256
<b>CURRENT ASSETS</b>		
Inventories	4	135,490
Trade and other receivables	5	43,316,013
Cash and cash equivalents	6	8,230,008
		<b>51,681,511</b>
<b>CURRENT LIABILITIES</b>		
Sundry payables	7	1,856,774
Borrowings	8	6,001,383
Taxation		277,330
		<b>8,135,487</b>
<b>NET CURRENT ASSETS</b>		<b>43,546,024</b>
		<b>56,198,280</b>
Financed by :		
<b>SHARE CAPITAL</b>	9	40,000,000
<b>RESERVES</b>	10	15,599,280
<b>SHAREHOLDERS' FUNDS</b>		<b>55,599,280</b>
<b>DEFERRED TAXATION</b>		<b>599,000</b>
		<b>56,198,280</b>

The financial statements were approved and authorised for issue by the Board of Directors on 24 February 2003.

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.



## Consolidated Income Statement

for the year ended 31 October 2002

	NOTE	2002 RM
<b>Revenue</b>	11	55,009,585
Cost of goods sold		<u>(45,752,837)</u>
Gross profit		9,256,748
Administrative expenses		(1,875,022)
Other operating income		<u>274,834</u>
Operating profit	12	7,656,560
Finance costs	13	<u>(452,076)</u>
Profit before tax		7,204,484
Tax expense	14	<u>(1,925,364)</u>
Net profit for the year		<u><u>5,279,120</u></u>
Basic earnings per ordinary share (sen)	15	<u><u>21.81</u></u>
Gross dividend per ordinary share (sen)	16	<u><u>8.00</u></u>

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

## Consolidated Statement Of Changes In Equity

for the year ended 31 October 2002

	← Non-distributable →			Distributable Retained	Total
	Share Capital RM	Share Premium RM	Reserve on Consolidation RM		
At 1 November 2001	2	-	-	(15,806)	(15,804)
Issue of shares	39,999,998	6,192,165	-	-	46,192,163
Listing expenses written off	-	(1,472,147)	-	-	(1,472,147)
Net losses not recognised in the consolidated income statement	-	(1,472,147)	-	-	(1,472,147)
Acquisition of subsidiaries	-	-	5,615,948	-	5,615,948
Net profit for the year	-	-	-	5,279,120	5,279,120
At 31 October 2002	<b>40,000,000</b>	<b>4,720,018</b>	<b>5,615,948</b>	<b>5,263,314</b>	<b>55,599,280</b>

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

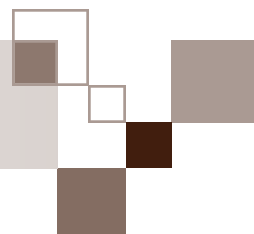
# Consolidated Cash Flow Statement

for the year ended 31 October 2002

	2002 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before tax	7,204,484
Adjustments for:	
Depreciation	580,404
Gain on disposal of plant and equipment	(45,054)
Interest expense	452,076
Interest income	(282,257)
Operating profit before working capital changes	7,909,653
Increase in:	
Inventories	(135,490)
Trade and other receivables	(11,956,593)
Increase in sundry payables	451,733
Cash used in operating activities	(3,730,697)
Interest paid	(452,076)
Tax paid	(3,367,312)
Net cash used in operating activities	(7,550,085)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	282,257
Proceeds from disposal of plant and equipment	58,750
Purchase of property, plant and equipment	(3,088,570)
Issue of shares (Note B)	23,793,543
Acquisition of subsidiaries, net of cash (Note A)	2,039,718
Listing expenses paid	(1,472,147)
Net cash generated from investing activities	21,613,551

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

## Consolidated Cash Flow Statement cont'd for the year ended 31 October 2002



	2002 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Bankers' acceptances, net	(8,114,570)
Repayment of hire purchase	(18,762)
Withdrawal of fixed deposits	2,299,872
Net cash used in financing activities	(5,833,460)
Net increase in cash and cash equivalents	8,230,006
Cash and cash equivalents at beginning of year	2
Cash and cash equivalents at end of year (Note C)	8,230,008

### **NOTE**

#### **A. Analysis of acquisition of subsidiaries**

The fair value of assets and liabilities assumed are as follows:

Property, plant and equipment	10,157,786
Trade and other receivables	31,359,420
Fixed deposits with licensed banks	2,299,872
Cash and cash equivalents	2,039,721
Sundry payables	(1,389,235)
Borrowings	(14,134,715)
Taxation	(1,892,278)
Deferred taxation	(426,000)
Net assets	28,014,571
Reserve on consolidation	(5,615,948)
Purchase price paid	22,398,623
Less: Cash and cash equivalents	(2,039,721)
Issue of shares	(22,398,620)
Cash flow on acquisition, net of cash acquired	(2,039,718)

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.



## Consolidated Cash Flow Statement cont'd

for the year ended 31 October 2002

	2002 RM
<b>B. Issue of shares</b>	
Issue of shares, at premium	46,192,163
Less: Purchase of investments in a subsidiary satisfied by issue of shares	<u>(22,398,620)</u>
	<b><u>23,793,543</u></b>
<b>C. Cash and cash equivalents</b>	
Cash and cash equivalents included in the consolidated cash flow statement comprise the following consolidated balance sheet amounts:	
Short term deposits with licensed bank	7,663,509
Cash and bank balances	<u>566,499</u>
	<b><u>8,230,008</u></b>

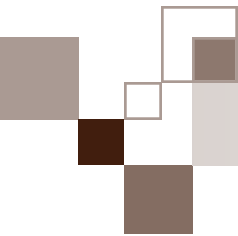
The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

## Balance Sheet

as at 31 October 2002

	NOTE	2002 RM	2001 RM
<b>INVESTMENT</b>	3	<b>22,398,623</b>	-
<b>CURRENT ASSETS</b>			
Other receivables	5	17,928,757	-
Cash and cash equivalents	6	7,682,316	2
		<b>25,611,073</b>	2
<b>CURRENT LIABILITIES</b>			
Sundry payables	7	71,789	15,806
Taxation		12,000	-
		<b>83,789</b>	15,806
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>25,527,284</b>	(15,804)
		<b>47,925,907</b>	(15,804)
Financed by:			
<b>SHARE CAPITAL</b>	9	40,000,000	2
<b>RESERVES</b>	10	7,925,907	(15,806)
<b>SHAREHOLDERS' FUNDS</b>		<b>47,925,907</b>	(15,804)

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.



## Income Statement

for the year ended 31 October 2002

	NOTE	2002 RM	2001 RM
Revenue	11	3,313,781	-
Administrative expenses		(80,086)	(15,806)
Profit/(loss) before tax	12	3,233,695	(15,806)
Tax expense	14	(12,000)	-
Net profit/(loss) for the year		<u>3,221,695</u>	<u>(15,806)</u>

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

## Statement Of Changes In Equity

for the year ended 31 October 2002

	Share Capital RM	Share Premium RM	Retained Profits/(Losses) RM	Total RM
At 1 November 2000	2	-	-	2
Net loss for the year	-	-	(15,806)	(15,806)
At 31 October 2001	2	-	(15,806)	(15,804)
Issue of shares	39,999,998	6,192,165	-	46,192,163
Listing expenses written off	-	(1,472,147)	-	(1,472,147)
Net losses not recognised in the income statement	-	(1,472,147)	-	(1,472,147)
Net profit for the year	-	-	3,221,695	3,221,695
At 31 October 2002	<b>40,000,000</b>	<b>4,720,018</b>	<b>3,205,889</b>	<b>47,925,907</b>

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

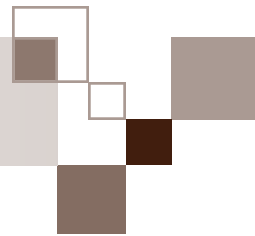
## Cash Flow Statement

for the year ended 31 October 2002

	2002 RM	2001 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	3,233,695	(15,806)
Adjustment for:		
Interest income	(113,781)	-
Operating profit/(loss) before working capital changes	3,119,914	(15,806)
Increase in other receivables	(17,928,757)	15,806
Increase in sundry payables	55,983	-
Net cash used in operating activities	(14,752,860)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	113,781	-
Purchase of investments	(3)	-
Issue of shares (Note A)	23,793,543	-
Listing expenses paid	(1,472,147)	-
Net cash generated from investing activities	22,435,174	-
Net increase in cash and cash equivalents	7,682,314	-
Cash and cash equivalents at beginning of year	2	2
Cash and cash equivalents at end of year (Note B)	7,682,316	2

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.

## Cash Flow Statement cont'd for the year ended 31 October 2002



**NOTE**

	2002 RM	2001 RM
<b>A. Issue of shares</b>		
Issue of shares, at premium	46,192,163	-
Less: Purchase of investments in a subsidiary satisfied by issue of shares	(22,398,620)	-
	23,793,543	-
<b>B. Cash and cash equivalents</b>		
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Short term deposit with licensed banks	7,663,509	-
Cash and bank balances	18,807	2
	7,682,316	2

The notes set out on pages 40 to 52 form an integral part of, and, should be read in conjunction with, these financial statements.



# Notes To The Financial Statements

31 October 2002

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following :

- (i) MASB 19, Events After Balance Sheet Date which prohibits the recognition of proposed dividend as a liability (refer Note 16); and
- (ii) MASB 20, Provisions, Contingent Liabilities and Contingent Assets and MASB 21, Business Combination which are applied retrospectively. Comparative figures have not been restated as the previous accounting policies were in line with the accounting standards.

### 1.1 Basis of Accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia.

### 1.2 Basis of Consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

A subsidiary is excluded from consolidation when control is intended to be temporary if the subsidiary is acquired and held exclusively with a view of its subsequent disposal in the near future and it has not previously been consolidated or it operates under severe long term restrictions which significantly impair its ability to transfer funds to the Company. Subsidiaries excluded on these grounds are accounted for as investments.

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

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.



### 1.3 Property, Plant and Equipment

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are discounted to their present values. The impairment loss is charged to the income statement. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement.

#### *Depreciation*

Freehold land is not amortised.

Long term leasehold land is amortised in equal instalments over the lease period of 56 years.

On other property, plant and equipment, depreciation is calculated to write off their cost on a straight line basis over the term of their estimated useful lives at the following principal annual rates:

	%
Buildings	2 - 10
Plant and machinery	10
Furniture, fitting and office equipment	10
Motor vehicles	20
Mould	10

### 1.4 Investments

Long term investments are stated at cost. An allowance is made when the directors are of the view that there is a diminution in their value which is other than temporary.

### 1.5 Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

### 1.6 Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

### 1.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Inventories are taken up as assets of the Company when significant risks and rewards of ownership of the goods have been transferred to the Company.

Cost in the case of manufactured inventories includes direct materials, direct labour and attributable production overheads. Cost is determined on the first-in, first-out basis.

### 1.8 Hire Purchase

Assets acquired under hire purchase instalment plans are capitalised as plant and equipment and the corresponding obligations are treated as liabilities. Financing charges are allocated to income statement over the hire purchase periods using the "sum-of-digits" method to give a constant periodical rate of interest on the remaining hire purchase liabilities.

### 1.9 Liabilities

Borrowings and other payables are stated at cost.

### 1.10 Foreign Currency

#### (i) Foreign currency transactions

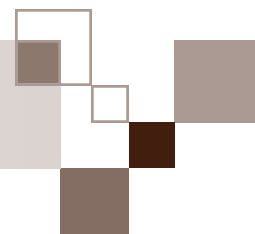
Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

#### (ii) Financial statements of foreign operations

The Group's foreign operations are considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in the income statement.

The principal closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

USD	RM3.80	(2001 : RM3.80)
HKD	RM0.48	(2001 : RM0.48)



### **1.11 Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged with a licensed bank for banking facilities.

### **1.12 Revenue**

#### (i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

#### (ii) Workmanship charges

Revenue from workmanship charges are recognised when invoiced and upon services being rendered.

#### (iii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the assets.

#### (iv) Dividend income

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

### **1.13 Taxation**

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

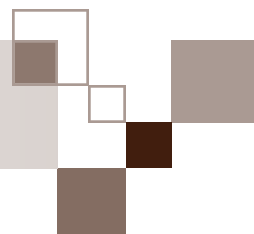
### **1.14 Finance Costs**

All interest and other costs incurred in connection with borrowings are expensed as incurred.

**2. PROPERTY, PLANT AND EQUIPMENT - GROUP**

Cost	Long term	Freehold	Buildings	Plant and	office	Furniture,	Mould	Capital	Total
	leasehold	land	RM	machinery	equipment	fitting and	RM	work-in-	RM
	land	RM	RM	RM	RM	Motor	RM	progress	RM
	RM					vehicles		RM	
						RM			
At 1 November 2001	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	2,600,000	473,000	2,613,967	6,313,787	537,141	855,963	23,584	2,465,972	15,883,414
Additions	-	-	-	1,231,981	51,325	380,929	-	1,424,335	3,088,570
Disposals	-	-	-	(23,600)	-	(153,144)	-	-	(176,744)
At 31 October 2002	2,600,000	473,000	2,613,967	7,522,168	588,466	1,083,748	23,584	3,890,307	18,795,240
<b>Accumulated Depreciation</b>									
At 1 November 2001	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	201,192	-	328,544	4,242,917	324,800	616,707	11,468	-	5,725,628
Charge for the year	30,951	-	37,895	377,716	32,665	99,801	1,376	-	580,404
Disposals	-	-	-	(9,908)	-	(153,140)	-	-	(163,048)
At 31 October 2002	232,143	-	366,439	4,610,725	357,465	563,368	12,844	-	6,142,984
<b>Net Book Value</b>									
At 31 October 2002	2,367,857	473,000	2,247,528	2,911,443	231,001	520,380	10,740	3,890,307	12,652,256
At 31 October 2001	-	-	-	-	-	-	-	-	-
<b>Depreciation Charge For The Year Ended 31 October 2001</b>									
	-	-	-	-	-	-	-	-	-

The landed properties with net book value of RM4,015,604 are pledged to banks as security for banking facilities granted to the subsidiary.



## 2. PROPERTY, PLANT AND EQUIPMENT - GROUP (Cont'd)

Included in the cost of property, plant and equipment is an amount of RM116,970 representing assets acquired under hire purchase instalment plans.

Included in capital work-in-progress is an amount of RM2,110,000 representing 5 units of double storey semi-detached houses which will be used for the purpose of providing accommodation to employees.

## 3. INVESTMENTS - COMPANY

	2002 RM	2001 RM
Subsidiaries:		
- Unquoted shares, at cost	<u>22,398,623</u>	-

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Percentage of Equity Held		Principal Activity
		2002	2001	
Yikon Jewellery Industry Sdn. Bhd. ("YJI")	Malaysia	100%	-	Manufacturer and exporter of gold jewellery and ornaments
Yikoni Gold Sdn. Bhd. ("YG")	Malaysia	100%	-	Trading of gold jewellery and ornaments
Yikon (HK) Ltd ("YHK") *	Hong Kong	100%	-	Jewellery distributor

\* Subsidiaries not audited by KPMG.

The acquisition of YJI, YG and YHK were accounted for under the acquisition method of accounting. These acquisitions have the effect of increasing the consolidated results for the financial year by RM5,257,000 and the Group's net assets as at 31 October 2002 by RM7,673,000.

The pre-acquisition profits of RM2,688,000 for the period from 1 November 2001 to 28 February 2002 in respect of these subsidiaries was not included in the income statement.

## 4. INVENTORIES - GROUP

	2002 RM
At cost	
Manufactured inventories	<u>135,490</u>

# Notes To The Financial Statements cont'd

31 October 2002

## 5. TRADE AND OTHER RECEIVABLES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Trade receivables	10,233,171	-	-
Other receivables			
- Amount due from a subsidiary	-	17,865,421	-
- Other receivables, deposits and prepayments	33,082,842	63,336	-
	<b>43,316,013</b>	<b>17,928,757</b>	-

Included in other receivables, deposits and prepayment of the Group is an amount of RM32,327,047 representing deposits paid for consignment of raw materials.

## 6. CASH AND CASH EQUIVALENTS

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Short term deposits with licensed banks	7,663,509	7,663,509	-
Cash and bank balances	566,499	18,807	2
	<b>8,230,008</b>	<b>7,682,316</b>	2

## 7. SUNDRY PAYABLES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Sundry payables and accrued expenses	1,849,394	65,333	15,806
Amount due to director	7,380	6,456	-
	<b>1,856,774</b>	<b>71,789</b>	15,806

The amount due to director is unsecured, interest-free and has no fixed terms of repayment.

## 8. BORROWINGS - GROUP

	2002 RM
Current - secured	
Bankers' acceptances	6,000,000
Hire purchase	1,383
	<u>6,001,383</u>

The secured bank borrowings of the Group are secured by fixed and floating charges over the assets of the subsidiary and guaranteed by the Company.

Interest is charged at 1% per annum above the banks' base lending rates.

Hire purchase is payable as follows:

	Payments RM	Interest RM	Principal RM
Less than 1 year	<u>1,791</u>	<u>408</u>	<u>1,383</u>

Interest is charged at the rates of 6.75% per annum.

## 9. SHARE CAPITAL

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Ordinary shares of RM1 each			
Authorised:			
Balance at beginning of year	100,000	100,000	100,000
Increase during the year	49,900,000	49,900,000	-
Balance at end of year	<u>50,000,000</u>	<u>50,000,000</u>	100,000
Issued and fully paid:			
Balance at beginning of year	2	2	2
Issued as consideration for the acquisition of subsidiary	22,398,620	22,398,620	-
Rights issue	11,601,378	11,601,378	-
Public issue	6,000,000	6,000,000	-
Balance at end of year	<u>40,000,000</u>	<u>40,000,000</u>	2

# Notes To The Financial Statements cont'd

31 October 2002

## 10. RESERVES

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Non-distributable			
Share premium	4,720,018	4,720,018	-
Reserve on consolidation	5,615,948	-	-
	<b>10,335,966</b>	<b>4,720,018</b>	<b>-</b>
Distributable			
Retained profits/(Losses)	5,263,314	3,205,889	(15,806)
	<b>15,599,280</b>	<b>7,925,907</b>	<b>(15,806)</b>

The movement of the reserves is shown in the Statement of Changes in Equity.

## 11. REVENUE

	GROUP 2002 RM	COMPANY 2002 RM	2001 RM
Interest income	113,781	113,781	-
Dividend income	-	3,200,000	-
Sale of gold	40,214,232	-	-
Workmanship charges	14,681,572	-	-
	<b>55,009,585</b>	<b>3,313,781</b>	<b>-</b>

## 12. OPERATING PROFIT

This has been arrived at :

	<b>GROUP</b>	<b>COMPANY</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
After charging :			
Auditors' remuneration			
- current year	27,352	10,000	1,000
- prior year	2,000	-	-
Depreciation (Note 2)	580,404	-	-
Directors of the Company - Fees	66,533	59,333	-
- Others	586,304	-	-
Other director - Fees	12,000	-	-
Rental of machinery	40,500	-	-
Professional fee payable to a company in which a director has a substantial financial interest	-	-	6,000
Staff costs	2,848,401	-	-
and crediting :			
Dividend income	-	3,200,000	-
Interest income	282,257	113,781	-
Realised gain on foreign exchange	1,211	-	-
Gain on disposal of plant and equipment	45,054	-	-
Rental income	60,200	-	65,750

The number of employees of the Group and of the Company (including executive directors) at the end of the year was 266 and NIL (2001 : NIL) respectively.

## 13. FINANCE COSTS - GROUP

	<b>2002</b>
	<b>RM</b>
Interest payable	
Bank overdrafts	35,312
Bankers' acceptances	308,067
Hire purchase	11,832
Trust receipts	8,131
Others	88,734
	<b>452,076</b>

**14. TAX EXPENSE**

	<b>GROUP</b>	<b>COMPANY</b>	
	<b>2002</b>	<b>2002</b>	<b>2001</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
Current tax expense			
- current year	1,740,500	12,000	-
- prior year	11,864	-	-
	<b>1,752,364</b>	<b>12,000</b>	<b>-</b>
Deferred tax expense			
- current year	172,000	-	-
- prior year	1,000	-	-
	<b>173,000</b>	<b>-</b>	<b>-</b>
	<b>1,925,364</b>	<b>12,000</b>	<b>-</b>

The tax expense of the Company is in relation to interest income earned during the financial year.

The Group's effective tax rate is lower than the prima facie tax rate in relation to the results of current year mainly due to the availability of certain tax incentives granted to a subsidiary.

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank/distribute approximately RM30,000 and RM3,200,000 respectively from its retained profits if paid out as dividends.

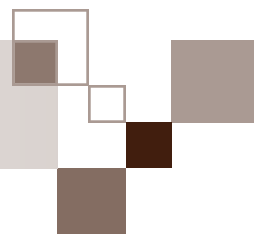
**15. EARNINGS PER ORDINARY SHARE - GROUP**

**Basic earnings per share**

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary share holders of RM5,279,120 and on the weighted average number of ordinary shares outstanding during the year of 24,199,886 calculated as follows :

**Weighted average number of ordinary shares**

	<b>2002</b>
Issued ordinary shares at beginning of year	2
Effect of shares issued for acquisition	14,932,413
Effect of rights issue	6,767,471
Effect of public issue	2,500,000
	<b>24,199,886</b>



## 16. DIVIDEND

At the forthcoming Annual General Meeting, a first and final tax exempt dividend of 8% amounting to RM3,200,000 in respect of the financial year ended 31 October 2002 will be proposed for members' approval. These financial statements do not reflect this final dividend which, when approved by members, will be accounted for as an appropriation of retained profits from shareholders' equity for the financial year ending 31 October 2003.

## 17. SEGMENTAL REPORTING

No segmental information is presented as the principal activities of the subsidiaries as disclosed in Note 3 are similar and all the operating companies in the Group operate within Malaysia.

## 18. SIGNIFICANT RELATED PARTIES TRANSACTIONS - GROUP/COMPANY

### 18.1 Identity of related parties

- (i) The Company has a controlling related party relationship with its subsidiaries as disclosed in the financial statements.
- (ii) The Company also has a related party relationship with the companies in which the directors are deemed to have substantial financial interests:
  - Profound Era Sdn. Bhd.
- (iii) The Company also has a related party relationship with its directors and key management personnel and the close members of their families. The directors and key management personnel of the Group are:
  - Chin Kok On
  - Chin Poh On
  - Lew Woo Sang

### 18.2 Significant transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

- (i) Transactions with directors and key management personnel

There were no transactions with the directors and key management personnel other than the following:

- (a) rental income amounting to RM30,000 paid by a director to a subsidiary.
- (b) the remuneration package paid to Mr Chin Kok On, Mr Chin Poh On and Mr Lew Woo Sang in accordance with the terms and conditions of their appointments.
- (c) shares in the holding company granted to them pursuant to the listing and quotation of the Company's entire issued and paid-up share capital on the Second Board of the Kuala Lumpur Stock Exchange.

The directors of the Company are of the opinion that the above transactions were entered in the ordinary course of business and the terms of which have been established on a negotiated basis.

**19. CAPITAL COMMITMENT - GROUP/COMPANY**

	2002 RM'000	2001 RM'000
Contracted but not provided for		
- Factory building	1,689	63
- Plant and machinery	391	391
	<hr/>	<hr/>
Approved but not contracted for		
- Factory building	2,550	5,600
- Plant and machinery	1,684	3,200
	<hr/>	<hr/>

**20. CONTINGENT LIABILITY, unsecured**

**COMPANY**

The Company has given corporate guarantees to certain financial institutions for banking facilities granted to its subsidiary for a limit up to RM42.5 million of which RM6.0 million was utilised at balance sheet date.

**21. SIGNIFICANT EVENTS DURING THE YEAR**

During the year, the Company obtained approval from the Securities Commission for the following proposals pertaining to its restructuring scheme:

- (i) acquisition of the entire issued and fully paid-up share capital in Yikon Jewellery Industry Sdn. Bhd. ("YJI") by the Company comprising 1,000,000 ordinary shares of RM1.00 each for a total consideration of RM22,398,620 satisfied by the issue of 22,398,620 new ordinary shares of RM1.00 each, at RM1.00 per share in the Company;
- (ii) acquisition of the entire issued and fully paid-up share capital in Yikoni Gold Sdn. Bhd. ("YG") by the Company comprising 2 ordinary shares of RM1.00 each for a total consideration of RM2.00 satisfied by cash;
- (iii) acquisition of the entire issued and fully paid-up share capital in Yikon (HK) Ltd. ("YHK") by the Company comprising 2 ordinary shares of HK\$1.00 each for a total consideration of RM1.00 satisfied by cash;

The above acquisitions were completed on 1 March 2002.

- (iv) Renounceable Rights Issue of 11,601,378 new ordinary shares of RM1.00 each at an issue price of RM1.12 per share, for cash on the basis of 51.80 new ordinary shares of every 100 existing ordinary shares held, based on the enlarged share capital of 22,398,622 ordinary shares of RM1.00 each in the Company (after the acquisition of YJI). The rights issue was completed on 27 March 2002;
- (v) Public Issue of 6,000,000 new ordinary shares of RM1.00 each at an issue price of RM1.80 per share;
- (vi) Offer for sale of 4,020,000 ordinary shares, representing 10% of the enlarged share capital of the Company at an indicative offer price of RM1.80 per ordinary share; and
- (vii) On 4 June 2002, the entire issued and paid up ordinary shares of the Company was listed and quoted on the Second Board of the Kuala Lumpur Stock Exchange.

**22. COMPARATIVE FIGURES**

There are no comparative figures for the Group financial statements as this is the first year of consolidation.

# List Of Properties Owned By The Group

as at 31 October 2002

## LANDED PROPERTIES

Details of the landed properties of the Group as at 31 October 2002 are as follows:-

Registered Owner/Location	Description/ Existing Use	Land/Area Build-up (sq.ft)	Age of Building	Tenure	31.10.02 Audited NBV @ (RM)	Market Value (RM)	Date of Valuation	Revaluing Surplus/ (Deficit) based on NBV @ 31.10.02 (RM)
<b>Yikon Jewellery Industry Sdn. Bhd.</b>								
<b>Land and building</b>								
HS.(D) 8657, Lot P.T. No 2848, Mukim of 12, District of Barat Daya, State of Penang (No 36, Hilir Sungai Keluang 2, Bayan Lepas Industrial Estate, Phase IV, 11900 Bayan Lepas, Penang)	A single storey detached factory With a single storey office annexed/ Corporate head office	66,447/ 22,130	8	Leasehold for 60 years expiring on 31.10.2053	4,015,604	4,130,000	20.10.2000	114,399
Geran 23972, Lot No. 1360, Seksyen 3, George Town, District of Timur Laut, State of Penang (No. 1-C, Vermont Road, 11460 Penang)	An extended 2 1/2 storey semi-detached house/Currently rented out	3,154/3,121	15	Freehold	710,469	730,000	20.10.2000	19,533
<b>Flatted factory unit</b>								
Developer's unit No.1, 4th Floor, the Penang Gold and Jewellery Exchange Centre erected on Lot Nos. 735, 736 and part of Lot 952, Section 9W North-East District, State of Penang (No 122-4-1, 4th Floor, The Penang Gold and Jewellery Exchange Centre, Jalan Sungai, 10150 Penang)	A flatted factory unit/Currently rented out	1,500	6	Freehold	362,312	370,000	20.10.2000	7,688
<b>Total</b>					<b>5,088,385</b>	<b>5,230,000</b>		<b>141,620</b>

## List Of Properties Owned By The Group cont'd

as at 31 October 2002

Description	Registered Owner	Tenure	Date of Agreement	Purchase Price (RM)	Stage of Completion/ Progress Certificate Date
Double storey semi-detached house situated on land held under Plot No.30 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	402,000	80 % / 24 July 2002
Double storey semi-detached house situated on land Held under Plot No. 32 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	418,000	80 % / 24 July 2002
Double storey semi-detached house situated on land Held under Plot No. 44 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	508,000	80 % / 24 July 2002
Double storey semi-detached house situated on land Held under Plot No. 38 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	376,000	80 % / 24 July 2002
Double storey semi-detached house situated on land Held under Plot No. 39 of Mukim Grant (1st Grade) Registration No. GM 65, 66 712 and 715, Lots No. 816, 824, 1518 and 1521, Mukim 12 of South West District, Jalan Permatang Damar Laut, Penang	YJI	Freehold	18.10.2001	406,000	80 % / 24 July 2002
<b>Total</b>				<b>2,110,000</b>	

# PROXY FROM

**YIKON CORPORATION BHD (527272-V)**  
(Incorporated in Malaysia)

<b>No. of Ordinary Shares Held</b>	
------------------------------------	--

I/We, ..... (Full name in block letters)

of..... (Address)

being a member / members of Yikon Corporation Bhd hereby appoint .....

.....(Full name in block letters)

of ..... (Address)

or failing him the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us and on my/our behalf at the Third Annual General Meeting of the Company to be held at Merbah Room, Hotel Equatorial, No. 1, Jalan Bukit Jambul, 11900 Penang on Monday, 28 April 2003 at 10:30 a.m. and at any adjournment thereof.

NO.	ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To receive and adopt the Audited Financial Statements.	Resolution 1		
2a.	To re-elect the following Directors, who retire pursuant to Article 133 of the Company's Articles of Association:- i) Dato' Noor Ahmad Mokhtar Bin Haniff ii) Mr Chin Kok On	Resolution 2 Resolution 3		
2b.	To re-elect Mr Lai Kwang Hooi @ Lai Bah Eng, who retires pursuant to Section 129 of the Companies Act, 1965.	Resolution 4		
3.	To declare a first and final tax exempt dividend of 8%.	Resolution 5		
4.	To approve Directors' fees.	Resolution 6		
5.	To re-appoint Messrs. KPMG.	Resolution 7		
6.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	Resolution 8		

(Please indicate with "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion)

Signed this ..... day of April 2003.

.....  
Signature of Shareholder(s)

### Notes:

1. A Member may appoint two (2) proxies to attend on the same occasion. A proxy may but need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
2. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. If the appointor is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
4. To be valid, the proxy form duly completed must be deposited at the Company's Registered Office at Suite 2-1, 2nd Floor, Menara Penang Garden, 42A Jalan Sultan Ahmad Shah, 10050 Penang, not less than forty eight (48) hours before the time appointed for holding the meeting.

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**Registered address:**

**YIKON CORPORATION BHD (527272-V)**

**Suite 2-1, 2nd Floor  
Menara Penang Garden  
42A, Jalan Sultan Ahmad Shah  
10050 Penang  
Malaysia**



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