YEE LEE CORPORATION BHD 197301000057 (13585-A)

(INCORPORATED IN MALAYSIA)

ANNUAL REPORT

2019

Our Brands. Our Passion.

Integrity has always been one of the cornerstones of our principles, and this continues to drive our passion to deliver happiness to our customers.

We ensure our products are made with honesty, safety and full consideration of our customers and the environment.

At Yee Lee, our R&D innovate to develop sustainable products to build a brighter future for consumers.

DIVISION REVENUE

MANUFACTURING	TRADING	PLANTATION
RM225.0m	RM882.6m	RM0.7m

OUR ESSENTIAL VALUES FOR LIFE

1. Strong Brand Images
2. High Product Quality
3. Affordability
4. Understand of Consumer Needs

WHAT'S **INSIDE**

Online Report
Scan this QR code for a direct link to our Annual Report online.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Executive Chairman
DATO' LIM A HENG @ LIM KOK CHEONG, DPMP, JSM, JP

Executive Director and Group Managing Director
LIM EE YOUNG

Executive Directors
THANG LAI SUNG

CHOK HOOA @ CHOK YIN FATT, PMP

Non-Independent Non-Executive Director
SOW YENG CHONG

Independent Non-Executive Directors
DATO' IR. NIK MOHAMAD PENA BIN NIK MUSTAPHA, DIMP

DATO' MOHD ADHAN BIN KECHIK, DJMK, SMK

LEE KEE HONG

AUDIT COMMITTEE

Chairman
Dato' Mohd Adhan bin Kechik, DJMK, SMK

Members
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP

Sow Yeng Chong

Lee Kee Hong

NOMINATION COMMITTEE

Chairman
Lee Kee Hong

Members
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP

Dato' Mohd Adhan bin Kechik, DJMK, SMK

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt, PMP

Members
Dato' Mohd Adhan bin Kechik, DJMK, SMK

Lee Kee Hong

COMPANY SECRETARIES

Tan Boon Ting
SSM PC No. 202008002544
(MAICSA 7056136)

Ooi Wooi Kean
SSM PC No. 202008001219
(MAICSA 7067254)

STOCK EXCHANGE LISTING

Listed on Main Market of
Bursa Malaysia Securities Berhad
Stock Code : 5584
Stock Name : YEELEE

REGISTERED OFFICE

Lot 85, Jalan Portland,
Tasek Industrial Estate,
31400 Ipoh, Perak Darul Ridzuan.

Telephone number:
05-2911055, 05-2912055

Facsimile number:
05-2919962, 05-2910862

E-mail : info@yeelee.com.my
Website : www.yeelee.com.my

SHARE REGISTRARS

Sectrars Management Sdn Bhd
201501002558 (1127890-P)
Lot 9-7, Menara Sentral Vista,
No. 150, Jalan Sultan Abdul Samad,
Brickfields, 50470 Kuala Lumpur.

Telephone number:
03-22766138/6139/6130

Facsimile number:
03-22766131

AUDITORS

Deloitte PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)
Level 2, Weil Hotel,
292, Jalan Sultan Idris Shah,
30000 Ipoh, Perak Darul Ridzuan.

Telephone number:
05-2540288

Facsimile number:
05-2547288

PRINCIPAL BANKERS

Hong Leong Bank Berhad
RHB Bank Berhad
Malayan Banking Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad

CORPORATE STRUCTURE

OF SUBSIDIARY COMPANIES, ASSOCIATE COMPANY AND JOINT VENTURE (AS AT DECEMBER 31, 2019)

YEE LEE CORPORATION BHD

- 100% Yee Lee Edible Oils Sdn Bhd
- 100% Yee Lee Trading Co Sdn Bhd
  - 100% Mini Motors Sdn Bhd
  - 60% YLTC Sdn Bhd (Joint Venture)
- 100% Yee Lee Marketing Sdn Bhd
- 100% Yee Lee Palm Oil Industries Sdn Bhd
  - 100% Sementra Plantations Sdn Bhd
- 100% South East Asia Paper Products Sdn Bhd
- 100% Canpac Sdn Bhd
  - 100% Canpac Vietnam Pte, Ltd
- 100% Intanwasa Sdn Bhd
  - 100% Desa Tea Sdn Bhd
  - 100% Sabah Tea Sdn Bhd
  - 100% Sabah Tea Resort Sdn Bhd
- 100% Sementra Resort Sdn Bhd
- 29.87% Spritzer Bhd (Associate Company)

FINANCIAL HIGHLIGHTS

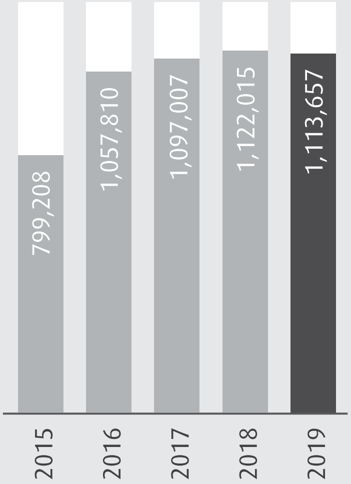
		2019	2018	2017	2016	2015
FINANCIAL						
Revenue	(RM'000)	1,113,657	1,122,015	1,097,007	1,057,810	799,208
Profit before interest, taxes and depreciation	(RM'000)	55,660	71,205	67,194	75,484	58,713
Profit before tax	(RM'000)	30,165	48,167	45,671	56,506	41,485
Profit attributable to owners of the Company	(RM'000)	23,672	37,471	39,034	44,487	31,912
Total assets	(RM'000)	1,007,086	977,642	952,720	927,924	841,190
Share capital	(RM'000)	108,400	108,400	108,400	94,332	91,968
Shareholders' equity	(RM'000)	647,205	630,919	602,122	571,012	523,112
FINANCIAL INDICATORS						
Revenue growth	(%)	(0.74)	2.28	3.71	32.36	15.75
Return on equity	(%)	3.66	5.94	6.48	7.79	6.10
Net assets per share	(RM)	3.38	3.29	3.14	3.03	2.84
Net Debt to equity ratio#	(%)	13.25	13.62	16.37	11.44	8.45
Basic earnings per share	(sen)	12.35	19.56	20.48	23.78	17.52
Net dividend per share	(sen)	-	4.00	4.50	4.50	3.50
High share price	(RM)	2.35	2.36	2.88	2.45	2.25
Low share price	(RM)	1.80	1.80	2.10	1.98	1.36
Share price as at 31 Dec	(RM)	2.16	1.83	2.18	2.36	2.12
Market capitalisation	(RM'000)	413,865	350,635	417,697	445,247	389,942

Based on net debt (being total borrowings less deposits, cash and bank balances) expressed as a percentage of total equity.

Revenue

RM'000

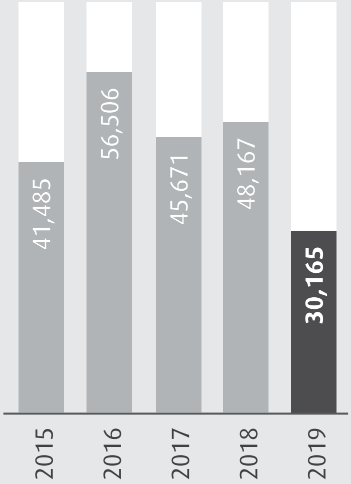
RM1,113.7 million



Profit Before Tax

RM'000

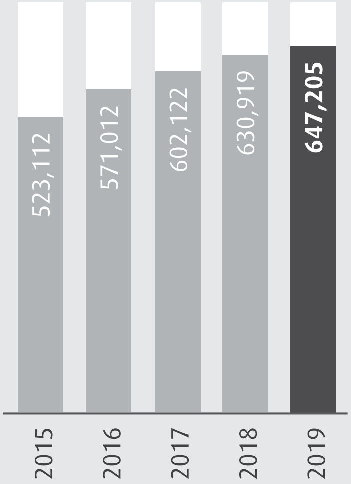
RM30.2 million



Shareholders' Equity

RM'000

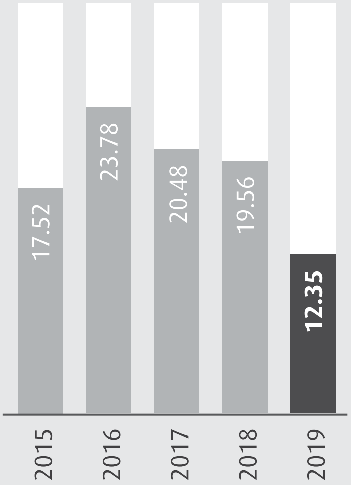
RM647.2 million



Basic Earnings Per Share

Sen

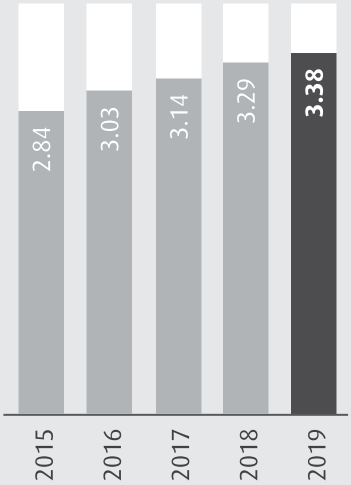
12.35 sen



Net Assets Per Share

RM

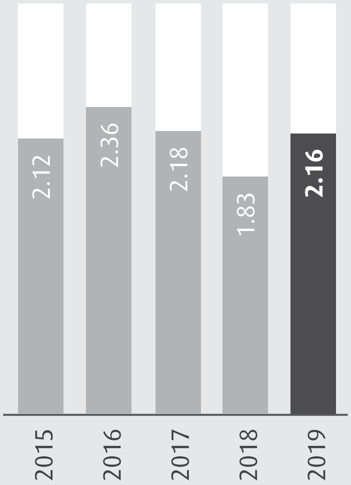
RM3.38



Share Price

RM (as at 31 Dec)

RM2.16



GROUP MANAGING DIRECTOR'S REVIEW

Yee Lee Corporation Bhd has been established for more than 50 years. Started off as an edible oil repacker and since then has diversified its business into manufacturing of packaging materials such as aerosol can and corrugated carton boxes, palm oil mill and refinery, marketing and distribution of fast moving consumer products, tea and oil palm plantation and eco-tourism. Our core business is divided into manufacturing, trading and plantation. Our vision is to be the leading provider of household products bringing Malaysian families a better quality of life. We are committed to developing Malaysian products using Malaysian resources making them affordable with superior quality and value, striving for excellence in total quality and customer satisfaction through continual improvement in productivity, innovations and fulfilling social and environmental responsibilities, forming strategic alliances with agencies carrying quality products and serving our valued customers promptly through our well established distribution networks.

The economic environment was challenging in 2019. The pro-long unresolved trade tensions and other geopolitical uncertainties have dampened investor confidence resulted in the global economic growth has remained subdued in 2019. The Malaysian economy was not spared as well, achieving a moderate gross domestic product growth of 4.3%, the lowest since the Global Financial Crisis in 2009. With these tough economic conditions, the Group recorded a lower revenue and pre-tax profit of RM1.11 billion and RM30.17 million respectively in 2019, representing a drop of 0.7% and 37.4% respectively. Profit attributable to shareholders dropped by 36.8% to RM23.67 million, translating to a lower earnings per share of 12.35 sen as compared to 19.56 sen in 2018. All our divisions' performance was lower than the preceding year except for our associated company, Spritzer Bhd which has contributed a higher profit contribution of RM9.27 million as compared to RM6.75 million in 2018.

The Group continued to generate positive cash flows from its operating activities with a net cash of RM41.68 million generated this year. RM17.31 million cash was spent on capital expenditure to facilitate future growth while the temporary excess funds of RM8.00 million was placed into money market funds to generate income. With continuous repayment of bank borrowings, the Group's net debt to equity ratio decreased from 13.6% in 2018 to 13.3%. As a result, the Group's cash and cash equivalents decreased by 26.3% to RM45.20 million.

Our financial position remained strong with shareholders' equity standing at RM647.21 million. Net assets per share increased from RM3.29 to RM3.38. As of December 31, 2019 our market capitalisation value stood at RM413.87 million.

With great uncertainties laying ahead and potential impact to the Group's business and cash flows arising from the health crisis, Covid-19 coupled with huge capital expenditure in the pipeline, the Board of Directors after due deliberation, took a more conservative and cautious approach of not recommending any dividend payment for the financial year ended December 31, 2019. However, the Board will continue to review the prevailing market conditions and cash position of the Group and will consider paying dividend when it is prudent to do so.

MANUFACTURING DIVISION

Our manufacturing division consists of aerosol can and corrugated carton boxes packaging business and palm oil refinery and mill. Year 2019 was a tough year for our manufacturing division especially the packaging business and palm oil refinery where competitors were dumping prices to grab market share. This has affected both the aerosol can and palm oil refinery profit margins. As a result, the manufacturing division's pre-tax profit dropped by 38.1% to RM12.86 million on the back of a 9.4% drop in revenue. The drop in revenue was attributed to lower sales of aerosol can, corrugated carton boxes and palm kernel. 70.9% of the manufacturing division's profitability was dominated by the packaging business, mainly the aerosol can business as the corrugated carton boxes business had just turnaround with marginal pre-tax profit of RM0.12 million. Our palm oil mill performed much better in this year, covering the decline in palm oil refinery's profit. Overall the palm oil refinery and mill's pre-tax profit increased by 19.2% to RM3.74 million.

The Group has two aerosol can factories with the largest factory located at Rawang, Malaysia and the other in Ho Chi Minh City, Vietnam. Our aerosol cans are widely used for insecticide spray, air refresher, paint, automobile, household, industrial and personal care products, with the majority of our business from insecticide spray. Our export market is to Australia, Bangladesh, India, Cambodia, Oman, Thailand, Singapore and Philippines. We have also diversified into manufacturing of 2 piece and 3 piece food can in our Vietnam plant. The 2 piece food can line has started running this year while the 3 piece food can line is still in the commissioning stage and is expected to be ready by the first quarter of 2021. Our aerosol can business continues to face intense price competition from local and China competitors, resulting in their profit margins being squeezed. In order to maintain their competitive advantage over competitors, we have continuously upgraded our machineries to further improve efficiency and product quality.

Our corrugated carton boxes factory located in Lahat, Perak is currently running at around 50% of its capacity. All our sales are to the domestic market of which around 30% are supplied to our related companies. In order to turnaround this business, we have changed our pricing strategy by maintaining reasonable profit margin coupled with minimum sales order quantity to cater for more efficient production of small orders and to reduce wastages. With the completion of the natural gas supply to Lahat this year, our corrugated carton boxes business was able to reduce its energy cost consumption. We will continue to enhance our operational efficiency, tighten controls over operating costs and wastage while providing good product quality and customer services in order to remain competitive.

Our Group owns a palm oil mill strategically located in Bidor, Perak with milling capacity of 60 MT per hour and a palm oil refinery located in Ipoh, Perak with refinery capacity of 600 MT per day. Majority of our fresh fruit bunches ("FFB") supplies are from surrounding estates, dealers and small holders as our two Perak estates production is insufficient for our mill. Currently, the Perak estates only supply less than 2% of our mill's total FFB supplies. The Malaysian oil palm industry has shown a better performance in 2019 with increase in crude palm oil ("CPO") production, FFB yield and exports on the back of declining palm oil stocks. The National oil extraction rate ("OER") had also increased by 1.3% to 20.2% mainly due to better quality of FFB supplies. After turning around in 2018, our palm oil mill continued to perform better, achieving a higher OER of 20.4% surpassing the National OER. This was achieved through drastic tightening of selection of FFB supplies and the adoption of FFB pricing to commensurate with our OER achieved. This has resulted in total FFB processed dropping by 15.4% to 144,367 MT which led to a corresponding decrease in production of CPO by 10.0% to 29,425 MT and palm kernel by 14.4% to 7,689 MT. The palm oil mill will continue to source for good and reliable FFB supplies to increase its production and OER in order to increase its profitability. Our palm oil refinery's profit margin was affected in this year as competitors started to compete aggressively on cooking oil prices to increase their market share. Various marketing campaigns have been organised by our trading division to promote our cooking oils brands. Our palm oil mill has successfully obtained the Malaysian Sustainable Palm Oil ("MSPO"): Part 4 Certification under the MS Standard 2530-4:2013 and the MSPO Supply Chain Certification Standard ("MSPO SCCS") while the palm oil refinery obtained the MSPO SCCS Certification.

TRADING DIVISION

With the slowing down of the global economy in 2019, consumer sentiments remained subdued amid rising cost of living concerns. Our domestic consumer sentiments index also dropped below the optimism level as consumers turned cautious on their spending. Despite the tough market conditions, our trading division managed to achieve marginal sales growth of 1.6% this year. The sales growth was contributed by higher sales of beverages especially bottled water, Campbells', Sunplus and Kizz products offsetting the drop in sales of cooking oils and Ribena products. The division had continued to invest in brand building and awareness campaigns to strengthen its product portfolio for long term sustainable growth which resulted in higher advertisement and promotion expenses incurred this year. More marketing campaigns and promotional activities were carried out this year to drive growth and in conjunction with Spritzer 30th Anniversary. As a result, the division's pre-tax profit dropped by 43.4% to RM12.12 million.

Our trading division has 15 distribution centres of which 9 are located in Peninsular Malaysia, 3 in Sabah and 3 in Sarawak. We also have 3 sales offices in Seremban, Batu Pahat and Kuala Terengganu to serve the southern and Terengganu state sales and distribution points faster and better. In total, we have storage capacity of approximately 454,000 square feet. Currently, we are providing market access and coverage for more than 50 well-known brands, mostly food and beverage and household products for 21 distributorships including the newly secured distributorship for Origina and Hock Xeng's pepper products. We have more than 30,000 customers encompassing hypermarkets, supermarkets, departmental stores, retail outlets, sundry shops, convenience stores, petrol kiosks, wholesalers, medicine halls and etc.

PLANTATION DIVISION

Our plantation division consists of one tea plantation located in Kampong Nalapak, Sabah, two oil palm estates in Perak and one oil palm estate in Ranau, Sabah. We have also set aside 10.86 hectares of our vacant land in Kampong Nalapak, Sabah for planting of a variety of durian species. So far we have planted 7.30 hectares with Musang King and 1.76 hectares with Black Thorn. It will take around 5-6 years for their first harvest. 2019 is not an easy year for the oil palm plantation industry as the average price of FFB dropped by 9.8% arising from weak CPO prices throughout the year. Although the CPO price was lower this year, the price was on an upward trend, especially towards the last quarter. Both our tea and oil palm plantations still suffered losses this year with pre-tax losses widened to RM5.28 million as compared to RM2.99 million in 2018.

Our tea plantation is the largest commercial tea plantation in Borneo, sitting on a 6,200-acre land at 2,272 feet above sea level and surrounded by the world's oldest rainforest. We are one of the few tea plantations in the world that are certified to produce organic tea. Our trees were planted since the late 1970's with Chinese and Asamica clones and are pesticide free. Total planted area has been expanded by 2 hectare to 256 hectares of which 20 hectares are immature. The production of green tea leaves has dropped by 3.2% to 559MT this year due to high labour turnover of harvesters. Despite the drop in production of green tea, the tea plantation managed to increase its processed tea recovery from 19.0% to 19.9% through continuous improvement on its production process. Sales of tea especially the attractive tourism pack has improved in 2019 with the increase in visitors to Sabah. However, the current sales volume is still insufficient for the tea plantation to fully recover its plantation costs. More new innovative products and marketing campaigns will be launched to drive sales growth to help the tea plantation to turnaround.

Our oil palm plantation has a total land bank of 1,549 hectares comprising our newly developed Ranau estate occupying 1,253 hectares and Perak estates occupying 296 hectares. The total cultivated area stands at 1,260 hectares of which 265 hectares are from Perak estates consisting of

151 hectares of mature areas and 114 hectares of immature areas. The average age profile of the oil palms in Perak estates is 23 years. The Ranau estate has 995 hectares under cultivation and the age profile of its oil palms is around 3 years. With the Ranau estate having their first harvest in this year, our total production of FFB increased by 69.5% to 3,692 MT. The Perak estates production of FFB also improved by 11.5% as its replanted young palm trees have also started to harvest. With weak FFB prices coupled with low yield for its young palm trees to cover its plantation costs, our oil palm plantation is still unable to turnaround in this year. In line with our commitment to good agricultural practices and the sustainable production of palm oil, all our oil palm estates have been MSPO-certified this year.

OUTLOOK

The Group believes that the global growth is expected to remain sluggish in 2020 due to the uncertainty of the United States monetary policy, trade tensions between China and United States and the recent unprecedented health crisis caused by the outbreak of COVID-19 which has evolved into a global pandemic and thus affected many businesses. In order to contain the spread of the virus, our Malaysian Government had imposed a nationwide Movement Control Order ("MCO") from March 18, 2020 to May 3, 2020, followed by revised Conditional MCO until June 9, 2020 with certain economic and social activities being allowed subject to implementation of standard operating procedures which have been set by the Government. These restrictions have disrupted business operations and is expected to have material adverse effects on the Malaysian economy. The Government had also announced several PRIHATIN Economic Stimulus Package to assist its Rakyat and small & medium-sized enterprises to overcome the crisis while revitalisiing the economy.

Our trading division experienced a sudden increase in demand for our consumer products as consumers were panic buying and stocking up their necessities after the announcement of the MCO. The situation was eventually stabilised. The sales of our trading division, however was affected as certain customers who were not identified as essential businesses as stipulated by the Malaysian Government were not allowed to operate during this period. Even public eateries were either closed or only catered for take away. In view of the slowing economy, consumers tend to be more cautious and selective on spending. As such, the trading division will continue to focus on organic growth of its existing products portfolio while sourcing for more distributorships to further expand its market presence.

Although other manufacturing and plantation businesses which are identified as essential businesses are allowed to operate during the MCO period, these businesses were also disrupted by their supply chain and restriction of work force. The Group's tourism businesses were also affected as they were not allowed to operate during this period.

Although certain restrictions have been subsequently relaxed, the COVID-19 situation is still unpredictable especially on the possibility of its reoccurrence. The Group will closely monitor the situation and take appropriate measures to overcome the difficulties ahead.

CORPORATE DEVELOPMENT

On April 26, 2019, the Company had received a notice of unconditional voluntary take-over offer from Yee Lee Organization Bhd, Dato' Lim A Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn Bhd ("Joint Offerors") in respect of the Joint Offerors' intention to undertake the Offer to acquire all the remaining ordinary shares in the Company not already held by the Joint Offerors for a cash consideration of RM2.33 per share. Upon closing of this offer, the Joint Offerors only managed to secure a total of 89.94% shareholding in the Company. As a result, the Company does not comply with the public shareholding spread requirements as set out in Paragraph 8.02(1) of the Listing Requirements which stipulates that a listed issuer must ensure at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Malaysia Securities Berhad had granted the Company a further extension until July 4, 2020 to comply with this requirement.

On May 12, 2020, the Company received a second notice of unconditional voluntary take-over offer from the Joint Offerors to acquire all the remaining 19,272,907 ordinary shares, representing approximately 10.06% of the equity interest in the Company, for a cash consideration of RM2.06 per share. On May 28, 2020, the Joint Offerors have secured a total of 91.40% shareholding in the Company. The Joint Offerors have stated their intention of not maintaining the listing status of the Company and will procure the Company to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities after closing of the second offer.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank our valued shareholders, financiers, customers, business associates, suppliers and other parties involved for their continued support. In addition, I would like to extend my deepest appreciation and gratitude to the management and staff for their strong commitment and dedication especially during this crisis period.

LIM EE YOUNG
Group Managing Director

SUSTAINABILITY STATEMENT

The Sustainability Report was prepared based on the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad. This report outlines the YLC Group's approach and commitment on sustainability practices.

SUSTAINABILITY POLICY

The Yee Lee Corporation Bhd. ("YLC") Group seeks to achieve a positive result by integrating the economic, environmental, social and governance aspects into its business operations and core strategies. The Board has the responsibility to create and add sustainable value for the stakeholders, and to safeguard their interests. It recognises the key benefits of integrating sustainability in the Group's business operations through the following areas:-

- Strengthening corporate governance
- Integrating risk management practices with performance and strategy
- Securing investment and working capital
- Improving productivity and cost optimisation
- Building brand value and reputation
- Promoting innovation to drive growth through new products and services
- Seeking community's support for YLC's business operations
- Maintaining good customers' relationship as well as attracting new customers
- Minimising environmental impact through efficient use of resources and effective waste management
- Enhancing the Group's resilience and adapt to a rapid evolving world

The Group Risk Management & Sustainability Department with the guidance of the Group Risk Management & Sustainability Committee had assisted the Group to develop the sustainability framework and implement initiatives that help to achieve its commitments and objectives.

1. OBJECTIVE

Our goal is to create a sustainable business in order to position ourselves for long term growth and success. There is a need for us to minimise any negative impact as well as to maximize new opportunities and respond to challenges. We will constantly review and enhance our approach to address our sustainability commitment to achieve this target.

2. SCOPE

This report covers the Group and its subsidiaries for the Year 2019. We have gathered views and compiled feedbacks from our stakeholders to identify, prioritise and address on the material sustainability issues. References are made to the documentation and data system of various departments. There are also consultations and discussions with the Management and key operating personnel to seek their opinions pertaining to key sustainability matters and materiality.

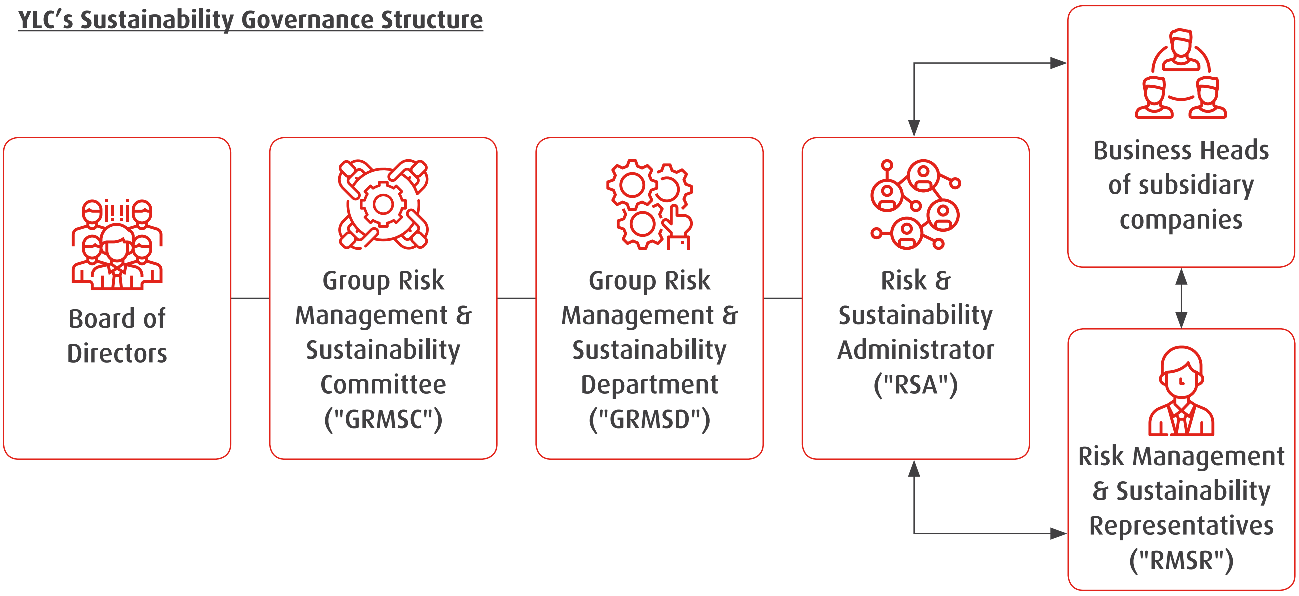
3. SUSTAINABILITY GOVERNANCE

The Board oversees the Group's sustainability efforts, and assisted by the Group Risk Management & Sustainability Committee ("GRMSC") which is responsible for the formulation and implementation of the Group's sustainability strategy. The GRMSC is chaired by the Group General Manager / Executive Director, and the committee members comprise of the Group Financial Controller, Risk & Sustainability Administrator and Senior Accountant.

The Group Risk Management and Sustainability Department ("GRMSD") will help the GRMSC to carry out its sustainability efforts, and create sustainability awareness within the Group. The GRMSD will liaise closely with the subsidiary companies' Risk Management & Sustainability Committee in identifying, reviewing and implementing sustainability measures.

As for the Risk & Sustainability Administrator ("RSA"), he will coordinate with the respective Business Heads and Risk Management & Sustainability Representatives ("RMSR") of each subsidiary company on the implementation of sustainability initiatives. He is responsible to set up the sustainability documentation and reporting function.

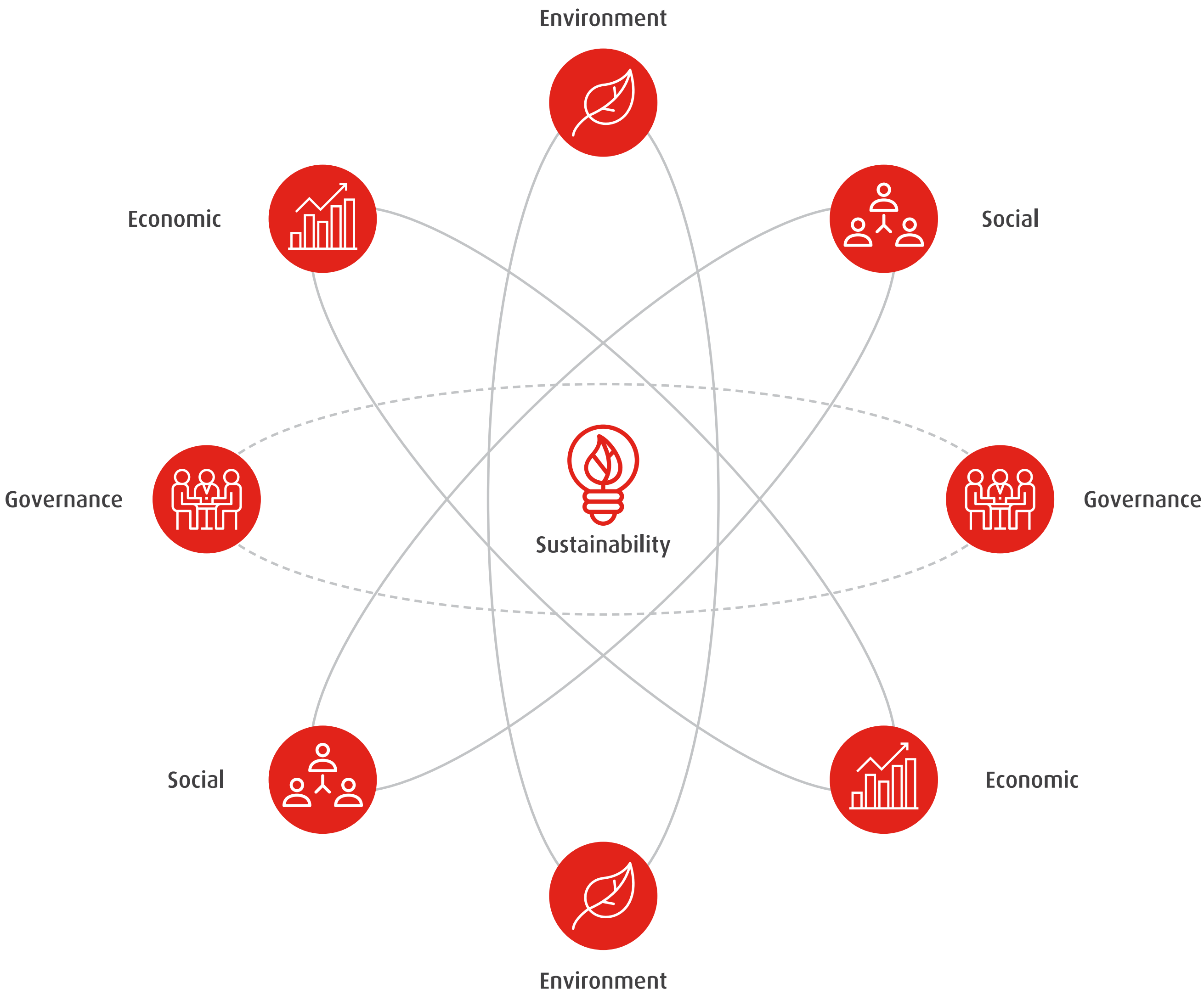
YLC's Sustainability Governance Structure



4. SUSTAINABILITY FRAMEWORK

The sustainability framework is developed to identify, evaluate and manage the organisation’s economic, environmental and social ("EES") risks and opportunities. By looking at the significant EES impacts together with the financial implications, this provides a measure to generate long term benefits and business continuity.

Core Elements of Sustainability



4. SUSTAINABILITY FRAMEWORK (CONT'D)

Our commitment and value creation through the integration of EES and Governance aspects are listed as follows:-

Economic

The Group pays a sustainable dividend to its shareholders while maintaining prudent investment and working capital for business growth. It also aims to meet the expectations of investors and other stakeholders. In order to generate revenue and pursuit for profits, YLC has in a way contributed to its stakeholders through tax payments, providing employment opportunities and, procurements of goods and services.

SUSTAINABILITY FACTORS	HOW WE MANAGE	HOW WE ADD VALUE
Return to shareholders	The Group had consistently paid dividends to its shareholders even during challenging times since listed on Bursa in Year 1993.	**DIVIDEND**
Value creation to stakeholders:- **GOVERNMENT** **EMPLOYEES** **SUPPLIERS** **SHAREHOLDERS**	YLC continues to manage risks and seek opportunities in increasing its revenue and remain profitable by:- **INVESTING IN ASSETS** **INVESTING IN BUSINESS GROWTH** **INVESTING IN TECHNOLOGY** **FORMING STRATEGIC ALLIANCES WITH AGENCIES**	**GOVERNMENT** **SALARIES** **PAYMENT TO SUPPLIERS**
	PROFIT AFTER TAX	**REVENUE**

4. SUSTAINABILITY FRAMEWORK (CONT'D)

Environment

We have taken appropriate steps to manage the impact of our operations on the environment and will disclose any environmental matters that may be material to our businesses.

We are mindful of the need for environmental protection and conservation. Hence, we have to minimise our environmental impact by:

- Utilising our resources wisely
- Adopting effective waste and effluent management
- Reducing carbon emission
- Efficient energy and water usage
- Promoting 3Rs (reduce, reuse and recycle) practice

Social

YLC has always been a caring and responsible employer, and contribute to our communities through the following initiatives:

- We believe in creating a conducive workplace which emphasises on health and safety for our employees.
- We aim to attract and retain talents by providing our employees with job security, good remuneration package and employee welfare, and career advancement prospects.
- We provide guidance and training to improve our employees' competencies and allow them to achieve their full potential.
- We live in a multi-racial country, and expect every employee is to be treated fairly and with respect. We recognise the spirit of harmony and reject any form of discrimination.
- We create job opportunities for disabled people to make a living.
- Our Corporate Social Responsibility programmes through sponsorships and contributions to various charities speak a great volume of the Group's commitment and initiatives towards helping the needy and less fortunate in improving the quality of life and wellbeing of society. We have also organised blood donation campaigns as well as raised funds for the underprivileged children and provided aids for the terminally ill patients. The events being held in the Year 2019 are shown as follows:-

A. For Community Enrichment

Date	Event	Contribution To Society
22/01/2019	Contribution For Terminally Ill & Poor Needy Patients As Recommended by the Medical Social Welfare Department at hospitals	Sponsored 10 units of colostomy bags to the needy patients
16/03/2019	Tadika Methodist Ipoh Annual Sport Day	Sponsored Spritzer Pop carbonated flavoured drinks, MorningKiss toothbrushes and toothpastes to 100 kindergarten children
03/04/2019	Sponsorship For SJK (C) Chung Tack	Sponsored mineral water for Program Karnival Bahasa Kelompok

4. SUSTAINABILITY FRAMEWORK (CONT'D)

Social (Cont'd)

A. For Community Enrichment (Cont'd)

Date	Event	Contribution To Society
21/04/2019	Sponsorship Institut Pendidikan Guru Kampus Ipoh	Sponsored mineral water to help the Institute in organising Pertandingan Pidato
26/05/2019	Donation To Orphanage Home	Sponsored Yee Lee products to the orphans
29/06/2019	Blood Donation At Yee Lee HQ	Raised awareness in donating blood to save lives and improve the health of others
29/06/2019	Tadika Chan Meng Khor Annual Sport Day	Sponsored Cactus mineral water to kindergarten children
30/06/2019	Yuk Choy (Suwa) Secondary School Food Fair	Sponsored Yee Lee products to raise funds for the school's extra-curricular activities
06/07/2019	Shen Jai High School Food Fair	Sponsored Yee Lee products to raise funds for the school's facility upgrade
10/08/2019	Sri Dayananda Saraswati Food Fair	Sponsored mineral water to raise funds for underprivileged school children
31/08/2019	YMCI Merdeka Fun Walk	Sponsored Spritzer mineral water to support the event in promoting healthy lifestyle
16/09/2019	Sponsorship For Cooking Competition By Gabungan Persatuan-persatuan Hokkien Sabah	Sponsored Yee Lee products to support the cooking competition
05/10/2019	"Love My Palm Oil" Campaign By Pahang – Terengganu Palm Oil Millers' Association (PTPOMA)	Sponsored Yee Lee products to support and promote the palm oil campaign
02/11/2019	SMJK Yuk Choy 57th Anniversary cum Building Fund Charity Dinner 2019	Raised funds to upgrade the school facilities and continuing education
17/11/2019	Perak Palliative Care Society	Sponsored mineral water for the fund raising event
24/11/2019	Perak Society Of Performing Arts Festive Extravaganza @ Car Free Day	Participated in this festive event which showcase our rich, diverse and multi ethnics performing arts by displaying and selling our Yee Lee products
08/12/2019	Sponsorship For Rumah Kebajikan Kanak-Kanak Batu Gajah	Sponsored Yee Lee cooking oils, MorningKiss toothbrushes and toothpastes to organise activities for welfare home
14/12/2019	Blood Donation At Yee Lee HQ	Raised awareness in donating blood to alleviate critical blood bank supply shortage

4. SUSTAINABILITY FRAMEWORK (CONT'D)

Social (Cont'd)

B. For Togetherness

Date	Event	Contribution To Society
21/01/2019	Sponsorship For Thaipusam Day Celebration	Sponsored Yee Lee cooking oils for fund raising to carry out various service programs and ease the burden of hardcore poor
May 2019	Ramadhan Donation to Masjid Muhammadiah	Sponsored Yee Lee products to cheer up and reduce the burden of the poor and needy
May 2019	Yayasan Ikhlas Projek Bakul Kasih Ramadhan 2019	Sponsored Yee Lee cooking oils to bring happiness and reduce the burden of poor community
12/05/2019	Sponsorship For Perak Wesak Day Celebration By Malaysian Buddhist Kulapati Association	Sponsored mineral water to celebrate Perak Wesak Day with the community
19/05/2019	Sponsorship For Wesak Day Celebration By Buddhist Society Ipoh	Sponsored mineral water to celebrate Wesak Day with all Buddhist devotees and the general public

Governance

We are committed to undertake responsible and sustainable business practices through:

- Good business ethics and integrity.
- Observing the highest standards of corporate governance and transparency in our dealings.
- Compliance with legislation and regulatory requirements.

5. PROCESS FOR EMBEDDING SUSTAINABILITY

The process mechanism taken for embedding sustainability into our organisation include:-

Tone from the Top

Identification and prioritisation of material sustainability matters

Managing and reviewing material sustainability matters

Communicating and providing credibility on sustainability performance and disclosures

5. PROCESS FOR EMBEDDING SUSTAINABILITY (CONT'D)

A. Tone from the top

The Board is responsible to set the strategic direction of the organisation. It is also committed to ensure that the Group's sustainability objectives can be realised with sufficient resources, systems, and processes in places for managing any issues that may arise.

B. Identification and prioritisation of material sustainability matters

The GRMSD would gather input from the various business operations in identifying and categorising their key sustainability matters. By prioritising the sustainability matters, this enables us to focus our effort in ensuring there will be appropriate management, monitoring, and disclosure of those areas which matter most. Surveys will be conducted by engaging with the major stakeholders to obtain their feedback on each sustainability matter.

C. Managing and reviewing material sustainability matters

The purpose of managing the material sustainability matters is to reduce financial impacts on our businesses while delivering better economic, environmental and social value. The material sustainability matters will be reviewed and the appropriate responses would be as follows:-

- Changing or improving existing policies and procedures
- Implementing action plans or preventive measures
- Setting Key Performance Indicators ("KPI"), goals and targets which are in line with the organisation's strategic objectives
- Implementing a new system to record, report, analyse and manage data requirements (e.g. business plans, management reports, data input from operations, businesses & stakeholders and media reports) associated with each sustainable matter.

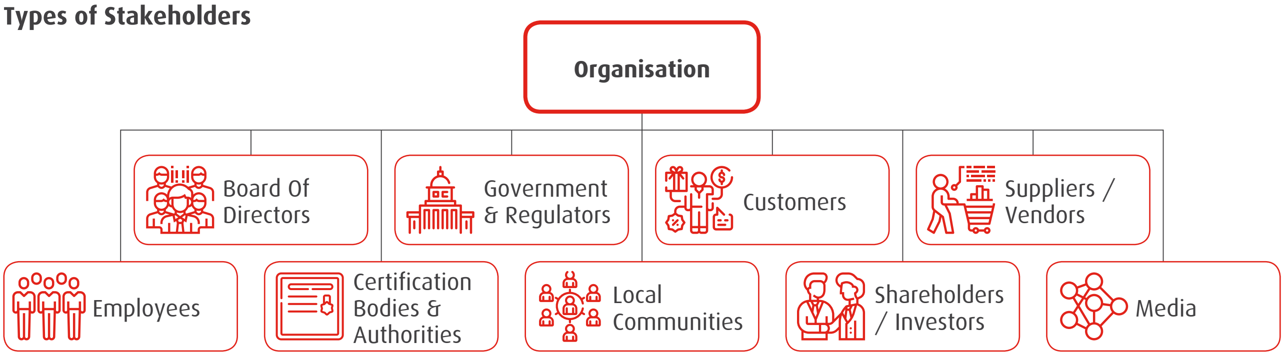
D. Communicating and providing credibility on sustainability performance and disclosures

The GRMSC will review the key sustainability matters as well as the materiality assessment process. The outcome of the materiality assessment will subsequently be presented to the Audit Committee. The Audit Committee will oversee and advise the Board accordingly on the effectiveness of the sustainability reporting function.

6. ENGAGING OUR STAKEHOLDERS

The stakeholders play an important role in relation to our business, and engaging them will help us better understand their needs and expectation from our sustainability performance.

Types of Stakeholders



6. ENGAGING OUR STAKEHOLDERS (CONT'D)

We have outlined those areas of concerns raised by our stakeholders in the following tables:-

Stakeholder Group	Stakeholder's Concern	Engagement Method
Board Of Directors	Growth, Sustainability & Profitability	Board Meetings, Annual General Meeting, Corporate / Group Events, E-mailing and Stakeholder Engagement Survey.
	Business Synergy	
	Corporate Strategy & Governance	
	Environmental Practices	
	Quality Of Products & Services	
	Customer Satisfaction	
	Human Capital Management	
	Social Contribution	
Government & Regulators (e.g. LHDN, JKDM, BURSA & SSM)	Legislation & Statutory Compliance	Formal Dialogues & Meetings
	Listing & Regulatory Compliance	Advices & Consultations, Regulatory Disclosures
Customers	Quality Of Products And Services	Customer Satisfaction Survey
		Customer Complaint Handling Procedure
	Consumer Fulfilment	Sales & Marketing Support
	Demand & Supply	Trade Exhibitions, Roadshows & Conferences
	Product Innovation	Product Research & Business Development
	Consumer Data & Privacy	Data Security & Privacy Control
	Consumer Acceptance & Health Consciousness	Brand & Product Awareness
Suppliers / Vendors	Materials & Services Quality	Supplier Evaluation & Review
	Supplier Performance	Supplier Audit
	Delivery Schedule	Logistical Support
	Selection Criteria	Quotation Requests & Sampling Tests
Employees	Job Security & Career Advancement	Employee Inputs
	Competency & Skill Development	Performance Appraisal & Employee Training Programme
	Retention & Attraction of Talent	Motivation Programme & Counselling
	Communication & Updates	Management Meeting, E-Mailing & MyWave System
	Health, Safety & Environment	Promote Good Housekeeping & Work Safety
	Recreation, Company Trip & Sport Activities	Organised by the Recreation & Sports Club

6. ENGAGING OUR STAKEHOLDERS (CONT'D)

Stakeholder Group	Stakeholder's Concern	Engagement Method
Certification Bodies & Authorities (E.g. SIRIM, JAKIM, MOH & BOMBA)	Customers' Requirements	Products & Food Safety
	Certification & Licensing	Audit Process & Inspection Control
Local Communities	Supporting Community	Community activities such as promoting healthy lifestyle, blood donation, recycling programmes, sponsorship of school events, financial contribution to needs & charity events
	Social Care	Provide Equal Rights, Job Opportunities & Livelihood for Disabled Persons
	Public Awareness	Official Website & Annual Report
Shareholders / Investors	Company's Performance & Business Growth	Quarterly Reports & Annual General Meeting, Discussions with bankers and investors
	New Business Venture & Capital Investment	Press Release
	Distributorship of New Agencies' Products	Announcement to Bursa & Press Release
Media	Company's Quarterly & Year-End Financial Result	Press & Online News Release
	New Projects & Investments	Press & Online News Release
	Advertising & Promotion	Radio, TV, Print & Social Media
	Strategic Alliance with Agencies	Press & Online News Release

7. MATERIALITY REVIEW, ASSESSMENT AND MAPPING OF SIGNIFICANT MATERIAL ISSUES

We have reviewed the sustainability key matters and their business impact ratings as provided by the management of each subsidiary company for the Year 2019. The 30 previously identified key sustainability issues had been gradually reduced to 26 as actions were taken, and they no longer considered to have a significant impact. They comprised of Labour Turnover, Environmental Awareness, Community Engagement, and Training & Career Development.

8. POISE FOR THE FUTURE

Sustainability is an ongoing process based on systematic review, improvement, and application of policies and procedures. We will continue to put in efforts in improving the reporting framework.

DIRECTORS' PROFILE

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

Executive Chairman

Dato' Lim Kok Cheong, aged 75, male, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 50 years of experience in the trading and manufacturing of edible oils and consumer products industry.

He is the Life Honorary President of both the Associated Chinese Chambers of Commerce and Industry of Malaysia and the Perak Chinese Chamber of Commerce and Industry. He is the Chairman of Poi Lam High School (Suwa) and the Honorary President of Perak Hock Kean Association and the Federation of Hokkien Associations of Malaysia.

He is the Chairman of Spritzer Bhd., a public company listed on Bursa Malaysia Securities Berhad, as well as the Chairman of Yee Lee Organization Bhd, a non-listed public company in Malaysia.

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

Lim Ee Young

Executive Director
Group Managing Director

Lim Ee Young, aged 48, male, a Malaysian, was appointed to the Board on December 3, 2002. He was redesignated from Director to Group Chief Executive Officer on March 1, 2011 and subsequently redesignated to Group Managing Director on February 27, 2019. He graduated with a Bachelor of Business (Accounting) from University of Ballarat, Australia and Master of Business Administration from University of Bath, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants and a member of Certified Practising Accountant Australia.

He joined Yee Lee Corporation Bhd. as a Management Trainee in 1993. Since 1993 until to date, he has been involved in the accounts, marketing and administration functions of Yee Lee Group. He is presently involved in the management of several related companies and business expansion projects.

He is the son of Dato' Lim Kok Cheong, a member of the Board and Datin Chua Shok Tim @ Chua Siok Hoon. He is also a director and shareholder of Yee Lee Organization Bhd. Both Datin Chua Shok Tim @ Chua Siok Hoon and Yee Lee Organization Bhd. are major shareholders of the Company.

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Yin Fatt, aged 73, male, a Malaysian, was appointed to the Board on April 30, 1990. He graduated with a Bachelor Degree in Business Studies from Curtin University of Technology, Australia and Master in Business Administration from University of Strathclyde, United Kingdom. He is a Chartered Accountant of the Malaysian Institute of Accountants, fellow members of CPA Australia and Malaysian Institute of Chartered Secretaries and Administrators and a member of the Malaysian Institute of Certified Public Accountants.

He has extensive experience in the field of financial management, accounting and corporate secretarial functions. He was attached to UAC Berhad from 1974 to 1982. In 1982, he joined Yee Lee Corporation Bhd as Chief Accountant and was promoted to the Board as an Executive Director in 1990.

He is a Director of OKA Corporation Bhd and Spritzer Bhd, and a public company which is not listed on the Bursa Malaysia Securities Berhad namely Yee Lee Organization Bhd. He is also the Chairman of the Remuneration Committee of the Company.

Thang Lai Sung

Executive Director

Thang Lai Sung, aged 82, male, a Malaysian, was appointed to the Board on January 10, 1973. He is one of the founders of Yee Lee Group of Companies.

He has more than 43 years of experience in the edible oils industry, having managed his own business in edible oil retailing for ten years from 1965 to 1974. He is actively involved in social and community services. Presently, he is in charge of the general affairs of Yee Lee Group.

He was the Assistant Secretary-General of Poi Lam High School (Suwa), Perak for over ten years. Currently he is the Vice President of Poi Lam High School (Suwa), Perak, the Honorary Advisor of Perak Chinese Chamber of Commerce and Industry, Vice President of Perak Han Kang Kong Hoey and a director of Yee Lee Organization Bhd.

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP

Independent Non-Executive Director

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 69, male, a Malaysian, was appointed to the Board on May 26, 2016. He obtained a Degree of Bachelor of Science (Civil Engineering) from University of Glasgow, United Kingdom in 1975. He holds memberships in the following professional bodies, namely the Board of Engineers Malaysia, Institution of Engineers Malaysia, Institution of Highways and Transportation United Kingdom and Association of Consulting Engineers Malaysia. He advises the Board members on all matters relating to civil and structural aspect of the Group's buildings.

He is a consultant engineer and the Managing Director of Nik Jai Associates Sdn Bhd, a company of civil and structural engineering consultants. He started his career as a civil engineer with Jabatan Kerja Raya ("JKR") in 1975 and was promoted to the post of Senior Executive Engineer in 1980. He left JKR in 1983 and joined an engineering consulting firm. In 1985, he set up his own partnership firm, Nik Jai Associates. In 1990, he incorporated his company, Nik Jai Associates Sdn Bhd which specialises in multi-storey buildings, highways, bridges and water resources.

He is a director of Spritzer Bhd, a member of the Audit Committee and Nomination Committee of the Company.

Dato' Mohd Adhan bin Kechik, DJMK, SMK

Independent Non-Executive Director

Dato' Mohd Adhan bin Kechik, aged 64, male, a Malaysian, was appointed to the Board on March 2, 1993. He graduated with a Bachelor of Laws (Honours) Degree and a Master of Laws Degree from University of Malaya.

He is a lawyer by profession. Currently, he is practising as a partner at Messrs Adhan & Yap. Prior to setting up his own private practice in Kota Bharu, Kelantan in 1984, he was attached to the Legal and Judicial Department for five years serving in the Magistrate Court, High Court, Public Trustee's office and Attorney General's office before being appointed the Legal Adviser to the Ministry of Transport in 1983. He also served the State Government of Kelantan for four years as the Menteri Besar's political secretary from 1986 to 1990. He is an elected State Assemblyman of Kelantan for Kemahang from 1995 to 1999 and Bukit Bunga since 2004.

He is also a director of Spritzer Bhd, the Chairman of the Audit Committee, a member of the Nomination Committee and Remuneration Committee of the Company.

Lee Kee Hong

Independent Non-Executive Director

Lee Kee Hong, aged 72, male, a Malaysian, was appointed to the Board on March 2, 1993. He was involved in the senior management of several public listed companies between 1970 and 1990. Currently, he runs his own private business.

He is the Chairman of the Nomination Committee, a member of the Audit Committee and Remuneration Committee of the Company.

Sow Yeng Chong

Non-Independent Non-Executive Director

Sow Yeng Chong, aged 63, male, a Malaysian, was appointed to the Board on December 3, 2007. He has a wide working experience in the field of accounting and corporate finance. He started his career in 1981 as an Audit Assistant with Payne Davis & Co and subsequently worked as an Accountant of Far East Marble & Handicraft Sdn Bhd He was employed by Yee Lee Corporation Bhd Group from 1985 to 1997 in various capacities and his last position being Group Financial Controller. He was a remisier with TA Securities Holdings Bhd from 1997 to 2009. He is currently employed by Spritzer Bhd Group as Group Financial Controller and Joint Company Secretary.

He is a director of Kumpulan Belton Berhad and a member of the Malaysian Institute of Accountants. He is also a member of the Audit Committee of the Company.

NOTE:
Save as disclosed, none of the above Directors have:-

1) any family relationship with any Director and/or major shareholder of the Company;
2) any conviction for offences within the past five years other than traffic offences;
3) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year; and
4) any conflict of interest with the Company.

KEY SENIOR MANAGEMENT'S PROFILE

For Key Senior Management Profiles of Dato' Lim A Heng @ Lim Kok Cheong, Mr Lim Ee Young, Mr Chok Hooa @ Chok Yin Fatt and Mr Thang Lai Sung, kindly refer to the Directors' Profile in this Annual Report.

LEE KON CHENG

Group General Manager

Aged 77, Male, Malaysian

Mr Lee is a Fellow of the Institution of Certified Engineers (M), 1st Grade Engineer (Steam), 2nd Grade Engineer (Internal Combustion Engines), Canadian Power Engineer and holds a Diploma in Management Programme (MIM).

He started his career serving a 4-year apprenticeship in mechanical engineering with Perak Hydro, the sole power generation and supply Company for the whole of Perak from the 1940s till 1970s. On graduation, he served the Company for 2½ years in power station practice before moving to palm oil milling in Socfin and then Sime Darby. Mr Lee has 26 years of experience in the palm oil milling and refining. In 1983/84, he oversees the design, supervision of construction and commissioning of our palm oil mill in Bidor. He spent a spell of 8 years from 1984 as General Manager of Mechmar Bestobell Bhd taking charge of the boiler, pressure vessel and mini power plant division.

In 1992, Mr Lee re-joined the Group, taking charge of our corrugated carton boxes plant. In 1998, he was appointed as Group General Manager providing engineering advisory services to subsidiaries in the Group while concurrently responsible for managing the corrugated carton boxes plant and palm oil mill.

YAP SIN KHEONG

Group Financial Controller

Aged 52, Male, Malaysian

Mr Yap is a Chartered Accountant of the Malaysian Institute of Accountants and Associate Member of the Chartered Institute of Management Accountants & Chartered Global Management Accountant. He has served the Group for the past 26 years in various capacities in the Accounts Department and was promoted to Group Financial Controller in January 2008. Mr Yap was also the Joint Company Secretary of Spritzer Bhd and the Company from 2009 to 2010 and 2009 to May 2017 respectively. Prior to joining the Group, he was an auditor with Messrs Monteiro & Heng for almost 2 years.

SEOW SOON HOO

Senior General Manager, Trading Division

Aged 58, Male, Malaysian

Mr Seow graduated from University Malaya with a degree in Bachelor of Economics majoring in Business Administration. He joined Yee Lee Trading Co Sdn Bhd in August 2006 as General Manager, Principal Division and was subsequently promoted to Senior General Manager in May 2008. He is responsible for the overall business operation of the trading division including business development and formulation of marketing plans and policies. Mr Seow was appointed to the Board of YLTC Sdn Bhd on December 5, 2017.

Mr Seow has more than 28 years in Fast Moving Consumer Product industry. Prior to joining the Group, he was the Indirect Sales Team Leader of Colgate Palmolive (Guangzhou) Co Ltd, responsible for the total general trade business of Colgate Palmolive China. He has been with Colgate Palmolive since 1986 starting as sales representative before being promoted to National Sales Manager.

WONG HUNG

Managing Director, Aerosol can business

Aged 64, Male, Malaysian

Mr Wong was appointed as the Managing Director of Canpac Sdn Bhd ("Canpac") in June 2009. He joined Canpac in 1991 as Factory Manager and was appointed to the Board of Canpac in 1994. He is responsible for managing the business operations of both the aerosol can factory in Rawang, Malaysia and Ho Chi Minh City, Vietnam. He graduated from Federal Institute of Technology with a Diploma in Mechanical Engineering. Prior to joining the Group, he was with Malaysian Can Packaging (Malaysia) Sdn Bhd for 13 years as superintendent. Mr Wong has 42 years of experience in can packaging industry and was instrumental in setting up our aerosol can manufacturing business in Vietnam in 2004.

GOH MUNG CHWEE

Executive Director, Plantation & Tourism

Aged 60, Male, Malaysian

Mr Goh holds a Bachelor of Commerce (Hons) majoring in Business Administration from University of Windsor, Ontario, Canada. He has served the Group for the past 37 years in various capacities including General Manager and Advisor of Yee Lee Trading Co Sdn Bhd (East Malaysian Region). Mr Goh was appointed as Executive Directors of Desa Tea Sdn Bhd, Sabah Tea Sdn Bhd and Sabah Tea Resort Sdn Bhd in November 1996, August 1998 and May 2012 respectively. He is responsible for managing the tea and oil palm plantation and the tourism business in Sabah.

CHONG VAI MING

Internal Auditor – Head / Risk & Sustainability Administrator

Aged 52, Male, Malaysian

Mr Chong is an Associate Member of the Chartered Institute of Management Accountants & Chartered Global Management Accountant, a Chartered Member of Institute of Internal Auditors, Malaysia, and possesses the Certification in Risk Management Assurance from the Institute of Internal Auditors. He is also a Chartered Accountant of the Malaysian Institute of Accountants.

Mr Chong has served the Group for the past 25 years. He joined as the Assistant Internal Auditor in 1994 and was promoted as the Head of Internal Audit Department since January 1999. He was instrumental in setting up the Group's Risk Management Department in 1995 and had been appointed as the Risk Assessor to lead the department thereof. He was redesignated as the Risk & Sustainability Administrator in January 2018, and take charge of the Risk Management & Sustainability Department. He oversees the effectiveness of strategic internal audit and risk management functions as well as the implementation of sustainability and anti-bribery & corruption initiatives for the Group.

Prior to joining the Group, he began his career at Carsem Semiconductor Sdn Bhd from 1990 to 1994, where he was responsible for overseeing the Company's costing system, inventory control, factory insurance, fixed assets management, treasury and banking portfolios.

ADDITIONAL INFORMATION:

1. Save for Dato' Lim A Heng @ Lim Kok Cheong, Mr Lim Ee Young, Mr Chok Hooa @ Chok Yin Fatt and Mr Thang Lai Sung, none of the other Key Senior Management has any directorship in public companies and listed issuers.
2. Save for Dato' Lim A Heng @ Lim Kok Cheong and Mr Lim Ee Young, none of the Key Senior Management has any family relationship with any Directors and/or major shareholders of the Company.
3. None of the Key Senior Management has:-
   (i) any conflict of interest with the Company;
   (ii) been convicted of any offence (other than traffic offence) within the past five (5) years; and
   (iii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Yee Lee Corporation Bhd is pleased to present the AC Report for the financial year ended December 31, 2019 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The purpose, authority, composition, membership, meetings and responsibilities of the AC are set out in the AC Charter which can be viewed at the Company's website: http://www.yeelee.com.my.

MEMBERSHIP AND ATTENDANCE

During the financial year ended December 31, 2019, the AC held 5 meetings. Details of the membership and record of the attendance at these meetings are as follows:-

Members	Number of Meetings Attended
Dato' Mohd Adhan bin Kechik - *Chairman* *Independent Non-Executive Director*	5/5
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha - *Member* *Independent Non-Executive Director*	5/5
Sow Yeng Chong - *Member* *Non-Independent Non-Executive Director*	5/5
Lee Kee Hong - *Member* *Independent Non-Executive Director*	5/5

Composition

The AC, appointed by the Board from amongst its members, presently comprises four (4) Non-Executive Directors, with a majority being independent directors. The Independent Directors satisfy the test of independence under Paragraph 1.01 of the Listing Requirements. The Chairman is elected from among the members and is an independent director pursuant to Paragraph 15.10 of the Listing Requirements.

Mr Sow Yeng Chong is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

Meetings

The Minutes of the meeting were recorded and tabled for confirmation at the next following meeting and subsequently presented to the Board for notation. The AC Chairman had presented to the Board the Committee's recommendations to approve the annual and quarterly financial statements.

The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During the financial year ended December 31, 2019, the AC had discharged its duties and responsibilities by carrying out the following works and activities:-

Financial Reporting

1. Reviewed the quarterly financial results including the draft announcements pertaining thereto, and make recommendations to the Board for approval of the same as follows:-

Date of meetings	Review of unaudited quarterly financial results and audited financial statements
February 27, 2019	Fourth quarter unaudited financial results ended December 31, 2018 as well as the audited financial statements of the Group for the financial year ended December 31, 2018.
May 31, 2019	First quarter unaudited financial results ended March 31, 2019.
August 28, 2019	Second quarter unaudited financial results ended June 30, 2019.
November 28, 2019	Third quarter unaudited financial results ended September 30, 2019.
February 27, 2020	Fourth quarter unaudited financial results ended December 31, 2019 as well as the audited financial statements of the Group for the financial year ended December 31, 2019.

   The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2. Reviewed with the management on any significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements and steps taken to address the matters.

Risk Management and Internal Control

1. Deliberated and reviewed with the Group Risk Management & Sustainability Committee ("GRMSC") on the Group's risk profile, the key risks identified and the risk management process to ensure that all high and critical risk areas are being addressed.

2. Reviewed with the management and internal auditors on the adequacy and effectiveness of the internal control system to ensure compliance with the internal controls and procedures set up within the Group and adequate scope coverage over the activities of the Group.

3. Reviewed and deliberated the internal audit reports and to monitor/follow-up on remedial action.

4. Reviewed the Statement on Risk Management and Internal Control and recommend to the Board for approval prior to the inclusion in the Company's Annual Report 2019.

5. Reviewed the adequacy of resource requirements and competencies of staff within the internal audit function to execute the annual audit plan and the results of the work.

6. Reviewed the Anti-Bribery & Corruption Policy and Framework and recommend to the Board for approval.

External Audit

1. Reviewed with the External Auditors at the meeting held on November 28, 2019, their audit plan in respect of the financial year ended December 31, 2019, outlining the auditors' responsibilities, materiality level of the Group, scoping of components, significant risk and areas of audit focus, internal control plan, involvement of internal auditors, involvement of internal specialists, involvement of audit data analytics/Power BI Desktop, timing of audit, technical update on financial reporting and other updates, fraud responsibilities and representations, engagement quality control and independence policies and procedures.

2. Discussed and considered the significant accounting and auditing issues arising from the interim audit as well as the final audit with the External Auditors. The AC also had a private discussion with the External Auditors on February 27, 2020 without the presence of Management during the review of the Progress Report to those charged with governance in respect of the audits of the Financial Statements of the Group and of the Company for the financial year ended December 31, 2019 to discuss any fraudulent case and/or problems/issues arising from the audit.

3. Reviewed and evaluated the performance, competency, professionalism and the confirmation of independence from the External Auditors. In respect of the financial year ended December 31, 2019, Deloitte PLT ("**Deloitte**") has confirmed their independence to act as the Company's External Auditors in accordance with the relevant professional and regulatory requirements.

   The AC, having been satisfied with the performance, independence and suitability of Deloitte, had recommended to the Board for approval of the re-appointment of Deloitte as the External Auditors for the financial year ending December 31, 2020 at its meeting held on February 27, 2020 at a fee to be determined later.

Internal Audit

1. Reviewed and approved the Internal Audit Plan for the financial year ended December 31, 2019 to ensure that the scope and coverage of the internal audit of the Group is adequate and comprehensive.

2. Reviewed the quarterly internal audit reports and considered the findings and recommendations made including the Management's responses and the corrective action, if necessary. The Internal Auditors monitored the implementation of management's action plans on outstanding issues through follow up audits to ensure that all key risks and weaknesses were being properly addressed.

3. Reviewed the performance and effectiveness of the internal audit functions.

Other activities

1. Reviewed on a quarterly basis, the recurrent related party transactions entered into by the Company and by the Group to ascertain that the transactions are conducted at arm's length and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

2. Reviewed and/or updated the Group's Code of Conduct, Corporate Disclosure Policy, Whistleblowing Policy, AC Charter and Anti-Bribery & Corruption Policy and Framework prior to recommendation to the Board for approval.

3. Reviewed the AC Report and Corporate Governance Overview Statement for inclusion in the Annual Report 2019 before recommendation to the Board for approval.

4. Reviewed and performed oversight on both the risk management function and sustainability reporting function and advise the Board accordingly.

SUMMARY OF WORKS OF THE GROUP INTERNAL AUDIT DEPARTMENT

The Group Internal Audit Department (GIAD) continues to adopt a risk-based approach, and prepares its audit strategy and plan based on risk profiles of the business units of the Group. The GIAD would conduct activities in accordance with the annual audit plan being approved by the Audit Committee. It also undertakes special reviews and investigations at the request of the senior management. Its audit functions include:-

- providing reasonable assurance in relation to the adequacy, efficiency and effectiveness of the internal control system;
- independent assessment and systematic review of the operational efficiency of the Group member;
- identifying and evaluating potential risk areas;
- assessing the reliability of systems and the reported information; and
- ensuring compliance with the established policies, procedures, guidelines, rules and legislations.

During the year, the GIAD had performed its roles with impartiality, proficiency and due professional care. The scope of audit encompassed assets management, cash collections and disbursements, credit policy, inventory, purchasing and sales, operations, safety & security, risk management and corporate governance processes. Management is responsible for ensuring that corrective actions are taken to overcome the reported weaknesses within an appropriate time frame. Audit reports incorporating the audit findings and recommendations to overcome systems and control weaknesses are presented to the management concerned, and thereafter to the Audit Committee for review on a quarterly basis.

The current internal audit function is performed in-house with a total cost incurred of RM406,000 (2018: RM388,000) for the financial year ended December 31, 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Yee Lee Corporation Bhd ("**Company**" or "**Yee Lee**") acknowledges the importance of practising good corporate governance practices under the leadership of the Board, as guided by the new Malaysian Code on Corporate Governance ("**MCCG**"). It is being applied as a fundamental part of discharging the directors' responsibilities to protect and to enhance shareholders' value.

The Board of Directors of Yee Lee presents this statement to provide shareholders and investors with an overview of the corporate governance ("**CG**") practices of the Company under the leadership of the Board during the financial year 2019. This statement takes guidance from the key CG principles as set out in the MCCG. The detailed application for each practice as set out in the MCCG is disclosed in the Corporate Governance Report 2019 ("**CG Report 2019**") which is available on the Company website at http://www.yeelee.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Part I – Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Company's strategic aims, values and standards

The Board is responsible for formulating the strategic plans, and establishing visions and goals for delivery of long-term values, and ensures effective leadership through oversight on management and continuously monitoring, overseeing and evaluating the Group's strategies, policies and performance so as to protect and to enhance shareholders' and other stakeholders' value.

There is a division of functions between the Board and the Management. The Board is focused on the Group's overall governance by ensuring the implementation of strategic plans and objectives are in line with its vision and missions; and that accountability to the Group and stakeholders is monitored effectively. The Board does not actively manage but rather oversees the overall management of the Group which is delegated to the Group Managing Director, Executive Directors and other officers of the Group. The Management supports the Group Managing Director and implements the running of the financial and general operations of the Group.

To ensure the effective discharge of its function and responsibilities, the Board also delegates some of the Board's authorities and discretion to the properly constituted Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, which are entrusted with specific responsibilities to oversee the Group's affairs, with authorities to act on behalf of the Board in accordance with their respective Terms of Reference. The ultimate responsibility for the final decision on all matters deliberated in these Committees, however, lies with the Board. Besides that, the Chairman of the relevant Board Committees also reports to the Board on key issues deliberated by the Board Committees at their respective meetings.

The Board may also delegate specific functions to ad hoc committees as and when required. The powers delegated to these committees are set out in the Terms of Reference of each of the Committees as approved by the Board.

The Independent Non-Executive Directors provide objective and independent judgment to the decision making of the Board which provides an effective check and balance to the Board's decision-making process.

1.2 The Chairman

The Chairman holds an Executive position and is primarily responsible for matters pertaining to the Board and the overall conducts of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.

Part I – Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.3 Separation of positions of the Chairman and Group Managing Director

The roles and responsibilities of the Chairman and Group Managing Director are clearly segregated to further enhance and preserve a balance of authority, power and accountability. The Chairman is responsible for ensuring Board effectiveness and conduct and the executive function of the management of the Group's business; while the Group Managing Director leads the Senior Management of the Group in making and implementing the day-to-day decisions on the business operations, managing resources and risks in pursuing the corporate objectives of the Group.

The separation of responsibilities between the Chairman and Group Managing Director are set out in the Board Charter which can be viewed at the Company's website at http://www.yeelee.com.my.

1.4 Qualified and Competent Company Secretaries

The Board is supported by two (2) professionally qualified Company Secretaries who are Chartered Secretaries. Both Company Secretaries have the requisite credentials and are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Company Secretaries play an important advisory role and are a source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and Group.

The Board has evaluated the performance of the Company Secretaries and is of the view that they are competent and have kept themselves abreast of the evolving regulatory changes and developments through continuous education programmes and attendance of relevant conferences, seminars and training programmes.

1.5 Meeting Materials

The Board is provided with an agenda, reports and other relevant information at least seven (7) days prior to the convening of the Board Meetings, covering various aspects of the Group's operations, so that they have a comprehensive understanding of the matters to be deliberated upon to enable them to arrive at an informed decision. All scheduled meetings held during the year were preceded with a formal agenda issued by the Company Secretaries. Senior management and advisers are invited to attend Board Meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at Board Meetings.

The Company Secretaries attend and ensure that the deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.

2. Demarcation of Responsibilities

2.1 Board Charter

The Board is guided by the Board Charter which sets out the roles, functions, authority, responsibilities, membership, key matters reserved for the Board, relationships with management and other matters.

Part I – Board Responsibilities (Cont'd)

2. Demarcation of Responsibilities (Cont'd)

2.1 Board Charter (Cont'd)

The Board reviews the Board Charter annually and updates the Board Charter in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities to ensure its effectiveness. The Board Charter can be viewed at the Company's website at http://www.yeelee.com.my.

3. Good Business Conduct and Healthy Corporate Culture

3.1 Code of Conduct

The Board has formalised a Directors' Code of Ethics and Conduct that is incorporated in the Board Charter, which sets out the standard of conduct expected of Directors, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity, accountability and corporate social responsibility.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

3.2 Whistleblowing Policy

The Board is committed in maintaining the highest possible standard of professionalism, ethics and legal conduct in the Group's business activities. The Company's Whistleblowing Policy provides a mechanism for its Board members, all levels of employees, contractors, suppliers, bankers, customers and business associates to report suspected or instances of wrongdoing in the conduct of its business, whether in matters of financial reporting or other malpractices, at the earliest opportunity and in an appropriate way.

The Whistleblowing Policy is available on the Company's website at http://www.yeelee.com.my.

Part II – Board Composition

4. Board's Objectivity

4.1 Composition of the Board

The Board currently has eight (8) members, comprising four (4) Executive Directors and four (4) Non-Executive Directors of whom three (3) are independent. The role of Chairman is held by a Non-Independent Executive Director. This Board composition complies with the Main Market Listing Requirements ("Listing Requirement") of Bursa Malaysia Securities Berhad ("Bursa Securities") to have at least one-third of the Board consisting of Independent Directors.

The MCCG requires that at least half of the Board comprises independent directors. The Board will endeavor to have at least half the Board comprises independent directors.

Part II – Board Composition (Cont'd)

4. Board's Objectivity (Cont'd)

4.2 Tenure of Independent Directors

The Nomination Committee and the Board have determined at the annual assessment carried out on Mr. Lee Kee Hong and Dato' Mohd Adhan bin Kechik, both of whom have served on the Board for a cumulative term of more than twelve (12) years, that they remain objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their services on the Board does not in any way interfere with their exercise of independent judgement.

The Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

In accordance with Practice 4.2 of the MCCG, resolutions under the special business to retain Mr. Lee Kee Hong and Dato' Mohd Adhan bin Kechik as the Independent Directors will be tabled in the forthcoming 47th AGM through a two-tier voting process.

4.3 Policy on Independent Director's Tenure

The Company does not have a policy which limits the tenure of its independent directors to nine (9) years. The Board Charter has adopted Practice 4.2 of the MCCG to seek shareholders' approval in the event the Board desires to retain as an Independent Director, a person who has served in that capacity for more than nine (9) years. If the Board continues to retain the Independent Director after the twelfth (12th) year, the Board must seek shareholders' approval annually through a two (2)-tier voting process.

4.4 Diverse Board and Senior Management

The Nomination Committee is responsible for reviewing and assessing the mix of skills, expertise, composition, size, experience, competence and effectiveness of the Board, its Committees and Senior Management.

This process ensures that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and the needs of the Company.

Appointment of Board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, competence, experience, age and cultural background. Please refer to the Directors' Profile and Key Senior Management's Profile in the Annual Report 2019 for further information.

4.5 Gender Diversity Policy

The Board acknowledges the importance of gender diversity in the board and senior management and the recommendation of the MCCG pertaining to the establishment of a gender diversity policy. Hence, the Board had always been in support of a policy of non-discrimination on the bases of race, religion and gender. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

Part II – Board Composition (Cont'd)

4. Board's Objectivity (Cont'd)

4.6 New Candidates for Board Appointment

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company while it determines the skills matrix needed to support the strategic direction and needs of the Company.

The process for the appointment of a new director is summarised as follows:-

1. The candidate identified upon the recommendation by the existing Directors, senior management staff and/or other consultants;
2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;
3. Recommendation to be made by Nomination Committee to the Board if the proposed candidate is found to be suitable. This includes recommendation for appointment as a member of the various Board committees, where necessary; and
4. The final decision as to who shall be appointed as Director remains the responsibility of the full Board after considering the recommendation of the Nomination Committee.

As an integral element of the process of appointing new Directors, the Nomination Committee will ensure that Directors undergo an orientation programme to familiarise themselves with the Group's business, which include visits to the Group's various offices and factory premises and meetings with senior management. This is to facilitate their understanding of the Group's activities and to assist them in effectively discharging their duties.

4.7 Nomination Committee

The Nomination Committee has three (3) members comprising exclusively of Non-Executive Directors, all of whom are Independent Directors. The Nomination Committee meets at least once in a year with additional meetings to be convened, if necessary. During the financial year under review, the Nomination Committee had met on February 27, 2019 and full attendance by the members was recorded.

	Number of meetings attended
Chairman	
Lee Kee Hong *Independent Non-Executive Director*	1/1
Members	
Dato' Mohd Adhan bin Kechik, DJMK, SMK *Independent Non-Executive Director*	1/1
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP *Independent Non-Executive Director*	1/1

Part II – Board Composition (Cont'd)

4. Board's Objectivity (Cont'd)

4.7 Nomination Committee (Cont'd)

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientating new Directors. The Board has established an annual performance evaluation process to assess the performance and effectiveness of the Board and Board Committees, as well as the performance of each Director and each Audit Committee Member.

The Terms of Reference of the Nomination Committee is available on the Company's website at http://www.yeelee.com.my.

5. Overall Board Effectiveness

5.1 Annual Evaluation and Directors Training

The Board, together with the Nomination Committee, determines the size and composition of the Board subject to the provisions of the Company's Constitution. The composition and size of the Board is such that it will facilitate the decision making process of the Company. The Board comprises a minimum of one third of independent non-executive directors and comprises directors with a broad and relevant range of skills, diversity, expertise and experience.

The Nomination Committee conducted its annual assessment and evaluation on the performance and effectiveness of the Board, its Committees and the contribution of each director.

The evaluation involves individual Directors completing separate performance evaluation sheet regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. Criteria such as contribution to interaction, quality of output, understanding of roles and Board Chairman's role are assessed and evaluated.

These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

An assessment and evaluation of the performance and effectiveness of all Board Committees for the financial year ended December 31, 2019 was undertaken by the Nomination Committee on February 27, 2020. The Nomination Committee is satisfied that these Board Committee and its members have discharged their functions, duties and responsibilities in accordance with the Committee Charter or Terms of Reference.

There were no major concerns from the results of the annual assessment and evaluation. The Nomination Committee, upon the review carried out, is satisfied that the size of the Board is optimum and that there is an appropriate mix of experience and expertise in the composition of the Board and its Committees.

Based on the annual assessment and evaluation of the performance and effectiveness of the Board, the Nomination Committee has recommended the re-election of Mr Chok Hooa @ Chok Yin Fatt, PMP, Mr Sow Yeng Chong and Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP as directors at the forthcoming 47th AGM. The Board (saved for the interested directors) is satisfied that these three (3) directors have continued to contribute to the Board effectiveness and have discharged their responsibilities as directors.

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual Evaluation and Directors Training (Cont'd)

The Directors are aware of the time commitment expected from each of them to attend to the matters of the Group generally, including attendance at Board, Board Committees and other types of meetings. None of our Directors are directors of more than three (3) public listed companies. The Board is satisfied that the present directorships in external organizations held by the Directors do not give rise to any conflict of interests nor impair their ability to discharge their responsibilities to the Group.

The Board has committed to meet at least four (4) times a year, usually before the announcement of quarterly results to Bursa Securities, with additional meetings convened when necessary.

During the financial year ended December 31, 2019, six (6) Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	4/6
Lim Ee Young	5/6
Thang Lai Sung	6/6
Chok Hooa @ Chok Yin Fatt, PMP	5/6
Dato' Mohd Adhan bin Kechik, DJMK, SMK	6/6
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, DIMP	6/6
Lee Kee Hong	6/6
Sow Yeng Chong	6/6

The Directors would notify the Company prior to accepting any new directorship in a public listed company.

The Board acknowledges that continuous education is vital in keeping the Directors abreast with developments in the market place and with new statutory and regulatory requirements, besides enhancing professionalism and knowledge in enabling them to discharge their roles in an effective manner.

Relevant training programmes were arranged to facilitate knowledge building for Directors. The Directors may also attend additional training courses according to their individual needs, to equip themselves for the discharge of their responsibilities as directors of a public listed company and in the Board Committees on which they serve.

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual Evaluation and Directors Training (Cont'd)

All the Directors have attended development and training programmes during the financial year ended December 31, 2019. The conferences, seminars, workshops and training programmes attended by the Directors were as follows:-

Name	Conferences, seminars, workshops and training programmes
Dato' Lim A Heng @ Lim Kok Cheong	• Corporate Liability Act - Defense for Directors, Executives & Company
Lim Ee Young	• Personal Story Telling in Business for CEOs • Sales Intelligence Strategies for the Modern Company & Salesperson • The Second Digital Revolution - The Three Axis Model • 1. "Winning The Innovation Race : Unlocking Asia Creative Powers" 2. CEOs' Current & Future Global Challenges
Chok Hooa @ Chok Yin Fatt	• MFRS 16 Leases • Telekom Malaysia IR 4.0 Perak Roadshow • Corporate Liability Act - Defense for Directors, Executives & Company
Thang Lai Sung	• Corporate Liability Act - Defense for Directors, Executives & Company
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	• Case Study Workshop for Independent Directors • Corporate Liability Act - Defense for Directors, Executives & Company • Invitation to the SC AOB Conversation with Audit Committees
Dato' Mohd Adhan bin Kechik	• Corporate Liability Act - Defense for Directors, Executives & Company
Lee Kee Hong	• Corporate Liability Act - Defense for Directors, Executives & Company
Sow Yeng Chong	• Adding Confidence to Captives: Managing Volatility via Self Insurance • Technical Briefing for Company Secretaries of Listed Issuers 2019 • Corporate Liability Act - Defense for Directors, Executives & Company • Integrated Reporting <IR>: Communicating Value Creation

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The Board has adopted its Remuneration Policy which sets out the remuneration package of Directors and Senior Management offered by the Group and the Company that is in line with current market practices to attract, retain, motivate and reward suitably qualified candidates to occupy positions in the Board and Senior Management, thereby attaining the corporate objectives and sustainable growth and development of the Company and Group. The Remuneration Policy is available on the Company's website at http://www.yeelee.com.my.

Part II – Board Composition (Cont'd)

6. Level and Composition of Remuneration (Cont'd)

6.1 Remuneration Policy (Cont'd)

The Company endeavours to obtain up-to-date remuneration data and information on pay patterns and market practices. The remuneration packages of companies comparable to the Company will be used as a benchmark to ensure the remuneration packages of the Company offered to Directors and Senior Management remain appropriate and competitive. For the Executive Director and Senior Management, the components of the remuneration package are linked to corporate and individual performance; for the Non-Executive Directors, they receive a fixed Director's fee, meeting and travelling allowance for attending meetings of the Board and its Committees. Other allowance may also be paid for the performance of specific job assignment.

6.2 Remuneration Committee

The Remuneration Committee has three (3) members comprising two (2) Independent Non-Executive Directors and an Executive Director.

The Remuneration Committee is responsible for setting the policy framework and makes recommendation to the Board on all elements of remuneration and terms of employment of Executive Directors and senior management. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration.

The Remuneration Committee is entrusted to assist the Board, amongst others, to recommend to the Board the remuneration of Executive Directors by linking rewards to the corporate and individual performance. The Remuneration Committee shall ensure that the level of remuneration is sufficient to attract and to retain Directors of the quality required to manage the business of the Group.

The current remuneration payable to Non-Executive Directors comprises Directors' fees and meeting allowances, based on the number of meetings they are attending for a year which require shareholders' approval.

Meetings of the Remuneration Committee are held as and when necessary, and at least once a year. The Members met once in the financial year ended December 31, 2019 and full attendance by the members was recorded.

The Terms of Reference of the Remuneration Committee is available on the Company's website at http://www.yeelee.com.my.

Part II – Board Composition (Cont'd)

7. Remuneration for Directors and Senior Management

7.1 Directors' Remuneration

The details of the remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiary companies) during the financial year ended December 31, 2019 are categorised as follows:-

The Group

Directors' Remuneration	Salaries RM'000	Fee RM'000	Bonus RM'000	Benefits-in-kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors						
Dato' Lim Kok Cheong	1,214	71	898	-	2	2,185
Thang Lai Sung	264	35	56	-	3	358
Lim Ee Young	1,053	72	836	15	3	1,979
Chok Yin Fatt	578	38	203	13	6	838
Non-Executive Directors						
Dato' Mohd Adhan bin Kechik	-	30	-	-	12	42
Dato' Ir. Nik Mohamad Pena bin Mustapha	-	30	-	-	12	42
Lee Kee Hong	-	30	-	-	12	42
Sow Yeng Chong	-	30	-	-	6	36
Total	**3,109**	**336**	**1,993**	**28**	**56**	**5,522**

The Company

Directors' Remuneration	Salaries RM'000	Fee RM'000	Bonus RM'000	Benefits-in-kind RM'000	Other Emoluments RM'000	Total RM'000
Executive Directors						
Dato' Lim Kok Cheong	-	33	-	-	2	35
Thang Lai Sung	-	30	-	-	3	33
Lim Ee Young	-	30	-	-	3	33
Chok Yin Fatt	-	30	-	-	6	36
Non-Executive Directors						
Dato' Mohd Adhan bin Kechik	-	30	-	-	12	42
Dato' Ir. Nik Mohamad Pena bin Mustapha	-	30	-	-	12	42
Lee Kee Hong	-	30	-	-	12	42
Sow Yeng Chong	-	30	-	-	6	36
Total	**-**	**243**	**-**	**-**	**56**	**299**

Directors' fees of the Company are subject to the approval by shareholders at the forthcoming 47th AGM of the Company.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I – Audit Committee

8. Effective and Independent Audit Committee

The Audit Committee of the Company presently comprises four (4) Non-Executive Directors, with a majority being independent directors. The Audit Committee is chaired by an Independent Director, namely Dato' Mohd Adhan bin Kechik, who is distinct from the Chairman of the Board.

The members of the Audit Committee have a mix of commercial, banking, legal, financial skills, management and accounting experience. Arrangements will be made by the Company for the members of the Committee to attend seminars to continue to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

The Board has established a formal and transparent arrangement with the external auditors of the Company through the Audit Committee. The Audit Committee communicated directly and independently with the auditors and without the presence of the Executive Directors.

Further details please refer to the Audit Committee Report in the Annual Report 2019.

Part II – Risk Management and Internal Control Framework

9. Risk Management and Internal Control Framework

9.1 Effective Risk Management and Internal Control Framework

The Board affirms its overall responsibilities for the Group's system of the internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. The internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks. Accompanying these regular reviews and evaluations of internal control system is a continuous process for identifying, evaluating and managing significant risks which are faced by the Group.

The Group Risk Management & Sustainability Committee ("GRMSC") will review and approve actions developed to mitigate key risks and advising the Board on risk related issues. It provides direction to the risk management process and involves in the evaluation of the structure for the Group's risk management processes and support system. The GRMSC will assist the Board to carry out its sustainability commitment and initiatives as well.

The Group Risk Management & Sustainability Department ("GRMSD") provides ample support to the Risk Management/Management Committee of all subsidiary companies. The risk management programme has served the Group with structured, consistent approaches and methodologies in responding to the uncertainties in its operating environment. This warrants the strategic and rapid response by the Management to mitigate the impact on its key risks in order to achieve the Group's business objectives. The GRMSD will also play an important role to implement and maintain an effective sustainability reporting function within the Group.

Part II – Risk Management and Internal Control Framework (Cont'd)

9. Risk Management and Internal Control Framework (Cont'd)

9.2 Features, Adequacy and Effectiveness of Risk Management and Internal Control Framework

The Board has adopted a systematic approach to overseeing the actual performance and provides guidance to the Management on measures to improve the business performance and minimise risk impacts. The Group has an adequate and effective risk management framework, and a sound internal control system in place. The Group's risk management function is being assigned to the GRMSC which is assisted by the GRMSD to monitor and mitigate the key risks. The Audit Committee will perform a risk oversight role by reviewing the adequacy and effectiveness of the Group's system of internal control and risk management function and advises the Board accordingly.

The Board is committed to improving the risk management to meet its corporate objectives and to support all types of businesses and operations within the acceptable level of risks which are aligned with the Group's risk appetite. The Board is of the view that the existing system of risk management and internal control is sound and sufficient to protect the Group's interest and that of its stakeholders. The features of risk management and internal control framework are adequately disclosed in the Audit Committee Report, Corporate Governance Overview Statement, and Statement on Risk Management and Internal Control of this Annual Report.

10. Effective Governance, Risk Management and Internal Control

On February 27, 2020, an annual assessment of the effectiveness and independence of the internal audit function has been conducted by the Audit Committee for the financial year ended December 31, 2019. The Audit Committee has opined that the internal audit team had carried out their duties objectively, impartially and independently in accordance with the Internal Audit Charter, International Professional Practice Framework for Internal Auditing and Code of Ethics for Internal Auditors.

The Internal Auditor-Head has served the Yee Lee Corporation Bhd. Group of Companies ("Yee Lee Group") for the past 25 years. He has come to know most of the management and staff, and able to obtain full cooperation and good rapport from them to ensure that the audit process had gone on smoothly.

The Audit Committee is satisfied that the Group Internal Audit Department had maintained a high degree of independence and professionalism in carrying out their duties, and able to provide value added services to the Yee Lee Group.

Besides, the Audit Committee has reviewed the adequacy of resource requirements and competencies of the audit staff as well as the annual audit plan and their audit works. The Audit Committee has obtained reasonable assurance that the internal audit function had remained effective and advised the Board accordingly. As such, the Board is confident that the Group Internal Audit Department is competent enough to provide value added services and able to meet all its audit objectives.

The Board is of the view that the system of risk management and internal control in place during 2019 is sound and sufficient to safeguard the Group's assets, interests and its business operations.

The processes of corporate governance, risk management and internal control framework are adequately disclosed in the Audit Committee Report, and Statement on Risk Management and Internal Control of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Part I – Communication with Stakeholders

11. Continuous Communication between Company and Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and the general public, and at the same time, full compliance with the disclosure requirements as set out in the Listing Requirements. The annual reports, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Group Financial Controller is the designated spokesperson for all matters related to the Group and he oversees investor relations and where appropriate and practicable, will engage with research analysts, fund managers and institutional shareholders based on mutual understanding of objectives and entertains visits from such groups.

The Board will continue to assess and improve the reporting and disclosure. The Company further ensures that shareholders are kept fully informed through information provided on the Company's website at http://www.yeelee.com.my.

Part II – Conduct of General Meetings

12. Encourage Shareholders' Participation at General Meetings

The Board regards the AGM and other general meetings as an opportunity to communicate directly with shareholders and encourages attendance and participation in the dialogue. To ensure effective participation of and engagement with shareholders at the 46^{th} AGM of the Company held on May 31, 2019, all members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 46^{th} AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The Board welcomes questions and feedback from shareholders during and at the end of the 46^{th} AGM and ensures their queries are responded in a proper and systematic manner. The Management and external auditors were also in attendance to respond to the shareholders' queries. Further, in line with good corporate governance practice, the notice of the 46^{th} AGM was issued at least 28 days before the AGM date.

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, the Company is required to ensure that any resolution set out in the notice of general meetings is voted by poll. Hence, all the resolutions set out in the notice of the Company's 46^{th} AGM were voted by poll.

Due to the Company having a relatively small number of shareholders and that the Company's AGM are not held in remote areas, voting in absentia and remote shareholders' participation are not facilitated as advocated in MCCG's Practice 12.3.

New Initiative

In line with the Corporate Liability Provision under the New Section 17A MACC (Amendment) Act 2018, the Board has adopted the Anti-Bribery & Corruption Policy and Framework developed by the GRMSD on August 28, 2019. This shows the Group's commitment in doing businesses ethically and lawfully. Any forms of bribery and corruption are unacceptable and will not be tolerated. It has always been the Group's corporate philosophy and our principle of placing integrity before profits.

New Initiative (Cont'd)

This policy sets out the Group's position to prevent acts of bribery and corruption. The policy and procedures were being designed to comply with legislation governing bribery and corruption. It also provides guidance on the standards of behaviour for the employees in which they must follow, and this mainly reflects good business practices no matter where they work or who they are dealing with.

Besides, this policy applies to all employees working at any levels and grades such as directors, senior management, managers, executives, officers, supervisors, staffs, workers, promoters, contractual personnel and interns, or any of our subsidiaries and their employees irrespective where they are located (within or outside of Malaysia). The policy is also applicable to our business associates, i.e. any individual or organisations which our Company works with, and they are to comply with the minimum standards and procedures related to anti-bribery and corruption.

As for the Framework, it is developed based on the Guidelines on Adequate Procedures and consists of five principles, i.e. Top Level Commitment; Risk Assessment; Undertake Control Measures; Systematic Review, Monitoring and Enforcement; and Training and Communication.

The GRMSD personnel had attended both the in-house and external trainings on this topic. They had conducted Anti-Bribery & Corruption Workshops on October 24, 2019 and October 25, 2019 to create awareness and understanding of the policy and framework among the employees. A general briefing will be given to new employees during their orientation program by the Human Resource and Administration Department.

This CG Overview Statement was approved by the Board on May 29, 2020.

OTHER INFORMATION

1. **Utilisation of Proceeds raised from Corporate Proposals**

   The Company did not raise any funds from any corporate proposals during the financial year ended December 31, 2019.

2. **Audit and non-audit Fees**

   For the financial year ended December 31, 2019, the amount of audit and non-audit fees paid/payable to the Company's external auditors and its affiliates are as follows:-

	The Group RM'000	The Company RM'000
Audit fee	457	83
Non-audit fee	64	8
Total	**521**	**91**

3. **Material Contracts**

   There was no material contract which has been entered into by the Group, involving the Directors' and major shareholders' interests, since the end of the previous financial year and at the end of the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance ("MCCG")'s Principle B requires listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Board of Directors ("the Board") of Yee Lee Corporation Bhd. is pleased to present the following Statement on Risk Management and Internal Control. This Statement outlines the nature and scope of the risk management and internal control of the Group and covers all of its operations except for an associated company and a joint venture entity in which the Group does not have full management and control over.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. These systems are designed to manage and to minimise rather than to completely eliminate the risk of failure in achieving the Group's business objectives. Such systems can only provide reasonable, but not absolute assurance against material loss or failure. This denotes that the internal control system has been applied to manage risks within cost levels appropriate to the significance of the risks. Accompanying these regular reviews and evaluations of internal control system is a continuous process for identifying, evaluating and managing significant risks which are faced by the Group. This process is subjected to regular reviews by the Directors as set out in the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers".

RISK MANAGEMENT FRAMEWORK

The Group had updated its risk management system to be in line with the ISO31000 Risk Management – Principles and Guidelines since last year. The framework includes obtaining top management's commitment integrating risk management into organisational activities, designing the framework for managing risk, implementing the risk management process, evaluating the effectiveness of the risk management function, and continually improving the framework. The integration of Enterprise Risk Management ("ERM") with the business practices will result in better information that supports improved decision-making and leads to enhanced performance. In view that both the external and internal environments are subject to constant change, the risk management process is annually evaluated by the respective Management as to its effectiveness.

The key elements of the Risk Management Framework of the Group are listed as follows:-

- Risk Governance Structure
- Risk Appetite
- Risk Management and Internal Control Processes

RISK GOVERNANCE STRUCTURE

The Board has delegated the Group's risk oversight function to the Audit Committee. It has also assigned the Group Risk Management & Sustainability Committee ("GRMSC") which is assisted by the Group Risk Management & Sustainability Department ("GRMSD") to monitor and to ensure that the Group's risk management practices are aligned with the framework.

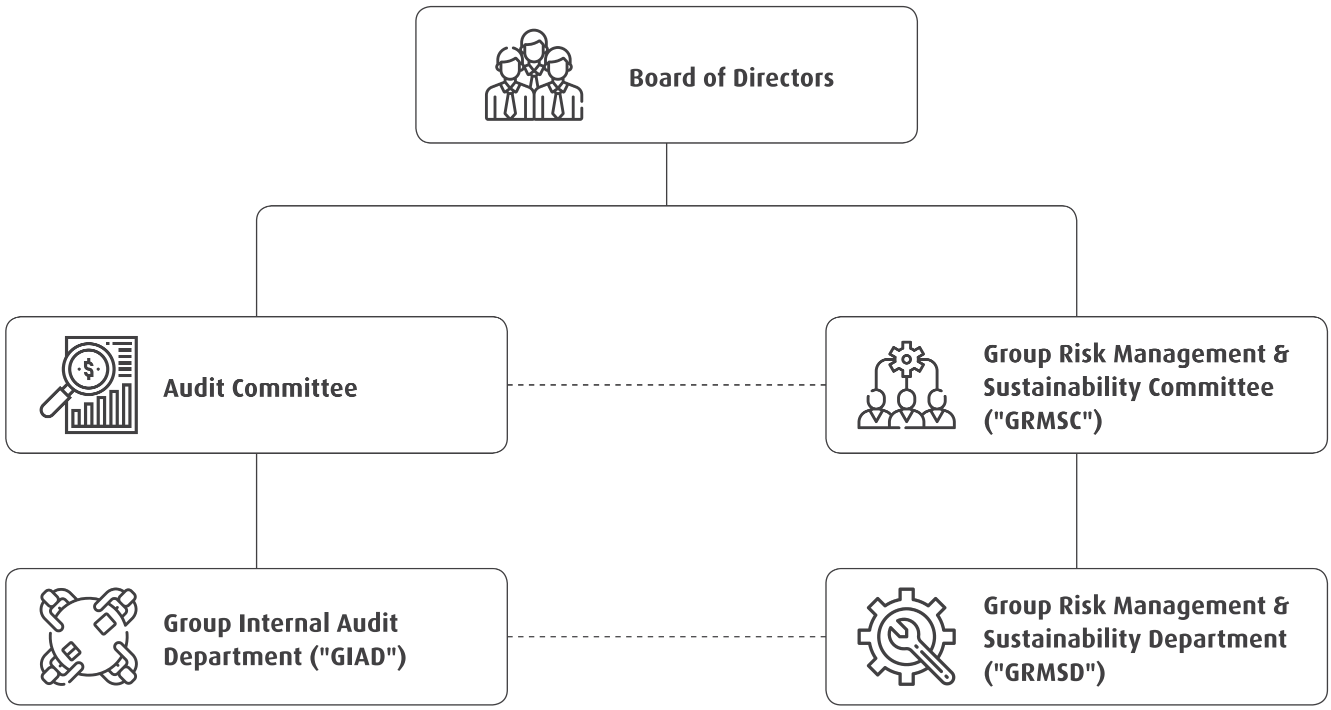
The GRMSC will provide direction and counsel to the GRMSD. It involves in the evaluation of the Group's risk management processes and support system. In addition, it will review and approve actions developed to mitigate key risks and advising the Board on risk related matters.

RISK GOVERNANCE STRUCTURE (CONT'D)

The GRMSD is structured to ensure that ample support is provided at both the Head Office and divisional level, and it is mainly responsible for the following:-

- Formulating, recommending, and managing sound and best practice ERM programmes for the Group;
- Promoting risk awareness within the Group;
- Assisting the Risk Management & Sustainability Committee or Management Committee of all subsidiary companies on their risk management functions;
- Maintaining a proper ERM and data control system;
- Establishing risk appetite;
- Compiling risk from the Group for the GRMSC's review; and
- Organising risk management workshops for employees.

KEY COMMITTEE INVOLVED IN OVERALL RISK MANAGEMENT

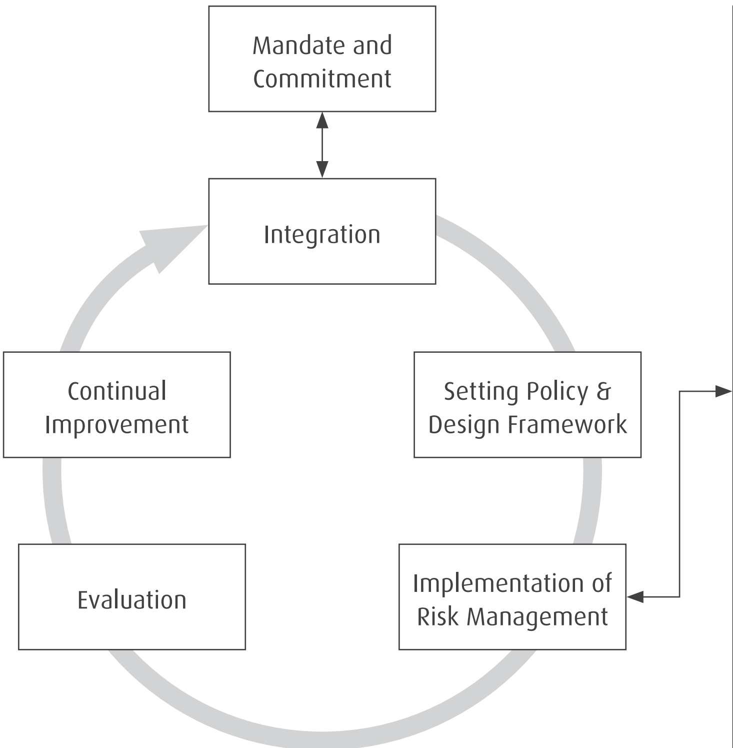


RISK APPETITE

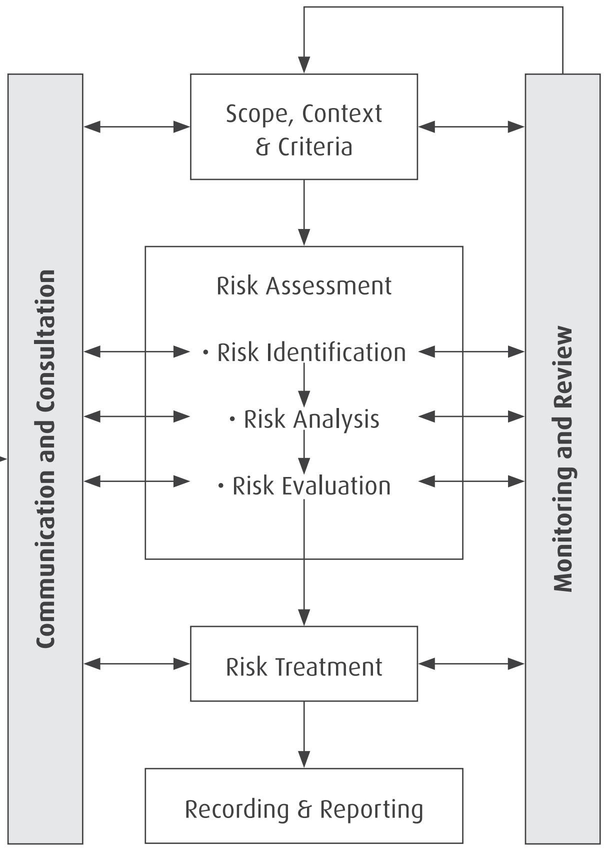
The Group's risk appetite defines the amount and types of risk that the organisation is willing to accept in pursuit of its strategic objectives. It also sets out appropriate controls and actions to reduce the risk to an acceptable level based on its financial and operational capabilities. The strategic objectives, business plans and desired risk profile are aligned to the risk appetite. As an effort to further enhance clarity on the risk that the Group is willing to pursue or to retain, the Group has also subsequently established a Risk Appetite Statement:-

"Yee Lee Group shall take practical yet reasonable steps to mitigate or eliminate risks to ensure reliable and competitive business operations towards achieving the Group's objectives. In pursuit of business growth and sustainability, the Board recognises the need for strategic decision to be made with complete understanding of risks and the Group's capacity to manage them. Hence, the Management is responsible for the development of the risk appetite, risk capacity and risk tolerance."

This statement will help formalise and clarify the Group's overall approach to risk.



Risk Management Framework



Risk Management Process

RISK MANAGEMENT PROCESS

The Group has adopted a systematic approach which applies management policies, procedures and practices to a set of activities in establishing the context, to communicate and consult with stakeholders, and to identify, analyse, evaluate, treat, record and report, monitor and review risks.

The risk management process is explained as follows:-

A. SCOPE, CONTEXT & CRITERIA

This is the strategic, organisational and risk management context and scope in which the risk management process of the Companies will take place. Criteria against which risk will be evaluated had been established whereas the structure of the risk analysis is clearly defined.

B. RISK IDENTIFICATION

All potential events that could adversely impact the Group from achieving its objectives, including failure to capitalise on opportunities are identified. The Management and key operating personnel of each subsidiary company are required to identify those risks which relate to their area of works as well as the company's business and activities. They are encouraged to come out with appropriate action plans to mitigate such risks. The GRMSD had compiled all the information which will be shared throughout the Group.

C. RISK ANALYSIS

The Group determines the existing controls and analyses the risks in terms of the consequence and likelihood in the context of those controls. The analysis considers the range of potential consequences and how likely they are to occur. Consequence and likelihood are combined to produce an estimated level of risk. Risk impact is analysed from both qualitative and quantitative perspectives.

D. RISK EVALUATION

The estimated risk levels are compared against the pre-established criteria. This will enable risks to be rated and prioritised. Each subsidiary company has a Risk Consequence Scale of which risks are quantified based on the Management's risk appetite and tolerance limit.

E. RISK TREATMENT

Among the risk treatments are managing the risk by application of controls, risk acceptance, risk sharing, risk avoidance and taking no further action. It may also include risk taking in order to pursue an opportunity.

F. RECORDING & REPORTING

The outcomes of the risk management process are documented and reported through proper mechanism to the GRMSD. For higher priority risks, the companies are required to initiate and implement specific risk action plans. Lower priority risks may be accepted and monitored via list of observations.

G. MONITORING AND REVIEW

The companies review their risk management systems and any changes that might affect them. Monitoring and reviewing occur concurrently throughout the risk management process. Proper documentation system had been developed for this purpose.

RISK MANAGEMENT PROCESS (CONT'D)

H. COMMUNICATION AND CONSULTATION

Appropriate communication and consultation with internal and external stakeholders would occur at each stage of the risk management process as well as on the process as a whole.

In view of the need to comply with the New Section 17A The Malaysian Anti-Corruption Commission (Amendment) Act 2018 which will take effect from June 1, 2020, the GRMSD has notified the Management of each subsidiary company to start identifying any bribery and corruption risks as well as their mitigation plans. The risk assessment process is part of the Group's adequate procedures to prevent employees from committing corruption.

The main risk areas faced by the Group together with the key risk management processes are outlined below:-

1. BUSINESS / OPERATION RISK

- Review of economic conditions, commodity pricing and implications to business operations.

- Day-to-day management of operational risks through an effective system of internal controls and monitoring measures.

- Workplace safety and security procedures are designed to enhance the safety of facilities and handle situations such as unlawful entries, theft and fire breakouts.

2. CREDIT RISK

- Implementation of policies and procedures in opening of new accounts of customers, application of credit term/ credit limit, invoicing, overdue debts, doubtful debts, cash receipts and collections as well as credit controls.

- Clearly defined levels of authority to ensure the approval roles of authorised personnel commensurate with the level of experience in credit risk management, and that there is clear segregation of duties between parties originating and approving credits.

3. FIDELITY RISK

- Comprehensive Standard Operation Procedures ("SOP") have been established for the strict control on the handling, recording and reporting of daily sales proceeds and inventory in order to reduce risk exposure.

- There are guidelines in the recruitment of sales personnel and periodic independent audit inspection by the finance team.

- To ensure that insurance coverage on fidelity guarantee policy is adequate to mitigate any financial impact in the event of a loss.

RISK MANAGEMENT PROCESS (CONT'D)

4. INVESTMENT RISK

- In order to sustain growth and remain competitive in businesses, the Group has carried out various projects which include spending on capital expenditures for upgrading of plants and machinery, purchase of land for factory set-up and expansion of warehouses facilities & distribution network. Investment activities are managed through careful planning, feasibility studies and thorough financial analysis as well as close monitoring by the project management team to ensure that the investments are viable and successful.

5. CYBER SECURITY RISK

The Group has developed an Information Technology ("IT") Computer Usage & Security Policy to detect, protect and react to cyber-invasion. They comprised:-

- A comprehensive IT Audit Policy established to ensure integrity, confidentiality and availability of information systems are adequately maintained.

- IT compliance audits which will be performed regularly by the IT management team in accordance with the prescribed procedures.

- Information Security Risk Assessments which will be conducted periodically by the IT risk assessment team for the purpose of determining the areas of vulnerability and to initiate appropriate remediation there-of.

- Disaster Recovery Plan which was set up in the form of contingency planning to mitigate the risk of system and service unavailability by focusing on effective and efficient recovery solutions. This can be done by performing some or all of the affected business processes using manual means for short-term disruptions as well as restoration of IT operations at different locations with alternate equipment.

The Group will proceed to monitor and enhance the IT infrastructures to cope with the fast-growing cyber threats in this era of information technology.

MONITORING, REVIEW AND REPORTING

A summary of significant risks is submitted by the Risk & Sustainability Administrator (Head of GRMSD) to the Audit Committee for its attention. The Audit Committee will review and monitor the effectiveness of the Group's risk management system, and advises the Board accordingly.

The risk management programme has served the Group with structured, consistent approaches and methodologies in responding to the uncertainties in its operating environment. This warrants strategic and rapid responses by the Management to impede the impact on its key risks in order to achieve the Group's business objectives.

A yearly risk assessment is undertaken by the Risk Management & Sustainability Committee or Management Committee of each subsidiary company to review and evaluate the risk management system as to its effectiveness. This provides assurance to the Head Office that their risk management processes and related controls are functioning effectively to manage the company's exposure to risk.

CONTROL ENVIRONMENT AND STRUCTURE

The Board and Management have not only established processes in identifying, evaluating and managing the significant risks being faced by the Group, but also in updating the internal control system when there are changes to the business environment or regulatory guidelines.

1. **Board and Management Committees**

   Board Committees such as Audit Committee, Nomination Committee, Remuneration Committee and GRMSC had been set up by the Board, and delegated with specific responsibilities of which, are all governed by clearly defined terms of reference and authority for areas within their scope. The Board Charter and Audit Committee Charter set out the responsibilities and functions of the Board and the Audit Committee respectively. The various Management Committees were established to oversee and to manage the business units being assigned to them.

2. **Policies and Procedures**

   There is extensive documentation of policies, procedures and guidelines in the form of SOP and Operational Manuals on key business processes and supporting functions which include financial reporting, human capital, procurement and information technology systems. The Group also has an Occupational Safety and Health Management System Manual which outlines the security and safety policies and procedures. These policies and manuals are reviewed and revised periodically to meet changing business, operational and statutory reporting needs.

3. **Limits of Authority ("LOA")**

   Major investment and capital expenditure are reviewed and approved by the Board. All other procurements and payments are approved by the various levels of Management in accordance to their authorisation limits. The LOA is reviewed and updated periodically to reflect any changes.

4. **System and Information Security**

   The Group Information Technology Department is responsible for continuously monitoring and resolving security threats to the Company both internally and externally. The Group has a Computer Usage & Security Policy that regulates the use of information technology resources and system data.

5. **Certification Bodies & Authorities**

   The Group has maintained its effectiveness of internal control function and compliance with the requirements as laid down by the certification bodies and authorities. Periodical audit inspections are performed by the internal audit team, various accredited certification bodies and authorities in maintaining the quality of products, food safety, and environmental regulations.

6. **Organisation Structure**

   The Group has a defined organisational structure with clear lines of responsibility, authority and accountability which enable the Management to act in the best interest of the shareholders.

INTERNAL AUDIT FUNCTION

The GIAD is constantly upgrading its audit approach, maintaining a highly dedicated and competent audit team, and expanding its scope to encompass risk-based plans. The internal audit team visits the business units, and carries out its functions in monitoring the effective application of policies, procedures and activities related to internal controls, risk management and governance processes. In the course of performing its duties, the GIAD has unrestricted access to all functions, records, documents, personnel, or any other resource or information, at all levels throughout the Group.

The GIAD has a clear line of reporting to the Audit Committee and its performance is reviewed by the Audit Committee on an annual basis. Thus, the GIAD is independent of the financial, operational and management activities in which they are auditing. Its work practices are governed by the internal audit charter and the annual audit plan is reviewed and approved by the Audit Committee.

The internal audit team conducts risk-based audit and focus on effective risk management practices. Its mission is to provide objective and independent assurance of the Group's system of internal controls as well as reviewing the adequacy and effectiveness of risk management, governance and control processes which were being established to manage risks and operations. It also monitors compliance with policies, guidelines, laws and regulations. Any internal control weaknesses and audit recommendations would be discussed and reported to the Management for corrective and preventive measures. Significant findings and corrective measures in respect of any non-compliances are highlighted to the Audit Committee.

The GIAD adopts the standards and principles as outlined in the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors, and is committed to provide value-added services to the Group.

CONTROL ACTIVITIES

The control activities carried out by the Group are as follows:-

1. The Group's business units evaluate their performances by setting annual targets, objectives or Key Performance Indices ("KPIs") which are reviewed in the Management Meeting on a monthly basis.

2. Annual financial and operational budgets are prepared by the business and operating units, and are approved by the Executive Chairman, Group Managing Director and Group General Manager. The review of budget against actual performance is performed on a quarterly basis where significant variances will be investigated and followed up with appropriate remedial actions.

3. The GIAD, GRMSD and finance team play an important role in evaluating and improving the effectiveness of key controls surrounding the financial reporting process and operating systems.

INFORMATION AND COMMUNICATION

The Board has taken steps to enable consistent sharing of relevant information throughout the organisation as well as with the external parties. The Board also emphasises communication with all the employees in carrying out their duties and responsibilities to achieve the Group's business objectives.

INFORMATION AND COMMUNICATION (CONT'D)

1. Financial and Operational Information

The Group is equipped with computerised systems that are capable to capture, to compile and to analyse the data for management decision-making purposes. Monthly management reports containing financial results, ratio analysis and operational performance indicators are reviewed by the Management and Senior Management while the quarterly report on consolidation results will be submitted for the Audit Committee and the Board's attention. Minutes of the Monthly Management Meeting and Operations Review Meeting are circulated to the Departmental Heads and Senior Management.

2. Code of Conduct

The Group is committed to conduct business fairly and ethically, and in compliance with the law and regulations. The Board Charter's Code of Ethics and Conduct stipulates how Directors should conduct themselves in all business matters. As for the Employee Handbook, it defines the core principles, ethical standard and expected code of conduct which the employees should follow in achieving the Group's vision and business objectives.

3. Whistleblowing

The Whistleblowing Policy is established to further strengthen the governance framework of the Group by assisting the Board in reviewing, investigating and resolving any suspected violations. They may include instances of possible fraud, corruption, misappropriation of assets and money, or other irregularities. This policy provides a mechanism in which genuine whistleblowers will be able to raise concerns without fear of reprisal. An overview of the Whistleblowing Policy is described in the Group's website.

MONITORING

The Audit Committee and Board Meetings are held on a quarterly basis where the Board is kept up-to-date on significant changes in the business and the external environment of which the Group operates and also to review the performance of the Group.

The Group's management team carries out regular and periodic meetings to review, to discuss and to monitor the financial and operational performance as well as to formulate action plans to address areas of concern.

REVIEW OF EFFECTIVENESS

The Board remains committed towards improving the system of internal control and risk management process to meet its corporate objectives and to support all types of businesses and operations within the Group. The Board has opined that the Group's risk management framework and system of internal control are adequate and effective to safeguard the Group's interest and its business operations. It is also satisfied that the risks taken are at an acceptable level within the control of the business environment of the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Listing Requirements, the External Auditors, Deloitte PLT, have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the financial year ended December 31, 2019. Deloitte PLT had reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines for Directors of Listed Issuers, nor it is factually inaccurate.

CONCLUSION

The Board has received assurance from both the Group Managing Director and Group Financial Controller that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement. Hence, the Board is of the view that the system of risk management and internal control in place is sound and sufficient to protect the Group's interest and that of its stakeholders. In addition, the Board continues to take appropriate measures to sustain, and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

The Statement was approved by the Board of Directors on May 29, 2020.

DIRECTORS' RESPONSIBILITY STATEMENT

In Respect of the Audited Financial Statements for the Financial Year Ended December 31, 2019

The Directors are responsible for the preparation, integrity and fair representation of the financial statements of Yee Lee Corporation Bhd Group. As required by the Companies Act 2016 ("Act") in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended December 31, 2019 of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- applied the going concern basis.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and the cash flows for the financial year then ended.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling the Directors to ensure that the financial statements are drawn up in accordance with the requirements of the Act.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

REPORTS OF THE DIRECTORS AND FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors of **YEE LEE CORPORATION BHD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended December 31, 2019.

PRINCIPAL ACTIVITIES

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 15 to the financial statements.

RESULTS OF OPERATIONS

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

	The Group	The Company
	RM’000	RM’000
Profit for the year attributable to owners of the Company	23,672	13,960

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

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the following:

A first and final dividend of 4.0 sen per share, under the single tier system, amounting to RM7,664,172, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors’ report was paid by the Company during the financial year.

The directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

SHARE OPTION

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

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

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

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made other than those disclosed in Note 42 to the financial statements.

DIRECTORS

The directors of the Company in office during the financial year and up to the date of this report are:

Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP
Mr Lim Ee Young
Mr Thang Lai Sung
Mr Chok Hooa @ Chok Yin Fatt, PMP
YB Dato' Mohd Adhan bin Kechik, DJMK, SMK
Y Bhg Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP
Mr Lee Kee Hong
Mr Sow Yeng Chong

The directors who hold office in the subsidiary companies of the Company during the financial year and up to the date of this report are:

Name of Directors	Subsidiary Companies
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	CP, CPVN, SEAPP, YLEO, YLPOIL, YLT
Y Bhg Datin Chua Shok Tim @ Chua Siok Hoon	IW, DT, ST, YLEO, YLM, YLT, SMR
Mr Lim Ee Young	CP, CPVN, STR, YLEO, YLM, SP, YLT, SMR, SEAPP, MM
Mr Chok Hooa @ Chok Yin Fatt, PMP	IW, DT, ST, YLEO, YLPOIL, MM
Mr Thang Lai Sung	SEAPP, YLPOIL
Mr Lee Kon Cheng	DT, ST, SEAPP, SP
Mr Goh Mung Chwee	DT, ST, STR
Mr Lim Kim Kow	CP, YLT
Mr Wong Hung	CP, CPVN
Mr Chua Ah Bah @ Chua Siew Seng	IW
Mr Wong Kai Leong	CPVN

Denotes:

CP	Canpac Sdn Bhd
CPVN	Canpac Vietnam Pte, Ltd
DT	Desa Tea Sdn Bhd
IW	Intanwasa Sdn Bhd
MM	Mini Motors Sdn Bhd
SEAPP	South East Asia Paper Products Sdn Bhd
SMR	Sementra Resort Sdn Bhd
SP	Sementra Plantations Sdn Bhd
ST	Sabah Tea Sdn Bhd
STR	Sabah Tea Resort Sdn Bhd
YLEO	Yee Lee Edible Oils Sdn Bhd
YLM	Yee Lee Marketing Sdn Bhd
YLPOIL	Yee Lee Palm Oil Industries Sdn Bhd
YLT	Yee Lee Trading Co Sdn Bhd

DIRECTORS' INTERESTS

The interests in shares in the Company and in the holding company of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 are as follows:

	Number of ordinary shares			
	Balance as of 1.1.2019	Bought	Sold	Balance as of 31.12.2019
Shares in the Company				
Registered in the name of directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	6,861,752	46,800	-	6,908,552
Mr Lim Ee Young	1,548,856	-	-	1,548,856
Mr Thang Lai Sung	246,898	-	(246,898)	-
Mr Chok Hooa @ Chok Yin Fatt, PMP	205,432	-	(205,432)	-
YB Dato' Mohd Adhan bin Kechik, DJMK, SMK	96,664	-	(96,664)	-
Y Bhg Dato' Ir Nik Mohamad Pena bin Nik Mustapha, DIMP	1,550,000	-	(1,550,000)	-
Mr Lee Kee Hong	164,976	-	(164,976)	-
Mr Sow Yeng Chong	71,000	-	(71,000)	-
Deemed interests by virtue of shares held by a company in which a director has interests				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	101,546,083	-	(203,431)	101,342,652
Deemed interests by virtue of shares held by immediate family members of the directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	3,675,454	-	(14,129)	3,661,325
Mr Lim Ee Young	201,500	-	(201,500)	-
Mr Sow Yeng Chong	1,808	-	(1,808)	-
Shares in the holding company, Yee Lee Organization Bhd				
Registered in the name of directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	2,751	-	-	2,751
Mr Thang Lai Sung	1,716	-	-	1,716
Mr Lim Ee Young	98,919	20,172	-	119,091
Mr Lee Kee Hong	19,800	-	-	19,800

	Number of ordinary shares			
	Balance as of 1.1.2019	Bought	Sold	Balance as of 31.12.2019
Deemed interests by virtue of shares held by companies in which a director has interests				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	7,799,820	-	-	7,799,820
Deemed interests by virtue of shares held by immediate family members of a director				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	436,461	69,122	-	505,583

By virtue of Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP's interests in the shares of the Company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interests.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and certain companies in which certain directors of the Company are also directors and/or shareholders as disclosed in Note 23 to the financial statements.

Directors' remuneration

	The Group RM'000	The Company RM'000
Fees	408	243
Other emoluments	8,912	56
	9,320	299
Benefits-in-kind*	67	-

* Represents estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group.

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

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' liability insurance for purposes of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover for the directors and/or officers of the Group and of the Company. No indemnity and insurance is provided for auditors. The total amount of insurance premium paid/payable during the year is as follows:

	The Group RM'000	The Company RM'000
Insurance premium paid/payable	9	2

HOLDING COMPANY

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended December 31, 2019 is as disclosed in Note 8 to the financial statements.

AUDITORS

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

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

Y BHG DATO' LIM A HENG @
LIM KOK CHEONG, DPMP, JSM, JP
Executive Chairman

MR CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
May 29, 2020

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YEE LEE CORPORATION BHD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **YEE LEE CORPORATION BHD**, which comprise the statements of financial position of the Group and of the Company as at December 31, 2019, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 69 to 174.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, is of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter is addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key Audit Matter	Our audit performed and responses thereon
Classification and cut off of variable considerations impacting revenue recognition in trading segment There has been a significant increase in the amount of advertising and promotional expenses incurred by the trading segment for house brand products during the financial year, and there is a risk that variable considerations to revenue were inappropriately expensed off to profit or loss. Furthermore, failure to recognise such variable considerations on a timely manner may significantly impact the revenue reported. Refer to the revenue recognition policy for sale of consumer products in Note 2 to the financial statements.	We have performed the following procedures: • Tested relevant management controls over approval of promotion schemes for house brand products. • Tested the identification and classification of variable considerations such as rebates and discounts. • Checked accuracy and completeness of information used by the entity to compute rebates and discounts, including accruals for rebates and discounts that have not been claimed by customers. • Tested that after year end, variable considerations taken up in the revenue accounts do not include variable considerations that related to the current year end.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended December 31, 2019.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and in the Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF YEE LEE CORPORATION BHD

(Incorporated in Malaysia)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LIM KENG PEO
Partner - 02939/01/2022 J
Chartered Accountant

Ipoh,
May 29, 2020

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	5	1,113,657	1,122,015	14,918	15,135
Investment revenue	7	1,302	1,222	-	-
Other gains and losses	8	7,039	8,041	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress	8	4,336	4,269	-	-
Raw materials and consumables used	8	(225,999)	(264,005)	-	-
Purchase of finished goods and trading merchandise		(655,859)	(615,642)	-	-
Depreciation of property, plant and equipment	12	(17,565)	(16,743)	-	-
Depreciation of right-of-use assets	13	(1,761)	-	-	-
Employee benefit expenses	8	(87,863)	(83,959)	(299)	(270)
Finance costs	9	(6,560)	(6,803)	(60)	(61)
Other expenses	8	(109,603)	(106,917)	(599)	(299)
Share of profit of an associated company		9,266	6,751	-	-
Share of loss of a joint venture		(225)	(62)	-	-
Profit before tax		30,165	48,167	13,960	14,505
Tax expense	10	(6,493)	(10,696)	-	-
Profit for the year attributable to owners of the Company		23,672	37,471	13,960	14,505
Earnings per share					
Basic (sen)	11	12.35	19.56		
Diluted (sen)	11	12.35	19.56		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit for the year	23,672	37,471	13,960	14,505
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income of an associated company	650	16	-	-
Exchange differences on translating foreign entity	(366)	(65)	-	-
	284	(49)	-	-
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income	(6)	(3)	-	-
Total other comprehensive income/(loss) for the year	278	(52)	-	-
Total comprehensive income attributable to owners of the Company	23,950	37,419	13,960	14,505

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	461,466	455,819	-	-
Right-of-use assets	13	1,410	-	-	-
Investment properties	14	6,851	8,076	-	-
Investments in subsidiary companies	15	-	-	460,462	459,462
Investment in an associated company	16	138,346	130,166	65,425	65,010
Investment in a joint venture	17	313	538	-	-
Other investments	18	27	33	-	-
Goodwill on consolidation	19	1,612	1,612	-	-
Total non-current assets		610,025	596,244	525,887	524,472
Current assets					
Other investments	18	22,061	13,550	-	-
Biological assets	20	391	245	-	-
Inventories	21	110,818	104,129	-	-
Trade and other receivables	22	198,630	188,184	30,163	22,770
Current tax assets	10	6,613	5,995	176	176
Other assets	24	7,098	5,416	5	4
Deposits, cash and bank balances	25	49,950	63,879	5	84
		395,561	381,398	30,349	23,034
Asset classified as held for sale	26	1,500	-	-	-
Total current assets		397,061	381,398	30,349	23,034
Total assets		1,007,086	977,642	556,236	547,506

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		The Group		The Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	27	108,400	108,400	108,400	108,400
Reserves	28	14,030	13,752	-	-
Retained earnings	28	524,775	508,767	426,838	420,542
Total equity		647,205	630,919	535,238	528,942
Non-current liabilities					
Borrowings	29	19,322	19,993	-	-
Lease liabilities	31	617	-	-	-
Deferred tax liabilities	32	41,796	41,092	-	-
Total non-current liabilities		61,735	61,085	-	-
Current liabilities					
Trade and other payables	33	151,784	129,234	18,814	17,278
Borrowings	29	116,398	129,797	1,866	1,000
Lease liabilities	31	817	-	-	-
Current tax liabilities	10	94	721	-	-
Other liabilities	34	29,053	25,886	318	286
Total current liabilities		298,146	285,638	20,998	18,564
Total liabilities		359,881	346,723	20,998	18,564
Total equity and liabilities		1,007,086	977,642	556,236	547,506

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

		Attributable to Owners of the Company					
			Non-distributable Reserves			Distributable	
The Group	**Note**	**Share Capital RM'000**	**Investment Revaluation Reserve RM'000**	**Translation Reserve RM'000**	**Capital Reserve RM'000**	**Reserve - Retained Earnings RM'000**	**Total Equity RM'000**
Balance as of January 1, 2018		108,400	(1)	531	13,274	479,918	602,122
Profit for the year		-	-	-	-	37,471	37,471
Other comprehensive (loss)/income for the year		-	(3)	(65)	16	-	(52)
Total comprehensive (loss)/income for the year		-	(3)	(65)	16	37,471	37,419
Payment of dividend	35	-	-	-	-	(8,622)	(8,622)
Balance as of December 31, 2018		108,400	(4)	466	13,290	508,767	630,919
Profit for the year		-	-	-	-	23,672	23,672
Other comprehensive (loss)/income for the year		-	(6)	(366)	650	-	278
Total comprehensive (loss)/income for the year		-	(6)	(366)	650	23,672	23,950
Payment of dividend	35	-	-	-	-	(7,664)	(7,664)
Balance as of December 31, 2019		108,400	(10)	100	13,940	524,775	647,205

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

The Company	Note	Share Capital RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2018		108,400	414,659	523,059
Profit and total comprehensive income for the year		-	14,505	14,505
Payment of dividend	35	-	(8,622)	(8,622)
Balance as of December 31, 2018		108,400	420,542	528,942
Profit and total comprehensive income for the year		-	13,960	13,960
Payment of dividend	35	-	(7,664)	(7,664)
Balance as of December 31, 2019		108,400	426,838	535,238

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		23,672	37,471
Adjustments for:			
Depreciation of property, plant and equipment		17,565	16,743
Finance costs		6,560	6,803
Tax expense recognised in statements of profit or loss		6,493	10,696
Inventories written off		2,152	1,720
Depreciation of right-of-use assets		1,761	-
Credit loss allowances		548	147
Impairment losses recognised on receivables		397	341
Bad debts written off		358	321
Property, plant and equipment written off		303	406
Share of loss of a joint venture		225	62
Unrealised loss on foreign exchange		180	214
Loss on disposal of property, plant and equipment - net		32	1
Share of profit of an associated company		(9,266)	(6,751)
Investment revenue recognised in statements of profit or loss		(1,302)	(1,222)
Reversal of impairment losses recognised on receivables		(459)	(40)
Net gain arising from financial assets designated as at FVTPL		(437)	(208)
Changes in fair value of investment properties		(306)	(666)
Changes in fair value of biological assets		(146)	28
Inventories written (back)/down - net		(60)	11
Reversal of impairment in property, plant and equipment		-	(612)
		48,270	65,465
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(8,926)	(4,732)
Trade and other receivables		(11,583)	8,880
Other assets		(1,689)	(392)
Increase/(Decrease) in:			
Trade and other payables		19,479	(590)
Other liabilities		3,168	1,919
Cash Generated From Operations		48,719	70,550
Tax refunded		3,010	-
Tax paid		(10,045)	(11,943)
Net Cash From Operating Activities		41,684	58,607

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	The Group 2019 RM'000	The Group 2018 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from an associated company		2,188	3,335
Interest received		903	829
Rental from investment properties received		310	242
Proceeds from disposal of property, plant and equipment		126	157
Dividend income from other investments		11	7
Dividend income from quoted shares		1	-
Purchase of property, plant and equipment	37(a)	(17,308)	(16,115)
Additions to other investments - net		(7,997)	(5,947)
Purchase of additional shares in an associated company		(415)	(8,390)
(Placement)/Withdrawal of fixed deposits		(73)	10
Acquisition of quoted shares		-	(21)
Net Cash Used In Investing Activities		(22,254)	(25,893)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from revolving credit	37(c)	500	6,000
Repayment of bankers' acceptances - net	37(c)	(16,106)	(11,774)
Dividend paid		(7,664)	(8,622)
Finance costs paid		(6,560)	(6,803)
Repayment of term loans	37(c)	(2,228)	(1,778)
Repayment of hire-purchase payables	37(c)	(1,796)	(1,846)
Repayment of lease liabilities	37(c)	(1,737)	-
Net Cash Used In Financing Activities		(35,591)	(24,823)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(16,161)	7,891
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		61,322	53,356
Effect of exchange rate changes on the balance of cash held in foreign currencies		38	75
CASH AND CASH EQUIVALENTS AT END OF YEAR	37(b)	45,199	61,322

The accompanying Notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	The Company 2019 RM'000	The Company 2018 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		13,960	14,505
Adjustments for:			
Finance costs		60	61
Dividend income		(14,918)	(15,135)
		(898)	(569)
Movements in working capital:			
Increase in:			
Other receivables		(89)	-
Other assets		(1)	-
(Decrease)/Increase in:			
Other payables		(42)	11
Other liabilities		32	2
Cash Used In Operations		(998)	(556)
Dividends received		14,918	15,135
Net Cash From Operating Activities		13,920	14,579
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Repayment from an associated company		1	-
Advances granted to a subsidiary company - net		(7,305)	(3,755)
Acquisition of additional shares in a subsidiary company		(1,000)	-
Purchase of additional shares in an associated company		(415)	(8,390)
Net Cash Used In Investing Activities		(8,719)	(12,145)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Advances received from subsidiary company - net	37(c)	1,580	6,280
Dividend paid		(7,664)	(8,622)
Finance costs paid		(60)	(61)
Repayment to immediate holding company	37(c)	(2)	-
Net Cash Used In Financing Activities		(6,146)	(2,403)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(945)	31
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		84	53
CASH AND CASH EQUIVALENTS AT END OF YEAR	37(b)	(861)	84

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a company with limited liability, domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally involved in investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 15.

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

The financial statements of the Group and of the Company were authorised for issue by the Board of Directors in accordance with a resolution of the directors on May 29, 2020.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

2.1 Adoption of new and amendments to MFRSs and Interpretation

In the current year, the Group and the Company adopted all of the new and amendments to MFRSs and Interpretation issued by the Malaysian Accounting Standards Board ("MASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as discussed below:

Impact of initial application of MFRS 16 *Leases*

In the current year, the Group and the Company have applied MFRS 16 *Leases* that is effective for annual periods that begin on or after January 1, 2019.

MFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of MFRS 16 on the Group's and the Company's financial statements is described below.

The date of initial application of MFRS 16 for the Group and for the Company is January 1, 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.1 Adoption of new and amendments to MFRSs and Interpretation (cont'd)

The Group and the Company have applied MFRS 16 using the cumulative catch-up approach which:

- Requires recognition of the cumulative effect of initially applying MFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application, if there is a difference between the assets and liabilities recognised.
- Does not permit restatement of comparatives, which continue to be presented under MFRS 117 *Leases* and IC Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(a) Impact of the new definition of a lease

The Group and the Company have made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in MFRS 117.

The Group and the Company apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or changed on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

(b) Impact on Lessee Accounting

(i) Former operating leases

MFRS 16 changes how the Group and the Company account for leases previously classified as operating leases under MFRS 117, which were off statements of financial position.

Applying MFRS 16, for all leases (except as noted below), the Group and the Company:

a) Recognise right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the future lease payments;

b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statements of profit or loss;

c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statements of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight-line basis.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.1 Adoption of new and amendments to MFRSs and Interpretation (cont'd)

(b) Impact on Lessee Accounting (cont'd)

(i) Former operating leases (cont'd)

Under MFRS 16, right-of-use assets are tested for impairment in accordance with MFRS 136.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group and the Company have opted to recognise a lease expense on a straight-line basis as permitted by MFRS 16. This expense is presented within ‘other operating expenses’ in the statements of profit or loss.

The Group and the Company have used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases under MFRS 117.

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Elected not to recognise right-of-use assets and lease liabilities for which the lease term ends within 12 months, as of the date of initial application.
- Excluded initially direct costs from the measurement of right-of-use asset at the date of initial application.
- Used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

(ii) Former finance leases

For leases that were classified as finance leases applying MFRS 117, the carrying amount of the leased assets and obligations under finance leases measured applying MFRS 117 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Group and the Company have elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying MFRS 16 from January 1, 2019.

(c) Impact on Lessor Accounting

MFRS 16 does not change substantially how a lessor accounts for leases. Under MFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

(d) Financial impact of initial application of MFRS 16

The directors of the Group and of the Company have applied MFRS 16 and noted that there is no material impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.2 Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not applied the following new and amendments to MFRSs that have been issued but are not yet effective:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards[1]
Amendments to MFRS 3	Definition of a Business[1]
Amendments to MFRS 101 and 108	Definition of Material[1]
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]
MFRS 17	Insurance Contracts[2]
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.

[2] Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. On March 17, 2020, the International Accounting Standards Board ("IASB") had deferred the effective date of IFRS 17 to annual reporting periods beginning on or after January 1, 2023. The Board also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 *Financial Instruments* to enable them to implement both IFRS 9 and IFRS 17 at the same time. The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020.

[3] Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

[4] Effective for annual periods beginning on or after a date to be determined.

The Group and the Company have not elected for early adoption of the relevant new and amendments to MFRSs above until future periods, at the date of authorisation for issue of these financial statements. The directors anticipate that the adoption of these new and amendments to MFRSs when they become effective will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis except for financial instruments that are measured at fair values, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Accounting (cont'd)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Subsidiary Companies and Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the subsidiary companies controlled by the Company. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary companies is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies and Basis of Consolidation (cont'd)

Where necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiary companies that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary companies. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary company, a gain or a loss is recognised in the consolidated statement of profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary company are accounted for as if the Group had directly disposed of the relevant assets or liabilities of the subsidiary company (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRS). The fair value of any investment retained in the former subsidiary company at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of subsidiary companies are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in the consolidated statement of profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or deferred tax liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another MFRS.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting periods in accordance with MFRS 139 or MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in the consolidated statement of profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interests in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in the consolidated statement of profit or loss and other comprehensive income are reclassified to the consolidated statement of profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

The policy described above is applied to all business combinations that take place on or after January 1, 2011.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Revenue Recognition

The Group recognises revenue based on the following sources:

- Sale of manufactured products
- Sale of agricultural products
- Sale of consumer products
- Services rendered
- Dividend income
- Interest income
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Sale of manufactured, agricultural and consumer products

Revenue from sale of manufactured, agricultural and consumer products is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. Rebates and volume discounts are given to eligible customers, and are taken up as variable considerations in determining the transaction prices contracted.

Rendering of services

Revenue from accommodation, entrance fees for tea garden tours and other tourism related services is recognised at the point when services are provided.

Dividend revenue

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

Interest income

Interest revenue from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income

Rental income is recognised on a straight line basis over the term of the relevant agreements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

Short-term employee benefits

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

Defined contribution plans

The Group makes statutory contributions to approved provident funds and the contributions are charged to the consolidated statement of profit or loss as incurred. The approved provident funds are defined contribution plans. Once the contributions have been paid, there are no further payment obligations.

Foreign Currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Ringgit Malaysia, which is the functional currency of the Company, and also the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the statements of profit or loss in the year in which they arise except for exchange differences arising on the retranslation of non-monetary items carried at fair value in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, the exchange component of that gain or loss is also recognised in the statements of profit or loss and other comprehensive income.

For the purpose of presenting consolidated financial statements, assets and liabilities of the foreign incorporated subsidiary company of the Group are expressed in Ringgit Malaysia using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in the consolidated statement of profit or loss and other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences are reclassified to the consolidated statement of profit or loss in the year in which the foreign incorporated subsidiary company is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

The closing rate per unit of Ringgit Malaysia used in the translation of functional currency of the subsidiary company (foreign currency) is as follows:

	2019	2018
Foreign currency	**RM**	**RM**
Vietnamese Dong ("VND")	5,662	5,605

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time to get them ready for their intended use, are capitalised and included as part of the cost of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

All other borrowing costs are recognised as an expense in the year in which they are incurred.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income are recognised as income or as a deduction against the related expenses in the consolidated statement of profit or loss in the period in which they become receivable.

Government grants related to assets are deducted against the carrying amount of the assets.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The liability of the Group and of the Company for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The tax effects of unutilised reinvestment allowance are only recognised upon actual realisation.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or to settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors of the Company reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the "sale" presumption set out in the amendments to MFRS 112 is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair values of investment properties based on the expected tax rate that would apply on disposal of the investment properties.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

Current and deferred tax for the year

Current and deferred tax are recognised as an expense or an income in the statements of profit or loss, except when they relate to items that are recognised outside the statements of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the statements of profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the interest of the acquirer in the net fair value of the identifiable assets, liabilities and contingent liabilities over cost of the acquiree.

Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the consolidated profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the consolidated profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

Property, Plant and Equipment

Land and buildings are stated in the statement of financial position at their deemed costs on date of transition to MFRSs, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Buildings, electricity and water supply system, plant and machinery, motor vehicles, furniture, fixtures and equipment and renovations are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land and capital work-in-progress are not armotised/depreciated. Capital work-in-progress comprises contractors' payments and directly attributable costs incurred in preparing these assets for their intended use. Depreciation on assets under construction commences when the assets are ready for their intended use.

Bearer plants are defined as living plants that are used in the production or supply of agriculture produce and for which there is only a remote likelihood that the plant will also be sold as agriculture produce.

Bearer plants - Oil palm

Bearer plants (before maturity) representing oil palm nursery and immature plantations are measured at cost which consists of the costs incurred in the preparation of the nursery, purchase of seedlings and maintenance of the oil palm plantation less accumulated impairment losses, if any. A plantation is considered mature when it has reached 36 months of age or more at the beginning of the financial year. No depreciation is computed for bearer plants (before maturity). Bearer plants (after maturity) are measured at cost less accumulated depreciation and any accumulated impairment losses. Bearer plants (after maturity) are depreciated over the estimated useful lives of the bearer plants of 25 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

Bearer plants - Tea

Bearer plants of the Group consist of immature and mature tea bushes. Immature tea bushes are carried at cost less any accumulated impairment losses. Cost includes the cost incurred for procurement of new seeds, maintenance of nurseries, land preparation, new planting, fertilising and maintenance of newly planted bushes for a period of three years until maturity. No depreciation computed for immature tea bushes. On maturity (i.e when the bearer plants are ready for their intended use), these costs are classified under mature tea bushes. Depreciation of matured tea bushes commence when they are ready for their intended use. Estimated useful lives of the bearer plants has been determined to be 50 years.

Bearer plants - Durian tree

Bearer plants of the Company consist of immature durian trees and durian nursery. Immature durian trees and durian nursery are carried at cost less any accumulated impairment losses. Cost includes the cost incurred for the preparation of the nursery, procurement of new seeds, maintenance of nurseries for a period of seven years until maturity. On maturity (i.e when the bearer plants are ready for their intended use), these costs are classified under mature durian trees. Depreciation of mature durian trees commence when they are ready for their intended use. Estimated useful lives of the mature durian trees has been determined to be 30 years.

Leasehold land is amortised over the lease period ranging from 27 to 870 years. Depreciation of other property, plant and equipment is computed on the reducing balance method and straight-line method to write off the cost of the various property, plant and equipment over their estimated useful lives at the following annual rates:

Buildings	2% to 10%
Electricity and water supply system	10%
Plant and machinery	2% to 50%
Motor vehicles	10% to 50%
Furniture, fixtures and equipment	10% to 20%
Renovations	10%

The estimated useful lives, residual values and depreciation method of property, plant and equipment are reviewed at each year end, with the effect of any changes in estimates accounted for prospectively.

Assets held under finance leases, including hire-purchase arrangements, are depreciated over their expected useful lives on the same basis as owned assets. However, where there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statements of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

Right-of-use assets acquired under hire-purchase arrangements which transfer substantially all of the risks and rewards incident to ownership of the assets are capitalised under property, plant and equipment. The assets and the corresponding hire-purchase obligations are recorded at their fair values or, if lower, at the present value of the minimum hire-purchase payments of the assets at the inception of the respective arrangements.

Finance costs, which represent the differences between the total hire-purchase commitments and the fair values of the assets acquired, are charged to the statements of profit or loss over the term of the relevant hire-purchase period so as to give a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

Leases

The Group has applied MFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under MFRS 117. The details of accounting policies under both MFRS 117 and MFRS 16 are presented separately below.

Policies applicable from January 1, 2019

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Policies applicable from January 1, 2019 (cont'd)

The Group as a lessee (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position. Land held under finance lease arrangement and right-of-use assets acquired under hire-purchase arrangement continue to be recognised as part of assets of the Group classified under property, plant and equipment and is not separately presented in the statements of financial position.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the Property, Plant and Equipment policy.

Variable rents that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'other operating expenses' in the statements of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Policies applicable from January 1, 2019 (cont'd)

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents motor vehicles to third parties.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Policies applicable prior to January 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases, other than leasehold properties classified as investment properties, are classified as operating leases. Property interest held under an operating lease to earn rentals or for capital appreciation or both is classified as investment property.

Assets held under finance leases, including hire-purchase arrangements, are initially recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statements of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group’s general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Fair value is arrived by reference to market evidence of transaction prices for similar properties. Gain or loss arising from changes in the fair values of investment properties are included in statements of profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Gain or loss on the retirement or disposal of an investment property is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statements of profit or loss in the year in which the retirement or disposal arise.

Investments in Subsidiary Companies

Investments in subsidiary companies, which are eliminated on consolidation, are stated at deemed costs on date of transition to MFRSs, less any subsequent accumulated impairment losses.

Investment in an Associated Company

An associated company is an entity over which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associated company is incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investment in an associated company is carried in the consolidated statement of financial position at cost and adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment in the value of individual investments. Losses of an associated company in excess of the Group's interests in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated statement of profit or loss.

When a group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company.

Investment in an associated company is stated at cost less accumulated impairment losses, at the Company's separate financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in a Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interests in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in the consolidated statement of profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or a loss previously recognised in other comprehensive income by that joint venture would be reclassified to the consolidated statement of profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated statement of profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associated company. There is no remeasurement to fair value upon such changes in ownership interests.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in a Joint Venture (cont'd)

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in joint venture that are not related to the Group.

Goodwill

Goodwill acquired in a business combination is initially recognised as an asset at cost and is subsequently measured at cost less accumulated impairment losses. Goodwill arising on consolidation represents the excess of cost of business combination over the interest of the Group in the net fair values of the identifiable assets, liabilities and contingent liabilities recognised of the acquiree at the date of the combination.

Goodwill is not amortised. Instead, it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units of the Group expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the consolidated statement of profit or loss and any impairment loss recognised for goodwill is not subsequently reversed.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

Any excess of the interest of the Group in the net fair values of the acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously known as negative goodwill) is reassessed and is recognised immediately to the statements of profit or loss.

The Group's policies for goodwill arising on the acquisition of an associated company and of a joint venture are described at Investment in an Associated Company and Investment in a Joint Venture policies above separately.

Biological Assets

Biological assets, comprising oil palm fresh fruit bunches and tea leaves prior to harvesting are measured at fair value less costs to sell. Fair values are measured using prices and other relevant information generated by market transactions involving identical or comparable assets. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the consolidated statement of profit or loss in the year in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of Assets excluding Goodwill

At the end of each reporting period, the Group and the Company review the carrying amounts of their assets (other than inventories, biological assets, financial assets and investment properties which are dealt with in their respective policies) to determine if there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statements of profit or loss. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. A reversal is recognised immediately in the statements of profit or loss.

Inventories

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

Asset Classified as Held For Sale

An asset is classified as held for sale if its carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Asset classified as held for sale is measured at the lower of carrying amount and fair value less cost to sell.

Research and Development Costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Research and Development Costs (cont'd)

Development costs represent costs incurred in the application of research findings or other knowledge to a plan or a design for the production of new or substantially improved materials, devices, products, processes, systems, or services prior to the commencement of commercial production or use. Development costs are charged to the statements of profit or loss in the year in which it is incurred except where a clearly-defined project is undertaken and it is probable that the development costs will give rise to future economic benefits. Such development costs are recognised as an intangible asset and amortised on a straight-line method over the life of the project from the date of commencement of commercial operation.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past event and it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statements of profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

3. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Financial Instruments (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including ECL, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

Classification of financial assets (cont'd)

(i) Amortised cost and effective interest method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost or at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in the statements of profit or loss and is included in the ‘investment revenue - interest income’ line item (Note 7).

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in the statements of profit or loss and other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to the statements of profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

Classification of financial assets (cont'd)

(ii) Equity instruments designated as at FVTOCI (cont'd)

Dividends on these investments in equity instruments are recognised in the statements of profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'investment revenue' line item (Note 7) in statements of profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI (see (i) to (ii) above) are measured at FVTPL. Specifically, investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (ii) above).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in the statements of profit or loss. The net gain or loss recognised in the statements of profit or loss is included in the 'other gains and losses' line item (Note 8). Fair value is determined in the manner described in Note 36.

Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI, trade receivables and financial guarantee contracts. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the end of the reporting period with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 to 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

(i) Significant increase in credit risk (cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 to 150 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statements of profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of the reporting period; for financial guarantee contracts, the exposure includes the amount drawn down as at the end of the reporting period, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the end of the current reporting period that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the end of the current reporting period, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in the statements of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in the statements of profit or loss and other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the expired asset, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statements of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to the statements of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to the statements of profit or loss, but is transferred to retained earnings.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the statements of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. (The Group does not have any financial liabilities measured at FVTPL).

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Fair value is determined in the manner described in Note 36.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity (cont'd)

Financial guarantee contract liabilities (cont'd)

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statements of profit or loss.

Statements of Cash Flows

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

Cash and cash equivalents consists of cash and bank balances, deposits with licensed banks, bank overdrafts and highly liquid investments which are readily convertible to cash with insignificant risks of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the accounting policies of the Group and of the Company, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(a) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities and deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment properties portfolio and concluded that the Group's investment properties are not being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Groups' deferred tax on investment properties, the directors have determined that the presumption that the carrying amounts of the investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value investment properties based on the expected rate that would apply on disposal of the investment properties.

(b) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please see financial assets sections of Note 3). The Group and the Company determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group and the Company monitor financial assets measured at amortised cost or at fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's and of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(c) Significant increase in credit risk

As explained in Note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. A financial asset moves to stage 2 when its credit risk has increased significantly since initial recognition. MFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group and the Company take into account qualitative and quantitative reasonable and supportable forward looking information.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

4.1 Critical judgements in applying the Group's accounting policies (cont'd)

(d) Control over joint venture

The Group recognises its investment in YLTC Sdn Bhd as an investment in a joint venture rather than as an investment in a subsidiary company even though the Group holds 60 percent of the equity interest in the investee. The judgement is made based on the assessment of whether the Group has the practical ability to direct the relevant activities of YLTC Sdn Bhd unilaterally. The directors have concluded that the Group does not have this ability, as all decisions about the relevant activities of the investee require unanimous consent of the parties sharing control. As such, the Group's control over YLTC Sdn Bhd is deemed insufficient and it is therefore not recognised as a subsidiary company of the Group.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(a) Calculation of loss allowance

ECL is calculated based on historical loss rates on the respective outstanding balance by number of days past due. Historical loss rates are calculated based on total credit loss from the prior year's revenue and repayment trends of the prior year's revenue multiplied by the number of days past due.

(b) Income taxes

The Group is subject to income taxes of numerous jurisdictions. Judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

(d) Fair value of biological assets

The fair values of oil palm fresh fruit bunches and tea leaves growing on trees are measured using prices and other relevant information generated by market transactions involving identical or comparable assets. In estimating the quantity of biological assets growing on trees, the Group:

(i) determines the average age of biological assets growing on trees at any one time and uses a risk adjustment factor based on past experience to account for the effects of adverse weather conditions, diseases, crop failure and other inherent operational risks.

(ii) considers the average historical productivity measure of biological assets to estimate their quantities growing on trees at any one point in time.

5. REVENUE

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Sale of goods	1,108,308	1,117,326	-	-
Tourism related services	5,349	4,689	-	-
Dividend income:				
Subsidiary companies	-	-	12,730	11,800
Associated company	-	-	2,188	3,335
	-	-	14,918	15,135
	1,113,657	1,122,015	14,918	15,135

6. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker and senior management of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group has four reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately as they require different technology and marketing strategies. The chief operating decision maker and senior management review the management reports of each of the strategic units on a monthly basis.

Segments comprise:

Segment	Products and services
Manufacturing	Cooking oils, margarine, shortening, corrugated paper cartons, crude palm oil, kernel and general line tin cans
Trading	Edible oils and other consumer products
Plantation	Tea and oil palm
Others	Tourism related services and investment holding

For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- the nature of the production processes are similar; and
- the methods used to distribute the products to the customers are the same.

6. SEGMENT REPORTING (CONT'D)

The Group

2019	Note	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales		224,998	882,613	697	5,349	-	1,113,657
Inter-segment sales		161,453	11,984	7,519	15,029	(195,985)	-
Total revenue		386,451	894,597	8,216	20,378	(195,985)	1,113,657
Results							
Segment results		14,284	16,299	(4,563)	13,936	(13,574)	26,382
Finance costs	9						(6,560)
Share of profit of an associated company							9,266
Share of loss of a joint venture							(225)
Investment revenue	7						1,302
Profit before tax							30,165
Tax expense	10						(6,493)
Profit for the year							23,672

6. SEGMENT REPORTING (CONT'D)

The Group

2019	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information						
Realised gain on foreign exchange	278	-	-	-	-	278
Net gain arising from financial assets designated as at FVTPL	437	-	-	-	-	437
Capital additions	(8,294)	(8,042)	(2,483)	(5,075)	-	(23,894)
Depreciation of property, plant and equipment	(9,787)	(4,407)	(3,190)	(181)	-	(17,565)
Depreciation of right-of-use assets	(598)	(1,627)	-	(323)	787	(1,761)
Property, plant and equipment written off	(163)	(92)	(42)	(6)	-	(303)
Unrealised loss on foreign exchange - net	(180)	-	-	-	-	(180)
Inventories written off	(190)	(1,852)	(110)	-	-	(2,152)
Impairment losses recognised on receivables	(80)	(317)	-	-	-	(397)
(Loss)/Gain on disposal of property, plant and equipment	16	(48)	-	-	-	(32)
Inventories written back	60	-	-	-	-	60
Changes in fair values of investment properties	410	(104)	-	-	-	306
Reversal of impairment losses recognised on receivables	-	459	-	-	-	459
Bad debts written off	-	(358)	-	-	-	(358)
Changes in fair values of biological assets	-	-	146	-	-	146
Credit loss allowances	-	560	-	-	(12)	548

6. SEGMENT REPORTING (CONT'D)

The Group

2019	**Manufacturing RM'000**	**Trading RM'000**	**Plantation RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Consolidated Statement of Financial Position						
Assets						
Segment assets	389,159	373,667	160,546	612,134	(673,719)	861,787
Investment in an associated company						138,346
Investment in a joint venture						313
Unallocated corporate assets						6,640
Consolidated total assets						1,007,086
Liabilities						
Segment liabilities	46,050	168,803	22,566	50,362	(106,944)	180,837
Unallocated corporate liabilities						179,044
Consolidated total liabilities						359,881

6. SEGMENT REPORTING (CONT'D)

The Group

2018	**Note**	**Manufacturing RM'000**	**Trading RM'000**	**Plantation RM'000**	**Others RM'000**	**Eliminations RM'000**	**Consolidated RM'000**
Revenue							
External sales		248,307	868,924	95	4,689	-	1,122,015
Inter-segment sales		190,903	9,968	8,462	15,230	(224,563)	-
Total revenue		439,210	878,892	8,557	19,919	(224,563)	1,122,015
Results							
Segment results		24,009	25,357	(2,330)	15,885	(15,862)	47,059
Finance costs	9						(6,803)
Share of profit of an associated company							6,751
Share of loss of a joint venture							(62)
Investment revenue	7						1,222
Profit before tax							48,167
Tax expense	10						(10,696)
Profit for the year							37,471

6. SEGMENT REPORTING (CONT'D)

The Group

2018	**Manufacturing**	**Trading**	**Plantation**	**Others**	**Eliminations**	**Consolidated**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other information						
Realised gain on foreign exchange	309	-	-	-	-	309
Net gain arising from financial assets designated as at FVTPL	208	-	-	-	-	208
Capital additions	(11,497)	(4,944)	(3,965)	(2,868)	-	(23,274)
Depreciation of property, plant and equipment	(9,989)	(4,401)	(2,207)	(146)	-	(16,743)
Property, plant and equipment written off	(252)	(120)	(34)	-	-	(406)
Unrealised loss on foreign exchange - net	(214)	-	-	-	-	(214)
Inventories written off	(83)	(1,637)	-	-	-	(1,720)
Impairment losses recognised on receivables	(57)	(284)	-	-	-	(341)
(Loss)/Gain on disposal of property, plant and equipment	(21)	20	-	-	-	(1)
Inventories written down - net	(11)	-	-	-	-	(11)
Reversal of impairment losses recognised on property, plant and equipment	-	612	-	-	-	612
Changes in fair values of investment properties	-	375	-	291	-	666
Reversal of impairment losses recognised on receivables	-	40	-	-	-	40
Bad debts written off	-	(321)	-	-	-	(321)
Credit loss allowances	-	(147)	-	-	-	(147)
Changes in fair values of biological assets	-	-	(28)	-	-	(28)

6. SEGMENT REPORTING (CONT'D)

The Group

2018	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Consolidated Statement of Financial Position						
Assets						
Segment assets	395,436	364,853	161,385	596,447	(677,211)	840,910
Investment in an associated company						130,166
Investment in a joint venture						538
Unallocated corporate assets						6,028
Consolidated total assets						977,642
Liabilities						
Segment liabilities	40,058	159,515	20,464	41,492	(106,409)	155,120
Unallocated corporate liabilities						191,603
Consolidated total liabilities						346,723

6. SEGMENT REPORTING (CONT'D)

Geographical segments

The analysis of the carrying amounts of segment assets by geographical segment has not been provided as the segment assets of the Group located outside Malaysia is less than 10% of its total segment assets.

The capital additions of the Group by geographical segment is as follows:

	2019	2018
	RM'000	RM'000
Malaysia	19,471	20,882
Vietnam	4,423	2,392
	23,894	23,274

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

7. INVESTMENT REVENUE

	The Group	
	2019	2018
	RM'000	RM'000
Interest income from fixed and short-term deposits	903	829
Rental income from investment properties	310	242
Dividend income from money market fund	88	151
Dividend income from quoted shares	1	-
	1,302	1,222

The following is an analysis of investment revenue by category of assets:

	The Group	
	2019	2018
	RM'000	RM'000
Investment revenue from financial instruments measured at amortised cost	903	829
Dividend income received from investments designated as at FVTPL	89	151
Investment revenue earned on non-financial assets	310	242
	1,302	1,222

8. OTHER GAINS AND LOSSES, CHANGES IN INVENTORIES OF FINISHED GOODS, TRADING MERCHANDISE AND WORK-IN-PROGRESS, RAW MATERIALS AND CONSUMABLES USED, OTHER EXPENSES AND EMPLOYEE BENEFIT EXPENSES

Included in other gains and losses and other expenses are the following:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Reversal of impairment losses recognised on receivables	459	40	-	-
Net gain arising from financial assets designated as at FVTPL	437	208	-	-
Changes in fair values of investment properties	306	666	-	-
Realised gain on foreign exchange - net	278	309	-	-
Changes in fair values of biological assets - net	146	(28)	-	-
Rental income:				
Premises	84	105	-	-
Motor vehicles	2	14	-	-
Inventories written back/(down) - net	60	(11)	-	-
Bad debts recovered	29	33	-	-
Reversal of impairment in property, plant and equipment	-	612	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(336)	(324)	(243)	(227)
Other emoluments	(5,632)	(5,472)	(56)	(43)
Directors of the subsidiary companies:				
Fees	(72)	(87)	-	-
Other emoluments	(3,280)	(3,151)	-	-
Inventories written off	(2,152)	(1,720)	-	-
Credit loss allowances	(548)	(147)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(457)	(463)	(83)	(83)
Prior year	(3)	3	-	-
Non-audit services:				
Prior year	(3)	(3)	(3)	(3)
Rental expense:				
Premises	(142)	(1,843)	-	-
Motor vehicles	(214)	(167)	-	-
Factory equipment	(32)	(34)	-	-

8. OTHER GAINS AND LOSSES, CHANGES IN INVENTORIES OF FINISHED GOODS, TRADING MERCHANDISE AND WORK-IN-PROGRESS, RAW MATERIALS AND CONSUMABLES USED, OTHER EXPENSES AND EMPLOYEE BENEFIT EXPENSES (CONT'D)

Included in other gains and losses and other expenses are the following: (cont'd)

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Impairment losses recognised on receivables	(397)	(341)	-	-
Bad debts written off	(358)	(321)	-	-
Property, plant and equipment written off	(303)	(406)	-	-
Unrealised loss on foreign exchange - net	(180)	(214)	-	-
Hire of machinery	(59)	(240)	-	-
Research and development expenses	(43)	(25)	-	-
Loss on disposal of property, plant and equipment	(32)	(1)	-	-

Included in raw materials and consumables used are subsidies received and receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilization Scheme amounting to RM807,611 (2018: RM953,958).

Included in employee benefit expenses and directors' remuneration are the following:

	The Group	
	2019	2018
	RM'000	RM'000
Contributions to the EPF:		
Employee benefit expenses	8,375	7,627
Directors' remuneration	708	654
Rental of hostel:		
Employee benefit expenses	-	172

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group amounted to RM67,255 (2018: RM49,435).

9. FINANCE COSTS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	3,798	4,405	-	-
Term loans	1,219	1,294	-	-
Revolving credits	830	665	48	50
Bank overdrafts	438	219	1	-
Hire-purchase	214	182	-	-
Lease liabilities	109	-	-	-
Bank charges and commitment fees	391	508	11	11
	6,999	7,273	60	61
Less: Term loan interest capitalised under bearer plants (Note 12)	(439)	(470)	-	-
	6,560	6,803	60	61

10. TAX EXPENSE

	The Group	
	2019	2018
	RM'000	RM'000
Income tax:		
Current year:		
Malaysian	6,083	10,784
Foreign	110	197
	6,193	10,981
Prior year:		
Malaysian	(405)	(262)
Foreign	-	11
	(405)	(251)
	5,788	10,730
Deferred tax (Note 32):		
Relating to origination and reversal of temporary differences	382	(91)
Relating to investment properties	56	165
Relating to receivables	(17)	-
Prior years	284	(108)
	705	(34)
	6,493	10,696

The Group's and the Company's income tax rate remained at 24% for the year of assessment 2019 (2018: 24%) except for its foreign subsidiary company.

10. TAX EXPENSE (CONT'D)

The total tax expense for the year can be reconciled to the accounting profit as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax	30,165	48,167	13,960	14,505
Tax at the applicable statutory income tax rate of 24% (2018: 24%)	7,240	11,560	3,351	3,481
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,377	1,375	230	151
Deferred tax assets not recognised during the year	1,069	901	-	-
Loss not available for offset against future taxable profit	1	121	-	-
Share of profit of an associated company	(2,224)	(1,620)	-	-
Revenue expenses capitalised	(424)	(541)	-	-
Income that is not taxable in determining taxable profit	(255)	(394)	(3,581)	(3,632)
Effect of difference in tax rate of a subsidiary company operating in other jurisdiction	(63)	122	-	-
Utilisation of tax losses previously not recognised	(57)	(191)	-	-
Effect of changes in tax rate on investment properties	(44)	86	-	-
Utilisation of capital allowances	(6)	-	-	-
Utilisation of reinvestment allowances	-	(364)	-	-
Prior years:				
Income tax	(405)	(251)	-	-
Deferred tax	284	(108)	-	-
Tax expense recognised in the statements of profit or loss	6,493	10,696	-	-

10. TAX EXPENSE (CONT'D)

As of December 31, 2019, the Company has tax-exempt accounts of approximately RM37,216,590 (2018: RM37,216,590). The tax-exempt accounts arose from income exempted under Section 37(1) of the Promotion of Investment Act, 1986, income exempted under Para. 3 Schedule 7A of the Income Tax Act, 1967, dividend income exempted under Para. 5(3) Schedule 7A of the Income Tax Act, 1967, income exempted under Income Tax Act (Exemption) (No. 48) Order 1997 and dividend income exempted under Section 12 of the Income Tax (Amendment) Act, 1999. The tax-exempt accounts are available for distribution as tax-exempt dividends to the shareholders of the Company.

As of December 31, 2019, certain subsidiary companies also have unabsorbed capital allowances and unutilised tax losses, and unabsorbed reinvestment allowances of approximately RM74,157,000 (2018: RM71,334,000) and RM8,995,000 (2018: RM7,552,000) respectively that are available for offset against future taxable profits. Unutilised tax losses of approximately RM43,184,000 and RM3,663,000 expiring at the end of years of assessment 2025 and 2026 respectively shall be deductible against the aggregate of statutory income. Any amount that has not been deducted at the end of the year of assessment 2025 shall be disregarded.

As of December 31, 2019, certain subsidiary companies have tax-exempt accounts balances of approximately RM8,696,905 (2018: RM8,696,905). The tax-exempt accounts arose from abatement of statutory income for exports under Section 37(1) of the Promotion of Investment Act, 1986, reinvestment allowances claimed and utilised under Schedule 7A of the Income Tax Act, 1967 and chargeable income waived in 1999 in accordance with the Income Tax (Amendment) Act, 1999. The tax-exempt accounts are available for distribution as tax-exempt dividends to the Company.

Current tax assets and liabilities

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax assets				
Tax refund receivables	6,613	5,995	176	176
Current tax liabilities				
Income tax payables	94	721	-	-

11. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2019	2018
Profit for the year attributable to owners of the Company (RM'000)	23,672	37,471
Weighted average number of ordinary shares in issue ('000)	191,604	191,604
Basic and fully diluted		
Earnings per ordinary share (sen)	12.35	19.56

12. PROPERTY, PLANT AND EQUIPMENT

The Group

2019

	Cost							
	At beginning of year RM'000	Transfer from other assets RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	126,041	-	-	-	-	-	(30)	126,011
Long-term leasehold land and improvements	111,319	-	-	-	-	-	-	111,319
Short-term leasehold land and improvements	21,509	-	-	-	-	(51)	-	21,458
Buildings	99,858	-	1,900	-	(17)	491	6,202	108,434
Electricity and water supply system	1,133	-	16	-	-	-	-	1,149
Plant and machinery	170,219	7	4,331	(777)	(753)	(633)	1,676	174,070
Plant and machinery under hire-purchase	862	-	-	-	-	-	(862)	-
Motor vehicles	22,394	-	1,345	(554)	(83)	(16)	698	23,784
Motor vehicles under hire-purchase	5,417	-	2,112	-	-	7	(698)	6,838
Furniture, fixtures and equipment	25,461	2	2,373	(50)	(550)	(145)	286	27,377
Infrastructure development	-	-	-	-	-	-	9,308	9,308
Bearer plants - immature	635	-	-	-	-	-	-	635
Bearer plants - mature	12,440	-	501	-	-	-	30	12,971
Renovations	4,125	-	124	-	(72)	-	-	4,177
Capital work-in-progress	13,865	-	11,192	-	-	-	(16,610)	8,447
Total	615,278	9	23,894	(1,381)	(1,475)	(347)	-	635,978

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group 2019	Accumulated depreciation								Accumulated impairment loss		
	At beginning of year	Transfer from other assets	Charge for the year	Disposals	Written off	Currency translation reserve	Reclassification	At end of year	At beginning of year	Disposals	At end of year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	-	-	-	-	-	-	-	-	345	-	345
Long-term leasehold land and improvements	5,255	-	1,676	-	-	-	-	6,931	-	-	-
Short-term leasehold land and improvements	1,774	-	842	-	-	(10)	-	2,606	-	-	-
Buildings	6,283	-	2,489	-	(17)	(49)	-	8,706	361	-	361
Electricity and water supply system	552	-	66	-	-	-	-	618	-	-	-
Plant and machinery	106,244	1	6,746	(685)	(631)	12	351	112,038	41	(41)	-
Plant and machinery under hire-purchase	288	-	63	-	-	-	(351)	-	-	-	-
Motor vehicles	16,383	-	1,406	(477)	(77)	(11)	375	17,599	-	-	-
Motor vehicles under hire-purchase	1,488	-	1,102	-	-	4	(375)	2,219	-	-	-
Furniture, fixtures and equipment	11,601	1	1,663	(20)	(361)	(120)	-	12,764	-	-	-
Infrastructure development	-	-	930	-	-	-	-	930	-	-	-
Bearer plants - immature	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - mature	7,263	-	322	-	-	-	-	7,585	-	-	-
Renovations	1,581	-	260	-	(31)	-	-	1,810	-	-	-
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-
Total	158,712	2	17,565	(1,182)	(1,117)	(174)	-	173,806	747	(41)	706

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

2018	Cost except as otherwise stated								
	At beginning of year RM'000	Transfer from other assets RM'000	Transfer from/(to) investment properties RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassification RM'000	At end of year RM'000
Freehold land	126,041	-	-	-	-	-	-	-	126,041
Long-term leasehold land and improvements	111,319	-	-	-	-	-	-	-	111,319
Short-term leasehold land and improvements	20,622	-	900	-	-	-	(13)	-	21,509
Buildings	94,243	9	(1,500)	891	-	-	(27)	6,242	99,858
Electricity and water supply system	1,076	-	-	70	-	-	-	(13)	1,133
Plant and machinery	162,131	6	-	9,049	(98)	(1,645)	(42)	818	170,219
Plant and machinery under hire-purchase	1,114	-	-	-	-	-	-	(252)	862
Motor vehicles	19,059	5	-	73	(679)	(83)	(2)	4,021	22,394
Motor vehicles under hire-purchase	6,990	3	-	2,445	-	-	-	(4,021)	5,417
Furniture, fixtures and equipment	24,354	-	-	1,703	(125)	(470)	(1)	-	25,461
Infrastructure development	-	-	-	-	-	-	-	-	-
Bearer plants - immature	1,820	-	-	905	-	(5)	-	(2,085)	635
Bearer plants - mature	10,307	-	-	132	-	(84)	-	2,085	12,440
Renovations	2,965	-	-	1,160	-	-	-	-	4,125
Capital work-in-progress	13,814	-	-	6,846	-	-	-	(6,795)	13,865
Total	595,855	23	(600)	23,274	(902)	(2,287)	(85)	-	615,278

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	← Accumulated depreciation							→	← Accumulated impairment loss		→
2018	At beginning of year	Transfer from other assets	Charge for the year	Disposals	Written off	Currency translation reserve	Reclassification	At end of year	At beginning of year	Additions/ (Write back)	At end of year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Freehold land	-	-	-	-	-	-	-	-	-	345	345
Long-term leasehold land and improvements	3,496	-	1,759	-	-	-	-	5,255	-	-	-
Short-term leasehold land and improvements	1,155	-	619	-	-	-	-	1,774	-	-	-
Buildings	4,007	-	2,273	-	-	3	-	6,283	1,318	(957)	361
Electricity and water supply system	481	-	71	-	-	-	-	552	-	-	-
Plant and machinery	100,346	3	7,282	(70)	(1,466)	6	143	106,244	41	-	41
Plant and machinery under hire-purchase	338	-	93	-	-	-	(143)	288	-	-	-
Motor vehicles	13,528	2	1,218	(582)	(33)	1	2,249	16,383	-	-	-
Motor vehicles under hire-purchase	2,453	1	1,283	-	-	-	(2,249)	1,488	-	-	-
Furniture, fixtures and equipment	10,386	-	1,634	(92)	(327)	-	-	11,601	-	-	-
Infrastructure development	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - immature	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - mature	7,087	-	231	-	(55)	-	-	7,263	-	-	-
Renovations	1,301	-	280	-	-	-	-	1,581	-	-	-
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-
Total	144,578	6	16,743	(744)	(1,881)	10	-	158,712	1,359	(612)	747

12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	**Carrying amounts**	
	2019	**2018**
	RM'000	**RM'000**
Freehold land, at cost	125,666	125,696
Long-term leasehold land and improvements	104,388	106,064
Short-term leasehold land and improvements	18,852	19,735
Buildings, at cost	99,367	93,214
Electricity and water supply system	531	581
Plant and machinery	62,032	63,934
Plant and machinery under hire-purchase	-	574
Motor vehicles	6,185	6,011
Motor vehicles under hire-purchase	4,619	3,929
Furniture, fixtures and equipment	14,613	13,860
Infrastructure development	8,378	-
Bearer plants - immature	635	635
Bearer plants - mature	5,386	5,177
Renovations	2,367	2,544
Capital work-in-progress	8,447	13,865
Total	461,466	455,819

Included in bearer plants and capital work-in-progress are the following current year's expenditure:

The Group	**2019**	**2018**
	RM'000	**RM'000**
Term loan interest (Note 9)	439	470

13. RIGHT-OF-USE ASSETS

The Group	Warehouse	Office	Forklift	Shoplot and parking space	Hostel	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
As of January 1, 2019	-	-	-	-	-	-
Arising from application of MFRS 16, Leases	1,607	559	115	85	805	3,171
As of December 31, 2019	1,607	559	115	85	805	3,171
Accumulated depreciation						
As of January 1, 2019	-	-	-	-	-	-
Charge during the year	897	222	45	24	573	1,761
As of December 31, 2019	897	222	45	24	573	1,761
Carrying amount						
As of December 31, 2019	710	337	70	61	232	1,410

The average lease terms of the right-of-use assets range from 2 to 4 years. The maturity analysis of lease liabilities is presented in Note 31.

	2019	2018
	RM'000	RM'000
Amounts recognised in the statements of profit or loss		
Depreciation expense on right-of-use assets	1,761	-
Interest expense on lease liabilities	109	-
Expense relating to short-term leases	388	-

The total cash outflows from leases amounted to RM1,845,969 (2018: Nil).

14. INVESTMENT PROPERTIES

The Group 2019	At beginning of year RM'000	Changes in fair value RM'000	Transfers (to) /from property, plant and equipment RM'000	Transfer to non-current asset classified as held for sale (Note 26) RM'000	At end of year RM'000
At fair value:					
Freehold land	1,886	19	-	-	1,905
Long-term leasehold land	1,090	410	-	(1,500)	-
Short-term leasehold land	990	(237)	-	-	753
Buildings	4,110	114	(31)	-	4,193
As of December 31, 2019	8,076	306	(31)	(1,500)	6,851

The Group 2018					
At fair value:					
Freehold land	1,730	156	-	-	1,886
Long-term leasehold land	1,090	-	-	-	1,090
Short-term leasehold land	1,560	330	(900)	-	990
Buildings	2,430	180	1,500	-	4,110
As of December 31, 2018	6,810	666	600	-	8,076

The fair values of investment properties of certain subsidiary companies of the Group as of December 31, 2019 were arrived at based on valuations carried out by independent qualified valuers, who have the appropriate qualification and recent experience in the fair value measurement of properties in the relevant location. The fair values of other investment properties of certain subsidiary companies of the Group as of December 31, 2019 were arrived at on the basis of valuations carried out by the directors by reference to market evidence of recent transactions for similar properties during the financial year.

The fair values of the investment properties were determined based on the market comparable approach that reflects recent transacted prices for similar properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

14. INVESTMENT PROPERTIES (CONT'D)

During the financial year ended December 31, 2019, direct operating expenses incurred relating to the investment properties of the Group amounted to RM20,407 (2018: RM23,426).

Details of the Group's investment properties and information about the fair value hierarchy as of December 31, 2019 and December 31, 2018 are as follows:

The Group	**Fair Value**		
2019	**Level 1**	**Level 2**	**Level 3**
	RM'000	**RM'000**	**RM'000**
Freehold land	-	1,905	-
Short-term leasehold land	-	753	-
Buildings	-	4,193	-
	-	6,851	-
The Group			
2018			
Freehold land	-	1,886	-
Long-term leasehold land	-	1,090	-
Short-term leasehold land	-	990	-
Buildings	-	4,110	-
	-	8,076	-

There were no transfers between Levels 1 and 2 during the year.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	**2019**	**2018**
	RM'000	**RM'000**
Unquoted shares - at deemed cost	460,462	459,462

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows:

Name of Company	Place of Incorporation	Proportion of ownership interest and voting power held by the Group 2019 %	2018 %	Principal Activities
Direct Subsidiary Companies				
Yee Lee Trading Co Sdn Bhd	Malaysia	100.00	100.00	Marketing and distribution of edible oils and other consumer products.
Yee Lee Palm Oil Industries Sdn Bhd	Malaysia	100.00	100.00	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn Bhd	Malaysia	100.00	100.00	Manufacturing of cooking oil, margarine and shortening and trading of consumer products.
South East Asia Paper Products Sdn Bhd	Malaysia	100.00	100.00	Manufacturing and selling of corrugated paper cartons.
Canpac Sdn Bhd	Malaysia	100.00	100.00	Manufacturing and trading of general line tin cans.
Intanwasa Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
Yee Lee Marketing Sdn Bhd	Malaysia	100.00	100.00	Marketing, distribution and trading of consumer products.
Sementra Resort Sdn Bhd	Malaysia	100.00	100.00	Resort and tourist attraction management, selling and reselling of tourism products, package and services.
Indirect Subsidiary Companies				
Held through Yee Lee Trading Co Sdn Bhd				
Mini Motors Sdn Bhd	Malaysia	100.00	100.00	Investment holding.
Held through Yee Lee Palm Oil Industries Sdn Bhd				
Sementra Plantations Sdn Bhd	Malaysia	100.00	100.00	Oil palm cultivation.
Held through Canpac Sdn Bhd				
Canpac Vietnam Pte, Ltd[#]	Vietnam	100.00	100.00	Manufacturing and trading of general line tin cans.

15. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

The subsidiary companies are as follows: (cont'd)

Name of Company	Place of Incorporation	Proportion of ownership interest and voting power held by the Group 2019 %	2018 %	Principal Activities
Held through Intanwasa Sdn Bhd				
Desa Tea Sdn Bhd	Malaysia	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn Bhd	Malaysia	100.00	100.00	Oil palm cultivation.
Sabah Tea Resort Sdn Bhd	Malaysia	100.00	100.00	Tourism related services, activities in providing accommodation and guided tours to a tea plantation owned by a related company.

The financial statements of this company are examined by a member firm of the auditors of the Company.

Composition of the Group

Information about composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly-owned subsidiary companies 2019	2018
Marketing and distribution of edible oils and other consumer products	Malaysia	2	2
Oil palm cultivation, milling and selling of crude palm oil and kernel	Malaysia	3	3
Manufacturing of cooking oil, margarine and shortening and trading of consumer products	Malaysia	1	1
Manufacturing and selling of corrugated paper cartons and general line tin cans	Malaysia	2	2
	Vietnam	1	1
Investment holding	Malaysia	2	2
Planting, processing and distribution of tea	Malaysia	1	1
Tourism related services	Malaysia	2	1
Pre-operating	Malaysia	-	1
		14	14

16. INVESTMENT IN AN ASSOCIATED COMPANY

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Quoted shares, at cost	65,425	65,010	65,425	65,010
Share of post-acquisition results, net of dividends received	57,105	49,990	-	-
Share of post-acquisition reserves	15,816	15,166	-	-
	72,921	65,156	-	-
	138,346	130,166	65,425	65,010
Market value of:				
Quoted shares	141,109	131,307	141,109	131,307

The interests in the associated company of the Group is analysed as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Share of net assets	124,044	115,904
Goodwill on acquisition	14,302	14,262
	138,346	130,166

The associated company of the Group is as follows:

		Proportion of ownership interest			
Name of Company	Place of Incorporation	2019 %	2018 %	Principal Activity	Financial Year End
Spritzer Bhd	Malaysia	29.87	29.78	Investment holding.	December 31

16. INVESTMENT IN AN ASSOCIATED COMPANY (CONT'D)

Summarised financial information in respect of the associated company of the Group is set out below:

	The Group	
	2019	2018
	RM'000	RM'000
Current assets	189,843	226,825
Non-current assets	309,057	249,536
Current liabilities	60,229	63,449
Non-current liabilities	23,391	23,708
Revenue	374,377	347,684
Profit for the year	31,249	24,225
Other comprehensive income	18	56
Total comprehensive income for the year	31,267	24,281
Dividends received from the associated company during the year	2,188	3,335

A reconciliation of the above summarised financial information to the carrying amount of the interests in Spritzer Bhd recognised in the consolidated financial statements is as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Net assets of the associated company	415,280	389,204
Proportion of the Group's ownership interest in Spritzer Bhd*	29.87%	29.78%
	124,044	115,904
Other adjustments:		
Goodwill on acquisition	14,302	14,262
Carrying amount of the Group's interests in Spritzer Bhd	138,346	130,166

* Rounded to nearest 2 decimal point.

17. INVESTMENT IN A JOINT VENTURE

Details of the Group's joint venture at the end of the reporting period is as follows:

Name of Joint Venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group 2019 %	2018 %	Principal Activity
YLTC Sdn Bhd	Malaysia	60.00	60.00	Trading, dsitribution and logistics of consumer products

The above joint venture is accounted for using the equity method in these consolidated financial statements.

Summarised financial information in respect of the Group's joint venture is set out below.

YLTC Sdn Bhd

	The Group 2019 RM'000	The Group 2018 RM'000
Current assets	30,846	25,083
Non-current assets	545	100
Current liabilities	30,869	24,286
Non-current liabilities	-	-
Revenue	99,545	16,574
Loss for the year	(375)	(103)
Total comprehensive loss for the year	(375)	(103)
Dividends received from the joint venture during the year	-	-

A reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements is as follows:

	The Group 2019 RM'000	The Group 2018 RM'000
Net assets of the joint venture	522	897
Proportion of the Group's ownership interests in YLTC Sdn Bhd	60%	60%
Carrying amount of the Group's interests in YLTC Sdn Bhd	313	538

Carrying amount of the Group's interests in the joint venture, had the equity method of accounting been applied.

17. INVESTMENT IN A JOINT VENTURE (CONT'D)

	The Group	
	2019	2018
	RM'000	RM'000
Represented by:		
Investment cost in joint venture	600	600
Share of post-acquisition losses	(287)	(62)
	313	538

18. OTHER INVESTMENTS

	The Group	
	2019	2018
	RM'000	RM'000
Non-current assets		
Investments in equity instruments designated as at FVTOCI:		
Shares quoted in Malaysia	26	32
Warrants quoted in Malaysia	1	1
	27	33
Investments in equity instruments designated as at FVTOCI:		
At beginning of year	33	15
Additions	-	21
Net fair value loss	(6)	(3)
At end of year	27	33

18. OTHER INVESTMENTS (CONT'D)

	The Group 2019 RM'000	The Group 2018 RM'000
Current assets		
Investments measured as at FVTPL:		
Money market fund	22,061	13,550
Investments measured as at FVTPL:		
At beginning of year	13,550	7,251
Additions	10,000	6,000
Net fair value gain	437	208
Dividend income	77	144
Redemption	(2,003)	(53)
At end of year	22,061	13,550

The market values of the quoted shares, warrants and money market fund as of the end of the reporting period approximate their fair values.

19. GOODWILL ON CONSOLIDATION

	The Group 2019 RM'000	The Group 2018 RM'000
At beginning of year and at end of year	1,612	1,612

Impairment tests for cash-generating units ("CGU") containing goodwill

Carrying amount of goodwill is allocated to the following CGU:

	The Group 2019 RM'000	The Group 2018 RM'000
Canpac Sdn Bhd (manufacturing operations)	1,612	1,612

19. GOODWILL ON CONSOLIDATION (CONT'D)

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on a financial forecast, approved by management, covering a period of five years from financial year 2020 to 2024. The following key assumptions are used to generate the financial forecast:

	Year 2020 - 2022	Year 2023 - 2024
Growth rate	0% per annum	2.7% per annum
Discount rate	14.70% per annum	14.70% per annum

Receivables and payables turnover period is estimated to be consistent with the current financial year.

The above key assumptions were determined based on past business performance and management's expectations of market development.

20. BIOLOGICAL ASSETS

	The Group	
	2019	**2018**
	RM'000	**RM'000**
Fresh fruit bunches, at fair value:		
At beginning of year	245	273
Changes in fair value less costs to sell	1,038	866
Decrease in fair value due to harvesting	(892)	(894)
At end of year	391	245

The biological assets of the Group comprise fresh fruit bunches ("FFBs") and unharvested tea leaves prior to harvest. The fair values of the Group's biological assets growing on trees have been measured using prices and other relevant information generated by market transactions involving identical or comparable assets. The fair values of the biological assets have been classified as Level 2 in the fair value hierarchy.

20. BIOLOGICAL ASSETS (CONT'D)

Measurement of Fair Values of Biological Assets

(a) FFBs

To arrive at the fair values, management of the Group has considered the productivity measure as a basis to estimate the quantity of fruits growing on trees. FFBs typically take 6 months to grow out to maturity for harvesting. The FFBs on a tree are formed continuously ranging from one month to six months. Thus, the average age attribute of all the FFBs on trees at any point in time, assuming a 6-month cycle, is 3 months. The yield per acre by planting area are determined by reference to past experience of harvested FFBs. The estimated quantity of fruits growing on trees will be determined by assuming a six-month transformation cycle and the average age of fruits growing on trees is three months. The estimated fair value of FFBs on trees will be determined using current market price with risk adjustment in the estimated quantities for the effects of adverse weather conditions, diseases, crop failure and other inherent operational risks ranging from 6% to 45% (2018: 7% to 8%).

(b) Tea Leaves

The fair values of the Group's unharvested tea leaves have been measured using selling prices of tea leaves less costs of harvesting and transport. To arrive at the fair values, the Group has also considered the average historical productivity measure as a basis to estimate the quantity of tea leaves growing on tea bushes at any point in time. The average harvest cycle of tea leaves has been determined to be 30 days.

21. INVENTORIES

	The Group	
	2019	**2018**
	RM'000	**RM'000**
At cost:		
Finished goods and trading merchandise	65,944	56,937
Raw materials	23,437	24,211
Work-in-progress	11,973	16,524
Goods-in-transit	5,970	2,638
Factory supplies and consumables	3,140	3,554
Fertilisers	61	37
	110,525	103,901
At net realisable value:		
Finished goods	293	228
	110,818	104,129

The cost of inventories recognised as an expense during the year for the Group was RM916,636,505 (2018: RM915,539,195).

Inventories written off recognised as an expense for the Group during the financial year amounted to RM2,151,517 (2018: RM1,720,563).

Inventories written back by the Group during the year amounted to RM59,870 (2018: written down by RM11,240).

22. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade receivables	174,597	161,142	-	-
Less: Loss allowances	(1,003)	(773)	-	-
	173,594	160,369	-	-
Amount owing by subsidiary companies (Note 23)	-	-	30,074	22,769
Amount owing by an associated company (Note 23)	-	1	-	1
Amount owing by other related companies (Note 23)	4,619	2,875	-	-
Less: Loss allowances	-	(13)	-	-
	4,619	2,862	-	-
Amount owing by other related parties (Note 23)	1,337	2,142	-	-
Amount owing by a joint venture (Note 23)	5,220	3,750	-	-
Other receivables	13,860	19,060	89	-
Net	198,630	188,184	30,163	22,770

Trade receivables of the Group comprise amounts receivable for the sale of goods and for tourism related services rendered.

The credit periods granted on sale of goods ranged from cash to 120 days (2018: cash to 180 days) whilst the credit periods for tourism related services rendered ranged from 30 to 90 days (2018: 30 to 90 days). No interest was charged on overdue outstanding trade receivables.

The Group	Amount owing by other related companies		Amount owing by other related parties	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade account	4,604	2,856	1,322	2,142
Current account	15	19	15	-
	4,619	2,875	1,337	2,142

22. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade account comprises amounts receivable for sale of goods. The credit periods granted by the Group for sale of goods range from cash to 120 days (2018: cash to 120 days). No interest was charged on overdue outstanding balances. Current accounts owing by other related companies and other related parties comprise mainly unsecured advances that are interest-free and are repayable on demand and outstanding professional and transportation fees respectively.

The Group does not hold any collateral over balances which are past due nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

The Group seeks to maintain strict control over its outstanding trade receivables and has a credit period policy to minimise credit risk. Overdue balances are reviewed regularly by management and there has not been a significant change in credit quality and the amounts are still considered recoverable.

Other receivables of the Group comprise mainly subsidies receivable from the Government by a subsidiary company under the Cooking Oil Price Stabilisation Scheme and Cooking Oil Price Standardisation Scheme, claims receivable from suppliers for promotion expenses incurred and advance payments to suppliers for trade purchases.

Other receivables of the Group also include Goods and Services Tax receivable amounting to RM1,195,844 (2018: RM3,449,746).

Transactions with related parties are disclosed in Note 23.

Analysis of currency profile of trade and other receivables is as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	183,184	173,026	30,163	22,770
Vietnamese Dong	11,058	11,140	-	-
Australian Dollar	3,560	2,178	-	-
United States Dollar	700	1,692	-	-
Singapore Dollar	128	148	-	-
	198,630	188,184	30,163	22,770

The Group and the Company measure the loss allowance for trade receivables and amounts owing by related companies and related parties (trade) at an amount equal to lifetime ECL. The expected credit losses on trade receivables and amounts owing by related companies and related parties (trade) are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period.

There has been no change in the estimation techniques or assumptions made during the current reporting period.

22. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group and the Company write off a trade receivable and amounts owing by related companies and related parties (trade) when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables and amounts owing by related companies and related parties (trade) are over one year past due, whichever occurs earlier. None of the amounts that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables and amounts owing by related companies and related parties (trade) based on the Group provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

2019			**Trade receivables - days past due**				
	Not past due	**1 - 30**	**31 - 60**	**61 - 90**	**91 - 120**	**>120**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimated credit loss rate	-	0.50%	1.42%	1.12%	4.80%	13.71%	
Estimated total gross carrying amount at default	133,230	24,247	7,370	5,496	1,911	2,343	174,597
Lifetime ECL	-	(121)	(105)	(62)	(92)	(321)	(701)
Impairment losses	-	-	(57)	(36)	(24)	(185)	(302)
							173,594

2019			**Amount owing by other related companies and related parties - days past due**				
	Not past due	**1 - 30**	**31 - 60**	**61 - 90**	**91 - 120**	**>120**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimated credit loss rate	-	-	-	-	-	-	
Estimated total gross carrying amount at default	5,622	327	7	-	-	-	5,956
Lifetime ECL	-	-	-	-	-	-	-
							5,956

22. TRADE AND OTHER RECEIVABLES (CONT'D)

2018				**Trade receivables - days past due**			
	Not past due	**1 - 30**	**31 - 60**	**61 - 90**	**91 - 120**	**>120**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimated credit loss rate	-	0.17%	0.50%	1.35%	4.69%	0.50%	
Estimated total gross carrying amount at default	125,447	25,796	5,590	2,676	426	1,207	161,142
Lifetime ECL	-	(44)	(28)	(36)	(20)	(6)	(134)
Impairment losses	-	(270)	(56)	(103)	(11)	(199)	(639)
							160,369

2018				**Amount owing by other related companies and related parties - days past due**			
	Not past due	**1 - 30**	**31 - 60**	**61 - 90**	**91 - 120**	**>120**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Estimated credit loss rate	-	-	-	-	4.31%	100%	
Estimated total gross carrying amount at default	1,713	1,936	657	454	255	2	5,017
Lifetime ECL	-	-	-	-	(11)	(2)	(13)
							5,004

Movements in loss allowances for trade receivables and trade amounts owing by related companies and related parties are as follows:

The Group	**Trade receivables**		**Amounts owing by related companies and related parties (trade)**	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at beginning of year	773	349	13	30
Amounts written off	(269)	(11)	-	(30)
Impairment losses	397	341	-	-
Credit losses - net (Note 8)	561	134	(13)	13
Amounts recovered	(459)	(40)	-	-
Balance at end of year	1,003	773	-	13

There were no significant changes in loss allowances provided during the year. The composition of the receivables remained relatively consistent with no material change in credit periods and expected credit loss rates.

23. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS

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

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

Names of related companies	Relationships
Yew Lee Chiong Tin Factory Sdn Bhd)	
Practical Advanced Technology Sdn Bhd)	
Cranberry (M) Sdn Bhd)	Subsidiary companies of Yee Lee Organization Bhd
Yee Lee Oils & Foodstuffs (Singapore) Pte Ltd)	
Multisafe Sdn Bhd)	

Related party transactions

Transactions with related parties are as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Subsidiary companies				
Dividends received (gross)	-	-	12,730	11,800
Advances received	-	-	14,330	19,260
Advances granted	-	-	7,305	3,755
Acquisition of additional shares	-	-	1,000	-
Purchase of goods	-	-	12	11
Associated company				
Dividends received (gross)	-	-	2,188	3,335
Joint venture				
YLTC Sdn Bhd				
Advances granted	4,470	3,750	-	-
Sale of goods	1,670	1,342	-	-
Transportation fees received	114	-	-	-
Sale of property, plant and equipment	4	16	-	-

23. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related parties are as follows: (cont'd)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other related companies				
Yew Lee Chiong Tin Factory Sdn Bhd				
Sale of goods	6,585	5,473	-	-
Purchase of goods	228	173	-	-
Practical Advanced Technology Sdn Bhd				
Maintenance of networking systems, training and management services rendered	4,162	3,635	-	-
Rental received	48	15	-	-
Sale of goods	9	1	-	-
Sale of property, plant and equipment	-	43	-	-
Rental of motor vehicle	-	11	-	-
Multisafe Sdn Bhd				
Sale of goods	982	647	-	-
Sale of steam	30	296	-	-
Purchase of goods	21	-	-	-
Rental received	12	12	-	-
Professional fees received/receivable	1	1	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte Ltd				
Sale of goods	596	73	-	-
Cranberry (M) Sdn Bhd				
Sale of goods	-	2	-	-
Purchase of goods	-	1	-	-

23. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related parties are as follows: (cont'd)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with other related parties being companies in which certain directors/persons connected with certain directors are directors and/or have substantial interests are as follows:				
Chuan Sin Sdn Bhd				
Purchase of goods	170,622	150,780	-	-
Sale of goods	4,307	4,693	-	-
Professional fees received/receivable	9	17	-	-
Golden PET Industries Sdn Bhd				
Purchase of goods	8,239	9,683	-	-
Sale of goods	143	155	-	-
Professional fees received/receivable	21	11	-	-
Transportation fees received	7	8	-	-
Rework chargesreceived/receivable	2	2	-	-
Angenet Sdn Bhd				
Purchase of goods	3,566	4,691	-	-
Professional fees received/receivable	7	-	-	-
Unikampar Credit And Leasing Sdn Bhd				
Hire-purchase loans obtained	1,548	1,664	-	-
Interest on hire-purchase loans paid	210	181	-	-
Sale of goods	1	1	-	-
Cactus Marketing Sdn Bhd				
Sale of goods	49	198	-	-
Transportation fees paid/payable	13	20	-	-
Sabah Tea Garden Sdn Bhd				
Sale of goods	123	105	-	-
Catering services	12	11	-	-

23. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related parties are as follows: (cont'd)

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Transactions with other related parties being companies in which certain directors/persons connected with certain directors are directors and/or have substantial interests are as follows: (cont'd)				
Chuan Sin Cactus Sdn Bhd				
Purchase of drinking water for staff	36	35	-	-
Rental received	2	2	-	-
Professional fees received/receivable	-	6	-	-
Spritzer EcoPark Sdn Bhd				
Sale of goods	14	-	-	-
Professional fees received/receivable	-	3	-	-
Nova Liquids Sdn Bhd				
Provision of Palm Oil Mill Effluent treatment services	1,074	1,011	-	-
Multibase Systems Sdn Bhd				
Secretarial fees paid/payable	40	40	10	10
Uniyelee Service Agencies Sdn Bhd				
Handling charges paid/payable	12	15	-	-
Uniyelee Insurance Agencies Sdn Bhd				
Handling charges paid/payable	7	6	-	-
PET Master Sdn Bhd				
Sale of goods	13	-	-	-
Professional fees received/receivable	-	4	-	-
Cranberry International Sdn Bhd				
Sale of goods	8	4	-	-
Purchase of goods	-	1	-	-

23. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

The outstanding balances arising from related party transactions are disclosed in Notes 22, 29 and 33.

The amounts owing by/(to) subsidiary companies, an associated company, a joint venture, other related companies, ultimate holding company and other related parties were unsecured, interest-free, repayable on demand and will be settled in cash.

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include members of senior management of the Group.

The remuneration of directors is disclosed in Note 8. The remuneration of other members of key management personnel of the Group during the year are as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Short-term employee benefits	1,918	1,870
Post-employment benefits - Defined contribution plan	280	181
	2,198	2,051

The estimated monetary value of benefits-in-kind received and receivable by the members of key management personnel other than in cash from the Group amounted to RM47,228 (2018: RM35,900).

24. OTHER ASSETS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits	4,559	2,996	2	2
Prepaid expenses	2,539	2,420	3	2
	7,098	5,416	5	4

25. DEPOSITS, CASH AND BANK BALANCES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	7,541	23,402	-	-
Cash on hand and at banks	42,409	40,477	5	84
	49,950	63,879	5	84

The effective interest rates for deposits ranged from 2.05% to 3.10% (2018: 2.30% to 5.30%) per annum. The deposits have maturity periods ranging from 1 day to 365 days (2018: 1 day to 365 days).

Analysis of currency profile of deposits, cash and bank balances are as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	43,878	56,487	5	84
Vietnamese Dong	2,631	3,276	-	-
United States Dollar	1,944	3,034	-	-
Australian Dollar	1,497	1,082	-	-
	49,950	63,879	5	84

26. ASSET CLASSIFIED AS HELD FOR SALE

The Group	2019	2018
	RM'000	RM'000
Leasehold land	1,500	-

Subsequent to the financial year end, the Group has entered into a sale and purchase agreement for disposal of a piece of leasehold land included in investment properties (Note 14) for a total consideration of RM1,500,000. Accordingly, the investment property has been reclassified to non-current asset classified as held for sale as of the end of the financial year.

27. SHARE CAPITAL

	The Group and The Company			
	2019 Number of ordinary shares	2018 Number of ordinary shares	2019	2018
	'000	'000	RM'000	RM'000
Issued and fully paid:				
Ordinary shares:	191,604	191,604	108,400	108,400

28. RESERVES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-distributable reserves:				
Investment revaluation reserve	(10)	(4)	-	-
Translation reserve	100	466	-	-
Capital reserves	13,940	13,290	-	-
	14,030	13,752	-	-
Distributable reserve:				
Retained earnings	524,775	508,767	426,838	420,542
	538,805	522,519	426,838	420,542

(a) Investment revaluation reserve

The investment revaluation reserve of the Group arises from changes in fair values of investments designated as at FVTOCI.

(b) Translation reserve

Exchange differences relating to the translation from the functional currency of the foreign subsidiary company of the Group into Ringgit Malaysia are recognised directly in consolidated statement of profit or loss and other comprehensive income and accumulated in the translation reserve.

(c) Capital reserves

Capital reserves relate to the share of reserves of the associated company.

(d) Retained earnings

The entire retained earnings of the Company as of December 31, 2019 is available for distribution as single tier tax-exempt dividend to the shareholders of the Company.

29. BORROWINGS

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unsecured:				
Bankers' acceptances	91,211	107,317	-	-
Term loans	20,531	20,868	-	-
Revolving credits	17,000	16,500	1,000	1,000
Bank overdrafts	4,678	2,557	866	-
Secured:				
Hire-purchase payables (Note 30)	2,300	2,548	-	-
	135,720	149,790	1,866	1,000
Less: Amount due within 12 months (shown under current liabilities)	(116,398)	(129,797)	(1,866)	(1,000)
Non-current portion	19,322	19,993	-	-

The non-current portion is repayable as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial years ending December 31:				
2020	-	3,800	-	-
2021	3,481	3,084	-	-
2022	2,188	2,102	-	-
2023	1,756	1,718	-	-
2024	1,738	1,718	-	-
2025 and above	10,159	7,571	-	-
	19,322	19,993	-	-

29. BORROWINGS (CONT'D)

The Group has the following term loans:

(a) An eleven (11) year term loan of RM12,000,000 (2018: RM12,000,000) which is repayable by 90 equal monthly instalments commencing November, 2019;

(b) A six (6) year term loan of RM1,540,000 (2018: RM1,540,000) which is repayable by 60 equal monthly instalments commencing June, 2016;

(c) A seven (7) year term loan of RM6,200,000 (2018: RM6,200,000) which is repayable by 84 equal monthly instalments commencing June, 2015;

(d) A ten (10) year term loan of RM4,980,000 (2018: RM4,980,000) which is repayable by 120 equal monthly instalments commencing September, 2017; and

(e) A ten (10) year term loan of RM3,800,000 (2018: RM3,800,000) which is repayable by 120 equal monthly instalments commencing October, 2017.

The average effective interest rates per annum are as follows:

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Revolving credits	4.54	4.68	4.85	4.99
Term loans	5.63	5.70	-	-
Bankers' acceptances	3.82	4.06	-	-
Bank overdrafts	7.75	7.88	7.89	7.86

The credit facilities of the Group of RM290,641,000 (2018: RM291,070,000) are guaranteed by the Company.

The credit facilities of the Company of RM2,000,000 (2018: RM2,000,000) are secured by a negative pledge over the assets of the Company.

30. HIRE-PURCHASE PAYABLES

The Group	Minimum hire-purchase payments		Present value of minimum hire-purchase payments	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Amounts payable under hire-purchase arrangements:				
Within one year	1,546	1,482	1,436	1,351
In the second to fifth year inclusive	905	1,250	864	1,197
	2,451	2,732	2,300	2,548
Less: Future finance charges	(151)	(184)	-	-
Present value of hire-purchase payables	2,300	2,548	2,300	2,548
Less: Amount due within 12 months (shown under current liabilities)			(1,436)	(1,351)
Non-current portion			864	1,197

The non-current portion is repayable as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Financial years ending December 31:		
2020	-	888
2021	715	309
2022	91	-
2023	38	-
2024	20	-
	864	1,197

As of December 31, 2019, hire-purchase obligations of the Group payable to a related party amounted to RM2,240,352 (2018: RM2,459,792).

The terms for hire-purchase ranged from 2 to 4 years (2018: 2 to 4 years). For the financial year ended December 31, 2019, the effective hire-purchase interest rates ranged from 4.00% to 6.82% (2018: 4.64% to 6.89%) per annum. Interest rates are fixed at the inception of the hire-purchase arrangements.

The Group's hire-purchase payables are secured by the assets under hire-purchase and are guaranteed by the Company.

31. LEASE LIABILITIES

The Group	2019 RM'000	2018 RM'000
Maturity analysis:		
Year 1	962	-
Year 2	444	-
Year 3	97	-
Year 4	6	-
	1,509	-
Less: unearned interest	(75)	-
	1,434	-
Analysed as:		
Non-current	617	-
Current	817	-
	1,434	-

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's management.

32. DEFERRED TAX LIABILITIES

The Group 2019	At beginning of year RM'000	Recognised in statements of profit or loss RM'000	Translation reserve RM'000	Reclassification RM'000	At end of year RM'000
Deferred tax liabilities					
Property, plant and equipment - deemed cost	(31,238)	578	-	-	(30,660)
Property, plant and equipment	(16,693)	(742)	1	-	(17,434)
Plantation development expenditure	(314)	-	-	-	(314)
Investment properties	(381)	32	-	44	(305)
Asset classified as held for sale	-	(85)	-	(44)	(129)
	(48,626)	(217)	1	-	(48,842)

32. DEFERRED TAX LIABILITIES (CONT'D)

The Group	**At beginning of year**	**Recognised in statements of profit or loss**	**Translation reserve**	**Reclassification**	**At end of year**
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets					
Unrealised loss on foreign exchange	240	(163)	-	-	77
Unabsorbed capital allowances and unutilised tax losses	7,240	(342)	-	-	6,898
Inventories	19	-	-	-	19
Trade and other receivables	35	17	-	-	52
	7,534	(488)	-	-	7,046

The Group	**At beginning of year**	**Recognised in statements of profit or loss**	**At end of year**
2018	**RM'000**	**RM'000**	**RM'000**
Deferred tax liabilities			
Property, plant and equipment - deemed cost	(31,815)	577	(31,238)
Property, plant and equipment	(15,924)	(769)	(16,693)
Plantation development expenditure	(312)	(2)	(314)
Investment properties	(189)	(192)	(381)
	(48,240)	(386)	(48,626)
	RM'000	**RM'000**	**RM'000**
Deferred tax assets			
Unabsorbed capital allowances and unutilised tax losses	6,783	457	7,240
Inventories	19	-	19
Trade and other receivables	-	35	35
Unrealised loss on foreign exchange	312	(72)	240
	7,114	420	7,534

32. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Net deferred tax liabilities	(41,796)	(41,092)

Unrecognised deferred tax assets

	The Group	
	2019	2018
	RM'000	RM'000
Deferred tax assets not recognised at the end of the reporting period:		
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	10,800	9,878

As mentioned in Note 3, the effects of unutilised tax losses and unabsorbed agricultural and tax capital allowances which would give rise to deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which these unutilised tax losses and unabsorbed agricultural and tax capital allowances can be utilised.

33. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade payables	84,125	71,720	-	-
Amount owing to ultimate holding company (Note 23)	2	5	-	2
Amount owing to subsidiary companies (Note 23)	-	-	18,812	17,232
Amount owing to other related companies (Note 23)	376	373	-	-
Amount owing to otherrelated parties (Note 23)	45,331	35,491	-	-
Other payables	21,950	21,645	2	44
	151,784	129,234	18,814	17,278

33. TRADE AND OTHER PAYABLES (CONT'D)

Analysis of currency profile of trade and other payables is as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	149,954	126,568	18,814	17,278
Vietnamese Dong	1,284	2,075	-	-
United States Dollar	510	530	-	-
Thai Baht	13	-	-	-
European Euro	10	-	-	-
Singapore Dollar	7	4	-	-
Swiss Franc	6	-	-	-
British Pound	-	57	-	-
	151,784	129,234	18,814	17,278

The Group	Amount owing to other related companies		Amount owing to other related parties	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Trade account	350	298	45,082	32,515
Current account	26	75	249	2,976
	376	373	45,331	35,491

Trade payables and trade account owing to other related companies and other related parties comprise amounts outstanding for trade purchases. The credit periods granted to the Group for trade purchases ranged from cash term to 120 days (2018: cash term to 120 days). No interest is charged on overdue outstanding trade payables. Current accounts comprise amounts outstanding for ongoing costs that are unsecured, interest-free and are repayable on demand.

Other payables comprise amounts outstanding for ongoing costs. The amounts owing to other payables of the Group and of the Company are unsecured, interest-free and are repayable on demand.

Other payables of the Group included Goods and Services Tax payable amounting to Nil (2018: RM36,414).

Transactions with related parties are disclosed in Note 23.

34. OTHER LIABILITIES

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits received	1,869	1,590	-	-
Accrued expenses	27,184	24,296	318	286
	29,053	25,886	318	286

35. DIVIDEND

	The Group and The Company	
	2019	2018
	RM'000	RM'000
First and final dividend paid:		
- 4.0 sen per share, single tier for 2019		
(4.5 sen per share, single tier for 2018)	7,664	8,622

A first and final dividend of 4.0 sen per share, under the single tier system, amounting to RM7,664,172, proposed in respect of ordinary shares in the previous financial year and dealt with in the previous directors' report was paid by the Company during the financial year.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Categories of financial instruments

	The Group		The Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets				
At amortised cost:				
Trade and other receivables	197,434	184,734	30,163	22,770
Refundable deposits	1,772	1,244	2	2
Deposits, cash and bank balances	49,950	63,879	5	84
At fair value through profit or loss:				
Other investments:				
- Current	22,061	13,550	-	-
At fair value through other comprehensive income:				
Other investments:				
- Non-current	27	33	-	-
Financial liabilities				
At amortised cost:				
Trade and other payables	151,784	129,198	18,814	17,278
Borrowings	135,720	149,790	1,866	1,000
Lease liabilities	1,434	-	-	-
Accrued expenses	27,184	24,296	318	286

Financial Risk Management Objectives and Policies

Risk management is integral to the whole business of the Group and of the Company. Management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions on the Group's and the Company's activities.

There have been no changes to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risk.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk

(i) Foreign currency risk

The Group transacts business in various foreign currencies including United States Dollar (“USD”), Australian Dollar (“AUD”), Singapore Dollar (“SGD”), European Euro (“EUR”), Thai Baht (“THB”), British Pound (“GBP”), Vietnamese Dong (“VND”) and Swiss Franc (“SF”) and therefore, is exposed to foreign exchange risk. The Group enters into foreign currency forward contracts to manage its exposure against foreign currency fluctuations on foreign receipts and payments. The Company is not exposed to foreign currency risk as it mainly transacts in RM.

The carrying amounts of the foreign currency denominated monetary assets and liabilities of the Group at the end of the reporting period are disclosed in Notes 22, 25 and 33.

Foreign currency sensitivity analysis

The Group is mainly exposed to fluctuation in exchange rates for the currencies of USD, AUD and VND. Management considers the impact of other currencies to be minimal.

The following table details the sensitivity of the Group to a 1% (2018: 2%) increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 1% (2018: 2%) is used when reporting foreign currency risk internally to key management and represents management’s assessment of the reasonably possible change in foreign exchange rates in the next 12 months.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% (2018: 2%) change in foreign currency rates. A positive number below indicates an increase in profit after tax where RM weakens by 1% (2018: 2%) against the respective currencies. For a 1% (2018: 2%) strengthening of RM against the respective currencies, there would be a decrease in the profit after tax, and the balances below would be negative.

The Group	**Statements of profit or loss**		**Other equity**	
	2019	**2018**	**2019**	**2018**
	RM’000	**RM’000**	**RM’000**	**RM’000**
USD impact	13	8	-	-
AUD impact	32	6	-	-
VND impact	-	-	77	23

The above impacts are mainly attributable to the exposure on the respective currencies on receivables and payables outstanding at the end of the reporting period in the Group. In the opinion of the management, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure of the Group during the year.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(a) Market risk (cont'd)

(ii) Equity price risk

The Group and the Company are exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes.

Equity price sensitivity analysis - quoted equity investments

Management does not consider the Group's exposure to price risk significant at the end of the reporting period due to the immaterial value of quoted equity investments held as shown in Note 18. Therefore, sensitivity analysis for price risk of quoted equity investments is not disclosed.

(iii) Money market funds

If market price had been 0.1% (2018: 0.1%) higher/lower, the Group's and the Company's profit for the year ended December 31, 2019 would increase/decrease by RM17,000 (2018: RM8,000) as a result of the changes in fair value of the investment in money market funds.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company finance its operations by a mixture of internal funds and bank and other borrowings. The Group and the Company regularly review the interest rate profile of borrowings against prevailing and anticipated market rates. The repayment and maturity profiles of borrowings are structured after taking into consideration the cash inflows expected to be generated from the underlying assets or operations and the economic life of the assets or operations being financed.

The policy of the Group and of the Company are to borrow both on the fixed and floating rate basis. The objective for the mix between fixed and floating rate borrowings is set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates increase/decrease in the range of 2 to 22 basis points (2018: 6 to to 31 basis points), with all other variables held constant, the Group's and the Company's profit net of tax would have been RM209,683 and RM1,205 (2018: RM317,187 and RM3,116) respectively lower/higher arising mainly as a result of higher/lower interest expenses on floating rate borrowings. The assumed movement in the interest rates for interest rate sensitivity analysis is based on the currently observable market environment.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The exposure of the Group to credit risk arises principally from its receivables, amount due from related companies and other related parties and other financial assets. The credit risk exposure of the Company arises from financial guarantees given to licensed banks and credit and leasing company for credit and hire-purchase facilities granted to subsidiary companies and other financial assets.

Receivables

The Group established policies on credit control involves comprehensive credit evaluations, setting up appropriate credit limits, ensuring the sales are made to customers with good credit history and regular review of customers' outstanding balances and payment trends. The Group considers the risk of material loss in the event of non-performance by the customers to be unlikely.

At the end of the reporting period, the Group is not subject to significant concentration of credit risk.

As the Group does not hold any collateral, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

In order to minimise credit risk, the Group has developed and maintained credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

For other receivables, management does not foresee any credit risk due to the nature of other receivables which comprise mainly claims receivable from suppliers for promotion expenses incurred, subsidies receivable from the Government under the Cooking Oil Price Stabilisation and Standardisation Schemes and advance payments made to suppliers.

Amount Due From Related Companies and Other Related Parties

The Group undertook trade transactions with other related companies and other related parties and credit periods ranging from cash to 120 days (2018: cash to 180 days) were set. The Company provided unsecured advances to subsidiary companies and there are no fixed repayment terms imposed on amount due from subsidiary companies as the credit risk is managed on a Group basis by the management of the Company to ensure that risk of losses incurred by the Company due to non-repayment by subsidiary companies is minimised.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

At the end of the reporting period, there was no indication that the balances due from subsidiary companies, other related companies and other related parties are not recoverable.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(b) Credit risk (cont'd)

Financial Guarantee

The Company provides unsecured financial guarantees to licensed banks and credit and leasing companies in respect of credit and hire-purchase facilities granted to subsidiary companies. During the financial year, the Company also provided unsecured financial guarantee to external suppliers of the joint venture. The Company monitors on an ongoing basis the trend of repayments made by the subsidiary companies and its joint venture.

The maximum exposure to credit risk of the Group and of the Company amounts to RM17,500,000 (2018: RM9,700,000) and RM310,382,000 (2018: RM303,230,000) respectively representing the limit of financial guarantees provided to external suppliers and banking facilities of the joint venture, and credit and hire-purchase facilities of the subsidiary companies as of the end of the reporting period. The Group and the Company have unutilised financial guarantee of approximately RM158,592,000 and RM134,000 (2018: RM143,902,000 and RM1,000,000) respectively at the end of the reporting period.

At the end of the reporting period, there was no indication that the subsidiary companies and joint venture would default on repayment.

Other Financial Assets

The credit risk on liquid funds are limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity and cash flow risks

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

The Group’s and the Company’s principal source of liquidity has historically been cash flows from operations and funds obtained from long and short-term borrowings.

The Group and the Company expect that the cash generated from their operations, their existing credit facilities and the trade terms provided by suppliers will be sufficient to meet the Group’s and the Company’s currently anticipated capital expenditure and working capital needs for at least the next 12 months.

The Group and the Company have credit facilities of approximately RM158,592,000 and RM134,000 (2018: RM143,902,000 and RM1,000,000) respectively which are unused at the end of the reporting period. The Group and the Company expect to meet their financial obligations from their operating cash flows and proceeds from maturing financial assets.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The maturity profile of the Group's and of the Company's non-derivative financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations are as follows:

The Group	**On demand or within one year**	**One year to five years**	**Over five years**	**Total**
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial assets:				
Other investments	22,896	-	-	22,896
Trade and other receivables	197,434	-	-	197,434
Refundable deposits	1,772	-	-	1,772
Deposits, cash and bank balances	50,125	-	-	50,125
Total undiscounted non-derivative financial assets	272,227	-	-	272,227
Non-derivative financial liabilities:				
Trade and other payables	151,753	-	-	151,753
Borrowings	116,066	13,434	10,109	139,609
Lease liabilities	962	547	-	1,509
Accrued expenses	27,184	-	-	27,184
Financial guarantee contracts	17,500	-	-	17,500
Total undiscounted non-derivative financial liabilities	313,465	13,981	10,109	337,555
Total net undiscounted non-derivative financial liabilities	(41,238)	(13,981)	(10,109)	(65,328)

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The Group	**On demand or within one year**	**One year to five years**	**Over five years**	**Total**
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial assets:				
Other investments	13,937	-	-	13,937
Trade and other receivables	184,734	-	-	184,734
Refundable deposits	1,244	-	-	1,244
Deposits, cash and bank balances	64,428	-	-	64,428
Total undiscounted non-derivative financial assets	264,343	-	-	264,343
Non-derivative financial liabilities:				
Trade and other payables	129,198	-	-	129,198
Borrowings	130,528	15,286	9,863	155,677
Accrued expenses	24,296	-	-	24,296
Financial guarantee contracts	9,700	-	-	9,700
Total undiscounted non-derivative financial liabilities	293,722	15,286	9,863	318,871
Total net undiscounted non-derivative financial liabilities	(29,379)	(15,286)	(9,863)	(54,528)

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The Company	**On demand or within one year**	**One year to five years**	**Over five years**	**Total**
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial assets:				
Trade and other receivables	30,163	-	-	30,163
Refundable deposit	2	-	-	2
Cash and bank balances	5	-	-	5
Total undiscounted non-derivative financial assets	30,170	-	-	30,170
Non-derivative financial liabilities:				
Trade and other payables	18,814	-	-	18,814
Borrowings	1,866	-	-	1,866
Accrued expenses	318	-	-	318
Financial guarantee contracts	151,790	-	-	151,790
Total undiscounted non-derivative financial liabilities	172,788	-	-	172,788
Total net undiscounted non-derivative financial liabilities	(142,618)	-	-	(142,618)

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The Company	**On demand or within one year**	**One year to five years**	**Over five years**	**Total**
2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-derivative financial assets:				
Trade and other receivables	22,770	-	-	22,770
Refundable deposit	2	-	-	2
Cash and bank balances	84	-	-	84
Total undiscounted non-derivative financial assets	22,856	-	-	22,856
Non-derivative financial liabilities:				
Trade and other payables	17,278	-	-	17,278
Borrowings	1,000	-	-	1,000
Accrued expenses	286	-	-	286
Financial guarantee contracts	159,328	-	-	159,328
Total undiscounted non-derivative financial liabilities	177,892	-	-	177,892
Total net undiscounted non-derivative financial liabilities	(155,036)	-	-	(155,036)

The amounts included above for financial guarantee contracts are the maximum amounts of the Company could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterpart to the guarantee. Based on expectations at the end of the reporting period, the Company considers that it is more likely than not that such an amount will not be payable under the arrangement.

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(c) Liquidity and cash flow risks (cont'd)

The following table details the Group's liquidity analysis for its derivative financial instruments based on contractual maturities. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

The Group	On demand or within one year	One year to five years	Over five years	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Gross settled:				
Foreign exchange forward contracts - gross outflows	6,926	-	-	6,926

The Group				
2018				
Gross settled:				
Foreign exchange forward contracts - gross outflows	8,087	-	-	8,087

(d) Capital risk management

The Group and the Company manage their capital to ensure the Group and the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's and the Company's overall strategy remains unchanged from 2018.

The capital structure of the Group and of the Company consist of net debt and equity.

Fair Values of Financial Instruments

Foreign exchange forward contracts

The notional amounts and estimated fair values of the Group's foreign currency forward contracts outstanding at the end of the reporting period are as follows:

	Contract value		Notional value		Fair value - Net	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Outstanding contracts denominated in:						
USD	7,063	6,270	6,926	6,336	137	(66)
AUD	-	1,814	-	1,751	-	63
	7,063	8,084	6,926	8,087	137	(3)

36. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Financial Risk Management Objectives and Policies (cont'd)

(d) Capital risk management (cont'd)

The fair values were calculated by reference to the current rates for contracts with similar maturity profiles. The management did not consider the above fair value of foreign exchange forward contracts significant enough to be adjusted in the financial statements.

Financial instruments carried at amortised cost

The carrying amounts of short-term financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of term loans, which are classified as Level 2 in the fair value hierarchy, have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of term loan arrangements. There is no material difference between the carrying amounts and the estimated fair values of term loans.

The fair values of hire-purchase payables and lease liabilities, which are classified as Level 2 in the fair value hierarchy, have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase and lease arrangements and approximate their carrying amounts.

The fair values of quoted and unquoted investments classified as FVTOCI and FVTPL are disclosed in Note 18.

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

The Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other investments:				
Non-current	27	-	-	27
Current	22,061	-	-	22,061
	22,088	-	-	22,088
The Group				
2018				
Other investments:				
Non-current	33	-	-	33
Current	13,550	-	-	13,550
	13,583	-	-	13,583

There were no transfers between Level 1 and Level 2 during the financial year.

37. STATEMENTS OF CASH FLOWS

(a) Purchase of property, plant and equipment

The details of additions to property, plant and equipment were as follows:

	The Group	
	2019	2018
	RM'000	RM'000
Cash payments	17,308	16,115
Hire-purchase financing	1,548	1,754
Term loan financing*	1,891	2,924
Amount included in prior year - deposit paid	-	1,530
Outstanding included in other payables	3,147	951
	23,894	23,274

* Term loan financing include finance costs paid and capitalised of RM438,847 (2018: RM469,965).

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

(b) Cash and cash equivalents

Cash and cash equivalents at the end of the reporting period as shown in the statements of cash flows can be reconciled to the related items in the statements of financial position as follows:

	The Group		The Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits	7,541	23,402	-	-
Cash and bank balances	42,409	40,477	5	84
Bank overdrafts	(4,678)	(2,557)	(866)	-
	45,272	61,322	(861)	84
Less: Fixed deposits with maturity period more than 1 year	(73)	-	-	-
	45,199	61,322	(861)	84

37. STATEMENTS OF CASH FLOWS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

2019

The Group	**Note**	**As of 1.1.2019**	**Financing cash flows**	**Non-cash changes: Arising from application of MFRS 16 Leases**	**Non-cash changes: New hire-purchase arrangement**	**Non-cash changes: Additions of property, plant and equipment**	**As of 31.12.2019**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Term loans	29	20,868	(2,228)	-	-	1,891	20,531
Bankers' acceptances	29	107,317	(16,106)	-	-	-	91,211
Revolving credit	29	16,500	500	-	-	-	17,000
Hire-purchase payables	30	2,548	(1,796)	-	1,548	-	2,300
Lease liabilities	31	-	(1,737)	3,171	-	-	1,434

The Company	**Note**	**As of 1.1.2019**	**Financing cash flows**	**As of 31.12.2019**
		RM'000	**RM'000**	**RM'000**
Amount owing to ultimate holding company	33	2	(2)	-
Amount owing to subsidiary companies	33	17,232	1,580	18,812

37. STATEMENTS OF CASH FLOWS (CONT'D)

(c) Reconciliation of liabilities arising from financing activities (cont'd)

2018

The Group	Note	As of 1.1.2018	Financing cash flows	← Non-cash changes: New hire purchase arrangement	Non-cash changes →: Additions of property, plant and equipment	As of 31.12.2018
		RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	29	19,722	(1,778)	-	2,924	20,868
Bankers' acceptances	29	119,091	(11,774)	-	-	107,317
Revolving credit	29	10,500	6,000	-	-	16,500
Hire-purchase payables	30	2,640	(1,846)	1,754	-	2,548

The Company	Note	As of 1.1.2018	Financing cash flows	As of 31.12.2018
		RM'000	RM'000	RM'000
Amount owing to subsidiary companies	33	10,952	6,280	17,232

38. COMMITMENTS

As of December 31, 2019, the Group has the following commitments in respect of property, plant and equipment:

	The Group 2019	The Group 2018
	RM'000	RM'000
Capital expenditure:		
Approved and contracted for	38,870	19,599

39. OPERATING LEASE ARRANGEMENTS

In 2018, the Group had outstanding commitments under non-cancellable operating leases, which fell due as follows:

	2018
	RM'000
Within one year	374
In the second to fifth year	730
	1,104

Operating lease payments represented rentals payable by the Group for forklifts and warehouse. Leases are negotiated for terms which was three years with an option to renew the lease after that date.

40. SIGNIFICANT EVENT

On September 23, 2019, the Group entered into a Sale and Purchase Agreement with Panaheights Development Sdn Bhd to purchase all that piece of land held under H.S.(D) 54813, PT 17391, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Negeri Selangor measuring approximately 96,234.394 square meters for a total consideration of RM25,896,000. The transaction was completed on March 11, 2020.

41. CONTINGENT LIABILITIES

As of December 31, 2019, the Group and the Company have a contingent liability of RM17,500,000 (2018: RM9,700,000) arising from financial guarantees provided to external suppliers and banking facilities of the joint venture.

42. SUBSEQUENT EVENTS

Subsequent to the financial year end, the following events took place:

(a) The Group has entered into a sale and purchase agreement for disposal of a piece of short-term leasehold land included in investment properties (Note 14) for a total consideration of RM1,500,000. Accordingly, the investment property has been reclassified to asset classified as held for sale as of the end of the financial year.

(b) On May 12, 2020, the Company received a notice of unconditional voluntary take-over offer from UOB Kay Hian Securities (M) Sdn. Bhd. ("UOBKH") on behalf of Yee Lee Organization Bhd., Dato' Lim A Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn. Bhd. (collectively the "Joint Offerors") to acquire all the remaining 19,272,907 ordinary shares, representing approximately 10.06% of the equity interest in the Company, for a cash consideration of RM2.06 per share. As at May 12, 2020, the Joint Offerors collectively hold 172,331,393 ordinary shares representing approximately 89.94% of the total issued shares.

The Company presently does not meet the Public Spread Requirement under Paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") which stipulates that a listed issuer must ensure that at least 25% of its total listed shares are in the hands of public shareholders. The non-compliance with the Public Spread Requirement is a direct consequence of a similar unconditional voluntary take-over offer from the same joint offerors on April 26, 2019, which had since ended on July 3, 2019.

On May 28, 2020, the Joint Offerors collectively hold 175,124,093 ordinary shares representing approximately 91.40% of the total issue shares. The Joint Offerors have stated their intention of not maintaining the listing status of the Company.

42. SUBSEQUENT EVENTS (CONT'D)

(c) The recent outbreak of Coronavirus ("COVID-19") since end 2019 has seen significant cases increased worldwide which prompted the World Health Organisation to declare it as a pandemic on March 11, 2020. A series of precautionary and control measures have been and continued to be implemented across the world. The Malaysian Government had also imposed the Movement Control Order ("MCO") from March 18, 2020 to May 3, 2020 and was subsequently revised to the Conditional Movement Control Order on May 4, 2020 to June 9, 2020 with certain economic and social activities being allowed subject to implementation of standard operating procedures which have been set by the Government. These restrictions are expected to disrupt business operations and eventually will have material adverse effects on Malaysia's economy for 2020.

For the Group's and the Company's financial statements for the financial year ended December 31, 2019, the COVID-19 pandemic and the related impacts are considered as non-adjusting events in accordance with MFRS 110 Events after the Reporting Period. Consequently, there is no impact on the recognition and measurement of assets and liabilities as at December 31, 2019. However, the effects of COVID-19 would potentially impact the judgement and assumptions used in the preparation of the financial statements for the financial year ending December 31, 2020, such as expected credit losses of financial assets and impairment of assets.

The Group's manufacturing, trading and plantation businesses, which are identified as essential businesses by the Malaysian Government, are allowed to operate during the movement control period subject to certain operating conditions. Nevertheless, these businesses are not spared from disruptions in their supply chain and restriction of work force. Certain customers of the Group are not allowed to operate. The Group's tourism businesses were also affected as they were not allowed to operate during the movement control period.

As at the date of this report, although certain restrictions have been relaxed, the COVID-19 situation is still unpredictable especially on the possibility of its reoccurrence. As such, it is not practicable for the management to reliably estimate the financial effect of COVID-19 for the financial year ending December 31, 2020. The Group will closely monitor the situation and take appropriate measures to overcome the difficulties ahead faced by the Group's operations while safeguarding the health and safety of its employees at work place.

STATEMENT BY DIRECTORS

The directors of **YEE LEE CORPORATION BHD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of December 31, 2019 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed in accordance with a resolution of the Directors,

Y BHG DATO' LIM A HENG @
LIM KOK CHEONG, DPMP, JSM, JP
Executive Chairman

MR CHOK HOOA @ CHOK YIN FATT, PMP
Executive Director

Ipoh,
May 29, 2020

DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **YAP SIN KHEONG (IC No. 680520-08-5581)**, the officer primarily responsible for the financial management of **YEE LEE CORPORATION BHD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

MR YAP SIN KHEONG
MIA 22814

Subscribed and solemnly declared by the abovenamed
YAP SIN KHEONG at **IPOH** this 29th day
of May 2020

Before me,

LAM YING WOH
NO.: A209
COMMISSIONER FOR OATHS

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 28, 2020

SHARE CAPITAL

Issued Share Capital	:	RM108,400,448
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Number of Shareholders		Number of Issued Shares	
Size of Shareholdings	**Number**	**%**	**Number**	**%**
Less than 100 shares	116	9.11	5,182	**
100 to 1,000 shares	254	19.94	134,105	0.07
1,001 to 10,000 shares	668	52.43	3,287,536	1.72
10,001 to 100,000 shares	209	16.40	5,836,088	3.05
100,001 to less than 5% of issued shares	25	1.96	27,837,173	14.53
5% and above of issued shares	2	0.16	154,504,216	80.63
Total	**1,274**	**100.00**	**191,604,300**	**100.00**

** Negligible

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Substantial Shareholders	**Number of Issued Shares**	**% of Issued Shares**	**Number of Issued Shares**	**% of Issued Shares**
1. Yee Lee Organization Bhd (“YLO”)	101,342,652	52.89	-	-
2. Langit Makmur Sdn Bhd (“Langit Makmur”)	63,211,564	32.99	-	-
3. Dato’ Lim A Heng @ Lim Kok Cheong	6,908,552	3.61	105,003,977 [a]	54.80
4. Datin Chua Shok Tim @ Chua Siok Hoon	2,112,469	1.10	109,800,060 [b]	57.31
5. Unikampar Credit And Leasing Sdn Bhd (“UCL”)	-	-	101,342,652 [c]	52.89
6. Uniyelee Sdn Bhd (“UYL”)	-	-	101,342,652 [c]	52.89
7. Yeleta Holdings Sdn Bhd (“YH”)	-	-	101,342,652 [d]	52.89
8. Young Wei Holdings Sdn Bhd (“YW”)	-	-	101,342,652 [e]	52.89
9. Layar Tenang Ltd	-	-	63,211,564 [f]	32.99
10. Diamond GP Holdings II Ltd	-	-	63,211,564 [g]	32.99
11. Dymon Asia Private Equity (S.E.Asia) II Ltd	-	-	63,211,564 [h]	32.99
12. DAPE Ltd	-	-	63,211,564 [i]	32.99
13. Dymon Asia Capital Ltd	-	-	63,211,564 [j]	32.99
14. Yong Ming Chong	-	-	63,211,564 [k]	32.99

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 28, 2020

Notes:-

[a] Deemed interest by virtue of his shareholding in YLO, and the shares held by his spouse and child in the Company pursuant to Section 8 of the Companies Act 2016 ("Act").
[b] Deemed interest by virtue of her shareholding in YLO, and the shares held by her spouse and child in the Company pursuant to Section 8 of the Act.
[c] Deemed interest held through YLO pursuant to Section 8 of the Act.
[d] Deemed interest held through UCL and UYL pursuant to Section 8 of the Act.
[e] Deemed interest held through YH pursuant to Section 8 of the Act.
[f] Deemed interested by virtue of its shareholdings in Langit Makmur.
[g] Deemed interested by virtue of its shareholdings in Layar Tenang Ltd.
[h] Deemed interested by virtue of its shareholdings in Diamond GP Holdings II Ltd.
[i] Deemed interested by virtue of its shareholdings in Dymon Asia Private Equity (S.E. Asia) II Ltd.
[j] Deemed interested by virtue of its shareholdings in DAPE Ltd.
[k] Deemed interested by virtue of his shareholdings in Dymon Asia Capital Ltd.

DIRECTORS' SHAREHOLDINGS IN THE COMPANY AND ITS RELATED CORPORATION

The interests of the Directors in the shares of the Company and its related corporation maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 59 of the Act are as follows:-

Shares in the Company

	Direct Interest		Deemed Interest	
Name of Directors	**Number of Issued Shares**	**% of Issued Shares**	**Number of Issued Shares**	**% of Issued Shares**
1. Dato' Lim A Heng @ Lim Kok Cheong	6,908,552	3.61	105,003,977 [a]	54.80
2. Thang Lai Sung	-	-	-	-
3. Chok Hooa @ Chok Yin Fatt	-	-	-	-
4. Lim Ee Young	1,548,856	0.81	-	-
5. Dato' Mohd Adhan bin Kechik	-	-	-	-
6. Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	-	-	-	-
7. Lee Kee Hong	-	-	-	-
8. Sow Yeng Chong	-	-	-	-

Note:-

[a] Deemed interest by virtue of his shareholding in YLO, and the shares held by his spouse and child in the Company pursuant to Section 8 of the Act.

Shares in the holding company, Yee Lee Organization Bhd

	Direct Interest		Deemed Interest	
Name of Directors	**Number of Issued Shares**	**% of Issued Shares**	**Number of Issued Shares**	**% of Issued Shares**
1. Dato' Lim A Heng @ Lim Kok Cheong	2,751	0.03	8,305,403 [a]	75.50
2. Thang Lai Sung	1,716	0.02	-	-
3. Lim Ee Young	119,091	1.08	-	-
4. Lee Kee Hong	19,800	0.18	-	-

Note:-

[a] Deemed interest by virtue of his shareholding in YW and Unipon Enterprise Sdn Bhd, and the shares held by his spouse and children in YLO pursuant to Section 8 of the Act.

By virtue of Dato' Lim A Heng @ Lim Kok Cheong's interest in the shares of the holding company, Yee Lee Organization Bhd, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the holding company has interest.

TOP THIRTY SECURITIES ACCOUNT HOLDERS

Shareholders		**Number of Issued Shares**	**% of Issued Shares**
1.	Yee Lee Organization Bhd	91,795,852	47.91
2.	Langit Makmur Sdn Bhd	62,708,364	32.73
3.	Yee Lee Organization Bhd	9,546,800	4.98
4.	Lim A Heng @ Lim Kok Cheong	6,908,552	3.61
5.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-Asing)	3,274,700	1.71
6.	Chua Shok Tim @ Chua Siok Hoon	2,112,469	1.10
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Ee Young (PB)	1,200,000	0.63
8.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheam Heng Ming (E-KTN/RAU)	580,000	0.30
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Khek Keng (E-TAI)	455,000	0.24
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kwee Hock	443,700	0.23
11.	Lim Ee Young	348,856	0.18
12.	Cheong You Chin	328,000	0.17
13.	Au Yang Tuah Kah	290,000	0.15
14.	Kwek Soo Siong	256,664	0.14

ANALYSIS OF SHAREHOLDINGS

AS AT MAY 28, 2020

TOP THIRTY SECURITIES ACCOUNT HOLDERS (CONT'D)

Shareholders		Number of Issued Shares	% of Issued Shares
15.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	235,600	0.12
16.	Lim See Tat	223,996	0.12
17.	Lim Kuan Gin	200,000	0.11
18.	Allexcel Trading Sdn Bhd	188,600	0.10
19.	Cheong Chee Hong	180,700	0.09
20.	Koo Boon Long	169,500	0.09
21.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ching Neoh	156,000	0.08
22.	Ng Chee Joong	154,552	0.08
23.	Leong Lim Kuan	133,100	0.07
24.	Hong Nian @ Hong Swee Lan	120,000	0.06
25.	Tan Wee Kian	117,884	0.06
26.	Tan Yan Ching	109,500	0.06
27.	Teo Kock Sei	103,000	0.05
28.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chee Shu Ying	98,000	0.05
29.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)	90,900	0.05
30.	Tan Peek Yeen	84,000	0.04
	Total	**182,614,289**	**95.31**

TOP 10 PROPERTIES OF THE GROUP

AS AT DECEMBER 31, 2019

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lot No. 57252, Town of Kepong, District of Gombak, Selangor Darul Ehsan	Freehold	3-storey office and warehouse	19	14,729/ 12,274	31.12.2015	51,498
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Oil palm estate	-	13,003,967	31.12.2015	42,271
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	38	8,314,820/ 13,492	31.12.2015	39,230
Lot Nos. 15917-15918, 46292, 46300-46301, 46303-46315, 20276 & 20338, Mukim of Kampar, Lot Nos. 20339 & 20340, Mukim of Teja, District of Kinta, Perak Darul Ridzuan	Freehold	Oil palm estate	-	1,984,093	31.12.2015	35,850
Lots No. 72169, 158022 and PT80026, Mukim of Ulu Kinta, District of Kinta, Perak Darul Ridzuan	Leasehold expiring on 01.09.2075, 30.07.2088 and 28.03.2050 respectively	3-storey office, factory, warehouse and adjoining vacant land	44	34,368/ 18,967	31.12.2015	19,568
Lot No. 119 , Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	23	10,866/ 7,441	31.12.2015	17,584

TOP 10 PROPERTIES OF THE GROUP

AS AT DECEMBER 31, 2019

Location	Tenure	Current Use	Approximate Age of Building (Year)	Land/ Gross Floor Area (sq.metres)	Date of Last Revaluation	Net Book Value RM'000
Lot Nos. 3858-3864, 3867, 3879, 3882-3883, 3888, 3921-3926, 3928-3931, 3933-3947, 3950-3951, 3965-3967, 3970, 3972-3975, 3977, Mukim and District of Batang Padang, Perak Darul Ridzuan	Freehold	Oil palm estate	-	970,590	31.12.2015	17,163
Lot Nos. 9399, and 10169, Mukim of Bidor, District of Batang, Batang Padang, Perak Darul Ridzuan	Leasehold expiring on 30.06.2046 and 05.07.2048 respectively	2-storey palm oil mill, office and factory warehouse	35	145,732/ 11,637	31.12.2015	16,423
Lot 91, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	6	8,710	31.12.2015	16,224
# 09, Street No.15 VSIP II-A, Vietnam-Singapore Industrial Park II-A, Tan Uyen Town, Binh Duong province	Leasehold expiring on 19.03.2058	2-storey office, factory and warehouse	6	30,000/ 8,400	1.1.2016	15,802

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