



YEE LEE CORPORATION BHD.

Registration No. 197301000057 (13585-A)

QUARTERLY REPORT ON CONSOLIDATION RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2020 (THE FIGURES HAVE NOT BEEN AUDITED)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	31/3/2020 RM'000	31/3/2019 RM'000		31/3/2020 RM'000	31/3/2019 RM'000	
Revenue	276,818	268,307	3.2%	276,818	268,307	3.2%
Other income	1,515	1,930	-21.5%	1,515	1,930	-21.5%
Operating expenses	(269,767)	(262,665)	2.7%	(269,767)	(262,665)	2.7%
Finance costs	(1,618)	(1,602)	1.0%	(1,618)	(1,602)	1.0%
Share of profits of an associated company	2,604	2,315	12.5%	2,604	2,315	12.5%
Share of profit/(loss) of a joint venture	75	(52)	244.2%	75	(52)	244.2%
Profit before tax	9,627	8,233	16.9%	9,627	8,233	16.9%
Tax expense	(2,691)	(1,897)	41.9%	(2,691)	(1,897)	41.9%
Profit for the period	6,936	6,336	9.5%	6,936	6,336	9.5%
Profit attributable to: Owners of the Company	6,936	6,336	9.5%	6,936	6,336	9.5%
Earnings per share:						
(a) Basic (sen)	3.62	3.31	9.4%	3.62	3.31	9.4%
(b) Diluted (sen)	3.62	3.31	9.4%	3.62	3.31	9.4%

(The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

**YEE LEE CORPORATION BHD.**

Registration No. 197301000057 (13585-A)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	INDIVIDUAL QUARTER		Changes (%)	CUMULATIVE		Changes (%)
	Quarter ended	Quarter ended		Period ended	Period ended	
	31/3/2020 RM'000	31/3/2019 RM'000		31/3/2020 RM'000	31/3/2019 RM'000	
Profit for the period	6,936	6,336	9.5%	6,936	6,336	9.5%
Other comprehensive income/(loss):						
Exchange differences on translating foreign entity	1,131	(497)	327.6%	1,131	(497)	327.6%
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income	(8)	-	-100.0%	(8)	-	-100.0%
Share of other comprehensive income/(loss) of an associated company	358	(10)	3680.0%	358	(10)	3680.0%
Total other comprehensive income/(loss) for the period	1,481	(507)	392.1%	1,481	(507)	392.1%
Total comprehensive income attributable to owners of the Company	8,417	5,829	44.4%	8,417	5,829	44.4%

(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 2019)


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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	As at 31/3/2020 RM'000	As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	467,617	461,466
Right-of-use assets	1,834	1,410
Investment properties	6,851	6,851
Investment in an associated company	143,194	138,346
Investment in a joint venture	388	313
Other investments	19	27
Goodwill on consolidation	1,612	1,612
	621,515	610,025
Current assets		
Other investments	11,084	22,061
Biological assets	327	391
Inventories	104,433	110,818
Trade and other receivables	201,001	198,630
Current tax assets	5,484	6,613
Other assets	20,103	7,098
Deposits, cash and bank balances	41,200	49,950
	383,632	395,561
Assets classified as held for sale	1,500	1,500
	385,132	397,061
TOTAL ASSETS	1,006,647	1,007,086
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	108,400	108,400
Investment revaluation reserve	(18)	(10)
Translation reserve	1,231	100
Capital reserve	14,298	13,940
Retained earnings	531,711	524,775
TOTAL EQUITY	655,622	647,205
Non-current liabilities		
Borrowings	23,237	19,322
Lease liabilities	384	617
Deferred tax liabilities	42,108	41,796
	65,729	61,735
Current liabilities		
Trade and other payables	123,322	151,784
Borrowings	137,933	116,398
Lease liabilities	1,480	817
Current tax liabilities	61	94
Other liabilities	22,500	29,053
	285,296	298,146
TOTAL LIABILITIES	351,025	359,881
TOTAL EQUITY AND LIABILITIES	1,006,647	1,007,086
Net assets per share (RM)	3.4217	3.3778

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)

**YEE LEE CORPORATION BHD.**

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Non-distributable			Distributable	Total RM'000	
	Share Capital RM'000	Investment Revaluation Reserve RM'000	Translation Reserve RM'000	Capital Reserve RM'000		Retained Earnings RM'000
Balance at 1 January 2020	108,400	(10)	100	13,940	524,775	647,205
Total comprehensive (loss)/income for the period	-	(8)	1,131	358	6,936	8,417
Balance at 31 March 2020	108,400	(18)	1,231	14,298	531,711	655,622

Balance at 1 January 2019	108,400	(4)	466	13,290	508,767	630,919
Total comprehensive (loss)/income for the period	-	-	(497)	(10)	6,336	5,829
Balance at 31 March 2019	108,400	(4)	(31)	13,280	515,103	636,748

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	PERIOD ENDED 31/3/2020 RM'000	PERIOD ENDED 31/3/2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	9,627	8,233
Adjustments for:		
Non-cash and non-operating items	4,096	3,975
Operating profit before working capital changes	13,723	12,208
Movements in working capital		
Increase in current assets	(8,906)	(4,022)
Decrease in current liabilities	(35,084)	(11,683)
Cash used in operations	(30,267)	(3,497)
Tax paid	(2,377)	(3,074)
Tax refunded	1,100	403
Net cash used in operating activities	(31,544)	(6,168)
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	117	240
Rental from investment properties received	63	71
Dividend income from other investments	3	3
Proceeds from disposal of property, plant and equipment	18	35
Purchase of additional shares in an associated company	(1,881)	-
Redemption of other investments	10,977	2,000
Purchase of property, plant and equipment	(9,087)	(3,972)
Net cash from/(used in) investing activities	210	(1,623)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Proceeds from borrowings	22,228	319
Repayment of lease liabilities	(302)	(490)
Finance costs paid	(1,618)	(1,520)
Net cash from/(used in) financing activities	20,308	(1,691)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,026)	(9,482)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	45,199	61,322
Effect of exchange rate changes on the balance of cash held in foreign currencies	(340)	98
CASH AND CASH EQUIVALENTS AT END OF PERIOD	33,833	51,938
Cash and cash equivalents comprise the following:		
Deposits	1,553	31,558
Cash and bank balances	39,647	30,108
Bank overdrafts	(7,294)	(9,728)
	33,906	51,938
Less: Fixed deposits with maturity period more than 1 year	(73)	-
	33,833	51,938

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019)



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 2019.

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 2019, except for the adoption of the following amendments to MFRSs for annual financial periods beginning on or after 1 January 2020.

Amendments to MFRS 3:	Business Combinations: Definition of a Business
Amendments to MFRS 7, MFRS 9, MFRS 139:	Financial Instruments Disclosure: Interest Rate Benchmark Reform
Amendments to MFRS 101:	Presentation of Financial Statements: Definition of Material
Amendments to MFRS 108:	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material

The adoption of the above MFRSs does not have significant financial impact to the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2019 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 period to date.

6. MATERIAL CHANGES IN ESTIMATES

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

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 period to date.

8. DIVIDEND PAID

No dividend was paid during the current quarter.



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10. MATERIAL SUBSEQUENT EVENT

On 12 May 2020, the Company received a second notice of unconditional voluntary take-over offer ("the Offer") from Yee Lee Organization Bhd, Dato' Lim Ah Heng @ Lim Kok Cheong, Datin Chua Shok Tim @ Chua Siok Hoon, Lim Ee Young and Langit Makmur Sdn Bhd ("Joint Offerors") to acquire all the remaining 19,272,907 ordinary shares, representing approximately 10.06% of the equity interest in the Company, for a cash consideration of RM2.06 per share.

The Offer has been closed at 5.00 p.m. on 23 June 2020. As at the closing date, the Joint Offerors have secured a total of 92.90% shareholding (excluding the acceptances of 2.23% which are subject to verification) in the Company.

In view that the Joint Offerors hold more than 90% shareholding in the Company and do not intend to maintain the listing status of the Company, Bursa Securities will suspend the trading of the Company shares from 9.00 a.m. on 1 July 2020. Thereafter, the Joint Offerors will procure the Company to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities.

Other than the abovementioned, there were no material events subsequent to the end of the financial period ended 31 March 2020 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 844,700 ordinary shares of Spritzer Bhd ("Spritzer") thereby increasing its shareholding in Spritzer from 29.87% to 30.27%.

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

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 22 June 2020.

13. CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements as at 31 March 2020 are as follows:

	RM'000
Property, plant and equipment: Approved and contracted for	<u>9,018</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 recorded a higher revenue of RM276.82 million in this quarter as compared to RM268.31 million in the preceding year corresponding quarter. Correspondingly, the Group's profit before tax increased by 16.9% to RM9.63 million. Profit contribution from associated company, Spritzer had also increased by 12.5% from RM2.32 million a year ago to RM2.60 million. During the nationwide Movement Control Order ("MCO") implemented by our Malaysian Government to curb the spread of the COVID-19 virus, all our core businesses which are identified as essential businesses are allowed to operate subject to certain operating conditions.

Manufacturing division

The manufacturing division recorded a higher revenue of RM62.68 million in this quarter as compared to RM55.60 million a year ago. The sales growth was contributed by higher sales of aerosol cans, bulk oils and palm kernel. The increase in selling price of palm based products arising from the increase in crude palm oil prices also contributed to the increase in revenue. Both the aerosol can business and palm oil refinery's profit margin was affected by continuous intense price competition among its competitors to gain market share. As a result, the division's profit before tax dropped by 65.2% to RM1.61 million. Our palm oil mill continued to contribute positively to the division's bottom line through securing more fresh fruit bunches ("FFB") supplies and achieving the targeted oil extraction rate.

Trading division

Despite achieving a marginal sales growth of 0.7% in this quarter, the trading division recorded a higher profit before tax of RM6.80 million as compared to RM1.69 million a year ago. The sales growth was driven by higher sales of bottled water, Campbell's, Muchico and Origina products offsetting the drop in sales of cooking oils and other beverages such as energy drinks and Ribena products. Higher profit achieved in this quarter was mainly due to better sales mix and lower advertisement and promotion spending. The sudden panic buying and stocking up of necessities after the announcement of the MCO have sudden increased the demand for our consumer products. However, the situation was short-lived and eventually reversed in the following months as most of the public eateries were either closed or only catered for take away during the MCO period.

Plantation division

The plantation division incurred a higher loss before tax of RM1.40 million in this quarter as compared to RM0.97 million a year ago. Despite achieving higher production and selling price of FFB, the oil palm plantation still have not achieved profitability as the FFB yield is still low for its young palm trees in Ranau estate. 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

Despite revenue dropped by 1.0%, the Group recorded a higher profit before tax of RM9.63 million in this quarter as compared to RM8.95 million in the preceding quarter. The better performance was mainly contributed by our trading division through better sales mix and higher profit contribution from our associated company, Spritzer.

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16. CURRENT YEAR PROSPECTS

The recent outbreak of COVID-19 has impacted the already soft global growth and further weakened the market sentiments as well as consumer spending. As the number of new infected cases in our country has much reduced, our Malaysian Government had further revised the movement control to Recovery MCO from 10 June 2020 to 31 August 2020, thus allowing most businesses to resume and relaxing the restrictions on the movement of people within the country. Although the current domestic situation has improved, the Board of Directors foresees that the economic conditions will remain challenging with the uncertainties on the possibility of the reoccurrence of the COVID-19 pandemic and the recovery time needed from the effects of this virus and the subdued consumer sentiment. The Group has taken precautionary measures to reorganise its resources and tapping on social media and digital platform to enhance our market presence while adapting to the new market changes.

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

	Quarter ended	
	31/3/2020	31/3/2019
	RM'000	RM'000
Interest income	(117)	(240)
Interest expense	1,525	1,500
Depreciation and amortisation	4,592	4,384
Provision for and write off of receivables	189	174
Provision for and write off of inventories	487	423
(Gain)/Loss on disposal of property, plant and equipment	(1)	40
Property, plant and equipment written off	9	70
Changes in fair value of biological assets	64	9
Loss/(Gain) on foreign exchange	47	(175)
(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	(2,381)	(2,381)
Deferred tax	(310)	(310)
	<u>(2,691)</u>	<u>(2,691)</u>

The effective tax rate for the current quarter is higher than the statutory income tax rate mainly due to certain expense items have been considered as non-deductible for tax purposes.

20. STATUS OF CORPORATE PROPOSALS

There were no outstanding corporate proposals as at 22 June 2020.

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

Not applicable.

22. GROUP BORROWINGS

The Group borrowings (denominated in local currency) as at 31 March 2020 are as follows:

	Non-current RM'000	Current RM'000	Total RM'000
<u>Unsecured</u>			
Term loans	22,514	2,947	25,461
Revolving credits	-	20,000	20,000
Bankers' acceptances	-	105,960	105,960
Bank overdrafts	-	7,294	7,294
<u>Secured</u>			
Hire-purchase payables	723	1,732	2,455
	<u>23,237</u>	<u>137,933</u>	<u>161,170</u>

23. MATERIAL LITIGATION

There were no material litigation involving the Group as at 22 June 2020.

24. PROPOSED DIVIDEND

No interim dividend has been declared for the current financial period under review.

25. EARNINGS PER SHARE (EPS)

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

	Current Quarter	Current Year To-Date
<u>Basic/Diluted EPS</u>		
Profit attributable to owners of the Company (RM'000)	<u>6,936</u>	<u>6,936</u>
<u>Number of shares ('000)</u>		
Number of ordinary shares in issue	<u>191,604</u>	<u>191,604</u>
Basic/Diluted EPS (sen)	<u>3.62</u>	<u>3.62</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 25 June 2020.