



# YEE LEE CORPORATION BHD.

(Company No. 13585-A)

## QUARTERLY REPORT ON CONSOLIDATION RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019 (THE FIGURES HAVE NOT BEEN AUDITED)

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Year ended	Year ended	
	31/12/2019 RM'000	31/12/2018 RM'000		31/12/2019 RM'000	31/12/2018 RM'000	
Revenue	279,742	283,055	-1.2%	1,113,657	1,122,015	-0.7%
Other income	2,742	4,046	-32.2%	8,341	9,263	-10.0%
Operating expenses	(273,834)	(273,130)	0.3%	(1,094,314)	(1,082,997)	1.0%
Finance costs	(1,579)	(1,811)	-12.8%	(6,560)	(6,803)	-3.6%
Share of profits of an associated company	1,921	730	163.2%	9,266	6,751	37.3%
Share of loss of a joint venture	(39)	(19)	105.3%	(225)	(62)	262.9%
Profit before tax	8,953	12,871	-30.4%	30,165	48,167	-37.4%
Tax expense	(1,792)	(2,633)	-31.9%	(6,493)	(10,696)	-39.3%
Profit for the period/year	7,161	10,238	-30.1%	23,672	37,471	-36.8%
Profit attributable to: Owners of the Company	7,161	10,238	-30.1%	23,672	37,471	-36.8%
Earnings per share:						
(a) Basic (sen)	3.74	5.34	-30.0%	12.35	19.56	-36.9%
(b) Diluted (sen)	3.74	5.34	-30.0%	12.35	19.56	-36.9%

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Year ended	Year ended	
	31/12/2019 RM'000	31/12/2018 RM'000		31/12/2019 RM'000	31/12/2018 RM'000	
Profit for the period/year	7,161	10,238	-30.1%	23,672	37,471	-36.8%
Other comprehensive (loss)/income:						
Exchange differences on translating foreign entity	(784)	174	-550.6%	(366)	(65)	463.1%
Fair value income/(loss) on investments in equity instruments designated as at fair value through other comprehensive income	3	1	200.0%	(6)	(3)	100.0%
Share of other comprehensive income of an associated company	645	-	100.0%	650	16	3962.5%
Total other comprehensive (loss)/income for the period/year	(136)	175	-177.7%	278	(52)	634.6%
Total comprehensive income attributable to owners of the Company	7,025	10,413	-32.5%	23,950	37,419	-36.0%

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



**YEE LEE CORPORATION BHD.**  
(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

	As at 31/12/19 RM'000	As at 31/12/18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	461,466	455,819
Right-of-use assets	1,410	-
Investment properties	6,851	8,076
Investment in an associated company	138,346	130,166
Investment in a joint venture	313	538
Other investments	27	33
Goodwill on consolidation	1,612	1,612
	610,025	596,244
<b>Current assets</b>		
Other investments	22,061	13,550
Biological assets	391	245
Inventories	110,818	104,129
Trade and other receivables	198,630	188,184
Current tax assets	6,613	5,995
Other assets	7,098	5,416
Deposits, cash and bank balances	49,950	63,879
	395,561	381,398
Assets classified as held for sale	1,500	-
	397,061	381,398
<b>TOTAL ASSETS</b>	1,007,086	977,642
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	108,400	108,400
Investment revaluation reserve	(10)	(4)
Translation reserve	100	466
Capital reserve	13,940	13,290
Retained earnings	524,775	508,767
<b>TOTAL EQUITY</b>	647,205	630,919
<b>Non-current liabilities</b>		
Borrowings	19,322	19,993
Lease liabilities	617	-
Deferred tax liabilities	41,796	41,092
	61,735	61,085
<b>Current liabilities</b>		
Trade and other payables	151,784	129,234
Borrowings	116,398	129,797
Lease liabilities	817	-
Current tax liabilities	94	721
Other liabilities	29,053	25,886
	298,146	285,638
<b>TOTAL LIABILITIES</b>	359,881	346,723
<b>TOTAL EQUITY AND LIABILITIES</b>	1,007,086	977,642
<b>Net assets per share (RM)</b>	3.3778	3.2928

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Non-distributable				Distributable	Total RM'000	
	Share Capital RM'000	Property Revaluation Reserve RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000		Retained Earnings RM'000
Balance at 1 January 2019	108,400	-	(4)	466	13,290	508,767	630,919
Total comprehensive (loss)/income for the year	-	-	(6)	(366)	650	23,672	23,950
Payment of dividend	-	-	-	-	-	(7,664)	(7,664)
Balance at 31 December 2019	108,400	-	(10)	100	13,940	524,775	647,205

Balance at 1 January 2018

As previously stated

Effect of adoption of MFRS framework

Restated balance

Total comprehensive (loss)/income for the year

Payment of dividend

Balance at 31 December 2018

As previously stated	108,400	187,859	(1)	531	13,274	299,045	609,108
Effect of adoption of MFRS framework	-	(187,859)	-	-	-	180,873	(6,986)
Restated balance	108,400	-	(1)	531	13,274	479,918	602,122
Total comprehensive (loss)/income for the year	-	-	(3)	(65)	16	37,471	37,419
Payment of dividend	-	-	-	-	-	(8,622)	(8,622)
Balance at 31 December 2018	108,400	-	(4)	466	13,290	508,767	630,919

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



# YEE LEE CORPORATION BHD.

(Company No. 13585-A)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	YEAR ENDED 31/12/2019 RM'000	YEAR ENDED 31/12/18 RM'000
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	30,165	48,167
Adjustments for:		
Non-cash and non-operating items	18,105	17,298
Operating profit before working capital changes	48,270	65,465
Movements in working capital		
(Increase)/Decrease in current assets	(22,198)	3,756
Increase in current liabilities	22,647	1,329
Cash generated from operations	48,719	70,550
Tax paid	(10,045)	(11,943)
Tax refunded	3,010	-
Net cash from operating activities	41,684	58,607
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Dividend received from an associated company	2,188	3,335
Interest received	903	829
Rental from investment properties received	310	242
Dividend income from other investments	11	7
Proceeds from disposal of property, plant and equipment	126	157
(Placement)/Withdrawal of fixed deposits	(73)	10
Purchase of additional shares in an associated company	(415)	(8,390)
Acquisition of quoted shares	-	(21)
Additions to other investments - net	(7,997)	(5,947)
Purchase of property, plant and equipment	(17,308)	(16,115)
Net cash used in investing activities	(22,255)	(25,893)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Repayment of borrowings	(19,630)	(9,398)
Dividend paid	(7,664)	(8,622)
Repayment of lease liabilities	(1,737)	-
Finance costs paid	(6,560)	(6,803)
Net cash used in financing activities	(35,591)	(24,823)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(16,162)	7,891
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	61,322	53,356
Effect of exchange rate changes on the balance of cash held in foreign currencies	38	75
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	45,198	61,322
Cash and cash equivalents comprise the following:		
Deposits	7,468	23,402
Cash and bank balances	42,408	40,477
Bank overdrafts	(4,678)	(2,557)
	45,198	61,322

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2018)



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. BASIS OF PREPARATION**

This interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted are consistent with those of the audited financial statements of the Group for the financial year ended 31 December 2018, except for the adoption of the following new MFRS, amendments and annual improvements to MFRSs and IC Interpretation for annual financial periods beginning on or after 1 January 2019.

MFRS 16:	Leases
Amendments to MFRS 9:	Financial Instruments: Prepayment Features with Negative Compensation
Amendments to MFRS 119:	Employee Benefits: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128:	Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	
IC Interpretation 23:	Uncertainty over Income Tax Treatments

The adoption of the above MFRSs does not have significant financial impact to the Group except for MFRS 16 Leases as disclosed below:

MFRS 16 Leases

MFRS 16 replaces MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of MFRS 116 Property, Plant and Equipment whereas lease liability is accreted to reflect interest and is reduced to reflect lease payments made.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019, comparative are not restated. The Group recognised ROU assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets.

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

In accordance with the transition requirements, comparative figures are not restated. The effect of the adoption of MFRS 16 is as follows:

**Condensed Consolidated Statement of Financial Position**

	As at 31 December 2018 RM'000	Effect of adoption of MFRS 16 RM'000	As at 1 January 2019 RM'000
<b><u>Non-current assets</u></b>			
Right-of-use assets	-	2,553	2,553
<b><u>Non-current liabilities</u></b>			
Lease liabilities	-	2,553	2,553

**3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 31 December 2018 was unmodified.

**4. SEASONAL OR CYCLICAL FACTORS**

Apart from the traditional variations in the level of business activities, the operations of the Group were not materially affected by any seasonal nor cyclical factors.

**5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year.

**6. MATERIAL CHANGES IN ESTIMATES**

There were no changes in the estimates that have had any material effect on the current financial year.

**7. DEBT AND EQUITY SECURITIES**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year.

**8. DIVIDEND PAID**

The first and final dividend of 4.0 sen per share under the single tier system for the financial year ended 31 December 2018 amounted to RM7,664,172 has been paid on 17 July 2019.







## 10. MATERIAL SUBSEQUENT EVENT

There were no material events subsequent to the end of the financial year ended 31 December 2019 up to the date of issuance of this report which have not been reflected in the financial statements for the said period.

## 11. CHANGES IN THE COMPOSITION OF THE GROUP

During the current quarter, the Company had acquired additional 187,600 ordinary shares of Spritzer Bhd ("Spritzer") thereby increasing its shareholding in Spritzer from 29.78% to 29.87%.

Apart from the changes mentioned above, there were no other changes in the composition of the Group during the current financial year.

## 12. CONTINGENT ASSETS AND LIABILITIES

The Company has provided corporate guarantees amounting to RM17.50 million to suppliers and banking facilities of its joint venture company, YLTC Sdn Bhd for their supply of goods.

Other than the above, there were no other contingent assets and liabilities as at 24 February 2020.

## 13. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 December 2019 are as follows:

	<b>RM'000</b>
Property, plant and equipment:	
Approved and contracted for	<u>38,870</u>

## PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

## 14. REVIEW OF PERFORMANCE

### Current quarter vs. preceding year corresponding quarter

The Group registered a lower revenue of RM279.74 million in this quarter as compared to RM283.06 million a year ago. Correspondingly, the Group's profit before tax dropped by 30.4% to RM8.95 million. All the divisions' performance was lower than the preceding year corresponding quarter except our associated company, Spritzer registered a higher profit contribution of 1.92 million as compared to RM0.73 million a year ago.

### Manufacturing division

The manufacturing division's revenue dropped by 2.6% in this quarter, mainly attributed to lower sales of bulk oils, palm kernel and corrugated carton boxes. Correspondingly, the division's profit before tax dropped by 34.1% to RM4.93 million. The division's bottom line was affected by the profit margin compression faced by the aerosol can business as a result of intense price competition among competitors despite increase in tinplate prices. However, the palm oil mill continued to contribute positively to the division's profitability through better oil extraction rate ("OER") and palm kernel recovery rate ("KER").



## YEE LEE CORPORATION BHD.

(Company No. 13585-A)

### Trading division

The trading division recorded a lower revenue of RM216.25 million in this quarter as compared to RM218.31 million a year ago. The decrease in revenue was mainly attributed to drop in sales of cooking oils and Ribena products offsetting the increase in sales of other beverages. Correspondingly, the division's profit before tax dropped from RM4.74 million to RM4.18 million.

### Plantation division

The plantation division incurred a higher loss before tax of RM1.97 million in this quarter as compared to RM0.79 million a year ago as both the tea and oil palm plantation still have not achieved profitability. Despite increase in fresh fruit bunches ("FFB") prices in this quarter, the oil palm plantation still incurred a higher losses as their FFB yield is still low for its young palm trees in Ranau, Sabah. The tea plantation sales volume is still insufficient to cover its plantation costs.

### Current year to-date vs. preceding year to-date

The Group registered a lower revenue and profit before tax of RM1.11 billion and RM30.17 million respectively for the year ended 31 December 2019. All the divisions' performance was lower than the preceding year except for Spritzer where its profit contribution to the Group increased by 37.3% from RM6.75 million to RM9.27 million.

### Manufacturing division

The manufacturing division's revenue dropped by 9.4% from RM248.31 million a year ago to RM225.00 million. The drop in revenue was mainly attributed to lower sales of aerosol cans, corrugated carton boxes and palm kernel. Correspondingly, the division's profit before tax dropped by 38.1% to RM12.86 million. Both the aerosol can business and palm oil refinery's profit margin was affected by intense price competition among its competitors to gain market share. On the other hand, the palm oil mill continued to contribute positively to the division's bottom line with much higher OER and KER.

### Trading division

The trading division managed to achieve a sales growth of 1.6% in this year through higher sales of beverages, Campbells', Kizz and Sunplus products offsetting the drop in sales of cooking oils and Ribena products. Despite increase in revenue, the division's profit before tax dropped by 43.4% to RM12.12 million mainly due to higher advertisement and promotion spending for brand building and marketing campaign to boost sales.

### Plantation division

The plantation division recorded a higher loss before tax of RM5.28 million in this year as compared to RM2.99 million a year ago. Both the tea and oil palm plantation still suffered losses in this year. The Ranau oil palm estate has started their first harvest progressively but the yield for these young palm trees is still low to cover its plantation costs coupled with low FFB prices. The tea plantation sales volume is still insufficient to cover its plantation costs.

## **15. MATERIAL CHANGES IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER**

The Group recorded a higher profit before tax of RM8.95 million in this quarter as compared to RM6.79 million in the preceding quarter. The better performance was mainly contributed by aerosol can business through increase in sales and improvement in its profit margin.

## **16. FUTURE PROSPECTS**

The Board of Directors foresees that year 2020 is expected to remain challenging with no sign of ending between the China and United States trade disputes coupled with the new COVID-19 outbreak dragging down the already soft global growth. Our domestic consumer sentiment is also expected to remain weak as the consumers are still cautious on their spending. The Group will continue to focus on its core business for internal improvements especially in the manufacturing division facing the continuous competitive pressures in the aerosol can and cooking oils business. With the ongoing expansion in the trading division's warehouses and distribution networks, the division is well prepared to expand its products range by way of securing for more new distributorships for growth.

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**17. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

	Quarter ended		Year ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(156)	(251)	(903)	(829)
Interest expense	1,516	1,701	6,168	6,295
Depreciation and amortisation	5,871	4,743	19,326	16,743
Provision for and write off of receivables	149	330	844	769
Provision for and write off of inventories	829	566	2,092	1,731
(Gain)/Loss on disposal of property, plant and equipment	13	(14)	32	1
Property, plant and equipment written off	46	303	303	406
Changes in fair value of biological assets	(142)	(26)	(146)	28
Changes in fair value of investment properties	(306)	(666)	(306)	(666)
Changes in fair value of other investments	(437)	(208)	(437)	(208)
Reversal of impairment loss of property, plant and equipment	-	(612)	-	(612)
(Gain)/Loss on foreign exchange	13	(540)	(97)	(95)
(Gain)/Loss on derivatives	-	-	-	-
Exceptional items	-	-	-	-

**18. VARIANCE BETWEEN FORECAST AND ACTUAL PROFIT**

No profit forecast or guarantee was issued by the Group.

**19. TAX EXPENSE**

	Current Quarter	Current Year To-Date
	RM'000	RM'000
Current tax expense	(1,542)	(6,083)
Overprovision in previous year	179	295
Deferred tax	(429)	(705)
	<u>(1,792)</u>	<u>(6,493)</u>

The effective tax rate for the current quarter and financial year to date is lower than the statutory income tax rate mainly due to lower statutory tax rate in a foreign subsidiary company.

**20. STATUS OF CORPORATE PROPOSALS**

There were no outstanding corporate proposals as at 24 February 2020.

**21. STATUS OF UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL**

Not applicable.

**YEE LEE CORPORATION BHD.**

(Company No. 13585-A)

**22. GROUP BORROWINGS**

The Group borrowings (denominated in local currency) as at 31 December 2019 are as follows:

	<b>Non-current RM'000</b>	<b>Current RM'000</b>	<b>Total RM'000</b>
<b><u>Unsecured</u></b>			
Term loans	18,459	2,072	20,531
Revolving credits	-	17,000	17,000
Bankers' acceptances	-	91,211	91,211
Bank overdrafts	-	4,678	4,678
<b><u>Secured</u></b>			
Hire-purchase payables	863	1,437	2,300
	<u>19,322</u>	<u>116,398</u>	<u>135,720</u>

**23. MATERIAL LITIGATION**

There were no material litigation involving the Group as at 24 February 2020.

**24. PROPOSED DIVIDEND**

The Board of Directors does not recommend any dividend for the period under review.

**25. EARNINGS PER SHARE (EPS)**

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

	<b>Current Quarter</b>	<b>Current Year To-Date</b>
<b><u>Basic/Diluted EPS</u></b>		
Profit attributable to owners of the Company (RM'000)	<u>7,161</u>	<u>23,672</u>
<b><u>Number of shares ('000)</u></b>		
Number of ordinary shares in issue	<u>191,604</u>	<u>191,604</u>
Basic/Diluted EPS (sen)	<u>3.74</u>	<u>12.35</u>

**26. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 February 2020.