

# **Yi-Lai Berhad**

Registration Number: 200001013437

(Incorporated in Malaysia)

## **Interim Financial Report 31 December 2020**

# Yi-Lai Berhad

Registration Number: 200001013437  
(Incorporated in Malaysia)

## Condensed consolidated statement of financial position As at 31 December 2020 - unaudited

	31.12.2020 RM'000	31.12.2019 RM'000
<b>Assets</b>		
Property, plant and equipment	141,247	49,303
Right-of use assets	3,496	6,382
Intangible assets	1,795	-
Investment properties	-	-
Deferred tax assets	672	642
Investment in associates	9,502	-
<b>Total non-current assets</b>	<u>156,712</u>	<u>56,327</u>
Inventories	43,854	47,012
Contract assets	3,903	5,783
Trade & other receivables	49,276	29,397
Current tax assets	228	976
Other investments	13,901	25,051
Cash and bank balances	54,972	52,962
<b>Total current assets</b>	<u>166,134</u>	<u>161,181</u>
<b>Total assets</b>	<u><u>322,846</u></u>	<u><u>217,508</u></u>
<b>Equity</b>		
Share capital	93,692	93,692
Reserves	189,303	102,515
<b>Total equity</b>	<u>282,995</u>	<u>196,207</u>
<b>Liabilities</b>		
Deferred tax liabilities	16,592	186
Lease liabilities	1,749	493
<b>Total non-current liabilities</b>	<u>18,341</u>	<u>679</u>
Trade & other payables	20,941	20,125
Lease liabilities	512	311
Tax liabilities	57	186
<b>Total current liabilities</b>	<u>21,510</u>	<u>20,622</u>
<b>Total liabilities</b>	<u>39,851</u>	<u>21,301</u>
<b>Total equity and liabilities</b>	<u><u>322,846</u></u>	<u><u>217,508</u></u>
<b>Net Assets per share (RM)</b>	<u>1.95</u>	<u>1.35</u>

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## Condensed consolidated statement of comprehensive income for the year ended 31 December 2020 - unaudited

	Note	Individual 3 months ended 31 December		Cumulative 12 months ended 31 December	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue					
Goods sold	21	23,237	31,311	90,777	117,234
Dividend income	23	100	222	607	760
		<u>23,337</u>	<u>31,533</u>	<u>91,384</u>	<u>117,994</u>
Operating expenses		(12,324)	(31,335)	(82,780)	(125,114)
<b>Operating profit/(loss)</b>		<u>11,013</u>	<u>198</u>	<u>8,604</u>	<u>(7,120)</u>
Interest income	23	152	628	440	862
Interest expense	23	(21)	(40)	(39)	(40)
Share of profit of an associate		2	-	2	
<b>Profit/(Loss) before tax</b>		<u>11,146</u>	<u>786</u>	<u>9,007</u>	<u>(6,298)</u>
Taxation	16	1,039	(590)	1,147	495
<b>Profit/(Loss) for the period</b>		<u>12,185</u>	<u>196</u>	<u>10,154</u>	<u>(5,803)</u>
<b>Profit/(Loss) attributable to:</b>					
Owners of the company/ <b>Profit/(Loss) for the period</b>		<u>12,185</u>	<u>196</u>	<u>10,154</u>	<u>(5,803)</u>
<b>Basic profit/(loss) per ordinary share (sen)</b>		<u>8.40</u>	<u>0.14</u>	<u>7.00</u>	<u>(3.98)</u>
<b>Profit/(Loss) for the period</b>		12,185	196	10,154	(5,803)
Foreign currency translation differences for foreign operation/ other comprehensive expense for the period, net of tax		10	54	37	44
<b>Total comprehensive expense for the period</b>		<u>12,195</u>	<u>250</u>	<u>10,191</u>	<u>(5,759)</u>
<b>Total comprehensive expense attributable to:</b>					
Owners of the company/ <b>Total comprehensive expense     for the period</b>		<u>12,195</u>	<u>250</u>	<u>10,191</u>	<u>(5,759)</u>

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## Condensed consolidated statement of changes in equity for the year ended 31 December 2020 – unaudited

	← Attributable to owners of the Company →				→ Distributable ←	
	← Non-distributable →					
	Share capital RM'000	Treasury shares RM'000	Exchange fluctuation reserve RM'000	Revaluation RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	93,692	(101)	3,615	-	99,001	196,207
Total comprehensive expense for the year	-	-	37	-	10,154	10,191
Acquisition of treasury shares	-	(156)	-	-	-	(156)
Revaluation of land and building	-	-	-	76,753	-	76,753
At 31 December 2020	<u>93,692</u>	<u>(257)</u>	<u>3,652</u>	<u>76,753</u>	<u>109,155</u>	<u>282,995</u>
At 1 January 2019	100,907	(11,390)	3,571	-	108,979	202,067
Total comprehensive expense for the year	-	-	44	-	(5,803)	(5,759)
Cancellation of treasury shares	(7,215)	11,390	-	-	(4,175)	-
Acquisition of treasury shares	-	(101)	-	-	-	(101)
At 31 December 2019	<u>93,692</u>	<u>(101)</u>	<u>3,615</u>	<u>-</u>	<u>99,001</u>	<u>196,207</u>

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## Condensed consolidated statement of cash flow for the year ended 31 December 2020 – unaudited

	12 months ended	
	31 December	
	2020	2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit / (Loss) before tax	9,007	(6,298)
Adjustments for:-		
Depreciation	5,139	5,682
(Reversal) / Inventories written down	(5,253)	183
Allowance for slow moving inventories	6	6
Inventories written off	383	-
Property, plant & equipment written off	278	55
Gain on disposal of property, plant & equipment	(9,893)	(36)
Interest expense	39	40
Interest income	(440)	(862)
Dividend income	(607)	(760)
Loss/(Gain) on disposal of other investments	(0)	-
Changes in fair value of other investments	8	44
Trade receivables - impairment loss	(53)	196
Trade receivables - amount written off	-	50
<b>Operating loss before working capital changes</b>	<b>(1,386)</b>	<b>(1,700)</b>
Changes in working capital:		
Change in inventories	8,021	9,118
Change in contract assets	1,880	(334)
Change in trade and other receivables	(4,844)	(563)
Change in trade and other payables	816	1,219
<b>Cash generated from operations</b>	<b>4,487</b>	<b>7,740</b>
Tax refunded	650	536
<b>Net cash generated from operating activities</b>	<b>5,137</b>	<b>8,276</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant & equipment	(5,490)	(1,449)
Acquisition of associate company	(9,502)	-
Acquisition of other investments	(2,350)	(524)
Proceeds on disposal of property, plant & equipment	180	36
Proceeds on disposal of other investments	14,096	-
Other investment reinvested	(603)	-
Interest received	407	828
Dividend received	607	760
<b>Net cash used in investing activities</b>	<b>(2,655)</b>	<b>(349)</b>

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### Condensed consolidated statement of cash flow for the year ended 31 December 2020 – unaudited (continued)

	12 months ended	
	31 December	
	2020	2019
	RM'000	RM'000
<b>Cash flows from financing activities</b>		
Repurchase of treasury shares	(155)	(101)
Payment of lease liabilities	(315)	(96)
Interest paid	(39)	(40)
<b>Net cash used in financing activities</b>	<u>(509)</u>	<u>(237)</u>
<b>Net increase in cash &amp; cash equivalents</b>	1,973	7,690
Effect of exchange rate changes	37	44
Cash and cash equivalents at beginning of year	52,962	45,228
<b>Cash and cash equivalents at end of year</b>	<u><u>54,972</u></u>	<u><u>52,962</u></u>

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## Notes to the condensed consolidated interim financial statements

Yi-Lai Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements of the Group as at and for the twelve months year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the Group).

The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available upon request from the Company's registered office at:

### Registered office

Level 5, Block B,  
Dataran PHB,  
Saujana Resort,  
Section U2,  
40150 Shah Alam,  
Selangor,  
Malaysia

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 February 2021.

## 1. Basis of preparation

### (a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2019.

## 2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2019, except for the adoption of the following new accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") that are effective for financial statements effective from 1 January 2020:

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material

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## **2. Significant accounting policies (continued)**

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures –Interest Rate Benchmark Reform

The adoption of the above new accounting standards, interpretations and amendments does not have any material impact on the financial statements to the Group.

## **3. Seasonality or cyclicity of interim operations**

Generally, the Group does not have any significant seasonal sales cycle, except during the few months prior to Hari Raya and Chinese New Year, when sales would be slightly higher due to increased renovation works.

## **4. Unusual items affecting the assets, liabilities, equity, net income, or cash flows**

There are no unusual items affecting the assets, liabilities, equity, net income, or cash flows of the Group for the current quarter and financial year-to-date.

## **5. Material changes in estimates**

There are no material changes in estimates for the current quarter and financial year-to-date.

## **6. Issuances, cancellations, repurchase, resale and repayments of debts and equity securities**

During the current financial quarter, the Company did not purchase any of its own shares.

As at 31 December 2020, the number of treasury shares held in hand was 484,900 ordinary shares at a total cost of RM256,687. The average cost per share is RM0.53.

These shares were retained as treasury shares and there was no resale or cancellation of the treasury shares.

## **7. Dividends paid**

No dividend was paid for the current quarter.



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### 8. Segment information

	12 months ended	
	31 December	
	2020	2019
	RM'000	RM'000
Tiles manufacturing & trading income	90,777	117,234
Dividend income	607	760
Interest income	440	862

### 9. Material events subsequent to period end

There are no material events subsequent to the end of the period reported that have not been reflected in this quarterly report.

### 10. Changes in the composition of the Group

There were no changes in the composition of the Group during the period except for the following:-

- (a) The Group acquired the entire shareholding of YB Technologies Sdn Bhd for a cash consideration of RM2. There was no material effect on the results or net assets of the Group arising from the above acquisitions for the current quarter and financial year to date.
- (b) The Group has on 8 September 2020 entered into the Joint Venture Agreement with TechBase Solution Sdn Bhd to jointly undertake the provision of IT Solutions business. The Group and TechBase Solution Sdn Bhd set up a separate joint venture corporation, namely, TechBase System Sdn Bhd to run the new business. The Group shall hold a 49% stake in TechBase System Sdn Bhd, while TechBase Solution Sdn Bhd will hold the remaining 51% of the equity. Under the joint-venture, the Group shall provide the necessary funding up to RM9.5 million to meet the financing requirements of the new blockchain business.

### 11. Contingent liabilities and contingent assets

The Group does not have any contingent liabilities and contingent assets since the last annual balance sheet date.

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### **Additional Information on Interim Financial Report required by the Bursa Malaysia Listing Requirements**

#### **12. Review of performance**

For the current quarter under review, the Group recorded a lower turnover of RM23.2 million compared to RM31.3 million for the corresponding quarter in 2019 is affected by the COVID-19 pandemic has resulted in disruptions to businesses. However, the Group recorded a higher profit before tax of RM11.1 million as compared to profit before tax of RM0.8 million for the corresponding quarter in 2019. Higher profit in current quarter was due mainly to gain on disposal of leasehold land. The leasehold land was held under Pajakan Negeri 4478, Lot 409 Seksyen 32, Bandar Petaling Jaya, Daerah Petaling, Negeri Selangor measuring approximately 5772.3 square metres bearing postal address at No. 8, Jalan 241, 46100 Petaling Jaya, Selangor Darul Ehsan for a total disposal consideration of RM15million.

#### **13. Variation of results against the preceding quarter**

In the current quarter under review, the Group registered a consolidated profit before tax of RM11.1 million compared to a profit before tax of RM0.8 million in the preceding quarter which was due mainly to gain on disposal of leasehold land.

#### **14. Current year prospects**

Malaysia's economic prospects for 2020 is being severely affected by the COVID-19 pandemic as well as the subsequent Movement Control Order (MCO).

With our operations halted during the MCO, the Group's performance has been affected. Slow trade activities continued after the resumption of operation due to cautious approach on expansion, investment and spending taken by businesses and consumers.

Notwithstanding this, we do expect to see gradual recovery towards the second half of 2020 with more property launches as well as increase in transactions in the secondary property market. In the recently announced Economic Recovery Plan (Penjana), various initiatives were introduced to provide reliefs to the property sector. These developments would bode well for the Group as they lead to more interior fit-out activities with higher demand for tiles.

The Board is cautious on the Group's current year outlook. We are monitoring the situation closely and are taking necessary measures and initiatives to protect the Group and our people.

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### 15. Profit forecast

Not applicable.

### 16. Taxation

	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Tax expense				
Malaysia - current	5	5	5	515
Malaysia - prior year	(21)	11	(21)	11
Overseas - current	10	96	10	96
Overseas - prior year	(25)	-	(25)	-
	<u>(30)</u>	<u>112</u>	<u>(30)</u>	<u>622</u>
Deferred tax income				
Malaysia - current	(1,593)	478	(1,701)	(1,117)
Malaysia - prior year	581	-	581	-
Overseas - current	4	-	4	-
	<u>(1,039)</u>	<u>590</u>	<u>(1,147)</u>	<u>(495)</u>

The effective tax rate is lower than statutory tax rate due to unrecognised deferred tax asset.

### 17. Status of uncompleted corporate proposals

As at the date of this quarterly report, there are no outstanding uncompleted corporate proposals.

### 18. Group borrowings and debts securities

The Group has no borrowings and debts securities as at the end of the reporting period.

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### **19. Changes in material litigation**

Save as disclosed below, the Group is not engaged in any material litigation, claim or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or business of the Group. The Board is not aware of any other proceedings, pending or threatened against the Group, or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the Group.

With reference to the previous announcements made by the Company on 21 July 2020 and 23 July 2020, the Board wishes to provide the latest update on the legal proceedings as follows:-

(a) the Company has been cited as the 2nd defendant in Kuala Lumpur High Court Suit No. WA-22NCC-285-07/2020 (“Suit No. 285”) filed on 8 July 2020 by one Teng Kam Kheong;

(b) in Suit No.285, the said Teng Kam Kheong seeks the following specific prayers against the Company namely: (i) specific performance for the Company to purchase the therein described “Three Properties” for a sum of RM100 million, (ii) costs and (iii) further or other relief;

(c) the Company has not entered into any written or oral agreement with the said Teng Kam Kheong for the purchase of the Three Properties for a sum of RM 100 million nor has the Company, at the level of the Board or its shareholders, ever approved any such purchase of the Three Properties; and

(d) the Company has taken out an application on 30 July 2020 to have Suit No. 285 summarily determined in favour of the Company. The said application is now fixed for case management before the Court on 8 September 2020.

Based on the advice of the solicitors appointed by the Company, the Directors are of the view that Suit No. 285 is baseless, frivolous, vexatious, and an abuse of the court’s process.

(e) the previous trial dates for Suit No.285 have been reassigned (following the CMCO) to 7 December 2020, 18 December 2020, 21 December 2020 and 12 January 2021 with most pre-trial directions having been complied (save for witness statements due on 30 November 2020).

(f) the previous application taken out by the Company to have Suit No.285 summarily determined in favour of the Company is still pending and tentatively fixed for hearing on 7 December 2020.

(g) the Plaintiff withdrew the action against all parties (including the listed issuer) with no order as to cost and without liberty to file afresh on the hearing held on 18 December 2020.

Consequently, the Suit No. 285 is terminated with immediate effect.

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### 20. Dividends

No dividend has been recommended for the current quarter.

### 21. Revenue – Goods sold

#### Disaggregation of revenue

	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
<b>Timing and recognition</b>				
At a point in time	5,146	19,055	59,807	77,466
Over time	18,091	12,256	30,970	39,768
	<u>23,237</u>	<u>31,311</u>	<u>90,777</u>	<u>117,234</u>

### 22. Earnings/Loss per share

For the purpose of calculating basic earnings/loss per share:-

- (i) The amount used as the numerator is the net profit after tax attributable to ordinary shareholders of RM12.185 million for the current quarter and profit after tax of RM10.154 million for the 12 months ended 31 December 2020.
- (ii) The weighted average number of ordinary shares used as the denominator is approximately 145.086 million ordinary shares.

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### 23. Profit/(Loss) for the year

	3 months ended 31 December		12 months ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit/(Loss) for the period is arrived at after charging / (crediting):				
Depreciation	1,229	1,675	5,139	5,682
Trade receivables:				
- Impairment loss	0	41	(53)	196
(Reversal) / Inventory written down	(411)	388	(5,253)	183
Allowance for slow moving inventories	6	6	6	6
Inventories written off	383	-	383	-
Property, plant & equipment written off	105	15	278	55
Loss/(gain) on disposal of property, plant & equipment	(10,115)	(0)	(9,893)	(36)
Foreign exchange (gain)/loss	(150)	177	(106)	44
Interest expense	21	40	39	40
Interest income	(152)	(628)	(440)	(862)
Dividend income	(251)	(222)	(607)	(760)