YEE LEE CORPORATION BHD (13585-A)
(INCORPORATED IN MALAYSIA)

ANNUAL
REPORT
2018

2018

AT A GLANCE

GROUP REVENUE

+2.3%

RM1.12 billion

SHAREHOLDERS' EQUITY

+4.8%

RM630.92 million

PROFIT BEFORE TAX

+5.5%

RM48.17 million

NET ASSETS PER SHARE

+4.8%

RM3.29

MANUFACTURING DIVISION REVENUE

RM248.31 million

TRADING DIVISION REVENUE

RM868.92 million

PLANTATION DIVISION REVENUE

RM0.09 million

Our Essential Values For Life

Strong Brand Images

High Product Quality

Affordability

Understand of Consumer Needs

WHAT'S **INSIDE**

002.
Our 50-Year Journey

004.
Our Brands, Our Passion

006.
Notice of Forty-Sixth Annual General Meeting

010.
Corporate Information

011.
Corporate Structure

012.
Financial Highlights

014.
Chairman's Statement

016.
Group Managing Director's Review

020.
Sustainability Statement

030.
Corporate Social Responsibility

034.
Directors' Profile

038.
Key Senior Management's Profile

040.
Audit Committee Report

044.
Corporate Governance Overview Statement

057.
Statement on Risk Management and Internal Control

066.
Directors' Responsibility Statement

067.
Reports of the Directors and Financial Statements

198.
Analysis of Shareholdings

201.
Top 10 Properties of the Group

• Form of Proxy

Cover Rationale

50 years as a trusted brand, and 50 years of enriching the lives of the people we serve.

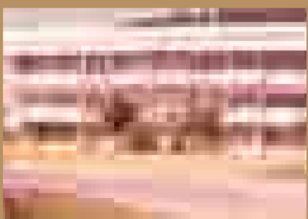
Throughout our history, we have been on a constant journey to innovate household products that both create value and improve quality of life for Malaysian households. The collage of photos on this year's cover represents the many ways in which we have done so, and also serves as a reminder that we must continue to sustain growth and build a strong presence in order to make a lasting impact on the country we call home.

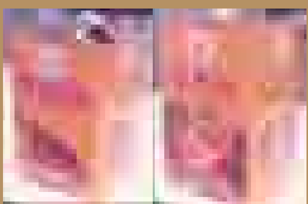
Here's to the future!

Our 50-Year Journey

1968

Yee Lee Trading Co Sdn Bhd was formed and started as local repacker, selling cooking oils under the brand names of Blue Diamond and Plum Flower.





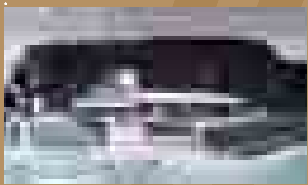
1973

Incorporation of Yee Lee Oils and Foodstuffs Industries Sdn Bhd (now known as Yee Lee Corporation Bhd).

1974-1976

Expanded upstream by constructing a palm oil refinery in Tasek, Ipoh.

Completion of palm oil refinery in Tasek. Red Eagle (or Helang) cooking oil was launched.



1979-1980

Yee Lee Corporation Bhd acquired South East Asia Paper Products Sdn Bhd, a corrugated carton boxes manufacturer situated in Lahat, Perak.

Yee Lee Corporation Bhd acquired Golden Voice Musical Industries Sdn Bhd (now known as Golden PET Industries Sdn Bhd) and converted the factory from manufacturing of musical instruments to manufacturing polyethylene terephthalate ("PET") products.

1984

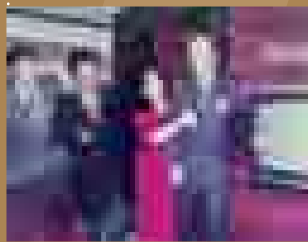
Yee Lee Palm Oil Industries Sdn Bhd a palm oil mill in Bidor was built.

1986

Yee Lee Oils Industries Bhd (now known as Yee Lee Corporation Bhd) won the Federation of Malaysian Manufacturers' Award for outstanding export achievement.

1993

Yee Lee Corporation Bhd was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).



1994

Introduced the new innovative plastic PET bottle to replace tin can in packing cooking oil.

1995-1996

Yee Lee Corporation Bhd was awarded the National Industry Excellence Special Award for Innovation Products in recognition of the Red Eagle cooking oil product innovation.

As a group consolidation, Yee Lee Corporation Bhd transferred its entire palm oil refinery business to its newly set up subsidiary, Yee Lee Edible Oils Sdn Bhd.

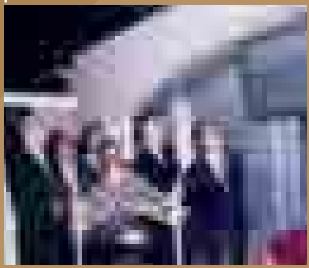
1997-1998

Acquired Desa Tea Sdn Bhd, a tea plantation situated in Ranau, Sabah with its well-known Sabah Tea brand.

Acquired Sabah Tea Sdn Bhd and transformed it to tourism related service provider in 2001.

2000

Following a group restructuring, Golden PET industries Sdn Bhd was sold to Spritzer Bhd and in return Spritzer Bhd became the associated company of Yee Lee Corporation Bhd. Spritzer Bhd was then listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securites Berhad).



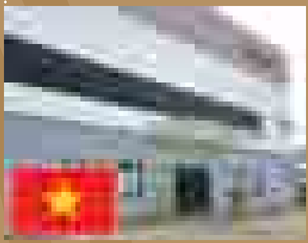
2002-2003

Sementra Plantations Sdn Bhd was formed and ventured into oil palm plantation. Yee Lee Corporation Bhd completed the acquisition of Canpac Sdn Bhd, a leading aerosol can manufacturer in Rawang.

Yee Lee Marketing Sdn Bhd was formed and commenced its trading operations.

2004

Canpac Sdn Bhd expanded its business to Vietnam by setting up a new subsidiary, Canpac Vietnam Pte., Ltd. in Ho Chi Minh City.



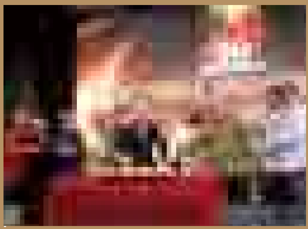
2014-2016

Commencement of oil palm plantation project in Sabah.

Sementra Resort Sdn Bhd was formed to develop a tourism resort in Gopeng. Yee Lee Corporation Bhd Group's revenue hit historical high of RM1.06 billion.

2017

Yee Lee Trading Co. Sdn Bhd entered into a strategic partnership with TASCO Berhad via a joint venture vehicle, YLTC Sdn Bhd to develop new business involving trading, warehousing and logistics.



2018

Celebration of Yee Lee 50th Anniversary.

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.

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

46th
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Forty-Sixth (46th) Annual General Meeting ("AGM") of Yee Lee Corporation Bhd ("YLC" or "Company") will be held at Weil Ballrooms 3 & 4, Level 6, The Weil Hotel, No. 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan on Friday, May 31, 2019 at 10.30 a.m. for the transaction of the following business:-

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended December 31, 2018 and the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note 1

2. To declare a first and final dividend of 4.0 sen per share, under the single tier system in respect of the financial year ended December 31, 2018. **Resolution 1**

3. To re-elect the following Directors who retire by rotation in accordance with Article 85 of the Company's Constitution and, being eligible, offer themselves for re-election:-

   (i) Dato' Lim A Heng @ Lim Kok Cheong **Resolution 2**
   (ii) Thang Lai Sung **Resolution 3**
   (iii) Dato' Mohd Adhan bin Kechik **Resolution 4**

4. To approve the payment of Directors' fees in respect of the financial year ended December 31, 2018. **Resolution 5**

5. To approve the payment of benefits up to RM60,000 to the Non-Executive Directors from June 1, 2019 until the next AGM of the Company. **Resolution 6**

6. To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

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

Ordinary Resolutions

7. Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued does not exceed ten per cent (10%) of the total number of issued shares of the Company for the time being, and that such authority shall continue to be in force until the conclusion of the next AGM of the Company." **Resolution 8**

NOTICE OF FORTY-SIXTH
ANNUAL GENERAL MEETING

8. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("**Proposed Shareholders' Mandate**")

"THAT approval be and is hereby given to the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as set out in Section 2.4 of Part A of the Circular to Shareholders dated April 30, 2019 subject to the followings:- **Resolution 9**

(i) the transactions are carried out in the ordinary course of business 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 of the Company; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year with a breakdown of the aggregate value of the recurrent transactions based on the following information:-

(a) the type of the recurrent transactions made; and

(b) the names of the related parties involved in each type of the recurrent transactions and their relationships with the Company.

AND THAT such approval shall continue to be in force until:-

(i) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest.

AND THAT the Directors be and are hereby authorised to complete and do all such acts and things as they may deemed necessary or expedient to give full effect to the Proposed Shareholders' Mandate."

9. Retention of Independent Non-Executive Directors

(i) "THAT authority be and is hereby given to Lee Kee Hong, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company." **Resolution 10**

(ii) "THAT subject to the passing of Resolution 4, authority be and is hereby given to Dato' Mohd Adhan bin Kechik, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years, be retained as an Independent Non-Executive Director of the Company." **Resolution 11**

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

Special Resolution

10. Proposed Adoption of New Constitution of the Company ("**Proposed Adoption**")

"THAT approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirely and in place thereof, the proposed new Constitution of the Company, as set out in Part B of the Circular to Shareholders dated April 30, 2019 be and is hereby adopted as the Constitution of the Company with immediate effect; **Resolution 12**

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things in any manner as they may deem necessary and/or expedient to in order to give full effect to the Proposed Adoption with full powers to assent to any conditions, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final dividend of 4.0 sen per share, under the single tier system, in respect of the financial year ended December 31, 2018, subject to the approval of the shareholders at the 46th AGM will be paid on July 17, 2019 to Depositors whose names appear in the Record of Depositors at the close of business on July 3, 2019.

A Depositor shall qualify for entitlement to the dividends only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on July 3, 2019 in respect of transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

TAN BOON TING (MAICSA 7056136)
OOI WOOI KEAN (MAICSA 7067254)
Company Secretaries

Ipoh, Perak Darul Ridzuan
April 30, 2019

Notes:-

1. Appointment of Proxy

(i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.
(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an attorney.
(iii) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
(iv) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.

NOTICE OF FORTY-SIXTH ANNUAL GENERAL MEETING

(v) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than twenty-four (24) hours before the time appointed for holding the meeting.

(vi) Only a depositor whose name appears on the Record of Depositors as at May 24, 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.

2. Explanatory Notes on Ordinary Business

Note 1

This agenda item is intended for discussion only as under Section 340(1)(a) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of shareholders. As such, this agenda item will not be put forward for voting.

3. Explanatory Notes on Special Business

Ordinary Resolutions

Resolution 8 - Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Resolution 8, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, the authority to allot and issue ordinary shares of the Company up to an amount not exceeding ten per cent (10%) of the Company's total number of issued shares for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on May 31, 2018 which will lapse at the conclusion of the forthcoming AGM.

Resolution 9 – Proposed Shareholders' Mandate

The proposed Resolution 9, if passed, will authorise the Company and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business.

Resolutions 10 and 11 – Retention of Independent Non-Executive Directors

The Proposed Resolutions 10 and 11 relate to the approval by shareholders for Mr Lee Kee Hong and Dato' Mohd Adhan bin Kechik to continue in office as Independent Non-Executive Directors. The full details of the Board's justifications and recommendations for the retention of the two (2) Directors as Independent Non-Executive Directors are set out in the Corporate Governance Overview Statement in the Annual Report 2018. The Board has recommended that the approval of the shareholders be sought via a two-tier voting process for the retention of Mr Lee Kee Hong and Dato' Mohd Adhan bin Kechik as the Independent Non-Executive Directors of the Company.

Special Resolution

Resolution 12 – Proposed Adoption of New Constitution of the Company

The proposed Resolution 12, if passed, will streamline the existing Memorandum and Articles of Association ("M&A") of the Company with the Companies Act 2016 which came into force on January 31, 2017 and to align the existing M&A with the Listing Requirements, to provide clarity to certain provisions thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to the Circular to Shareholders dated April 30, 2019 for further information on Resolutions 9 and 12.

4. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll.

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
(Redesignated from Group Chief Executive Officer to Group Managing Director wef February 27, 2019)

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

Members
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha
Sow Yeng Chong
Lee Kee Hong

NOMINATION COMMITTEE

Chairman
Lee Kee Hong

Members
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha
Dato' Mohd Adhan bin Kechik

REMUNERATION COMMITTEE

Chairman
Chok Hooa @ Chok Yin Fatt

Members
Dato' Mohd Adhan bin Kechik
Lee Kee Hong

COMPANY SECRETARIES

Tan Boon Ting (MAICSA 7056136)
Ooi Wooi Kean (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 (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, 2018)

FINANCIAL HIGHLIGHTS

		2018	2017 Restated	2016 Restated	2015	2014
FINANCIAL						
Revenue	(RM'000)	**1,122,015**	1,097,007	1,057,810	799,208	690,450
Profit before interest, taxes and depreciation	(RM'000)	**71,205**	67,194	75,484	58,713	50,483
Profit before tax	(RM'000)	**48,167**	45,671	56,506	41,485	34,408
Profit attributable to owners of the Company	(RM'000)	**37,471**	39,034	44,487	31,912	27,014
Total assets	(RM'000)	**977,642**	952,720	927,924	841,190	588,297
Share capital	(RM'000)	**108,400**	108,400	94,332	91,968	90,323
Shareholders' equity	(RM'000)	**630,919**	602,122	571,012	523,112	352,550
FINANCIAL INDICATORS						
Revenue growth	(%)	**2.28**	3.71	32.36	15.75	4.89
Return on equity	(%)	**5.94**	6.48	7.79	6.10	7.66
Net assets per share	(RM)	**3.29**	3.14	3.03	2.84	1.95
Net debt to equity ratio#	(%)	**13.62**	16.37	11.44	8.45	18.02
Basic earnings per share	(sen)	**19.56**	20.48	23.78	17.52	15.04
Net dividend per share	(sen)	**4.00**	4.50	4.50	3.50	3.00
High share price	(RM)	**2.36**	2.88	2.45	2.25	1.96
Low share price	(RM)	**1.80**	2.10	1.98	1.36	1.24
Share price as at Dec 31	(RM)	**1.83**	2.18	2.36	2.12	1.40
Market capitalisation	(RM'000)	**350,635**	417,697	445,247	389,942	252,906

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

FINANCIAL HIGHLIGHTS

Revenue
(RM'000)

2014	690,450
2015	799,208
2016	1,057,810
2017	1,097,007
2018	**1,122,015**

Profit Before Tax
(RM'000)

2014	34,408
2015	41,485
2016	56,506
2017	45,671
2018	**48,167**

Shareholders' Equity
(RM'000)

2014	352,550
2015	523,112
2016	571,012
2017	602,122
2018	**630,919**

Basic Earnings Per Share
(sen)

2014	15.04
2015	17.52
2016	23.78
2017	20.48
2018	**19.56**

Net Dividend Per Share
(sen)

2014	3.00
2015	3.50
2016	4.50
2017	4.50
2018	**4.00**

Share Price
as at Dec 31 (RM)

2014	1.40
2015	2.12
2016	2.36
2017	2.18
2018	**1.83**

CHAIRMAN'S **STATEMENT**

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of **Yee Lee Corporation Bhd** for the financial year ended December 31, 2018.

Year 2018 is our 50^{th} anniversary. As the Group celebrates its historic anniversary, we can look back with pride over the past 50 years and reflect on how we have grown from an edible oil repacker occupying a rented premise to a fully integrated manufacturer and distributor and our subsequent listing on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) in year 1993. The Group has also diversified its business into manufacturing of packaging materials such as aerosol can and corrugated carton boxes, tea and oil palm plantations and eco-tourism.

FINANCIAL PERFORMANCE

The Malaysian economy registered a respectable growth of 4.7% in 2018, demonstrating considerable resilience in the face of multiple headwinds, both external and domestic. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia have created uncertainties for the economy. Amidst the tough market conditions, the Group managed to register a modest sales growth of 2.3% this year from RM1.10 billion in 2017 to RM1.12 billion. This led to a corresponding increase in the Group's pre-tax profit from RM45.67 million in 2017 to RM48.17 million. As a result of higher tax expense, the Group's profit attributable to shareholders dropped by 4.0% from RM39.03 million to RM37.47 million, translating to a lower basic earnings per share of 19.56 sen (2017: 20.48 sen). Both manufacturing and trading divisions performed better than last year while the plantation division still has not turnaround. The profit contribution from our associated company, Spritzer Bhd dropped substantially by 39.8% to RM6.75 million primarily due to the Group recognising a gain of RM3.34 million in 2017 as a result of an increase in the Group's share of net assets value of Spritzer Bhd following their private placement, coupled with gross profit margin compression this year arising from substantial increase in raw materials and packaging costs.

DIVIDENDS

The Board of Directors is pleased to propose a first and final dividend of 4.0 sen per share, under the single tier system in respect of the financial year ended December 31, 2018 which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting. The dividend, if approved, will be paid to our shareholders on July 17, 2019. Whilst we do not have an official dividend policy, we are committed to reward our shareholders with consistent dividend payments taking into consideration of business prospects, capital requirements and expansion strategy.

OUTLOOK

The global economy is projected to expand moderately in 2019, surrounded by uncertainties over the global trade disputes, political uncertainty and sudden shift in investor sentiment that pose headwinds to growth. Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum of 4.3% - 4.8% in 2019 driven by private sector

CHAIRMAN'S STATEMENT

amid continued rationalization in the public sector. Although consumer sentiments have moderated from the recent peak, the implementation of various government measures, particularly in alleviating rising cost of living, is expected to further lend support to consumer spending, especially lower income households. The Board is confident that with our established strong household brand of products and innovative marketing campaigns, the Group is well positioned to capitalise on new opportunities and overcome any challenges that may lie ahead.

ACKNOWLEDGEMENT

In February 2019, Mr Lim Ee Young, Group Chief Executive Officer was promoted to Group Managing Director. The Board would like to express our utmost appreciation for his dedication in chartering the phenomenal growth of the Group over the years.

We would like to take this opportunity to thank our valued shareholders, financiers, customers, business associates, suppliers and other parties involved for their continued support and trust on us. In addition, we would like to extend my deepest appreciation and gratitude to the management team and all employees for their strong commitment and dedication.

DATO' LIM A HENG @
LIM KOK CHEONG
Executive Chairman

BUSINESS GROWTH
+2.3%
RM1.12 billion
(2017 : RM1.10 million)

GROUP'S PRE-TAX PROFIT
+5.5%
RM48.17 billion

GROUP MANAGING DIRECTOR'S REVIEW

Yee Lee Corporation Bhd started off with just an edible oil repacker in 1968. This year, the Group is celebrating its historic 50th anniversary and certainly we can look back at the past 50 years with great pride on how the Group built its foundation, sailing through recession and financial crisis to become an established and diversified group listed on the Bursa Malaysia Securities Berhad. The Group has diversified its business into manufacturing of packaging materials such as aerosol can and corrugated carton boxes, palm oil refinery and mill, marketing and distribution of fast moving consumer products, tea and oil palm plantation and eco-tourism. Our core business is then 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.

Following a robust growth in 2017, Malaysia's economic growth was expected to normalise in 2018 but somehow was confronted with several external and domestic challenges. Major policy and political shifts, arising partly from the global trade tensions and the historic change of government in Malaysia became sources of uncertainty for the economy. Despite the challenging economic conditions, the Group managed to register a modest business growth of 2.3% in revenue this year from RM1.10 billion in 2017 to RM1.12 billion. Correspondingly, the Group's pre-tax profit increased by 5.5% to RM48.17 million. As a result of higher tax expense this year, the profit attributable to shareholders dropped by 4.0% to RM37.47 million, translating to lower basic earnings per share of 19.56 sen as compared to 20.48 sen in 2017. Our trading division had surpassed the manufacturing division and became the strongest profit contributor to the Group's profitability this year with 38.6% increase in its pre-tax profit as compared to 14.3% increase in manufacturing division. However, our plantation division is still suffering losses this year. The profit contribution from associated company, Spritzer Bhd dropped substantially by 39.8% to RM6.75 million mainly due to the Group recognising a gain of RM3.34 million in 2017 as a result of an increase in the Group's share of net assets value of Spritzer Bhd following their private placement, coupled with gross profit margin compression this year arising from substantial increase in raw materials and packaging costs.

The Group continued to generate strong cash flow from its operating activities with a net cash of RM58.61 million generated this year. As a result, the cash and cash equivalents increased by 14.9% to RM61.32 million. RM16.12 million cash was spent on capital expenditure to facilitate future growth while RM8.39 million was used to purchase additional Spritzer Bhd shares to increase the Group's shareholding to 29.8%. The excess funds of RM5.95 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 16.4% in 2017 to 13.6%.

GROUP MANAGING DIRECTOR'S REVIEW

Our financial position remained strong with shareholders' equity standing at RM630.92 million. Net assets per share increased from RM3.14 to RM3.29. As at December 31, 2018, our market capitalisation value stood at RM350.64 million.

Whilst we do not have an official dividend policy, we are committed to reward our shareholders with consistent dividend payments taking into consideration of business prospects, capital requirements and expansion strategy. The Board of Directors is pleased to recommend a first and final dividend of 4.0 sen per share, under the single tier system for the year ended December 31, 2018.

MANUFACTURING DIVISION

Our manufacturing division consists of aerosol can and corrugated carton boxes packaging business and palm oil refinery and mill. This division bounced back from a poor performance last year, achieving a higher pre-tax profit of RM20.78 million this year as compared to RM18.18 million in 2017 despite a drop in revenue by 14.0% to RM248.31 million. The substantial drop in revenue this year was mainly attributed to the sharp drop in crude palm oil ("CPO") prices which directly affected the selling price of palm based products of palm oil refinery and mill. 84.9% of the manufacturing division's profitability was dominated by the packaging business, mainly the aerosol can business, as losses from the corrugated carton boxes business have widened to RM1.25 million this year. Our palm oil refinery and mill performed much better this year with increase in pre-tax profit from RM0.65 million in 2017 to RM3.14 million as the palm oil mill managed to turnaround in the second half of the year with better oil extraction rate ("OER").

The Group has two aerosol can factory with the largest factory located at Rawang, Malaysia and the other is in Ho Chi Minh City, Vietnam. We have total combined production capacity of 192 million cans per year after our recent expansion of which around 68% of the production capacity is from the Rawang factory. 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 and Thailand. Despite facing fierce price competition from China competitors, we managed to maintain our aerosol can business performance with last year. This was achieved through improvement in efficiencies and progressively increasing selling prices to recover the full cost increase.

Our corrugated carton boxes factory which is located in Lahat, Perak is currently running at 60% of its capacity. All our sales are to the domestic market of which around 30% are supplied to our related companies. The corrugated carton industry continued to face aggressive competition with oversupply dominating the industry, resulting in intense price competition among manufacturers to grab market share. As a result, our corrugated carton boxes business continued to suffer losses due to the difficulty in passing on the full cost increase to its customers. We will continue to enhance our operational efficiency while tightening controls over operating costs and wastages in order to remain competitive. The Government's project to supply natural gas to the Perak industrial estate which is expected to be completed by first quarter of 2020 will also be benefiting us as this will reduce our energy cost consumption.

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 smallholders as our two small estates in Perak are currently supplying less than 1% of our mill total FFB supplies. Year 2018 was a challenging year for Malaysian oil palm industry as the CPO prices dropped substantially coupled with sluggish production of FFB. The FFB yield was significantly lower, especially in Peninsular Malaysia which dropped by 6.7%, mainly due to biological effect after experiencing high yield in 2017, coupled with the unpredictable rainy season that affected harvesting. The low FFB supplies and inconsistent quality as compared to the pricing committed to suppliers have affected our palm oil mill until the second quarter of this year, where our palm oil mill drastically tightened the selection of FFB supplies

GROUP MANAGING **DIRECTOR'S REVIEW**

and revised the FFB pricing to be commensurate with our OER achieved in order for the mill to survive. This strategy has proven successful as the mill finally turnaround in the second half of the year, recouping all the losses incurred in the first half with much better OER in the expense of quantity of FFB processed. As a result, total FFB processed dropped by 33.4% to 170,677 MT which led to corresponding decrease in production of CPO by 31.3% to 32,678 MT and palm kernel by 32.3% to 8,980 MT. In return, our OER improved by 3.2% to 19.2%. Our palm oil refinery continued to perform better this year with recovery of profit margin with better control over its costs and pricing. As part of the Group's sustainability programme, our palm oil mill is in the midst of obtaining 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 is in the midst of obtaining the MSPO SCCS Certification. Both the palm oil mill and refinery are targeted to be certified by 2019.

TRADING DIVISION

Despite the external and domestic challenges, Malaysian private sector spending continued to anchor the expansion in domestic demand, underpinned by positive consumer and business sentiments. The new government zero-rated the Goods and Services Tax from June 1, 2018, leading to a tax holiday for three months which boosted consumer sentiments. This has resulted in the consumer sentiments index soared to a 21-year high of 132.9 points above the 100-point optimism threshold during the second quarter of this year. With the improvement in consumer sentiments leading to increase in consumer spending coupled with our strong marketing and trade activities, our trading division managed to achieve a sales growth of 8.1% this year. The strong sales growth was driven by higher sales of beverages, Campbells', Munchy's, Sunplus, Kizz and Red Chef products which has offset the substantial drop in sales of cooking oils arising from the sharp drop in CPO prices that affected its selling price. As a result, the trading division registered an increase in its pre-tax profit by 38.6% from RM15.45 million in 2017 to RM21.41 million.

As part of our cost rationalisation programme, we have combined our rented Kuala Terengganu distribution centre with our own newly constructed Kota Bharu distribution centre in January 2019. After the rationalisation, our trading division has in total 15 distribution centres of which 9 are located in Peninsular Malaysia, 3 in Sabah and 3 in Sarawak. In total, we have storage capacity of approximately 484,000 square feet. We have also set up a new sales office in Kuala Terengganu in addition to the existing sales offices in Seremban and Batu Pahat which was aimed to serve the state sales and distribution points faster and better. Currently we are providing market access and coverage for more than 50 well-known brands, mostly food and beverage and household products brands for 19 distributorships including the newly secured distributorship for Sunsoya and Uncle Sun products. In total, 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. Besides expanding and relocating distribution centres to strategic locations, we are also constantly strengthening our workforce, increasing truck capacity and streamlining processes to accelerate our speed-to-market in order to have competitive edge over our competitors. In addition, we have also further upgraded our electronic system to improve on our efficiency through data sharing, ordering and controls.

TRADING DIVISION

+38.6%

RM21.41 million

(2017 : RM15.45 million)

PLANTATION DIVISION

Our plantation division consists of one tea plantation located in Kampong Nalapak, Sabah, two oil palm estates in Perak and one newly developed oil palm estate in Ranau, Sabah. Year 2018 was certainly a difficult period for the plantation industry faced with sharp downturn in CPO prices and slow recovery of FFB production. The Malaysian Financial Reporting Standards treatment which now requires bearer plants to be depreciated further impacted profitability. Both our tea and oil palm plantations have not turnaround in this year with total pre-tax losses widened to RM2.99 million as compared to RM1.45 million in 2017.

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 is surrounded by the world's oldest rainforest. We are one of the few tea plantations in the world certified to produce organic tea. Our trees were planted since late 1970's with Chinese and Asamica clones and are pesticide-free. Total planted area is 254 hectares including 18 hectares of immature areas. Due to the unfavourable weather condition that has affected the tea growth rate

GROUP MANAGING **DIRECTOR'S REVIEW**

coupled with inexperienced new harvesting workers, the production of green tea leaf dropped by 4.8% to 577 MT resulting in a corresponding decrease in processed tea to 110 MT. The tea plantation still unable to turnaround as the current sales level is not sufficient to cover its plantation costs. We have launched a new Sabah Tea Flora Series with 6 variety of flavours such as camomile, geranium, lavender, jasmine, peppermint and vanilla during the year to offer tea lovers more choice and different taste. More new innovative tea products will be launched to drive sales growth in order to turn this business around.

Our oil palm plantation has a total land bank of 1,454 hectares including the 1,158 hectares newly developed estate in Ranau, Sabah. The total cultivated area stands at 1,165 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 is 22 years. The Ranau estate has 900 hectares under cultivation and is expecting the first harvest in 2019. Total production of FFB dropped by 10.5% to 2,178 MT this year in tandem with the drop in overall FFB yield in Peninsular Malaysia. Our oil palm plantation also has not turnaround this year, affected by low FFB production and selling price coupled with higher expenses incurred for the new Ranau estate.

OUTLOOK

The global economic growth is projected to soften in 2019 with the ongoing trade tensions, financial market pressures and the potential fallout from the Brexit negotiations impacting prospects for emerging markets and developing countries. In view of these uncertainties, the Group recognises that the global and domestic conditions will remain challenging in 2019. Although the domestic consumer sentiments index for the fourth quarter of 2018 sank below the optimism level, the Group foresees that consumer sentiments will improve in 2019 with the Government's various initiatives to contain the rising cost of living. In order to remain competitive, our trading division is continuously upgrading its warehousing facilities and capacity while strengthening its distribution networks to widen the market coverage and improve on its speed of delivery. With its well established distribution networks, the trading division is confident of securing for more distributorship of prominent brands to enlarge its product portfolio to ensure more availability of choices for their customers. The scorching hot weather currently sweeping across the country is expected to boost the demand for bottled water. This will provide an opportunity for us to leverage on our two leading bottled water brands Spritzer and Cactus to further enhance their market share.

Being in the competitive industry facing intense price competition, both the aerosol can and corrugated carton boxes packaging business will continue to focus on internal improvement such as improving its operational efficiencies and services, tightening cost control and offering more attractive and innovative product design in order to remain competitive. After the drastic move to further tighten the quality of FFB supplies and revising the FFB pricing terms, our palm oil mill has managed to turnaround in the third quarter of 2018 and thereafter continued to show positive results. Together with the recovery of FFB yield in Peninsular Malaysia, we expect the palm oil mill to contribute positively to the Group's profitability.

Our newly planted oil palm trees in Ranau estate will be starting their harvesting in stages in 2019 with their first harvest done in the first quarter of 2019. We do not expect high yield from these young immature trees for at least another three years. Given time, we foresee that the palm oil plantation will be able to turnaround in the future.

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 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 from 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.

SUSTAINABILITY STATEMENT

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 subsidiary companies for the Year 2018. 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.

Business Segment	Business Activity	Entities
Manufacturing	Cooking oils, margarine, shortening, crude palm oil, kernel, general line tin cans, and corrugated paper cartons	Yee Lee Edible Oils Sdn Bhd, Yee Lee Palm Oil Industries Sdn Bhd, Canpac Sdn Bhd, Canpac (Vietnam) Pte, Ltd & South East Asia Paper Products Sdn Bhd
Trading & Marketing	Edible oils and other consumer products	Yee Lee Trading Co Sdn Bhd & Yee Lee Marketing Sdn Bhd
Plantation	Tea and oil palm	Desa Tea Sdn Bhd, Sabah Tea Sdn Bhd & Sementra Plantations Sdn Bhd
Others	Tourism related services and investment holding	Sabah Tea Resort Sdn Bhd & Sementra Resort Sdn Bhd

3. SUSTAINABILITY GOVERNANCE

The Board oversees the Group's sustainability efforts, and is 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 comprises the Group Financial Controller, Risk & Sustainability Administrator and Senior Accountant.

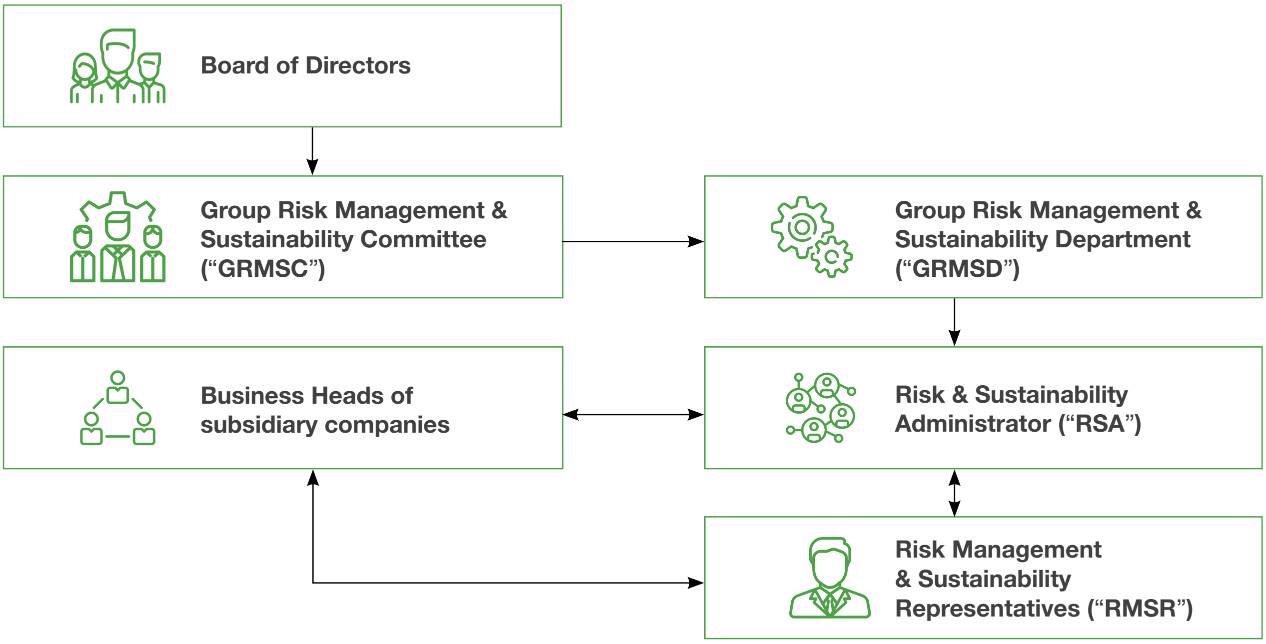
The Group Risk Management and Sustainability Department ("GRMSD") will help the GRMSC to carry out its sustainability efforts, and create sustainability awareness within the Group. The GRMSD will liaise closely with the subsidiary companies' Risk Management & Sustainability Committee in identifying,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

SUSTAINABILITY STATEMENT

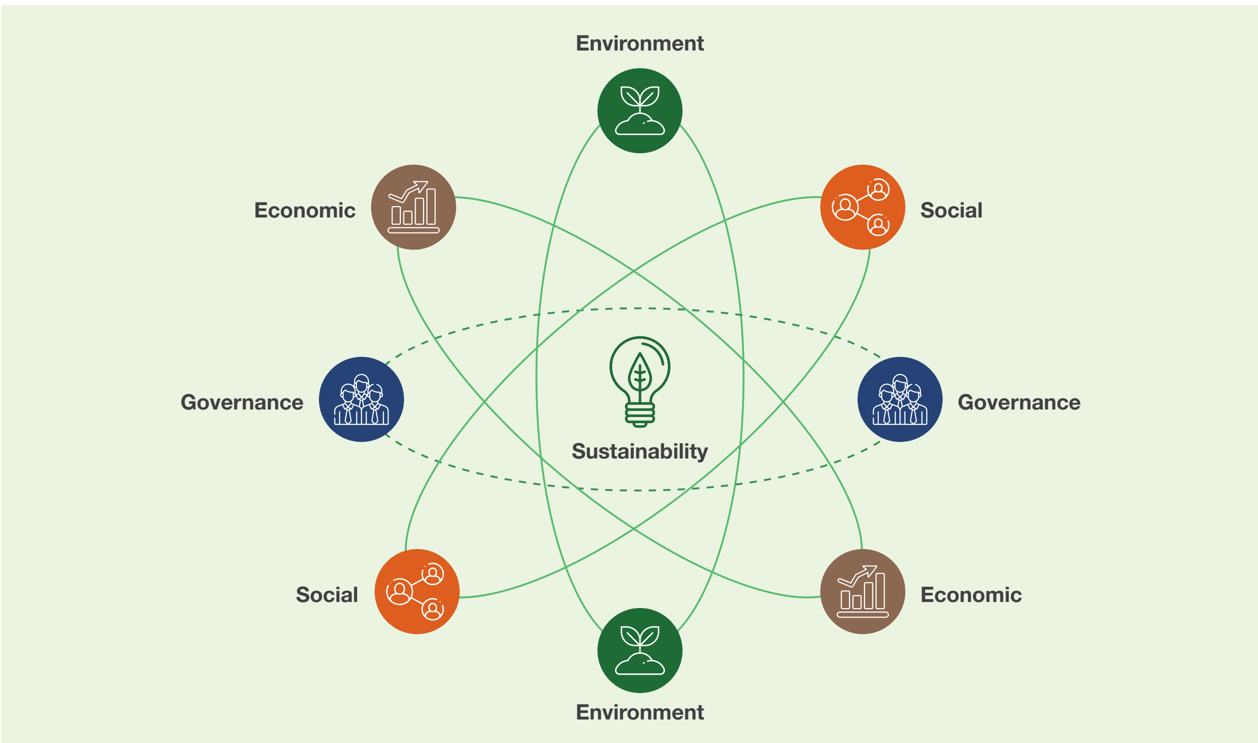
3. SUSTAINABILITY GOVERNANCE (CONT'D)

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	TAX PAID TO GOVERNMENT SALARIES PAYMENT TO SUPPLIERS
	PROFIT AFTER TAX	REVENUE

SUSTAINABILITY **STATEMENT**

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 guidances and trainings to improve our employees' competencies and allow them to achieve their full potential.
- We live in a multi-racial country, and expect every employee 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 persons to make a living.
- Our Corporate Social Responsibility (CSR) is reported on pages 030 to 033.

Governance

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

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

5. PROCESS FOR EMBEDDING SUSTAINABILITY

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

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 major stakeholders to obtain their feedbacks on each sustainability matter.

C. Managing and reviewing material sustainability matters

The purpose of managing material sustainability matters is to reduce financial impacts on our businesses while delivering better economic, environmental and social value. 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 new system to record, report, analyse and manage data requirements (e.g. business plans, management reports, data input from operations, businesses and stakeholders and media reports) associated with each sustainable matter.

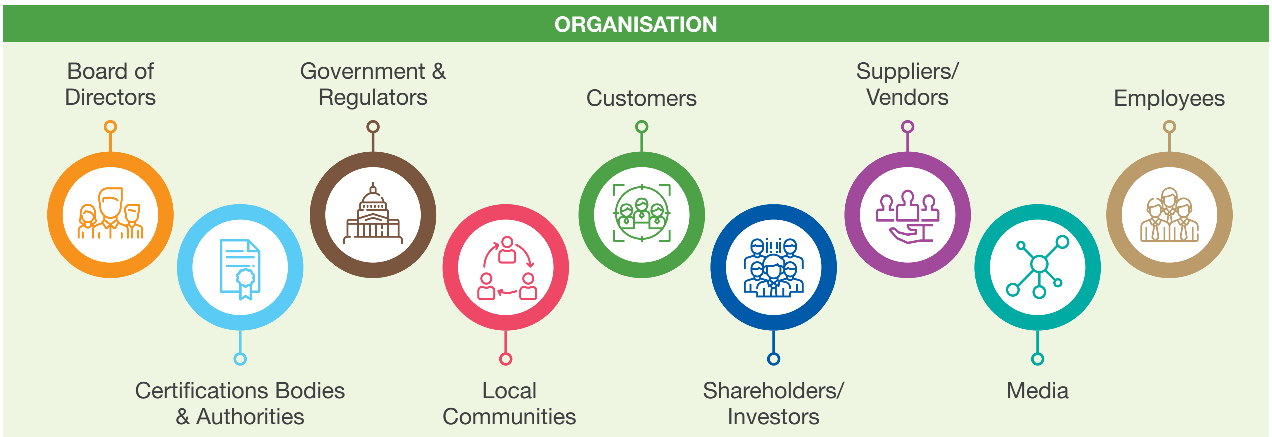
D. Communicating and providing credibility on sustainability performance and disclosures

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 form an oversight and advise the Board accordingly on the effectiveness of the sustainability reporting function. Details of this statement are examined by the External Auditors prior to their inclusion in the Annual Report.

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



SUSTAINABILITY STATEMENT

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 Meetings, 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 and 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)

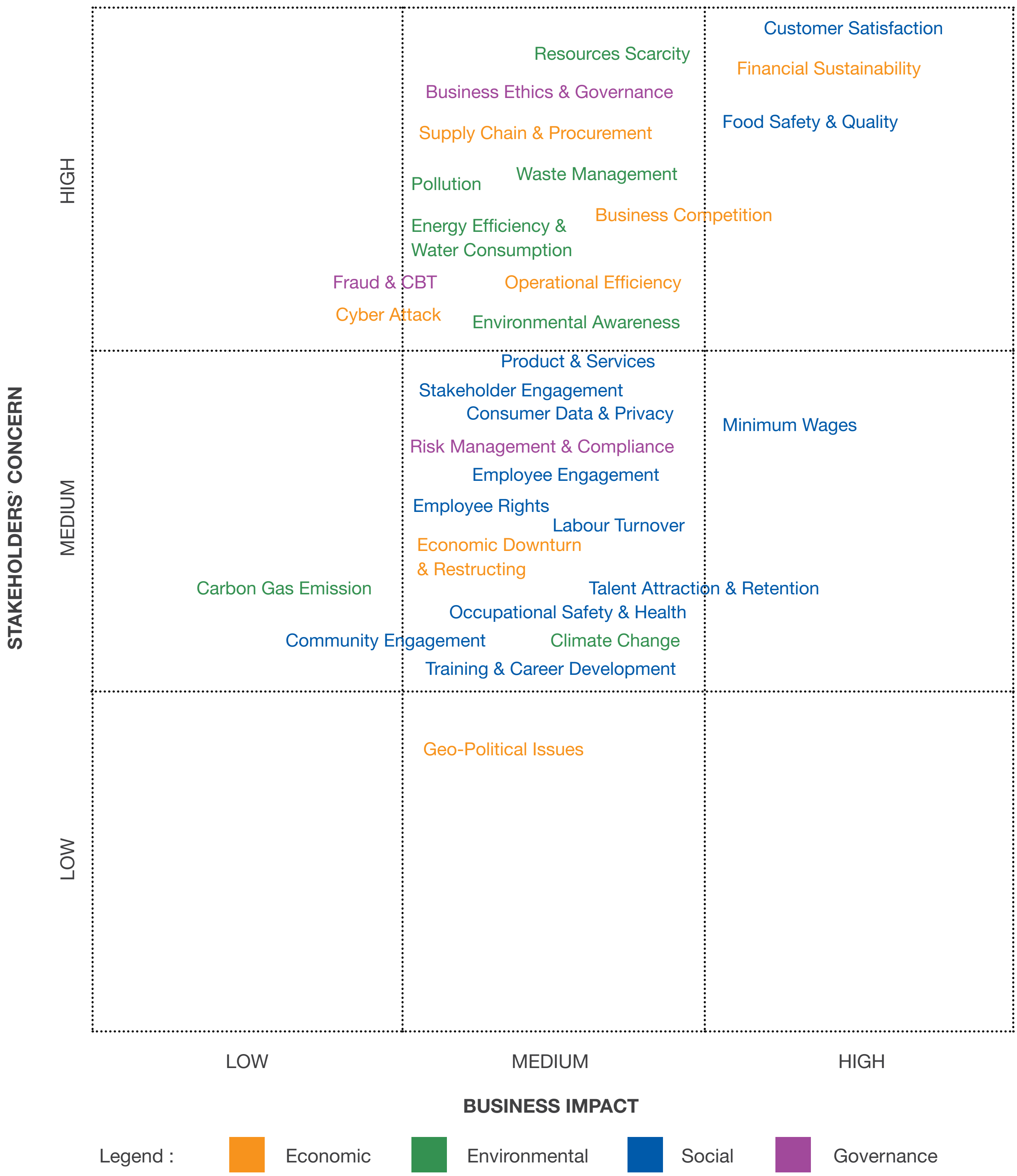
We have outlined those areas of concerns raised by our stakeholders in the following tables:- (Cont'd)

Stakeholder Group	Stakeholder's Concern	Engagement Method
Certification Bodies & Authorities (e.g. SIRIM, JAKIM, KKM & 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 Opportunity & 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

SUSTAINABILITY **STATEMENT**

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

In Year 2018, we have conducted our first materiality review by understanding our stakeholders' concern. We proceed to work closely with the Management and key personnel of our subsidiary companies on the review and assessment process. There are 30 key sustainability matters being compiled, reviewed and assessed. This enabled us to develop a materiality matrix that reflect the most significant economic, environmental and social impacts that may concern stakeholders. An annual materiality assessment process will be undertaken by the GRMSC.



8. SUSTAINABILITY REPORTING WORKSHOP

The GRMSD had conducted a Sustainability Reporting Workshop for the Business Division Heads, Risk Management & Sustainability Representatives, and key personnel on September 19, 2018. The workshop objective is to enable the participants to have an understanding of YLC Group's sustainability policy, framework's, processes and reporting function. It also includes core modules such as basic introduction to Bursa's Main Market Listing Requirements relating to sustainability disclosures, current sustainability issues and their impacts to the business, governance structure for managing sustainability, identifying stakeholders' role and their engagement, and explaining the need to collect, measure, assess and monitor sustainability data. There was an open discussion and questions session to provide an opportunity for the participants to clarify any issue that was related to the activities of their companies. The GRMSD had also prepared a Sustainability Reporting Manual which contains useful guidelines and a copy is given to the Risk Management & Sustainability Representative of each subsidiary company for reference.

9. POISE FOR THE FUTURE

At Yee Lee, we understand that most companies are now required to be transparent about their sustainability performance for all the stakeholders and investors evaluate. Transparency builds trust and we hope to create value for our stakeholders by combining profits with intangible factors such as protecting the environment and improving quality of life. Sustainability is an ongoing process based on systematic review, improvement, and application of policies and procedures. We will continue to strive for improvement in having a robust reporting framework.

CORPORATE SOCIAL RESPONSIBILITY

At Yee Lee, our connection to the people and organisations around us runs deep. As a local company whose dedication to progress has rooted shoots of sustained growth, we understand the importance that a helping hand can provide towards making a long-term impact. Therefore, in 2018, we have continued to strive towards our objective of assisting all branches of society in any way we can.

Below are some of our activities during the past year.

FOR COMMUNITY ENRICHMENT

Our CSR activities always begin in our home of Ipoh, Perak. Here, we sponsored the PSPA Festive Extravaganza organised by the Perak Society of Performing Arts (PSPA), showcasing a spellbinding display of multi-ethnic performing arts to the public, brought to life through a range of dances, musical performances and family-friendly activities. Furthermore, by inviting local corporations and NGOs to take part in the initiative, we were able to maximise the reach of this very worthy and highly educational initiative.

But the arts are just one aspect of our involvement. Just as important to the community is the inculcation of strong health and wellness practices, and by sponsoring the Tung Shin Hospital Antenatal Talk at Institut Jantung Negara, we supported an organisation that is striving to do great things in this area.

Meanwhile, our sponsorship of the Gabungan Persatuan-persatuan Hokkien Sabah Cooking Competition allowed us to touch the lives of the community in an area that is very close to their hearts. We treasured this special opportunity indeed.

Gabungan Persatuan-persatuan Hokkien Sabah Cooking Competition (16 September 2018)

PSPA Festive Extravaganza (23 December 2018)

CORPORATE
SOCIAL RESPONSIBILITY

FOR TOGETHERNESS

Festive periods are treasured times for Malaysians, and we share a desire to bring joy to these special occasions. During Ramadhan, our sponsorship of products for neighborhood gatherings helped to ensure that the celebrations went off without a hitch, while our collaboration with the Buddhist Society of Ipoh (BSI) during Wesak Day saw us take part in a proudly local gathering that provided free lunch for all Buddhist devotees and the general public during this sacred holiday.

Togetherness is not limited to festive periods, however, and by providing a cash donation to a worthy "gotong-royong" initiative in Ipoh, our efforts contributed towards the full refurbishment of a gathering area in Lata Ulu Chepor. Through our assistance, a thorough cleaning of the picnic area was complemented by the organising of a family gathering, giving loved ones a reason to reconnect with one another.

Ramadhan (10 June 2018)

Lata Ulu Chepor (From April to July 2018)

CORPORATE
SOCIAL RESPONSIBILITY

FOR THE NEXT GENERATION

Laying the groundwork for generational success, we have nurtured ties with established local educational institutions in our home town and beyond. Poi Lam High School is one such example. Having been a strong supporter of their food fair for over 10 years, this year we used the event as a means to fundraise for a well-needed upgrade to their school facilities and continuing education initiatives.

Similarly, our support of various school sports days and food fairs has empowered further investment in these schools. In 2018, we sponsored products for the Yuk Choy (Suwa) Secondary School Food Fair, Tadika Chan Meng Khor Annual Sport Day and the Tadika Methodist Ipoh Annual Sport Day.

However, our biggest contribution to the prospects of the next generation has come through our full-blooded support of the new government's Tabung Harapan initiative. In total, Yee Lee and our subsidiaries donated RM1 million to the fund during 2018, helping our nation overcome its debts and empowering our government to give the people of Malaysia the support and the policies they deserve.

Tabung Harapan Malaysia (2 June 2018)

CORPORATE
SOCIAL RESPONSIBILITY

CSR FOR THE LESS FORTUNATE

We believe in going above and beyond for the most vulnerable members of society. Whether by supporting blood donation campaigns, helping charities to raise funds or donating towards the wellbeing of terminally ill patients, our attentions are focused on people who are most in need.

Yee Lee Recreation and Sports Club hosted a blood donation campaign with the aim of creating awareness about the benefits of blood donation, thus supporting the initiative of alleviating critical blood bank supply shortages. With this campaign, we are directly impacting the ability of our local blood banks to provide timely, immediate support that can save lives.

We have also sought to engage the public in the cause of the less fortunate through family friendly activities. This was demonstrated through the charity bazaar food fair supporting Rumah Kanak-Kanak Angels, an orphanage home in Kuala Lumpur.

In addition, we also supported needy families and people in the past year through strategic partnerships. Our sponsorship of a lightweight wheelchair to aide terminally ill and needy patients who have been referred by the Medical Social Welfare Department at hospitals is one such example, while a donation to the Ipoh Precious Gift Orphanage Society has been vital in assisting underprivileged children.

IN CONCLUSION

Driven by a desire to be a responsible corporate citizen, and an upstanding member of society, we will continue to seek out partnership opportunities that enable us to make an impact in the places where we do business.

We are firm in our belief that, as a growing organisation enlarging its footprint across the country, it is absolutely imperative for us to stay close to our roots in the communities and people who support us each and every day. Therefore, guided by the principles of our values, we will continue to turn corporate social responsibility into real action; action that brings meaningful change for those who matter.

Ipoh Precious Gift Orphanage Society (1 November 2018)

DIRECTORS' PROFILE

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

Executive Chairman

Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP aged 74, male, a Malaysian and 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 47, male, a Malaysian and 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 CPA 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 A Heng @ 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.

DIRECTORS' PROFILE

Chok Hooa @ Chok Yin Fatt, PMP

Executive Director

Chok Yin Fatt, aged 72, male, a Malaysian and 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 other public companies which are not listed on the Bursa Malaysia Securities Berhad including Yee Lee Organization Bhd and MSHK Corporation Bhd. He is also the Chairman of the Remuneration Committee of the Company.

Thang Lai Sung

Executive Director

Thang Lai Sung, aged 81, male, a Malaysian and 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.

DIRECTORS' **PROFILE**

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

Independent Non-Executive Director

Dato' Ir. Nik Mohamad Pena bin Nik Mustapha, aged 68, male, a Malaysian and 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 the 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 63, male, a Malaysian and was appointed to the Board on March 2, 1993. He graduated with a Bachelor of Laws (Honours) Degree and Master of Laws Degree from University of Malaya. He is currently the Chairman of the National Kenaf and Tobacco Board (Lembaga Kenaf dan Tembakau Negara).

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 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 71, male, a Malaysian and 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 62, male, a Malaysian and 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 (5) 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 76, 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 25 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 50, 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 25 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 57, 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 27 year 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 63, 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 41 years of experience in can packaging industry and was instrumental in setting up our aerosol can manufacturing business in Vietnam in 2004.

KEY SENIOR
MANAGEMENT'S PROFILE

Goh Mung Chwee

Executive Director, Plantation & Tourism

Aged 59, 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 36 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 Director 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 51, 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 24 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 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, 2018 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, 2018, the AC held 4 meetings. Details of the membership and records of the attendance at these meetings are as follows:-

Members	Number of Meetings Attended
Dato' Mohd Adhan bin Kechik - *Chairman* *Independent Non-Executive Director*	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha - *Member* *Independent Non-Executive Director*	4/4
Sow Yeng Chong - *Member* *Non-Independent Non-Executive Director*	4/4
Lee Kee Hong - *Member* *Independent Non-Executive Director*	4/4

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.

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

During the financial year ended December 31, 2018, 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 26, 2018	Fourth quarter unaudited financial results ended December 31, 2017 as well as the audited financial statements of the Group for the financial year ended December 31, 2017.
May 31, 2018	First quarter unaudited financial results ended March 31, 2018.
August 28, 2018	Second quarter unaudited financial results ended June 30, 2018.
November 22, 2018	Third quarter unaudited financial results ended September 30, 2018.
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.

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 the 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 2018.

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.

AUDIT
COMMITTEE REPORT

External Audit

1. 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, 2019 without the presence of Management during the review of the Progress Report in respect of the audit of the financial statements of the Group and of the Company for the financial year ended December 31, 2018 to discuss any fraudulent case and/or problems/issues arising from the audit.

2. Reviewed with the External Auditors at the meeting held on November 22, 2018, their audit plan in respect of the financial year ended December 31, 2018, outlining the auditors' responsibilities, financial and business highlights, materiality level of the Group, significant risks and areas of audit focus, fraud responsibilities and representations, internal control plan, involvement of internal auditors, involvement of internal specialists, involvement of audit data analytics, involvement of component auditors, timing of audit, engagement quality control, independence policies and procedures and financial reporting and other technical updates.

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, 2018, 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, 2019 at its meeting held on February 27, 2019 at a fee to be determined later.

Internal Audit

1. Reviewed and approved the Internal Audit Plan for the financial year ended December 31, 2018 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 and AC Charter prior to recommendation to the Board for approval.

3. Reviewed the AC Report and Corporate Governance Overview Statement for inclusion in the Annual Report 2018 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.

AUDIT
COMMITTEE REPORT

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 AC. 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 and security, risk management and corporate governance processes. The 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 AC for review on a quarterly basis.

The current internal audit function is performed in-house with a total cost incurred of RM388,000 (2017: RM372,000) for the financial year ended December 31, 2018.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**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 of Directors ("**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 2018. 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 2018 ("**CG Report 2018**") 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 Chief Executive Officer, Executive Directors and other officers of the Group. The Management supports the Group Chief Executive Officer in managing 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 authority 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 Chief Executive Officer

The roles and responsibilities of the Chairman and Group Chief Executive Officer 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 Company's business; while the Group Chief Executive Officer leads the Senior Management of the Company 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 Chief Executive Officer 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 Secretary. 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 is 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.

1.5 Meeting Materials

The Board is provided with an agenda, reports and other relevant information at least seven (7) days 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.

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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Part I – Board Responsibilities (Cont'd)

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 to 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.

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 ways 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 46th AGM through a two-tier voting process.

Part II – Board Composition (Cont'd)

4. Board's Objectivity (Cont'd)

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 (12^{th}) 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 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 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, experience, age and cultural background. Please refer to the Directors' Profile and Key Senior Management's Profile in the Annual Report 2018 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 basis 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.

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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Part II – Board Composition (Cont'd)

4. Board's Objectivity (Cont'd)

4.6 New Candidates for Board Appointment (Cont'd)

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 26, 2018 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

The Nomination Committee is responsible for assessing the performance of the existing Directors and identifying, nominating, recruiting, appointing and orientation of 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 evaluation on the 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.

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual Evaluation and Directors Training (Cont'd)

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.

There were no major concerns from the results of the annual assessment. 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 board assessment and evaluation, the Nomination Committee has recommended the re-election of Dato' Lim A Heng @ Lim Kok Cheong, Mr Thang Lai Sung and Dato' Mohd Adhan bin Kechik as directors at the forthcoming 46th 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.

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 five (5) 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, 2018, four (4) Board Meetings were held and the attendance is as follows:-

Directors	Attendance
Dato' Lim A Heng @ Lim Kok Cheong	4/4
Lim Ee Young	4/4
Thang Lai Sung	4/4
Chok Hooa @ Chok Yin Fatt	4/4
Dato' Mohd Adhan bin Kechik	4/4
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	4/4
Lee Kee Hong	4/4
Sow Yeng Chong	4/4

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 them 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Part II – Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Annual Evaluation and Directors Training (Cont'd)

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.

All the Directors have attended development and training programmes during the financial year ended December 31, 2018. The conferences, seminars, workshops and training programmes attended by the Directors were as follows:-

Name	Conferences, seminars, workshops and training programmes
Dato' Lim Kok Cheong	• F&B Innovation Seminar
Lim Ee Young	• The Leader's Voice – Motivating and Influencing Audience • Challenging New Heights of Horizon - Exploring Everest Base Camp, Arctic and Antarctica • Can We Reverse Cancer? • CEO Transformation Journey • Digital Free Trade Zone (DFTZ) – "What's in it for you?"
Chok Yin Fatt	• MFRS 15 - Revenue from Contracts with Customers • FMM Perak Tea Talk on Company Insurance - Know Your Rights and It's Hazards • F & B Innovation Seminar • Malaysian Sustainable Palm Oil Supply Chain Certification Standard (MSPO SCCS) Training
Thang Lai Sung	• F&B Innovation Seminar • Malaysian Sustainable Palm Oil Supply Chain Certification Standard (MSPO SCCS) Training
Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	• F&B Innovation Seminar
Dato' Mohd Adhan bin Kechik	• F&B Innovation Seminar
Lee Kee Hong	• F&B Innovation Seminar
Sow Yeng Chong	• MFRS 15 - Revenue from Contracts with Customers • MCCG and Bursa's Listing Requirements : Towards Meaningful Disclosure • Changes in the Listing Requirements Post-Companies Act 2016 : What to Look Out For • Sustainability Reporting Workshop for Practitioners • Evolution of Future CFOs • Technical Briefing for Company Secretaries of Listed Issuers 2018 – Key Amendments to Listing Requirements arising from Companies Act 2016 • F&B Innovation Seminar • Corporate Reporting (Financial & Non-Financial) by Listed Issuers "How to Avoid Reprimands and/or Fines by the Regulators"

Part II – Board Composition (Cont'd)

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.

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 benchmarks 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 allowances for attending meetings of the Board and its Committees. Other allowances may also be paid for 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 twice in the financial year ended December 31, 2018 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.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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 subsidiaries) during the financial year ended December 31, 2018 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	1,283	73	1,060	-	2	2,418
Thang Lai Sung	253	28	75	-	2	358
Lim Ee Young	1,415	78	944	15	2	2,454
Chok Yin Fatt	538	33	257	13	6	847
Non-Executive Directors						
Dato' Mohd Adhan bin Kechik	-	28	-	-	9	37
Dato' Ir. Nik Mohamad Pena bin Mustapha	-	28	-	-	9	37
Lee Kee Hong	-	28	-	-	9	37
Sow Yeng Chong	-	28	-	-	4	32
Total	**3,489**	**324**	**2,336**	**28**	**43**	**6,220**

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	-	31	-	-	2	33
Thang Lai Sung	-	28	-	-	2	30
Lim Ee Young	-	28	-	-	2	30
Chok Yin Fatt	-	28	-	-	6	34
Non-Executive Directors						
Dato' Mohd Adhan bin Kechik	-	28	-	-	9	37
Dato' Ir. Nik Mohamad Pena bin Mustapha	-	28	-	-	9	37
Lee Kee Hong	-	28	-	-	9	37
Sow Yeng Chong	-	28	-	-	4	32
Total	**-**	**227**	**-**	**-**	**43**	**270**

Directors' fees are subject to the approval by shareholders at the forthcoming 46th 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, 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 2018.

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 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 Advisory Committee ("**GRMAC**") had been established in year 2005 to oversee the Group's risk management function. The GRMAC 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. On January 30, 2018, the GRMAC has changed its name to Group Risk Management & Sustainability Committee ("GRMSC"). The GRMSC will now 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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 oversee 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 towards 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, 2019, 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, 2018. 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 24 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 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 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 it deems it practicable to do so, will engage with institutional shareholders based on mutual understanding of objectives and entertains visits from such institutional shareholders or other fund managers representing shareholders/potential investors.

The Board will continue to assess and improve on 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 dialogue. To ensure effective participation of and engagement with shareholders at the 45th AGM of the Company held on May 31, 2018, 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 45th 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 45th 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 45th 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 45th 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.

This CG Overview Statement was approved by the Board on April 10, 2019.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

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, 2018.

2. Non-audit Fees

For the financial year ended December 31, 2018, the amount of audit and non-audit fees paid/payable to the Company's external auditors are as follows:-

	The Group RM	The Company RM
Audit fee	463,305	83,000
Non-audit fee	50,900	8,000
Total	**514,205**	**91,000**

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 Principle B of the Malaysian Code on Corporate Governance ("MCCG") 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 ("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 & Internal Control – Guidelines for Directors of Listed Issuers".

RISK MANAGEMENT FRAMEWORK

The Group had previously adopted a risk management system based on the Committee of Sponsoring Organisations of the Tradeway Commission ("COSO") Enterprise Risk Management ("ERM") Framework, and it is now being updated in line with the ISO31000 Risk Management – Principles and Guidelines. 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 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.

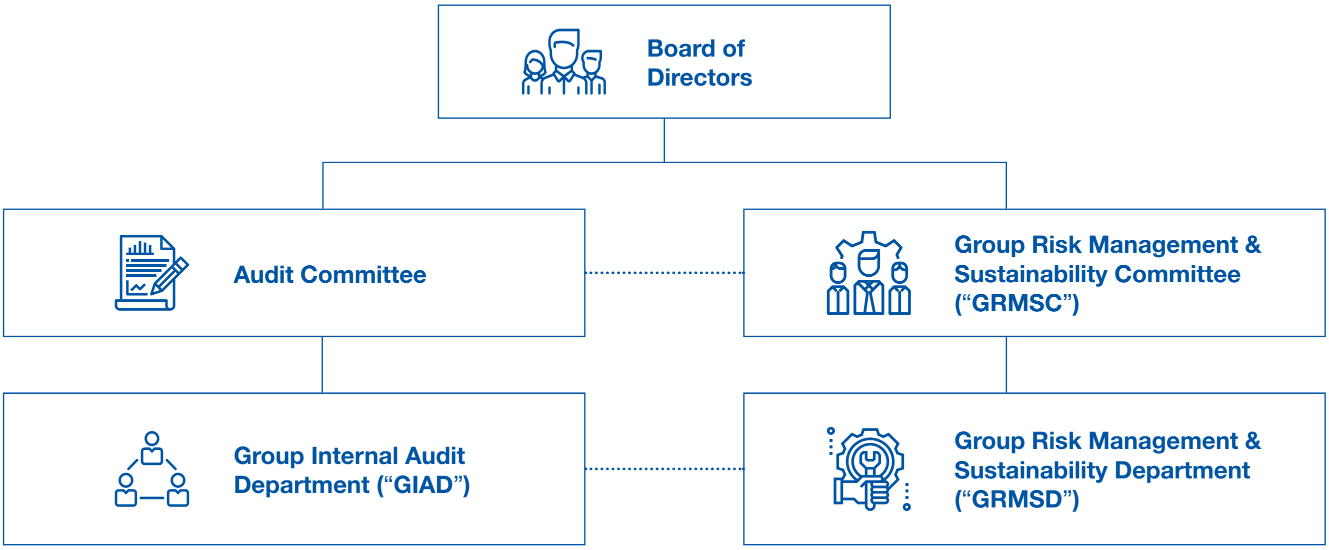
STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

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:-

- Formulates, recommends, and manages sound and best practice ERM programmes for the Group;
- Promotes risk awareness within the Group;
- Assists the Risk Management & Sustainability Committee or Management Committee of all subsidiary companies on its risk management functions;
- Maintaining a proper ERM and data control system;
- Establish risk appetite;
- Compiling risk from the Group for the GRMSC's review; and
- Organising risk management and workshop for employees.

KEY COMMITTEE INVOLVED IN OVERALL RISK MANAGEMENT



RISK APPETITE

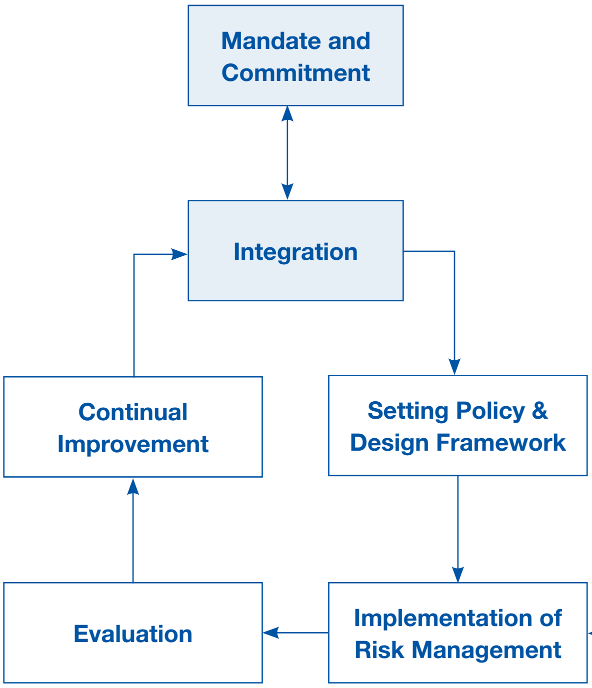
The Group's risk appetite defines the amount and types of risk that the organisation is willing to accept in pursuit of its strategic objectives. It also sets out appropriate controls and actions to reduce the risk to an acceptable level based on its financial and operational capabilities. The strategic 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 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."

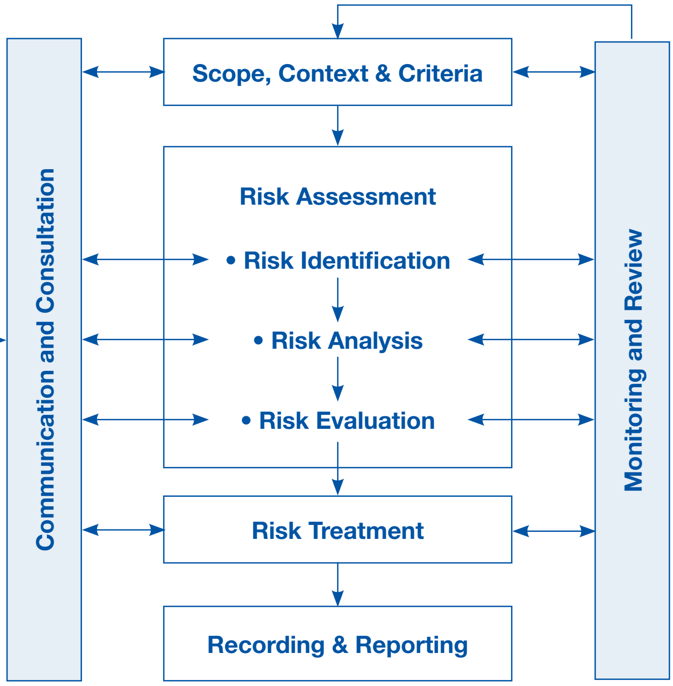
This statement will help formalise and clarify the Group's overall approach to risk.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

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, communicate and consult with stakeholders, identify, analyse, evaluate, treat, record and report, monitor and review risks.

The risk management process is explained as follows:-

A. SCOPE, CONTEXT AND 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 analyse 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.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

RISK MANAGEMENT PROCESS (Cont'd)

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 is having 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 AND 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 observation.

G. MONITORING AND REVIEW

The Group reviews 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.

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.

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 role of approving authorised personnel commensurate with the level of credit experience and clear segregation of duties between parties originating and approving credits.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

RISK MANAGEMENT PROCESS (Cont'd)

3. FIDELITY RISK

- Comprehensive Standard Operation Procedure ("SOP") had 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.

4. INVESTMENT RISK

- In order to sustain growth and remain competitive in businesses, the Group has embarked on various projects which include spending on capital expenditures for its business units, expansion of Warehouses facilities and distribution network, and upgrading of plants and machineries. Investment activities are managed through careful planning, feasible study 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 and Security Policy to detect, protect and react to cyber-invasion. They comprised:-

- A comprehensive IT Audit Policy had been established in ensuring integrity, confidentiality and availability of information systems are adequately maintained.

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

- The Information Security Risk Assessments 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 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 location 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.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

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 the strategic and rapid response by the Management to impede the impact on its key risks in order to achieve the Group's business objectives.

A yearly risk assessment was 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, ESOS Committee (dissolved on August 24, 2017) 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 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.

CONTROL ENVIRONMENT AND STRUCTURE (Cont'd)

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 Chief Executive Officer and Group General Manager. The review of budgeted 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.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

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.

1. Financial and Operational Information

The Group is equipped with computerised systems that are capable to capture, compile and 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 at least on a quarterly basis where the Board is kept up-to-date on significant changes in the business and the external environment in 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, discuss and 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.

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

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, 2018. 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, 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 April 10, 2019.

DIRECTORS' RESPONSIBILITY STATEMENT

In Respect of the Audited Financial Statements for the Financial Year Ended December 31, 2018

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, 2018 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 reasonably 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

068	Directors' Report
074	Independent Auditors' Report
078	Statements of Profit or Loss
079	Statements of Profit or Loss and Other Comprehensive Income
080	Statements of Financial Position
082	Statement of Changes In Equity
086	Statement of Cash Flows
090	Notes to the Financial Statements
196	Statement by Directors
197	Declaration by the Officer primarily responsible for the Financial Management of the Company

DIRECTORS' **REPORT**

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, 2018.

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 14 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	37,471	14,505

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 4.5 sen per share, under the single tier system, amounting to RM8,622,193, 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 proposed a first and final dividend of 4.0 sen per share, under the single tier system, in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2019.

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.

DIRECTORS' **REPORT**

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 1.1.2018	**Bought**	**Sold**	**Balance as of 31.12.2018**
Shares in the Company				
Registered in the name of directors				
Y Bhg Dato' Lim A Heng @ Lim Kok Cheong, DPMP, JSM, JP	6,102,352	759,400	-	6,861,752
Mr Lim Ee Young	1,498,856	50,000	-	1,548,856
Mr Thang Lai Sung	225,398	21,500	-	246,898
Mr Chok Hooa @ Chok Yin Fatt, PMP	150,432	55,000	-	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	97,583,113	3,962,970	-	101,546,083
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	3,052,354	623,100	-	3,675,454
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	83,919	15,000	-	98,919
Mr Lee Kee Hong	19,800	-	-	19,800

DIRECTORS' **REPORT**

	Number of ordinary shares			
	Balance as of 1.1.2018	**Bought**	**Sold**	**Balance as of 31.12.2018**
Shares in the holding company, Yee Lee Organization Bhd				
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	421,461	15,000	-	436,461

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 in the financial statements) 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 22 to the financial statements.

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	**The Company**
	RM	**RM**
Insurance premium paid/payable	8,970	1,900

DIRECTORS' **REPORT**

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, 2018 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,
April 10, 2019

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 of December 31, 2018, 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 078 to 195.

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 of December 31, 2018 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 Matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were 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 these matters.

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF
YEE LEE CORPORATION BHD (Incorporated in Malaysia)

Key Audit Matter	Our audit performed and responses thereon
Variable consideration impacting revenue recognition from trading segment	
Upon adoption of MFRS 15 *Revenue from Contracts with Customers*, reimbursements from suppliers for discounts given by the Group to trading customers, which were previously recognised as a reduction in cost of goods sold as and when claims are made, are treated as variable consideration in determining the transaction prices of the trading revenue. Refer to "Explanation of Transition to MFRSs" in Note 39 to the financial statements.	We have performed the following procedures: • Tested the relevant controls surrounding the estimations and computations of claimable discounts, including the assessment of eligibility of the Group for reimbursements of such discounts. • Tested the accuracy and completeness of information used by the entity to compute the claimable discounts. • Recomputed the amounts of claimable discounts that were determined as variable consideration. • Tested the completeness of claimable discounts adjusted by the Group against the transaction prices of trading revenue.

We have not identified any key audit matter pertaining to the financial statements of the Company for the financial year ended December 31, 2018.

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.

INDEPENDENT
AUDITORS' REPORT

TO THE MEMBERS OF
YEE LEE CORPORATION BHD (Incorporated in Malaysia)

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.

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 14 to the financial statements.

Other Matters

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on January 1, 2018 with a transition date of January 1, 2017. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as of December 31, 2017 and January 1, 2017, 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 for the year ended December 31, 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended December 31, 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as of January 1, 2018 do not contain misstatements that materially affect the financial position as of December 31, 2018 and the financial performance and the cash flows for the year then ended.

2. 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 - 02939/01/2020 J
Chartered Accountant

Ipoh,
April 10, 2019

STATEMENTS OF **PROFIT OR LOSS**

For The Year Ended December 31, 2018

		The Group		The Company	
		2018	2017	2018	2017
	Note	RM'000	RM'000	RM'000	RM'000
			Restated		
Revenue	5	1,122,015	1,097,007	15,135	10,889
Investment revenue	7	1,222	1,446	-	-
Other gains and losses	8	8,041	3,339	-	-
Changes in inventories of finished goods, trading merchandise and work-in-progress	8	4,269	1,170	-	-
Raw materials and consumables used	8	(264,005)	(313,282)	-	-
Purchase of finished goods and trading merchandise		(615,642)	(544,746)	-	-
Depreciation of property, plant and equipment	12	(16,743)	(15,123)	-	-
Employee benefit expenses	8	(83,959)	(79,379)	(270)	(280)
Finance costs	9	(6,803)	(6,843)	(61)	(57)
Other expenses	8	(106,917)	(109,141)	(299)	(301)
Share of profit of an associated company		6,751	11,223	-	-
Share of loss of a joint venture		(62)	-	-	-
Profit before tax		48,167	45,671	14,505	10,251
Tax expense	10	(10,696)	(6,637)	-	-
Profit for the year attributable to owners of the Company		37,471	39,034	14,505	10,251
Earnings per share					
Basic (sen)	11	19.56	20.48		
Diluted (sen)	11	19.56	20.48		

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, 2018

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		Restated		
Profit for the year	37,471	39,034	14,505	10,251
Other comprehensive (loss)/income:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income/(loss) of an associated company	16	(264)	-	-
Exchange differences on translating foreign entity	(65)	(3,340)	-	-
	(49)	(3,604)	-	-
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income	(3)	(1)	-	-
Total other comprehensive loss for the year	(52)	(3,605)	-	-
Total comprehensive income attributable to owners of the Company	37,419	35,429	14,505	10,251

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

STATEMENTS OF
FINANCIAL POSITION

As of December 31, 2018

	Note	The Group 31.12.2018 RM'000	The Group 31.12.2017 RM'000 Restated	The Group 1.1.2017 RM'000 Restated	The Company 31.12.2018 RM'000	The Company 31.12.2017 RM'000 Restated	The Company 1.1.2017 RM'000 Restated
ASSETS							
Non-current assets							
Property, plant and equipment	12	455,819	449,918	422,508	-	-	-
Investment properties	13	8,076	6,810	6,810	-	-	-
Investments in subsidiary companies	14	-	-	-	459,462	459,462	459,462
Investment in an associated company	15	130,166	118,097	107,816	65,010	56,620	55,249
Investment in a joint venture	16	538	600	-	-	-	-
Other investments	17	33	15	20	-	-	-
Goodwill on consolidation	18	1,612	1,612	1,612	-	-	-
Total non-current assets		596,244	577,052	538,766	524,472	516,082	514,711
Current assets							
Other investments	17	13,550	7,251	-	-	-	-
Biological assets	19	245	273	415	-	-	-
Inventories	20	104,129	101,395	94,293	-	-	-
Trade and other receivables	21	188,184	198,072	205,598	22,770	19,015	17,289
Current tax assets	10	5,995	4,711	1,532	176	176	311
Other assets	23	5,416	6,574	7,898	4	4	4
Deposits, cash and bank balances	24	63,879	57,392	79,422	84	53	227
Total current assets		381,398	375,668	389,158	23,034	19,248	17,831
Total assets		977,642	952,720	927,924	547,506	535,330	532,542
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	25	108,400	108,400	94,332	108,400	108,400	94,332
Reserves	26	13,752	13,804	28,211	-	-	10,802
Retained earnings	26	508,767	479,918	448,469	420,542	414,659	411,993
Total equity		630,919	602,122	571,012	528,942	523,059	517,127

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2018

		The Group			The Company		
		31.12.2018	**31.12.2017**	**1.1.2017**	**31.12.2018**	**31.12.2017**	**1.1.2017**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
			Restated	**Restated**		**Restated**	**Restated**
Non-current liabilities							
Borrowings	27	19,993	18,742	9,428	-	-	-
Deferred tax liabilities	29	41,092	41,126	41,735	-	-	-
Total non-current liabilities		61,085	59,868	51,163	-	-	-
Current liabilities							
Trade and other payables	30	129,234	128,879	144,858	17,278	10,987	14,153
Borrowings	27	129,797	137,237	135,306	1,000	1,000	1,000
Current tax liabilities	10	721	646	2,689	-	-	-
Other liabilities	31	25,886	23,968	22,896	286	284	262
Total current liabilities		285,638	290,730	305,749	18,564	12,271	15,415
Total liabilities		346,723	350,598	356,912	18,564	12,271	15,415
Total equity and liabilities		977,642	952,720	927,924	547,506	535,330	532,542

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

STATEMENT OF
CHANGES IN EQUITY

For The Year Ended December 31, 2018

		Attributable to Owners of the Company								
			Non-distributable Reserves							
The Group	**Note**	**Share Capital RM'000**	**Share Premium RM'000**	**Property Revaluation Reserve RM'000**	**Investment Revaluation Reserve RM'000**	**Translation Reserve RM'000**	**Equity Settled Employee Benefits Reserve RM'000**	**Capital Reserve RM'000**	**Distributable Reserve - Retained Earnings RM'000**	**Total Equity RM'000**
Balance as of January 1, 2017										
As previously stated		94,332	9,781	187,859	-	3,871	1,021	13,538	267,242	577,644
Effects of adoption of MFRS 1	39	-	-	(187,859)	-	-	-	-	187,859	-
Effects of application of MFRS 141	39	-	-	-	-	-	-	-	(6,441)	(6,441)
Effects of application of MFRS 15	39	-	-	-	-	-	-	-	(191)	(191)
As restated		94,332	9,781	-	-	3,871	1,021	13,538	448,469	571,012
Profit for the year										
As previously stated		-	-	-	-	-	-	-	39,388	39,388
Effects of application of MFRS 141	39	-	-	-	-	-	-	-	(373)	(373)
Effects of application of MFRS 15	39	-	-	-	-	-	-	-	19	19
As restated		-	-	-	-	-	-	-	39,034	39,034
Other comprehensive loss for the year		-	-	-	(1)	(3,340)	-	(264)	-	(3,605)
Total comprehensive (loss)/income the year		-	-	-	(1)	(3,340)	-	(264)	39,034	35,429
Payment of dividend	32	-	-	-	-	-	-	-	(8,606)	(8,606)
Exercise of ESOS		3,791	496	-	-	-	(1,021)	-	1,021	4,287
Transfer arising from "no par value" regime	25	10,277	(10,277)	-	-	-	-	-	-	-

STATEMENT OF **CHANGES IN EQUITY**

For The Year Ended December 31, 2018

The Group	Note	Share Capital RM'000	Share Premium RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Capital Reserve RM'000	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
		Attributable to Owners of the Company								
			Non-distributable Reserves							
Balance as of December 31, 2017										
As previously stated		108,400	-	187,859	(1)	531	-	13,274	299,045	609,108
Effects of adoption of MFRS 1	39	-	-	(187,859)	-	-	-	-	187,859	-
Effects of application of MFRS 141	39	-	-	-	-	-	-	-	(6,814)	(6,814)
Effects of application of MFRS 15	39	-	-	-	-	-	-	-	(172)	(172)
As restated		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 the year		-	-	-	(3)	(65)	-	16	37,471	37,419
Payment of dividend	32	-	-	-	-	-	-	-	(8,622)	(8,622)
Balance as of December 31, 2018		108,400	-	-	(4)	466	-	13,290	508,767	630,919

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

STATEMENT OF
CHANGES IN EQUITY
For The Year Ended December 31, 2018

The Company	Note	Share Capital RM'000	← Non-distributable Reserves: Share Premium RM'000	Investment Revaluation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000 →	Distributable Reserve - Retained Earnings RM'000	Total Equity RM'000
Balance as of January 1, 2017							
As previously stated		94,332	9,781	373,980	1,021	38,013	517,127
Effects of adoption of MFRS 1	39	-	-	(373,980)	-	373,980	-
As restated		94,332	9,781	-	1,021	411,993	517,127
Other comprehensive income for the year							
As previously stated		-	-	58,385	-	-	58,385
Effects of adoption of MFRS 1	39	-	-	(58,385)	-	-	(58,385)
As restated		-	-	-	-	-	-
Profit for the year		-	-	-	-	10,251	10,251
Total comprehensive income for the year		-	-	-	-	10,251	10,251
Payment of dividend	32	-	-	-	-	(8,606)	(8,606)
Exercise of ESOS		3,197	496	-	(1,021)	1,021	4,287
Transfer arising from "no par value" regime	25	10,277	(10,277)	-	-	-	-

STATEMENT OF **CHANGES IN EQUITY**
For The Year Ended December 31, 2018

The Company	Note	Share Capital RM'000	Non-distributable Reserves: Share Premium RM'000	Investment Revaluation Reserve RM'000	Equity Settled Employee Benefits Reserve RM'000	Distributable Reserve- Retained Earnings RM'000	Total Equity RM'000
Balance as of December 31, 2017							
As previously stated		108,400	-	432,365	-	40,679	581,444
Effects of adoption of MFRS 1	39	-	-	(432,365)	-	373,980	(58,385)
As restated		108,400	-	-	-	414,659	523,059
Profit for the year		-	-	-	-	14,505	14,505
Other comprehensive income for the year		-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	14,505	14,505
Payment of dividend	32	-	-	-	-	(8,622)	(8,622)
Balance as of December 31, 2018		108,400	-	-	-	420,542	528,942

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

STATEMENT OF **CASH FLOWS**

For The Year Ended December 31, 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		37,471	39,034
Adjustments for:			
Depreciation of property, plant and equipment		16,743	15,123
Tax expense recognised in statements of profit or loss		10,696	6,637
Finance costs		6,803	6,843
Inventories written off		1,720	1,413
Property, plant and equipment written off		406	204
Bad debts written off		321	394
Impairment losses recognised on receivables		341	318
Unrealised loss on foreign exchange		214	529
Credit loss allowances		147	-
Share of loss of a joint venture		62	-
Changes in fair value of biological assets		28	142
Inventories written down - net		11	44
Loss/(Gain) on disposal of property, plant and equipment - net		1	(14)
Share of profit of an associated company		(6,751)	(11,223)
Investment revenue recognised in statements of profit or loss		(1,222)	(1,446)
Changes in fair value of investment properties		(666)	-
Reversal of impairment in property, plant and equipment		(612)	-
Net gain arising from financial assets designated as at FVTPL		(208)	-
Reversal of impairment losses recognised on receivables		(40)	(42)
Interest income		-	(3)
		65,465	57,953
Movements in working capital:			
(Increase)/Decrease in:			
Inventories		(4,732)	(9,174)
Trade and other receivables		8,880	5,318
Other assets		(392)	(3,512)
Increase/(Decrease) in:			
Trade and other payables		(590)	(15,318)
Other liabilities		1,919	1,087
Cash Generated From Operations		70,550	36,354
Tax refunded		-	978
Tax paid		(11,943)	(13,472)
Interest received		-	3
Net Cash From Operating Activities		58,607	23,863

STATEMENT OF **CASH FLOWS**

For The Year Ended December 31, 2018

	Note	The Group 2018 RM'000	The Group 2017 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES			
Dividends received from an associated company		3,335	2,049
Interest received		829	999
Rental from investment properties received		242	218
Proceeds from disposal of property, plant and equipment		157	146
Withdrawal of fixed deposits		10	-
Dividend income from other investments		7	31
Purchase of property, plant and equipment	35(a)	(16,115)	(25,731)
Purchase of additional shares in an associated company		(8,390)	(1,371)
Additions to other investments		(5,947)	(7,050)
Acquisition of quoted shares		(21)	-
Dividends received from quoted shares		-	1
Investment in a joint venture		-	(600)
Net Cash Used In Investing Activities		(25,893)	(31,308)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Proceeds from/(Repayment of) revolving credit	35(c)	6,000	(3,500)
(Repayment of)/Proceeds from bankers' acceptances - net	35(c)	(11,774)	5,080
Dividend paid		(8,622)	(8,606)
Finance costs paid		(6,803)	(6,843)
Repayment of hire-purchase payables	35(c)	(1,846)	(1,955)
Repayment of term loans	35(c)	(1,778)	(2,716)
Proceeds from issuance of shares arising from exercise of ESOS		-	4,287
Net Cash Used In Financing Activities		(24,823)	(14,253)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,891	(21,698)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		53,356	76,267
Effect of exchange rate changes on the balance of cash held in foreign currencies		75	(1,213)
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(b)	61,322	53,356

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

STATEMENT OF **CASH FLOWS**

For The Year Ended December 31, 2018

	Note	The Company 2018 RM'000	The Company 2017 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES			
Profit for the year		14,505	10,251
Adjustments for:			
Finance costs		61	57
Dividend income		(15,135)	(10,889)
		(569)	(581)
Movements in working capital:			
Increase/(Decrease) in:			
Other payables		11	(216)
Other liabilities		2	22
Cash Used In Operations		(556)	(775)
Dividends received		15,135	10,889
Tax refunded		-	135
Net Cash From Operating Activities		14,579	10,249
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchase of additional shares in an associated company		(8,390)	(1,371)
Advances granted to a subsidiary company - net		(3,755)	(1,726)
Net Cash Used In Investing Activities		(12,145)	(3,097)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES			
Advances received from/(Repayment to) subsidiary company - net	35(c)	6,280	(2,940)
Dividend paid		(8,622)	(8,606)
Finance costs paid		(61)	(57)
Proceeds from issuance of shares arising from exercise of ESOS		-	(57)
Repayment to an associated company	35(c)	-	(10)
Net Cash Used In Financing Activities		(2,403)	(7,326)

STATEMENT OF **CASH FLOWS**

For The Year Ended December 31, 2018

		The Company	
		2018	**2017**
	Note	**RM'000**	**RM'000**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		31	(174)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		53	227
CASH AND CASH EQUIVALENTS AT END OF YEAR	35(b)	84	53

Note:

The transition to MFRSs have not resulted in material differences between the statements of cash flows presented under MFRSs and the statements of cash flows presented in accordance with FRSs for both the Group and the Company.

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 14.

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 April 10, 2019.

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 MFRSs

The Group's and the Company's financial statements for the financial year ended December 31, 2018 have been prepared in accordance with MFRSs for the first time. In the previous years, these financial statements were prepared in accordance with Financial Reporting Standards ("FRSs").

The transition to MFRSs is accounted for in accordance with MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*, with January 1, 2017 as the date of transition. The changes in accounting policies as a consequence of the transition to MFRSs and the reconciliations of the effects of the transition to MFRSs are presented in Note 39.

NOTES TO THE **FINANCIAL STATEMENTS**

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 revised MFRS Standards, and IC Interpretations that have been issued but are not yet effective:

MFRS 16	Leases[1]
MFRS 17	Insurance Contracts[3]
Amendments to MFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures[1]
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	Amendments to MFRS 3 Business Combinations, MFRS 11 Joint Arrangements, MFRS 112 Income Taxes and MFRS 123 Borrowing Costs[1]
Amendments to MFRS 119 Employee Benefits	Plan Amendment, Curtailment or Settlement[1]
MFRS 10 Consolidated Financial Statements and MFRS 128 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
IC Interpretation 23	Uncertainty over Income Tax Treatments[1]
Amendments to MFRS 3	Definition of a Business[2]
Amendments to MFRS 101 and MFRS 108	Definition of Material[2]

1 Effective for annual periods beginning on or after January 1, 2019, with earlier application permitted.
2 Effective for annual periods beginning on or after January 1, 2020, with earlier application permitted.
3 Effective for annual periods beginning on or after January 1, 2021, with earlier application permitted.
4 Effective for annual periods beginning on or after a date to be determined.

The potential effects on the financial statements of the Group and of the Company on adoption of the Standards listed above in future periods are discussed below:

MFRS 16 *Leases*

General impact of application of MFRS 16 *Leases*

MFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. MFRS 16 will supersede the current lease guidance including MFRS 117 *Leases* and the related Interpretations when it becomes effective for accounting periods beginning on or after January 1, 2019. The date of initial application of MFRS 16 for the Group and the Company will be January 1, 2019.

The Group and the Company have chosen to apply MFRS 16 in accordance with MFRS 16:C5(b). Consequently, the Group and the Company will recognise the cumulative effects of initially applying the Standard at the date of initial application, if the impact on application of the Standard is determined to be material.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117.

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

2.2 Standards in issue but not yet effective (cont'd)

Impact of the new definition of a lease

The Group and the Company will make 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 and IC Interpretation 4 will continue to apply to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. MFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group and the Company will apply the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of MFRS 16, the Group and the Company have carried out an implementation project. The project has shown that the new definition in MFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group and the Company.

Impact on Lessee Accounting

Operating leases

MFRS 16 will change how the Group and the Company account for leases previously classified as operating leases under MFRS 117.

On initial application of MFRS 16, for all leases, the Group and the Company will:

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

Lease incentives (e.g. rent-free period) will be 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 liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under MFRS 16, right-of-use assets will be tested for impairment in accordance with MFRS 136 *Impairment of Assets*. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group and the Company will opt to recognise a lease expense on a straight-line basis as permitted by MFRS 16.

The directors of the Group and of the Company have assessed that the application of MFRS 16 in the future will not have a material impact on the Group's and the Company's financial statements.

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 117, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiary Companies and Basis of Consolidation (cont'd)

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.

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 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 profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

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.

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 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 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 profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (cont'd)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (cont'd)

Rental income

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

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 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.

Share-based compensation benefits

The Company operates an equity-settled, share-based compensation plan, where shares and/or options are issued by the Company to eligible directors and executive employees of the Group and of the Company. The fair value of the employee services received in exchange for the grant of the shares and/or options is recognised as an expense with a corresponding entry to reserves over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares and/or options granted at the grant date and the number of shares and/or options vested by vesting date, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the estimates of the number of the options that are expected to become exercisable. The grant of options by the Company over its equity instruments to the directors and employees of subsidiary company undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary company undertakings, with a corresponding credit to equity.

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.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Foreign Currencies (cont'd)

Exchange differences are recognised in 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 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 other comprehensive income and accumulated in the translation reserve of the Group. Such exchange differences are reclassified to profit or loss in the year in which the foreign incorporated subsidiary company is disposed of.

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

Foreign currency	**2018** **RM**	**2017** **RM**
Vietnamese Dong ("VND")	5,605	5,590

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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (cont'd)

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.

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.

NOTES TO THE
FINANCIAL STATEMENTS

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 MFRS, 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 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 accummulated 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.

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 lossess. 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 tea leaves are ready for their intended use), these costs are classified under mature tea bushes. Depreciation at mature tea bushes commence when they are ready for their intended use. Estimated useful lives of the bearer plants have been determined to be 50 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (cont'd)

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 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.

Property, Plant and Equipment Under Hire-Purchase Arrangements

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

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 property, 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.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

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.

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.

Investments 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, investments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in an Associated Company (cont'd)

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 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.

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 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.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in a Joint Venture (cont'd)

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 profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

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 Investments 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 statements of profit or loss in the year in which they arise.

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, 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.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 the Group becomes a party to the contractual provisions of the instrument.

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 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 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.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (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 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 other comprehensive income and accumulated in the investment revaluation reserve. The cumulative gain or loss is not to be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in 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 profit or loss.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of MFRS 9 (see Notes 17 and 39).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Instruments (cont'd)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or 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 profit or loss. The net gain or loss recognised in 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 34.

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.

(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.

NOTES TO THE
FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

(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 120 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 profit or loss.

(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.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of financial assets (cont'd)

(v) Measurement and recognition of ECL (cont'd)

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 current reporting date 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 current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in 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 other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement 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 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 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 profit or loss, but is transferred to retained earnings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity (cont'd)

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 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 34.

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.

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.

NOTES TO THE **FINANCIAL STATEMENTS**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity (cont'd)

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 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.

4.1 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.

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)

(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. An 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.

(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.

NOTES TO THE
FINANCIAL STATEMENTS

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

4.2 Key sources of estimation uncertainty (cont'd)

(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 value 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
		Restated		
Sale of goods	1,117,326	1,092,631	-	-
Tourism related services	4,689	4,376	-	-
Dividend income:				
Subsidiary companies	-	-	11,800	8,840
Associated company	-	-	3,335	2,049
	-	-	15,135	10,889
	1,122,015	1,097,007	15,135	10,889

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 reviews 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 production of merchandise of the products are similar; and

- the methods used to distribute the products to the customers are the same.

NOTES TO THE
FINANCIAL STATEMENTS

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 RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated 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 value 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 value of biological assets	-	-	(28)	-	-	(28)

NOTES TO THE **FINANCIAL STATEMENTS**

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 asset						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)

The Group 2017 - Restated	Note	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Revenue							
External sales		288,776	803,819	36	4,376	-	1,097,007
Inter-segment sales		258,138	32,178	7,562	10,961	(308,839)	-
Total revenue		546,914	835,997	7,598	15,337	(308,839)	1,097,007
Results							
Segment results		21,710	19,169	(873)	11,459	(11,620)	39,845
Finance costs	9						(6,843)
Share of profit of an associated company							11,223
Investment revenue	7						1,446
Profit before tax							45,671
Tax expense	10						(6,637)
Profit for the year							39,034

6. SEGMENT REPORTING (CONT'D)

The Group

2017 - Restated	Manufacturing RM'000	Trading RM'000	Plantation RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Other information						
Capital additions	24,681	14,144	4,652	477	-	43,954
Reversal of impairment losses recognised on receivables	-	42	-	-	-	42
Depreciation of property, plant and equipment	(8,818)	(4,031)	(2,151)	(123)	-	(15,123)
Realised loss on foreign exchange	(1,780)	(2)	-	-	-	(1,782)
Inventories written off	-	(1,413)	-	-	-	(1,413)
Unrealised loss on foreign exchange - net	(529)	-	-	-	-	(529)
Bad debts written off	-	(394)	-	-	-	(394)
Impairment losses recognised on receivables	(5)	(313)	-	-	-	(318)
Property, plant and equipment written off	(10)	(190)	(4)	-	-	(204)
Changes in fair value of biological assets	-	-	(142)	-	-	(142)
Inventories written down - net	(44)	-	-	-	-	(44)
Gain on disposal of property, plant and equipment	7	7	-	-	-	14
Interest income from financial assets classified as at amortised costs	-	3	-	-	-	3

6. SEGMENT REPORTING (CONT'D)

The Group

2017 - Restated	**Manufacturing**	**Trading**	**Plantation**	**Others**	**Eliminations**	**Consolidated**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Consolidated Statement of Financial Position						
Assets						
Segment assets	421,325	355,416	159,104	645,818	(752,366)	829,297
Investment in an associated company						118,097
Investment in a joint venture						600
Unallocated corporate assets						4,726
Consolidated total assets						952,720
Liabilities						
Segment liabilities	47,078	154,166	18,980	31,340	(98,717)	152,847
Unallocated corporate liabilities						197,751
Consolidated total liabilities						350,598

NOTES TO THE
FINANCIAL STATEMENTS

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:

	2018	2017
	RM'000	RM'000
Malaysia	20,882	37,034
Vietnam	2,392	6,920
	23,274	43,954

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	
	2018	2017
	RM'000	RM'000
Interest income from fixed and short-term deposits	829	999
Rental income from investment properties	242	218
Dividend income from:		
Quoted shares	-	1
Money market fund	151	228
	1,222	1,446

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

	The Group	
	2018	2017
	RM'000	RM'000
Investment revenue from financial instruments measured at amortised cost	829	999
Dividend income received from investments designated as at FVTPL	151	228
Investment revenue earned as non-financial assets	242	218
Dividend income received from equity investments designated as at FVTOCI	-	1
	1,222	1,446

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

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

	The Group		The Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Changes in fair value of investment properties	666	-	-	-
Reversal of impairment of property, plant and equipment	612	-	-	-
Realised gain/(loss) on foreign exchange - net	309	(1,782)	-	-
Net gain arising from financial assets designated as at FVTPL	208	-	-	-
Rental income:				
Premises	105	108	-	-
Motor vehicles	14	65	-	-
Reversal of impairment losses recognised on receivables	40	42	-	-
Bad debts recovered	33	25	-	-
Directors' remuneration:				
Directors of the Company:				
Fees	(324)	(319)	(227)	(227)
Other emoluments	(5,472)	(4,600)	(43)	(54)
Directors of the subsidiary companies:				
Fees	(87)	(88)	-	-
Other emoluments	(3,151)	(3,107)	-	-
Rental expense:				
Premises	(1,843)	(2,624)	-	-
Motor vehicles	(167)	(157)	-	-
Factory equipment	(34)	(24)	-	-
Inventories written off	(1,720)	(1,413)	-	-
Auditors' remuneration:				
Statutory audit:				
Current year	(463)	(447)	(83)	(80)
Prior year	3	(6)	-	-
Non-audit services	(26)	(8)	-	-
Property, plant and equipment written off	(406)	(204)	-	-
Bad debts written off	(321)	(394)	-	-

NOTES TO THE
FINANCIAL STATEMENTS

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

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

	The Group		The Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Impairment losses recognised on receivables	(341)	(318)	-	-
Hire of machinery	(240)	(460)	-	-
Unrealised loss on foreign exchange - net	(214)	(529)	-	-
Credit loss allowances	(147)	-	-	-
Changes in fair value of biological assets - net	(28)	(142)	-	-
Research and development expenses	(25)	(27)	-	-
Inventories written down - net	(11)	(44)	-	-
(Loss)/Gain on disposal of property, plant and equipment	(1)	14	-	-
Interest income from financial assets classified as at amortised costs	-	3	-	-
Loss on deconsolidation of subsidiary company (Note 14)	-	(10)	-	-
Lease rental	-	(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 RM953,958 (2017: RM5,151,970).

Other gains in 2017 included net income from sale of timber amounting to RM276,937 from a subsidiary company from its land clearing activities during the previous financial year.

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

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

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Contributions to EPF:				
Employee benefit expenses	7,627	7,107	-	-
Directors' remuneration	654	527	-	-
Rental of hostel:				
Employee benefit expenses	172	149	-	-

The estimated monetary value of benefits-in-kind received and receivable by the directors other than in cash from the Group amounted to RM49,435 (2017: RM144,380).

9. FINANCE COSTS

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Interest on:				
Bankers' acceptances	4,405	4,670	-	-
Term loans	1,294	893	-	-
Revolving credits	665	636	50	46
Bank overdrafts	219	268	-	-
Hire-purchase	182	189	-	-
Bank charges and commitment fees	508	443	11	11
	7,273	7,099	61	57
Less: Term loan interest capitalised under bearer plants (Note 12)	(470)	(256)	-	-
	6,803	6,843	61	57

NOTES TO THE
FINANCIAL STATEMENTS

10. TAX EXPENSE

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Income tax:				
Current year:				
Malaysian	10,784	7,383	-	-
Foreign	197	308	-	-
	10,981	7,691	-	-
Prior year:				
Malaysian	(262)	(430)	-	-
Foreign	11	(15)	-	-
	(251)	(445)	-	-
	10,730	7,246	-	-
Deferred tax (Note 29):				
Relating to origination and reversal of temporary differences	(91)	(394)	-	-
Relating to investment properties	165	-	-	-
Prior years	(108)	(215)	-	-
	(34)	(609)	-	-
	10,696	6,637	-	-

The Group's and the Company's income tax rate remained at 24% for the year of assessment 2018 (2017: 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	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000 Restated**	**RM'000**	**RM'000**
Profit before tax	48,167	45,671	14,505	10,251
Tax at the applicable statutory income tax rate of 24% (2017: 24%)	11,560	10,961	3,481	2,460
Tax effects of:				
Expenses that are not deductible in determining taxable profit	1,375	2,443	151	153
Deferred tax assets not recognised during the year	901	-	-	-
Effect of difference in tax rate of a subsidiary company operating in other jurisdiction	122	(376)	-	-
Loss not available for offset against future taxable profit	121	73	-	-
Effect of changes in tax rate on investment properties	86	-	-	-
Share of profit of an associated company	(1,620)	(2,694)	-	-
Revenue expenses capitalised	(541)	(258)	-	-
Income that is not taxable in determining taxable profit	(394)	(834)	(3,632)	(2,613)
Utilisation of reinvestment allowances	(364)	(1,851)	-	-
Utilisation of tax losses previously not recognised	(191)	-	-	-
Utilisation of unabsorbed tourism and capital allowances	-	(155)	-	-
Expenses eligible for double deduction	-	(12)	-	-
Prior years:				
Income tax	(251)	(445)	-	-
Deferred tax	(108)	(215)	-	-
Tax expense recognised in the statements of profit or loss	10,696	6,637	-	-

NOTES TO THE
FINANCIAL STATEMENTS

10. TAX EXPENSE (CONT'D)

As of December 31, 2018, the Company has tax-exempt accounts balances of approximately RM37,216,590 (2017: 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, 2018, certain subsidiary companies also have unabsorbed capital allowances and unutilised tax losses, and unabsorbed reinvestment allowances of approximately RM71,334,000 (2017: RM65,672,000) and RM7,552,000 (2017: RM7,552,000) respectively that are available for offset against future taxable profits. Unabsorbed business losses up to the year of assessment 2018 shall be deductible against the aggregate of statutory income until the year of assessment 2025. Any amount that has not been deducted at the end of the year of assessment 2025 shall be disregarded.

As of December 31, 2018, certain subsidiary companies have tax-exempt accounts balances of approximately RM8,696,905 (2017: 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

	31.12.2018	**31.12.2017**	**1.1.2017**
The Group	**RM'000**	**RM'000**	**RM'000**
Current tax assets			
Tax refund receivables	5,995	4,711	1,532
Current tax liabilities			
Income tax payables	721	646	2,689
The Company			
Current tax asset			
Tax refund receivable	176	176	311

11. EARNINGS PER ORDINARY SHARE

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

	The Group	
	2018	2017 Restated
Basic		
Profit for the year attributable to owners of the Company (RM'000)	37,471	39,034
Number of ordinary shares in issue as of January 1 ('000)	191,604	188,664
Effect of exercise of ESOS ('000)	-	1,892
Weighted average number of ordinary shares in issue ('000)	191,604	190,556
Basic earnings per ordinary share (sen)	19.56	20.48
Diluted		
Profit for the year attributable to owners of the Company (RM'000)	37,471	39,034
Weighted average number of ordinary shares in issue ('000)	191,604	190,556
Diluted earnings per ordinary share (sen)	19.56	20.48

NOTES TO THE **FINANCIAL STATEMENTS**

12. PROPERTY, PLANT AND EQUIPMENT

The Group
2018

	Cost except as otherwise stated											
	At beginning of year											
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated 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:												
At valuation	125,250	(125,250)	-	-	-	-	-	-	-	-	-	-
At cost	2,297	125,250	(1,506)	126,041	-	-	-	-	-	-	-	126,041
Long-term leasehold land and improvements:												
At valuation	109,119	(109,119)	-	-	-	-	-	-	-	-	-	-
At cost	2,200	109,119	-	111,319	-	-	-	-	-	-	-	111,319
Short-term leasehold land and improvements:												
At valuation	20,622	(20,622)	-	-	-	-	-	-	-	-	-	-
At cost	-	20,622	-	20,622	-	900	-	-	-	(13)	-	21,509
Buildings:												
At valuation	83,896	(83,896)	-	-	-	-	-	-	-	-	-	-
At cost	9,029	85,214	-	94,243	9	(1,500)	891	-	-	(27)	6,242	99,858
Electricity and water supply system	1,076	-	-	1,076	-	-	70	-	-	-	(13)	1,133
Plant and machinery	162,131	-	-	162,131	6	-	9,049	(98)	(1,645)	(42)	818	170,219
Plant and machinery under hire-purchase	1,114	-	-	1,114	-	-	-	-	-	-	(252)	862
Motor vehicles	19,059	-	-	19,059	5	-	73	(679)	(83)	(2)	4,021	22,394
Motor vehicles under hire-purchase	6,990	-	-	6,990	3	-	2,445	-	-	-	(4,021)	5,417
Furniture, fixtures and equipment	24,354	-	-	24,354	-	-	1,703	(125)	(470)	(1)	-	25,461
Plantation development expenditure	10,621	-	(10,621)	-	-	-	-	-	-	-	-	-

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

The Group

2018

	Cost except as otherwise stated											
	At beginning of year											
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated 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
Bearer plants - immature	-	-	1,820	1,820	-	-	905	-	(5)	-	(2,085)	635
Bearer plants - mature	-	-	10,307	10,307	-	-	132	-	(84)	-	2,085	12,440
Renovations	2,965	-	-	2,965	-	-	1,160	-	-	-	-	4,125
Capital work-in-progress	13,814	-	-	13,814	-	-	6,846	-	-	-	(6,795)	13,865
Total	594,537	1,318	-	595,855	23	(600)	23,274	(902)	(2,287)	(85)	-	615,278

NOTES TO THE **FINANCIAL STATEMENTS**

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

The Group
2018

	Accumulated depreciation										
	At beginning of year										
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Transfer from other assets RM'000	Charge for the year 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:											
At valuation	-	-	-	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-	-	-	-
Long-term leasehold land and improvements:											
At valuation	3,496	(3,496)	-	-	-	-	-	-	-	-	-
At cost	-	3,496	-	3,496	-	1,759	-	-	-	-	5,255
Short-term leasehold land and improvements:											
At valuation	1,155	(1,155)	-	-	-	-	-	-	-	-	-
At cost	-	1,155	-	1,155	-	619	-	-	-	-	1,774
Buildings:											
At valuation	3,370	(3,370)	-	-	-	-	-	-	-	-	-
At cost	637	3,370	-	4,007	-	2,273	-	-	3	-	6,283
Electricity and water supply system	481	-	-	481	-	71	-	-	-	-	552
Plant and machinery	100,346	-	-	100,346	3	7,282	(70)	(1,466)	6	143	106,244
Plant and machinery under hire-purchase	338	-	-	338	-	93	-	-	-	(143)	288
Motor vehicles	13,528	-	-	13,528	2	1,218	(582)	(33)	1	2,249	16,383
Motor vehicles under hire-purchase	2,453	-	-	2,453	1	1,283	-	-	-	(2,249)	1,488
Furniture, fixtures and equipment	10,386	-	-	10,386	-	1,634	(92)	(327)	-	-	11,601
Plantation development expenditure	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - immature	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - mature	-	-	7,087	7,087	-	231	-	(55)	-	-	7,263
Renovations	1,301	-	-	1,301	-	280	-	-	-	-	1,581
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-
Total	137,491	-	7,087	144,578	6	16,743	(744)	(1,881)	10	-	158,712

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

The Group
2018

	Accumulated impairment loss				
	At beginning of year				
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	As restated RM'000	Additions/ (Write back) RM'000	At end of year RM'000
Freehold land:					
At valuation	-	-	-	-	-
At cost	-	-	-	345	345
Long-term leasehold land and improvements:					
At valuation	-	-	-	-	-
At cost	-	-	-	-	-
Short-term leasehold land and improvements:					
At valuation	-	-	-	-	-
At cost	-	-	-	-	-
Buildings:					
At valuation	-	-	-	-	-
At cost	-	1,318	1,318	(957)	361
Electricity and water supply system	-	-	-	-	-
Plant and machinery	41	-	41	-	41
Plant and machinery under hire-purchase	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Motor vehicles under hire-purchase	-	-	-	-	-
Furniture, fixtures and equipment	-	-	-	-	-
Plantation development expenditure	-	-	-	-	-
Bearer plants - immature	-	-	-	-	-
Bearer plants - mature	-	-	-	-	-
Renovations	-	-	-	-	-
Capital work-in-progress	-	-	-	-	-
Total	41	1,318	1,359	(612)	747

NOTES TO THE FINANCIAL STATEMENTS

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

The Group 2017	Cost except as otherwise stated — At beginning of year: As previously stated RM'000	At beginning of year: Effects of adoption of MFRS 1 RM'000	At beginning of year: Effects of application of MFRS 141 RM'000	At beginning of year: As restated RM'000	Transfer from other assets RM'000	Additions: As previously stated RM'000	Additions: Effects of application of MFRS 141 RM'000	Additions: As restated 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:													
At valuation	125,250	(125,250)	-	-	-	-	-	-	-	-	-	-	-
At cost	2,297	125,250	(1,506)	126,041	-	-	-	-	-	-	-	-	126,041
Long-term leasehold land and improvements:													
At valuation	109,119	(109,119)	-	-	-	-	-	-	-	-	-	-	-
At cost	-	109,119	-	109,119	-	2,200	-	2,200	-	-	-	-	111,319
Short-term leasehold land and improvements:													
At valuation	21,135	(21,135)	-	-	-	-	-	-	-	-	-	-	-
At cost	-	21,135	-	21,135	-	-	-	-	-	-	(513)	-	20,622
Buildings:													
At valuation	84,593	(84,593)	-	-	-	-	-	-	-	-	-	-	-
At cost	2,659	85,911	-	88,570	-	5,757	-	5,757	-	-	(697)	613	94,243
Electricity and water supply system	1,029	-	-	1,029	-	48	-	48	-	(1)	-	-	1,076
Plant and machinery	139,453	-	-	139,453	-	19,812	-	19,812	(3)	(50)	(1,166)	4,085	162,131
Plant and machinery under hire-purchase	2,995	-	-	2,995	-	-	-	-	-	-	-	(1,881)	1,114
Motor vehicles	17,740	-	-	17,740	-	900	-	900	(1,170)	-	(77)	1,666	19,059
Motor vehicles under hire-purchase	6,654	-	-	6,654	-	2,002	-	2,002	-	-	-	(1,666)	6,990
Furniture, fixtures and equipment	18,503	-	-	18,503	-	5,906	-	5,906	(25)	(486)	(37)	493	24,354

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

The Group	Cost except as otherwise stated												
2017	At beginning of year					Additions							
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Transfer from other assets RM'000	As previously stated RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassification RM'000	At end of year RM'000
Plantation development expenditure	9,555	-	(9,555)	-	-	-	-	-	-	-	-	-	-
Bearer plants - immature	-	-	832	832	528	542	(78)	464	-	(4)	-	-	1,820
Bearer plants - mature	-	-	10,229	10,229	-	-	78	78	-	-	-	-	10,307
Renovations	2,848	-	-	2,848	-	210	-	210	-	(93)	-	-	2,965
Capital work-in-progress	10,619	-	-	10,619	-	6,577	-	6,577	-	-	(72)	(3,310)	13,814
Total	554,449	1,318	-	555,767	528	43,954	-	43,954	(1,198)	(634)	(2,562)	-	595,855

NOTES TO THE **FINANCIAL STATEMENTS**

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

The Group 2017	Accumulated depreciation: At beginning of year: As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Charge for the year: As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated 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:													
At valuation	-	-	-	-	-	-	-	-	-	-	-	-	-
At cost	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term leasehold land and improvements:													
At valuation	1,749	(1,749)	-	-	1,747	(1,747)	-	-	-	-	-	-	-
At cost	-	1,749	-	1,749	-	1,747	-	1,747	-	-	-	-	3,496
Short-term leasehold land and improvements:													
At valuation	615	(615)	-	-	597	(597)	-	-	-	-	-	-	-
At cost	-	615	-	615	-	597	-	597	-	-	(57)	-	1,155
Buildings:													
At valuation	1,899	(1,899)	-	-	1,471	(1,471)	-	-	-	-	-	-	-
At cost	53	1,899	-	1,952	641	1,471	-	2,112	-	-	(57)	-	4,007
Electricity and water supply system	407	-	-	407	74	-	-	74	-	-	-	-	481
Plant and machinery	94,509	-	-	94,509	6,134	-	-	6,134	(1)	(47)	(784)	535	100,346
Plant and machinery under hire-purchase	761	-	-	761	112	-	-	112	-	-	-	(535)	338
Motor vehicles	12,637	-	-	12,637	1,353	-	-	1,353	(1,057)	-	(43)	638	13,528

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

The Group 2017	Accumulated depreciation: At beginning of year: As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Charge for the year: As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	Effects of application of MFRS 141 RM'000	As restated RM'000	Disposals RM'000	Written off RM'000	Currency translation reserve RM'000	Reclassification RM'000	At end of year RM'000
Motor vehicles under hire-purchase	2,047	-	-	2,047	1,044	-	-	1,044	-	-	-	(638)	2,453
Furniture, fixtures and equipment	9,204	-	-	9,204	1,556	-	-	1,556	(8)	(338)	(28)	-	10,386
Plantation development expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - immature	-	-	-	-	-	-	-	-	-	-	-	-	-
Bearer plants - mature	-	-	6,856	6,856	-	-	231	231	-	-	-	-	7,087
Renovations	1,163	-	-	1,163	183	-	-	183	-	(45)	-	-	1,301
Capital work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	125,044	-	6,856	131,900	14,912	-	231	15,143	(1,066)	(430)	(969)	-	144,578

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

The Group

2017

	Accumulated impairment loss				
	At beginning of year				
	As previously stated RM'000	Effects of adoption of MFRS 1 RM'000	As restated RM'000	Additions/ (Write back) RM'000	At end of year RM'000
Freehold land:					
At valuation	-	-	-	-	-
At cost	-	-	-	-	-
Long-term leasehold land and improvements:					
At valuation	-	-	-	-	-
At cost	-	-	-	-	-
Short-term leasehold land and improvements:					
At valuation	-	-	-	-	-
At cost	-	-	-	-	-
Buildings:					
At valuation	-	-	-	-	-
At cost	-	1,318	1,318	-	1,318
Electricity and water supply system	-	-	-	-	-
Plant and machinery	41	-	41	-	41
Plant and machinery under hire-purchase	-	-	-	-	-
Motor vehicles	-	-	-	-	-
Motor vehicles under hire-purchase	-	-	-	-	-
Furniture, fixtures and equipment	-	-	-	-	-
Plantation development expenditure	-	-	-	-	-
Bearer plants - immature	-	-	-	-	-
Bearer plants - mature	-	-	-	-	-
Renovations	-	-	-	-	-
Capital work-in-progress	-	-	-	-	-
Total	41	1,318	1,359	-	1,359

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

The Group	Carrying amounts		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
		Restated	Restated
Freehold land, at cost	125,696	126,041	126,041
Long-term leasehold land and improvements, at cost	106,064	107,823	107,370
Short-term leasehold land and improvements, at cost	19,735	19,467	20,520
Buildings, at cost	93,214	88,918	85,300
Electricity and water supply system	581	595	622
Plant and machinery	63,934	61,744	44,903
Plant and machinery under hire-purchase	574	776	2,234
Motor vehicles	6,011	5,531	5,103
Motor vehicles under hire-purchase	3,929	4,537	4,607
Furniture, fixtures and equipment	13,860	13,968	9,299
Bearer plants - immature	635	1,820	832
Bearer plants - mature	5,177	3,220	3,373
Renovations	2,544	1,664	1,685
Capital work-in-progress	13,865	13,814	10,619
Total	455,819	449,918	422,508

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

The Group	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
			Restated
Term loan interest (Note 9)	470	256	58
Depreciation of property, plant and equipment	-	20	17

During the financial year, depreciation expense is charged to the following:

The Group	2018	2017
	RM'000	RM'000
		Restated
Statements of profit or loss	16,743	15,123
Bearer plants	-	20
	16,743	15,143

13. INVESTMENT PROPERTIES

The Group 2018	At beginning of year RM'000	Additions RM'000	Disposals RM'000	Transfers from/(to) property, plant and equipment RM'000	Changes in fair value RM'000	Reclassification RM'000	At end of year RM'000
At fair value:							
Freehold land	1,730	-	-	-	156	-	1,886
Long-term leasehold land	1,090	-	-	-	-	-	1,090
Short-term leasehold land	1,560	-	-	(900)	330	-	990
Buildings	2,430	-	-	1,500	180	-	4,110
As of December 31, 2018	6,810	-	-	600	666	-	8,076
The Group 2017							
At fair value:							
Freehold land	1,730	-	-	-	-	-	1,730
Long-term leasehold land	1,090	-	-	-	-	-	1,090
Short-term leasehold land	1,560	-	-	-	-	-	1,560
Buildings	2,430	-	-	-	-	-	2,430
As of December 31, 2017	6,810	-	-	-	-	-	6,810

The fair values of investment properties of the certain subsidiary companies of the Group as of December 31, 2018 were arrived at on the basis of valuations carried out on December 31, 2018 by reference to market evidence of recent transactions for similar properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use.

During the financial year ended December 31, 2018, direct operating expenses incurred relating to the investment properties of the Group amounted to RM23,426 (2017: RM41,582).

13. INVESTMENT PROPERTIES (CONT'D)

Details of the Group's investment properties and information about the fair value hierarchy as of December 31, 2018; December 31, 2017; and January 1, 2017 are as follows:

The Group	Fair Value		
31.12.2018	**Level 1**	**Level 2**	**Level 3**
	RM'000	**RM'000**	**RM'000**
Freehold land	-	1,886	-
Long-term leasehold land	-	1,090	-
Short-term leasehold land	-	990	-
Buildings	-	4,110	-
	-	8,076	-
The Group			
31.12.2017			
Freehold land	-	1,730	-
Long-term leasehold land	-	1,090	-
Short-term leasehold land	-	1,560	-
Buildings	-	2,430	-
	-	6,810	-
The Group			
1.1.2017			
Freehold land	-	1,730	-
Long-term leasehold land	-	1,090	-
Short-term leasehold land	-	1,560	-
Buildings	-	2,430	-
	-	6,810	-

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

14. INVESTMENTS IN SUBSIDIARY COMPANIES

The Company	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
		Restated	**Restated**
Unquoted shares - at deemed cost	459,462	459,462	459,462

NOTES TO THE
FINANCIAL STATEMENTS

14. 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 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activities
Direct Subsidiary Companies					
Yee Lee Trading Co Sdn Bhd	Malaysia	100.00	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	100.00	Milling and selling of crude palm oil and kernel.
Yee Lee Edible Oils Sdn Bhd	Malaysia	100.00	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	100.00	Manufacturing and selling of corrugated paper cartons.
Canpac Sdn Bhd	Malaysia	100.00	100.00	100.00	Manufacturing and trading of general line tin cans.
Intanwasa Sdn Bhd	Malaysia	100.00	100.00	100.00	Investment holding.
Yee Lee Marketing Sdn Bhd*	Malaysia	100.00	100.00	100.00	Marketing, distribution and trading of consumer products.
Sementra Resort Sdn Bhd	Malaysia	100.00	100.00	100.00	Pre-operating.
Indirect Subsidiary Companies					
Held through Yee Lee Trading Co Sdn Bhd					
Mini Motors Sdn Bhd	Malaysia	100.00	100.00	100.00	Investment holding.
Held through Yee Lee Palm Oil Industries Sdn Bhd					
Sementra Plantations Sdn Bhd	Malaysia	100.00	100.00	100.00	Oil palm cultivation.
Palker Sdn Bhd	Malaysia	-	-	100.00	Ceased its business activity since December 31, 2010. The subsidiary has been struck off on November 29, 2017.

14. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

		Proportion of ownership interest and voting power held by the Group			
Name of Company	**Place of Incorporation**	**31.12.2018 %**	**31.12.2017 %**	**1.1.2017 %**	**Principal Activities**
Held through Canpac Sdn Bhd					
Good Cans Sdn Bhd (In Members' Voluntary Winding-Up)	Malaysia	-	-	100.00	Dormant. Dissolved on February 15, 2018.
Canpac Vietnam Pte, Ltd#	Vietnam	100.00	100.00	100.00	Manufacturing and trading of general line tin cans.
Held through Intanwasa Sdn Bhd					
Desa Tea Sdn Bhd	Malaysia	100.00	100.00	100.00	Planting, processing and distribution of tea.
Sabah Tea Sdn Bhd	Malaysia	100.00	100.00	100.00	Oil palm cultivation.
Sabah Tea Resort Sdn Bhd	Malaysia	100.00	100.00	100.00	Tourism related services.

* The financial statements of this company were examined by an auditor other than the auditors of the Company for December 31, 2017 and January 1, 2017.

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

NOTES TO THE **FINANCIAL STATEMENTS**

14. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

Deconsolidation of subsidiary company

On November 15, 2017, the Group lost the power to govern the financial and operating policies of Good Cans Sdn Bhd ("GC") due to the Members' Voluntary Winding-Up. Accordingly, the related assets and liabilities of GC were derecognised as follows:

Analysis of assets and liabilities of GC:

	RM'000
Trade and other receivables	58
Other liabilities	(3)
	55
Capital distribution upon winding up	(45)
Loss on deconsolidation of subsidiary company	10

The loss on deconsolidation of subsidiary company is included in other gains and losses for the year ended December 31, 2017 (Note 8).

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		
		31.12.2018	31.12.2017	1.1.2017
Marketing and distribution of edible oils and other consumer products	Malaysia	2	2	2
Oil palm cultivation, milling and selling of crude palm oil and kernel	Malaysia	3	3	3
Manufacturing of cooking oil, margarine and shortening and trading of consumer products	Malaysia	1	1	1
Manufacturing and selling of corrugated paper cartons and general line tin cans	Malaysia Vietnam	2 1	2 1	2 1
Investment holding	Malaysia	2	2	2
Planting, processing and distribution of tea	Malaysia	1	1	1
Tourism related services	Malaysia	1	1	1
Pre-operating/Ceased business activity	Malaysia	1	1	3
		14	14	16

15. INVESTMENT IN AN ASSOCIATED COMPANY

The Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Quoted shares, at cost	65,010	56,620	55,249
Share of post-acquisition results, net of dividends received	49,990	46,327	37,153
Share of post-acquisition reserves	15,166	15,150	15,414
	65,156	61,477	52,567
	130,166	118,097	107,816
Market value of:			
Quoted shares	131,307	138,505	146,224
The Company			
Quoted shares, at cost	65,010	56,620	55,249
Market value of:			
Quoted shares	131,307	138,505	146,224

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

The Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Share of net assets	115,904	105,675	93,683
Goodwill on acquisition	14,262	12,422	14,133
	130,166	118,097	107,816

NOTES TO THE
FINANCIAL STATEMENTS

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

The associated company of the Group is as follows:

Name of Company	Place of Incorporation	Proportion of ownership interest 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal Activity	Financial Year End
Spritzer Bhd	Malaysia	29.78	28.07	32.50	Investment holding.	December 31

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

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current assets	226,825	229,791	141,841
Non-current assets	249,536	227,757	225,656
Current liabilities	63,449	56,804	51,830
Non-current liabilities	23,708	24,273	27,412
Revenue	347,684	313,849	320,589
Profit for the year	24,225	25,478	24,766
Other comprehensive income/(loss)	56	(44)	-
Total comprehensive income for the year	24,281	25,434	24,766
Dividends received from the associated company during the year	3,335	2,049	3,016

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	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Net assets of the associated company	389,204	376,471	288,255
Proportion of the Group's ownership interest in Spritzer Bhd*	29.78%	28.07%	32.50%
	115,904	105,675	93,683
Other adjustments:			
Goodwill on acquisition	14,262	12,422	14,133
Carrying amount of the Group's interests in Spritzer Bhd	130,166	118,097	107,816

* Rounded to nearest 2 decimal point.

16. 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 31.12.2018 %	31.12.2017 %	1.1.2017 %	Principal activity
YLTC Sdn Bhd	Malaysia	60.00	60.00	-	Trading, distribution and logistics.

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	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current assets	25,083	1,001	-
Non-current assets	100	-	-
Current liabilities	24,286	1	-
Non-current liabilities	-	-	-
Revenue	16,574	-	-
Loss for the year	(103)	-	-
Total comprehensive loss for the year	(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	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Net assets of the joint venture	897	1,000	-
Proportion of the Group's ownership interest in YLTC Sdn Bhd	60%	60%	-
Carrying amount of the Group's interests in YLTC Sdn Bhd	538	600	-

NOTES TO THE
FINANCIAL STATEMENTS

17. OTHER INVESTMENTS

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Non-current assets			
Investments in equity instruments designated as at FVTOCI:			
Shares quoted in Malaysia	32	13	17
Warrants quoted in Malaysia	1	2	3
	33	15	20
Investments in equity instruments designated as at FVTOCI:			
At beginning of year	15	20	20
Additions	21	-	-
Net fair value loss	(3)	(5)	-
At end of year	33	15	20

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Current assets			
Investments measured as at FVTPL:			
Money market fund	13,550	7,251	-
Investments measured as at FVTPL:			
At beginning of year	7,251	-	-
Additions	6,000	7,050	-
Net fair value gain	208	4	-
Dividend income	144	197	-
Redemption	(53)	-	-
At end of year	13,550	7,251	-

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

Money market fund of the Group amounting to RM7,050,000 which was classified as available-for-sale under IAS 39 in 2017, was redesignated as FVTPL upon application of MFRS 9 in 2018. The net fair value gain of RM3,750 of the financial asset in 2017, which was recognised in other comprehensive income in accordance to IAS 39 has not been restated to profit or loss in the comparatives, as the amount was not material to the Group.

18. GOODWILL ON CONSOLIDATION

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
At beginning and at end of year	1,612	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	2018 RM'000	2017 RM'000
Canpac Sdn Bhd (manufacturing operations)	1,612	1,612

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 2019 to 2023. The following key assumptions are used to generate the financial forecast:

Growth rate	- 0.5% per annum
Discount rate	10.35% 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.

19. BIOLOGICAL ASSETS

The Group	2018 RM'000	2017 RM'000 Restated
Fresh fruit bunches, at fair value:		
At beginning of year	273	415
Changes in fair value less costs to sell	866	1,203
Decrease in fair value due to harvesting	(894)	(1,345)
At end of year	245	273

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.

NOTES TO THE
FINANCIAL STATEMENTS

19. BIOLOGICAL ASSETS (CONT'D)

Measurement of Fair Values of Biological Assets

(a) FFBs

To arrive at the fair value, 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 7% to 8% (31.12.2017 and 1.1.2017: 7% to 9%).

(b) Tea Leaves

The fair values of the Group's unharvested tea leaves have been measured using selling price of tea leaves less costs of harvesting and transport. To arrive at the fair value, 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.

20. INVENTORIES

The Group	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
At cost:			
Finished goods and trading merchandise	56,937	58,904	60,836
Raw materials	24,211	26,125	18,032
Work-in-progress	16,524	12,268	9,739
Factory supplies and consumables	3,554	3,176	3,106
Goods-in-transit	2,638	680	2,580
Fertilisers	37	15	-
	103,901	101,168	94,293
At net realisable value:			
Finished goods	228	227	-
	104,129	101,395	94,293

The cost of inventories recognised as an expense during the year for the Group was RM915,539,195 (2017: RM887,990,305).

Inventories written off recognised as an expense for the Group during the financial year amounted to RM1,720,563 (2017: RM1,413,366).

Inventories written down by the Group during the year amounted to RM11,240 (2017: RM44,186).

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES

The Group	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Trade receivables	161,142	171,224	170,640
Less: Loss allowances	(773)	(349)	(95)
	160,369	170,875	170,545
Amount owing by an associated company (Note 22)	1	1	-
Amount owing by other related companies (Note 22)	2,875	6,778	6,447
Less: Loss allowances	(13)	-	-
	2,862	6,778	6,447
Amount owing by other related parties (Note 22)	2,142	1,386	1,488
Amount owing by joint venture (Note 22)	3,750	-	-
Other receivables	19,060	19,062	27,148
Less: Loss allowances	-	(30)	(30)
	19,060	19,032	27,118
Net	188,184	198,072	205,598
The Company			
Amount owing by a subsidiary company (Note 22)	22,769	19,014	17,289
Amount owing by an associated company (Note 22)	1	1	-
Net	22,770	19,015	17,289

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 180 days (31.12.2017: cash to 180 days; 1.1.2017: cash to 180 days) whilst the credit periods for tourism related services rendered ranged from 30 to 90 days (31.12.2017: 30 to 90 days; 1.1.2017: 30 to 90 days). No interest was charged on overdue outstanding trade receivables.

The Group	Amount owing by other related companies		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade account	2,856	6,748	6,423
Current account	19	30	24
	2,875	6,778	6,447

NOTES TO THE
FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group	Amount owing by other related parties		
	31.12.2018	31.12.2017	1.1.2017
	RM'000	RM'000	RM'000
Trade account	2,142	1,386	1,417
Current account	-	-	71
	2,142	1,386	1,488

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 (31.12.2017: cash to 120 days; 1.1.2017: 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 these 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 receivables 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 also include Goods and Services Tax receivable amounting to RM3,449,746 (31.12.2017: RM2,373,095; 1.1.2017: RM1,413,039).

Transactions with related parties are disclosed in Note 22.

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Analysis of currency profile of trade and other receivables is as follows:

The Group	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
		Restated	**Restated**
Ringgit Malaysia	173,026	176,334	190,410
Vietnamese Dong	11,140	9,264	10,961
Australian Dollar	2,178	2,826	3,529
United States Dollar	1,692	9,386	247
Singapore Dollar	148	262	409
European Euro	-	-	42
	188,184	198,072	205,598

The Company	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Ringgit Malaysia	22,770	19,015	17,289

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables 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.

The Group and the Company write off a trade receivable 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 are over one year past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

NOTES TO THE
FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (CONT'D)

The following table details the risk profile of trade receivables 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.

	Trade receivables - days past due					
31.12.2018	**1 - 30 RM'000**	**31 - 60 RM'000**	**61 - 90 RM'000**	**91 - 120 RM'000**	**>120 RM'000**	**Total RM'000**
Estimated total gross carrying amount at default	25,796	5,590	2,676	426	1,207	35,695
Lifetime ECL	(44)	(28)	(36)	(20)	(6)	(134)
Impairment losses	(270)	(56)	(103)	(11)	(199)	(639)
						34,922

	Amount owing by other related companies and related parties - days past due					
31.12.2018	**1 - 30 RM'000**	**31 - 60 RM'000**	**61 - 90 RM'000**	**91 - 120 RM'000**	**>120 RM'000**	**Total RM'000**
Estimated total gross carrying amount at default	1,936	657	454	255	2	3,304
Lifetime ECL	-	-	-	(11)	(2)	(13)
						3,291

	Days past due					
31.12.2017 - Restated	**1 - 30 RM'000**	**31 - 60 RM'000**	**61 - 90 RM'000**	**91 - 120 RM'000**	**>120 RM'000**	**Total RM'000**
Trade receivables	31,598	8,496	4,272	3,919	1,021	49,306
Amount owing by other related companies and other related parties	1,214	1,081	662	479	761	4,197
Impairment losses	-	(109)	(50)	(154)	(36)	(349)
						53,154

	Days past due					
1.1.2017 - Restated	**1 - 30 RM'000**	**31 - 60 RM'000**	**61 - 90 RM'000**	**91 - 120 RM'000**	**>120 RM'000**	**Total RM'000**
Trade receivables	27,172	9,127	3,157	1,904	720	42,080
Amount owing by other related companies and other related parties	640	156	158	203	2,371	3,528
Impairment losses	-	-	-	-	(95)	(95)
						45,513

21. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in loss allowances for trade and other receivables and amount owing by related companies are as follows:

The Group	**Trade receivables**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Balance at beginning of year	349	95	268
Amounts written off	(11)	(22)	(135)
Impairment losses	341	318	57
Credit losses	134	-	-
Amounts recovered	(40)	(42)	(95)
Balance at end of year	773	349	95

The Group	**Other receivables**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Balance at beginning of year	30	30	30
Amounts written off	(30)	-	-
Balance at end of year	-	30	30

The Group	**Amount owing by related companies**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Balance at beginning of year	-	-	-
Credit losses	13	-	-
Balance at end of year	13	-	-

There were no significant changes in loss allowance provided during the year. The composition of the receivables remained relatively consistent with no material change in credit periods and expected credit loss rates.

NOTES TO THE
FINANCIAL STATEMENTS

22. 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 companies are as follows:

	The Group		**The Company**	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Subsidiary companies				
Dividends received (gross)	-	-	11,800	8,840
Purchase of goods	-	-	11	10
Associated company				
Dividends received (gross)	-	-	3,335	2,049
Joint venture				
YLTC Sdn Bhd				
Advances granted	3,750	-	-	-
Sale of goods	1,342	-	-	-
Sale of property, plant and equipment	16	-	-	-
Other related companies				
Yew Lee Chiong Tin Factory Sdn Bhd				
Sale of goods	5,473	8,056	-	-
Purchase of goods	173	177	-	-

22. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related companies are as follows: (cont'd)

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other related companies				
Practical Advanced Technology Sdn Bhd				
Maintenance of networking systems, training and management services rendered	3,635	3,041	-	-
Sale of property, plant and equipment	43	-	-	-
Rental received	15	51	-	-
Rental of motor vehicle	11	-	-	-
Sale of goods	1	12	-	-
Multisafe Sdn Bhd				
Sale of goods	647	784	-	-
Sale of steam	296	348	-	-
Rental received	12	12	-	-
Professional fees received/receivable	1	1	-	-
Transportation fees paid/payable	-	1	-	-
Yee Lee Oils & Foodstuffs (Singapore) Pte Ltd				
Sale of goods	73	97	-	-
Cranberry (M) Sdn Bhd				
Sale of goods	2	7	-	-
Purchase of goods	1	1	-	-
Transactions with other related parties being companies in which persons connected with certain directors are directors and/or have substantial interests are as follows:				
Chuan Sin Sdn Bhd				
Purchase of goods	150,780	139,802	-	-
Sale of goods	4,693	5,444	-	-
Professional fees received/receivable	17	5	-	-
Transportation fees paid/payable	-	2	-	-

NOTES TO THE
FINANCIAL STATEMENTS

22. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related companies are as follows: (cont'd)

	The Group		The Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Golden PET Industries Sdn Bhd				
Purchase of goods	9,683	10,033	-	-
Sale of goods	155	394	-	-
Professional fees received/receivable	11	9	-	-
Transportation fees received	8	7	-	-
Rework charges received/receivable	2	36	-	-
Angenet Sdn Bhd				
Purchase of goods	4,691	3,928	-	-
Transportation fees received/receivable	-	4	-	-
Unikampar Credit And Leasing Sdn Bhd				
Hire-purchase loans obtained	1,664	1,783	-	-
Interest on hire-purchase loans paid	181	188	-	-
Sale of goods	1	1	-	-
Professional fees received/receivable	-	2	-	-
Cactus Marketing Sdn Bhd				
Sale of goods	198	369	-	-
Transportation fees paid/payable	20	22	-	-
Sabah Tea Garden Sdn Bhd				
Sale of goods	105	102	-	-
Catering services	11	19	-	-
Chuan Sin Cactus Sdn Bhd				
Purchase of drinking water for staff	35	60	-	-
Professional fees received/receivable	6	-	-	-
Rental received	2	2	-	-
Spritzer EcoPark Sdn Bhd				
Professional fees received/receivable	3	-	-	-
Nova Liquids Sdn Bhd				
Provision of Palm Oil Mill Effluent treatment services	1,011	1,097	-	-

22. HOLDING COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

Related party transactions (cont'd)

Transactions with related companies are as follows: (cont'd)

	The Group		The Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Multibase Systems Sdn Bhd				
Secretarial fees paid/payable	40	40	10	10
Uniyelee Service Agencies Sdn Bhd				
Handling charges paid/payable	15	20	-	-
Professional fees received/receivable	-	1	-	-
Uniyelee Insurance Agencies Sdn Bhd				
Handling charges paid/payable	6	8	-	-
PET Master Sdn Bhd				
Professional fees received/receivable	4	-	-	-
Cranberry International Sdn Bhd				
Sale of goods	4	-	-	-
Purchase of goods	1	-	-	-

The outstanding balances arising from related party transactions are disclosed in Notes 21, 28 and 30.

The amounts owing by/(to) subsidiary companies, an associated company, 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	
	2018	**2017**
	RM'000	**RM'000**
Short-term employee benefits	1,870	1,779
Post-employment benefits - Defined contribution plan	181	143
	2,051	1,922

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 RM35,900 (2017: RM94,256).

NOTES TO THE FINANCIAL STATEMENTS

23. OTHER ASSETS

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits	2,996	4,497	5,167
Prepaid expenses	2,420	2,077	2,731
	5,416	6,574	7,898
The Company			
Deposits	2	2	2
Prepaid expenses	2	2	2
	4	4	4

24. DEPOSITS, CASH AND BANK BALANCES

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits with licensed banks	23,402	17,545	26,709
Cash on hand and at banks	40,477	39,847	52,713
	63,879	57,392	79,422

The Company	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Cash on hand and at banks	84	53	227

Fixed deposits of the Group amounting to Nil (31.12.2017: RM10,000; 1.1.2017: RM10,000) have been pledged to a licensed bank as security for bank guarantees granted to a subsidiary company.

The effective interest rates for deposits ranged from 2.30% to 5.30% (31.12.2017: 2.70% to 5.30%; 1.1.2017: 2.65% to 5.00%) per annum. The deposits have maturity periods ranging from 1 day to 365 days (31.12.2017: 1 day to 365 days; 1.1.2017: 5 days to 365 days).

24. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

Analysis of currency profile of deposits, cash and bank balances are as follows:

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	56,487	49,360	63,847
Vietnamese Dong	3,276	4,155	10,453
United States Dollar	3,034	1,851	4,151
Australian Dollar	1,082	2,026	971
	63,879	57,392	79,422
The Company			
Ringgit Malaysia	84	53	227

25. SHARE CAPITAL

	The Group and The Company					
	31.12.2018 Number of ordinary shares '000	31.12.2017 Number of ordinary shares '000	1.1.2017 Number of ordinary shares '000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Issued and fully paid:						
Ordinary shares:						
At beginning of year	191,604	188,664	183,935	108,400	94,332	91,968
Issuance of shares - exercise of ESOS	-	2,940	4,729	-	3,791	2,364
Transfer from share premium arising from "no par value" regime (Note 26)	-	-	-	-	10,277	-
At end of year	191,604	191,604	188,664	108,400	108,400	94,332

NOTES TO THE
FINANCIAL STATEMENTS

26. RESERVES

The Group	Note	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Non-distributable reserves:				
Share premium		-	-	9,781
Property revaluation reserve	39.4(a)	-	-	-
Investment revaluation reserve		(4)	(1)	-
Translation reserve		466	531	3,871
Capital reserves		13,290	13,274	13,538
Equity-settled employee benefits reserve		-	-	1,021
		13,752	13,804	28,211
Distributable reserve:				
Retained earnings	39.2	508,767	479,918	448,469
		522,519	493,722	476,680

The Company	Note	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Non-distributable reserves:				
Share premium		-	-	9,781
Investment revaluation reserve	39.4(b)	-	-	-
Equity-settled employee benefits reserve		-	-	1,021
		-	-	10,802
Distributable reserve:				
Retained earnings	39.2	420,542	414,659	411,993
		420,542	414,659	422,795

NOTES TO THE
FINANCIAL STATEMENTS

26. RESERVES (CONT'D)

(a) Share premium

Share premium arose from the following:

	The Group and The Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Exercise of share options of shares issued at a premium of:			
- Nil (31.12.2017: 3,611,000 ordinary shares; 1.1.2017: 3,491,000 ordinary shares) at RM0.28 per ordinary share	-	1,011	977
- Nil (31.12.2017: 3,822,500 ordinary shares; 1.1.2017: 3,520,000 ordinary shares) at RM0.76 per ordinary share	-	2,905	2,675
- Nil (31.12.2017: 2,831,400 ordinary shares; 1.1.2017: 2,699,600 ordinary shares) at RM1.08 per ordinary share	-	3,058	2,916
- Nil (31.12.2017: 3,477,100 ordinary shares; 1.1.2017: 3,381,000 ordinary shares) at RM0.95 per ordinary share	-	3,303	3,213
	-	10,277	9,781
Less: Transfer to share capital arising from "no par value" regime (Note 25)	-	(10,277)	-
	-	-	9,781

(b) Investment revaluation reserve

The investment revaluation reserve of the Group and of the Company arise from changes in fair values of investments designated as at FVTOCI.

(c) 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 other comprehensive income and accumulated in the translation reserve.

(d) Capital reserves

Capital reserves relate to the share of reserves of the associated company.

26. RESERVES (CONT'D)

(e) Equity-settled employee benefits reserve

The equity-settled employee benefits reserve relates to share options granted to the directors and executive employees of the Group and of the Company under the Executives' Share Option Scheme as disclosed in Note 33.

(f) Retained earnings

The entire retained earnings of the Company as of December 31, 2018 is available for distribution as single tier tax-exempt dividend to the shareholders of the Company.

27. BORROWINGS

The Group	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Unsecured:			
Bankers' acceptances	107,317	119,091	114,011
Term loans	20,868	19,722	10,766
Revolving credits	16,500	10,500	14,000
Bank overdrafts	2,557	4,026	3,145
Secured:			
Hire-purchase payables (Note 28)	2,548	2,640	2,812
	149,790	155,979	144,734
Less: Amount due within 12 months (shown under current liabilities)	(129,797)	(137,237)	(135,306)
Non-current portion	19,993	18,742	9,428

NOTES TO THE
FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

The non-current portion is repayable as follows:

The Group	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Financial years ending December 31:			
2018	-	-	2,148
2019	-	2,992	1,529
2020	3,800	3,197	2,034
2021	3,084	2,796	1,871
2022	2,102	2,105	1,231
2023	5,404	1,718	615
2024 and above	5,603	5,934	-
	19,993	18,742	9,428

The Company	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Unsecured:			
Revolving credits	1,000	1,000	1,000
Less: Amount due within 12 months (shown under current liabilities)	(1,000)	(1,000)	(1,000)
Non-current portion	-	-	-

The Group has the following term loans:

(a) An eleven (11) year term loan of RM12,000,000 (31.12.2017: RM12,000,000; 1.1.2017: RM12,000,000) which is repayable by 90 equal monthly instalments commencing from the first day of 43rd month following the full release of the term loan or the expiry of the availability period which is October 11, 2019, whichever is earlier;

(b) A six (6) year term loan of RM1,540,000 (31.12.2017: RM1,540,000; 1.1.2017: 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 (31.12.2017: RM6,200,000; 1.1.2017: 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 (31.12.2017: RM4,980,000; 1.1.2017: Nil) which is repayable by 120 equal monthly instalments commencing September, 2017; and

(e) A ten (10) year term loan of RM3,800,000 (31.12.2017: RM3,800,000; 1.1.2017: Nil) which is repayable by 120 equal monthly instalments commencing October, 2017.

NOTES TO THE
FINANCIAL STATEMENTS

27. BORROWINGS (CONT'D)

Term loans that have been fully repaid in 2017 were as follows:

(a) A seven (7) year term loan of RM6,000,000 (1.1.2017: RM6,000,000) which was repayable by 84 equal monthly instalments commencing November, 2010;

(b) A seven (7) year term loan of RM4,000,000 (1.1.2017: RM4,000,000) which was repayable by 84 equal monthly instalments commencing May, 2010; and

(c) A five (5) year term loan of RM993,000 (1.1.2017: RM993,000) which is repayable by 60 equal monthly instalments commencing July, 2012.

The average effective interest rates per annum are as follows:

The Group	**31.12.2018**	**31.12.2017**	**1.1.2017**
	%	%	%
Bankers' acceptances	4.06	3.81	3.90
Term loans	5.70	4.88	4.89
Revolving credits	4.68	4.50	4.54
Bank overdrafts	7.88	7.65	7.73

The Company	**31.12.2018**	**31.12.2017**	**1.1.2017**
	%	%	%
Revolving credits	4.99	4.58	4.54
Bank overdrafts	7.86	7.71	7.79

The credit facilities of the Group of RM291,070,000 (31.12.2017: RM300,847,000; 1.1.2017: RM295,802,000) are guaranteed by the Company.

The credit facilities of the Company of RM2,000,000 (31.12.2017: RM2,000,000; 1.1.2017: RM2,000,000) are secured by a negative pledge over the assets of the Company.

28. HIRE-PURCHASE PAYABLES

The Group	**Minimum hire-purchase payments**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Amounts payable under hire-purchase arrangements:			
Within one year	1,482	1,848	1,792
In the second to fifth year inclusive	1,250	970	1,191
	2,732	2,818	2,983
Less: Future finance charges	(184)	(178)	(171)
Present value of hire-purchase payables	2,548	2,640	2,812

The Group	**Present value of minimum hire-purchase payments**		
	31.12.2018	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Amounts payable under hire-purchase arrangements:			
Within one year	1,351	1,549	1,662
In the second to fifth year inclusive	1,197	1,091	1,150
Present value of hire-purchase payables	2,548	2,640	2,812
Less: Amount due within 12 months (shown under current liabilities)	(1,351)	(1,549)	(1,662)
Non-current portion	1,197	1,091	1,150

The non-current portion is repayable as follows:

The Group	**31.12.2018**	**31.12.2017**	**1.1.2017**
	RM'000	**RM'000**	**RM'000**
Financial years ending December 31:			
2018	-	-	955
2019	-	780	195
2020	888	284	-
2021	309	27	-
	1,197	1,091	1,150

As of December 31, 2018, hire-purchase obligations of the Group payable to a related party amounted to RM2,459,792 (31.12.2017: RM2,294,796; 1.1.2017: RM2,557,568).

The terms for hire-purchase ranged from 2 to 4 years (31.12.2017: 2 to 5 years; 1.1.2017: 2 to 5 years). For the financial year ended December 31, 2018, the effective hire-purchase interest rates ranged from 4.64% to 6.89% (31.12.2017: 4.57% to 6.89%; 1.1.2017: 4.57% to 7.84%) 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.

NOTES TO THE
FINANCIAL STATEMENTS

29. DEFERRED TAX LIABILITIES

The Group 31.12.2018	At beginning of year RM'000	Recognised in statements of profit or loss RM'000	At end of year 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)
Unrealised gain on foreign exchange	312	(72)	240
	(47,928)	(458)	(48,386)
Deferred tax assets			
Unabsorbed capital allowances and unutilised tax losses	6,783	457	7,240
Inventories	19	-	19
Trade and other receivables	-	35	35
	6,802	492	7,294

The Group 31.12.2017	At beginning of year RM'000	Recognised in statements of profit or loss RM'000	At end of year RM'000
Deferred tax liabilities			
Property, plant and equipment - deemed cost	(32,392)	577	(31,815)
Property, plant and equipment	(13,294)	(2,630)	(15,924)
Plantation development expenditure	-	(312)	(312)
Investment properties	(189)	-	(189)
Unrealised gain on foreign exchange	(99)	411	312
	(45,974)	(1,954)	(47,928)
Deferred tax assets			
Unabsorbed capital allowances and unutilised tax losses	4,220	2,563	6,783
Inventories	19	-	19
	4,239	2,563	6,802

29. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax balances are presented in the statements of financial position after appropriate offsetting as follows:

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Net deferred tax liabilities	(41,092)	(41,126)	(41,735)

Unrecognised deferred tax assets

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deferred tax assets not recognised at the end of the reporting period:			
Unutilised tax losses and unabsorbed agricultural and tax capital allowances	9,878	8,951	8,673

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.

30. TRADE AND OTHER PAYABLES

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade payables	71,720	75,603	95,309
Amount owing to ultimate holding company (Note 22)	5	7	5
Amount owing to an associated company (Note 22)	-	-	10
Amount owing to other related companies (Note 22)	373	314	264
Amount owing to other related parties (Note 22)	35,491	37,261	34,780
Other payables	21,645	15,694	14,490
	129,234	128,879	144,858
The Company			
Amount owing to ultimate holding company (Note 22)	2	2	2
Amount owing to subsidiary companies (Note 22)	17,232	10,952	13,892
Amount owing to an associated company (Note 22)	-	-	10
Other payables	44	33	249
	17,278	10,987	14,153

NOTES TO THE
FINANCIAL STATEMENTS

30. TRADE AND OTHER PAYABLES (CONT'D)

Analysis of currency profile of trade and other payables is as follows:

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Ringgit Malaysia	126,568	125,351	141,146
Vietnamese Dong	2,075	2,124	2,330
United States Dollar	530	1,318	961
British Pound	57	60	60
Singapore Dollar	4	-	346
Thai Baht	-	23	15
Swiss Franc	-	3	-
	129,234	128,879	144,858
The Company			
Ringgit Malaysia	17,278	10,987	14,153

The Group	Amount owing to other related companies		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade account	298	285	238
Current account	75	29	26
	373	314	264

The Group	Amount owing to other related parties		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Trade account	32,515	34,400	31,020
Current account	2,976	2,861	3,760
	35,491	37,261	34,780

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 (31.12.2017: 30 to 120 days; 1.1.2017: 30 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.

Included in other payables is Goods and Services Tax payable amounting to RM36,414 (31.12.2017: RM754,030; 1.1.2017: RM13,166).

Transactions with related parties are disclosed in Note 22.

31. OTHER LIABILITIES

The Group	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Deposits received	1,590	637	767
Accrued expenses	24,296	23,331	22,129
	25,886	23,968	22,896
The Company			
Accrued expenses	286	284	262

32. DIVIDEND

	The Group and The Company	
	2018 RM'000	2017 RM'000
First and final dividend paid:		
- 4.5 sen per share, single tier for 2018 (4.5 sen per share, single tier for 2017)	8,622	8,606

A first and final dividend of 4.5 sen per share, under the single tier system, amounting to RM8,622,193, 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 proposed a first and final dividend of 4.0 sen per share, under the single tier system, in respect of the current financial year. The proposed final dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending December 31, 2019.

NOTES TO THE
FINANCIAL STATEMENTS

33. SHARE-BASED PAYMENTS

Under the Company's Executives' Share Option Scheme ("ESOS"), which has been approved at an Extraordinary General Meeting held on June 27, 2012, options to subscribe for new ordinary shares ("Yee Lee Shares") of RM0.50 each in the Company were granted to eligible executive employees, who are employed for a continuous period of one year, and Executive Directors and Non-Executive Directors ("Eligible Executives"), who have held office for at least one year in the Company and its subsidiary companies, which are not dormant. The ESOS is administered by the ESOS Committee and governed by a set of by-laws.

The ESOS was in force for a period of five (5) years commencing August 17, 2012 and had expired on August 16, 2017.

Basis of determining the Subscription Price

Subject to any adjustments made under the by-laws and pursuant to the Listing Requirements, the subscription price shall be the higher of:

a. The five (5)-day weighted average market price ("WAMP") of Yee Lee Shares immediately preceding the date on which an offer is made by the ESOS Committee in writing ("Date of Offer"), with a discount of not more than 10% at the ESOS Committee's discretion; or

b. The par value of Yee Lee Shares.

All the share options were vested on the date of grant.

The weighted average of share prices at the date of options exercised during the financial year was Nil (2017: RM2.55).

The share options outstanding on January 1, 2017 had a weighted average exercise price of RM1.45, and the weighted average remaining contractual life for these options was 228 days.

The fair value of the options was determined using the "Black-Scholes" model based on the closing market price at offer date, exercise price and option life as mentioned above, expected volatility based on its historical volatility for the past three years, expected dividend yield based on dividends declared in years 2012 to 2015, risk-free rate at grant date and historical employee exercise behaviour.

34. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

Categories of financial instruments

The Group	**31.12.2018 RM'000**	**31.12.2017 RM'000 Restated**	**1.1.2017 RM'000 Restated**
Financial assets			
Amortised cost:			
Trade and other receivables	184,734	195,699	204,185
Refundable deposits	1,244	1,945	676
Cash and cash equivalents - Deposits, cash and bank balances	63,879	57,392	79,422
Fair value through profit or loss:			
Other investments:			
- Current	13,550	7,251	-
Fair value through other comprehensive income:			
Other investments:			
- Non-current	33	15	20
Financial liabilities			
Amortised cost:			
Trade and other payables	129,198	128,125	144,845
Borrowings	149,790	155,979	144,734
Accrued expenses	24,296	23,331	22,129
The Company			
Financial assets			
Amortised cost:			
Trade and other receivables	22,770	19,015	17,289
Refundable deposits	2	2	2
Cash and cash equivalents - Deposits, cash and bank balances	84	53	227
Financial liabilities			
Amortised cost:			
Trade and other payables	17,278	10,987	14,153
Borrowings	1,000	1,000	1,000
Accrued expenses	286	284	262

NOTES TO THE
FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

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.

(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 21, 24 and 30.

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 2% (2017: 2%) increase and decrease in RM against the relevant foreign currencies. The sensitivity rate of 2% (2017: 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 2% (2017: 2%) change in foreign currency rates. A positive number below indicates an increase in profit after tax where RM weakens by 2% (2017: 2%) against the respective currencies. For a 2% (2017: 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**	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
USD impact	8	162	-	-
AUD impact	6	87	-	-
VND impact	-	-	23	202

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.

34. 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 17. Therefore, sensitivity analysis for price risk of quoted equity investments is not disclosed.

(iii) Money market funds

If market price had been 0.1% (2017: 0.01%) higher/lower, the Group's and the Company's profit for the year ended December 31, 2018 (profit for the year ended December 31, 2017) would increase/decrease by RM8,000 (2017: RM5,000) 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 6 to to 31 basis points (2017: 3 to 21 basis points), with all other variables held constant, the Group's and the Company's profit net of tax would have been RM317,187 and RM3,116 (2017: RM221,390 and RM304) 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.

34. 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.

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.

The ageing of trade receivables and amount owing by other related companies and other related parties that are past due are disclosed in Note 21.

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 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 statement 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.

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.

34. 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 RM9,700,000 (31.12.2017: Nil; 1.1.2017: Nil) and RM303,230,000 (31.12.2017: RM303,142,000; 1.1.2017: RM298,360,000) respectively representing the limit of financial guarantees provided to external suppliers of the joint ventures, and credit and hire-purchase facilities of the subsidiary companies as of 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 RM143,902,000 and RM1,000,000 (31.12.2017: RM148,508,000 and RM1,000,000; 1.1.2017: RM154,880,000 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.

NOTES TO THE **FINANCIAL STATEMENTS**

34. 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 31.12.2018	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total 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)

34. 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 31.12.2017 - Restated	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Non-derivative financial assets:				
Other investments	7,504	-	-	7,504
Trade and other receivables	195,699	-	-	195,699
Refundable deposits	1,945	-	-	1,945
Deposits, cash and bank balances	57,776	-	-	57,776
Total undiscounted non-derivative financial assets	262,924	-	-	262,924
Non-derivative financial liabilities:				
Trade and other payables	128,125	-	-	128,125
Borrowings	137,502	14,503	8,611	160,616
Accrued expenses	23,331	-	-	23,331
Total undiscounted non-derivative financial liabilities	288,958	14,503	8,611	312,072
Total net undiscounted non-derivative financial liabilities	(26,034)	(14,503)	(8,611)	(49,148)

The Group 1.1.2017 - Restated	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Non-derivative financial assets:				
Trade and other receivables	204,185	-	-	204,185
Refundable deposits	644	6	26	676
Deposits, cash and bank balances	80,309	-	-	80,309
Total undiscounted non-derivative financial assets	285,138	6	26	285,170
Non-derivative financial liabilities:				
Trade and other payables	144,845	-	-	144,845
Borrowings	136,016	9,765	1,026	146,807
Accrued expenses	22,129	-	-	22,129
Total undiscounted non-derivative financial liabilities	302,990	9,765	1,026	313,781
Total net undiscounted non-derivative financial liabilities	(17,852)	(9,759)	(1,000)	(28,611)

NOTES TO THE
FINANCIAL STATEMENTS

34. 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 31.12.2018	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total 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 Company 31.12.2017				
Non-derivative financial assets:				
Trade and other receivables	19,015	-	-	19,015
Refundable deposit	2	-	-	2
Cash and bank balances	53	-	-	53
Total undiscounted non-derivative financial assets	19,070	-	-	19,070
Non-derivative financial liabilities:				
Trade and other payables	10,987	-	-	10,987
Borrowings	1,000	-	-	1,000
Accrued expenses	284	-	-	284
Financial guarantee contracts	154,634	-	-	154,634
Total undiscounted non-derivative financial liabilities	166,905	-	-	166,905
Total net undiscounted non-derivative financial liabilities	(147,835)	-	-	(147,835)

34. 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 1.1.2017	**On demand or within one year RM'000**	**One year to five years RM'000**	**Over five years RM'000**	**Total RM'000**
Non-derivative financial assets:				
Trade and other receivables	17,289	-	-	17,289
Refundable deposit	2	-	-	2
Cash and bank balances	227	-	-	227
Total undiscounted non-derivative financial assets	17,518	-	-	17,518
Non-derivative financial liabilities:				
Trade and other payables	14,153	-	-	14,153
Borrowings	1,000	-	-	1,000
Accrued expenses	262	-	-	262
Financial guarantee contracts	143,480	-	-	143,480
Total undiscounted non-derivative financial liabilities	158,895	-	-	158,895
Total net undiscounted non-derivative financial liabilities	(141,377)	-	-	(141,377)

(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 optimising 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 2017.

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**		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Outstanding contracts denominated in:									
USD	6,270	-	-	6,336	-	-	(66)	-	-
AUD	1,814	-	601	1,751	-	647	63	-	(46)
	8,084	-	601	8,087	-	647	(3)	-	(46)

34. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (CONT'D)

Fair Values of Financial Instruments (*cont'd*)

Foreign exchange forward contracts (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 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 have been estimated using discounted cash flow analysis based on the current borrowing rates for similar types of hire-purchase arrangements and approximate their carrying amounts.

The fair values of unquoted and quoted investments classified as FVTOCI and FVTPL is disclosed in Note 17.

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**
31.12.2018	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other investments:				
Non-current	33	-	-	33
Current	13,550	-	-	13,550
	13,583	-	-	13,583
31.12.2017				
Other investments:				
Non-current	15	-	-	15
Current	7,251	-	-	7,251
	7,266	-	-	7,266
1.1.2017				
Other investments:				
Non-current	20	-	-	20

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

NOTES TO THE
FINANCIAL STATEMENTS

35. 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	
	2018	2017
	RM'000	RM'000
Cash payments	16,115	25,731
Hire-purchase financing	1,754	1,783
Term loan financing*	2,924	11,672
Amount included in prior year - deposit paid	1,530	4,264
Outstanding included in other payables	951	484
Depreciation capitalised	-	20
	23,274	43,954

* Term loan financing include finance costs paid and capitalised of RM469,965 (2017: RM256,901).

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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Deposits	23,402	17,545	-	-
Cash and bank balances	40,477	39,847	84	53
Bank overdrafts	(2,557)	(4,026)	-	-
	61,322	53,366	84	53
Less: Fixed deposits pledged to a licensed bank	-	(10)	-	-
	61,322	53,356	84	53

NOTES TO THE
FINANCIAL STATEMENTS

35. 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.

2018

The Group	Note	1.1.2018 RM'000	Financing cash flows RM'000	← Non-cash changes: New hire-purchase arrangement RM'000	Non-cash changes →: Additions of property, plant and equipment RM'000	31.12.2018 RM'000
Term loans	27	19,722	(1,778)	-	2,924	20,868
Bankers' acceptances	27	119,091	(11,774)	-	-	107,317
Revolving credit	27	10,500	6,000	-	-	16,500
Hire-purchase payables	28	2,640	(1,846)	1,754	-	2,548

The Company	Note	1.1.2018 RM'000	Financing cash flows RM'000	31.12.2018 RM'000
Amount owing to subsidiary companies	30	10,952	6,280	17,232

2017

The Group	Note	1.1.2017 RM'000	Financing cash flows RM'000	← Non-cash changes: New hire-purchase arrangement RM'000	Non-cash changes →: Additions of property, plant and equipment RM'000	31.12.2017 RM'000
Term loans	27	10,766	(2,716)	-	11,672	19,722
Bankers' acceptances	27	114,011	5,080	-	-	119,091
Revolving credit	27	14,000	(3,500)	-	-	10,500
Hire-purchase payables	28	2,812	(1,955)	1,783	-	2,640

The Company	Note	1.1.2017 RM'000	Financing cash flows RM'000	31.12.2017 RM'000
Amount owing to subsidiary companies	30	13,892	(2,940)	10,952
Amount owing to an associated company	30	10	(10)	-

36. COMMITMENTS

As of December 31, 2018, the Group has the following commitments in respect of property, plant and equipment:

	The Group	
	2018	**2017**
	RM'000	**RM'000**
Capital expenditure:		
Approved and contracted for	19,599	4,775
Approved but not contracted for	-	2,297
	19,599	7,072

37. OPERATING LEASE ARRANGEMENTS

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	The Group	
	2018	**2017**
	RM'000	**RM'000**
Within one year	374	2
In the second to fifth year	730	-
	1,104	2

Operating lease payments represent rentals payable by the Group for forklifts and warehouse. Leases are negotiated for terms which is three years (2017: two years) with an option to renew the lease after that date.

38. CONTINGENT LIABILITIES

As of December 31, 2018, the Group and the Company has a contingent liability of RM9,700,000 (31.12.2017: Nil; 1.1.2017: Nil) arising from financial guarantees provided to external suppliers of the joint venture.

39. EXPLANATION OF TRANSITION TO MFRSs

This is the first year that the Group's and the Company's financial statements are prepared and presented in accordance with MFRSs. The last financial statements under FRSs were for the year ended December 31, 2017 and the date of transition to MFRSs was therefore January 1, 2017.

An opening statement of financial position as at the date of transition has been prepared based on the accounting policies as described in Note 3 to the financial statements. The transition to MFRSs has been accounted for in accordance with MFRS 1, as disclosed in Note 2.1.

The disclosures set out below explain how the transition from FRSs to MFRSs have affected the financial position, financial performance and cash flows of the Group and of the Company. The changes in accounting policies as a consequence of transition to MFRSs are as described in the notes following the aforementioned disclosures.

NOTES TO THE
FINANCIAL STATEMENTS

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.1 Effects of MFRSs adoption for the statement of financial position

The Group

	Note 39.4	1.1.2017 (date of transition) FRSs RM'000	Effects of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	31.12.2017 (end of last period presented under FRSs) FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
ASSETS							
Non-current assets							
Property, plant and equipment	(c)	429,364	(6,856)	422,508	457,005	(7,087)	449,918
Investment properties		6,810	-	6,810	6,810	-	6,810
Investment in an associated company		107,816	-	107,816	118,097	-	118,097
Investment in a joint venture		-	-	-	600	-	600
Other investments		20	-	20	15	-	15
Goodwill on consolidation		1,612	-	1,612	1,612	-	1,612
Total non-current assets		545,622	(6,856)	538,766	584,139	(7,087)	577,052
Current assets							
Other investments		-	-	-	7,251	-	7,251
Biological assets	(c)	-	415	415	-	273	273
Inventories		94,293	-	94,293	101,395	-	101,395
Trade and other receivables	(d)	205,789	(191)	205,598	198,244	(172)	198,072
Current tax assets		1,532	-	1,532	4,711	-	4,711
Other assets		7,898	-	7,898	6,574	-	6,574
Deposits, cash and bank balances		79,422	-	79,422	57,392	-	57,392
Total current assets		388,934	224	389,158	375,567	101	375,668
Total assets		934,556	(6,632)	927,924	959,706	(6,986)	952,720
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital		94,332	-	94,332	108,400	-	108,400
Reserves	(a)	216,070	(187,859)	28,211	201,663	(187,859)	13,804
Retained earnings	(a),(c),(d)	267,242	181,227	448,469	299,045	180,873	479,918
Total equity		577,644	(6,632)	571,012	609,108	(6,986)	602,122

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.1 Effects of MFRSs adoption for the statement of financial position (cont'd)

The Group		1.1.2017 (date of transition)			31.12.2017 (end of last period presented under FRSs)		
	Note 39.4	FRSs RM'000	Effects of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
Non-current liabilities							
Borrowings		9,428	-	9,428	18,742	-	18,742
Deferred tax liabilities		41,735	-	41,735	41,126	-	41,126
Total non-current liabilities		51,163	-	51,163	59,868	-	59,868
Current liabilities							
Trade and other payables		144,858	-	144,858	128,879	-	128,879
Borrowings		135,306	-	135,306	137,237	-	137,237
Current tax liabilities		2,689	-	2,689	646	-	646
Other liabilities		22,896	-	22,896	23,968	-	23,968
Total current liabilities		305,749	-	305,749	290,730	-	290,730
Total liabilities		356,912	-	356,912	350,598	-	350,598
Total equity and liabilities		934,556	(6,632)	927,924	959,706	(6,986)	952,720

The Company							
ASSETS							
Non-current assets							
Investment in subsidiary companies	(b)	459,462	-	459,462	517,847	(58,385)	459,462
Investment in an associated company		55,249	-	55,249	56,620	-	56,620
Total non-current assets		514,711	-	514,711	574,467	(58,385)	516,082

NOTES TO THE
FINANCIAL STATEMENTS

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.1 Effects of MFRSs adoption for the statement of financial position (cont'd)

The Company

		1.1.2017 (date of transition)			31.12.2017 (end of last period presented under FRSs)		
	Note 39.4	FRSs RM'000	Effects of transition to MFRSs RM'000	Opening MFRSs statement of financial position RM'000	FRSs RM'000	Effects of transition to MFRSs RM'000	MFRSs RM'000
Current assets							
Trade and other receivables		17,289	-	17,289	19,015	-	19,015
Current tax assets		311	-	311	176	-	176
Other assets		4	-	4	4	-	4
Deposits, cash and bank balances		227	-	227	53	-	53
Total current assets		17,831	-	17,831	19,248	-	19,248
Total assets		532,542	-	532,542	593,715	(58,385)	535,330
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital		94,332	-	94,332	108,400	-	108,400
Reserves	(b)	384,782	(373,980)	10,802	432,365	(432,365)	-
Retained earnings		38,013	373,980	411,993	40,679	373,980	414,659
Total equity		517,127	-	517,127	581,444	(58,385)	523,059
Current liabilities							
Trade and other payables		14,153	-	14,153	10,987	-	10,987
Borrowings		1,000	-	1,000	1,000	-	1,000
Other liabilities		262	-	262	284	-	284
Total current liabilities		15,415	-	15,415	12,271	-	12,271
Total equity and liabilities		532,542	-	532,542	593,715	(58,385)	535,330

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.2 Reconciliation of retained earnings

The Group	As of 1.1.2017 (date of transition) RM'000	As of 31.12.2017 (end of last period presented under FRSs) RM'000
Total retained earnings under FRSs	267,242	299,045
Property revaluation reserve transferred upon adoption of MFRS 1	187,859	187,859
Effects of application of MFRS 141 upon adoption of MFRS 1	(6,441)	(6,814)
Effects of application of MFRS 15 upon adoption of MFRS 1	(191)	(172)
Total adjustments to retained earnings	181,227	180,873
Total retained earnings under MFRSs	448,469	479,918

The Company		
Total retained earnings under FRSs	38,013	40,679
Investment revaluation reserve transferred upon adoption of MFRS 1	373,980	373,980
Total retained earnings under MFRSs	411,993	414,659

NOTES TO THE FINANCIAL STATEMENTS

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.3 Effects of MFRSs adoption for the statement of profit or loss and other comprehensive income

The Group	Note	Year Ended 31.12.2017 (the latest period presented under FRSs)		
		FRSs	Effects of transition to MFRSs	MFRSs
	39.4	RM'000	RM'000	RM'000
Revenue	(d)	1,081,879	15,128	1,097,007
Investment revenue		1,446	-	1,446
Other gains and losses	(c)	3,481	(142)	3,339
Changes in inventories of finished goods, trading merchandise and work-in-progress		1,170	-	1,170
Raw materials and consumables used		(313,282)	-	(313,282)
Purchase of finished goods and trading merchandise	(d)	(529,637)	(15,109)	(544,746)
Depreciation of property, plant and equipment	(c)	(14,892)	(231)	(15,123)
Employee benefit expenses		(79,379)	-	(79,379)
Finance costs		(6,843)	-	(6,843)
Other expenses		(109,141)	-	(109,141)
Share of profit of an associated company		11,223	-	11,223
Profit before tax		46,025	(354)	45,671
Tax expense		(6,637)	-	(6,637)
Profit for the year		39,388	(354)	39,034
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of an associated company		(264)	-	(264)
Exchange differences on translating foreign entity		(3,340)	-	(3,340)
		(3,604)	-	(3,604)
Available-for-sale financial assets:				
Net fair value loss on:				
Available-for-sale financial assets during the year*		(1)	-	(1)
Total other comprehensive loss for the year		(3,605)	-	(3,605)
Total comprehensive income attributable to owners of the Company		35,783	(354)	35,429

* Investment in equity instruments that are designated as FVTOCI on application of MFRS 9.

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.3 Effects of MFRSs adoption for the statement of profit or loss and other comprehensive income (cont'd)

The Company		**Year Ended 31.12.2017 (the latest period presented under FRSs)**		
	Note 39.4	**FRSs RM'000**	**Effects of transition to MFRSs RM'000**	**MFRSs RM'000**
Revenue		10,889	-	10,889
Employee benefit expenses		(280)	-	(280)
Finance costs		(57)	-	(57)
Other expenses		(301)	-	(301)
Profit before tax		10,251	-	10,251
Tax expense		-	-	-
Profit for the year		10,251	-	10,251
Other comprehensive income/(loss):				
Available-for-sale financial assets:				
Net fair value gain/(loss) on:				
Investments in subsidiary companies during the year		58,358	(58,358)	-
Reclassification adjustment relating to available-for-sale financial asset derecognised during the year		27	(27)	-
	(b)	58,385	(58,385)	-
Total other comprehensive income/(loss) for the year		58,385	(58,385)	-
Total comprehensive income/(loss) attributable to owners of the Company		68,636	(58,385)	10,251

39.4 Notes to the Reconciliations

Note (a) - Property, plant and equipment

Prior to the adoption of MFRSs, the Group measured its land and buildings at revalued amount. The last valuation for the land and buildings was carried out in 2015. Upon transition to MFRSs, the Group has elected to apply the optional exemption to use that previous revaluation less accumulated depreciation up to December 31, 2016 as deemed cost under the MFRS framework as these revalued carrying amounts were broadly comparable to their fair values at date of transition. The revaluation surplus of RM187,859,059 as of January 1, 2017 and December 31, 2017 was transferred to retained earnings.

NOTES TO THE
FINANCIAL STATEMENTS

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.4 Notes to the Reconciliations (cont'd)

Note (b) - Investment in Subsidiary Companies

Prior to the adoption of MFRSs, the Company classified its investment in subsidiary companies as available-for-sale and measured them at fair value. Upon transition to MFRSs, the Company has elected to apply the optional exemption to measure its investment in subsidiary companies at deemed cost which was determined based on the fair value of the investment in subsidiary companies at the date of transition to MFRSs. The cumulative fair value gains and losses recognised on the investment in subsidiary companies up to the date of transition amounting to RM373,980,603 were reclassified to retained earnings as of January 1, 2017. Similarly, the fair value gains recognised on the investment in subsidiary companies between January 1, 2017 to December 31, 2017 of RM58,385,468, were derecognised.

Note (c) - Biological Assets

Prior to adoption of MFRs, the costs of biological assets of the Group which consist of tea leaves and fresh fruit bunches were not segregated from the cost of plantation development expenditure and freehold land on which the tea tree and oil palm crops were planted. Upon transition to MFRS 1, the Group applied MFRS 141 *Agriculture* retrospectively to its biological assets, and segregated the costs of tea leaves and oil palm fresh fruit bunches from their bearer plants; and measured the bearer plants at cost less accumulated depreciation and accumulated impairment losses (if any), while tea leaves and oil palm fresh fruit bunches are measured at their respective fair values less costs to sell. Accordingly, the following amounts have been restated:

	1.1.2017 (date of transition)			31.12.2017 (end of last period presented under FRSs)		
	FRSs RM RM'000	Effects of transition to MFRSs RM RM'000	Opening MFRSs statement financial position RM RM'000	FRSs RM RM'000	Effects of transition to MFRSs RM RM'000	MFRSs RM RM'000
Property, plant and equipment:						
Freehold land	127,547	(1,506)	126,041	127,547	(1,506)	126,041
Bearer plants	-	10,229	10,229	-	10,307	10,307
Plantation development expenditure	9,555	(8,723)	832	10,621	(8,801)	1,820
Accumulated depreciation on bearer plants	-	(6,856)	(6,856)	-	(7,087)	(7,087)
Biological assets	-	415	415	-	273	273
Net impact on retained earnings		(6,441)			(6,814)	

39. EXPLANATION OF TRANSITION TO MFRSs (CONT'D)

39.4 Notes to the Reconciliations (cont'd)

Note (c) - Biological Assets (cont'd)

Additional depreciation charges and fair value loss on biological assets arising from the transition amounted to RM231,049 and RM141,994 respectively for the financial year ended December 31, 2017.

Note (d) - Revenue

(i) Prior to the adoption of MFRS 1, the Group recognised prompt payment discounts as a reduction in sales on an incurred basis. Upon transition to MFRS 1, the Group applies MFRS 15 *Revenue from Contracts with Customers* and estimates the expected amount of prompt payment discounts as a variable consideration in determining the transaction price of sales, irrespective of whether the discounts have been given.

(ii) The Group is also entitled to reimbursements from their suppliers for certain discounts given to customers. Such reimbursements which were recognised as a reduction in cost of goods sold as and when such claims were made under FRSs, are now recognised in revenue. Accordingly, revenue for the financial year ended December 31, 2017 has increased by RM15,128,562 with a decrease in purchase of finished goods and trading merchandise of RM15,109,134. Trade receivables and retained earnings as of January 1, 2017 and December 31, 2017 have also decreased by RM191,406 and RM171,978 respectively.

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, 2018 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,
April 10, 2019

DECLARATION **BY THE OFFICER**

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **MR YAP SIN KHEONG**, 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
MR YAP SIN KHEONG at **IPOH** this 10th day
of April 2019

Before me,

LAM YING WOH
NO: A209
COMMISSIONER FOR OATHS

ANALYSIS OF **SHAREHOLDINGS**

AS AT APRIL 2, 2019

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	137	4.23	6,802	**
100 to 1,000 shares	537	16.57	353,000	0.18
1,001 to 10,000 shares	1,803	55.65	8,898,755	4.65
10,001 to 100,000 shares	660	20.37	19,560,502	10.21
100,001 to less than 5% of issued shares	102	3.15	70,989,389	37.05
5% and above of issued shares	1	0.03	91,795,852	47.91
Total	**3,240**	**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.	Dato' Lim A Heng @ Lim Kok Cheong	6,908,552	3.61	105,221,537 [a]	54.92
3.	Datin Chua Shok Tim @ Chua Siok Hoon	2,112,469	1.10	110,004,254 [b]	57.41
4.	Unikampar Credit And Leasing Sdn Bhd ("UCL")	20,350	0.01	101,342,652 [c]	52.89
5.	Uniyelee Sdn Bhd ("UYL")	81,762	0.04	101,366,647 [d]	52.90
6.	Yeleta Holdings Sdn Bhd ("YH")	51,243	0.03	101,468,759 [e]	52.96
7.	Young Wei Holdings Sdn Bhd ("YW")	12,715	0.01	101,520,002 [f]	52.98

Notes:-

[a] Deemed interest by virtue of his shareholdings in YW and Unipon Enterprise Sdn Bhd ("UP"), and the shares held by his spouse and children in the Company pursuant to Section 8 of the Companies Act 2016 ("Act").

[b] Deemed interest by virtue of her shareholding in YW, and the shares held by her spouse and children 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 Uniyelee Insurance Agencies Sdn Bhd and YLO pursuant to Section 8 of the Act.

[e] Deemed interest held through UCL and UYL pursuant to Section 8 of the Act.

[f] Deemed interest held through YH pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS
AS AT APRIL 2, 2019

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	105,221,537 [a]	54.92
2.	Thang Lai Sung	246,898	0.13	-	-
3.	Chok Hooa @ Chok Yin Fatt	205,432	0.11	-	-
4.	Lim Ee Young	1,548,856	0.81	201,500 [b]	0.11
5.	Dato' Mohd Adhan bin Kechik	96,664	0.05	-	-
6.	Dato' Ir. Nik Mohamad Pena bin Nik Mustapha	1,550,000	0.81	-	-
7.	Lee Kee Hong	164,976	0.09	-	-
8.	Sow Yeng Chong	71,000	0.04	1,808 [b]	**

Notes:-

[a] Deemed interest by virtue of his shareholdings in YW and UP, and the shares held by his spouse and children in the Company pursuant to Section 8 of the Act.

[b] Deemed interest by virtue of the shares held by his spouse in the Company pursuant to Section 8 of the Act.

** Negligible

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	8,236,281 [a]	74.88
2.	Thang Lai Sung	1,716	0.02	-	-
3.	Lim Ee Young	98,919	0.90	-	-
4.	Lee Kee Hong	19,800	0.18	-	-

[a] Deemed interest by virtue of his shareholding in YW and UP, 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.

ANALYSIS OF **SHAREHOLDINGS**
AS AT APRIL 2, 2019

TOP THIRTY SECURITIES ACCOUNT HOLDERS

	Shareholders	Number of Issued Shares	% of Issued Shares
1.	Yee Lee Organization Bhd	91,795,852	47.91
2.	Yee Lee Organization Bhd	9,546,800	4.98
3.	Lim A Heng @ Lim Kok Cheong	6,908,552	3.61
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	5,827,000	3.04
5.	AmanahRaya Trustees Berhad Public Strategic Smallcap Fund	5,121,500	2.67
6.	AmanahRaya Trustees Berhad PB Smallcap Growth Fund	4,009,900	2.09
7.	Dato' (Dr.) Haji Mohamed Ishak bin Haji Mohamed Ariff	3,050,000	1.59
8.	Amanah Raya Berhad Kumpulan Wang Bersama Syariah	2,449,400	1.28
9.	Chua Shok Tim @ Chua Siok Hoon	2,112,469	1.10
10.	HSBC Nominees (Asing) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-Asing)	2,100,000	1.10
11.	Nik Mohamad Pena bin Nik Mustapha	1,550,000	0.81
12.	Jailani Bin Abdullah	1,433,264	0.75
13.	Lai Ka Chee	1,275,232	0.67
14.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Ee Young (PB)	1,200,000	0.63
15.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,175,232	0.61
16.	Lim Peng Jin	1,100,000	0.57
17.	Tan Kah Hock	1,000,000	0.52
18.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (PHEIM)	988,200	0.52
19.	RHB Nominees (Asing) Sdn Bhd Exempt An for RHB Securities Singapore Pte Ltd (A/C Clients)	606,664	0.32
20.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	573,300	0.30
21.	AmanahRaya Trustees Berhad Public Strategic Growth Fund	544,100	0.28
22.	Teo Hong Beng	538,000	0.28
23.	AmanahRaya Trustees Berhad Public Islamic Emerging Opportunities Fund	535,000	0.28
24.	Eletechnics Sdn Bhd	500,000	0.26
25.	CIMB Group Nominees (Asing) Sdn Bhd Exempt An for DBS Bank Ltd (SFS)	445,200	0.23
26.	AmanahRaya Trustees Berhad Public Ehsan Mixed Asset Growth Fund	442,000	0.23
27.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Family Takaful Berhad (Family PIF)	440,000	0.23
28.	Eternal Value Sdn Bhd	431,900	0.23
29.	Eternal Value Sdn Bhd	415,100	0.22
30.	Tan Eng Guan	412,500	0.21
	Total	**148,527,165**	**77.52**

TOP 10 PROPERTIES **OF THE GROUP**

AS AT DECEMBER 31, 2018

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	18	14,729/ 12,274	31.12.2015	51,268
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	42,923
Provisional Lease No. 066290168, Kg Nalapak, District of Ranau, Sabah	Leasehold expiring on 31.12.2080	Plantation, office, factory, warehouse and labour housing	37	8,314,820/ 13,492	31.12.2015	38,742
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	35,883
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	43	34,368/ 18,967	31.12.2015	19,306
#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	5	30,000/ 8,400	1.1.2016	18,479
Lot No. 119, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	22	10,866/ 7,441	31.12.2015	17,688

TOP 10 PROPERTIES OF THE GROUP

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	17,161
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	34	145,732/ 11,637	31.12.2015	16,716
Lot 91, Rawang Integrated Industrial Park, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Freehold	2-storey office, factory and warehouse	5	8,710	31.12.2015	16,168

YEE LEE CORPORATION BHD (13585-A)
(INCORPORATED IN MALAYSIA)

FORM OF PROXY

No. of shares held	
CDS Account No.	

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

NRIC/Passport/Company No. ______________________ of ______________________________

____
(Address)

being a member of **YEE LEE CORPORATION BHD**, hereby appoint ______________________________

______________________________ NRIC/Passport/Company No. ______________________
(Full name in block letters)

of ____
(Address)

or failing whom, ______________________________ NRIC/Passport/Company No. ______________________
(Full name in block letters)

of ____
(Address)

as my/our proxy to vote for me/us and on my/our behalf at the Forty-Sixth Annual General Meeting of the Company to be held on Friday, May 31, 2019 at 10.30 a.m. at Weil Ballrooms 3 & 4, Level 6, The Weil Hotel, No. 292, Jalan Sultan Idris Shah, 30000 Ipoh, Perak Darul Ridzuan and at any adjournment thereof for/against* the resolutions to be proposed thereat.

RESOLUTION NO.	DESCRIPTIONS	FOR	AGAINST
	ORDINARY BUSINESS		
1	To declare a first and final dividend		
2	To re-elect Dato' Lim A Heng @ Lim Kok Cheong as Director		
3	To re-elect Mr. Thang Lai Sung as Director		
4	To re-elect Dato' Mohd Adhan bin Kechik as Director		
5	To approve the payment of Directors' fees		
6	To approve the payment of benefits to Non-Executive Directors		
7	To re-appoint Deloitte PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
	SPECIAL BUSINESS		
	Ordinary Resolution		
8	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9	To approve the Proposed Shareholders' Mandate		
10	Retention of Mr. Lee Kee Hong as an Independent Non-Executive Director		
11	Retention of Dato' Mohd Adhan bin Kechik as an Independent Non-Executive Director		
	Special Resolution		
12	To approve the Proposed Adoption		

Dated this __________ day of ____________________ 2019.

____
Signatures/Common Seal of Members

* Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

Notes:-

(i) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
(ii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation, under its Seal or the hand of its attorney.
(iii) A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy and such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
(iv) Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it hold.
(v) This instrument duly completed must be deposited at the Registered Office of the Company at Lot 85, Jalan Portland, Tasek Industrial Estate, 31400 Ipoh, Perak Darul Ridzuan not less than twenty-four (24) hours before the time appointed for holding the meeting.
(vi) Only a depositor whose name appears on the Record of Depositors as at May 24, 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his behalf.
(vii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice will be put to vote by poll.

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STAMP

THE COMPANY SECRETARY
YEE LEE CORPORATION BHD (13585-A)
Lot 85, Jalan Portland
Tasek Industrial Estate
31400 Ipoh
Perak Darul Ridzuan
MALAYSIA

2nd Fold here

www.yeelee.com.my

YEE LEE CORPORATION BHD (13585-A)
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